Interim group management report

I DZ BANK Group fundamentals

1 Business model and strategic focus

The business model and strategic focus of the DZ BANK Group are described in detail on page 10 onward of the 2024 group management report. Those disclosures are also applicable to the first half of 2025.

2 Management of the DZ BANK Group

The management of the DZ BANK Group is described in detail on page 21 onward of the 2024 group management report. Those disclosures are also applicable to the first half of 2025.

II Business report

1 Economic conditions

The German economy was heavily influenced by the tariff policy of the United States of America (United States) in the first six months of this year. When the United States announced tariffs on imports of steel and products from the automotive and pharmaceutical industries, as well as reciprocal tariffs, businesses took steps to mitigate the impact of the tariffs by bringing spending forward. This is reflected in the figures for the first quarter of 2025, with March, in particular, seeing an above-average increase in new orders, industrial output, and exports. The German economy as a whole therefore gained some momentum as the year got under way, adding 0.3 percent in the first three months of 2025 compared with the fourth quarter of 2024. This growth came on the back of an overall 0.5 percent decrease in gross domestic product (GDP) in 2024.

Some of the tariffs announced by the United States came into effect in mid-March or at the start of April 2025. For much of the second quarter of 2025, a baseline tariff of 10 percent applied to almost all imports of goods from Germany. Pharmaceutical products were a notable exception. Cars and automotive parts were subject to a 25 percent tariff, while aluminum and steel products initially incurred a 25 percent tariff that rose to 50 percent from June 2025. The growth seen in the first quarter of 2025 slowed in the second quarter due to the adverse impact of these tariffs. In particular, the first quarter of 2025 had still benefited from the effects of spending brought forward, but these had disappeared by the second quarter, acting as a brake on economic growth. Consumers also remained reticent. German GDP declined by 0.1 percent in the second quarter of 2025 compared with the previous quarter.

The eurozone economy also made a favorable start to 2025. In the first quarter of 2025, GDP in the eurozone rose by 0.6 percent quarter on quarter, outstripping German GDP. In the second quarter of 2025, economic output increased by 0.1 percent compared with the previous quarter.

The United States, meanwhile, saw its economic output drop by 0.5 percent quarter on quarter (annualized) in the first three months of 2025, before GDP rose by 3.0 percent (annualized) in the second quarter of 2025.

China has been heavily affected by the US tariffs. However, the Chinese economy did also benefit from spending brought forward in the first half of 2025. China’s economic output went up by 1.2 percent in the first quarter of 2025 and by 1.1 percent in the second.

2 The financial industry amid continued efforts to stabilize the economy of the eurozone

Geopolitical risks continued to fuel uncertainty in the capital markets in the first half of 2025. Nonetheless, the stock markets followed a positive trajectory over the reporting period.

The STOXX Europe 600, a share index comprising 600 large listed European companies, stood at 541.37 points as at June 30, 2025, which was 33.75 points higher than at the end of the previous year (December 31, 2024: 507.62 points). The index had added 32.40 points in the first half of 2024.

After a good start to 2025, the pace of growth in the German real estate investment market slowed down again in the second quarter. The volume of commercial real estate transactions (including investment in housing) totaled around €15.3 billion in the first half of 2025 and was therefore on a par with the first half of 2024.

Several EU countries continued to exceed the ratios for new and overall indebtedness required for compliance with the stability criteria specified in the Fiscal Compact agreed by the EU member states at the beginning of

2012. In the Fiscal Compact, the signatory countries committed to reducing their debt (as a proportion of GDP) each year by one twentieth of the difference between the debt level and the Maastricht limit of 60 percent of GDP.

At the end of the first quarter of 2025, the total borrowing of the 20 eurozone countries equated to 88.0 percent of their GDP.

The following key interest rates were relevant in the period under review. The ECB's monetary policy decision on December 12, 2024 saw each of the three rates reduced by 25 basis points. The deposit facility interest rate was therefore set at 3.00 percent, the main refinancing operations rate at 3.15 percent, and the marginal lending facility rate at 3.40 percent. At its meeting on January 30, 2025, the ECB decided to lower each of the rates by another 25 basis points. This was followed by a further reduction of the key interest rates by 25 basis points each on March 6, 2025. Effective April 23, 2025, the ECB Governing Council decided to set the deposit facility interest rate at 2.25 percent, the main refinancing operations rate at 2.40 percent, and the marginal lending facility rate at 2.65 percent. The ECB then cut each of the key interest rates by a further 25 basis points on June 5, 2025.

The federal funds rate of the US Federal Reserve was not changed in the first half of 2025, which left it in the range set by the Fed on December 18, 2024 of 4.25 percent to 4.50 percent.

3 Financial performance

3.1 Financial performance at a glance

Amid geopolitical crises and thus challenging market conditions, the DZ BANK Group posted profit before taxes of €2,127 million in the first half of 2025 (first half of 2024: €1,711 million).

The year-on-year changes in the key figures that make up the net profit generated by the DZ BANK Group were as described below.

FIG. II. 1 – INCOME STATEMENT

€ million	Jan. 1– Jun. 30, 2025	Jan. 1– Jun. 30, 2024
Net interest income	1,913	2,358
Net fee and commission income	1,662	1,565
Gains and losses on trading activities	191	-473
Gains and losses on investments	-38	12
Other gains and losses on valuation of financial instruments	21	112
Gains and losses from the derecognition of financial assets measured at amortized cost	8	36
Net income from insurance business	766	510
Loss allowances	-241	-206
Administrative expenses	-2,321	-2,276
Staff expenses	-1,145	-1,089
Other administrative expenses[1]	-1,176	-1,187
Other net operating income	165	73
Profit before taxes	2,127	1,711
Income taxes	-633	-465
Net profit	**1,494**	**1,246**

1 General and administrative expenses plus depreciation/amortization expense.

Operating income in the DZ BANK Group amounted to €4,688 million (first half of 2024: €4,193 million). This figure comprises net interest income, net fee and commission income, gains and losses on trading activities, gains and losses on investments, other gains and losses on valuation of financial instruments, gains and losses from the derecognition of financial assets measured at amortized cost, net income from insurance business, and other net operating income.

Net interest income decreased by €445 million to €1,913 million (first half of 2024: €2,358 million).

Within this figure, interest income from lending and money market business fell to €6,248 million (first half of 2024: €6,534 million) and interest income from portfolio hedges of interest-rate risk (portfolios comprising financial assets) to €286 million (first half of 2024: €813 million). By contrast, interest income from bonds and other fixed-income securities increased to €764 million (first half of 2024: €608 million).

Interest expense for deposits from banks and customers decreased to €3,805 million (first half of 2024: €4,003 million) and interest expense for portfolio hedges of interest-rate risk (portfolios comprising financial liabilities) to €65 million (first half of 2024: €178 million). Interest expense for debt certificates issued including bonds rose to €1,500 million (first half of 2024: €1,380 million).

Since the beginning of this year, portfolios of structured money market business and derivatives have no longer been held for trading. Starting in the reporting period, the interest income and expense arising in connection with this business are now reported under net interest income and no longer under gains and losses on trading activities. The relevant amounts are interest income of €375 million from lending and money market business and interest expense of €614 million for deposits from banks and customers.

Net fee and commission income grew by €97 million to €1,662 million (first half of 2024: €1,565 million). Net fee and commission income from securities business climbed to €1,322 million (first half of 2024: €1,294 million). This was mainly due to the increase at UMH in the volume-related income contribution to €1,079 million (first half of 2024: €1,035 million). Furthermore, net fee and commission income from payments processing including card processing rose to €106 million (first half of 2024: €74 million), that from lending and trust activities to €68 million (first half of 2024: €60 million), and that from asset management to €76 million (first half of 2024: €70 million), while the net fee and commission expense in connection with building society operations improved to €8 million (first half of 2024: €17 million).

