Independent auditor's report

To DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main

Report on the audit of the consolidated financial statements and of the group management report

Opinions

We have audited the consolidated financial statements of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, and its subsidiaries (the Group), which comprise the consolidated income statement and consolidated statement of comprehensive income for the financial year from 1 January 2018 to 31 December 2018, and the consolidated balance sheet as at 31 December 2018, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January 2018 to 31 December 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, for the financial year from 1 January 2018 to 31 December 2018.

In our opinion, on the basis of the knowledge obtained in the audit,

– the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB ["Handelsgesetzbuch": German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2018 and of its financial performance for the financial year from 1 January 2018 to 31 December 2018, and
– the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and

German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the consolidated financial statements and on the group management report.

Key audit matters in the audit of the consolidated financial statements

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January 2018 to 31 December 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

1. Recognition and measurement of the restructuring provision in connection with the "Verbund First 4.0" programme

Reasons why the matter was determined to be a key audit matter

In connection with the "Verbund First 4.0" strategy presented by the Board of Managing Directors of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main (DZ BANK), in financial year 2018, a socially acceptable reduction in headcount for 2020 and subsequent years was announced. Following discussion in the Supervisory Board, this was communicated at an employee meeting.

As of the reporting date, the Board of Managing Directors of DZ BANK recognised a restructuring provision for the headcount reduction. In light of the material significance and the use of judgement, the recognition and measurement of the restructuring provision was a key audit matter.

Auditor's response

Under IAS 37, a restructuring provision can only be recognised if there is a present legal or constructive obligation which will lead to a probable outflow of resources whose amount can be reliably estimated. On the basis of the negotiation documents available (e.g., memorandum of understanding and the current redundancy plan) and communication with the workforce, the central works council and the Supervisory Board, and drawing on past experience of previous restructuring programmes, we assessed whether a present obligation exists in the financial year and whether an outflow of resources is probable. In addition, on the basis of the planning documents provided we examined whether the obligation can be estimated reliably (audit of the basis for the provision).

We also assessed the measurement of the restructuring provision in relation to the requirements of IAS 37 (audit of the amount of the provision). In so doing, we obtained an understanding of the forecast provided with regard to the underlying assumptions such as the planned utilisation and costs for each headcount reduction model and compared it with the Group's past experience from previous restructuring programmes.

Our procedures did not lead to any reservations relating to the recognition and measurement of the restructuring provision in connection with the "Verbund First 4.0" programme.

Reference to related disclosures

With regard to the recognition and measurement policies applied for the restructuring provision, we refer to the information provided in the note 26 of the notes to the consolidated financial statements; for explanations about the “Verbund First 4.0” programme and the related restructuring measures we refer to the information in section I.1 of the group management report.

2. Measurement of home savings provisions

Reasons why the matter was determined to be a key audit matter

Home savings provisions primarily comprise provisions for loyalty bonuses and interest bonuses granted under certain scales by the group company Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall (BSH). The amount of the provisions to be recognised is determined on the basis of the results of the collective simulation (building society forecast). The determination of the underlying probabilities of customer behaviour (e.g., claiming of a loyalty bonus) is based on assumptions relating to the savers’ future behaviour on the basis of historical data and the forecast capital market rate; these assumptions have a significant effect on the measurement of the provisions. The amount of the provisions thus determined is tested for plausibility by reference to a supplementary expiry simulation using expert estimates of the effect of measures to reduce claims of loyalty and interest bonuses. The forecast quality of the collective simulation model is tested annually during the validation process, by, among other things, backtesting.

In light of the complexity of the simulation models and the necessary use of assumptions and estimates subject to uncertainty with a significant effect on the amount of the provisions, the measurement of home savings provisions was a key audit matter.

Auditor’s response

We assessed the design and operating effectiveness of the internal control system with regard to the process for determining the amount of the provisions for loyalty bonuses and interest bonuses granted under certain scales.

