Dr. Cornelius Riese, Chief Executive Officer

Dear Shareholders,

The DZ BANK Group generated a very good profit before taxes of €1.71 billion in the first half of 2024. Our banking group was thus able to almost match the momentum of the successful prior-year period (first half of 2023: €1.93 billion) and continue along its growth trajectory. This was thanks to healthy customer business in the group entities and to our collaborative partnership with the local cooperative banks.

Nevertheless, the economic conditions remained challenging and the German economy stagnated despite improved sentiment at the start of the year. Industry, in particular, continues to feel the effects of muted global demand. Moreover, companies were reluctant to invest in view of higher interest rates, geopolitical risks, and uncertainty about the direction of Germany's economic policy. Although inflation has eased compared with 2023, the wage-intensive services sector is still experiencing significant upward price pressures.

By contrast, equity markets continue to soar, with companies' robust earnings and the prospect of interest-rate cuts pushing them to record highs. This can also be seen from the continuing growth in volume and a substantial contribution to earnings from Union Investment. R+V Versicherung delivered a strong business performance too, partly thanks to a healthy net gain under gains and losses on investments held by insurance companies.

The DZ BANK Group's banking business was also encouraging. DZ HYP's business performance was stable even though the market as a whole stagnated. DZ PRIVATBANK achieved a further increase in inflows in its fund business, thereby cementing the income uptrend of recent years. DZ BANK – central institution and corporate bank also performed well. Its year-on-year decline was largely attributable to IFRS-related effects on the valuation of own issues. Although companies' reluctance to invest is becoming increasingly apparent in demand for lending, it maintained its strong position in Corporate Banking. Sales of capital market products to corporate customers remained buoyant, however. Demand for money market products continues to be especially robust. In the Capital Markets business line, business with institutional customers – particularly underwriting business – was very successful. The bank secured a number of major client accounts with supranational institutions during the first half of the year. Within the Transaction Banking business line, there was growth in payments processing, credit card sales, and custody business.

These encouraging results reflect the significant commitment of all employees. On behalf of the entire Board of Managing Directors, I would like to express my gratitude and appreciation to them.

The key results in detail:

At €2.36 billion, the **net interest income** of the DZ BANK Group was significantly higher than the figure for the prior-year period (first half of 2023: €1.86 billion). This was thanks to healthy customer business, notably at the central institution and corporate bank and at Bausparkasse Schwäbisch Hall. Furthermore, there were positive accounting-related effects on net interest income, with a countervailing negative impact on gains and losses on trading activities. **Net fee and commission income** rose to €1.57 billion (first half of 2023: €1.31 billion). This was primarily due to robust inflows at Union Investment on the back of favorable conditions in the equity markets. **Gains and losses on trading activities** deteriorated to a net loss of €473 million owing to negative effects on the valuation of own issues at the central institution and corporate bank (first half of 2023: net gain of €293 million). There were also negative accounting-related effects that had a countervailing positive impact on net interest income. Trading business itself was on a par with the good level of the prior-year period. **Gains and losses on investments** improved to a net gain of €12 million (first half of 2023: net loss of €8 million). Valuation effects meant that **other gains and losses on valuation of financial instruments** improved to a net gain of €112 million (first half of 2023: net gain of €63 million). At €510 million, **net income from insurance business** was at a very good level but down year on year (first half of 2023: €723 million) because the figure for the prior-year period had benefited from very favorable movements in the capital markets and a low volume of claims. In the period under review, the healthy net gain under gains and losses on investments held by insurance companies contrasted with elevated claims expenses in the non-life and reinsurance businesses. **Loss allowances** amounted to €206 million (first half of 2023: €52 million), predominantly because higher additions were required at TeamBank in view of the weak economic environment. **Administrative expenses** fell slightly to €2.28 billion (first half of 2023: €2.32 billion), primarily due to the absence of the bank levy. By contrast, there was a moderate increase in staff expenses.

The DZ BANK Group's capital adequacy remains very stable, with a common equity Tier 1 capital ratio of 15.7 percent (December 31, 2023: 15.5 percent).

Geopolitical uncertainties are likely to continue to take their toll on the economy as a whole in the remaining months of the year. Although real wages are rising, consumer spending has not yet recovered and industry has not emerged from its weak phase either. Nonetheless, we anticipate a slight rebound during the second half of 2024, although it will not be strong enough to constitute a genuine trend reversal. Our economists are therefore forecasting economic growth of just about zero percent for the year as a whole. The DZ BANK Group performed very well in the first six months of 2024, but uncertainties at geopolitical level and in the markets may increase as the year continues. Against this backdrop, we anticipate that our profit before taxes for 2024 will be within our long-term target range of €2.0 billion to €2.5 billion.

Over the last few years, the DZ BANK Group has substantially strengthened its position as a financial services provider and generated constant growth. Looking ahead, we want to further improve our performance and range of products and services, making sure that they are fit for the future. To this end, we are forging ahead with the digitalization and automation of processes so that we can operate more efficiently and better cater to our customers' needs. We intend to unlock further potential through the use of generative artificial intelligence. Last year, almost half of our IT budget was channeled into projects for the future. This is already bearing fruit in the form of market innovations, for example. This summer, we demonstrated our expertise in distributed ledger technology (DLT) when we supported the first blockchain-based digital bond to be issued by Germany's KfW development bank. Our cryptodepository platform has been in operation for about a year and has already seen a number of successful transactions. Furthermore, we are intending to work with the first cooperative banks to launch the pilot phase for cryptocurrency trading for retail customers by the end of this year.

At the same time, we are investing strategically in infrastructure. Our new centralized payments processing platform, one of the largest infrastructure projects of recent years, is due to be completed shortly. All cooperative banks have now migrated to it, which means that the Cooperative Financial Network's entire payments processing operations are now combined on one powerful, inhouse platform. This not only creates cost advantages but also paves the way for further innovation and efficiency enhancements in the payments processing business.

Sustainability and demographic change remain among the big issues of this decade. We have now formulated measurable climate targets at group level for over half of our business portfolio and have already provided initial details of our progress in achieving them. And we are seizing the related business opportunities by supporting our customers with their transformation.

The future competitiveness of our cooperative model will also heavily depend on the degree to which we can find and recruit skilled people for our workforce, particularly given the challenges posed by demographic change. We are making sure that we can rise to this challenge with a varied action plan and thanks to the significant efforts of managers and employees who act as ambassadors for our group. The knowledge that this gives us in the area of employer branding and recruitment marketing is being incorporated into the strategic initiatives of the National Association of German Cooperative Banks. We are therefore creating synergies and contributing to the long-term success of our Cooperative Financial Network.

Kind regards,

Dr. Cornelius Riese
Chief Executive Officer