Gains and losses on trading activities improved to a net gain of €191 million (first half of 2024: net loss of €473 million). This change was attributable to the volatility of market prices, in particular spread-related valuation effects on own issues that had not affected the prior-year period. Gains and losses on derivatives improved to a net gain of €394 million (first half of 2024: net loss of €387 million). Conversely, gains and losses on non-derivative financial instruments and embedded derivatives deteriorated to a net loss of €234 million (first half of 2024: net loss of €162 million). Gains and losses on exchange differences came to a net gain of €31 million (first half of 2024: net gain of €76 million).

Since the beginning of this year, portfolios of structured money market business and derivatives have no longer been held for trading. Starting in the reporting period, the interest income and expense and the fair value gains and losses arising in connection with this business are now reported under net interest income and under other gains and losses on valuation of financial instruments and no longer under gains and losses on trading activities. This results in an increase of €183 million in gains and losses on trading activities compared with the figure that would have previously been disclosed. The changes predominantly affect gains and losses on derivatives, with a net loss of €224 million under net interest income and a net gain of €75 million under other gains and losses on valuation of financial instruments.

Gains and losses on investments stood at a net loss of €38 million (first half of 2024: net gain of €12 million). Within this figure, gains and losses on the disposal of bonds and other fixed-income securities deteriorated to a net loss of €24 million (first half of 2024: net gain of €7 million) and gains and losses on the disposal of shares and other variable-yield securities to a net loss of €14 million (first half of 2024: net gain of €5 million).

Other gains and losses on valuation of financial instruments amounted to a net gain of €21 million (first half of 2024: net gain of €112 million). The deterioration is chiefly attributable to the negative spread-related valuation effects and a year-on-year deterioration in the net gain/loss from the valuation and realization of guarantee commitments of UMH.

Since the beginning of this year, portfolios of structured money market business and derivatives have no longer been held for trading. Starting in the reporting period, fair value gains of €56 million arising in connection with this business are now reported under other gains and losses on valuation of financial instruments and no longer under gains and losses on trading activities. The changes predominantly affect gains and losses on derivatives used for purposes other than trading, with a net gain of €75 million.

Net income from insurance business comprises the insurance service result, gains and losses on investments held by insurance companies and other insurance company gains and losses, insurance finance income or expenses, and gains and losses from the derecognition of financial assets measured at amortized cost in the insurance business.

Net income from insurance business increased by €256 million to €766 million (first half of 2024: €510 million). The insurance service result amounted to a profit of €1,078 million (first half of 2024: profit of €637 million), which was predominantly due to higher insurance revenue in non-life insurance. Gains and losses on investments held by insurance companies and other insurance company gains and losses deteriorated to a net loss of €226 million (first half of 2024: net gain of €2,945 million). This was driven by movements in the markets. Insurance finance income or expenses came to a net expense of €88 million (first half of 2024: net expense of €3,074 million), largely in relation to policyholders' share of investment returns.

Loss allowances amounted to a net addition of €241 million (first half of 2024: net addition of €206 million).

The net addition to loss allowances for loans and advances to customers was €244 million (first half of 2024: net addition of €196 million).

Administrative expenses increased by €45 million to €2,321 million (first half of 2024: €2,276 million). Staff expenses advanced to €1,145 million (first half of 2024: €1,089 million), mainly due to pay rises and appointments to vacant positions. Other administrative expenses declined to €1,176 million (first half of 2024: €1,187 million).

Other net operating income amounted to €165 million (first half of 2024: €73 million). Within this figure, income from the reversal of provisions and accruals rose to €100 million (first half of 2024: €41 million) and gains and losses on non-current assets and disposal groups classified as held for sale improved to a net gain of €42 million (first half of 2024: net gain of €19 million).

Profit before taxes for the first half of 2025 stood at €2,127 million, compared with €1,711 million in the first half of 2024.

The **cost/income ratio** (i.e. the ratio of administrative expenses to operating income) came to 49.5 percent (first half of 2024: 54.3 percent).

The **regulatory return on risk-adjusted capital (RORAC)** was 20.7 percent (first half of 2024: 17.8 percent).

Income taxes amounted to €633 million (first half of 2024: €465 million).

The DZ BANK Group increased its **net profit** to €1,494 million in the first half of 2025, compared with €1,246 million in the first half of 2024.

3.2 Financial performance in detail

The following sections describe the details of the financial performance of the DZ BANK Group's operating segments in the first half of 2025 compared with the corresponding period of 2024.

3.2.1 BSH

Net interest income in the BSH subgroup advanced by €27 million to €309 million (first half of 2024: €282 million).

Interest expense in building society operations (including interest expense on hedges for liabilities-side business) went down by €33 million to €284 million (first half of 2024: €317 million). Within this figure, interest expense for home savings deposits amounted to €270 million (first half of 2024: €287 million). The amount for the reporting period included additions to provisions relating to building society operations of €104 million (first half of 2024: €96 million) and a sum of €166 million (first half of 2024: €191 million) attributable to the interest rates applicable to current tariffs. The interest-rate swaps used to manage interest income and expense in the context of portfolio fair value hedge accounting in assets-side and liabilities-side business reduced net interest income by a total of €15 million (first half of 2024: €25 million).

In the case of loans issued under advance or interim financing arrangements and other building loans, income amounted to €537 million (first half of 2024: €540 million). Income from home savings loans came to €82 million (first half of 2024: €64 million).

Interest income arising on investments fell by €3 million to €153 million (first half of 2024: €156 million). Interest expense for borrowing increased by €26 million to €104 million (first half of 2024: €78 million).

BSH incorporates the fees, commissions, and transaction costs directly assignable to the acquisition of home savings contracts and loan agreements into the effective interest method applied to home savings deposits and building loans. In the reporting period, this decreased net interest income by €78 million (first half of 2024: €92 million). Of this sum, €25 million was attributable to home savings deposits (first half of 2024: €39 million) and €53 million to building loans (first half of 2024: €53 million).

Net fee and commission income amounted to €9 million (first half of 2024: net expense of €1 million).

In the home savings business, BSH entered into approximately 164 thousand (first half of 2024: 208 thousand) new home savings contracts with a volume of €8.8 billion (first half of 2024: €13.2 billion) in Germany.

In the home finance business, the realized volume of new business came to €5.0 billion (first half of 2024: €4.2 billion) in Germany.

Gains and losses on investments amounted to a net loss of €12 million (first half of 2024: €0 million) due to losses on disposals of bonds.

Loss allowances amounted to a net addition totaling €17 million (first half of 2024: net addition of €6 million). This was largely due to a deterioration in internal ratings for customers and updated macroeconomic parameters reflecting the challenging economic conditions.

Administrative expenses increased by €4 million to €253 million (first half of 2024: €249 million). Staff expenses came to €140 million (first half of 2024: €134 million). Other administrative expenses amounted to €113 million (first half of 2024: €115 million).

Other net operating income increased to €54 million (first half of 2024: €22 million). The change was mainly attributable to the reversal of provisions outside the lending business.

Based on the changes described above, **profit before taxes** increased by €39 million to €86 million (first half of 2024: €47 million).

The **cost/income ratio** in the period under review was 70.9 percent (first half of 2024: 82.2 percent).

Regulatory RORAC was 14.5 percent (first half of 2024: 7.4 percent).

3.2.2 R+V

The **insurance service result** amounted to a profit of €1,072 million (first half of 2024: profit of €621 million). This figure included insurance revenue of €6,274 million (first half of 2024: €5,843 million) and insurance service expenses of €5,068 million (first half of 2024: €5,146 million). Net expenses from reinsurance contracts held stood at €134 million (first half of 2024: €75 million).

In the life and health insurance business, insurance revenue amounted to €1,263 million (first half of 2024: €1,185 million). Insurance service expenses totaled €940 million (first half of 2024: €896 million). Net expenses from reinsurance contracts held in this business stood at €1 million (first half of 2024: net income of €1 million). This included amortization of the contractual service margin in an amount of €159 million (first half of 2024: €137 million) and release of the risk adjustment in an amount of €33 million (first half of 2024: €38 million).