We checked the methodology and the clerical accuracy of the calculations of the amount of the provisions on the basis of the results of the collective simulation. In so doing, we examined the model used to determine whether the significant estimation inputs are included in the model and whether the model chosen with the related model assumptions appropriately determines the provision amounts within the scope of estimation accuracies customary in the industry for mathematically similar models.

We also checked the expert estimate obtained by the Institution’s Board of Managing Directors about the effectiveness of the measures to reduce claims of loyalty and interest bonuses and their consideration in the building society simulation model.

In order to validate the estimation inputs, we analysed the Group’s current calculations by reference to historical data and the periods used and their weighting in the model by comparing the results of the current validation report with the inputs estimated in previous years, allowing for the historical forecast accuracy.

For these reviews of the building society simulation model, we used specialists in the audit team who have particular expertise in the area of building society mathematics.

Our procedures did not lead to any reservations relating to the measurement of the home savings provisions.

Reference to related disclosures

Information on the measurement of home savings provisions is provided in note 26 of the notes to the consolidated financial statements.

3. Measurement of the gross provision for claims outstanding

Reasons why the matter was determined to be a key audit matter

The gross provision for claims outstanding includes the provisions for known claims from direct non-life business and reinsurance business and the provision for unknown direct non-life claims of the R+V Subgroup; they are measured in accordance with IFRS 4.13 and Sec. 341g HGB.

The measurement of the gross provision for known claims requires estimates and entails uncertainties. With regard to the valuation of direct non-life insurance, this relates in particular to the assumptions made by the Board of Managing Directors of the Subgroup about the future claims rate trend on the basis of knowledge of the settlement of similar claims.

In reinsurance, the estimates are primarily based on the instructions of the competent functional department on policy level, the related segment settlement patterns from the actuarial claims forecast and the respective terms of the insurance policy and on the previous year's estimates and the actual settlement. Uncertainties arise in particular in assessing the occurrence and amount of major claims and in the event of differences in the interpretation of legal and contractual bases.

The gross provision for unknown claims from direct non-life business is calculated using an actuarial method, which also requires estimates, especially of the expected number and indemnification amount for late claims, determined on the basis of a historical observation period of 5 years, or 15 years in some cases.

The gross provision for claims outstanding is a major liability item in the consolidated balance sheet. In light of the large number of individually valued claims and the necessary use of judgement and estimates, the measurement of the gross provision for outstanding claims was a key audit matter.

Auditor's response

We examined the gross provision for known claims from direct non-life business and from reinsurance business by reference to the processing of individual claims to determine whether the process for processing and provisioning claims – from the notice of claims to the accounting for claims in the consolidated balance sheet – is appropriately designed so as to ensure complete and correct recognition. We tested the design and operating effectiveness of selected controls which are in place.

In addition, for a risk-based sample of direct non-life claims, we examined whether the provisions recognised for known claims are sufficient on the basis of the information and insights available as at the reporting date. Furthermore, with the aid of data analytics, we analysed the quality of data underlying this claims provision by examining the sum and age structure of the individual claims.

To assess the adequacy of the measurement of the gross provision for known and unknown claims from reinsurance business, we analysed the actuarial estimation techniques used and examined a risk-based sample of individual claims provisions. In addition, we analysed the mis-estimation (difference between the original invoices actually received in the following year and the estimated values recognised in the previous year).

In direct non-life insurance, we also analysed the claims ratios and claims averages by referring to multiple-year comparisons in order to identify any anomalies in the measurement.

For our audit of the measurement of the gross provision for unknown direct non-life claims we examined the data used in the calculation in the form of the claims register for completeness and analysed and examined the adequacy of the calculations for the underlying expected extrapolated future claims figures. In addition, we examined the procedure for determining estimates of expected indemnification amounts to identify whether judgement was used within a plausible range to determine indemnification amounts.

Furthermore, to assess the adequacy of the measurement of the gross provision for known and unknown claims from direct non-life business and from reinsurance business, we performed our own claims forecasts on the basis of statistical methods and used our best estimate for each type of claim as a benchmark for assessing the measurement of the aggregated individual provisions.

