Genossenschaftliche FinanzGruppe
Volksbanken Raiffeisenbanken

LUXEMBOURG

ANNUAL FINANCIAL STATEMENTS AND OPERATIONS REPORT 2023

DZ PRIVATBANK Société Anonyme

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DZ PRIVATBANK

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The figures in this report are rounded in accordance with standard commercial practice. The totals shown in the tables and diagrams may thus deviate slightly from the calculated totals of the individual values shown.

LIST OF ABBREVIATIONS

Abbreviation	Designation
AC	Amortised cost
AI	Alternative investment funds
AIP	Annual improvement projects
ASSEP	l'association d'épargne-pension
GDP	Gross domestic product
BMR-compliant	Compliant with the Benchmarks Regulation
BVR	Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e. V.
CF	Cash flow
CRR	Capital Requirements Regulation
CSSF	Commission de Surveillance du Secteur Financier
DIP	Debt issuance programme
DVA	Debt valuation adjustment
DZ PRIVATBANK	DZ PRIVATBANK Group subsidiary
EWB	Individual value adjustment
ECB	European Central Bank
FGDL	Fonds de garantie des dépôts Luxembourg
FVO	Fair value option
FVOCI	Fair value through other comprehensive income
FVTPL	Financial assets measured at fair value through profit or loss
GAAP	Generally accepted accounting principles
IAS	International Accounting Standards
IASB	International Accounting Standards Board
IBOR	Interbank offered rates
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
IRRBB	Interest risk in the banking book
ISDA	International Swaps and Derivatives Association
IT	Information technology
LCR	Liquidity coverage ratio
LIBOR	London Interbank Offered Rate
NAG	De minimis limit

NFM Team	Emergency Management Team
NII	Net interest income
ORC	Operational Risk Centre
OTC	Over the counter
p.a.	per annum
RCL policy	Risk, capital and liquidity policy
RCL strategy	Risk, capital and liquidity strategy
S.A.	Société Anonyme
SEPCAV	La société d'épargne-pension à capital variable
SIIL	Système d'indemnisation des investisseurs, Luxembourg
SNB	Swiss National Bank
TEUR	Thousand euros
VaR	Value at risk

REPORT OF THE SUPERVISORY BOARD

In the 2023 financial year, the Supervisory Board, and Executive Committee appointed by it, advised and supervised the members of the Board of Management in accordance with legal requirements and the provisions of the Articles of Association. Decisions on the transactions presented for their approval were also made.

COOPERATION WITH BOARD OF MANAGEMENT

The Board of Management reported regularly, promptly and extensively in verbal and written form to the Supervisory Board regarding the performance of the DZ PRIVATBANK S.A. and DZ PRIVATBANK regarding day-to-day business. Furthermore, the Board of Management informed the Supervisory Board on a regular basis concerning the business policy including the strategic and organisational direction of DZ PRIVATBANK. The commercial position of the Company, the corporate planning and strategy, as well as key financial data and risk management, were highlighted in the statements.

Four meetings of the Supervisory Board were held in the 2023 financial year. During its meetings, the Supervisory Board dealt with the following key topics, among other things: monitoring the growth strategy in the business segments of Private Banking, Fund Services, Credit and Treasury / Brokerage, continuously enhancing its service, solution and product ranges, developing the corporate brand and continuously improving its market and competitive position. In order to strengthen the growth path in the longer term, the “DZ PRIVATBANK 2030” strategy project initiated last year was also successfully pursued. The project is aimed, among other things, at further developments in the area of governance while maintaining the successful business strategy and observing the changed regulatory framework.

At the meeting on 8 March 2023, the Supervisory Board dealt with the 2022 annual financial statements and operations report, including the appropriation of profit and with the preparations for the Annual General Meeting on 30 March 2023. Other topics included determining the variable remuneration of management for the 2022 financial year, the objectives for the 2023 financial year and the strategy project “DZ PRIVATBANK 2030”. At the meeting on 27 June 2023, in addition to the overall development of the Bank and the strategy project, the Supervisory Board also addressed the topic of “Strategic Planning 2024 – 2027” as well as the establishment and expansion of the company brand of DZ PRIVATBANK. In addition, the annual evaluation of the Board of Management and the self-evaluation of the Supervisory Board took place. Furthermore, the Supervisory Board, with the appointment of another member of the Board of Management (Mr Charifi), underscored the growth ambitions in the Private Banking business segment and with LuxCredit. On 28 September 2023, both business development and the “DZ PRIVATBANK 2030” strategy project were topics on the Supervisory Board. At the meeting on 14 December 2023, the business strategy for 2024 was defined and the risk, capital and liquidity strategy were adopted along with the Bank's IT strategy. The company brand and operational planning were also on the agenda in 2024.

The Supervisory Board appreciated the very good operating result achieved by DZ PRIVATBANK in 2023. At EUR 83.1 million, earnings before taxes are well above the previous year’s figure of EUR 51.6 million. An important driver here was the higher net interest income. Net commission income at EUR 219.7 million was slightly lower than the previous year's level (EUR 220.5 million). Value added for Volksbanken Raiffeisenbanken amounted to EUR 126.3 million. This represents an increase of more than 55% compared to 2018.

The Private Banking business segment continued the dynamic growth of the last few years during the reporting year. Net sales at EUR 0.8 billion, as in previous years, showed a pleasing positive development, while assets under management rose to EUR 23.4 billion (previous year: EUR 21.2 billion). Net income was significantly increased due, inter alia, to the pleasing net new business. The Fund Services business segment saw further net inflows of funds. Among other things, the number of mandates managed rose to 582 and inflows of EUR 8.3 billion were recorded. Assets under custody reflect the positive development in the Fund Services business segment and rose to EUR 188.7 billion (previous year: EUR 168.0 billion). Net income continued to perform positively in 2023, above the forecast level and above prior year. In the Credit business segment, net income, driven by higher margins, was higher than the previous year and the budget. The newly aligned topic "VR ImmoFlex" developed positively, with which DZ PRIVATBANK, together with Volksbanken Raiffeisenbanken, is targeting the generation of "Best Agers", whose assets are largely resting in the owner-occupied property and whose "VR ImmoFlex" significantly facilitates access to financing. Treasury / Brokerage once again made an important contribution to the Bank's overall result. The main driver was interest income in the Fixed Income segment, which was mainly due to high interbank deposits and higher income from securities investments. At the same time, income in the Brokerage segment was lower than the same period last year due to a noticeable increase in competition intensity.

The Supervisory Board welcomed the measures and initiatives developed further in the 2023 financial year, which contribute to the appeal of DZ PRIVATBANK as an employer as well as the even better compatibility of work and family life. An important part of this is the Bank's location strategy. With the opening of two bank locations leased close to the border – Potaschberg in October and Wecker in November 2023 – the journey times for employees will be significantly reduced. At the same time, this makes a significant contribution to saving CO_2 emissions caused by commuting. In addition, parent-child offices were piloted at the Bank's headquarters in Strassen and at the Potaschberg site, with the aim of further improving the compatibility of work and family life. Another building block for reconciling work and family life is the significantly further-developed range of care for dependent relatives. With the "Information Portal Care", the Bank wants to offer a first point of contact and platform to support family members and to show solutions.

The Supervisory Board participated in internal qualification measures on the topics of the "Digital Operational Resilience Act (DORA)" and the "DZ PRIVATBANK 2030" strategy project. As part of the strategy project "DZ PRIVATBANK 2030", an overview of the project and an outlook for the coming year 2024 were provided. The focus was on establishing internal readiness and reviewing the cross-border change of form into the legal form of a German public limited company. Due to the possible change of headquarters, the basis of the Supervisory Board activity in a German public limited company was also considered taking into account supervisory requirements.
At the beginning of the second half of 2023, the Supervisory Board performed the annual evaluation of the Board of Management and Supervisory Board and came to the conclusion that the structure, size, composition and performance of the Board of Management and the Supervisory Board as well as the knowledge, skills and experience

of the individual members of the Board of Management and the Supervisory Board and of the Board of Management and the Supervisory Board as a whole meet the requirements without restriction. The Supervisory Board has determined both the suitability of the individual members of the Board of Management and Supervisory Board and the collective suitability of the Board of Management and Supervisory Board as a whole.

SUPERVISORY BOARD COMMITTEES

The Supervisory Board of DZ PRIVATBANK S.A. has elected from among its members the Executive Committee, which performs the tasks of the Audit Committee, the Risk Committee and the Nomination and Remuneration Control Committee. The Audit Committee, the Nomination Committee and the Compensation Control Committee met three times in 2023. Topics of the Risk Committee were dealt with at an Executive Committee meeting in the spring.

PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS

The Executive Committee and the Supervisory Board had detailed discussions on the annual financial statements and the operations report for the 2023 financial year. The auditor issued an unqualified audit opinion. The Supervisory Board has confirmed the annual financial statements for the 2023 financial year prepared by the Board of Management. It is proposed to distribute a dividend to shareholders at the previous year's level of EUR 0.50 per share.

CHANGES IN THE SUPERVISORY BOARD AND THE BOARD OF MANAGEMENT

With effect from 1 January 2024, Arasch Charifi joined the Board of Management of DZ PRIVATBANK S.A. as a new member and assumed responsibility for the Private Banking business segment and LuxCredit sales segment. The Supervisory Board is looking forward to a successful cooperation.

There were three departures from the Supervisory Board in the reporting year. With effect from 31 March 2023, Michael Huppert resigned from the Supervisory Board. In addition, Dr Peter Bottermann and Dr Andreas Martin retired on 30 June 2023 and left their positions. In contrast, Andreas Otto was appointed to the Supervisory Board on 1 July 2023 and Tanja Müller-Ziegler was appointed on 7 November 2023.

The entire Supervisory Board would like to thank the departing members of the Supervisory Board for their many years of valuable support in the strategic development of the Bank as well as the Board of Management and the employees of DZ PRIVATBANK S.A. for their successful work in 2023.

Luxembourg, 7 March 2024

DZ PRIVATBANK S.A.

Uwe Fröhlich

Chairman of the Supervisory Board

OPERATIONS REPORT

GENERAL PERFORMANCE

DZ PRIVATBANK S.A. is publishing its financial statements in accordance with International Financial Reporting Standards (IFRS).

Within the framework of the integrated business model, the earnings before tax of DZ PRIVATBANK increased to EUR 83.1 million (2022: EUR 51.6 million) in the financial year with the integration of subsidiaries and corresponding consolidation measures After tax, the earnings amount to EUR 59.8 million (2022: EUR 31.0 million).

DZ PRIVATBANK S.A. reported earnings after tax of EUR 86.9 million for the 2023 financial year (2022: EUR 79.4 million) The balance sheet total of DZ PRIVATBANK S.A. increased by EUR 0.9 billion to EUR 25.7 billion in the financial year.

The main balance sheet items of DZ PRIVATBANK S.A. are as follows:

ASSETS

The cash reserves, which consists of cash on hand and balances with central banks, increased by EUR 1.5 billion to EUR 13.9 billion.

Amounts due from banks totalled EUR 1.5 billion (2022: EUR 1.4 billion), with EUR 0.3 billion (2022: EUR 0.4 billion) originating from currency loans to cooperative banks.

Loans and advances to clients decreased to EUR 5.6 billion (2022: EUR 6.2 billion). EUR 5.2 billion (2022: EUR 5.6 billion) of these loans are to clients in Germany.

Financial assets increased by EUR 0.1 billion to EUR 4.3 billion (2022: EUR 4.2 billion). The main reason for this is the attribution of the investment book value of DZ PRIVATBANK (Schweiz) AG.

LIABILITIES

Due to the issue of senior non preferred bonds in the context of MREL (EUR 750 million), securitised liabilities increased by EUR 0.5 billion to EUR 3.8 billion (2022: EUR 3.3 billion). Liabilities to banks increased by EUR 1.9 billion to EUR 6.3 billion (2022: EUR 4.4 billion). Liabilities to clients decreased by EUR 1.5 billion to EUR 13.6 billion (2022: EUR 15.1 billion).

Due to the accumulation of the previous year's result taking into account the dividend distribution to shareholders (EUR 11.4 million) and the servicing of the AT 1 issue (EUR 12.3 million), the balance sheet equity increased by 5% compared to the previous year to EUR 1,230.5 million (2022: EUR 1,168.1 million).

STATEMENT OF COMPREHENSIVE INCOME

Interest income of DZ PRIVATBANK S.A., including income from subsidiaries, increased by EUR 37.0 million to EUR 154.5 million in the 2023 financial year (2022: EUR 117.5 million). Interest income was positively influenced by the changed interest rate regime, in particular due to higher income on the money market and the interest on deposits (e.g. in the Private Banking business segment). Income from the collection of dividends from participations decreased from EUR 36.9 million to EUR 18.1 million. Net interest income of DZ PRIVATBANK rose by EUR 63.9 million or 77 percent from EUR 82.9 million to EUR 146.8 million.

Commission income amounted to EUR 154.5 million (2022: EUR 157.3 million). The main drivers of commission income are income contributions in private banking and fund services business. At the level of DZ PRIVATBANK, the commission income is EUR 219.7 million (2022: EUR 220.5 million).

The trading result decreased by EUR 2.9 million to EUR 10.0 million (2022: EUR 12.9 million). At the level of DZ PRIVATBANK, the trading result is EUR 16.1 million (2022: EUR 21.1 million).

The result from financial investments of EUR 28.4 million relates exclusively to the write-up of the carrying amount of the investment in DZ PRIVATBANK (Schweiz) AG due to an updated company value calculation.

Administrative expenses rose by EUR 11.9 million to EUR -238.1 million (2022: EUR -226.2 million).
Personnel expenses increased to EUR -136.1 million (previous year: EUR -130.3 million) mainly due to increased salary costs in conjunction with the statutory indexation of salaries and the increased number of employees. Due to increased regulatory contributions and higher costs for information technology and consulting, other administrative expenses rose to EUR -102.0 million (previous year: EUR -95.9 million).

Earnings before tax of DZ PRIVATBANK S.A. amount to EUR 103.8 million (2022: EUR 94.4 million).
After taking into account actual taxes of EUR -6.4 million (2022: EUR 0.7 million) and deferred taxes of EUR -10.5 million (2022: EUR -15.7 million), DZ PRIVATBANK S.A. reported earnings after tax of EUR 86.9 million (2022: EUR 79.4 million).

The results of the subsidiaries of DZ PRIVATBANK S.A. in 2023 are as follows:
DZ PRIVATBANK (Schweiz) AG achieved earnings before taxes of EUR 6.3 million according to IFRS (2022: EUR 6.6 million). The input tax result of IPConcept (Luxemburg) S.A. is EUR 15.4 million (2022: EUR 15.3 million) and the input tax result of IPConcept (Schweiz) AG is TEUR 623 (2022: TEUR 608).

ADOPTION OF THE ANNUAL FINANCIAL STATEMENTS AND APPROPRIATION OF PROFIT

The Board of Management proposes to the ordinary general meeting that the annual financial statements be adopted and that an unchanged dividend of EUR 0.50 per share (totalling EUR 11.4 million) be paid to shareholders from the annual profit.

EMPLOYEES

DZ PRIVATBANK S.A. had 1,110 employees on the balance sheet date (2022: 1,052 employees). This figure corresponds to an FTE figure of 1,025 (2022: FTE figure of 920). The employees remain spread across the Bank's head office in Luxembourg and eight branches in Germany.

SUSTAINABILITY

Sustainability has been part of DZ PRIVATBANK's responsibility as a member of the Genossenschaftliche FinanzGruppe (Cooperative Financial Network) for many years and an integral part of its mission statement. As part of the "Sustainability Market Initiative" initiated by the DZ BANK Group, DZ PRIVATBANK has been integrating sustainable aspects into its corporate activities since 2012. Since 2013, it has recognised the ten principles of the UN Global Compact, and in 2021 it signed the United Nations Principles for Responsible Investment (UNPRI).

DZ PRIVATBANK is included in the non-financial group reporting of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, and is therefore exempt from issuing its own non-financial statement. The non-financial group statement is part of DZ BANK's sustainability report and is available in German on the following website: https://www.dzbank.de/berichte

RISK MANAGEMENT SYSTEM

A key feature of DZ PRIVATBANK's bank management is the established, cross-location risk management system for quantifying and managing all risks, in particular market price, liquidity, counterparty default and operational risks, and for exploiting business opportunities. Risk management should be regarded in particular against the backdrop of overall operations, sophisticated products and multi-layered risk factors.

The methods and procedures used within the risk management system and the stages of the process for identifying, quantifying, analysing, controlling and monitoring risks are regularly updated and validated each year. The Bank has an integrated risk-monitoring and control system to accomplish these tasks. All risk limits and the Bank's risk-bearing capacity are reviewed daily and, if necessary, adjusted in accordance with the risk, capital and liquidity strategy adopted by the Supervisory Board and the implementation measures of the risk, capital and liquidity policy enacted by the Board of Management.

Functioning independently, the Risk Control Department continuously ensures that all the measured risks remain within the limits approved by the Supervisory Board. All forms of risk are monitored and aggregated daily throughout the entire Bank and at Group level. All relevant committees and departments are kept up to date regarding the Bank's risk situation.

In addition to balance sheet assets and liabilities, the Bank also uses derivative financial instruments to control risk. These essentially comprise currency and interest rate transactions. All these instruments are taken into account in full when controlling and monitoring market price, default and liquidity risks.

The Bank complied with the supervisory regulations relating to equity cover, liquidity and credit limits in the reporting year with the exception of exceeding the limits to large exposures on one occasion.

In this context, reference is made to the Annex Section E "Quantitative and qualitative analysis of the various banking risks".

OUTLOOK

No events of particular significance occurred after the balance sheet date.

Global economy

The energy crisis triggered by Russia's war on Ukraine has not yet been overcome, but has lost some intensity. This shows significantly lower energy prices, including electricity prices, and well-filled gas storage facilities. Nevertheless, the crisis is reshaping through still relatively high international inflation rates. Although the peak has long since been past and consumer prices are rising significantly more slowly than at the end of 2021, they are currently still holding back consumer demand. In addition, interest rates have risen sharply and, above all, rapidly, making investments more difficult. This applies in particular to housing construction. At the same time, structural problems in China, such as the real estate sector, are dampening China's growth and thus global trade. The recovery expected with inflation rates falling further in 2024 should start earlier in the eurozone than in the United States, but the United States tends to be on a higher growth path. Starting in the second half of the year, initial interest rate cuts are also expected to ease the recovery, but will remain weak overall in 2024.

According to estimates by the International Monetary Fund (World Economic Outlook January 2024), global economic growth, after reaching 3.1 percent in 2023, will also be at 3.4 percent in 2024. But a full recovery toward pre-pandemic trends seems increasingly out of reach. This also reflects central banks' tight monetary policy in the fight against inflation – especially in developed countries. The International Monetary Fund sees an uneven slowdown worldwide, with more pronounced developments in the developed countries. For the eurozone, the International Monetary Fund forecasts growth of 0.9 percent in 2024 – after growth of 0.5 percent in 2023. According to the International Monetary Fund, the German economy will shrink by 0.3% in 2023. On the other hand, growth is expected to reach 0.5% again in 2024. Inflation is falling faster than expected in most regions. Global inflation is expected to fall to 5.8 percent in 2024 and 4.4 percent in 2025, with the forecast for 2025 being revised downwards.

DZ PRIVATBANK

In 2022, DZ PRIVATBANK initiated the "DZ PRIVATBANK 2030" project in order to consistently drive the Bank's growth course and further enhance its future-proof position. Following on from the DZ BANK project "Verbund First 4.0", an even closer cooperation with the DZ BANK Group and the Cooperative Financial Network and continuing to reach out to customers in Germany are key drivers of the project. The project will also examine governance measures, including the transfer of the registered office from Luxembourg to Germany. For customers, employees and business partners, no relevant effects are to be expected from a possible relocation of the registered office. The Bank's successful business strategy remains unchanged.

DZ PRIVATBANK expects the pleasing growth path to continue in 2024. The basis for this is the integrated business model with the business segments Private Banking, Fund Services, Credit and Treasury/Brokerage.

PRIVATE BANKING

The Private Banking business segment aims to resolutely continue and expand its growth in 2024 in close cooperation with the cooperative banks.

With a forecast growth rate of between 4 and 6 percent p.a., the private banking market in Germany offers exceptionally high growth and earnings potential for the Genossenschaftliche FinanzGruppe (Cooperative Financial Network). Accordingly, the Bundesverband der Volksbanken Raiffeisenbanken (BVR) – which has established private banking as a new independent business segment – expects the additional earnings potential for the Volksbanken Raiffeisenbanken – especially in cooperation with DZ PRIVATBANK's Private Banking centre of expertise – to be well over one hundred million euros annually. This is also reflected in the plans of the cooperative banks active in private banking with DZ PRIVATBANK: despite challenging conditions, the Volksbanken Raiffeisenbanken are planning stable net sales of around EUR 1.5 billion in the 2024 financial year. The net fees generated from successful customer care are non-grant commission income and therefore sources of fixed income for the cooperative banks.

The dynamic development of the cooperative banking group in private banking is also confirmed by customers and independent analyses. In 2023, DZ PRIVATBANK again provided an impressively high quality of advice to wealthy private clients, entrepreneurs, foundations and wealthy family associations in the trade magazine “Elite Report”. For the tenth time in a row and for the first time with the highest score, DZ PRIVATBANK has been awarded the highest possible rating “summa cum laude”. This makes it one of the top 10 asset managers in the German-speaking region for the first time.

The decisive, personal customer contact in private banking receives innovative support via additional customer and demand-oriented digital options for addressing customers and customer care. Following the successful introduction of the end customer portal “My Asset Portal”, the expansion on the customer and advisor side was continued in 2023 in a manner that took thorough account of all needs and requirements. The goal is to further improve the interaction between customers and consultants. For example, advisors can select the Bank's digitised opinion in the advisory segment and directly access investment judgements in the customer interview. With the integration of a real estate check, market price assessments of customers' real estate can be easily determined and displayed in “My Asset Portal”.

The Volksbanken Raiffeisenbanken market development continues to intensify, and this is ideally supported by the further optimisation of private banking advisory processes and the ongoing expansion of digital services by

DZ PRIVATBANK. The support for the personal approach (private banking as “people's business”) concentrates on the emotional experience as well as the advisory and transaction process for DZ PRIVATBANK's asset management solutions in agree21. From 2024 onwards, Volksbanken Raiffeisenbanken will have access to the VR-PrivateBanking world (a fully integrated and developed advisory and closing process in the “Banking Workspace” of Atruvia AG), which fully supports the advice and support of customers along the entire process chain.

In Wealth Management, which focuses on the individual servicing of high-net-worth clients with very different needs, a further increase in net inflows is planned. The starting point here is a very broad international range of services that has won awards in renowned specialist media and ranges from conventional asset management to asset structuring, financial and pension planning, generation management, corporate investments and foundation consulting. The implementation of special solutions such as “Stiftung nachhaltig”, international booking locations such as Switzerland or intelligent solutions in the current interest rate environment will continue to position DZ PRIVATBANK and the cooperative banks as the centre of expertise for private banking / wealth management solutions in 2024.

FUND SERVICES

At EUR 188.7 billion, the volume of the custodian bank in the custodians in Luxembourg, Switzerland and Germany significantly exceeded the previous year’s level in the Fund Services business segment.

As a stable partner for asset servicing in three countries, 47 new fund projects were launched or migrated. Overall, the Depositary’s assets increased by 12.3 percent to EUR 188.7 billion in 2023 and net inflows of EUR 8.3 billion were achieved (2022: EUR 7.3 billion). Despite the challenging market environment, in particular due to the further rise in interest rates and cash returns in the mutual fund sector, well-known initiators in the alternative asset classes sector have been acquired, which have migrated large-volume funds from competitors. The long-standing market development and the positive feedback from existing customers pays off here. Overall, the volume in the alternative asset classes sector performed significantly above the previous year (EUR 24.0 billion) at EUR 30.5 billion.

In order to safeguard competitiveness, the business segment continues to invest in forward-looking initiatives and projects that both develop workflow and IT infrastructure as well as implement innovative technologies and modern marketing approaches. In addition to the pilot project “DLT / Digital Assets”, which

may enable the tokenisation of fund units by means of blockchain technology, the introduction of a process management and CRM platform should be mentioned as an example here. In addition, a landing page is being used for the first time in www.sogehtassetservicing.com that communicates the range of services offered by the Fund Services business segment with the aim of attracting new customers. The joint market development with DZ BANK as part of the “Fund & Investor Services” initiative was clearly established on the market under the FONDSHAFEN brand.

LENDING

The financing offers for private and corporate clients offered with the cooperative banks under the LuxCredit brand complement the product ranges of the cooperative banks in currency and euro-denominated variable interest loans.

With “VR ImmoFlex”, DZ PRIVATBANK, together with the Volksbanken Raiffeisenbanken, offers a range of solutions that is unique among the competition and enables customers (“Best Agers” target group) to enable the simple use of financing even beyond the intended use of the property. As a result, customers benefit from financial options, without restrictions on the rights of use of the property, as is the case with other competitive offers, e.g. in the case of a partial sale. For the Volksbanken Raiffeisenbanken, very interesting additional income opportunities arise from the comprehensive realignment of LuxCredit's range of solutions in the product life cycle of real estate.

ACKNOWLEDGMENTS

We would like to thank our employees for their outstanding service and extraordinary commitment, which significantly contributed to client satisfaction and the company’s success in 2023. Our sincere thanks also go to the cooperative banks for the close and successful partnership and cooperation and to our private and institutional clients for the confidence they have shown in us over many years.