In the non-life insurance business, insurance revenue amounted to €4,006 million (first half of 2024: €3,688 million). The main influence on this revenue was premiums earned on portfolios measured under the premium allocation approach. The insurance service expenses of the non-life insurance business stood at €3,537 million (first half of 2024: €3,508 million). Of this sum, €2,741 million (first half of 2024: €2,633 million) was attributable to expenses for claims, comprising payments for claims of €2,620 million (first half of 2024: €2,627 million) and the change in the liability for incurred claims amounting to a decrease of €122 million (first half of 2024: decrease of €6 million). It also included the change in losses on insurance contracts, which amounted to an increase of €130 million (first half of 2024: decrease of €9 million). Other insurance service expenses included insurance acquisition cash flows and administration costs and totaled €926 million (first half of 2024: €866 million). Net expenses from reinsurance contracts held in this business came to €111 million (first half of 2024: €87 million). The combined ratio (net), which is the ratio of the sum of insurance service expenses and net income/expenses from reinsurance contracts held to insurance revenue, stood at 91.07 percent (first half of 2024: 97.48 percent). Major incurred claims from natural disasters came to a total of €0 million in the reporting period (first half of 2024: €89 million).

Insurance revenue in the inward reinsurance business amounted to €1,005 million (first half of 2024: €970 million). This included not only premium income but also amortization of the contractual service margin in an amount of €120 million (first half of 2024: €132 million) under the general measurement model. Insurance service expenses came to €591 million (first half of 2024: €742 million). Net expenses from reinsurance contracts held in this business totaled €22 million (first half of 2024: net income of €11 million). Major incurred claims, which predominantly related to natural disasters, totaled €260 million in the reporting period and were therefore higher than in the prior-year period (first half of 2024: €146 million).

Gains and losses on investments held by insurance companies and other insurance company gains and losses declined to a net loss of €150 million (first half of 2024: net gain of €3,033 million).

Long-term interest rates were lower than in the prior-year period. The ten-year Bund/swap rate was 2.59 percent as at June 30, 2025 (June 30, 2024: 2.83 percent). A weighted credit spread calculated in accordance with R+V's portfolio structure stood at 55.5 points as at June 30, 2025 (December 31, 2024: 65.2 points). In the comparative period, this spread had fallen from 77.0 points as at December 31, 2023 to 76.2 points as at June 30, 2024.

During the first half of 2025, equity markets relevant to R+V performed well. For example, the EURO STOXX 50, a share index comprising 50 large, listed companies in the eurozone, saw a rise of 407 points from the start of

2025, closing the reporting period on 5,303 points (December 31, 2024: 4,896 points). The index had added 372 points in the prior-year period.

Movements in exchange rates between the euro and various currencies were generally less favorable in the first half of 2025 than in the prior-year period. For example, the US dollar/euro exchange rate on June 30, 2025 was 0.8519, compared with 0.9657 as at December 31, 2024. In the first half of 2024, the exchange rate had moved from 0.9053 as at December 31, 2023 to 0.9331 as at June 30, 2024.

These trends resulted in a €2,272 million negative change – resulting from the effects of changes in negative fair values – in unrealized gains and losses to a net loss of €276 million (first half of 2024: net gain of €1,996 million), a €1,461 million deterioration in foreign-exchange gains and losses to a net loss of €1,124 million (first half of 2024: net gain of €337 million), and a €27 million decline in the balance of depreciation, amortization, impairment losses, and reversals of impairment losses to a net expense of €56 million (first half of 2024: net expense of €29 million). However, other non-insurance gains and losses improved by €284 million to a net loss of €87 million (first half of 2024: net loss of €371 million), the contribution to earnings from the derecognition of investments improved by €201 million to a net loss of €62 million (first half of 2024: net loss of €263 million), and net income under current income and expense climbed by €92 million to €1,454 million (first half of 2024: €1,362 million). Changes in gains and losses on investments held by insurance companies are offset to an extent by corresponding changes in insurance finance income or expenses, so the overall effect on profit or loss is only partial.

Insurance finance income or expenses improved by €2,986 million to a net expense of €88 million (first half of 2024: net expense of €3,074 million). In the life and health insurance business, this line item improved by €2,963 million to net income of €95 million (first half of 2024: net expense of €2,868 million), which was mainly due to the aforementioned compensatory effect. Insurance finance income or expenses came to a net expense of €103 million in the non-life insurance business (first half of 2024: net expense of €134 million) and to a net expense of €79 million in inward reinsurance (first half of 2024: net expense of €72 million). The amount within insurance finance income or expenses relating to discounting at the discount rate used at initial measurement (locked-in discount rate) was a net expense of €101 million in non-life insurance (first half of 2024: net expense of €100 million) and a net expense of €79 million in inward reinsurance (first half of 2024: net expense of €72 million).

The factors described above resulted in an increase in **profit before taxes** to €875 million (first half of 2024: €586 million).

Regulatory RORAC was 17.0 percent (first half of 2024: 12.5 percent).

3.2.3 TeamBank

Net interest income amounted to €266 million (first half of 2024: €262 million).

As at June 30, 2025, loans and advances to customers stood at €9,748 million (December 31, 2024: €9,854 million). The number of customers rose to 1,084 thousand (December 31, 2024: 1,071 thousand). As at June 30, 2025, TeamBank was working with 624 (December 31, 2024: 623) of Germany's 661 (December 31, 2024: 662) cooperative banks and with 171 (December 31, 2024: 166) partner banks in Austria.

Net fee and commission income improved to a net expense of €15 million (first half of 2024: net expense of €18 million), mainly owing to lower expenses for bonuses paid to partner banks.

The net addition to **loss allowances** amounted to €118 million (first half of 2024: net addition of €86 million). This was due in no small part to the weak economic conditions and customers' poorer payment history.

Administrative expenses stood at €141 million (first half of 2024: €143 million). Within this figure, staff expenses held steady at €54 million (first half of 2024: €54 million). Other administrative expenses amounted to €87 million (first half of 2024: €88 million).

Amid challenging market conditions and a difficult risk situation, TeamBank reported a **loss before taxes** of €5 million. This represented a deterioration of €24 million compared with the profit before taxes of €19 million achieved in the first half of 2024.

TeamBank's **cost/income ratio** came to 55.5 percent (first half of 2024: 57.7 percent).

Regulatory RORAC was minus 1.9 percent (first half of 2024: 7.5 percent).

3.2.4 UMH

Net fee and commission income went up by €22 million to €1,148 million (first half of 2024: €1,126 million). This total included the volume-related income contribution of €1,079 million (first half of 2024: €1,035 million), performance-related management fees of €13 million (first half of 2024: €31 million), and income of €13 million from transaction fees for properties in Union Investment's real estate funds (first half of 2024: €18 million). Expenses for the performance bonus for sales partners came to €45 million (first half of 2024: €45 million).

The change in net fee and commission income was predominantly due to the factors described below.

The average assets under management totaled €506.6 billion (first half of 2024: €473.5 billion).

Union Investment generated net inflows from its retail business of €6.6 billion (first half of 2024: €6.5 billion) in collaboration with the local cooperative banks.

The number of traditional fund-linked savings plans, which are used by retail customers as investments aimed at long-term capital accumulation, stood at 4.0 million contracts as at June 30, 2025 (December 31, 2024: 3.9 million), with an increase in the 12-month savings volume to €7.4 billion (December 31, 2024: €7.0 billion).

The total assets in the portfolio of Riester pension products amounted to €30.9 billion (December 31, 2024: €32.0 billion).

In its institutional business, Union Investment recorded net inflows of €3.8 billion (first half of 2024: €5.0 billion).