We used our own actuaries in the course of our audit.

Our procedures did not lead to any reservations relating to the measurement of the gross provision for outstanding claims.

Reference to related disclosures

Information on the measurement of the gross provision for outstanding claims is provided in note 11 of the notes to the consolidated financial statements.

4. Measurement of the gross benefit reserve allowing for the interest rate obligations entered into in respect of insured persons

Reasons why the matter was determined to be a key audit matter

The measurement of the gross benefit reserve for life insurance policies takes into account the obligations of the various subgroup entities to policyholders. The gross benefit reserve is determined in accordance with IFRS 4.13 in conjunction with Sec. 341f HGB and Sec. 25 RechVersV ["Verordnung über die Rechnungslegung von Versicherungsunternehmen": German Insurance Accounting Directive] in accordance with regulatory requirements and contains a range of assumptions about biometrics (including mortality or longevity and occupational incapacity), contract settlement (cancellation and lump-sum payment rates), and on costs and interest rates for insurance liabilities.

In accordance with Sec. 341e (1) HGB, the various subgroup entities are required to recognise technical reserves also to the extent deemed necessary according to prudent business judgement to ensure that insurance liabilities may be fulfilled at all times.

In particular, the interest rate obligations entered into in respect of insured persons must be considered in accordance with Sec. 341f (2) HGB in conjunction with Sec. 5 (3) and (4) DeckRV ["Deckungsrückstellungsverordnung": German Benefit Reserve Ordinance] in recognising the gross benefit reserve if the current or expected income from the assets of the various subgroup entities is not sufficient to meet these obligations. This leads to recognition of a supplementary change-in-discount-rate provision, as part of the gross benefit reserve, which comprises the supplementary change-in-discount-rate reserve (new policies) and an addition to the discount rate reserves (existing policies). Options exist and judgement is used in this process; for the supplementary change-in-discount-rate reserve, this relates in particular to assumptions about policyholder behaviour, while for the addition to the discount rate reserves it relates to the determination of the regulatory requirements to be met.

In light of the estimation processes and the related use of judgement and given the amount, the measurement of the gross benefit reserve in conjunction with the interest rate obligations entered into in respect of insured persons was a key audit matter.

Auditor’s response

During our audit we walked through the process for determining the gross benefit reserve (including the supplementary change-in-discount-rate provision) and assessed and tested the design and operating effectiveness of selected controls implemented in this process. The tested controls cover, among other things, the completeness and correctness of the portfolio.

In addition, we performed analytical and substantive procedures. For example, we developed our own expectation by extrapolating the gross benefit reserve on the basis of the profit allocations of recent years and the current development of the portfolio and compared this expectation with the reported values. In addition, we recalculated the gross benefit reserve and the supplementary change-in-discount-rate provision for selected subportfolios or policies. In addition, we performed ratio and time series analyses in order to analyse the development of the gross benefit reserve overall and for subportfolios or components thereof over time.

In order to audit the adequacy of the calculation assumptions used to calculate the gross benefit reserve, especially in respect of the options allowed under commercial law for the calculation of the supplementary change-in-discount-rate reserve, we critically appraised the derivation of the calculation assumptions on the basis of the historical and current portfolio development, profit allocation and the future expectation of the subgroup’s Board of Managing Directors regarding policyholder behaviour. When assessing the adequacy of the calculation assumptions used, we referred in particular to the recommendations and publications of DAV e.V. and BaFin [“Bundesanstalt für Finanzdienstleistungsaufsicht”: German Federal Financial Supervisory Authority].

In addition, we examined whether an addition to the discount rate reserve in the relevant portfolio was in accordance with the approved business plans and notifications pursuant to Sec. 143 VAG [“Versicherungsaufsichtsgesetz”: German Insurance Supervision Act] and in compliance with the other regulatory requirements. We assessed changes in the valuation inputs by referring to the historical actuarial data of recent years. Furthermore, we analysed and tested the plausibility of the addition to the discount rate reserve – also on the level of subportfolios – by comparing data from multiple years.