Luxembourg, 20 February 2024

The Board of Management

Peter Schirmbeck	Stefan Bielmeier	Dr Frank Müller	Arash Kharifi
Chairman			

ANNUAL FINANCIAL STATEMENTS

The annex forms an integral part of the annual financial statements.

STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2023

Income statement (in TEUR)	Annex	2023	2022
Net interest income	**27**	**154,540**	**117,531**
Interest income	12	860,693	189,824
Interest income calculated using the effective interest method	12	650,986	87,941
Interest income not calculated using the effective interest method	12	209,707	101,883
Interest expense	12	-724,275	-109,235
Dividends / current result	12	18,122	36,942
Net commission income	**28**	**154,458**	**157,325**
Commission income		259,945	259,237
Commission expenses		-105,486	-101,912
Trade income	29	9,957	12,918
Result from financial assets	30	28,400	30,000
Other valuation result from financial instruments	31	17,559	3,877
Result from derecognition of financial assets (AC only)	32	-6,904	-1,508
Risk provisions	33	-804	-1,535
Administrative expenses	34	-238,079	-226,190
Other operating income	35	-15,326	2,020
Earnings before tax		**103,800**	**94,438**
Taxes on earnings	36	-16,923	-14,997
Result		**86,877**	**79,441**

Statement of Comprehensive Income (in TEUR)	Annex		2023	2022
Result			**86,877**	**79,441**
Components that cannot be reclassified into the income statement				
Gains and losses on financial instruments for which the fair value OCI option was exercised			-255	-246
Gains and losses from changes in proprietary default risk of financial liabilities for which the fair value option was exercised	38	60	654	-960
Gains and losses from remeasurements of defined benefit plans	38	86	-1,753	871
Taxes on earnings	38		530	86
Result not affecting net income			**-825**	**-249**
Overall result			**86,052**	**79,192**

BALANCE SHEET AS AT 31 DECEMBER 2023

Assets (in TEUR)	Annex			31.12.2023	31.12.2022
Cash reserves	13	39		13,865,719	12,407,996
Loans and advances to banks	14	40		1,453,271	1,409,696
Loans and advances to clients	14	41		5,562,320	6,163,198
Positive market values from hedging instruments	15	42		126,258	214,797
Trading assets	16	43		174,766	313,933
Financial assets	17	44		4,324,787	4,151,057
Tangible fixed assets and rights of use	18	45		57,997	54,024
Tangible fixed assets	18	45		*40,608*	*38,971*
Rights of use	18	45	83	*17,389*	*15,053*
Income tax assets	19	46		19,643	36,382
Other assets	20	47		80,211	64,199
Risk provisions	21	48	66	-3,038	-2,550
Transferable securities				*-688*	*-513*
Loans and advances to banks and clients				*-2,350*	*-2,037*
Total assets				**25,661,934**	**24,812,733**

Liabilities (in TEUR)	Annex		31.12.2023	31.12.2022
Liabilities to banks	22	49	6,345,624	4,426,445
Liabilities to clients	22	50	13,624,637	15,131,483
Securitised liabilities	23	51	3,827,145	3,254,298
Negative market values from hedging instruments	15	52	47,943	1,633
Trading liabilities	16	53	344,077	632,163
Provisions	24	54	111,725	80,070
Income tax liabilities	19	46	70,125	60,611
Other liabilities	20	55	60,160	57,908
Equity		**56**	**1,230,499**	**1,168,122**
Subscribed capital			*116,555*	*116,555*
Capital reserve			*426,973*	*426,973*
Retained earnings			*355,055*	*300,444*
Reserve from the result not affecting net income			*-4,961*	*-5,291*
Additional equity components			*250,000*	*250,000*
Profit for the year			*86,877*	*79,441*
Total liabilities			**25,661,934**	**24,812,733**

STATEMENT OF CHANGES IN EQUITY

Figures in TEUR	Annex	Subscribed capital	Capital reserve	Generated equity	Reserve from the result not affecting net income	Additional equity components	**Equity**
Equity as at 1 January 2022	**56**	**116,555**	**426,973**	**311,179**	**-4,395**	**0**	**850,312**
Result		0	0	79,441	0	0	79,441
Result not affecting net income		0	0	647	-896	0	-249
Overall result		**0**	**0**	**80,088**	**-896**	**0**	**79,192**
Capital increase / repayment		0	0			250,000	250,000
Dividends paid		0	0	-11,382	0	0	-11,382
Equity as at 31 December 2022	**56**	**116,555**	**426,973**	**379,885**	**-5,291**	**250,000**	**1,168,122**
Equity as at 1 January 2023	**56**	**116,555**	**426,973**	**379,885**	**-5,291**	**250,000**	**1,168,122**
Result		0	0	86,877	0	0	86,877
Result not affecting net income		0	0	-1,155	330	0	-825
Overall result		**0**	**0**	**85,722**	**330**	**0**	**86,052**
Capital increase / repayment		0	0	0	0	0	0
Dividends paid		0	0	-11,382	0	0	-11,382
Distributions on additional equity components		0	0	-12,292	0	0	-12,292
Equity as at 31 December 2023	**56**	**116,555**	**426,973**	**441,932**	**-4,961**	**250,000**	**1,230,499**

The reserve from other comprehensive income includes changes in the value of financial liabilities classified as at fair value through profit or loss that are attributable to changes in the Group's own default risk in the amount of TEUR +516 after deferred taxes (2022: TEUR -713) and fair value changes concerning the FVOCI-categorised debt capital and equity instruments in the amount of TEUR -186 after deferred taxes. The additional equity components are an AT1 bond described in section 56.

CASH FLOW STATEMENT

Figures in TEUR	31.12.2023	31.12.2022
Result (statement of comprehensive income)	86,877	79,441
Depreciation and value adjustments	21,062	15,891
Impairment of financial instruments	804	1,535
Result from financial assets	-28,400	-30,000
Non-cash changes in provisions	83,821	55,866
Non-cash changes in other operating income	-4,351	-3,453
Accrued interest / amortisation	-124,038	19,401
Change in value of financial assets	-128,482	229,590
IFRS 15 relevant commissions	-34,703	-36,156
Result from financial assets and liabilities assessed at fair value through profit or loss (mandatory + voluntary)	115,899	-3,843
Non-cash changes in the trading result	1,786	12,918
Taxes	16,924	-14,997
Net interest income	-154,540	-117,531
Balance of other adjustments	-5,995	-7,609
Subtotal	**-153,337**	**201,054**
Cash changes in assets and liabilities		
Trading assets and liabilities	-148,919	330,170
Trading assets	139,167	-42,202
Trading liabilities	-288,086	372,373
Loans and advances to banks	-43,574	-27,406
Loans and advances to clients	600,878	-223,440
Other assets from operating business activities	-18,050	-5,465
Liabilities to banks	1,919,178	2,052,797
Liabilities to clients	-1,506,846	2,835,954
Positive and negative market values from derivative hedging instruments	134,849	-249,483
Positive	88,539	-203,780
Negative	46,310	-45,703
Securitised liabilities incl. subordinated capital	572,847	-1,644,891
Other liabilities from operating business activities incl. provisions	2,704	37,314
Interest received	860,693	301,056
Dividends received	18,122	36,942
Interest paid	-724,275	-214,109
Income tax payments	5,896	-5,550
CASH FLOW from operating business activities	**1,520,165**	**3,424,945**

Figures in TEUR	31.12.2023	31.12.2022
Payments for additions to financial assets	-5,639,602	-2,377,820
Proceeds from disposals of financial assets	5,622,046	1,173,835
Payments for additions to tangible fixed assets (excluding leases)	-7,013	-3,104
Proceeds from disposals of tangible fixed assets (excluding leases)	0	218
Payments for additions to intangible assets	-7,851	-8,914
Proceeds from disposals of intangible assets	0	2,300
CASH FLOW from investment activities	**-32,420**	**-1,213,485**
Deposits from the sale of subordinated liabilities	0	250,000
Distributions on additional equity components	-12,292	0
Dividend payments	-11,382	-11,382
Repayment portion of lease liabilities	-6,348	-4,819
CASH FLOW from financing activities	**-30,022**	**233,798**
Cash and cash equivalents as of 1 January	12,407,996	9,962,738
Cash flow from operating business activities	**1,520,165**	**3,424,945**
Cash flow from investment activities	**-32,420**	**-1,213,485**
Cash flow from financing activities	**-30,022**	**233,798**
Cash and cash equivalents as of 31 December	13,865,719	12,407,996

The cash flow statement, prepared using the indirect method within the meaning of IAS 7.20, shows the changes in cash and cash equivalents in the reporting period. Cash and cash equivalents correspond to the cash reserves, which comprise the cash on hand and balances with central banks. The cash reserves do not contain any financial investments with remaining terms of more than 3 months at the time of acquisition. Changes in cash and cash equivalents are assigned to operating business, investment or financing activities.

Cash flow from operating business activities primarily relates to the Bank's revenue-generating activities or arises from other activities that are not investment or financing activities. Cash flow in connection with additions and disposals of non-current assets is assigned to investment activities. Cash flow from financing activities includes cash flow from transactions with equity providers and from other borrowings to finance business activities.

ANNEX

A. GENERAL INFORMATION

1. General information

DZ PRIVATBANK S.A. was incorporated as a Société Anonyme under Luxembourg law on 28 December 1977. The Company is established for an indefinite period. The registered office of DZ PRIVATBANK S.A. is at: 4, rue Thomas Edison, L-1445 Strassen in the Grand Duchy of Luxembourg.

In accordance with the Articles of Association, the object of the Company is to conduct banking and financial operations of all kinds, for its own account and that of third parties, in and outside the Grand Duchy of Luxembourg, and all activities directly or indirectly connected therewith. The Bank operated eight branches in Germany as at 31 December 2023. The branches are used to coordinate subsidiary cooperation with the cooperative banks in Germany.

The capital of DZ PRIVATBANK S.A. as at 31 December 2023 of 91.8 percent (unchanged compared to the previous year) is held by DZ BANK AG, Frankfurt am Main. 8.2 percent (unchanged compared to the previous year) is held by 258 cooperative banks (2022: 271 banks) in Germany. The post-tax returns of the Bank measured against the balance sheet total amounted to 34 basis points during the 2023 financial year (2022: 32 basis points). The annual financial statements of DZ PRIVATBANK S.A. are included in the consolidated financial statements of DZ BANK AG. DZ BANK AG's consolidated financial statements are filed at the Commercial Register in Frankfurt am Main. In accordance with Article 80(1b) of the Law of 17 June 1992 with respect to annual financial statements and consolidated financial statements of banks operating under Luxembourg law, the Bank is exempt from the obligation to prepare consolidated financial statements and a Group operations report, as all minority shareholders have agreed to the exemption.

As the parent company, DZ PRIVATBANK S.A. has two subsidiaries (2022: two) in which it holds shares with 100 percent of the capital:

Figures in TEUR

Company	Registered office	Financial year	Participation in %	Book value (in TEUR)	Equity (in TEUR)	Annual result (in TEUR)
DZ PRIVATBANK (Schweiz) AG	Zurich	2023	100%	215,100	202,699	5,969
IPConcept (Luxemburg) S.A.	Luxembourg	2023	100%	8,000	10,080	11,547

Figures in TEUR

Company	Registered office	Financial year	Participation in %	Book value (in TEUR)	Equity (in TEUR)	Annual result (in TEUR)
DZ PRIVATBANK (Schweiz) AG	Zurich	2022	100%	186,700	187,196	7,330
IPConcept (Luxemburg) S.A.	Luxembourg	2022	100%	8,000	10,080	10,407

DZ PRIVATBANK S.A., Strassen, Luxembourg, with its head office in Luxembourg and its wholly owned subsidiaries DZ PRIVATBANK (Schweiz) AG and IPConcept (Luxemburg) S.A., is the cooperative centre of expertise for private banking for the Volksbanken Raiffeisenbanken. The equity and net income figures shown in the table above are the unaudited figures for the 2023 financial year prepared in accordance with the corresponding national law.

DZ PRIVATBANK (Schweiz) AG in turn holds 100 percent of the shares in IPConcept (Schweiz) AG, which can be seen as a sister company of IPConcept (Luxemburg) S.A.

The current result from investments in subsidiaries is included in net interest income.

2. Information on how to deal with macroeconomic developments

The energy crisis triggered by Russia's war on Ukraine has not yet been overcome, but has lost some intensity. This shows significantly lower energy prices, including electricity prices, and well-filled gas storage facilities. Nevertheless, the crisis is reshaping through still relatively high international inflation rates. Although the peak has long since been past and consumer prices are rising significantly more slowly than at the end of 2022, they are currently still holding back consumer demand. In addition, interest rates have risen sharply and, above all, rapidly, making investments more difficult. This applies in particular to housing construction. At the same time, structural problems in China, such as the real estate sector, are dampening China’s growth and thus global trade. The recovery expected with inflation rates falling further in 2024 should start earlier in the eurozone than in the United States, but the United States tends to be on a higher growth path. Starting in the second half of the year, initial interest rate cuts are also expected to ease the recovery, but will remain weak overall in 2024.

Risks to the global economy include the risk of new protectionist measures between the United States, China and Europe. This is illustrated by the discussion about the US Inflation Reduction Act or the growing list of sensitive commodities for which Chinese export licenses are needed. Geopolitical conflicts, such as the one relating to Taiwan's position, could also lead to a further escalation of trade disputes. This would have negative consequences for the global economy and would put a particular strain on the German economy, which is highly dependent on exports. Supply chain issues and new spikes in energy prices could extend the period of high inflation further.

The very high inflation rates, which reached their peak in many regions of the world at the end of 2022, declined noticeably in 2023, but remained well above the targets of major central banks overall. Moreover, in many countries, sharp wage increases intended to offset inflationary losses in purchasing power are causing prices to rise in the service sector and other industries, which in turn delay the decline in inflation. As a result, while inflation rates are likely to continue to fall in 2024, they will continue to exceed Western central banks' targets.

At DZ PRIVATBANK S.A., the aforementioned economic developments have no impact on the established processes and models for determining expected losses in accordance with IFRS 9. At individual exposure level, the effects of the Ukraine war are also being examined. In addition to primary effects due to client or supplier relationships, secondary effects such as energy price increases are also taken into account in the context of impact analyses. These effects are reflected on the one hand in the determination of the individual risk provision and on the other hand in the individual rating.

The risk parameters adjusted via the macroeconomic scenarios then flow into the determination of the risk provision.

Significant effects of the macroeconomic factors described on the economic situation and on the past and future financial year of DZ PRIVATBANK S.A. are currently not discernible due to the measures described.

3. Principles for the preparation of the separate financial statements

The annual financial statements of DZ PRIVATBANK S.A. as of 31 December 2023 have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). The annual financial statements as of 31 December 2023 have been prepared in accordance with Regulation (EC) No 1606/2002 (IAS Regulation) of the European Parliament and of the Council of 19 July 2002, the Law of 17 June 1992 on the annual financial statements and consolidated financial statements of banks under Luxembourg law and other regulations adopting certain international accounting standards on the basis of the International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC).

All standards and interpretations whose application is mandatory in the EU for the 2023 financial year have been taken into account.

Mandatory, new standards for the 2023 financial year, which have already been endorsed by the European Union, are as follows:

1. Amendments to IAS 1: Presentation of Financial Statements,
2. Amendments to IAS 8: Accounting policies, Changes in accounting estimates and errors,
3. Amendments to IAS 12: Income taxes and
4. Amendments to IFRS 17: Insurance contracts.

The amendments to IAS 1 Presentation of Financial Statements require companies to disclose their material rather than significant accounting and valuation policies. The amendments to IAS 8 Accounting policies, Changes to accounting estimates and errors are clarifications on the definition of accounting and valuation policies and changes to estimates.

The amendment to IAS 12 Income taxes (*deferred taxes relating to assets and liabilities arising from a single transaction*) provides, under certain conditions, for an exemption from the recognition of deferred tax assets or liabilities at the time an asset or liability is received. This exemption shall not apply to the accounting of deferred taxes in connection with leases or decommissioning or asset retirement obligations.

The amendments to IAS 12 Income taxes (*International tax reform — Pillar 2 Model rules*) are related to Directive (EU) 2022/2523 adopted on 14 December 2022 to ensure a minimum global taxation for multinational enterprise groups and large domestic groups in the European Union. As the ultimate parent company, DZ BANK AG is a taxable person within the meaning of the Directive. IAS 12 has been supplemented by rules on the recognition and presentation of expenses related to the collection of supplementary taxes under this directive. Accordingly, in derogation from the requirements of the standard, no deferred taxes to supplementary taxes must be recorded or disclosed. However, the amendments require additional information contained in section 35. Reference is also made to section 4 of this report.

The amendments have no significant impact on the annual financial statements of DZ PRIVATBANK S.A.

The financial statements as at 31 December 2023 comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity, the cash flow statement and the notes (“Notes”). Segment reporting is explained in section 26.

Assets are generally measured at amortised cost unless IFRS standards require a different measurement. The latter relates to financial instruments measured at fair value in accordance with IFRS 9. Income and expenses are accrued pro rata temporis and recognised and reported in the period to which they are economically attributable. The main accounting and valuation methods are presented below.

The annual financial statements are prepared in euros, the functional currency of DZ PRIVATBANK S.A.

The financial year corresponds to the calendar year. For reasons of clarity, certain items have been combined in the statement of comprehensive income and the balance sheet and supplemented by additional disclosures in the notes. Unless otherwise indicated, all amounts are presented in thousands of euros (TEUR). The figures are rounded in accordance with standard commercial practice. This may result in minor discrepancies in the formation of totals and in the calculation of percentages.

Accounting and measurement were carried out on a going concern basis. DZ BANK AG has issued a comfort letter for DZ PRIVATBANK S.A. confirming that it can meet its contractual obligations, apart from political risks, within the scope of its investment quota.

The Bank is a member of the FGDL (Fonds de garantie des dépôts Luxembourg), the Luxembourg deposit guarantee fund and the SIIL (Système d'indemnisation des investisseurs Luxembourg), the Luxembourg investor compensation scheme, established by the Law of 18 December 2015 on the resolution of banks and their assets under custody.

The deposits are guaranteed up to an amount of TEUR 100 and assets under custody up to an amount of TEUR 20. However, the law stipulates that deposits which result from specific transactions or serve specific social or other purposes are covered for twelve months once over TEUR 100 is paid in.

In the year under review, the Bank paid an ex-ante contribution of EUR 0.5 million (2022: EUR 0.4 million) to the FDGL. In contrast to the FGDL, the SIIL works according to the ex-post procedure: a contribution, which is limited to five percent of capital resources, is only levied when a security event occurs.

The Luxembourg Resolution Fund (Fonds de résolution Luxembourg, FRL) was established under Article 105 of the aforementioned Law. DZ PRIVATBANK S.A. paid a national bank levy of EUR 13.1 million during the year under review (2022: EUR 14.7 million). The Bank made use of the option of setting aside 22.5 percent of the bank levy as “irrevocable payment commitments (IPCs)” with EUR 3 million (2022: EUR 2.2 million).

Contingent liabilities from contributions to the resolution fund for CRR banks include irrevocable payment commitments (IPC) approved by the Single Resolution Board (SRB) based on applications for the provision of collateral to partially settle the contribution of the European bank levy. For this purpose, DZ PRIVATBANK deposited cash collateral in the same amount. The transferred collateral is included in the balance sheet item “Other assets, of which other receivables”. As a result of an inconclusive judgment of the European Court of 25/10/2023 in a legal dispute between the SRB and a French bank, there is currently legal uncertainty as to whether the IPC will expire upon the withdrawal of an institution from the scope of the single resolution mechanism (i.e. in particular upon the return of the banking licence) and the cash collateral provided to the institution will be returned without the institution having to pay the irrevocably committed amount. The Court of Justice has yet to reach a decision of the highest court.

DZ PRIVATBANK S. A. is also a member of the BVR protection scheme under the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken (BVR). The branches of DZ PRIVATBANK S.A. in Germany are legally dependent and are managed by DZ PRIVATBANK S.A.. Member of the statutory deposit guarantee scheme in Luxembourg and the BVR protection scheme. In order to meet guarantee obligations that are accepted by BVR for the collective guarantee scheme, DZ PRIVATBANK S.A. has assumed a guarantee obligation of EUR 10.3 million (2021: EUR 9.7 million).

The annual financial statements of DZ PRIVATBANK S.A. are published by the Board of Management after approval of the annual financial statements by the Supervisory Board on 7 March 2024.

4. Accounting policies and estimates

IBOR transition

For the conversion of the LIBOR interest rates into the currencies CHF, GBP, JPY and USD, a project was set up in 2021, which coordinated, monitored and implemented the necessary steps in DZ PRIVATBANK S.A. and the subsidiaries during the year.

In derivative financial instruments, the LIBOR successor products based on risk-free rates were introduced in the currencies USD, CHF, GBP and JPY. The interest rate swaps with CHF-LIBOR were switched to the successor reference rate (SARON) in December 2021. The conversion of USD LIBOR derivatives (IRS) to the successor reference rate (SOFR) was made in April 2023 and involved 19 interest rate swaps with a nominal value of USD 382.7 million.

In the credit business, suitable successors were established for variable-rate loans based on CHF-LIBOR and USD-LIBOR. The conversion of the CHF-LIBOR loans has taken place with the maturity of the last LIBOR period in the 1st quarter of 2022. The conversion of the USD-LIBOR loans (number: 19; nominal volume approx. USD 26.7 million) took place with the maturity of the last LIBOR period in the 3rd quarter of 2023.

The changes in reference rates made have had little impact on the balance sheet. With reference to the amendments to IFRS 7 and IFRS 9 for the reform of reference rates published in September 2019, no hedge accounting relief has been taken up.

Estimates

Assumptions and estimates have been made in accordance with the relevant accounting standards in determining the book values of assets and liabilities and income and expenses recognised in the annual financial statements. These are based on historical experience, planning, expectations or forecasts of future events and are reviewed regularly.

If estimates of a larger scope are required, the valuation parameters and estimation factors are adequately presented and evaluated retrospectively based on actual events. The estimate is made in an appropriate and reasonable manner. Any changes in estimates are taken into account in the relevant period.

Assumptions and estimates are used primarily in determining the fair values of financial assets and financial liabilities and in calculating the impairment of financial assets. Assumptions and estimates also affect provisions for employee benefits, other provisions and the recognition and measurement of income tax assets and income tax liabilities.

Fair value of financial instruments

The determination of the fair values of financial assets and financial liabilities is associated with estimation uncertainties if no prices in active markets are available for the financial instruments concerned. Estimation uncertainties arise primarily when fair values are determined using valuation techniques that incorporate significant valuation parameters that cannot be observed on the market. This applies both to financial instruments measured at fair value and to financial instruments measured at amortised cost whose fair values are disclosed in the notes. The assumptions on valuation parameters and valuation methods used to determine fair values are presented in the disclosures on financial instruments in section 5 and in chapter D.

Impairment of financial assets

When determining the need for a value adjustment of financial assets that are debt instruments, loan commitments and financial guarantees as described in section 5, the expected future cash flows from interest and principal payments and from the realisation of collateral are determined. Uncertainties arise from the estimates and assumptions required for this with regard to the amount and timing of future cash flows. Factors influencing the need for a value adjustment, which are determined by discretionary decisions, include, for example, economic conditions, the financial performance of the counterparty and the value of collateral held. Parameters determined with the aid of statistical models, such as the probability of default, are also included in the estimates and assumptions when determining the need for a value adjustment.

Intangible assets

Identifiable intangible assets acquired are recognised on the basis of their future economic benefits. This is assessed by management on the basis of reasonable and justified assumptions. Further information on intangible assets is provided in section 20.

Provisions

Estimation uncertainties in connection with provisions for employee benefits arise primarily from defined benefit pension obligations, the measurement of which is significantly influenced by actuarial assumptions. The actuarial assumptions include numerous long-term, future-oriented factors such as salary and pension trends or average future life expectancies.

Actual future cash outflows resulting from matters for which other provisions have been recognised may differ from the expected utilisation.

The valuation bases and the assumptions and estimates used to determine the provisions are presented in section 24.

Income tax assets and liabilities

The determination of deferred income tax assets and liabilities presented in section 36 is based on estimates of future taxable income of the taxable entities, which affect, in particular, the assessment of the recoverability of deferred income tax assets. Furthermore, the calculation of the actual income tax assets and liabilities at the time of preparation of the financial statements under commercial law requires estimates of income tax-relevant circumstances.

DZ PRIVATBANK S.A. is part of the DZ BANK Group. In certain jurisdictions in which the DZ BANK Group operates, laws on global minimum taxation (BEPS 2.0 Pillar 2) have been adopted or implemented in terms of content. In Luxembourg, implementation was carried out under the Law of 22 December 2023 on effective minimum taxation transposing Council Directive (EU) 2022/2523 ensuring a global minimum level of taxation for multinational enterprise groups and large national business groups in the Union. The law will enter into force for the financial year beginning on 1 January 2024. The Group falls within the scope of the legislation adopted or implemented in substantive law and has carried out an assessment of the Group's potential exposure to the global minimum taxation.

Pursuant to Art. 5 of Directive (EU) 2022/2523, DZ BANK AG owes the minimum tax as the highest parent company and must submit a minimum tax report and the corresponding tax return in Germany. From the Group's perspective, the DZ BANK Group expects only an insignificant income tax risk from the global minimum taxation.

5. Financial instruments

Recognition and initial measurement

All financial instruments are generally measured at fair value on initial recognition. In the case of financial instruments carried at amortised cost, this regularly corresponds to the purchase price or the nominal amount.