Gains and losses on investments amounted to a net loss of €13 million (first half of 2024: net gain of €5 million), largely due to the net loss realized on the disposal of investment fund units from Union Investment's own-account investments.

Other gains and losses on valuation of financial instruments deteriorated to a net gain of €32 million (first half of 2024: net gain of €69 million). This was largely attributable to the net loss of €3 million from the valuation and realization of guarantee commitments (first half of 2024: net gain of €24 million), with a net gain of €34 million arising on the valuation of Union Investment's own-account investments (first half of 2024: net gain of €44 million).

Administrative expenses increased by €24 million to €636 million (first half of 2024: €612 million). Staff expenses went up by €7 million to €308 million (first half of 2024: €301 million) owing to higher salaries on average and to appointments to new and vacant posts. Other administrative expenses climbed by €17 million to €328 million (first half of 2024: €311 million), mainly because of higher expenses incurred in connection with IT.

Other net operating income amounted to €21 million (first half of 2024: net expense of €3 million). This improvement was mainly due to income generated by the reversal of provisions in the period under review and because other net operating income in the prior-year period had included restructuring expenses.

Based on the changes described above, **profit before taxes** decreased by €41 million to €575 million (first half of 2024: €616 million).

The **cost/income ratio** came to 52.5 percent in the reporting period (first half of 2024: 49.8 percent).

Regulatory RORAC was greater than 100.0 percent (first half of 2024: greater than 100.0 percent).

3.2.5 DZ BANK – CICB

Net interest income is primarily attributable to the lending business portfolios (Corporate Banking business line), the portfolios from the capital markets business (including the portfolios of Group Treasury), and the long-term equity investments allocated to the central institution and corporate bank. Net interest income declined by €65 million to €726 million (first half of 2024: €791 million).

In the Corporate Banking business line, net interest income went up by €18 million to €307 million (first half of 2024: €289 million). The net interest income in the four regional corporate customer divisions plus Central Corporate Banking increased to €179 million (first half of 2024: €165 million). This increase was attributable to the higher lending volume. Net interest income in the Structured Finance and Investment Promotion divisions came to €128 million, a rise of €4 million compared with the figure for the first half of 2024 of €124 million. This was due to the growth of the lending volume in the Structured Finance division.

Net interest income from money market and capital markets business decreased by €92 million to €379 million (first half of 2024: €471 million). Within this figure, the fall in interest rates in the money market led to reduced net interest income from the investment of liquidity from the excess of non-interest-bearing liabilities (e.g. equity) over non-interest-bearing assets. By contrast, there was a rise in net interest income from the deposit-taking operating business in the short-dated maturity segment.

Other net interest income from loan administration fees advanced by €1 million to €15 million (first half of 2024: €14 million).

Income from profit-pooling, profit-transfer, and partial profit-transfer agreements, together with income from other shareholdings and current income from investments in subsidiaries, amounted to €25 million (first half of 2024: €17 million). The increase compared with the equivalent period in the prior year was mainly due to higher income from long-term equity investments.

Net fee and commission income went up by €50 million to €362 million (first half of 2024: €312 million).

The principal sources of income were service fees in the Corporate Banking business line (in particular, from lending business including guarantees and international business), in the Capital Markets business line (mainly from securities issuance and brokerage business, agents' fees, transactions on futures and options exchanges, financial services, and the provision of information), and in the Transaction Banking business line (primarily from payments processing including credit card processing, and safe custody). As part of service procurement arrangements, DZ BANK has transferred processing services in the payments processing business to equensWorldline SE and Cash Logistik Security AG, and in securities business to Deutsche WertpapierService Bank AG. The expenses arising in connection with obtaining services from the above external processing companies amounted to a total of €77 million (first half of 2024: €102 million) and were reported under the net fee and commission income of the Transaction Banking business line.

In the Corporate Banking business line, net fee and commission income was €6 million higher than in the prior-year period at €116 million (first half of 2024: €110 million). Within this increase, €4 million was attributable to fees and commissions in relation to mergers and acquisitions.

In the Capital Markets business line, the contribution to net fee and commission income rose by €7 million to €145 million (first half of 2024: €138 million). The securities business was the main driver behind this rise.

Net fee and commission income in the Transaction Banking business line was up year on year at €121 million, a rise of €35 million compared with the figure of €86 million for the first half of 2024. This was mainly due to lower expenses paid under the service procurement agreement with equensWorldline SE as a result of the insourcing of payments processing at DZ BANK.

Gains and losses on trading activities amounted to a net gain of €228 million (first half of 2024: net loss of €72 million). This figure comprised the gains and losses on operating trading activities as well as effects resulting from the IFRS rules on measuring financial instruments (IFRS-related effects).

The gains and losses on operating trading activities chiefly reflect the business activity of the Capital Markets Trading division and, in particular, transactions where there is an intent to trade. It should be borne in mind that IFRS rules can result in an accounting mismatch, with certain contributions to earnings in the Capital Markets Trading division being recognized in different income items (e.g. net interest income) instead of under gains and losses on operating trading activities. The IFRS rules can also impact on the timing of the recognition of income from the operating business in the income statement. This means that, in certain cases, effects cannot be recognized in gains and losses on operating trading activities in the same period and, instead, can only be recognized over the whole term of the affected transactions.

Gains and losses on operating trading activities in the Capital Markets Trading division came to a net gain of €275 million, compared with a net gain of €315 million for the first half of 2024. This deterioration was mainly due to an improvement in gains and losses on trading products that are reported in other items in the income statement.

The IFRS-related effects also reflect the fact that under the IFRS rules, the valuation effects that arise on transactions between the Capital Markets Trading division and other divisions in the course of risk and liquidity management are not taken into consideration.

These IFRS-related effects can have a material impact on the level of gains and losses on trading activities, primarily due to movements in interest rates and spreads. In the first half of 2025, these effects in gains and losses on trading activities improved by €340 million compared with the prior-year period to a net expense of €47 million (first half of 2024: net expense of €387 million).

Gains and losses on investments came to a net loss of €12 million, representing a year-on-year deterioration of €19 million. The net loss in the reporting period resulted from losses of €34 million from the sale of securities in the category 'financial assets measured at fair value through other comprehensive income' (fair value OCI) combined with gains of €21 million arising from the unwinding of hedges accounted for in the category 'fair value through other comprehensive income' in the context of portfolio fair value hedge accounting. Securities in the category 'fair value through profit or loss' generated a net gain of €1 million.

Other gains and losses on valuation of financial instruments contains the effects from financial instruments measured at fair value that are not held for trading as well as effects from hedge accounting.

This item thus also contains fair value gains and losses on financial assets and liabilities designated as at fair value through profit or loss (fair value option), with credit rating effects from financial liabilities being recognized in equity.

Other gains and losses on valuation of financial instruments declined to a net gain of €55 million (first half of 2024: net gain of €88 million). Of this amount, €25 million was attributable to valuation effects in connection with changes in spreads (first half of 2024: €77 million). Other gains and losses on valuation of financial instruments included a net gain of €33 million from ineffectiveness in hedge accounting (first half of 2024: net gain of €6 million).

Gains and losses from the derecognition of financial assets measured at amortized cost deteriorated by €28 million year on year to a net gain of €9 million (first half of 2024: net gain of €37 million).

Loss allowances amounted to a net addition of €46 million (first half of 2024: net addition of €53 million). Of this total, net additions of €3 million (first half of 2024: net reversal of €14 million) related to loss allowances in stage 1, net reversals of €9 million (first half of 2024: net addition of €40 million) related to loss allowances in stage 2, and net additions of €52 million related to loss allowances in stage 3 including gains and losses on purchased or originated credit-impaired assets (POCI assets) and other income/expense from loss allowances (first half of 2024: net addition of €27 million). In this figure, net additions of €87 million (first half of 2024: net addition of €56 million) related to loss allowances in stage 3 and income of €35 million (first half of 2024: income of €29 million) related to other income/expense from loss allowances that was primarily influenced by recoveries of €36 million on loans and advances previously impaired (first half of 2024: €23 million). This predominantly resulted from interest paid on impaired loans and advances.