In addition, we critically reviewed the explanatory report and the adequacy report of the responsible actuary of the various subgroup entities and the results of the annual forecast in accordance with the requirement of BaFin to determine whether all risks with regard to the adequacy of the calculation assumptions and the ability to fulfill insurance policies at all times were considered in measuring the benefit reserve.

We used our own actuaries in the course of our audit.

Our procedures did not lead to any reservations relating to the measurement of the gross benefit reserve including the interest rate obligations.

Reference to related disclosures

Information on the recognition and measurement of the gross benefit reserve is provided in note 11 of the notes to the consolidated financial statements.

5. Calculation of specific allowances for the DVB Subgroup's Shipping and Offshore loan portfolios

Reasons why the matter was determined to be a key audit matter

Valuation of the loan portfolios and the resulting estimate of any necessary specific loan loss allowances constitutes a significant area of management judgement. The identification of impaired loans and determination of an appropriate specific loan loss allowance loss entail uncertainties and involve various assumptions about factors, in particular the financial situation of the counterparty, expectations of future cash flows, observable market prices and expectations of net sales prices.

During our audit, the calculation of specific allowances for the DVB Subgroup's Shipping and Offshore loan portfolios within the customer lending volume was a key audit matter because together the two portfolios make up a significant share of DZ BANK Group's total customer lending volume and the market conditions in these areas are persistently negative. In light of these uncertainties, judgements involved in determining assumptions for valuing the portfolios can have a significant effect.

Auditor's response

Our audit comprised an assessment of the design and operating effectiveness of the internal control system with regard to the key accounting-related lending processes. In doing so, we focused on the processes for calculating impairments, including the inputs used.

We also performed substantive procedures on a sample basis to assess the adequacy of the specific allowances in a test of details. We selected the sample with a view to risk. It included, in particular, watchlist loans and loans in problem loan processing in the Shipping and Offshore loan portfolios.

We obtained an understanding of the significant assumptions used in the impairment process during the audit. This included reviewing the individual estimates of the expected future cash flows from customers, including the cash flows from the realisation of loan collateral. The effects of deferral agreements were taken into account in this respect. We used external appraisals by experts appointed by the Board of Managing Directors of the DVB Subgroup in our audit. We obtained an understanding of the assumptions used in these appraisals and appraised the adequacy of the valuation method used. We assessed the competence and objectivity of these experts as part of our audit.

In connection with the valuation of DVB's Shipping and Offshore portfolios, we liaised with the subgroup auditor, sending audit instructions to DVB's subgroup auditor about risk classification and the audit approach, especially in relation to the valuation of the Shipping and Offshore portfolios. In addition, we were informed of the current status of the audit in regular meetings and reviewed a selection of the subgroup auditor's working papers.

Our audit procedures did not lead to any reservations relating to the valuation of the Shipping and Offshore loan portfolios.

Reference to related disclosures

Information on the valuation of the loan portfolios (including DVB's Shipping and Offshore portfolios) are contained in notes 2, 5 and 83 of the notes to the consolidated financial statements and in section 8.7.3. in the "Combined opportunity and risk report of DZ BANK and DZ BANK Group" chapter of the group management report.

6. Calculation of loss allowances for financial instruments not in default (stage transfer criterion)

Reasons why the matter was determined to be a key audit matter

The loss allowances on financial instruments not in default have been measured in accordance with IFRS 9 for the first time since 1 January 2018. This involves replacing the incurred loss model under IAS 39 with an expected loss model.

Impairments of financial instruments not in default measured at amortised cost or at fair value through other comprehensive income are now accounted for either at an amount equal to the 12-month expected credit loss (stage 1) or, if there has been a significant increase in credit risk since initial recognition, at an amount equal to the lifetime expected credit loss (stage 2).

In this context, in particular setting the criteria for determining a significant increase in credit risk (allocation to stage 2) is subject to judgement.