Derivative financial instruments are initially recognised and derecognised on the trade date. Regular way purchases and sales of non-derivative financial assets are generally recognised on the settlement date. Changes in fair value between the trade date and the settlement date are recognised in accordance with the categorisation of the financial assets.

Financial assets

On initial recognition at DZ PRIVATBANK S.A., a financial asset is classified and measured either at amortised cost or at fair value through profit or loss.

Financial assets are not reclassified after initial recognition unless the Bank changes its business model for managing financial assets. DZ PRIVATBANK S.A. did not make any reclassifications during the financial year.

Financial assets measured at amortised cost

A financial asset is classified in this category if it is held within the framework of a business model whose objective is to hold financial assets in order to collect the contractual cash flows (business model: "hold"). The contractual terms of the financial asset give rise to cash flows at specified dates that are solely principal and interest payments on the outstanding capital amount.

Financial assets in this category consist exclusively of debt instruments due to the cash flow condition. They are measured at amortised cost using the effective interest method. Interest income, value adjustments and effects from currency translation must be recognised in the statement of comprehensive income through profit or loss.

Financial assets measured at fair value through profit or loss

All financial assets that are not measured at amortised cost are measured at fair value with changes in value recognised in profit or loss. The category at fair value with changes in value in profit or loss is used by DZ PRIVATBANK S.A. for two reasons:

Financial assets that must be categorised as at fair value through profit or loss

The subcategory "financial assets that must be categorised as at fair value through profit or loss" comprises financial assets that do not meet the cash flow requirements of IFRS 9 or are acquired for the purpose of being sold in the short term.

Financial assets designated as at fair value through profit or loss ("fair value option")

The fair value option is used to eliminate or significantly reduce valuation incongruities resulting from the different measurement of non-derivative financial instruments and derivative financial instruments entered into to hedge them. Derivative financial instruments are measured at fair value through profit or loss, while non-derivative financial instruments are measured at amortised cost. If hedge accounting is not applied, this leads to valuation incongruities, which are significantly reduced by exercising the fair value option. In connection with the avoidance of valuation incongruities, the fair value option is exercised for financial assets for loans and advances to banks and clients as well as financial investments.

Financial assets that must be categorised as at fair value not affecting net income ("fair value OCI")

This category is classified in a business model whose objective is both to collect contractual payment flows and to sell financial assets ("hold and sell"). In addition, the so-called payment flow conditions must be met. The valuation is carried out at fair value and valuation results are generally to be taken into account in the earnings not affecting net income.

Financial assets designated as at fair value not affecting net income (“fair value OCI option”)

For equity instruments, the designation “financial assets designated as at fair value not affecting net income” (fair value OCI option) applies upon receipt. Changes in fair value are generally recognised in earnings not affecting net income. The general voting right to exercise the fair value OCI option only applies to equity instruments that are not held for trading.

Classification and subsequent measurement of financial liabilities

On initial recognition at DZ PRIVATBANK S.A., a financial liability is classified and measured either at amortised cost or at fair value through profit or loss.

Financial liabilities classified at amortised cost are subsequently measured at amortised cost using the effective interest method. Interest expenses and foreign currency translation differences are recognised in profit or loss. Gains or losses on derecognition are also recognised in profit or loss.

Financial liabilities that must be categorised as at fair value through profit or loss

The sub-category “financial liabilities designated as at fair value through profit or loss” comprises financial liabilities issued with the intention of short-term repayment. For this to be the case, these financial liabilities must be part of a portfolio of clearly identified financial instruments that are managed together and for which there was evidence of a recent actual pattern of short-term profit-taking.

Financial liabilities designated as at fair value through profit or loss (“fair value option”)

The category “financial liabilities designated as at fair value through profit or loss” may be assigned to financial liabilities by exercising the fair value option if this eliminates or significantly reduces recognition or measurement inconsistencies. The valuation is carried out at fair value and valuation results are generally to be recorded in the earnings not affecting net income due to the changes in the inherent default risk. The remaining portion of the change in the fair value of that liability shall be recognised in profit or loss.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to cash flows from the financial assets have expired or have been transferred to third parties and essentially all opportunities and risks have been transferred. If the derecognition criteria for financial assets are not met, the transfer to a third party is accounted for as a secured borrowing.

Financial liabilities are derecognised when the contractual obligations have been settled or cancelled or have expired.

6. Hedge accounting

Hedges against risks from financial instruments are undertaken as part of the risk management strategy.

To the extent that accounting mismatches between the hedged items and the hedging instruments used arise from the hedging of risks from financial instruments, hedging relationships are generally designated in order to eliminate or reduce them in accordance with the provisions of IFRS 9.

Fair value hedges

The fair values of a hedged item are offset by opposite changes in the fair values of the hedging instrument. For this purpose, the changes in the fair value of the hedged items attributable to the hedged risk and the changes in the fair value of the hedging instruments are recognised in the statement of comprehensive income. Hedging is carried out by designating individual hedging relationships.

Hedged items in the category "financial assets measured at amortised cost" are measured in accordance with the general measurement principles for these financial instruments and adjusted in each case for the change in fair value attributable to the hedged risk.

Interest income and interest expenses resulting from hedged items and hedging instruments are recognised in the net interest income.

In the case of fully effective hedging relationships, the changes in fair value attributable to the hedged risk that are recognised in the statement of comprehensive income in profit or loss offset each other in full during the term of the hedging relationships.

Ineffectiveness is recognised accordingly in profit or loss under "Other valuation result from financial instruments".

7. Currency conversions

All monetary assets and liabilities as well as unsettled spot transactions are converted into the functional currency (EUR) of DZ PRIVATBANK S.A. at the closing rate. Foreign notes and coins are valued at the buying rate on the balance sheet date. The conversion of non-monetary assets and liabilities is based on the valuation standards applied to them. Where non-monetary assets are measured at amortised cost, they are converted at the historical rate. Non-monetary assets measured at fair value are converted at the closing rate. Income and expenses are converted at the time they are recognised in profit or loss. Income and expenses are converted at the corresponding spot rate on the date of the transaction or, for convenience, at the average rate.

8. Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and reported in the balance sheet as a net amount if DZ PRIVATBANK S.A. currently has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realise the asset in question and settle the associated liability simultaneously.

The legal right to offset must not depend on a future event and must be enforceable in the normal course of business, in the event of default, and in the event of insolvency of the Bank and all counterparties.

If offsetting financial assets and financial liabilities would impair the true and fair view, DZ PRIVATBANK S.A. voluntarily refrains from offsetting.

9. Securities repurchase agreements

Securities repurchase agreements are transactions in which the lender and the borrower agree to sell and subsequently repurchase securities at a specified price and time. The opportunities and risks of securities sold under repurchase agreements remain entirely with the lender, provided that the transactions are genuine repurchase agreements. Securities sold as part of repurchase agreements (repo transactions) remain on the balance sheet due to non-compliance with the derecognition criteria of IFRS 9. A corresponding liability to banks is recognised in the amount of the purchase price received. DZ PRIVATBANK S.A. only enters into genuine repurchase agreements as a lender.

10. Collateral

Assets provided as collateral in the form of cash collateral result in the recognition of receivables. Other assets pledged as collateral remain unchanged in the balance sheet.

Liabilities are recognised in the corresponding amount for cash collateral received. Other financial and non-financial assets received as collateral are not recognised in the balance sheet unless they are taken over in connection with the realisation of the collateral or in the context of bail-out acquisitions. For further statements on collateral, see sections 62 and 66.

11. Leases

At the inception of the contract, the Bank assesses whether a contract gives rise to a lease. This is the case when the contract conveys the right to control the use of an identified asset for a period of time in exchange for payment of a fee. To assess whether a contract conveys the right to control an identified asset, the Bank uses the definition of a lease under IFRS 16.

The Bank as lessee

The lessee recognises a right-of-use asset and a corresponding lease liability for all leases of the asset. The amount of the right of use generally corresponds to the amount of the lease liability at the time of addition and is reported under tangible fixed assets and rights of use. In subsequent periods, the right of use is measured at amortised cost. Scheduled amortisation is carried out on a straight-line basis over the entire term and is recognised in administrative expenses. The lease liability is measured as the present value of future lease payments and is reported under other liabilities. The leasing instalments are divided into an interest and a repayment portion. While the interest portion is recognised as interest expense on the basis of the internal interest rate or the marginal borrowing rate, the repayment portion reduces the liability. On the provision date or upon modification of a contract that includes a lease component, the Bank allocates the contractually agreed consideration on the basis of relative

stand-alone selling prices. The Bank only makes use of the option not to separate the individual lease and non-lease components and to account for the contract as a whole as one lease if the separation of the non-lease components does not correlate positively to the gain in information.

The Bank as lessor

If the Bank acts as lessor, it classifies each lease as either a finance lease or an operating lease at the inception of the contract. To classify each lease, the Bank has made an overall assessment of whether the lease essentially transfers all the risks and opportunities incidental to ownership of the underlying asset. If so, the lease is classified as a finance lease; if not, it is an operating lease. As part of this assessment, the Bank takes into account certain indicators such as whether the lease covers the major part of the economic useful life of the asset.

The Bank accounts for the head lease and the sublease separately when it acts as an intermediate lessor. It classifies the sublease based on its right-of-use asset from the head lease rather than the underlying asset.

Lease payments from operating leases are collected by the Bank over the term of the lease and recognised in other operating income.

12. Income

Interest and dividends

Interest is accrued and recorded on an accrual basis. Where the effective interest method is used to calculate interest income, this is reported under interest income calculated using the effective interest method.

The cash flows used to calculate the effective interest rate take into account contractual agreements in connection with the corresponding financial assets and financial liabilities.

Premiums and discounts are calculated and amortised over the term of the financial instruments using the effective interest method. Additional directly attributable transaction costs incurred are included in the calculation of the effective interest rate if they are directly related to the acquisition or disposal of a financial asset or financial liability.

Dividends are recognised when the legal entitlement to payment arises.

Interest income from and interest expenses on derivative financial instruments entered into without intention to trade or to hedge financial instruments for which the fair value option has been exercised are reported in net interest income. In addition, the deferral effects from foreign exchange swaps used for the economic management of interest income are reported in net interest income in accordance with their economic allocation.

Revenue from contracts with clients

Revenue from contracts with clients is recognised when the underlying service has been provided, it is probable that the economic benefits will flow to the Bank and the revenue can be measured reliably.

At DZ PRIVATBANK S.A., revenue from contracts with clients is essentially fee and commission income. The main fee and commission income includes fee and commission income from asset management, custodian bank services, securities business, payment transactions and credit business.

Commissions earned over the period of service include certain fees for administration and custody in the context of asset management and securities business. In these cases, revenue is recognised when the contractually agreed performance criteria are met. In the case of commissions where the service is provided at a specific point in time, the revenue is collected after the service has been provided.

Fees and charges that are an integral part of the effective interest rate are excluded from the scope of IFRS 15 and are accounted for in accordance with IFRS 9 regardless of whether the financial assets are measured at fair value or valued at amortised cost.

The discretionary right under IFRS 15 to capitalise contract initiation costs is not applied.

13. Cash reserves

Cash on hand and balances with central banks are reported as cash reserves.

Cash on hand comprises cash reserves denominated in EUR and foreign currency, which are valued at nominal value or converted at the buying rate. Balances with central banks are assigned to the category “amortised cost”. Interest income or interest expenses (negative interest) from financial assets in the cash reserves are recorded as interest income or interest expenses from credit and money market transactions.

14. Loans and advances to banks and clients

Loans and advances to banks and clients are generally measured at amortised cost using the effective interest method. In fair value hedge accounting, the book values of hedged receivables are adjusted for the change in fair value attributable to the hedged risk. The resulting book value adjustments are recognised as part of the other valuation result from financial instruments in the result from hedge accounting. Certain receivables are categorised “at fair value” only to eliminate or significantly reduce accounting mismatches.

Value adjustments of loans and advances to banks and clients are calculated in accordance with the provisions of IFRS 9 applicable to the category “amortised cost” and disclosed as a separate balance sheet item on the assets side of the balance sheet.

Interest income from loans and advances to banks and clients is recognised under interest income from credit and money market transactions. These also include the amortisation of book value adjustments in fair value hedge accounting. Realised gains and losses on receivables categorised at amortised cost are reported in “Result from derecognition of financial assets measured at cost”. Results from the valuation of loan and advances for which the fair value option was exercised are recognised in the result of the same name as part of the other valuation result from financial instruments.

15. Positive and negative market values from hedging instruments

The book values of financial instruments designated as hedging instruments in effective and documented hedging relationships are reported as positive and negative market values from hedging instruments.

These financial instruments are measured at fair value. Changes in the fair value of hedging instruments in the category “Financial assets measured at fair value through profit or loss” for fair value hedges are recognised in profit or loss as part of the Other valuation result from financial instruments in the result from hedge accounting.

16. Trading assets and liabilities

Trading assets and liabilities solely comprise financial assets and financial liabilities held for trading.

Derivative financial instruments with positive fair values are assigned to trading assets if they were entered into with the intention of trading or do not meet the requirements for hedge accounting despite the intention to hedge.

The assignment of derivative financial instruments with negative fair values to trading liabilities corresponds to the procedure for trading assets.

Financial instruments reported under trading assets and trading liabilities are always measured at fair value through profit or loss. Valuation results, interest income and expenses and dividends from trading assets and liabilities are recognised in trade income if there is an actual intention to trade the instruments concerned.

Valuation results from derivative financial instruments that are entered into for hedging purposes, but are not included in hedge accounting are recognised in Other valuation result from financial instruments as result from derivative financial instruments entered into without intention to trade. If, in order to avoid accounting mismatches, underlying transactions are assigned to the category "financial assets measured at fair value through profit or loss", the valuation results of the allocated derivatives are recognised in the result from financial instruments designated as at fair value through profit or loss. Interest income from and interest expenses on derivative financial instruments entered into without intention to trade or used to hedge financial instruments measured at fair value through profit or loss are reported in net interest income.

17. Financial assets

Financial assets include bearer bonds and other fixed-income securities as well as shares in subsidiaries, provided that these securities or company shares are not held for trading purposes.

Bonds and other fixed-interest securities

Financial assets are initially recognised at fair value. Financial assets are subsequently measured in accordance with the principles of the measurement category to which they are assigned. Value adjustments of financial assets are determined in accordance with the provisions of IFRS 9 applicable to the corresponding category of financial assets.

Interest and premiums and discounts on financial assets amortised over the term using the effective interest method are recognised in net interest income.

Realised gains and losses on financial assets categorised at amortised cost are reported in "Result from derecognition of financial assets measured at cost". Realised income on financial assets for which the fair value option has been exercised are recognised in the result of the same name as part of the other valuation result from financial instruments. Valuation results of financial assets to be measured at fair value through profit or loss are reported in Other valuation result from financial instruments. For the fair value OCI financial instruments, changes in fair value are recognised in earnings not affecting net income.

Shares in subsidiaries

Subsidiaries are companies controlled by the Bank, for which it is exposed, or has rights, to variable returns from its involvement and has the ability to affect those returns through its power over the company.

Shares in subsidiaries are measured at acquisition cost including transaction costs in accordance with IAS 27. The value of shares in subsidiaries is reviewed once a year as part of an internal company valuation.

Dividends from equity instruments are included in current income under net interest income.

18. Tangible fixed assets and rights of use

The balance sheet item “Tangible fixed assets and rights of use” includes land and buildings used by DZ PRIVATBANK S.A., office furniture and equipment with an expected useful life of more than one year and rights of use arising from leases. Minor value assets are posted directly as an expense in the year of acquisition.

Tangible assets are carried at cost, which is reduced by accumulated depreciation and accumulated value adjustments in subsequent financial years. Depreciation is mainly calculated on a straight-line basis over the useful life of the asset.

If facts or circumstances indicate that an asset may be impaired, the recoverable amount is determined. An impairment loss is recognised if the recoverable amount is less than the book value at which the asset is recognised. The recoverable amount is the higher of fair value less sales costs and value in use.

The scheduled depreciation allowances are as follows:

	in %
Buildings	2
Installations	10
Furniture, fittings and equipment	25

Depreciations of tangible fixed assets are recognised as an administrative expense. Impairment losses and reversals of impairment losses are included in other operating income.

Rights of use from leases are generally amortised over the contractual useful life (see also section 83).

19. Income tax assets and liabilities

Deferred tax assets and liabilities are calculated as the difference between the book value of an asset or liability in the balance sheet and the corresponding tax base. The deferred tax assets and deferred tax liabilities due to temporary differences are expected to result in income tax charge or income tax relief effects in future periods. They were measured using the tax rates applicable for the period in which an asset is realised or a liability is settled.

The current income tax assets and liabilities and deferred tax assets and liabilities are offset if the conditions for such are met. No discounting is performing. Depending on the treatment of the underlying circumstances, the deferred tax assets or liabilities are either recognised in profit or loss or directly in equity.

The breakdown into current and deferred income tax assets and liabilities for the year under review is shown in section 46. The current and deferred income tax assets and liabilities are presented in the balance sheet.

20. Other assets and other liabilities

Other assets include intangible assets, other receivables and other assets. Intangible assets are carried at cost. Software, acquired client relationships and other intangible assets with definite useful lives are reduced by cumulative amortisation and cumulative value adjustments on subsequent measurement.

Software and licences are amortised on a straight-line basis over 4 years. Depreciation is recognised in administrative expenses affecting net income. Acquired client relationships are amortised on a straight-line basis over 10 years. Depreciation and amortisation are reported in other operating income.

The depreciation methods, useful lives and residual values are reviewed on each balance sheet date and adjusted if necessary.

In addition to miscellaneous other liabilities, Other liabilities largely comprise lease liabilities (see also section 55).

Other assets and Other liabilities include assets and liabilities that cannot be allocated to any of the other asset or liability items.

Borrowing costs on intangible assets are not capitalised.

21. Risk provisions

Risk provisions for cash reserves, loans and advances to banks and clients, financial investments and other assets, which are categorised at amortised cost, are openly deducted from assets as a separate balance sheet item. Additions to and reversals of risk provisions for these balance sheet items are recognised in the statement of comprehensive income as risk provisions.

Risk provisions also include changes in provisions for loan commitments, provisions for financial guarantees. Additions to and reversals of provisions for loan commitments and financial guarantees and other provisions in the lending business are also recognised through profit or loss under risk provisions.

In accordance with the IFRS 9 standard, the expected loss is generally determined at the level of the individual financial instrument (referred to as the accounting object). Risk provisions are calculated on the basis of the expected credit loss model as defined by IFRS 9, taking into account the probability of default, the loss given default and the expected amount of the loan at the time of default. DZ PRIVATBANK S.A. calculates its risk provisions in compliance with the requirements of the DZ BANK Group and, in particular, applies the centrally specified risk parameters. In principle, the risk provisions under IFRS 9 is determined in accordance with the general impairment model ("general approach"). The calculation of risk provisions under the general approach depends on the allocation of the corresponding financial instrument to one of the three possible levels. The level 1 and 2 risk provisions are formed for latent default risks and correspond to the amount of the credit loss expected over the remaining term, in the case of level 1 limited to the amount of the expected 12-month credit loss. Risk provisions for identifiable credit risks (impairments incurred) are determined in Level 3 and correspond to the amount of the credit loss expected over the remaining term. The results in Level 3 are determined on the basis of individual expert estimates of recoverable cash flows and probability-weighted scenarios.

Due to the high level of collateralisation in the loan portfolio of DZ PRIVATBANK S.A., this usually results in provision values of zero (so-called “loan loss provisions”) for loans guaranteed by associated banks or fully collateralised Lombard loans. At the time of addition, the transactions to be included in the risk provisions are assigned to Level 1. Assets are assigned to Level 2 on each balance sheet date if there has been a significant increase in the default risk since initial recognition but there is no objective evidence of impairment. Both quantitative and qualitative criteria are used to determine whether there is a significant increase in the default risk compared with the default risk at the time of addition in accordance with the internal technical concept “Risk provision determination for the implementation of IFRS 9”. Special requirements apply to securities that are subject to a low credit risk exemption in accordance with the requirements for DZ BANK Group. Accordingly, all financial assets with a rating in the investment grade range are allocated to level 1 across the board, provided no qualitative transfer criteria are met on the reporting date.

The risk parameters specified centrally by DZ BANK Group include, in particular, default probabilities that reflect macroeconomic expectations. The underlying economic data is usually collected by DZ BANK Group's economic round table and made available to the subsidiaries in the form of PD shift factors or adjusted PDs for mandatory use in the IFRS consolidated financial statements. For consistency reasons, DZ PRIVATBANK S.A. also applies this to its local financial statements. As of the reporting date, a combination of macroeconomic scenarios (80% baseline and 20% risk scenario) is used, which is based on the forecasts of the economic round table of November 2023.

In response to exceptional economic situations (e.g. during the SARS-CoV-2 pandemic), DZ BANK Group has established a groupwide “shift-override process” in addition to the regular process. The latter subjects the PD shifts determined to a further detailed review if necessary.

The key parameters and methods for calculating the expected credit loss (ECL) are agreed between DZ PRIVATBANK S.A. and the parent company. In particular, the modelling of DZ PRIVATBANK S.A.'s expectations regarding macroeconomic developments in the coming years (“forward-looking information”) is closely coordinated with the economic round table so that climate change is also appropriately reflected in the coordinated parameters. Counterparty-specific influences of climate change are also reflected in the rating grades.

The development of risk provisioning is inconspicuous overall in the reporting year 2023. The observable additions are essentially due to the increased nostro account of a Russian correspondent bank. There are no significant effects for DZ PRIVATBANK S.A. due to climate change.

Further information on risk provisions is presented in section 66.

22. Liabilities to banks and clients

All bearer liabilities are reported as liabilities to banks and clients. These mainly include liabilities due on demand and fixed-term liabilities from the deposit and money market business.

Liabilities to banks and clients are generally measured at amortised cost using the effective interest method. The fair value option and hedge accounting are not applied.

Interest expenses and interest income (negative interest) for liabilities to banks and clients are recorded separately in net interest income. Interest expenses also include results from the early redemption.

23. Securitised liabilities

Securitised liabilities include bonds and money market instruments for which transferable bearer certificates (e.g. euro commercial papers) have been issued.

Securitised liabilities are generally valued at amortised cost using the effective interest method. When the fair value option is exercised – with the exception of changes in inherent default risk, which are reported in equity under the item “Other comprehensive income” (OCI) – the valuation results are recorded as a result of non-derivative financial instruments within the other valuation result of financial instruments.

24. Provisions

Provisions for employee benefits

The company pension scheme agreed with the employees of DZ PRIVATBANK S.A. is based on various types of pension schemes, which include both defined contribution and defined benefit plans.

In the case of defined contribution plans, fixed contributions are paid to external pension providers. The amount of the contributions as well as the investment income generated from them determine the amount of the future pension benefits. The risks arising from the obligation to pay corresponding benefits in the future lie with the pension provider. No provisions are formed for these indirect pension commitments. The contributions made are recognised in administrative expenses as pension costs. For further details, see section 86.

The valuation of defined benefit obligations is based on the projected unit credit method. The valuation is based on various actuarial assumptions. In particular, assumptions are made about the long-term salary and pension trends as well as average life expectancy. The assumptions on salary and pension trends are based on developments observed in the past and take into account expectations on the future development of the labour market. The average life expectancy is estimated on the basis of recognised biometric calculation principles. The interest rate used to discount the future payment obligations is an adequate market interest rate for first-class, fixed-interest corporate bonds with a term corresponding to the defined benefit pension obligations. The interest rate is derived according to the commitment structure (duration) on the basis of a portfolio of high-quality corporate bonds that must meet defined quality characteristics and quantity criteria (outstanding nominal value). Quality criteria include, in particular, an AA rating from Moody’s Investors Service, New York, Standard & Poor’s, New York, Fitch Ratings, New York/London, and/or DBRS, Toronto.

Actuarial income and expenses resulting from experience adjustments and the effects of changes in actuarial assumptions of defined benefit obligations as well as income and expenses from the remeasurement of plan assets and reimbursement rights are recognised in retained earnings not affecting net income in the reporting period in which they occur.

In addition to provisions for defined benefit plans, provisions for employee benefits also include provisions for other long-term employee benefits, provisions for termination benefits and provisions for short-term employee benefits.

Provisions for employee benefits are generally charged to administrative expenses and reversed to other operating income. Deviating from this, restructuring provisions are recognised in Other operating income.

Termination provisions (restructuring)

The Board of Management negotiated a company agreement with the staff representatives in 2014, which was extended to 31 December 2024 on 1 January 2023, to accompany the necessary structural adjustments at the Bank. This regulates the material framework for the group of employees affected by a dismissal for operational reasons.

Provisions for share-based payment transactions

DZ PRIVATBANK S.A. has agreed rules on the payment of variable remuneration components with its members of the Board of Management and a group of selected employees (risk takers). The amount of variable remuneration depends on the achievement of agreed targets. The total bonus of Board of Management members can be between 0 and 150 percent of the contractually agreed target bonus. For other risk takers, the bonus is limited to 100 percent of the contractual maximum bonus. The variable remuneration of Management Board members is retained in part and subject to a blocking period. For other risk takers with variable remuneration of more than TEUR 50 or more than one third of the total annual remuneration, retention and disposal periods are also applied. 80% of the variable remuneration will be retained for a period of up to 6 years after the bonus has been set. Payment is made taking into account retention and disposal periods. In this context, all amounts designated for deferred payment are tied to sustainable value development of DZ PRIVATBANK S.A. through a linkage to the company's worth. Negative performance contributions are taken into account when setting the bonus as well as when setting the pro rata retained bonus and when setting the pro rata retained bonus at the end of the blocking period. This can lead to a melting or to the elimination of the variable remuneration. An already disbursed bonus can be reclaimed up to two years after the end of the retention period and claims to a payment of a bonus may lapse if the Board of Management member or risk taker was heavily involved in conduct that resulted in significant losses or a significant regulatory sanction for the institution or was responsible for seriously violating or has seriously violated relevant external or internal regulations regarding suitability and conduct (clawback).