The net reversals of €6 million in stages 1 and 2 in the first half of 2025 were attributable, in particular, to parameter adjustments in the context of the calculation of parameter-based loss allowances, macroeconomic changes, and changes in the portfolio. Furthermore, loss allowances were increased in stage 3 owing to additions in respect of individual counterparties following changes in credit ratings. These were partly offset by reversals for some counterparties.

Administrative expenses increased by €10 million to €738 million (first half of 2024: €728 million).

Staff expenses rose by €27 million to €366 million (first half of 2024: €339 million). This was due to higher wages and salaries – and thus higher social security expenses – resulting not only from an increase in the number of employees but also from pay rises.

Other administrative expenses decreased by €17 million to €372 million (first half of 2024: €389 million). Within this figure, the contributions to the BVR protection scheme were €20 million lower than in the prior-year period at €26 million (first half of 2024: €46 million). Consultancy expenses also decreased, falling by €10 million to €92 million (first half of 2024: €102 million). IT costs, by contrast, rose by €11 million to €118 million (first half of 2024: €107 million). The depreciation and amortization charges were on a par with the prior-year period at €29 million (first half of 2024: €29 million).

Other net operating income, which totaled €26 million (first half of 2024: €1 million), included income from the reversal of provisions and accruals of €36 million (first half of 2024: €13 million).

Profit before taxes amounted to €610 million in the reporting period, which was €227 million higher than the figure of €383 million reported for the comparative period.

The **cost/income ratio** came to 52.9 percent in the first half of 2025 (first half of 2024: 62.5 percent).

Regulatory RORAC was 21.2 percent (first half of 2024: 13.7 percent).

3.2.6 DZ HYP

At €393 million, the **net interest income** of DZ HYP was €4 million higher than in the prior-year period (first half of 2024: €389 million). One of the drivers of net interest income was the average volume of real estate loans, which stood at €57.4 billion (first half of 2024: €56.9 billion).

The volume of new business (including public-sector finance) stood at €4,589 million (first half of 2024: €3,889 million). In the corporate customer business, the volume of new business came to €3,574 million (first half of 2024: €3,206 million). In the retail customer business, the volume of new commitments amounted to €738 million (first half of 2024: €452 million). In the public-sector business, DZ HYP generated a new business volume of €277 million (first half of 2024: €231 million).

Other gains and losses on valuation of financial instruments deteriorated by €29 million to a net loss of €54 million (first half of 2024: net loss of €25 million). This was chiefly due to the negative liquidity-spread-related valuation effects on own issues of €40 million (first half of 2024: positive effects of €9 million). On the other hand, the positive change in credit spreads on bonds from eurozone periphery countries resulted in a contribution to earnings of €15 million (first half of 2024: €7 million).

Loss allowances amounted to a net addition of €40 million (first half of 2024: net addition of €39 million).

Administrative expenses increased by €5 million to €136 million (first half of 2024: €131 million). Staff expenses rose to €64 million (first half of 2024: €58 million). Other administrative expenses totaled €73 million (first half of 2024: €73 million).

Based on the changes described above, **profit before taxes** decreased by €37 million to €171 million (first half of 2024: €208 million).

The **cost/income ratio** came to 39.1 percent (first half of 2024: 34.7 percent).

Regulatory RORAC was 28.9 percent (first half of 2024: 31.1 percent).

3.2.7 DZ PRIVATBANK

The **net interest income** of DZ PRIVATBANK fell by €16 million to €73 million (first half of 2024: €89 million) due in particular to lower money market income and lower interest on deposits.

Net fee and commission income went up by €6 million to €121 million (first half of 2024: €115 million). Contributions to earnings in private banking and the fund services business are the main drivers of net fee and commission income.

As at June 30, 2025, high-net-worth individuals' assets under management, which comprise the volume of securities, derivatives, and deposits of customers in the private banking business, came to €27.6 billion (June 30, 2024: €24.8 billion).

The value of funds under management declined to €169.0 billion (June 30, 2024: €206.6 billion), largely as result of the loss of a major customer. The number of fund-related mandates was 559 (June 30, 2024: 602).

Other gains and losses on valuation of financial instruments improved by €24 million to a net gain of €2 million (first half of 2024: net loss of €22 million). The prior-year figure had mainly been influenced by liquidity-spread-related negative valuation effects on own issues measured using the fair value option.

Administrative expenses increased by €10 million to €156 million (first half of 2024: €146 million). At €91 million, staff expenses were higher than in the prior-year period (first half of 2024: €84 million), partly because of the increase in the number of employees. Other administrative expenses amounted to €65 million (first half of 2024: €61 million).

Profit before taxes amounted to €53 million (first half of 2024: €52 million).

The **cost/income ratio** came to 76.1 percent (first half of 2024: 73.7 percent).

Regulatory RORAC was 25.0 percent (first half of 2024: 30.9 percent).

3.2.8 VR Smart Finanz

Net interest income at VR Smart Finanz rose to €75 million (first half of 2024: €69 million). The increase in net interest income was mainly due to a year-on-year rise in the lending and object finance portfolio volume and to higher net margins that were chiefly thanks to the increased share of the portfolio attributable to the 'VR Smart flexibel' product.

New lending and object finance business with customers in the small business, self-employed, and SME segments amounted to €580 million in the reporting period, which was lower than the figure for the prior-year period of €639 million. This is because small businesses in Germany continue to be reluctant to invest. As a result, the volume of new collateralized finance business declined to €254 million in the reporting period (first half of 2024: €315 million). Demand for the 'VR Smart flexibel' business loan remained strong, with the volume of new business on a par with the prior-year period at €326 million (first half of 2024: €324 million).

Net fee and commission income amounted to a net expense of €19 million (first half of 2024: net expense of €17 million).

Loss allowances were in line with the prior-year period, amounting to a net addition of €23 million in the reporting period (first half of 2024: net addition of €23 million). The renewed high level of loss allowances reflects the persistently poor economic situation for small businesses in Germany.

Due to a rise in general and administrative expenses and staff expenses, **administrative expenses** amounted to €42 million (first half of 2024: €39 million).

VR Smart Finanz incurred a **loss before taxes** of €11 million (first half of 2024: loss of €10 million).

The **cost/income ratio** came to 77.8 percent (first half of 2024: 76.5 percent).

Regulatory RORAC was minus 12.9 percent (first half of 2024: minus 12.3 percent).

3.2.9 DZ BANK – holding function

Net interest income contains the interest expense on subordinated capital and senior non-preferred paper purchased by group entities as well as on issued subordinated capital and senior non-preferred paper. It also contains the net interest income/expense resulting from obtaining liquidity from the excess of non-interest-bearing assets (e.g. long-term equity investments) over non-interest-bearing liabilities.

Net interest income amounted to a net expense of €62 million in the period under review (first half of 2024: net expense of €77 million).

The net interest expense on purchased and issued subordinated capital and senior non-preferred paper amounted to €37 million (first half of 2024: €35 million).

The net interest expense resulting from obtaining liquidity from the excess of non-interest-bearing assets over non-interest-bearing liabilities amounted to €25 million in the period under review (first half of 2024: €42 million). The reduction was due to lower market interest rates in the short-dated segment.

Administrative expenses decreased by €11 million year on year to €106 million (first half of 2024: €117 million).

The protection levies (in particular the contributions to the BVR protection scheme) declined by €9 million to €19 million (first half of 2024: €28 million) due to lower contributions to the BVR deposit guarantee fund. Furthermore, IT and project expenses decreased from €40 million in the first six months of 2024 to €34 million in the period under review. Expenses from the group management function rose by €4 million to €38 million (first half of 2024: €34 million). Other expenses for the benefit of the group and local cooperative banks were on a par with the prior-year period at €15 million (first half of 2024: €15 million).