Given that the criteria for determining a significant increase in credit risk (hereinafter also referred to as “stage transfer criterion”) were set for the first time and given the related use of judgement and the volume of financial instruments not in default for which loss allowances are to be recognized under IFRS 9, we consider the calculation of the loss allowances for financial instruments not in default to be a key audit matter.

Auditor’s response

During our audit, we assessed the stage transfer criterion developed by the Group and its key assumptions for conformity with IFRS 9 requirements.

We assessed the design and operating effectiveness of the internal control system as it relates to stage allocation. In doing so, we focused particularly on the procedures and controls in place for loan origination (determination of the original credit risk) and for loan monitoring (determination of the current credit risk).

We performed substantive analytical procedures on the basis of a data extract for a risk-based selection of significant stage 1 and stage 2 portfolios. In this connection, we obtained an understanding of the allocation to stage 2 according to quantitative criteria (change in credit risk since initial recognition) and qualitative indicators (e.g., days past due, watchlist, forbearance). In risk-based samples, we assessed the significant anomalies, in particular in view of the stage allocation.

Our procedures did not lead to any reservations relating to the calculation of the loss allowances for financial instruments not in default (stage transfer criterion).

Reference to related disclosures

Information about the stage transfer criterion is provided in note 83 of the notes to the consolidated financial statements under credit risk management practices.

Other information

The Supervisory Board is responsible for the report of the Supervisory Board. In all other respects, the executive directors are responsible for the other information. The other information comprises the responsibility statement pursuant to Sec. 289 (1) Sentence 5 HGB and the non-financial statement. Additionally, it comprises other parts of the annual report of which we received a version before issuing this auditor's report, including the letter to the shareholders and the report of the Supervisory Board.

Our opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

– is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or
– otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the executive directors and the Supervisory Board for the consolidated financial statements and the group management report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The Supervisory Board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's responsibilities for the audit of the consolidated financial statements and of the group management report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also:

– Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
– Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems.
– Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
– Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
– Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to Sec. 315e (1) HGB.
– Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

– Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with [German] law, and the view of the Group's position it provides.
– Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Further information pursuant to Art. 10 of the EU Audit Regulation

We were elected as group auditor by the Annual General Meeting on 30 May 2018. We were engaged by the Supervisory Board on 14 June 2018. We have been the group auditor of DZ BANK AG Deutsche Zentral-Genossenschaftsbank without interruption since financial year 2002.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Institution or entities controlled by it the following services that are not disclosed in the consolidated financial statements or in the group management report: reviews of interim financial statements, voluntary audits of the annual financial statements of controlled entities, project-based reviews and audit of reporting requirements and rules of conduct pursuant to Sec. 36 (1) WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act] (prior to revision) and Sec. 89 (1) WpHG (revised), including the audit of custody operations, issuance of comfort letters, certificates pursuant to Sec. 5 InvStG ["Investmentsteuergesetz": German Investment Tax Act], agreed-upon procedures pursuant to ISRS 4400, reviews pursuant to ISRE 2410 and IDW AuS 900, assurance engagements relating to the internal control system at service organisations pursuant to IDW AsS 951 and ISAE 3402, audits of single financial statements or elements thereof in accordance with IDW AuS 490, other assurance engagements pursuant to ISAE 3000, reviews of financial investment brokers pursuant to IDW AsS 840, assurance engagements relating to compliance management systems pursuant to IDW AsS 980. In addition, permitted non-audit services in the form of tax and other advisory services for DZ BANK and its controlled entities (organisational or professional support for quantitative and qualitative data requests from supervisory authorities and in connection with regulatory reports, provision of information in connection with current and planned legislative amendments and events for employees of DZ BANK Group, review of specialist designs for new accounting topics, support services in connection with the digitalisation of product processes, preparation of certificates for foreign tax purposes, support with regard to new or amended tax reporting or documentation requirements, review of tax returns and tax brochures, tax due diligence services).

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Christian Mai.

Eschborn/Frankfurt am Main, 7 March 2019

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Freiling	Mai
Wirtschaftsprüfer	Wirtschaftsprüfer