For remuneration transactions whose targets relate to a multi-year retrospective performance period, the provision is recognised on the basis of the underlying performance period. Provisions for share-based payment transactions are recognised when it is sufficiently probable that the payment will be made in the future. The date of initial recognition is therefore earlier than the date of payment in subsequent years. This results in corresponding deviations from the granted, unpaid share-based payments disclosed in section 89 in their nominal amounts.

Other provisions

Provisions represent liabilities that are uncertain in terms of their amount or maturity. They are recognised for present obligations arising from past events to the extent that an outflow of resources embodying economic benefits is probable and the amount of the obligation can be reliably estimated.

Provisions are recognised and measured at the best estimate of the expected settlement amount. The risks and uncertainties associated with the relevant circumstances as well as future events are taken into account.

Provisions for irrevocable loan commitments and provisions for financial guarantees are recognised in the amount of the expected credit losses on the basis of the same model as for financial assets.

Provisions are made for risks arising from ongoing legal disputes to cover possible resulting losses. These provisions are formed if there are more reasons for DZ PRIVATBANK S.A. to be obliged to pay as a result of the legal dispute in question than against it. Any concentration risks due to the comparability of individual cases are taken into account. The amount of provisions recognised for risks arising from ongoing legal disputes is based in each case on the information available and is subject to scope for judgement and assumptions. These may be due, for example, to the fact that DZ PRIVATBANK S.A. does not yet have all the information it needs to make a final assessment of the legal risk, particularly at an early stage of the proceedings. Forecasts made by DZ PRIVATBANK S.A. regarding changes in the legal framework and changes in official interpretations as well as – in the context of legal proceedings – regarding orders or decisions of the courts or the expected procedural submissions of the opposing parties may also later prove to be inaccurate.

25. Contingent liabilities

Contingent liabilities are possible obligations that arise from past events not under the control of DZ PRIVATBANK S.A. and whose existence has yet to be confirmed by future events. In addition, present obligations that arise from past events but are not recognised as provisions because of the unlikelihood of an outflow of resources embodying economic benefits, or where the amount of the obligation cannot be estimated with sufficient reliability, are also contingent liabilities.

Contingent liabilities are measured at the best estimate of possible future utilisation.

Contingent liabilities for litigation risks are reported if there is no obligation, but the possibility exists that a payment obligation for DZ PRIVATBANK S.A. will result from the relevant legal dispute. Risks from legal disputes are measured according to their probability of occurrence. For more details on contingent liabilities, see section 81.

B. DISCLOSURES ON THE STATEMENT OF COMPREHENSIVE INCOME

26. Segment reporting

The members of the Board of Management of DZ PRIVATBANK S.A. assume the associated specialist management responsibility within the framework of the cross-location segment management of DZ PRIVATBANK S.A. in their function as segment managers. The Board of Management is informed on a monthly basis about the development of the individual business segments. On the basis of this reporting, the Board of Management assesses the development of the individual business segments.

Information on business segments of DZ PRIVATBANK S.A.

Financial year 2023

Basis: IFRS in TEUR	Private banking	Fund services	Lending	Treasury/Brokerage	Other	Total
Net interest income	43,867	44,148	18,649	38,146	9,731	154,540
Net commission income	67,571	96,189	2,486	-959	-10,829	154,458
Trade income	4	10,774	867	9	-1,698	9,957
Result from financial assets	0	0	0	0	28,400	28,400
Other valuation result from financial instruments	0	1,185	96	1,676	14,602	17,559
Result from the derecognition of AC-valued financial instruments	0	0	0	-6,904	0	-6,904
Risk provisions	0	0	0	0	-804	-804
Other operating income	-2,047	1,084	0	125	-14,488	-15,326
Net income	**109,395**	**153,379**	**22,098**	**32,092**	**24,914**	**341,879**
./. Direct costs of the profit centres	-55,137	-35,708	-6,256	-13,458	-6,292	-116,850
Net result from services	2,320	3,678	277	121	452	6,848
Profit contribution I	**56,578**	**121,348**	**16,120**	**18,756**	**19,074**	**231,876**
./. Cost allocation						-71,657
Profit contribution II						**160,219**
./. Structural costs						-56,419
Profit contribution III						**103,800**

Financial year 2022

Basis: IFRS in TEUR	Private banking	Fund services	Lending	Treasury/ Brokerage	Other	Total
Net interest income	12,307	38,634	16,792	25,854	23,944	117,531
Net commission income	68,768	97,982	2,794	-919	-11,300	157,325
Trade income	14	11,918	965	-344	365	12,918
Result from financial assets	0	0	0	0	30,000	30,000
Other valuation result from financial instruments	0	250	20	-8,931	12,538	3,877
Result from the derecognition of AC-valued financial instruments	0	0	0	-1,660	152	-1,508
Risk provisions	0	0	0	0	-1,535	-1,535
Other operating income	95	158	0	-15	1,781	2,020
Net income	**81,184**	**148,943**	**20,571**	**13,984**	**55,946**	**320,628**
./. Direct costs of the profit centres	-51,493	-32,092	-5,836	-12,740	-1,205	-103,365
Net result from services	1,985	2,324	244	123	637	5,312
Profit contribution I	**31,677**	**119,175**	**14,979**	**1,367**	**55,378**	**222,575**
./. Cost allocation						-69,576
Profit contribution II						**152,999**
./. Structural costs						-58,561
Profit contribution III						**94,438**

General information on business segments

The disclosures on business segments are prepared in accordance with IFRS 8 using the management approach based on the internal management reporting system.

Definition of the business segments

The business segments

- Private Banking,
- Fund Services,
- Loans and
- Treasury/Brokerage

are shown separately in reporting.

The interest and commission income generated by the business segments and the related interest and commission expenses are shown as net interest income and net commission income respectively in the disclosures on the business segments, as the management of the business segments is based on these net figures.

Valuation standards

The internal reporting of DZ PRIVATBANK S.A. is based on the accounting policies applicable based on the current IFRS accounting standards.

The main standard for assessing the success of the business segments is the profit contribution I for each business segment. The profit contribution I is made up of the income and expenses directly attributable to the business segments.

Presentation of business segments

PRIVATE BANKING

DZ PRIVATBANK is the centre of expertise for private banking in the Genossenschaftliche FinanzGruppe (Cooperative Financial Network). Based on a subsidiary sales and cooperation concept, the Private Banking business segment offers independent, holistic advice and support for private banking clients as well as for wealth management and semi-institutional clients.

DZ PRIVATBANK offers its services in the core market of Germany through three sales channels: to provide independent advice to their private banking clients (EUR 250,000 to 1 million in disposable assets), Volksbanken Raiffeisenbanken use the range of "VRPrivateBanking" services and solutions, which is fully integrated into the cooperative banking process and geared towards professional asset management (managed by DZ PRIVATBANK). In the case of more complex issues for high-end private banking and wealth management clients with free liquidity of over EUR 1 million, the partner institutions have access to "DZ PrivateBanking" and therefore to the national and international specialist expertise of DZ PRIVATBANK with booking offices in Germany, Luxembourg and Switzerland. In addition, high net worth private clients and semi-institutional investors and their individual needs are monitored and supported by qualified advisors in wealth management.

FUND SERVICES

The Fund Services business segment acts as a service provider for Union Investment in Luxembourg, DZ PRIVATBANK's in-house funds and for private label fund initiators. Together with its IPConcept units, DZ PRIVATBANK is the market leader in the German-speaking region for third-party fund business with independent asset managers / family offices and a major player in the business with institutional clients, pension funds, insurance companies, foundations and private banks.

The range of services covers the entire value chain in the investment fund business from business development, sales support, central administration, order management including investment limit control, fund management operations and risk controlling to depositary functions. The products of the Fund Services business segment are distributed on the one hand via IPConcept in Luxembourg and Switzerland and on the other hand using the branches in Germany. In addition to the network use of business partners, including specialised law firms and other service providers, there is also the joint market development of DZ BANK Group within the framework of the FIS initiative under the "FONDSHAFEN" brand.

LENDING

Within the Genossenschaftliche FinanzGruppe (Cooperative Financial Network), DZ PRIVATBANK is a specialist for (variable) lending business in all currencies and euro-denominated variable interest financing. In addition to refinancing for Volksbanken Raiffeisenbanken, the focus of the business is primarily on the guaranteed LuxCredit credit business with private clients and corporate clients of the German cooperative banks under their guarantee.

The main focus of the Credit business segment is on the complementary provision of (re-)financing solutions for Volksbanken Raiffeisenbanken, especially in currency financing and variable interest financing denominated in the euro. The in-house product LuxCredit offers Volksbanken Raiffeisenbanken a complementary range of solutions, especially for private clients in the area of VR ImmoFlex (covering variable liquidity needs, especially for "Best Agers" with real estate holdings), in addition for corporate clients – e.g. for "seasonal financing" – to possibilities for improving the balance sheet structure for German cooperative banks as well as the advantageous conversion of interest income into commission income with lean and consistent credit processes under agree21.

In addition, private loans such as Lombard and individual client loans as well as fund loans are part of the business segment's product range.

Credit management also performs the back office and product management function for all loans from all business divisions and ensures comprehensive service quality, while continuously reviewing opportunities for standardisation and optimisation.

TREASURY/BROKERAGE

The activities of the Treasury/Brokerage business segment include, on the one hand, the execution service for customer orders from the Private Banking and Fund Services business segments and, on the other hand, liquidity management and the management of the proprietary books. The Treasury/Brokerage business segment serves both internal and external clients. The internal customers principally include three business segments: Private Banking, Lending and Fund Services. The principal external customers are the Genossenschaftliche FinanzGruppe (Cooperative Financial Network) companies as well as management companies and other capital market partners.

Treasury/Brokerage is the execution broker for Union, proprietary, third-party and external funds as well as for all Private Banking sales units (DZ PRIVATBANK S.A., DZ PRIVATBANK (Schweiz) AG, branches in Germany) for the asset classes equities, bonds, funds, precious metals, derivatives, stock exchange futures, money market and foreign currencies.

Information on geographic markets

The geographical breakdown of the income of DZ PRIVATBANK S.A. is as follows:

	Luxembourg		Germany		Rest of Europe		Rest of the world	
Figures in TEUR	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Interest and similar income	574,565	127,459	221,145	41,335	42,849	11,422	22,133	9,608
Commission income	141,733	141,348	109,779	109,481	6,152	6,136	2,280	2,273
Other operating income	9,998	8,358	1,111	1,185	0	0	0	0
Total	**726,296**	**277,164**	**332,035**	**152,000**	**49,001**	**17,557**	**24,413**	**11,882**

The presentation of information on geographical markets is based on the country of domicile of clients.

Certain non-current assets – mainly tangible assets – are not disclosed separately due to their minor importance for the business model of DZ PRIVATBANK S.A.

27. Net interest income

Figures in TEUR	2023	2022
INTEREST INCOME AND CURRENT INCOME	**878,815**	**226,766**
Interest income from	**860,693**	**189,824**
Credit and money market transactions	732,682	201,516
Bonds and other fixed-interest securities	133,330	21,147
Financial assets with negative interest rates	-5,319	-32,839
Current result from	**18,122**	**36,942**
Shares in subsidiaries	18,122	36,942
INTEREST EXPENSES FOR	**-724,275**	**-109,235**
Liabilities to banks and clients	-564,955	-116,047
Securitised liabilities	-159,765	-31,719
Financial liabilities with positive interest rates	1,077	39,197
Interest expenses from leases	-633	-665
Total	**154,540**	**117,531**

Net interest income rose by EUR 37 million to EUR 154.5 million (2022: EUR 117.5 million). The net interest margin was positively influenced by the changed interest rate regime, in particular due to higher income on the money market and the interest on deposits (e.g. in the Private Banking business segment).

Interest income and interest expenses are broken down by holding category in accordance with IFRS 9 as follows:

Figures in TEUR	2023	2022
Interest income according to IFRS 9 holding categories	**860,693**	**189,823**
FVTPL	136,517	108,880
FVO	972	1,299
AC	722,911	79,645
FVOCI	292	0
Interest expenses according to IFRS 9 holding categories	**-724,275**	**-109,234**
FVO	-13,991	-8,140
AC	-659,663	-102,445
FVTPL	-49,989	2,016
Leases	-632	-665

28. Net commission income

Figures in TEUR	2023	2022
Commission income	**259,944**	**259,237**
Securities business	196,294	197,922
Asset management	57,193	56,698
Payment transactions including card business	1,725	1,345
Credit and trust business	184	136
Other	4,548	3,136
Commission expenses	**-105,486**	**-101,912**
Securities business	-79,446	-78,590
Asset management	-24,833	-22,884
Payment transactions including card business	-642	-413
Other	-6	-26
Total	**154,458**	**157,325**

The commission surplus amounted to EUR 154.5 million (2022: EUR 157.3 million). The main drivers of the commission surplus are income contributions in private banking and fund services business.

Commission income in the financial year includes income from contracts with clients in accordance with IFRS 15 amounting to EUR 259.2 million (2022: EUR 259.2 million) (see section 84).

29. Trade income

Figures in TEUR	2023	2022
Result from non-derivative financial instruments	3,287	2,361
Result from derivative financial instruments	-19	-43
Foreign exchange result	6,689	10,595
Interest and dividends	0	4
Total	**9,957**	**12,918**

30. Result from financial assets

The result from financial investments includes results from the sale and disposal of securities and shares in companies included under the balance sheet item “Financial investments”. In addition, gains and losses from the valuation of shares in subsidiaries are recognised in this item.

Proceeds from the sale of securities classified at amortised cost are reported under “Gains and losses from the derecognition of financial assets measured at amortised cost”.

The result from financial investments of EUR 28.4 million relates exclusively to the write-up of the carrying amount of the investment in DZ PRIVATBANK (Schweiz) AG.

31. Other valuation result from financial instruments

Figures in TEUR	2023	2022
Result from hedge accounting	**2,123**	**2,275**
Result from hedging transactions (FV hedge)	-132,409	234,758
Result from hedged underlying transactions (FV hedge)	134,533	-232,483
Result from derivative financial instruments entered into without the intention to trade	**2,879**	**-3,224**
Result from financial instruments designated as at fair value through profit or loss	**12,557**	**4,827**
Result from non-derivative financial instruments	-66,499	144,054
Result from FVO loans and advances to banks and clients	2,482	-10,615
Result from FVO financial assets	0	0
Result from securitised FVO liabilities	-68,981	154,669
Result from derivative financial instruments	79,056	-139,227
Total	**17,559**	**3,877**

The increase in the other valuation result to EUR 17.6 million (2022: EUR 3.9 million) is mainly due to liquidity-induced effects of the Debt Issuance Programme in the FVO. The result from derivative financial instruments entered into without the intention to trade results from the measurement and realisation of derivative financial instruments that are in economic hedging relationships, but are not included in hedge accounting or the corresponding underlying transactions do not meet the requirements of the fair value option.

32. Gains and losses from the derecognition of financial assets valued at amortised cost

Figures in TEUR	2023	2022
Gains from derecognition of financial assets measured at amortised cost	**160**	**617**
Loans and advances to banks and clients	63	50
Financial assets	96	567
Losses from derecognition of financial assets measured at amortised cost	**-7,064**	**-2,124**
Loans and advances to banks and clients	0	0
Financial assets	-7,064	-2,124
Total	**-6,904**	**-1,508**

33. Risk provisions

Figures in TEUR	2023	2022
Risk provisions for cash reserves	**-2**	**0**
Additions	-33	-22
Reversals	31	22
Risk provisions for loans and advances to banks	**-702**	**-1,333**
Additions	-1,738	-3,293
Reversals	1,037	1,959
Risk provisions for loans and advances to clients	**93**	**-71**
Additions	-701	-879
Reversals	794	808
Risk provisions for financial assets	**-185**	**-158**
Additions	-568	-285
Reversals	383	127
Other risk provisions in the lending business	**-9**	**27**
Additions to and reversals of provisions for loan commitments	-9	27
Additions to and reversals of provisions for financial guarantees	0	0
Additions to and reversals of other provisions in the lending business	0	0
Total	**-804**	**-1,535**

34. Administrative expenses

Figures in TEUR	2023	2022
Personnel expenses	**-136,074**	**-130,313**
Wages and salaries	-113,650	-106,698
Social security contributions	-14,274	-13,394
Expenses for retirement benefits	-6,703	-8,948
Expenses for share-based payment transactions	-1,446	-1,273
Non-personnel expenses	**-84,091**	**-79,982**
Contributions and fees	-20,129	-17,975
of which: contributions to the resolution fund for CRR banks	-13,637	-12,461
Advisory services	-19,460	-16,890
Office operations	-3,710	-3,704
IT costs	-21,355	-19,939
Land and occupancy costs	-7,158	-8,753
Information procurement	-7,897	-7,383
Public relations and marketing	-4,162	-5,126
Management bodies	-220	-212
Depreciations	**-17,914**	**-15,891**
Tangible fixed assets	-5,376	-4,758
Rights of use	-5,796	-4,931
Other intangible assets	-6,741	-6,202
Total	**-238,079**	**-226,190**

Administrative expenses rose by EUR 11.9 million to EUR -238.1 million (2022: EUR -226.2 million).

Personnel expenses increased by EUR 5.8 million to EUR -136.1 million (2022: EUR -130.3 million) mainly due to a higher number of employees and the statutory indexation of salaries and salary increases.

Non-cash expenses of EUR -84.1 million (2022: EUR -80.0 million) were above the previous year's levels mainly due to inflation and higher regulatory contributions and higher costs for information technology and consulting.

Depreciation and amortisation increased by 12.7 percent to EUR -17.9 million (2022: EUR -15.9 million).

Expenses for retirement benefits and for share-based payments are explained in sections 86 and 89.

35. Other operating income

Figures in TEUR	2023	2022
Income from the reversal of provisions and accrued liabilities	3,308	5,253
Expenses for restructuring	-18,000	-681
Result from reversals of impairment losses and value adjustments and disposals of acquired client relationships and other intangible assets	-3,148	-3,148
Result from reversals of impairment losses and value adjustments and disposals of other assets	12	144
Rental income from land and buildings	1,135	1,014
Expenses from additions to provisions for litigation risks	-150	-260
Expenses for other taxes	-278	-17
Income and expenses from leasing	330	101
Miscellaneous other operating income	1,466	-386
Total	**-15,326**	**2,020**

Restructuring expenses are explained in more detail in section 54 Provisions.

36. Taxes on earnings (HGB)

Figures in TEUR	2023	2022
Expenses for current income taxes	-6,394	711
Income from/expenses for deferred income taxes	-10,529	-15,707
Total	**-16,923**	**-14,997**

Deferred income taxes are calculated using the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. The tax rates used are those that are enacted or substantively enacted at the balance sheet date for this period.

The following reconciliation statement shows the relationship between the expected income taxes – based on the tax law applicable in Luxembourg – and the reported income taxes:

Figures in TEUR	2023	2022
Earnings before tax	103,800	94,438
Income tax rate	25.77%	25.69%
Expected income taxes	**-26,749**	**-24,261**
Income tax effects	**9,827**	**9,264**
Effects from tax-exempt income and non-deductible expenses	10,088	9,449
Current and deferred income taxes relating to prior years	1,327	781
Other effects	-1,588	-966
Reported income taxes	**-16,923**	**-14,997**

37. Reclassification to the statement of comprehensive income

There were no reclassifications to the statement of comprehensive income in the 2023 and 2022 financial years.

38. Income taxes not affecting net income

The following income taxes are attributable to the result not affecting net income in the statement of comprehensive income:

	2023			2022		
Figures in TEUR	**Change before tax**	**Taxes on earnings**	**Change after tax**	**Change before tax**	**Taxes on earnings**	**Change after tax**
Gains and losses on financial instruments for which the fair value OCI option was exercised	-255	69	-186	-246	63	-183
Gains and losses from changes in proprietary default risk of financial liabilities for which the fair value option was exercised	654	-137	517	-960	247	-713
Gains and losses from remeasurements of defined benefit plans	-1,753	598	-1,155	871	-224	647
Total	**-1,355**	**530**	**-825**	**-335**	**86**	**-249**

C. DISCLOSURES ON THE BALANCE SHEET

39. Cash reserves

Figures in TEUR	31.12.2023	31.12.2022
Cash on hand	2,173	10,063
Balances with central banks	13,863,546	12,397,933
Total	**13,865,719**	**12,407,996**

As at the balance sheet date, balances with central banks amounted to EUR 13,647 million (2022: EUR 8,848 million) at the Banque Centrale du Luxembourg, EUR 7 million (2022: EUR 3,538 million) at the Swiss National Bank and EUR 210 million (2022: EUR 12 million) at the Deutsche Bundesbank.

40. Loans and advances to banks

	Due on demand		With an agreed maturity or notice period		Total	
Figures in TEUR	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
German banks	**469,905**	**426,034**	**391,076**	**435,586**	**860,981**	**861,620**
Affiliated banks	42,262	17,531	291,771	352,418	334,033	369,949
Non-affiliated banks	427,643	408,503	99,305	83,168	526,948	491,671
Other banks	**332,265**	**358,620**	**260,025**	**189,456**	**592,290**	**548,076**
Total	**802,170**	**784,654**	**651,101**	**625,042**	**1,453,270**	**1,409,696**

Loans and advances to banks break down by transaction type as follows:

Figures in TEUR	31.12.2023	31.12.2022
Money market transactions	401,813	323,583
Current account receivables	760,037	764,228
Other loans and advances	291,420	321,885
Total	**1,453,270**	**1,409,696**

Please refer to section 48 for information on risk provisions.

41. Loans and advances to clients

Loans and advances to clients break down as follows:

Figures in TEUR	31.12.2023	31.12.2022
Loans and advances to German clients	5,169,955	5,564,517
Loans and advances to other clients	392,365	598,681
Total	**5,562,320**	**6,163,198**

Figures in TEUR	31.12.2023	31.12.2022
Money market transactions	0	63,980
Current account receivables	320,068	448,268
Other loans and advances	5,242,252	5,650,950
Total	**5,562,320**	**6,163,198**

EUR 5.6 billion (2022: EUR 6.2 billion) of the loans and advances to clients amounting to EUR 5.2 billion (2022: EUR 5.6 billion) are due from clients in Germany.

Other loans and advances to clients decreased to EUR 5.2 billion (2022: EUR 5.7 billion). EUR 4.8 billion (2022: EUR 5.2 billion) originated from client loans guaranteed by cooperative banks (LuxCredit financing).

Loans and advances to clients include loans and advances due to IFRS 15 (Revenue from Contracts with Clients) in the amount of EUR 34.7 million (2022: EUR 36.1 million).

Please refer to section 48 for information on risk provisions.

42. Positive market values from hedging instruments

The positive market values from hedging instruments amount to TEUR 126,258 (2022: TEUR 214,797) and solely result from interest rate derivatives for fair value hedges.

43. Trading assets

Figures in TEUR	31.12.2023	31.12.2022
Positive market values from derivative financial instruments	**174,752**	**313,933**
Interest-based transactions	25,452	9,470
Currency transactions	149,300	304,463
Total	**174,766**	**313,933**

44. Financial assets

Figures in TEUR	31.12.2023	31.12.2022
Bonds and other fixed-interest securities	**4,101,687**	**3,956,357**
Money market papers	155,640	602,425
Bonds and debentures	3,946,047	3,353,932
Shares in subsidiaries	**223,100**	**194,700**
Total	**4,324,787**	**4,151,057**

The money market instruments are acquired money market instruments in the form of SNB bills (tradable money market book receivables of the Swiss National Bank with maturities between 1 and 12 months). They are used for operational liquidity management.

45. Tangible fixed assets and rights of use

Figures in TEUR	31.12.2023	31.12.2022
Tangible fixed assets	**40,608**	**38,971**
Land and buildings	29,976	31,501
Furniture, fittings and equipment	10,632	7,470
Rights of use	**17,389**	**15,053**
Rights of use for land and buildings	14,972	13,466
Rights of use for furniture, fittings and equipment	2,417	1,586
Total	**57,997**	**54,024**

The development of tangible fixed assets is as follows:

	Land and buildings		Furniture, fittings and equipment		Total tangible fixed assets	
Figures in TEUR	2023	2022	2023	2022	2023	2022
Gross value as at 1 January	**84,482**	**84,482**	**49,519**	**46,632**	**134,001**	**131,114**
Additions	18	0	6,994	3,104	7,013	3,104
Disposals	0	0	0	-218	0	-218
Gross value as at 31 December	**84,501**	**84,482**	**56,513**	**49,519**	**141,013**	**134,001**
Cumulative value adjustments	-54,525	-52,981	-45,881	-42,049	-100,405	-95,029
of which: value adjustments in the period	-1,544	-1,621	-3,832	-2,928	-5,376	-4,549
Net value as at 31 December	**29,976**	**31,501**	**10,632**	**7,470**	**40,608**	**38,971**

Prepayments made are assigned to the relevant tangible fixed assets. Low-value assets are recognised directly as an expense under administrative expenses in the year of acquisition.

The depreciation methods for tangible fixed assets and intangible assets are presented in section 18.

The development of the rights of use is shown in section 83.