3.2.10 Other/Consolidation

The consolidation-related adjustments shown under Other/Consolidation to reconcile operating segment profit/loss before taxes to consolidated profit/loss before taxes are attributable to the elimination of intragroup transactions and to the fact that investments in joint ventures and associates are accounted for using the equity method. Differences between the figures in internal management reporting and those reported in the consolidated financial statements that arise from the recognition of internal transactions in the DZ BANK – CICB operating segment are also eliminated.

The adjustments to net interest income were primarily the result of the elimination of intragroup dividend payments and were also attributable to the early redemption of issued bonds and commercial paper that had been acquired by entities in the DZ BANK Group other than the issuer. Internal transactions in the DZ BANK – CICB operating segment are also eliminated in net interest income and with offsetting entries under gains and losses on trading activities.

The figure under Other/Consolidation for net fee and commission income largely relates to the fee and commission business of TeamBank and the BSH subgroup with the R+V subgroup.

The remaining adjustments are mostly also attributable to the consolidation of income and expenses.

4 Net assets

As at June 30, 2025, the DZ BANK Group's **total assets** had increased to €666,488 million (December 31, 2024: €659,638 million).

The **volume of business** amounted to €1,270,600 million (December 31, 2024: €1,258,111 million). This figure comprised the total assets, the assets under management at UMH as at June 30, 2025 amounting to €511,164 million (December 31, 2024: €504,707 million), the financial guarantee contracts and loan commitments amounting to €91,471 million (December 31, 2024: €92,163 million), and the volume of trust activities amounting to €1,477 million (December 31, 2024: €1,603 million).

Cash and cash equivalents increased to €85,061 million (December 31, 2024: €81,790 million). The increase was predominantly attributable to DZ BANK – CICB (liquidity management function).

Loans and advances to banks rose to €143,705 million (December 31, 2024: €143,532 million). This total comprised loans and advances to banks in Germany of €127,484 million (December 31, 2024: €127,867 million), loans and advances to affiliated banks of €116,528 million (December 31, 2024: €117,967 million), and loans and advances to other banks of €10,956 million (December 31, 2024: €9,900 million). Loans and advances to foreign banks increased to €16,221 million (December 31, 2024: €15,665 million).

Loans and advances to customers amounted to €208,177 million, which was lower than the figure of €208,688 million reported as at December 31, 2024. Loans and advances to foreign customers declined to €28,993 million (December 31, 2024: €30,123 million), while loans and advances to customers in Germany rose to €179,184 million (December 31, 2024: €178,565 million).

Financial assets held for trading amounted to €29,766 million (December 31, 2024: €30,441 million). Within this amount, derivatives (positive fair values) stood at €14,660 million (December 31, 2024: €16,231 million), bonds and other fixed-income securities at €11,160 million (December 31, 2024: €10,441 million), shares and other variable-yield securities at €2,506 million (December 31, 2024: €2,102 million), money market placements at €306 million (December 31, 2024: €680 million), and promissory notes and registered bonds at €1,133 million (December 31, 2024: €986 million).

Investments rose to €66,998 million (December 31, 2024: €62,049 million). The main reasons for this change were an increase in bonds and other fixed-income securities to €62,897 million (December 31, 2024: €58,076 million) and an increase in shares and other variable-yield securities to €3,298 million (December 31, 2024: €3,184 million).

Investments held by insurance companies grew to €122,656 million (December 31, 2024: €122,625 million). Within this amount, fixed-income securities came to €56,045 million (December 31, 2024: €55,403 million), assets related to unit-linked contracts to €24,762 million (December 31, 2024: €24,859 million), mortgage loans to €12,605 million (December 31, 2024: €12,685 million), and variable-yield securities to €12,114 million (December 31, 2024: €12,257 million).

Deposits from banks contracted to €184,175 million (December 31, 2024: €187,526 million). Within this total, deposits from domestic banks decreased to €157,801 million (December 31, 2024: €164,066 million), which included a fall in deposits from affiliated banks to €70,583 million (December 31, 2024: €77,432 million) that was primarily due to reallocations to commercial paper. By contrast, deposits from foreign banks rose to €26,374 million (December 31, 2024: €23,459 million). Since the beginning of this year, portfolios of structured money market business have no longer been held for trading. Consequently, the money market deposits from banks that had previously been recognized under financial liabilities held for trading were recognized under deposits from banks in an amount of €3,592 million as at June 30, 2025.

Deposits from customers declined to €148,814 million (December 31, 2024: €154,103 million), predominantly owing to a reduction in the volume of overnight money and fixed-term deposits. Deposits from domestic customers shrank to €131,340 million (December 31, 2024: €133,575 million), while deposits from foreign customers fell to €17,474 million (December 31, 2024: €20,528 million).

At the end of the reporting period, the carrying amount of **debt certificates issued including bonds** was €124,384 million (December 31, 2024: €109,810 million), predominantly because of a rise in commercial paper and increased issues of mortgage Pfandbriefe. Within the total figure, the portfolio of bonds issued came to €86,435 million (December 31, 2024: €88,139 million), while the portfolio of other debt certificates issued stood at €37,950 million (December 31, 2024: €21,672 million). As was also the case as at December 31, 2024, all other debt certificates issued are commercial paper.

Financial liabilities held for trading declined to €41,471 million (December 31, 2024: €42,234 million). Within this figure, money market deposits contracted to €41 million (December 31, 2024: €3,754 million). Since the beginning of this year, portfolios of structured money market business have no longer been held for trading. Consequently, the money market deposits from banks that had previously been recognized under financial liabilities held for trading were recognized under deposits from banks in an amount of €3,592 million as at June 30, 2025. However, bonds issued advanced to €22,796 million (December 31, 2024: €20,961 million), derivatives (negative fair values) to €15,630 million (December 31, 2024: €14,997 million), and short positions to €2,865 million (December 31, 2024: €2,379 million).

Insurance contract liabilities increased to €112,494 million (December 31, 2024: €111,340 million). This was predominantly due to the rise in the liability for remaining coverage to €99,788 million (December 31, 2024: €98,482 million).

As at June 30, 2025, **equity** had advanced to €33,954 million (December 31, 2024: €32,578 million). The increase was mainly due to growth in retained earnings to €18,770 million (December 31, 2024: €17,673 million). The reserve from other comprehensive income amounted to minus €738 million (December 31, 2024: minus €902 million).

The **capital adequacy** of the DZ BANK financial conglomerate, the DZ BANK banking group, and the R+V Versicherung AG insurance group is described in the risk report within this interim group management report (chapter VI.5).

5 Financial position

DZ BANK differentiates between **strategic and operational liquidity management**. In the context of liquidity management, the DZ BANK Group distinguishes between short-term liquidity (liquidity in the maturity band of up to one year) and structural liquidity (liquidity in the maturity band of more than one year).

The DZ BANK Group has a diversified funding base for short-term liquidity. A considerable portion is accounted for by money market activities resulting from the cash-pooling function with the local cooperative banks. This enables cooperative banks – within the approved limits – to invest available liquidity with DZ BANK or to obtain liquidity from DZ BANK if they need it. This regularly results in a liquidity surplus, which provides one of the main bases for short-term funding in the unsecured money markets. Corporate customers and institutional clients are another important source of funding for covering operational liquidity requirements.

For funding purposes, the DZ BANK Group also issues money market products based on debt certificates under a standardized groupwide multi-issuer euro commercial paper program through its offices and branches in Frankfurt am Main, New York, Hong Kong, London, and Luxembourg. In addition, a US CP head office program is used centrally by DZ BANK Frankfurt am Main.

Key repo and securities lending activities, together with the collateral management process, are managed centrally in DZ BANK's Group Treasury division as a basis for secured money market financing activities. Funding on the interbank market is not strategically important to the DZ BANK Group.

