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

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Dear Shareholders,

The DZ BANK Group can look back on 2023 as a very good year. With profit before taxes of €3.2 billion (2022: €2.3 billion), we significantly exceeded our expectations.

We achieved this excellent result in conditions that remained very challenging. Geopolitical risks and conflicts continued to take a heavy toll, weakening the global economic picture and thus depressing the German economy. Facing increased energy costs and a high level of uncertainty, businesses were reluctant to invest. Nevertheless, the capital markets fared well overall. Spurred on by the easing of inflationary pressure, the stock markets in particular reached new highs toward the end of the year. The shift in interest-rate policy also fundamentally improved the business environment for financial services providers.

In these conditions, we advanced our operating business thanks to our customers' confidence in our products and services and to our close collaboration with the local cooperative banks. This was particularly the case for DZ BANK – central institution and corporate bank, which notched up further growth in the Corporate Banking, Capital Markets, and Transaction Banking business lines and once again made a substantial contribution to the overall result. In Corporate Banking, the lending volume rose in Germany and in the Structured Finance division. Sales of investment certificates and interest-rate products to retail customers also reached an all-time high. In Transaction Banking, the central institution and corporate bank also reported record numbers of cards sold and transactions handled.

At R+V Versicherung, a significant improvement in gains and losses on investments held by insurance companies helped it to achieve a high level of profit. Premiums also increased, especially in non-life insurance. Union Investment generated a very satisfying contribution to profits too, also thanks to strong inflows into mutual funds once again. Despite the challenging conditions for real estate, DZ HYP's total volume of finance held steady and it generated a good profit before taxes amid an unremarkable risk situation. Bausparkasse Schwäbisch Hall registered brisk new home savings business and increased its market share yet again. DZ PRIVATBANK's profit before taxes rose sharply. This was primarily thanks to the positive effects of the shift in interest-rate policy, along with higher inflows in private banking and fund services.

The key results in detail:

At €4.33 billion, the **net interest income** of the DZ BANK Group was significantly higher than the figure for 2022 of €3.32 billion. This was primarily thanks to healthy corporate banking business at the central institution and corporate bank. 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** amounted to €2.81 billion, which was on a par with the high prior-year level (2022: €2.75 billion). This was primarily due to robust fund inflows at Union Investment. **Gains and losses on trading activities** deteriorated to a net loss of €175 million (2022: net gain of €823 million) owing to negative accounting-related effects, with a countervailing positive impact on net interest income. In operational terms, however, the central institution and corporate bank's capital markets business continued to perform very well. **Gains and losses on investments** improved to a net loss of €72 million (2022: net loss of €119 million). **Other gains and losses on valuation of financial instruments** increased year on year, amounting to a net gain of €298 million (2022: net loss of €286 million). This can be explained by positive effects in the valuation of guarantee commitments and own-account investing at Union Investment. Thanks to the upturn in the capital markets, **net income from insurance business** improved markedly to €891 million (2022: €276 million). **Loss allowances** amounted to a net addition of €362 million (2022: net addition of €304 million). Inflation and capital expenditure on infrastructure meant that **administrative expenses** rose slightly to €4.60 billion (2022: €4.45 billion).

These very encouraging results are testimony to the dedication and hard work of our employees and, on behalf of the entire Board of Managing Directors, we would like to express our gratitude to them.

The capital adequacy of the DZ BANK Group improved markedly in 2023, with the common equity Tier 1 capital ratio increasing to 15.5 percent as at December 31, 2023 (December 31, 2022: 13.7 percent). This was due to profit retention, careful management of risk-weighted assets and, in particular, the positive impact of the introduction of IFRS 17 at R+V Versicherung. Moreover, we further strengthened our capital base in 2023 by placing AT1 bonds in a volume of €1.1 billion.

It is important to us that our shareholders benefit from the DZ BANK Group's success. In view of our strong business performance, we will propose a dividend of 25 cents per share to the Annual General Meeting. We are delighted to continue the dividend trend of recent years and are raising the dividend range to between 22 and 25 cents per share, depending on the profit for the year.

The prospects for the global economy in 2024 have recently brightened slightly, which should benefit Germany's export-dependent economy too. The rate of inflation is also a source of optimism, having moved back much closer to the target of 2 percent in January. Moreover, most companies are putting in a robust performance and continuing to generate profits, thereby injecting momentum into the equity markets. However, geopolitical developments are still creating considerable uncertainty, which is weighing on consumer spending and companies' propensity to invest. The German economy is likely to be very slow to pick up speed again. Our economists therefore anticipate growth of just 0.5 percent for 2024.

At the start of the new year, we are seeing an encouragingly brisk level of customer business, for example the provision of support for primary market issues. We also see further growth opportunities and want to expand our market presence in all business lines. This will allow us to maintain the positive business performance that we achieved in previous years. We have taken our earnings to a new level and are optimistic that we can keep them there in the long term. In view of this, we are raising our long-term target range for profit before taxes to between €2.0 billion and €2.5 billion.

To achieve our target profit, we refine our business models on an ongoing basis, harnessing business potential in partnership with the cooperative banks and stepping up activities focused on our strategic core priorities. The digitalization of processes and support for the sustainable transformation of the economy remain key tasks for the financial sector. The DZ BANK Group is making good progress in this regard and has set itself groupwide decarbonization targets in a total of seven carbon-intensive industries and updated its business processes. We are also strengthening our market presence and seizing business opportunities. DZ BANK, for example, stepped up the financing of renewable energy projects significantly and is now also a major funding partner internationally in this field. We also maintained our leading market position when it comes to providing support for sustainability-related capital market transactions. Moreover, two DZ BANK Group entities – DZ HYP and Bausparkasse Schwäbisch Hall – recently issued Pfandbriefe classified as green and are thereby supporting the transformation in the commercial and private real estate sector.

In parallel, we are making significant progress on projects of importance for the future. Having gone live with our crypto depository platform for institutional customers, we are aiming to pilot a wallet solution for the cooperative banks' retail customers this year. In payments processing, we are setting new standards with the Request-to-Pay system. As one of the market-leading providers in Germany, we are also closely involved in setting up the European Payments Initiative (EPI) and playing an active role in establishing the digital euro. We can see huge potential in generative artificial intelligence, which we are introducing throughout the entire group in a structured and ambitious manner. At the same time, we are continuing to forge ahead with key platform and infrastructure programs in order to leverage efficiencies even better within our group.

Although we can be very pleased with what we have achieved, we must not get complacent and instead should let it spur us on to continue doing our best going forward. We are optimistic that, in doing so, we will continue to write our growth story.

Kind regards,



Uwe Fröhlich  
Co-Chief Executive Officer



Dr. Cornelius Riese  
Co-Chief Executive Officer