46. Income tax assets and liabilities

Figures in TEUR	31.12.2023	31.12.2022
Income tax assets	**19,643**	**36,382**
Current income tax assets	19,643	36,382
Deferred income tax assets	0	0
Income tax liabilities	**-70,125**	**-60,611**
Current income tax liabilities	-19,735	-20,221
Deferred income tax liabilities	-50,390	-40,390
Total	**-50,482**	**-24,229**

Deferred income tax assets and liabilities are recognised for temporary differences arising from the following items:

	31.12.2023		31.12.2022	
Figures in TEUR	**Deferred income tax assets**	**Deferred income tax liabilities**	**Deferred income tax assets**	**Deferred income tax liabilities**
Tax loss carryforwards	0	0	0	0
Loans and advances to banks and clients	2,312	-9,221	3,511	-8,101
Trading assets/liabilities as well as positive and negative market values from hedging instruments	21,057	-28,295	25,153	-47,499
Financial assets	12,793	-2,881	47,324	-3,055
Risk provisions	798	0	655	0
Tangible fixed assets	0	0	0	0
Liabilities to banks and clients	0	0	0	0
Securitised liabilities	1,629	-21,420	1,766	-38,719
Provisions for employee benefits and for share-based payment transactions	7,724	-6,443	7,126	-6,418
Other provisions	696	-26,338	460	-19,984
Other balance sheet items	29	-2,831	1,031	-3,639
Total (gross value)	**47,038**	**-97,427**	**87,026**	**-127,416**
Netting of deferred income tax assets and liabilities	-47,038	47,038	-87,026	87,026
Total (net value)	**0**	**-50,390**	**0**	**-40,390**

In total, there is a deferred tax liability of EUR 50 million (2022: deferred tax liability of EUR 40 million).

Deferred income tax assets of EUR 26 million (2022: EUR 61 million) and deferred income tax liabilities of EUR 69 million (2022: EUR 80 million) are generally not realised until after 12 months.

47. Other assets

Figures in TEUR	31.12.2023	31.12.2022
Goodwill	**0**	**0**
Intangible assets (excluding rights of use)	**21,097**	**23,135**
Software and licences	10,078	8,969
Acquired client relationships	11,018	14,166
Other intangible assets	0	0
Other loan and advances (AC)	**11,556**	**8,605**
Miscellaneous other assets	**47,559**	**32,459**
Inventories	2,497	2,490
Deferred income and advance payments	6,124	3,600
Receivables from fiscal unities	18,214	17,407
Loans and advances to tax offices from other taxes	2	83
Reimbursement rights for defined benefit plans recognised as assets	207	201
Other assets	20,515	8,679
Total	**80,211**	**64,199**

The item “other assets” mainly includes receivables to the pension fund as well as receivables from the Private Client and Fund Services business.

The development of intangible assets over the course of the year can be shown as follows:

	Acquired client relationships		Software		Other intangible assets		Total intangible assets	
Figures in TEUR	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Gross value as at 1 January	**195,732**	**195,732**	**53,940**	**45,903**	**40,703**	**42,125**	**290,375**	**283,761**
Additions	0	0	7,851	8,914	0	0	7,851	8,914
Disposals	0	0	0	-878	0	-1,422	0	-2,300
Gross value as at 31 December	**195,732**	**195,732**	**61,791**	**53,940**	**40,703**	**40,703**	**298,226**	**290,375**
Cumulative value adjustments	-184,714	-181,566	-51,712	-44,971	-40,703	-40,703	-277,130	-267,240
of which: value adjustments in the period	-3,148	-3,148	-6,741	-3,311	0	-2,031	-9,890	-8,490
Net value as at 31 December	**11,018**	**14,166**	**10,078**	**8,969**	**0**	**0**	**21,097**	**23,135**

The gross value of intangible assets acquired for payment, including client bases, as at 1 January 2023 concerns retail portfolios acquired by various banks in 2011, 2012, 2013 and 2017. All acquired client bases are tested annually for impairment. Client bases are amortised over 10 years. The net value as of 31 December 2023 from the acquisitions amounts to EUR 11.0 million (2022: EUR 14.2 million), and the remaining amortisation period is 2.5 years.

The “Other intangible assets” are essentially licences, with those that are directly related to software being reported under the item “Software”.

48. Risk provisions

The risk provisions reported on the assets side of the balance sheet developed as follows:

	Risk provisions for cash reserves	Risk provisions for loans and advances to banks		Risk provisions for loans and advances to clients		Risk provisions for financial assets	
Figures in TEUR	Level 1	Level 1	Level 2	Level 1	Level 2	Level 1	Total
As at: 1 January 2022	**-4**	**-457**	**-32**	**-357**	**-7**	**-348**	**-1,205**
Additions	-22	-1,573	-1,720	-833	-45	-285	-4,478
Currency translation differences	0	-5	235	-6	0	-7	217
Dissolution	22	1,438	519	779	29	127	2,914
Step transfer	0	35	-35	-16	16	0	0
As at: 31 December 2022	**-4**	**-561**	**-1,032**	**-434**	**-7**	**-513**	**-2,552**
As at: 1 January 2023	**-4**	**-561**	**-1,032**	**-434**	**-7**	**-513**	**-2,552**
Additions	-33	-819	-919	-669	-33	-564	-3,037
Currency translation differences	0	7	294	-2	0	6	305
Dissolution	31	987	50	754	40	383	2,245
Step transfer	0	3	-3	0	0	0	1
As at: 31 December 2023	**-6**	**-383**	**-1,610**	**-351**	**0**	**-688**	**-3,038**

49. Liabilities to banks

Figures in TEUR	Due on demand		With an agreed maturity or notice period		Total	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
German banks	**466,656**	**682,210**	**401,421**	**1,141,504**	**868,077**	**1,823,714**
Affiliated banks	379,487	451,556	216,226	270,580	595,713	722,135
Non-affiliated banks	87,169	230,654	185,195	870,924	272,364	1,101,579
Other banks	**3,569,374**	**710,989**	**1,908,172**	**1,891,742**	**5,477,546**	**2,602,731**
Total	**4,036,030**	**1,393,200**	**2,309,593**	**3,033,246**	**6,345,623**	**4,426,446**

As at the balance sheet date, liabilities to banks increased by EUR 1,920 million to EUR 6,346 million (2022: EUR 4,426 million). Nearly 91 percent (2022: 70 percent) of liabilities to banks have a remaining term of up to three months. Of the liabilities to banks, 9 percent (2022: 16 percent) are attributable to cooperative banks.

50. Liabilities to clients

Figures in TEUR	Due on demand		With an agreed maturity or notice period		Total	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
German clients	842,370	1,126,865	2,507,665	1,158,532	3,350,036	2,285,398
Other clients	10,040,262	12,663,954	234,339	182,131	10,274,601	12,846,085
Total	**10,882,632**	**13,790,820**	**2,742,004**	**1,340,663**	**13,624,637**	**15,131,483**

Client deposits decreased by EUR 1.5 billion to EUR 13.6 billion (2022: EUR 15.1 billion). These included deposits from private legal entities in the amount of EUR 11.3 billion (2022: EUR 13.3 billion) and deposits from natural persons in the amount of EUR 2.3 billion (2022: EUR 1.8 billion).

Together with securitised liabilities, these deposits represent 68 percent (2022: 74 percent) of the total refinancing funds.

51. Securitised liabilities

Figures in TEUR	31.12.2023	31.12.2022
Issued bonds	2,137,587	1,482,999
Other securitised liabilities	1,689,559	1,771,299
Total	**3,827,145**	**3,254,298**

The bonds issued include issues under the Debt Issuance Programme. The other securitised liabilities solely relate to European Commercial Papers. Due to the issuance of senior non preferred bonds in the context of MREL (EUR 750 million), securitised liabilities increased by EUR 0.5 billion to EUR 3.8 billion (2022: EUR 3.3 billion).

52. Negative market values from hedging instruments

The negative market values from hedging instruments amount to EUR 47.9 million (2022: EUR 1.6 million) and solely result from interest rate derivatives for fair value hedges.

53. Trading liabilities

Figures in TEUR	31.12.2023	31.12.2022
Negative market values from derivative financial instruments	**344,077**	**631,997**
of which interest-based transactions	89,731	155,811
of which currency-related transactions	254,346	476,187
Delivery liabilities from short sales of securities	0	165
Total	**344,077**	**632,163**

54. Provisions

Figures in TEUR	31.12.2023	31.12.2022
Provisions for employee benefits	**32,894**	**31,438**
Provisions for benefit plans	13,350	10,932
Provisions for termination benefits (restructuring)	1,373	3,576
Provisions for short-term employee benefits	18,171	16,930
Provisions for share-based payment transactions	**3,941**	**3,060**
Other provisions	**74,890**	**45,572**
Provisions for restructuring	18,000	0
Provisions for loan commitments	10	1
Provisions for financial guarantees	1	0
Provisions for management bonuses/bonuses to third parties	26,030	23,959
Provisions for contributions to the resolution fund	3,474	0
Provisions for litigation risks	1,973	1,882
Other provisions	25,403	19,730
Total	**111,725**	**80,069**

With regard to the provisions for defined benefit plans, reference is made to section 86.

Other provisions developed as follows in the year under review:

Figures in TEUR	**As at: 1 January 2023**	Consumption	Reversals	Addition	**As at: 31 December 2023**
Provisions for restructuring	**-**	-	-	18,000	**18,000**
Provisions for loan commitments	**1**	0	-13	22	**10**
Provisions for financial guarantees	**0**	0	-2	3	**1**
Provisions for management bonuses/bonuses to third parties	**23,959**	-23,282	-677	26,030	**26,030**
Provisions for contributions to the resolution fund	**0**	0	0	3,474	**3,474**
Provisions for litigation risks	**1,882**	-59	0	150	**1,973**
Other provisions	**19,730**	-13,122	-1,153	19,948	**25,403**
Total	**45,572**	**-36,463**	**-1,846**	**67,627**	**74,890**

Figures in TEUR	**As at: 1 January 2022**	Consumption	Reversals	Addition	**As at: 31 December 2022**
Provisions for loan commitments	**28**	0	-37	10	**1**
Provisions for financial guarantees	**0**	0	-3	3	**0**
Provisions for management bonuses/bonuses to third parties	**20,908**	-20,513	-395	23,959	**23,959**
Provisions for litigation risks	**1,872**	-187	-63	260	**1,882**
Other provisions	**13,307**	-4,788	-1,267	12,478	**19,730**
Total	**36,115**	**-25,488**	**-1,765**	**36,709**	**45,572**

Against the background of the reorganisation of the legal structure following the planned change of registered office of DZ PRIVATBANK S.A., the Bank has set up a restructuring provision of EUR 18 million in connection with the "DZ PRIVATBANK 2030" project.

Other provisions include, inter alia, provisions for administrative expenses of EUR 13.8 million (2022: EUR 10.1 million), provisions for operational risks of EUR 2.6 million (2022: EUR 1.8 million), provisions for commissions in the fund services business and private banking of EUR 2.5 million (2022: EUR 1.9 million), provisions for obligations to service precious metal certificates to clients of EUR 2.4 million (2022: EUR 2.0 million) as well as custody fees of EUR 1.4 million (2022: EUR 1.0 million). Due to quarterly reporting, expenditures in the statement may be higher than the opening balance.

The following table shows the estimated maturities of the provisions

31.12.2023 Figures in TEUR	Up to 3 months	Over 3 months up to 5 years	Indefinite period
Provisions for restructuring	0	18,000	0
Provisions for loan commitments	0	1	0
Provisions for financial guarantees	0	10	0
Provisions for management bonuses/bonuses to third parties	26,030	0	0
Provisions for contributions to the resolution fund	0	3,474	0
Provisions for litigation risks	0	0	1,973
Other provisions	20,347	0	5,056
Total	**46,376**	**21,485**	**7,029**

31.12.2022 Figures in TEUR	Up to 3 months	Over 3 months up to 5 years	Indefinite period
Provisions for restructuring	0	0	0
Provisions for loan commitments	0	1	0
Provisions for financial guarantees	0	0	0
Provisions for management bonuses/bonuses to third parties	23,959	0	0
Provisions for contributions to the resolution fund	0	0	0
Provisions for litigation risks	0	0	1,882
Other provisions	15,540	0	4,190
Total	**39,499**	**1**	**6,072**

55. Other liabilities

Figures in TEUR	31.12.2023	31.12.2022
Accrued liabilities	2,449	2,280
Lease liabilities	17,501	15,415
Other financial liabilities (AC)	164	246
Liabilities to tax authorities from other taxes	19,129	16,048
Miscellaneous other liabilities	20,917	23,920
Total	**60,160**	**57,909**

The item miscellaneous other liabilities mainly includes liabilities to the pension fund and preferential liabilities.

56. Equity

Subscribed capital

The subscribed capital (share capital) of DZ PRIVATBANK S.A. continues to consist of 22,764,613 no-par value registered shares and amounts to EUR 116 million. It is entirely subscribed capital.

A dividend of EUR 0.50 per share was distributed in the 2022 financial year. A dividend of EUR 0.50 per share will be proposed to the Annual General Meeting for 2023.

The remaining profit of TEUR 75,494 (2022: TEUR 68,058) is to be allocated to retained earnings.

Capital reserve

The capital reserve remains unchanged at EUR 427 million.

The capital reserve includes the amounts by which the notional value of the shares of DZ PRIVATBANK S.A. was exceeded when they were issued.

Retained earnings

Retained earnings amount to EUR 355 million (2022: EUR 300 million).

Retained earnings include the generated undistributed capital of DZ PRIVATBANK S.A. as well as gains and losses from remeasurements of defined benefit plans after taking deferred taxes into account (see section 38).

The cumulative gains and losses from remeasurements of defined benefit plans after deferred taxes amount to EUR -21.8 million (2022: EUR -20.6 million).

All Luxembourg resident corporations are subject to wealth tax. The tax base for the wealth tax rate is the assessed value, which is essentially the capital at current value. The wealth tax rate is tiered: 0.5% on a tax base up to EUR 500 million and 0.05% on the part in excess, with no upper limit. The wealth tax can be credited if there is a sufficient amount of corporate income tax for the previous year and if free reserves within the meaning of Art. 8a of the Wealth Tax Act are tied up in the amount of five times the wealth tax liability – i.e. they are not used for purposes other than increasing capital for a period of 5 years. The capital commitment taking into account the tax group with IPConcept (Luxemburg) S.A. as of 31 December 2023 amounted to EUR 65.8 million (2022: EUR 65.8 million).

Reserve from the result not affecting net income

The reserve from the result not affecting net income contains changes in the value of financial liabilities in the fair value option that are attributable to the Group's own default risk as well as changes in the value of the FVOCI-categorised financial instruments. The disclosure is made after deferred taxes (see section 38).

Additional equity components

On 19 December 2022, DZ PRIVATBANK S.A. issued three tranches of additional Tier 1 notes (AT1 bonds) with a total volume of EUR 250 million. This tranche was taken over 100% by DZ BANK AG. The interest payment is payable annually and the interest payment date has been set for 1August of each year. Pursuant to the terms and conditions of the bonds, interest payments are at the discretion of the issuer. Depending on the distributable items or by order of the competent supervisory authority, these may be omitted in whole or in part. Interest payments are not cumulative and are not made up in subsequent periods to compensate for defaulted or reduced payments.

The bonds do not have a maturity date and are subject to the terms and conditions set out in the relevant Prospectus, which include that DZ PRIVATBANK S.A. may only call the bonds in whole and not in part if there are certain regulatory or tax reasons for doing so. In any case, termination requires the consent of the competent supervisory authority. The issued tranches of AT1 bonds are reported in the sub-item additional equity components.

According to the regulations of IAS 32, AT1 bonds fulfil the character of equity. The AT1 bonds represent unsecured and subordinated bearer bonds of DZ PRIVATBANK S.A.

D. DISCLOSURES ON FINANCIAL INSTRUMENTS

57. Classes, categories and fair values of financial instruments

The net book values and fair values of financial assets and financial liabilities are distributed among the categories of financial instruments in accordance with IFRS 9 shown in the following tables:

	Assets and liabilities measured at fair value in the balance sheet	**Assets and liabilities not measured at fair value in the balance sheet**		**Hidden reserves / charges**
	Fair value / book value	Fair value	Book value	
Figures in TEUR	31.12.2023	31.12.2023	31.12.2023	31.12.2023
Cash reserves[1)2)]	0	13,863,540	13,863,540	0
Loans and advances to banks[2)]	624	1,456,588	1,450,653	5,935
Loans and advances to clients[2)]	90,300	5,472,941	5,471,669	1,271
Positive market values from hedging instruments	126,258	0	0	0
Trading assets	174,766	0	0	0
Financial assets[1)2)]	17,761	4,406,923	4,306,338	100,585
Other assets[1)2)]	0	11,556	11,556	0
Hidden reserves / charges on assets				**107,791**
Liabilities to banks	0	6,345,934	6,345,624	-310
Liabilities to clients	0	13,623,935	13,624,637	701
Securitised liabilities	2,092,518	1,734,455	1,734,627	172
Negative market values from hedging instruments	47,943	0	0	0
Trading liabilities	344,077	0	0	0
Other liabilities[1)]	0	17,665	17,665	0
Hidden reserves / charges on liabilities				**563**
Total hidden reserves / charges				**108,355**

1) Fair value and book value only include financial instruments within the scope of IFRS 7

2) Book values less risk provisions

	Assets and liabilities measured at fair value in the balance sheet	Assets and liabilities not measured at fair value in the balance sheet		Hidden reserves / charges
	Fair value / book value	Fair value	Book value	
Figures in TEUR	31.12.2022	31.12.2022	31.12.2022	31.12.2022
Cash reserves[1)2)]	0	12,397,929	12,397,929	0
Loans and advances to banks[2)]	7,522	1,406,310	1,400,582	5,728
Loans and advances to clients[2)]	101,317	6,061,044	6,061,440	-396
Positive market values from hedging instruments	214,797	0	0	0
Trading assets	313,933	0	0	0
Financial assets[1)2)]	0	4,238,349	4,150,544	87,805
Other assets[1)2)]	0	8,606	8,606	0
Hidden reserves / charges on assets				**93,137**
Liabilities to banks	0	4,421,607	4,426,446	4,839
Liabilities to clients	0	15,129,188	15,131,483	2,295
Securitised liabilities	1,437,485	1,815,532	1,816,813	1,281
Negative market values from hedging instruments	1,633	0	0	0
Trading liabilities	632,163	0	0	0
Other liabilities[1)]	0	15,661	15,661	0
Hidden reserves / charges on liabilities				**8,415**
Total hidden reserves / charges				**101,552**

[1)] Fair value and book value only include financial instruments within the scope of IFRS 7

[2)] Book values less risk provisions

The following table shows the assets and liabilities broken down by holding categories without taking risk provisions into account:

Assets (in TEUR)	31.12.2023	31.12.2022
Loans and advances to banks	**1,453,271**	**1,409,696**
FVO	624	7,522
AC	1,448,290	1,400,828
AC FV-hedged	4,356	1,346
Loans and advances to clients	**5,562,320**	**6,163,198**
FVO	90,300	101,317
AC	5,381,809	5,981,218
AC FV-hedged	90,211	80,663
Financial assets	**4,324,787**	**4,151,057**
FVO	0	0
AC	782,842	1,246,067
AC FV-hedged	3,301,084	2,710,290
FVOCI FV hedged	17,761	0
Shares in subsidiaries (AC)	223,100	194,700
Other financial receivables (AC)	**11,556**	**8,606**
Other assets	**14,310,000**	**13,080,175**
Total assets	25,661,934	24,812,733

Liabilities (in TEUR)	31.12.2023	31.12.2022
Liabilities to banks	**6,345,624**	**4,426,446**
AC	6,345,624	4,426,446
Liabilities to clients	**13,624,637**	**15,131,483**
AC	13,624,637	15,121,600
AC FV-hedged	0	9,883
Securitised liabilities	**3,827,145**	**3,254,298**
FVO	2,092,518	1,437,485
AC	1,734,627	1,816,813
Other liabilities	**1,864,529**	**2,000,506**
Total liabilities	25,661,934	24,812,733

58. Assets and liabilities measured at fair value in the balance sheet

Fair values are assigned to the following three hierarchy levels in accordance with IFRS 13 depending on the type of input factors used to determine them:

- Level 1: Quoted (unadjusted) prices in active markets for identical assets and liabilities.
- Level 2: Valuation via input factors that can be monitored directly or indirectly for the assets and liabilities, but that are not quoted prices included for Level 1. Quoted prices in active markets for similar assets and liabilities or significant input factors to a valuation model based on observable market data meet the definition of Level 2.

- Level 3: Application of a valuation model using valuation parameters that are not based on observable market data.

The assignment to a level must be made according to the input factor at the lowest level that is significant for determining the fair value. If a fair value measurement uses observable input factors that require significant adjustment based on unobservable input factors, it is a Level 3 measurement.

Fair value measurements in Level 2 of the fair value hierarchy are determined either by reference to quoted prices in active markets for similar, but not identical, financial instruments or by using measurement techniques (discounted cash flow method) that are based primarily on observable market data. These are mainly interest rates, currency rates, bond spreads and interest rate volatilities, which are provided centrally by DZ BANK AG on a daily basis.

In Level 1, DZ PRIVATBANK S.A. classifies the financial instruments for which it can be guaranteed that a quoted price for this financial instrument is available at all times.

DZ PRIVATBANK S.A. classifies its financial instruments in Level 2, if it cannot be guaranteed that they will have very good market liquidity at all times. If the valuation of the individual instruments deviates from prices observable on the market (e.g. for a valuation at mid-rates), bid-ask adjustments (referred to as “close-out reserves”) are determined on a net basis using the option pursuant to IFRS 13.48. A valuation is carried out in accordance with DZ BANK AG's uniform Group rules.

In the 2023 financial year, financial assets of EUR 2.7 billion were regrouped from Level 2 to 1.

The fair value of derivative OTC financial instruments is measured using the option in IFRS 13.48, which permits a measurement of the net total amount. For specific counterparty default risks arising from derivative financial instruments, credit valuation adjustments (CVA) are recognised to take account of the default risk of the counterparties and debt valuation adjustments (DVA) are recognised to take account of the Bank's own default risk.

59. Assets and liabilities not measured at fair value in the balance sheet

The fair value of assets and liabilities is measured using the same methodology throughout irrespective of their recognition in the balance sheet.

60. For the measurement through profit or loss of financial assets and financial liabilities designated at fair value through profit or loss

Financial assets must be recognised at fair value if they do not meet the cash flow criterion under IFRS 9 or were acquired with the intention to sell.

The fair value option can be exercised voluntarily for financial assets and liabilities in order to eliminate or at least significantly reduce recognition or measurement mismatches (accounting mismatches). Accounting mismatches arise from the different measurement of non-derivative financial instruments and derivative financial instruments entered into to hedge them.

As part of the voluntary exercise of the fair value option for financial liabilities, DZ PRIVATBANK S.A. uses a residual value method to determine the changes in fair value attributable to changes in its own default risk. In this context, the Bank's own creditworthiness-induced valuation effect is derived from the total change in fair value less the valuation effect due to changes of other factors. The cumulative change in fair value after deferred taxes resulting from the Group's own default risk amounted to EUR -4.6 million in the financial year (2022: EUR -5.1 million) and is recognised in equity without affecting profit.

For the financial liabilities in the fair value option, the following overview compares the fair values with the amounts contractually payable to the creditors at maturity:

	Fair value		**Repayment amount**	
Figures in TEUR	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Securitised liabilities	2,092,518	1,437,485	2,159,300	1,576,300
Total	**2,092,518**	**1,437,485**	**2,159,300**	**1,576,300**

61. Offsetting of financial assets and financial liabilities

The OTC derivatives included in financial assets and financial liabilities generally reference standard master agreements (such as ISDA master agreements and the German Master Agreement for Financial Futures), although these standard master agreements generally do not meet the offsetting criteria of IAS 32.42 because the legal right to offset under these agreements is dependent on the occurrence of a future event.

If offsetting financial assets and financial liabilities impairs the true and fair view, DZ PRIVATBANK S.A. would refrain from voluntary offsetting. If they had been offset, the disclosure would have been as follows:

Disclosures on offsetting financial assets

Figures in TEUR	**Gross amount of financial assets before offsetting**	**Net amount of financial assets (balance sheet value)**	**Related amounts not offset in the balance sheet**		**Net amount**
			Financial instruments	Cash collateral received	
31.12.2023					
Derivative financial instruments	**301,010**	**301,010**	**202,308**	**98,703**	**0**
31.12.2022					
Derivative financial instruments	**528,730**	**528,730**	**250,308**	**270,659**	**7,762**

Disclosures on offsetting financial liabilities

Figures in TEUR	Gross amount of financial liabilities before offsetting	Net amount of financial liabilities (balance sheet value)	Related amounts not offset in the balance sheet		Net amount
			Financial instruments	Cash collateral provided	
31.12.2023					
Derivative financial instruments	**392,020**	**392,020**	**202,308**	**177,063**	**12,649**
31.12.2022					
Derivative financial instruments	**633,630**	**633,630**	**250,308**	**383,322**	**0**

62. Collateral and repurchase agreements

Collateral

The financial assets pledged as collateral for liabilities relate exclusively to cash collateral within the scope of collateral management. These are concluded in standard market collateral agreements.

The financial assets have the following book values:

Figures in TEUR	31.12.2023	31.12.2022
Loans and advances to banks	172,496	268,821
Loans and advances to clients	75,650	189,541
Total	**248,146**	**458,362**

Securities repurchase agreements

DZ PRIVATBANK S.A. concludes securities repurchase agreements on the basis of framework agreements customary in the industry. This is done within the framework of standard market collateral agreements.