The DZ BANK Group also has at its disposal liquid securities that form part of its counterbalancing capacity. These securities can be used as collateral in monetary policy funding transactions with central banks, or in connection with secured funding in private markets.

Structural liquidity activities are used to manage and satisfy the long-term funding requirements (more than one year) of DZ BANK and, in coordination with the group entities, those of the DZ BANK Group.

The risk report within this interim group management report includes disclosures on **liquidity adequacy** (chapter VI.4). The year-on-year changes in cash flows from operating activities, investing activities, and financing activities are shown in the **statement of cash flows** in the interim consolidated financial statements.

III Events after the balance sheet date

Details of events of particular importance after the end of the first half of 2025 can be found in note 59 of the notes to the consolidated financial statements.

IV Outlook

1 Economic conditions

1.1 Global economic trends

The global economy is facing considerable challenges and heightened uncertainty in 2025. DZ BANK believes that this is chiefly due to the policymaking of the US administration, which has instigated a drastic U-turn in US trade policy by massively increasing tariffs. Despite bilateral agreements that provide for somewhat more moderate import duties compared with the tariffs originally threatened, goods from China and the EU are particularly heavily affected. The US president's unpredictable style of policymaking is piling on uncertainty in international trade.

The new US policies already sharply skewed the growth profiles of numerous countries' economies in the first half of 2025 as a result of international trade and US consumer spending being brought forward. The US economy itself is also being adversely impacted by the tariff policy. This will especially be the case as inflation starts to rise as a result of the higher tariffs, thereby curbing consumer spending. Moreover, the jump in uncertainty threatens to make businesses reluctant to invest. In the second half of 2025, and particularly in the current third quarter, growth is expected to be extremely weak in most major economies. The global economy will likely expand by 2.9 percent in 2025 as a whole, which is around 0.3 percentage points less than in 2024.

Europe, and more specifically Germany, should once again provide some rays of economic hope. With the significant spending boost that it has planned for infrastructure projects and defense, the new German government is not just improving growth prospects from 2026. In fact, the mood is already lifting in the German economy. The European Central Bank's interest-rate reduction, bringing rates into neutral territory, is also very welcome and means that monetary policy in the eurozone is no longer likely to hamper investment and consumer spending going forward.

The various conflicts around the world and the resulting trade frictions are also holding back the global economy. These developments are covered in chapter VI.3 of the risk report.

1.2 Trends in the USA

In 2025, the US government's trade policies are having an effect on the economy of the United States. Now that the impact of spending brought forward due to the announced tariffs has abated, DZ BANK believes that the outlook for the US economy for the rest of 2025 remains muted. Inflation will likely increase due to the tariffs, which will in turn curb consumer spending. On the other hand, tax cuts under the One Big Beautiful Bill Act should provide modest support for growth. DZ BANK expects the US economy to grow by 1.5 percent overall in 2025. Nevertheless, concerns continue to abound due to the US president's erratic policymaking, and the risk of a recession remains.

1.3 Trends in the eurozone

In the first half of 2025, economic growth in the eurozone was heavily affected by US tariff policy, leading to a surge in gross domestic product in the first quarter. Due to the absence of the spending brought forward and the introduction of high tariffs in the second quarter, however, this did not last.

The fallout from the tariffs will likely continue to hold back the eurozone economy as 2025 progresses. The European Commission has reached agreement with the US administration on import tariffs of 15 percent on European goods. The tariffs under the agreement are nowhere near as high as the US president had at times threatened, but they are still materially higher than before he took office. There are also certain detailed issues that remain to be clarified. For eurozone-based companies that wish to continue exporting to the United States, concerns thus remain about whether this tariff agreement will last. They will probably postpone investment projects for the time being. Against this backdrop, GDP is not expected to rise in the second half of 2025. Due to the better first half of the year, DZ BANK still nonetheless predicts economic growth for the eurozone of around 1.0 percent in 2025.

Upward pressure on consumer prices has continued to ease in 2025 compared with last year. In fact, the rate of inflation was back just below the European Central Bank's 2.0 percent target at 1.9 percent in May 2025 and was exactly on target in June and July. The weakness of the economy and the waning pressure on wages should, in DZ BANK's opinion, ensure that inflation remains at around the 2 percent mark for the rest of the year. For 2025 as a whole, DZ BANK forecasts an inflation rate of 2.0 percent, which is 0.4 percentage points lower than in 2024.

1.4 Trends in Germany

After a less than satisfactory 2024, the German economy began to pick up again in the first half of 2025. This is likely attributable to spending that was brought forward ahead of the announced US tariffs, but the momentum started to tail off again in the second quarter of 2025.

Germany's manufacturing sector, in particular, is faced with structural challenges. Energy prices for manufacturers are high by international comparison and China is transitioning from an export market for German products to a rival producer of high-quality industrial goods, thereby putting pressure on German industry. DZ BANK believes that domestic policy in Germany has been providing fresh momentum since the coalition between the CDU/CSU and the SPD was agreed in spring. However, a number of initiatives, such as the infrastructure package, will not provide tangible economic support until next year. Better depreciation rules (referred to as investment boosters) and increased spending on defense should generate slightly higher demand as early as the second half of this year, however. At the same time, US tariffs and an overall weak global economy will hinder the German economy. DZ BANK therefore estimates that German economic output will stagnate in 2025. The German economy will thus not be able to shrug off its weakness for a while longer, having already experienced two years of economic contraction.

Persistently weak economic conditions and the easing of upward pressure on energy prices are having a dampening effect on inflation. DZ BANK predicts an inflation rate of 2.0 percent for Germany in 2025, which is lower than the level seen in 2024.

1.5 Trends in the financial sector

In a turnaround in interest-rate policy, the major central banks lowered interest rates last year. The federal funds rate of the US central bank (Fed) was cut to a target range of between 4.25 percent and 4.5 percent at the end of 2024 and has remained at that level since. By contrast, the European Central Bank (ECB) decreased the main refinancing operations interest rate in the eurozone in several stages, reducing it from 3.15 percent at the end of 2024 to stand at 2.15 percent at the end of the reporting period. DZ BANK believes that the ECB will lower its benchmark rate further over the course of 2025 and that the Fed will make a small reduction too.

Signs are now emerging of a change of direction in the real estate market. Following the correction of property valuations caused by the spike in interest rates, prices of residential property are now picking up again. A clear price increase can be discerned for multi-unit residential properties. This is attributable to the consistently high level of demand for residential properties amid tight supply, and to rising rents. Commercial real estate prices have seen a modest decline. This downward trend is expected to continue in the coming months, although market conditions will likely present a mixed picture. DZ BANK continues to believe that yields will remain steady.

The encouraging stock market growth seen in 2024 continued in the reporting period. Whereas US indices appear to have recovered from their brief slump amid much volatility, the DAX and EURO STOXX notched up further increases in the first half of 2025. For the remainder of 2025, DZ BANK predicts that share prices will stabilize at a high level. With regard to the EUR/USD exchange rate, the DZ BANK Group expects the euro to appreciate against the US dollar in the long term.

The financial sector will continue to face pressures in terms of both adjustment and costs stemming from structural changes and growing price competition. They are an additional challenge on top of the economic factors. To counter these headwinds, existing business models need to be reviewed and adapted if required. Efficiency must also be improved by digitalizing business processes further.

The implementation of future EU banking regulations will necessitate further adaptation in the financial sector. The agenda of reforms drawn up by the supervisory authorities in response to the financial crisis is aimed at making the financial industry more resilient in the event of a crisis and ensuring that risks arising from its business activities are not borne by the public sector. Prompted by the reforms, the financial industry has reduced its leverage and strengthened its risk-bearing capacity, in particular by improving capital and liquidity adequacy. The adoption of standards relating to the environment, social matters, and responsible corporate governance (ESG) will require more adjustments to be made in the financial industry. Despite efforts to cut bureaucracy, a key challenge in this regard remains implementing these regulatory requirements in overall business management, risk management, and reporting systems.

