



Uwe Fröhlich (left) and Dr. Cornelius Riese, Co-Chief Executive Officers

Dear Shareholders,

Despite continuing challenges, we can be very satisfied with our business performance in the year to date. In the first half of 2023, the DZ BANK Group generated a profit before taxes of €1.95 billion, which represented a significant year-on-year increase (first half of 2022: €938 million).

Although the shift in interest-rate policy has fundamentally improved the business environment for financial services providers, high inflation, the restrictive monetary policy that the major central banks have therefore had to adopt, and the uncertainty about energy supplies in Germany are acting as a brake on the economy. In its latest forecast, the International Monetary Fund (IMF) now predicts that the German economy will shrink by 0.3 percent this year, putting it at the bottom of the list compared with other European countries. Nonetheless, the entities in the DZ BANK Group delivered a good operating performance against the backdrop of a still unremarkable risk situation. This was thanks to our customers' confidence in our abilities and to our close collaboration with the local cooperative banks.

Customer business was brisk overall at DZ BANK – central institution and corporate bank, where sales of capital market products to corporate customers were particularly buoyant. Demand was especially high for interest-rate hedging, money market business, currency transactions, and securitizations, contributing to the very good results of the Capital Markets business line. Sales of investment certificates and interest-rate products to retail customers saw a further sharp rise. The central institution and corporate bank also maintained its robust performance in the Transaction Banking business line, which included an increase in the number of payments processing transactions handled.

Business was also largely satisfying at the group entities in the other segments. For example, R+V Versicherung returned to reporting a positive contribution to earnings. This was due to the good level of customer business, the very healthy net gain on investments held by insurance companies on the back of the recovery of the capital markets, and a level of claims that has been unremarkable so far. Bucking the industry trend, Union Investment was able to generate high inflows and maintain its leading position in mutual funds. It also reported a good level of profit before taxes for the first six months of the year. Following the strategic realignment in private banking, DZ PRIVATBANK continued along its growth trajectory, achieving steady rises in contributions to earnings.

These encouraging results for the first half of the year reflect the dedication and hard work of all our employees. On behalf of the entire Board of Managing Directors, we would like to express our gratitude and appreciation to them.

The key results in detail:

At €1.86 billion, the **net interest income** of the DZ BANK Group was significantly higher than the figure for the prior-year period (first half of 2022: €1.48 billion). This was primarily thanks to healthy customer business at the central institution and corporate bank. There was also an accounting-related shift – not affecting overall profit or loss – from gains and losses on trading activities to net interest income. **Net fee and commission income** held steady at €1.31 billion (first half of 2022: €1.36 billion), primarily reflecting the consistently good level of inflows at Union Investment. The central institution and corporate bank saw an increase in brokerage expenses due to the success of sales activities in the year to date. **Gains and losses on trading activities** amounted to a net gain of €293 million (first half of 2022: net gain of €359 million), indicating the very healthy customer business at the central institution and corporate bank. The net gain was also boosted by IFRS-related valuation effects. **Gains and losses on investments** improved to a net loss of €8 million (first half of 2022: net loss of €53 million). The figure for the prior-year period had been weighed down by losses on the disposal of bonds at Bausparkasse Schwäbisch Hall and of own-account investments at Union Investment. **Other gains and losses on valuation of financial instruments** deteriorated to a net gain of €63 million (first half of 2022: net gain of €105 million). This can be explained by negative valuation effects at the central institution and corporate bank. **Net income from insurance business** improved markedly to €745 million (first half of 2022: net expense of €178 million). This key figure had been heavily affected by the net loss under gains and losses on investments held by insurance companies at R+V Versicherung in the prior-year period. **Loss allowances** were on a par with the low level seen in the first half of the previous year, with net additions of €52 million (first half of 2022: net addition of €60 million). **Administrative expenses** came to €2.32 billion (first half of 2022: €2.24 billion).

The DZ BANK Group's capital situation improved markedly following an accounting-related decline in 2022. As a result of the introduction of IFRS 17 for equity and liabilities at R+V Versicherung, the common equity Tier 1 capital ratio rose to 15.6 percent as at June 30, 2023 (December 31, 2022: 13.7 percent). Our successful placement of €1.1 billion of AT1 bonds also helped to strengthen our capital base.

Given the good level of capital, we will propose the distribution of a dividend of 20 cents per share to our shareholders at an Extraordinary General Meeting to be held in the fourth quarter.

In view of the positive course of business so far, we are raising our forecast and anticipate that our profit before taxes for 2023 will be above €2.5 billion.

As part of the refinement of our strategy, we are setting ourselves ambitious goals. For example, we have expanded our sustainability targets across the group and, at DZ BANK AG, have defined specific decarbonization pathways for five carbon-intensive sectors. We believe we can make the greatest difference by providing funding for activities aimed at achieving net-zero emissions, and we are already among the leading financial institutions in sustainability-related areas of business.

At the same time, we are working on projects that will secure our long-term success. We are driving the digitalization of existing business models and processes, contributing to strategic initiatives involving the entire cooperative financial network, and developing our own solutions for smart data, blockchain, and AI technologies. In this context, we are planning to go live with a crypto-depositary platform for institutional customers by the end of the year. The implementation of these and other projects calls for a lot of hard work and significant investment. We have the necessary capital base and expertise, but are also keeping a close eye on costs. And we regard unlocking potential for greater efficiency in the DZ BANK Group and in the individual entities as an ongoing task.

The positive course of business in the first half of this year is a reflection of the courage, perseverance, and confidence in the strength of our cooperative financial network and the long-term success of our strategy. Secure in this knowledge, we can tackle the tasks and challenges that lie ahead.

Kind regards,



Uwe Fröhlich
Co-Chief Executive Officer



Dr. Cornelius Riese
Co-Chief Executive Officer