If the fair value of the securities received or transferred under the repurchase agreements increases or decreases, the company concerned may be required to provide further collateral or may request the provision of further collateral. The transactions in the portfolio on the balance sheet date are solely genuine securities repurchase agreements. Bonds and other fixed-income securities belonging to the class of financial assets measured at fair value and financial assets measured at amortised cost are transferred. As of the balance sheet date, the book values of the securities sold under repurchase agreements amounted to EUR 398.8 million (2022: EUR 407.8 million). The book values of the liabilities associated with securities sold under repurchase agreements amount to EUR 388.8 million (2022: EUR 422.7 million).

63. Gains and losses on derecognition of assets measured at amortised cost

All sales were made within the de minimis limits set by DZ PRIVATBANK S.A. and were aimed at strategic portfolio and risk optimisation.

The harmless sales transactions including defined thresholds in the “hold” business model are therefore as follows:

- Sale due to increase in credit risk: Falling below internal rating threshold 2b on the VR rating scale (S&P A-) or rating deterioration by 3 notches on the VR rating scale since addition;

- Sale due to widening of the spread level:Credit spread widening of more than 20 basis points within 12 months;

- Sale near final maturity: As a test criterion, the remaining term to maturity is set in relation to the total term to maturity (i.e. remaining term to maturity at the time of acquisition), whereby the remaining term to maturity at the time of sale may be less than 10% of the total term to maturity, but no more than 3 months;

- Sales within the de minimis limit: Sales are also acceptable if they are either not significant in value or are rare. In this context, both an “portfolio-based de minimis limit” and a “result-based de minimis limit” were introduced in connection with the significance assessment with both criteria having to be met simultaneously.

  – **Portfolio-based de minimis limit:** in order to assess the significance of sales in terms of the portfolio, the nominal values of the sold positions are to be set in relation to the nominal values of all financial instruments existing at the beginning of the financial year. The level of the thresholds for determining the portfolio-based de minimis limit was set taking into account the average duration of the portfolio:

    – Duration up to 1 year max. balance sheet effect p.a. at 8%
    – Duration between 2-5 years max. balance sheet effect p.a. at 7%
    – Duration between up to 5-7 years max. balance sheet effect p.a. at 6%
    – Duration over 7 years max. balance sheet effect p.a. at 4%

    With a current average duration of the portfolio of 3.6 years (2022: 3.2 years), the threshold value is 7%.

  – **Result-based de minimis limit:** compliance with the result-based de minimis limit is checked as is customary in the market by means of the quotient between the realised results of a financial year and the gross interest income of the corresponding portfolio (extrapolated to a year during the year). The threshold value for the result-based de minimis limit is recorded at 8% p.a.

  – **Frequency:** sales are rare if they do not exceed 15 classes of securities p.a. and no more than 5% of the classes of securities in the portfolio.

The de minimis limits were complied with in the previous financial year.

64. Derivative financial instruments

Derivative financial instruments are used to hedge market price risks. On the balance sheet date, the portfolio of derivative financial instruments was composed as follows:

Figures in TEUR	1 year and less	Remaining maturity over 1 year to 5 years	Nominal amount Over 5 years	Total amount 31.12.2023	Total amount 31.12.2022
Interest-based transactions	**1,597,416**	**3,581,853**	**1,436,182**	**6,615,451**	**6,134,682**
OTC products	1,597,416	3,581,853	1,436,182	6,615,451	6,134,682
Interest rate swaps	1,597,416	3,581,853	1,436,182	6,615,451	6,134,682
Currency transactions	**16,940,437**	**555,185**	**884**	**17,496,505**	**30,272,319**
OTC products	16,940,437	555,185	884	17,496,505	30,272,319
Forward exchange transactions	16,940,437	555,185	884	17,496,505	30,272,319
Total	**18,537,852**	**4,137,038**	**1,437,066**	**24,111,956**	**36,407,001**

	Market value			
	Positive		Negative	
Figures in TEUR	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Interest-based transactions	**151,711**	**224,267**	**137,674**	**157,443**
OTC products	151,711	224,267	137,674	157,443
Interest rate swaps	151,711	224,267	137,674	157,443
Currency transactions	**149,300**	**304,463**	**254,346**	**476,187**
OTC products	149,300	304,463	254,346	476,187
Forward exchange transactions	149,300	304,463	254,346	476,187
Total	**301,010**	**528,730**	**392,020**	**633,630**

65. Hedge accounting

As part of its risk management strategy, DZ PRIVATBANK S.A. uses interest rate swaps to hedge against interest rate risks from financial instruments and designates hedging relationships between the swaps and the hedged items in order to avoid accounting mismatches. These are loans and advances to banks and clients and financial assets, which are measured at amortised cost.

The changes in the fair value of the hedged items attributable to the interest rate risk and the changes in the fair value of the hedging instruments are recognised in the statement of comprehensive income under other valuation result, interest income and interest expenses under net interest income.

Effectiveness test

Hedge accounting requires that the hedging relationship is highly effective both prospectively and retrospectively. For this, the changes in the fair values or the expected cash flows of the hedged items and the hedging instruments must almost balance each other out. For the individual hedging relationships concluded at DZ PRIVATBANK S.A., this is ensured by matching the significant value-affecting features of the underlying transactions and hedging instruments as well as a hedging ratio of 100 percent (1:1 hedging).

The approximate balancing of the respective changes in fair values is ensured by determining an individual hedge ratio based on the sensitivities of the underlying transaction and hedging instruments. The effectiveness of the hedging relationships must be reviewed and demonstrated at least on each reporting date.

For individual hedging relationships accounted for under the rules of IFRS 9, ineffectiveness is quantified retrospectively and recognised in the income statement. IFRS 9 does not define a mandatory effectiveness range. If a hedging relationship no longer meets the effectiveness criterion with regard to the hedge ratio, an adjustment of the hedge ratio is required (recalibration). If an adjustment of the hedge ratio is no longer possible or the risk management objective with regard to the hedging relationship has changed, the hedging relationship must be dedesignated.

Scope of risks managed through hedging relationships

The following table shows information on the volume of hedged items and hedging instruments designated as hedges of interest rate risks:

31.12.2023 Figures in TEUR	Book value	Nominal value of hedging instruments	Hedge adjustment of the underlying transactions (included in the book value)	Value changes for measuring ineffectiveness
Loans and advances to banks	4,356	0	-74	-52
Loans and advances to clients	90,211	0	-4,015	-2,753
Financial assets	3,318,845	0	-81,535	-131,811
Positive market values from hedging instruments	126,258	2,170,329	0	-93,373
Liabilities to clients	0	0	0	0
Negative market values from hedging instruments	47,943	1,297,992	0	-39,037

31.12.2022 Figures in TEUR	Book value	Nominal value of hedging instruments	Hedge adjustment of the underlying transactions (included in the book value)	Value changes for measuring ineffectiveness
Loans and advances to banks	1,346	0	-119	-106
Loans and advances to clients	80,663	0	-6,584	-7,653
Financial assets	2,710,290	0	-214,693	-224,876
Positive market values from hedging instruments	214,797	2,741,428	0	230,659
Liabilities to clients	9,883	0	-152	152
Negative market values from hedging instruments	-1,633	247,047	0	4,099

The following tables show the remaining terms of the hedging instruments concluded for each risk type (excluding interest rate risk):

As at: 31 December 2023	Up to 1 month	1 month to 3 months	3 months to 1 year	Over 1 year to 5 years	Over 5 years
Nominal amount in TEUR	58,000	62,500	166,100	2,022,929	1,158,791
Average hedged interest rate in %	0.19079	0.69288	1.27291	1.65163	2.24925

As at: 31 December 2022	Up to 1 month	1 month to 3 months	3 months to 1 year	Over 1 year to 5 years	Over 5 years
Nominal amount in TEUR	105,000	85,395	322,468	1,595,423	880,189
Average hedged interest rate in %	1.33333	0.93384	1.16302	1.05333	1.25426

As of the balance sheet date, there were no hedging relationships in connection with currency risks.

66. Nature and extent of risks arising from financial instruments

Default risk management practices

In accordance with IFRS 9, a value adjustment model based on expected losses is applied. The impairment rules are designed in the form of a stage model, which reflects the development of credit quality over the entire term of an asset and the associated economic losses in the balance sheet.
DZ PRIVATBANK S.A. assumes that the debtor is in default if the debtor is more than 90 consecutive calendar days overdue with a substantial part of its total obligation under the loan or if the institution is of the opinion that it is unlikely that the debtor will fully meet its payment obligations under the loan without recourse by the institution to measures such as the realisation of collateral, if any.

The rules for the recognition of value adjustments are based on the calculation of expected losses on cash reserves, loans and advances to banks and loans and advances to clients and financial investments.

In accordance with IFRS 9, the generally applicable three-step approach described above in section 21 is used to determine expected losses.

For the assessment of the transfer criterion, DZ PRIVATBANK S.A. uses all plausible and verifiable information relevant for the analysis of changes in the default risk over the entire remaining term of the specific financial instrument, provided that this information is available without unreasonable effort and expense, and also includes forward-looking information.

The following tables provide information on the risk provision on assets carried at amortised cost.

31.12.2023

Figures in TEUR	Level 1 Risk provision	Level 1 Gross book value	Level 2 Risk provision	Level 2 Gross book value	Level 3 Risk provision	Level 3 Gross book value
As at: 1 January 2023	**1,512**	**23,795,337**	**1,039**	**25,784**	**0**	**3,631**
Addition/increase in credit utilisation	427	2,804,144,609	2	571,607	0	34,494
Change in financial assets due to step transfer	-3	-15,015	3	12,750	0	2,265
Transfer from Level 1	-9	-24,245	9	21,260	0	2,985
Transfer from Level 2	6	8,228	-6	-8,510	0	282
Transfer from Level 3	0	1,002	0	0	0	-1,002
Disposals and repayments	-587	-2,803,248,804	-21	-579,234	0	-25,502
Additions	1,658	0	949	0	0	0
Reversals	-1,568	0	-68	0	0	0
Amortisation, changes in market value and other valuation changes	0	161,739	0	21	0	11
Currency translation differences and other changes	-10	0	-293	0	0	0
As at: 31 December 2023	**1,428**	**24,837,866**	**1,610**	**30,928**	**0**	**14,900**

31.12.2022

Figures in TEUR	Level 1 Risk provision	Level 1 Gross book value	Level 2 Risk provision	Level 2 Gross book value	Level 3 Risk provision	Level 3 Gross book value
As at: 1 January 2022	**1,166**	**20,104,070**	**38**	**27,989**	**0**	**1,538**
Addition/increase in credit utilisation	575	1,896,052,281	42	545,489	0	13,416
Change in financial assets due to step transfer	-19	-1,157	19	1,301	0	-145
Transfer from Level 1	-70	-13,178	70	11,725	0	1,454
Transfer from Level 2	50	10,401	-50	-10,423	0	23
Transfer from Level 3	0	1,621	0	0	0	-1,621
Disposals and repayments	-450	-1,892,123,768	-11	-549,009	0	-11,181
Additions	2,138	0	1,724	0	0	0
Reversals	-1,917	0	-538	0	0	0
Amortisation, changes in market value and other valuation changes	0	-236,089	0	13	0	2
Currency translation differences and other changes	18	0	-235	0	0	0
As at: 31 December 2022	**1,512**	**23,795,337**	**1,039**	**25,784**	**0**	**3,631**

Stage 3 cases are so-called quasi-individual value adjustment cases. No value adjustment is made for this because, on the basis of the full collateralisation by means of VoBa guarantee or Lombard guarantee, it is expected that the cash flow from the realisation of this collateral will be sufficient to cover the entire debt.

Financial guarantees and loan commitments are exclusively included in Level 1 with a book value of EUR 156.2 million (2022: EUR 38.1 million) and with a risk provision of TEUR 11 (2022: TEUR 1).

Maximum default risk

DZ PRIVATBANK S.A. is exposed to default risk on financial instruments. The maximum default risk is represented by the fair values, amortised costs or nominal amounts of financial instruments. In order to hedge the maximum default risk, the following collateral is held:

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Figures in TEUR	Maximum credit risk	thereof collateralised with Sureties, guarantees, risk sub-participation	Mortgages	Financial collateral	Other collateral
Financial assets measured at fair value	**409,696**	**89,522**	**0**	**230,994**	**588**
Assets measured at fair value through profit or loss	391,935	89,522	0	230,994	588
Financial assets that must be categorised as at fair value through profit or loss	301,010	0	0	230,994	0
Financial assets designated as at fair value through profit or loss	90,925	89,522	0	0	588
Financial assets measured at fair value not affecting net income	17,761	0	0	0	0
Financial assets measured at amortised cost	**24,880,656**	**4,739,753**	**16,574**	**0**	**430,562**
of which: with impaired credit rating	14,900	14,788	0	0	1
Financial guarantees and loan commitments	**697,573**	0	0	0	0
Total	**25,987,925**	**4,829,276**	**16,574**	**230,994**	**431,150**

31.12.2022

Figures in TEUR	Maximum credit risk	thereof collateralised with Sureties, guarantees, risk sub-participation	Mortgages	Financial collateral	Other collateral
Financial assets measured at fair value	**637,569**	**100,372**	**0**	**490,525**	**80**
Assets measured at fair value through profit or loss	637,569	100,372	0	490,525	80
Financial assets that must be categorised as at fair value through profit or loss	528,730	0	0	490,525	0
Financial assets designated as at fair value through profit or loss	108,839	100,372	0	0	80
Financial assets measured at amortised cost	**23,824,401**	**5,144,150**	**23,853**	**0**	**448,869**
of which: with impaired credit rating	3,631	3,618	0	0	0
Financial guarantees and loan commitments	**662,046**	**0**	**0**	**0**	**0**
Total	**25,124,015**	**5,244,522**	**23,853**	**490,525**	**448,949**

The collateral received by the Bank has been duly provided and is legally enforceable. On the basis of the value reductions applied in the collateral valuation, the Bank considers the underlying collateral values to be recoverable.

Default risk concentrations

DZ PRIVATBANK S.A.'s default risk arising from financial instruments measured at amortised cost and financial guarantees and loan commitments is broken down according to the sectors of the Deutsche Bundesbank's industry codes and geographically using the International Monetary Fund's country group classification in accordance with the credit risk report. The volume, measured by the gross book values of financial assets or the nominal amounts of financial guarantees and loan commitments, is broken down based on the following rating classes:

- Investment grade: corresponds to internal rating classes 1A-3A
- Non-investment grade: corresponds to internal rating classes 3B-4E
- Not classified: no rating necessary or not classified

31.12.2023 Figures in TEUR	**Financial sector**	**Public sector (administration/state)**	**Corporates**	**Retail**	**Industry conglomerates**
Investment grade	**18,574,295**	**889,347**	**2,851,993**	**2,323,400**	**53,921**
Fair value	17,761	0	0	0	0
Level 1	17,761	0	0	0	0
Gross book value	18,586,247	889,347	2,852,802	2,324,064	178,995
Level 1	18,584,526	889,347	2,845,084	2,314,436	178,990
Level 2	1,721	0	7,718	9,628	5
Nominal amount	-29,713	0	-808	-664	-125,075
Level 1	-29,713	0	-808	-664	-125,075
Level 2	0	0	0	0	0
Non-investment grade	**8,569**	**0**	**2,193**	**2,065**	**0**
Gross book value	8,569	0	2,193	2,065	0
Level 1	377	0	22	572	0
Level 2	8,192	0	2,171	1,493	0
Not classified	**11,887**	**0**	**11,157**	**16,368**	**0**
Gross book value	11,887	0	11,157	16,368	0
Level 1	11,887	0	0	12,625	0
Level 2	0	0	0	0	0
Level 3	0	0	11,157	3,743	0

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Figures in TEUR	Financial sector	Public sector (administration/state)	Corporates	Retail	Industry conglomerates
Investment grade	**16,930,580**	**1,053,137**	**2,953,025**	**2,575,567**	**306,302**
Gross book value	16,899,773	1,053,137	2,952,400	2,574,708	300,527
Level 1	16,899,773	1,053,137	2,943,041	2,568,607	295,008
Level 2	0	0	9,359	6,102	5,519
Nominal amount	30,807	0	625	858	5,775
Level 1	30,807	0	625	858	5,775
Level 2	0	0	0	0	0
Non-investment grade	**10,388**	**0**	**921**	**2,941**	**7,453**
Gross book value	10,388	0	921	2,941	7,453
Level 1	7,491	0	781	1,173	7,453
Level 2	2,897	0	140	1,768	0
Not classified	**8,654**	**0**	**3,496**	**12,552**	**0**
Gross book value	8,654	0	3,496	12,552	0
Level 1	8,616	0	0	12,455	0
Level 2	0	0	0	0	0
Level 3	38	0	3,496	96	0

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Figures in TEUR	Germany	Other industrialised countries	Advanced economies	Emerging markets	Supranational institutions
Investment grade	**7,306,083**	**16,924,172**	**95,719**	**30,744**	**336,238**
Fair value	17,761	0	0	0	0
Level 1	17,761	0	0	0	0
Gross book value	7,290,397	17,078,357	95,719	30,744	336,238
Level 1	7,273,673	17,076,690	95,719	30,063	336,238
Level 2	16,724	1,667	0	681	0
Nominal amount	-2,075	-154,185	0	0	0
Level 1	-2,075	-154,185	0	0	0
Non-investment grade	**4,199**	**58**	**0**	**8,569**	**0**
Gross book value	4,199	58	0	8,569	0
Level 1	536	58	0	377	0
Level 2	3,663	0	0	8,192	0
Not classified	**26,964**	**12,447**	**0**	**0**	**0**
Gross book value	26,964	12,447	0	0	0
Level 1	12,625	11,887	0	0	0
Level 2	0	0	0	0	0
Level 3	14,339	560	0	0	0

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Figures in TEUR	Germany	Other industrialised countries	Advanced economies	Emerging markets	Supranational institutions
Investment grade	**7,409,116**	**15,981,996**	**77,883**	**28,494**	**244,991**
Gross book value	7,411,244	16,017,933	77,883	28,494	244,991
Level 1	7,397,500	16,010,697	77,883	28,494	244,991
Level 2	13,744	7,236	0	0	0
Nominal amount	-2,128	-35,937	0	0	0
Level 1	-2,128	-35,937	0	0	0
Non-investment grade	**1,959**	**9,435**	**77**	**10,232**	**0**
Gross book value	1,959	9,435	77	10,232	0
Level 1	1,533	7,954	0	7,413	0
Level 2	426	1,481	77	2,820	0
Not classified	**16,086**	**8,616**	**0**	**0**	**0**
Gross book value	16,086	8,616	0	0	0
Level 1	12,455	8,616	0	0	0
Level 2	0	0	0	0	0
Level 3	3,631	0	0	0	0

67. Maturity analysis

The potential cash outflow is disclosed for financial guarantees and loan commitments.

The contractually agreed maturities – especially in the case of financial guarantees and loan commitments – do not correspond to the actual expected cash flows. The maturity analysis of lease liabilities in accordance with IFRS 16.58 is presented in section 83. In connection with the description and monitoring of the liquidity risk, reference is made to section 78.

31.12.2023

Figures in TEUR	Up to one month	One month to 3 months	3 months to 1 year	One year to 5 years	Over 5 years	Indefinite period
Financial assets	**19,704,478**	**1,012,120**	**638,309**	**2,621,632**	**1,305,297**	**11,570**
Balances with central banks	13,863,546	0	0	0	0	0
Loans and advances to banks	1,062,884	259,540	51,672	47,431	31,744	0
Loans and advances to clients	4,583,728	475,179	220,513	207,964	74,936	0
Positive market values from derivative hedging instruments	419	498	1,812	76,178	47,350	0
Trading assets	54,494	65,577	27,620	24,572	2,489	14
Positive market values from derivative financial instruments	54,494	65,577	27,620	24,572	2,489	0
Financial assets	139,407	211,326	336,693	2,265,487	1,148,778	0
Other assets	0	0	0	0	0	11,556
Financial liabilities	**19,084,405**	**1,475,187**	**1,762,103**	**1,597,234**	**270,572**	**-164**
Liabilities to banks	5,123,180	642,534	551,905	28,081	0	0
Liabilities to clients	12,452,774	428,637	713,130	30,096	0	0
Securitised liabilities	1,408,963	313,283	423,750	1,474,275	206,874	0
Negative market values from derivative hedging instruments	0	0	0	21,025	26,919	0
Trading liabilities	99,487	90,733	73,318	43,758	36,780	0
Non-derivative trading liabilities	0	0	0	0	0	0
Negative market values from derivative financial instruments	99,487	90,733	73,318	43,758	36,780	0
Other liabilities	0	0	0	0	0	-164
Financial guarantees and loan commitments	**7,000**	**27,411**	**266**	**1,342**	**120,241**	**0**
Financial guarantees	0	27,086	80	811	2,157	0
Loan commitments	7,000	326	186	532	118,084	0

31.12.2022 Figures in TEUR	Up to one month	One month to 3 months	3 months to 1 year	One year to 5 years	Over 5 years	Indefinite period
Financial assets	**19,014,056**	**1,053,806**	**1,024,580**	**2,306,987**	**1,056,486**	**8,606**
Balances with central banks	12,397,933	0	0	0	0	0
Loans and advances to banks	914,625	266,774	119,314	62,209	46,774	0
Loans and advances to clients	5,090,141	562,066	190,417	221,197	99,377	0
Positive market values from derivative hedging instruments	0	140	4,118	109,648	100,890	0
Trading assets	231,222	28,548	44,158	2,919	7,087	0
Positive market values from derivative financial instruments	231,222	28,548	44,158	2,919	7,087	0
Financial assets	380,135	196,278	666,573	1,911,014	802,358	0
Other assets	0	0	0	0	0	8,606
Financial liabilities	**18,250,825**	**1,428,580**	**2,266,343**	**1,067,450**	**448,073**	**411**
Liabilities to banks	2,338,712	747,116	1,321,230	19,387	0	0
Liabilities to clients	14,320,256	375,693	422,497	13,037	0	0
Securitised liabilities	1,320,295	232,523	381,642	946,918	372,920	0
Negative market values from derivative hedging instruments	924	135	325	188	60	0
Trading liabilities	270,639	73,113	137,923	75,230	75,093	165
Negative market values from derivative financial instruments	270,639	73,113	137,923	75,230	75,093	0
Other liabilities	0	0	2,727	12,688	0	246
Financial guarantees and loan commitments	**130**	**28,266**	**101**	**1,736**	**7,832**	**0**
Financial guarantees	0	28,095	0	917	2,058	0
Loan commitments	130	170	101	819	5,775	0

Shares in subsidiaries amounting to EUR 223.1 million (2022: EUR 194.7 million) are not included under financial assets.

E. QUANTITATIVE AND QUALITATIVE ANALYSIS OF THE VARIOUS BANKING RISKS

68. Risk monitoring

Effective risk management is essential for long-term development and as a strategic safeguard of the success of DZ PRIVATBANK S.A. To direct and monitor the risks arising from banking business, the bank uses monitoring systems that are constantly upgraded.

The Bank’s risk management covers all actions taken by the divisions responsible for implementing a chosen risk strategy. Such actions mainly comprise conscious decisions to take on or limit risk.

The Risk Controlling sub-segment is responsible, in particular, for ensuring that risks undertaken are transparent in all risk categories. This entails making a daily risk report to members of the Board of Management and various departments, focusing on the following points:

- Market price risk on a value-at-riskbasis (VaR) (group level and various sub-portfolios)
- Credit risk on a credit VaR basis (Group level and various sub-portfolios),
- Operating risk and business risk
- Liquidity risk (economic and regulatory) (Group level and various sub-portfolios) and
- daily portfolio performance calculation.

In addition, various risk reports are submitted to the Supervisory Board, the Board of Management and relevant decision-makers monthly or quarterly. These include stress test presentations, sensitivity matrices and the risk control function's report to the Supervisory Board. In addition, the annual ICAAP/ILAAP report provides detailed information on the risk situation.

The risk-bearing capacity is considered from an economic and normative perspective within the framework of the ICAAP and ILAAP. In line with the risk, capital and liquidity strategy defined by the Supervisory Board, the risk-bearing capacity describes the ability to bear all risks inherent in the business activity, should they materialise.

In the context of the economic perspective of the ICAAP, the risk-bearing capacity generally exists when sufficient capital is available to cover the measured risk (risk capital requirement) without having to call on outside capital providers. To cover risks, there is aggregate risk capital in the form of equity and equity-related components. The risk-bearing capacity from an economic perspective is given if the aggregate risk capital exceeds all quantified present value risks of loss. The normative ICAAP is based on a forward-looking view of relevant regulatory ratios over a multi-year period. DZ PRIVATBANK's risk appetite statement specifies threshold values for each of these ratios. In this context, the requirement to meet the relevant regulatory ratios is higher than the requirement of the supervisory authority and is therefore carried out taking into account an internally defined management buffer.

Adequate liquidity from an economic perspective of the ILAAP is ensured by making sure that risks and expected outflows are adequately covered by available internal liquidity. The ILAAP of the normative view ensures that all liquidity-related legal and supervisory requirements continue to be met. DZ PRIVATBANK's risk appetite statement sets thresholds for this purpose that take into account a management buffer above the regulatory minimum requirement.

According to the calculation regulations of the European CRR/CRD solvency guidelines, the Bank had access to equity totalling EUR 1,148.6 million (2022: EUR 1,110.3 million). The equity-to-capital ratio DZ PRIVATBANK S.A. as at the balance sheet date was significantly higher at 26.85 percent (2022: 26.43 percent) than the statutory prescribed minimum standard of 10.90 percent (including capital conservation buffer) in relation to the risks assumed.

69. Basic principles of risk, capital and liquidity management

The risk, capital and liquidity strategy (RCL strategy) defined by the Supervisory Board forms the basis for risk, capital and liquidity management. This strategy is implemented in the risk, capital and liquidity policy (RCL policy) approved by the Supervisory Board.

The RCL strategy in conjunction with the RCL policy contains as essential elements the guidelines regarding

- the risk assessment,
- the risk appetite and the relevant limits,
- the definition of the risk-bearing capacity and risk management,
- the sub-strategies of major risk types,
- the capital adequacy from an economic and normative perspective
- and the liquidity adequacy from an economic and normative perspective.

It also contains the summary of key guiding principles within the framework of the risk, capital and liquidity strategy (risk policy guidelines) as well as the statements on non-financial risks.

The RCL strategy is applied in practice through continuous involvement in the strategic and operational planning processes, standardised monitoring for KPIs and a regular reporting process with clear responsibilities and escalation levels.

The risk-bearing capacity, which must be continuously ensured in accordance with the RCL strategy, focuses on the appropriateness of the ratio of identified risk and available funds (capital) to cover unexpected losses.

Capital planning distinguishes between the normative perspective, which is based on regulatory requirements – such as solvency and leverage ratio – and the economic perspective, which is based on internal models. An essential component in both cases is the available equity.

The Bank's risk-bearing capacity and adequate liquidity were ensured throughout the financial year.

Risk measurement

Value-at-risk (VaR) and performance changes included in stress tests are used for measuring financial risk. The VaR indicates the loss which will not be exceeded within a predefined period according to a defined probability

(confidence level). Stress tests indicate the analysis of performance changes under suitably defined crisis scenarios. The result of the VaR measurement and suitable stress tests is known as the risk capital requirement. Liquidity risk is measured using the minimum liquidity surplus internal risk indicator (compare section 78).
The risk measurement for all risk types is carried out both at company level and at Group level.

70. Definition of risk types

In the RCL strategy, risks are recorded in the following risk types:

- market price risk (including IRRBB and CSRBB risk),
- credit risk,
- operational risk
- reputational risk,
- business risk,
- investment risk and
- liquidity risk.

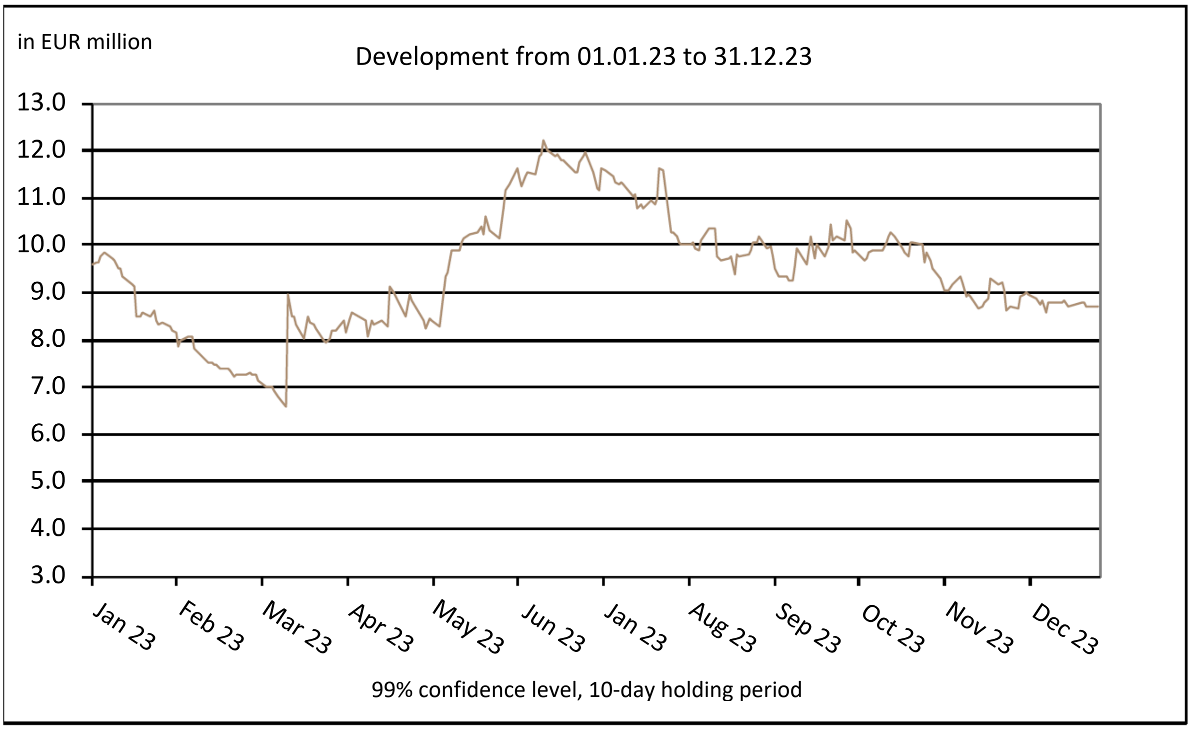
Sustainability risks are subsumed under the listed risk types at DZ PRIVATBANK S.A. and implicitly capitalised therein.

71. Market price risk

The Bank incurs market price risks in order to take advantage of business opportunities. Market price risk is the risk of loss arising from changes in interest rates, spreads, ratings (migration risk), foreign exchange rates, equity/fund/commodity prices and volatilities/correlations. The market price risks, which are composed of the general market price risks as well as the spread and migration risks, are restricted by a local limit, which is agreed with DZ BANK AG and is consistent with the group limit, and are also monitored within DZ PRIVATBANK S.A.

Spread and migration risks are measured centrally by DZ Bank AG both for the Group and the individual management units. The method for determining the general market price risks on the basis of a historical simulation is based on a confidence level of 99 percent with an assumed holding period of one trading day over an observation period of 300 days. The limit was applied on the basis of a confidence level of 99.9% and a holding period of one year.
Back testing is carried out daily in order to check the reliability of the VaR approach. This involves comparing the daily profits and losses with the VaR figures calculated on the basis of risk modelling. Basis point value procedures and stress test procedures, in which various market movements are simulated, supplement market price risk monitoring.

MARKET PRICE RISK DEVELOPMENT DZ PRIVATBANK S.A.:
99 percent confidence level, 10-day holding period.



72. Credit risk

Credit risk indicates the risk of unexpected losses caused by counterparty insolvency. The risk capital requirement for the credit risk is quantified by means of a portfolio model (Creditmetrics).
This procedure determines the loss distribution on the basis of simulation calculations which can then be used to estimate the unexpected loss and thus the risk capital requirement.

73. Operational risk

According to the banking supervision definition, the Bank defines operational risk as the risk of losses arising from human actions, process or project management weaknesses, technical failure or through external influences.

Among other things, legal and IT risk are included in the definition; strategic and reputational risks are not included. Operational risks involve their own form of risk and correspondingly require extensive management, controlling and monitoring. The goal is to identify, limit and avoid such risks.

Early warning system / risk indicators

Early warning systems are employed for the systematic detection and recognition of as many of the risks as possible involved in banking. Risk indicators, measured using fixed thresholds, are warning signals that indicate possible operational risks. They can therefore serve the Bank as an early warning system to indicate unwelcome trends or developments in banking operations.

Loss database

Data on losses is especially useful for identifying operational risks. The systematic collating and analysis of such data enables weak points to be identified so that measures can be undertaken for their improvement. In order to ensure that the requirements for completeness, quality and auditability are met, the Bank uses a database for collecting data on loss that contains data since 2003.

Self-assessment

The self-assessment of DZ PRIVATBANK S.A. serves as a risk potential assessment. It is carried out as part of the DZ BANK Group risk self-assessment. The basic scenarios are determined centrally by DZ BANK AG. The specific scenario descriptions and characteristics are based on this (estimation of amount and frequency of losses).

The risk capital requirement for the operational risk is determined every quarter at a central level by DZ BANK AG. The historical data on losses and the risk potential estimates from the risk self-assessment is entered into the economic model.

74. Reputational risk

Reputational risk is the risk of losses arising from events that could damage confidence in DZ PRIVATBANK or in the products and services offered, in particular with respect to clients (this also includes the cooperative banks), shareholders, employees, the labour market, the public sphere and at the level of the supervisory authorities. Reputational risks can occur as an independent risk (“primary reputational risk”) or arise as a direct or indirect consequence of other types of risk (“secondary reputational risk”).

Appropriate measures are to be taken to avoid losses from reputational events as a matter of principle and to reduce them when they occur as well as to raise awareness of potential reputational risks. Reputational risk is taken into account in the risk strategy by, inter alia, defining fair dealing with all business partners and employees as well as excluding businesses with dubious addresses. As a result, the sustainability concepts pursued at DZ PRIVATBANK is taken into account.

75. Concentration of credit risks

The Lending department of DZ PRIVATBANK S.A. is responsible throughout the group for the cooperative banks' lending business in foreign currencies. It covers the direct refinancing of cooperative banks and the guaranteed lending business of their clients. Other business activities include collateralised loans, money market operations and securities transactions. Further explanations are given in section 66.

76. Business risk

Business risk is the risk of loss from fluctuations in earnings resulting from a given business strategy and not covered by other types of risk. In particular, this includes the risk that due to significant changes in conditions (e.g. economic and product environment, client behaviour, competitive situation), losses cannot be covered on a purely operational basis. In accordance with the risk management and controlling concepts of other risks, the Bank measures its business risk as VaR based on a variance/co-variance approach. The capital required to secure business risks is determined by the volatility of both of these risk drivers (income and costs) and their correlation.

77. Investment risk

Investment risks are calculated for investments that are not directly included in the risk management strategy of DZ PRIVATBANK S.A. The real estate risk allocated to investment risk for the purpose of consistency with the requirements of DZ BANK Group is immaterial, as the actual value of the owner-occupied building is significantly higher than the book value. Since all significant participations of DZ PRIVATBANK S.A. are involved in risk management, this approach to the reporting date is irrelevant.

78. Liquidity risk

DZ PRIVATBANK S.A. interprets liquidity risk as the risk of there being insufficient funds available to meet payment obligations. Liquidity risk is thus considered as insolvency risk. Refinancing risk is the risk of loss that may arise for DZ PRIVATBANK S.A. as a result of a deterioration in the liquidity spread (as part of the spreads on own issues). With rising liquidity spreads, future liquidity requirements can only be met subject to additional costs.
The main sources of liquidity risks are identified on the basis of the Bank's business strategy and business activities. The Bank uses an internal liquidity risk model for measuring liquidity risks. This ensures transparency for expected and unexpected liquidity flows (forward cash exposure) and for the liquidity reserves used to offset liquidity shortages (counterbalancing capacity) on a daily basis. Both a normal scenario and several stress scenarios are considered. The objective is a positive cash surplus in all relevant scenarios in the corresponding prognosis period. A liquidity contingency plan is in place to allow the bank to respond to a crisis situation quickly and in a coordinated manner.
The central control parameter for DZ PRIVATBANK S.A. is the minimum liquidity surplus across the maturity bands and scenarios considered. The liquidity surplus is calculated for each maturity band as the balance between the expected liquidity position and the refinancing capacity and is calculated for each day of the following 250 business days.

79. Currency risks

The summarised quantitative information on the currency risk of DZ PRIVATBANK S.A. reported to the management of DZ PRIVATBANK S.A. is as follows:

31.12.2023

Figures in TEUR	EUR	CHF	USD	GBP	Other
Financial assets	**21,100,736**	**2,833,707**	**1,517,178**	**27,538**	**182,775**
Cash reserves	13,858,748	6,712	259	0	0
Loans and advances to banks	570,499	407,203	406,559	2,865	66,143
Loans and advances to clients	3,202,292	2,207,782	65,073	22,620	64,554
Positive market values from derivative hedging instruments	98,833	1,149	26,277	0	0
Trading assets	87,751	55,339	6,971	2,053	22,652
Financial assets	3,125,704	155,640	1,012,361	0	31,082
Other assets	157,848	0	0	2	1
Risk provisions	-939	-118	-322	-2	-1,657
Financial liabilities	**16,692,160**	**1,181,145**	**5,124,410**	**470,701**	**963,019**
Liabilities to banks	2,345,629	872,774	2,530,121	191,815	405,284
Liabilities to clients	11,056,570	216,662	1,628,312	180,250	542,844
Securitised liabilities	2,843,147	91,021	806,032	86,944	0
Negative market values from derivative hedging instruments	46,947	240	756	0	0
Trading liabilities	158,446	303	158,837	11,674	14,817
Other liabilities	241,421	145	353	17	74

31.12.2022 Figures in TEUR	EUR	CHF	USD	GBP	Other
Financial assets	**16,270,213**	**6,764,924**	**1,547,425**	**34,283**	**195,888**
Cash reserves	8,869,486	3,537,943	566	0	0
Loans and advances to banks	540,330	338,154	437,157	14,636	79,419
Loans and advances to clients	3,736,772	2,269,580	63,171	18,267	75,409
Positive market values from derivative hedging instruments	179,383	2,398	33,016	0	0
Trading assets	240,816	14,556	44,220	1,389	12,952
Financial assets	2,549,802	602,425	969,529	0	29,301
Other assets	154,563	0	42	0	1
Risk provisions	-940	-131	-275	-10	-1,194
Financial liabilities	**15,991,918**	**403,064**	**4,955,678**	**1,194,794**	**1,099,159**
Liabilities to banks	1,702,267	96,073	2,114,660	186,669	326,777
Liabilities to clients	12,149,759	262,310	1,773,267	214,931	731,216
Securitised liabilities	1,708,547	36,513	755,027	754,211	0
Negative market values from derivative hedging instruments	1,576	0	57	0	0
Trading liabilities	231,778	8,039	312,311	38,963	41,072
Other liabilities	197,992	129	355	20	94

The Bank manages and limits the foreign exchange risk as part of the market price risk within the framework of the VaR procedure. In this respect, currency risk is not managed separately.

80. Interest rate risk

As part of its interest rate strategy, the Bank pursues both a periodic management strategy and a management strategy based on the present value. The main objectives here are to stabilise income and to increase the present value.
The periodic income risk (NII risk) represents the risk of changes in income and expenses resulting from interest payments on financial instruments. The difference between interest income and interest expense is referred to as net interest income (NII).
The NII risk corresponds to the future simulated NII under different interest rate scenarios. For this purpose, various stress interest rate scenarios are considered in addition to a base rate scenario. The NII under the base rate scenario corresponds to the NII when the current yield curve is extrapolated. The stress interest rate scenarios consider changes to the base interest rate scenario (including parallel shifts, rotations of the yield curve and the consideration of interest rate floors). The difference between the NII of a base rate scenario and a stress interest rate scenario describes the NII risk (under that scenario).

Interest rate risks are managed on the basis of the VaR model for market price risks (present value view). A sensitivity matrix is also prepared to manage and measure interest rate risk. This is done using the basis point value method. The basis point value or sensitivity of a transaction or portfolio is the change in present value that would occur in the event of an interest rate increase of one basis point.

Significance of interest rate risk

The interest rate profile of the interest-bearing financial instruments of DZ PRIVATBANK S.A. is as follows:

Sensitivity analysis

Figures in TEUR

Maturity band	2023	2022
1M	-15	-10
2M	-1	-6
3M	6	-5
6M	26	24
9M	7	13
1Y	-2	-46
2Y	-13	-55
3Y	-24	-11
4Y	-62	-8
5Y	-25	-9
6Y	-4	-2
7Y	-4	-3
8Y	-2	-4
9Y	7	-3
10Y	1	0
30Y	0	0
Total	**-105**	**-125**

by currency	2023	2022
EUR	49	-38
CHF	25	48
JPY	6	14
USD	-150	-108
GBP	-19	-17
Other	-19	-24

Stress test 2% Parallel shift

Figures in TEUR	2023	2022
200 bp. Increase	-19,824	-23,690
200 bp. Reduction	21,833	25,327

F. OTHER DISCLOSURES

81. Contingent liabilities

Figures in TEUR	31.12.2023	31.12.2022
Contingent liabilities from contributions to the resolution fund for CRR banks	11,556	8,606
Contingent liabilities for litigation risks	4,200	4,200
Total	**15,756**	**12,806**

Contingent liabilities from contributions to the resolution fund for CRR banks include irrevocable payment obligations granted by the Single Resolution Board (SRB) following the approval of applications for the provision of collateral to partially settle the contribution of the European bank levy for the contribution years 2017 to 2023.

The contingent liabilities for litigation risks consist of the assumption of a litigation risk by a subsidiary of DZ PRIVATBANK S.A. to an institutional client, the probability of occurrence of which is considered by the Bank to be very low.

82. Financial guarantees and loan commitments

Figures in TEUR	31.12.2023	31.12.2022
Financial guarantees	**30,133**	**31,070**
Loan guarantees and sureties	30,133	31,070
Loan commitments	**126,127**	**6,995**
Loans to clients	125,084	5,775
Guarantee facilities	1,043	1,220
Total	**156,261**	**38,065**

The disclosures on financial guarantees and loan commitments are made in the amount of the nominal values of the irrevocable commitments entered into in each case.

83. Leases

The object classes of the lessee relationships are divided as follows into land and buildings as well as future, fittings and equipment.

	2023		2022	
Figures in TEUR	Land and buildings	Furniture, fittings and equipment	Land and buildings	Furniture, fittings and equipment
Book value as of 1 January	**13,466**	**1,586**	**7,316**	**1,369**
Additions	6,286	1,846	12,267	1,028
Disposals	0	0	-1,996	0
Depreciations	-4,781	-1,015	-4,121	-810
Revaluation	0	0	0	0
Repostings	0	0	0	0
Book value as of 31 December	**14,972**	**2,417**	**13,466**	**1,586**

There are no sale and leaseback transactions or expenses for short-term leases accounted for in accordance with IFRS 16.6.

The branches of DZ PRIVATBANK S.A. are leased in premises of DZ BANK AG and other affiliated companies of DZ BANK Group with a right of use in the amount of EUR 3.0 million (2022: EUR 3.8 million).

DZ PRIVATBANK S.A. received rental payments of EUR 1.1 million in the 2023 financial year (2022: EUR 1.0 million). These arise from the tenancy agreements with R+V Lebensversicherung AG, Luxembourg branch, and a subtenancy agreement with an affiliated company (IPConcept Luxemburg S.A.) for the use of office space. The total of future minimum payments expected to be received as a result of non-cancellable subleases on the balance sheet date amounts to EUR 0.4 million (2022: EUR 0.3 million).

The contractual maturities of the lease liabilities break down as follows:

Figures in TEUR	2023	2022
- up to 1 year	332	38
- longer than 1 year and up to 3 years	1,726	7,083
- longer than 3 years and up to 5 years	8,023	2,920
- longer than 5 years	6,774	0
Total	**16,855**	**10,041**

The tenancy agreements contain renewal and termination options, which are used by DZ PRIVATBANK S.A. if required. The following expenses and income are recognised in the statement of comprehensive income for rights of use from leased assets:

Figures in TEUR	31.12.2023	31.12.2022
Interest expense	-632	-665
Amortisation of rights of use	-5,796	-4,931
Income from letting	1,135	1,014
of which: from subleases of rights of use	444	444

In total, there were payments for leases (interest and repayment portions) of EUR 5.3 million in 2023 (2022: EUR 5.5 million).

84. Information on revenue from contracts with clients

Effects in the statement of comprehensive income broken down by revenue type, geographical market and type of revenue received:

Figures in TEUR	2023	2022
Revenue types		
Commission income from securities transactions	196,294	197,922
Commission income from asset management	57,193	56,698
Commission income from payment transactions including card business	1,725	1,345
Commission income from credit and trust activities	184	136
Other commission income	4,548	3,136
Total	**259,944**	**259,237**
Main geographical markets		
Luxembourg	141,733	141,348
Germany	109,779	109,481
Rest of Europe	6,152	6,136
Rest of the world	2,280	2,273
Total	**259,944**	**259,237**
Type of revenue received		
Related to a specific date	57,193	56,698
Period-related	202,751	202,539
Total	**259,944**	**259,237**

Loans and advances and contract assets and liabilities

In 2023 and 2022, there were no loans and advances from contracts with clients for which the income received is not subject to effective interest and which are accounted for using the rules of IFRS 15. In addition, there were no contract assets and liabilities for circumstances in which the fulfilment of the consideration is still dependent on a condition other than maturity.

Period-related performance obligations are invoiced within a year, predominantly on a half-yearly basis. Time-related performance obligations are met when the service is provided. The remuneration is structured in such a way that DZ PRIVATBANK S.A. does not normally recognise performance obligations as liabilities.

Please refer to section 26 for the breakdown of commissions by business segment.

85. Employees

The following table shows the average number of employees during the financial year:

	2023	2022
Female employees	**394**	**387**
Full-time employees	190	185
Part-time employees	204	202
Employees	**696**	**658**
Full-time employees	634	603
Part-time employees	62	55
Total	**1,090**	**1,045**

The statement includes all active and inactive employees, adjusted for early retirees, junior staff and the Board of Management. Part-time employees are taken into account on a pro rata basis according to the hours worked. The junior staff only include participants in the dual study programme and trainees. The average number of junior staff in 2023 was 37 (2022: 19).

86. Company pension scheme

The Bank has agreed three different types of pension commitments with its employees:

- Defined contribution plans
- Defined benefit plans in accordance with BV 93 (funded by provisions)
- Defined benefit plans (GENO pension fund)

The defined contribution plans relate exclusively to employees in the German branches. Fixed contributions are paid to external pension providers (R+V Versicherung AG and BVV Versicherungsverein des Bankgewerbes a. G.). A total of TEUR 561 (2022: TEUR 483) was paid to the pension providers in the financial year.

The defined benefit pension commitments financed by provisions relate exclusively to employees at the Düsseldorf branch. These are former employees of WGZ BANK AG who transferred to DZ PRIVATBANK S.A. as part of the transfer of operations on 1 January 2012 and who had already acquired entitlements by that date. This is a defined benefit commitment based on fixed age-dependent conversion factors. (Fictitious) accounts are maintained for employees and payment is made by default in instalments and, with the Bank's consent, also as a lump sum or as an annuity. The measurement of the provision is based on an actuarial report in accordance with IAS 19 and is carried out by the actuary WillisTowersWatson.

The actuarial valuation assumptions are as follows:

	31.12.2023	31.12.2022
Exchange rate	3.20%	3.70%
Dynamics of the chargeable remuneration	2.30%	1.80%
Dynamics of adjustment of current pensions	2.30%	1.60%
Contribution assessment ceiling in the statutory pension insurance	EUR 90,600	EUR 87,600
Trend of the contribution assessment ceiling in the statutory pension insurance	2.30%	1.80%

Further actuarial assumptions are drawn from the Heubeck 2018 G mortality tables.

The pension provision pursuant to BV 93 amounts to EUR 3.4 million as of 31 December 2023 (2022: EUR 3.0 million). The service cost amounts to TEUR 88 (2022: TEUR 115) and the interest cost amounts to TEUR 112 (2022: TEUR 45). In the financial year, TEUR 32 was paid out to employees. The actuarial result in the 2023 financial year amounts to TEUR -194 (2022: TEUR +1,156) and is due to changes in the amount of TEUR -188 and due to experience in the amount of TEUR -6. The cumulative figure is TEUR -724 (2022: TEUR -530).

For reasons of materiality, a sensitivity analysis is not presented.

In addition, there is an employee-financed pension plan for these employees with a provision of TEUR 207 (2022: TEUR 201) and a reimbursement claim recognised as an asset based on a reinsurance policy with R+V Versicherung AG in the same amount.

The defined benefit commitments (GENO pension fund) relate exclusively to those employees of DZ PRIVATBANK S.A. who are employed at the head office in Luxembourg. These commitments are employer-financed defined contribution plans (modular plans) financed through a pension fund. The legal basis for the existing pension obligations are the pension regulations of the GENO pension fund, ASSEP as amended on 7 February 2019.

The benefits borne by the pension fund include the payment of

- old-age pension and early retirement pension (both generally as a principal amount),
- survivor benefits in the event of the death of an active member as a principal payment and
- disability pension in the event of a disability of an active member as a principal payment.

Occupational pension schemes in Luxembourg are governed by the Occupational Pensions Act of 8 June 1999 as amended on 1 January 2019. The provisions of the pension fund must at least correspond to the present value of the acquired entitlements on the basis of the provisions of the Occupational Pensions Act. This corresponds to the present value of the pension capital achieved, as defined in the relevant pension plan.

The pension fund is subject to the Law of 13 July 2005 on pension funds in the form of an ASSEP or a SEPCAV as amended. This law transposes the EU Directive 2341/2016. PECOMA Actuarial and Risk S.A. has been appointed as administrator of the commitments. Accounting is carried out by Union Financial Service S.A. under a separate service provider agreement. The asset management of the GENO pension fund has been the responsibility of the Board of Directors of the GENO pension fund since 1 January 2019. The control of the investment restrictions is ensured by IPConcept (Luxemburg) S.A. The plan assets are a legally independent pension fund under Luxembourg law. The fund assets of EUR 99.6 million (2022: EUR 97.3 million) consist of investment fund units listed on an active market (of which intra-group: EUR 68.3 million) and other assets of TEUR 15.

Within the framework of the financing plan, the participating companies make contributions from their employees and, if necessary, offset actuarial gains and losses and shortfalls from investment income. Contributions are allocated to contributors in accordance with the specific regulations. The investment income of the sub-fund is distributed among the contributors on the basis of the proportionate share of net assets at the beginning of the year. Each contributor shall be responsible for the obligations determined in this way.

The pension fund entitlements are as follows:

	31.12.2023	31.12.2022
Active members	935	898
Former employees with vested benefits	146	135
Pensioners	0	0
Total	**1,081**	**1,033**
Average future years of service of active members (years)	19.52	19.45
Duration of the DBO	6.23	6.88

The bases of accounting are as follows:

Calculation bases	31.12.2023	31.12.2022
Exchange rate	3.20%	3.70%
Expected return on plan assets	3.20%	3.70%
Salary development	3.50%	3.50%
Index development	n/a	n/a
Pension development	n/a	n/a
Fluctuation (until vested benefits are received)	6.00%	6.00%
Mortality tables	n/a	n/a

The actuarial valuation is derived from this as follows:

Figures in TEUR	31.12.2023	31.12.2022
Pension obligation	102,390	99,021
Pension obligation without lump-sum tax	101,905	98,716
Pension obligation for lump-sum tax	485	305
Plan assets	99,585	97,255

Figures in TEUR	For the year 2024, anticipated	For the year 2023	For the year 2022
Service cost	6,026	5,540	7,424
Service cost excluding lump-sum tax (incl. interest)	4,984	4,582	6,141
Service cost for lump-sum tax (incl. interest)	1,042	958	1,283
Interest expense	3,066	3,539	1,303
Interest expense on pension obligations excluding lump-sum tax	3,051	3,528	1,259
Interest expense on pension obligations for lump-sum tax	15	11	44
Expected return on plan assets	2,977	3,474	1,048

The cash flow is set out as follows:

Figures in TEUR	For the year 2024, anticipated	For the year 2023	For the year 2022
Payments from plan assets	13,127	7,267	4,183
Repayments to employers from plan assets	0	0	0
Transfers to/from plan assets	0	-713	94
Premium/addition to plan assets	4,674	4,341	26,057
Payments from pension obligations	13,127	7,267	4,183
Transfers to pension obligations	0	-713	94
Taxes	**974**	**1,103**	**5,252**
Lump-sum tax of 20%	935	868	5,212
IGSS fee of 0.9%	39	235	40

The sensitivity of the main hypotheses is as follows:

Figures in TEUR	31.12.2023	31.12.2022
Decrease in pension obligations due to increase in actuarial interest rate by 50 basis points	-3,640	-4,291
Increase in pension obligations due to reduction in actuarial interest rate by 50 basis points	2,907	3,658
Increase in pension obligations due to increase in funding age (retirement age assumed for valuation): +1 year	7,115	6,881
Decrease in pension obligations due to decrease in funding age (retirement age assumed for valuation): -1 year	-7,765	-7,509

The actuarial result for the 2023 financial year amounted to EUR -0.9 million (2022: EUR 2.2 million) and is comprised of the following:

- Defined benefit obligation of EUR -3.4 million (2022: EUR +20.8 million), of which EUR +0.2 million (2022: EUR -3.4 million) is based on experience and EUR -3.6 million (2022: EUR +24.2 million) is due to changes in interest rate assumptions

- Plan assets with EUR +2.5 million (2022: EUR +23.0 million)

The cumulative value of actuarial losses as of 31 December 2023 is EUR 30.5 million (2022: EUR 29.6 million).

In addition to the pension commitments explained above, there are additional individual commitments for senior employees of DZ PRIVATBANK S.A. in the amount of EUR 2.6 million (2022: EUR 1.6 million) with an actuarial result for the 2022 financial year of TEUR -685 (2022: TEUR 1,900) and an addition of TEUR 327 (2022: TEUR 616) recognised in profit or loss. The cumulative value of actuarial gains and losses as of 31 December 2023 is TEUR 1,679 (2022: TEUR 2,364).

87. Auditor's fee

The total fee calculated by the auditors PricewaterhouseCoopers, Société coopérative, Luxembourg, for the financial year, broken down by type of service for DZ PRIVATBANK S.A., is as follows:

Figures in TEUR	2023	2022
Audit services	412	512
Other confirmation services	63	148
Other services	114	86
Total	589	746

The fees for audit services include the expenses for the audit of the local annual financial statements in Luxembourg as well as the audit of the Group reporting package to DZ BANK AG as of 31 December 2023.

88. Remuneration of the Board of Management and the Supervisory Board

The remuneration of the Board of Management of DZ PRIVATBANK S.A. and the Supervisory Board is summarised in the following table:

Figures in TEUR	2023	2022
Remuneration of the Board of Management	**2,051**	**2,826**
Fixed benefits	1,752	2,069
Variable benefits	299	331
Severance payments	0	426
Total remuneration of former members of the Board of Management	**91**	**52**
of which variable benefits	91	52
Remuneration of the Supervisory Board (short-term benefits)	**155**	**151**

The transfer to the GENO pension fund as part of the company pension plan amounts to TEUR 147 for the Board of Management (2022: TEUR 165).

89. Share-based payment

The share-based payment is explained in section 24.

The following overview shows the development of share-based remuneration components not paid out to the Board of Management at DZ PRIVATBANK S.A.:

Figures in TEUR	2023	2022
Share-based payment not paid out as of 1 January	**2,616**	**1,864**
Remuneration granted in the reporting period	1,266	1,362
Payment of remuneration granted in the 2022 financial year	-128	-143
Payment of remuneration granted in previous years	-268	-240
Reduction in share-based payment	0	-226
Share-based payment not paid out as of 31 December	**3,486**	**2,616**

Furthermore, an addition to the provision for risk takers in the amount of TEUR 180 (2022: TEUR 150) was made for employees who are risk takers within the meaning of the regulatory requirements. The share-based payment not paid out as at 31 December 2023 is TEUR 456 (2022: TEUR 444).

90. Relationships with related companies and persons

The Bank considers related companies to be all group companies of DZ PRIVATBANK S.A. and DZ BANK Group.

Transactions with Group companies mainly consist of holding securities in safekeeping, money market and foreign exchange trading and the purchase and sale of derivative instruments. Compliance with the arm's-length principle is mandatory.

Relationships with related companies were as follows as of the balance sheet date:

Figures in TEUR	31.12.2023	31.12.2022
Assets	**232,560**	**62,020**
Receivables from banks	232,558	39,487
incl. DZ BANK AG	232,528	39,478
of which: subsidiaries	30	9
Loans and advances to clients	2	0
Transferable securities	0	22,533
Liabilities	**2,315,128**	**2,709,238**
Liabilities to banks	28,409	723,271
of which to DZ BANK AG	4	699,745
of which to subsidiaries of DZ PRIVATBANK S.A.	28,405	23,526
Liabilities to clients	172,640	542,305
of which to subsidiaries of DZ PRIVATBANK S.A.	38,848	38,167
Securitised liabilities	2,114,078	1,443,662
of which to DZ BANK AG	2,044,324	1,374,220
of which to subsidiaries of DZ PRIVATBANK S.A.	69,755	69,442
Off-balance sheet transactions	**0**	**0**
Total	**2,547,687**	**2,771,258**

The following expenses and income were incurred in connection with transactions with related companies:

Figures in TEUR	31.12.2023	31.12.2022
Income	**69,272**	**69,323**
Interest income	7,300	4,630
of which to DZ BANK AG	6,665	1,351
of which to subsidiaries of DZ PRIVATBANK S.A.	224	2,830
Commission income	56,585	59,305
of which to DZ BANK AG	0	0
of which to subsidiaries of DZ PRIVATBANK S.A.	19,325	18,883
Income from Group services	5,388	5,388
of which to DZ BANK AG	0	0
of which to subsidiaries of DZ PRIVATBANK S.A.	4,976	4,976
Expenses	**30,376**	**15,895**
Interest expense	17,459	2,700
of which to DZ BANK AG	13,538	2,621
of which to subsidiaries of DZ PRIVATBANK S.A.	2,342	79
Commission expenses	12,664	12,938
of which to DZ BANK AG	0	0
of which to subsidiaries of DZ PRIVATBANK S.A.	0	0
Expenses from Group services	253	257

Related parties are persons in key positions who are directly or indirectly responsible for planning, managing and monitoring the activities of DZ PRIVATBANK S.A. and their close family members. At DZ PRIVATBANK S.A., the members of the Board of Management and the Supervisory Board are counted as key management personnel for the purposes of IAS 24. At the end of the financial year, there were credits, loan and loan commitments of TEUR 20 (2022: TEUR 24) to related parties.

In addition, persons in key positions and their close family members as well as non-related persons have the opportunity to make use of further financial services of DZ PRIVATBANK S.A. Where use was made of this option, transactions were concluded at market conditions.

91. Events after the reporting period

No events of particular significance occurred after the balance sheet date.

COMMITTEES

SUPERVISORY BOARD

UWE FRÖHLICH

CHAIRMAN

Co-Chairman

DZ BANK AG

Deutsche Zentral-Genossenschaftsbank,

Frankfurt am Main

DR CHRISTIAN BRAUCKMANN

VICE-CHAIRMAN

Member of the Board of Management

DZ BANK AG

Deutsche Zentral-Genossenschaftsbank,

Frankfurt am Main

RALF BAUMBUSCH

Member of the Board of Management

VR-Bank Ostalb eG,

Aalen

DR PETER BOTTERMANN

(until 30.06.2023)

MICHAEL HUPPERT

(until 31.03.2023)

KLAUS KÖNIGS

Chairman of the Board of Management

VR Bank Lahn-Dill eG,

Dillenburg

HANS-PETER LECHNER

Member of the Board of Management

VR Bank Metropolregion Nürnberg eG,

Neustadt an der Aisch

DR ANDREAS MARTIN

(until 30.06.2023)

TANJA MÜLLER-ZIEGLER

Member of the Board of Management

Bundesverband der Deutschen Volksbanken

und Raiffeisenbanken e.V. (BVR),

Berlin

(since 07.11.2023)

JÜRGEN PÜTZ

Chairman of the Board of Management

Volksbank Köln Bonn eG,

Bonn

ANDREAS OTTO

Chairman of the Board of Management

Volksbank im Bergischen Land eG

Remscheid

(since 01.07.2023)

JÜRGEN WACHE

Chairman of the Board of Management

Hannoversche Volksbank eG,

Hanover

BOARD OF MANAGEMENT

PETER SCHIRMBECK

CHAIRMAN

STEFAN BIELMEIER

ARASCH CHARIFI AS AT 01.01.2024

DR FRANK MÜLLER

ADVISORY BOARD

As at: 31 December 2023

JÖRG LINDEMANN

CHAIRMAN OF THE ADVISORY BOARD

Member of the Board of Management

Volksbank Darmstadt Mainz eG,

Mainz

MARCO BECKBISSINGER

Member of the Board of Management

VR Bank Heilbronn Schwäbisch Hall eG,

Heilbronn

CHRISTINA OPITZ

VICE-CHAIRMAN

Member of the Board of Management

GLS Gemeinschaftsbank eG,

Bochum

CARSTEN CLEMENS

Chairman of the Board of Management

VR-Bank Landau-Mengkofen eG,

Landau

MATTHIAS BATTEFELD

Member of the Board of Management

Hannoversche Volksbank eG,

Hanover

ERWIN EINZIGER

Member of the Board of Management

VR-Bank Mittelfranken Mitte eG,

Ansbach

STEPHAN HEINISCH

Member of the Board of Management

Volksbank Freiburg eG,

Freiburg

PETRA KALBHENN

Member of the Board of Management

VR Bank Main-Kinzig-Büdingen eG,

Büdingen

JÜRGEN HELD

Chairman of the Board of Management

Volksbank Leonberg-Strohgäu eG,

Leonberg

ROLAND KREBS

Chairman of the Board of Management

Volksbank in Südwestfalen eG,

Siegen

STEFAN HOFFMANN

Chairman of the Board of Management

Volksbank Beckum-Lippstadt eG,

Lippstadt

MICHAEL C. KUCH

Member of the Board of Management

VR Bank RheinAhrEifel eG,

Koblenz

CLIFFORD JORDAN

Member of the Board of Management

VR Bank Südpfalz eG,

Landau

DIMITRIOS MELETOUDIS

Deputy Chairman of the Board of Management

Volksbank Kraichgau eG,

Wiesloch

ARNOLD MILLER

Chairman of the Board of Management

Volksbank Bodensee-Oberschwaben eG,

Tettnang

THOMAS RUFF

Member of the Board of Management

Volksbank eG Bad Laer-Borgloh-Hilter-Melle,

Hilter

CLAUS REDER

Member of the Board of Management

Volksbank Raiffeisenbank Würzburg eG,

Würzburg

MANFRED SCHÄTZ

Member of the Board of Management

Volksbank Raiffeisenbank Fürstenfeldbruck eG,

Fürstenfeldbruck

MICHAEL REITZ

Member of the Board of Management

Volksbank Sauerland eG,

Arnsberg

CARLO SEGETH

Chairman of the Board of Management

Bank 1 Saar eG,

Saarbrücken

HANS-CHRISTIAN REUß

Member of the Board of Management

Volksbank Kassel Göttingen eG,

Kassel

ROLAND SEIDL

Member of the Board of Management

meine Volksbank Raiffeisenbank eG,

Rosenheim

REMO TEICHERT

Member of the Board of Management

Volksbank Dresden-Bautzen eG,

Dresden

DR EKKEHARD THIESLER

Chairman of the Board of Management

Bank für Kirche und Diakonie eG – KD Bank,

Dortmund

MARK UHDE

Member of the Board of Management

Volksbank eG Braunschweig Wolfsburg,

Wolfsburg

DIVISIONS OF DZ PRIVATBANK

BUSINESS RISK & B2C-MANAGEMENT

Georg Röder

SUSTAINABILITY (CSR)

Corinna Frank

COMPLIANCE/MONEY LAUNDERING/DATA PROTECTION/INFORMATION SECURITY & RISK

Christian Brüne

OPERATIONS/SERVICES

Ayhan Güler

FUND SERVICES
BUSINESS DEVELOPMENT/CLIENTS

Silvia Mayers

ORGANISATION/IT/ADMINISTRATION

Alexander Neumann

FUND ADMINISTRATION DEPOSITARY

Ulrich Juchem

HUMAN RESOURCES

Anja Kayser-Cieciora

FUND SERVICES KVG SERVICES / REGTA / DATA & PROCESSES

Marco Onishchenko

PORTFOLIO MANAGEMENT

Barbara Landau

BUSINESS AREA DEVELOPMENT AND PROCESSES PRIVATE BANKING & LUXCREDIT

Alexander Stoll

PROJECT PORTFOLIO MANAGEMENT

Esther Kaminski (com.)

GROUP STRATEGY, COMMITTEES & MARKETING

Dr Dominique Lammer

LAW / CLIENT TAXES

Bernd Wagner

INTERNAL AUDIT

Axel Rau

TREASURY/BROKERAGE

Thomas Gehlen

CREDIT RISK MANAGEMENT

Christian Deisenhofer

CORPORATE PLANNING

Dr Christian Elbert

SALES VRB & ADVISORY MANAGEMENT

n.n.

WEALTH MANAGEMENT

Mathias Semar

PRIVATE BANKING & LUXCREDIT SALES

n.n.

MANDATES OF THE BOARD OF MANAGEMENT

Peter Schirmbeck	**Mandate**	**Company**
Chairman of the Board of Management DZ PRIVATBANK S.A.	Chairman of the Board of Directors	DZ PRIVATBANK (Schweiz) AG
	Member of the Board of Directors	GENO-Pensionsfonds (assep)

Stefan Bielmeier	**Mandate**	**Company**
Member of the Board of Management DZ PRIVATBANK S.A.	Chairman of the Board of Directors	GENO-Pensionsfonds (assep)

Dr Frank Müller	**Mandate**	**Company**
Member of the Board of Management DZ PRIVATBANK S.A.	Member of the Board of Directors	DZ PRIVATBANK (Schweiz) AG
	Chairman of the Supervisory Board	IPConcept (Luxemburg) S.A.
	Chairman of the Board of Directors	IPConcept (Schweiz) AG
	Member of the Board of Directors	GENO-Pensionsfonds (assep)

AUDIT OPINION

To the Board of Management of

DZ PRIVATBANK S.A.

Report on the audit of the annual financial statements

Our audit opinion

In our opinion, the accompanying annual financial statements give a true and fair view of the financial position of DZ PRIVATBANK S.A. (the "Bank") as of 31 December 2023 and of its financial performance and its cash flows for the financial year ending on this date in accordance with the IFRS accounting standards as adopted by the European Union.

What has been audited

The annual financial statements of the Bank comprise the following:

- the balance sheet as at 31 December 2023;
- the statement of comprehensive income for the financial year ending on that date;
- the statement of changes in equity for the financial year ending on that date;
- the cash flow statement for the financial year ending on that date;
- the Annex, including key information on accounting methods and other explanatory information.

Basis of the audit opinion

We performed our audit in accordance with the EU Regulation No. 537/2014, the Audit Law of 23 July 2016 ("Law of 23 July 2016") and the International Standards on Auditing ("ISA") which are accepted for Luxembourg by the Commission de Surveillance du Secteur Financier ("CSSF"). Our responsibility under EU Regulation No. 537/2014, the Law of 23 July 2016 and the ISAs adopted for Luxembourg by the CSSF are further described in the section "Responsibility of the auditor for the audit of the annual financial statements".

In our opinion, adequate and appropriate evidence has been provided to arrive at an auditor's opinion.

We are independent of the Bank as required for conformity with the "International Code of Ethics for Professional Accountants, including International Independence Standards" issued by the "International Ethics Standards Board for Accountants" (the IESBA Code), and accepted by the CSSF for Luxembourg, and in accordance with the professional rules of conduct which we must adhere to in relation to the annual audit, and we have fulfilled all other professional duties in accordance with these rules of conduct.

We declare, to the best of our knowledge and belief, that we have not provided any non-audit services prohibited under Article 5(1) of EU Regulation No 537/2014.

The non-audit services provided by us to the bank and subsidiary (if applicable), for the year ended on that date, are set out in note 87 to the financial statements.

Particularly important audit matters

Particularly important audit matters are those matters that, in our professional judgement, were of most significance in the audit of the annual financial statements for the current reporting period. These matters were considered in the context of the audit of the annual financial statements as a whole and in forming our opinion about them, and we do not express a separate opinion on these matters.

Particularly important audit matters	How we have addressed key audit matters in our audit
Valuation of shares in subsidiaries	
DZ PRIVATBANK S.A. shows shares in subsidiaries with a book value of EUR 223.1 million (previous year: EUR 194.7) in the balance sheet under the item “Financial assets”, which are accounted for at cost in accordance with IAS 27. Information provided by the Bank on the valuation of shares in subsidiaries is included in the Annex under point 17 “Financial assets”, and a breakdown of the balance sheet item is presented in point 44 “Financial assets” of the annex. The valuation of the share in DZ PRIVATBANK (Schweiz) AG is checked once a year and on an ad hoc basis as part of an internal company valuation. The valuation is determined by the Board of Management on the basis of the expected net cash flows derived from the operating and strategic planning calculations of the subsidiary and discounted at a risk-free interest rate adjusted by a risk premium and a growth factor. The values contained in these plans are based on assumptions for which there are discretionary powers for the Bank's Board of Directors or estimates are required. In particular, current uncertainties regarding future economic development have an impact on these assumptions. In addition, when determining the income value, assumptions must be made, in particular, to derive the return on a risk- and maturity-equivalent alternative investment in order to derive the capitalisation interest rate applicable to the net cash flows of the planning invoice and the growth rate. As part of the audit, we identified this fact as the valuation of the shares in subsidiaries is based to a large extent on assumptions made by the legal representatives, which include estimates or discretionary decisions. Our focus was on the valuation of the share in DZ PRIVATBANK (Schweiz) AG, which as at 31 December 2023 has a book value of EUR 215.1 million and for which we have reviewed the net payment flows underlying the valuation model used and key valuation assumptions while maintaining a critical basic position with regard to their methodological appropriateness and mathematical accuracy. In order to assess the appropriateness of the projected net payment flows, we carried out a historical assessment of the performance and financial performance of DZ PRIVATBANK (Schweiz) AG and	assessed the other parameters and planning preferences in consideration of other supplementary information. In this context, we assessed the reliability of planning loyalty through a history-based target-actual analysis. With regard to the capitalisation rate used or the parameters underlying it, we have investigated whether these are consistent with external sources as well as studies on market risk premiums in Switzerland. In order to assess the appropriateness of the distributable equity included in the planning invoice, we tracked the modelling of capital planning and approved the necessary economic equity in addition to assessing the regulatory capital requirements. As a whole, we have tracked the appropriateness of the income value determined by the Bank on the basis of our own sensitivity calculations.

A reversal in value of EUR 28.4 was carried out in the financial year.

Other information

The Board of Management is responsible for the other information. Other information includes information which can be found in the operations report, but does not include the annual financial statements and our auditor’s report for these annual financial statements.

Our audit opinion in relation to the annual financial statements does not cover other information and we offer no guarantee for this information.

Our responsibility in relation to the audit of the annual financial statements is to read the other information and to assess whether there is a major inconsistency between this and the annual financial statements or the findings obtained from the audit or the other information appears to be otherwise presented in a fundamentally incorrect manner. If we come to the conclusion based on the scope of our work that other information includes fundamentally incorrect statements, we are obligated to report this fact. We have nothing to report regarding this.

Responsibility of the Board of Management for the annual financial statements

The Board of Management is responsible for the drafting and correct overall presentation of the annual financial statements in accordance with the IFRS accounting standards as they are applicable in the European Union and for any internal checks which it deems necessary in order to enable the annual financial statements to be drawn up in such a way that they are free from significant intentional or unintentional misrepresentations.

In preparing the annual financial statements, the Board of Management is responsible for assessing the ability of the Bank to continue to operate and, where relevant, to provide information on matters relating to the continuation of operations, and to use the assumption of going concern as the basis for the accounting, unless the Board of Management intends to liquidate the Bank, cease operations or has no other realistic alternative than to do so.

Responsibility of the auditor for the audit of the annual financial statements

The aim of our audit is to obtain reasonable assurance as to whether the annual financial statements are on the whole free from significant inaccuracies, whether due to fraud or error, and to award an audit certificate representing our audit opinion. Reasonable assurance equates to a high level of certainty, but it does not represent a guarantee that an audit conducted in accordance with EU Regulation No. 537/2014, the Law of 23 July 2016 and the ISAs that have been accepted for Luxembourg by the CSSF will always reveal any material misrepresentation. Incorrect information may result from errors or violations and is viewed as material if it can reasonably be assumed that it could influence, either individually or overall, any economic decisions made on the basis of these annual financial statements.

In accordance with EU Regulation No. 537/2014, the Law of 23 July 2016 and the ISAs accepted for Luxembourg by the CSSF, we apply due discretion and maintain a critical attitude during the performance of any audit. In addition:

- we identify and assess the risk of material inaccuracies in the annual financial statements resulting from errors or violations, we plan and execute audit operations in response to these risks, and we obtain audit evidence which is adequate and appropriate to serve as the basis for the audit assessment. The risk that material misinformation is not disclosed is greater in the case of violations than inaccuracies, since violations may involve fraudulent collaboration, falsification, intentional discrepancies, misleading information or the disabling of internal controls;

- we gain an understanding of the internal control system that is relevant to the audit in order to plan audit operations which are appropriate under the given circumstances, but not with the aim of delivering an audit opinion regarding the efficacy of the Bank's internal control system;

- we assess the appropriateness of the accounting policies applied by the Board of Management, of the accounting estimates made, and of the corresponding information that is provided in the notes to the accounts;

- we draw conclusions on the appropriateness of the application of going-concern accounting policy by the Board of Management and, on the basis of the audit evidence obtained, whether there is material uncertainty in connection with events or situations which could reveal serious doubts in the ability of the Bank to continue in operation. Should we conclude that there is any material uncertainty, we are obliged to point out the relevant details from the notes to the annual financial statements on our audit certificate or, if the information is inappropriate, to modify the audit opinion. These conclusions are set out on the basis of the audit evidence obtained up to the date of the audit certificate. Future events or circumstances may, however, mean that the Bank can no longer continue in business activities.

- We assess the overall presentation, the structure and content of the annual financial statements, including the notes to the accounts, and we assess whether this accurately describes the underlying business operations and events.

We communicate with those responsible for supervision concerning such matters as the planned scope of the audit and the period covered as well as any material audit conclusions including significant weaknesses of the internal control system identified by us during the audit.

We have made a statement to those responsible for monitoring that we have complied with the relevant independence requirements and discussed with them all relationships and other matters that can reasonably be assumed to threaten our independence and, where relevant, the measures to eliminate those threats or the protective measures applied.

Of the matters discussed with those responsible for monitoring, we determine those matters that were of most significance in the audit of the annual financial statements of the current reporting period to be key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure of the matter.

Report on other legal and regulatory requirements

The operations report is consistent with the annual financial statements and meets the applicable legal requirements.

We were appointed as approved statutory auditors by the Supervisory Board on 12 March 2021 and the continuous term of office, including previous extensions and reappointments, is three years.

PricewaterhouseCoopers, Société coopérative Luxembourg, 7 March 2024

Represented by

Björn Ebert

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DUSSELDORF

FRANKFURT

HAMBURG

HANOVER

MUNICH

NUREMBERG

STUTTGART

LUXEMBOURG

ZURICH

Legal form: Societé Anonyme

DZ PRIVATBANK is the cooperative private bank of the Volksbanken Raiffeisenbanken and specialises in private banking, fund services and loans in all common currencies. We offer our customers service-driven and cooperative values such as partnership, stability and security.