2 Financial position and financial performance

The forecasts below are based on the outcome of the DZ BANK Group’s projection process. Some of the forecasts have changed compared with those in the 2024 group management report due to new information coming to light. Changes in the aforementioned assumptions, particularly as a result of the macroeconomic conditions described above, may lead to deviations from the forecasts.

The **equity** and **total assets** of the DZ BANK Group are not expected to change materially year on year in 2025, based on the information currently available.

In light of the challenging economic outlook, **net interest income** (including net income from long-term equity investments) is predicted to fall significantly in 2025 compared with the high level recorded in 2024. The figure for 2024 received a noticeable boost not only from the encouraging level of income from the operating business but also from accounting-related effects that had a positive impact on net interest income but a countervailing negative impact on gains and losses on trading activities.

A small year-on-year improvement in **net fee and commission income** is projected for 2025, which will thus remain a mainstay of the DZ BANK Group’s earnings.

In all probability, **gains and losses on trading activities** will improve considerably year on year, returning to a net gain in 2025. This can be explained by the accounting-related effects mentioned above in connection with net interest income, which resulted in a net loss on trading activities in the prior year.

A high net gain was achieved under **gains and losses on investments** in 2024. A sharp deterioration is expected in the reporting year.

Other gains and losses on valuation of financial instruments will deteriorate substantially in 2025. This is mainly because the recent very positive effects in the DZ BANK – CICB and UMH operating segments will no longer be included.

Based on the latest projections, **net income from insurance business** is expected to edge up in 2025, primarily because the insurance service result is predicted to improve.

The DZ BANK Group’s **expenses for loss allowances** are forecast to decline significantly in 2025 compared with 2024, owing in particular to lower expenses in the DZ BANK – CICB operating segment.

A moderate increase in **administrative expenses** is predicted for 2025, with primarily staff expenses expected to continue driving the increase.

Having been at a very high level in 2024, **other net operating income** is expected to fall significantly in the forecast period. This can be explained by various effects in the individual operating segments, although some of them will offset each other.

Following the very good figure posted for 2024, **profit before taxes** is predicted to fall slightly in 2025 but remain above €3 billion. Net profit is expected to be around the level of the prior-year figure.

The **cost/income ratio** is likely to climb a little in 2025 owing to a small decrease in income and a moderate rise in administrative expenses.

Regulatory RORAC will decrease noticeably in 2025 due to the higher base rate of return used in the calculation.

3 Liquidity and capital adequacy

Based on the liquidity risks measured as at the reporting date and the liquidity levels available, the **liquidity adequacy** of the DZ BANK Group and the DZ BANK banking group were assured for the remainder of 2025 at the time of preparation of this interim group management report, from both an economic and a regulatory perspective. Further information on liquidity adequacy can be found in the risk report (chapter VI.4).

The **capital adequacy** of the DZ BANK Group, the DZ BANK financial conglomerate, and the DZ BANK banking group were assured for the second half of the year at the time of preparation of this interim group management report, from both an economic and a regulatory perspective; that is to say, they have sufficient available internal capital and own funds that can be drawn on to cover the risks measured as at the reporting date. Further information on capital adequacy can be found in the risk report (chapter VI.5).

V Opportunity report

1 Legal basis

In its capacity as the parent company in the DZ BANK Group, DZ BANK is publishing this half-year opportunity report in order to meet the transparency requirements for opportunities applicable to the DZ BANK Group as specified in **section 115** and **section 117** of the **German Securities Trading Act (WpHG)** and **German Accounting Standard (GAS) 16** (Interim financial reporting) in conjunction with **GAS 20** (Group management report).

2 Management of opportunities

Based on the three areas of potential listed in chapter V.3, such as better economic conditions than those assumed in the planning scenario, the DZ BANK Group defines **opportunities** as situations in which potential income can be unlocked and/or potential cost savings can be achieved.

The management of opportunities is integrated into the **annual strategic planning process**. The potential for returns is identified and analyzed on the basis of various macroeconomic scenarios, trends, and changes in the market environment, and then included in strategic financial planning. Details about the strategic planning process are presented in chapter I.2.4 of the 2024 group management report.

Opportunity management is an integral component of **governance** and is therefore taken into account in the general management approach, in the management of subsidiaries via appointments to key posts, and in the DZ BANK Group's committees. Details about the governance of the DZ BANK Group can be found in chapter I.2.2 of the 2024 group management report.

3 Potential opportunities

3.1 Potential opportunities from macroeconomic developments

The statements made in the outlook on the expected business performance of the DZ BANK Group in 2025 are based on the macroeconomic scenario that DZ BANK considers to be the most likely. Opportunities may arise for the DZ BANK Group if economic conditions in the relevant markets prove to be better than in this scenario.

In a positive scenario such as that, the trade disputes between the United States and its most important trading partners would be settled through negotiations, returning tariff policy to normal and alleviating concerns in the global economy. This would stimulate more growth than anticipated in the eurozone. Germany's export-led economy would particularly benefit from this, but economic growth in China and the United States could also stabilize as a result.

An easing of tensions in geopolitical trouble spots would also provide positive impetus. These include an end to the war in Ukraine, de-escalation of the conflict in the Middle East, and an easing of tensions in the South China Sea. They would have a stabilizing effect on the global economic situation and counteract the elevated volatility in financial markets around the world. A more stable political and financial environment would also give less ground to growing nationalistic and right-wing populist trends in Europe and thereby strengthen investor and business confidence.

In light of improved growth prospects and with inflation hovering at just under the 2 percent mark, the European Central Bank could cut its deposit facility interest rate to below 2 percent before the end of 2025. Further reductions in key interest rates, in combination with a consistent and moderate rate of inflation, would stimulate investment and improve consumer sentiment. Real estate prices, which have stabilized of late, would also continue to benefit, with positive knock-on effects on the DZ BANK Group's financial performance. This growth outlook and the associated increases in corporate profits would produce a robust uptrend in the European share indices too.

In a positive scenario, European politics would be more cohesive and less susceptible to abrupt political changes, which would also boost investor confidence and potentially improve market growth. A consistent economic approach in Europe, joint decision-making, and a gradual lowering of the key interest rate could stimulate growth in the eurozone despite high debt levels.

A sustained positive attitude to innovation and investment on the part of the new government in Germany would also have a positive impact. The strategic raising of debt levels to enable increased spending on defense and investment in infrastructure would be beneficial in this case as the capital spending would pay off in the medium term and generate growth in the long term. The stability of the two coalition parties and their willingness to make decisions play a crucial role in this regard. It means that Germany could take on a leading role in Europe and set the tone for fiscal and economic policy, bringing about a lasting upswing, particularly on the domestic front.

All of the positive factors outlined above are highly unlikely to materialize together. From the DZ BANK Group's perspective, however, even the occurrence of individual factors would create an environment that would probably benefit its business models and its financial position and financial performance. Stable conditions in the financial and capital markets would have a positive impact on the net interest income and net fee and commission income generated from customer business and on net income from insurance business. In particular, the economy recovering and crises not worsening could potentially limit the net expense recognized for loss allowances and thereby help to increase the Group's net profit.

3.2 Potential opportunities from regulatory initiatives

Regulatory changes and initiatives may provide banks and insurance companies with the opportunity to offer products or services that are better tailored to customers' needs. Further development of statutory requirements, such as the Sustainable Finance Disclosure Regulation (SFDR) as part of the EU Sustainable Finance Framework, may lead to customers and the markets participating in sustainable finance initiatives on a greater scale, which would provide banks and insurance companies with the opportunity to strengthen the unique selling points of their products and services and to unlock potential growth in sustainable finance. This would have a positive impact on, for example, net fee and commission income and net interest income.

3.3 Potential opportunities from strategic initiatives

The strategic focus of the DZ BANK Group (see chapter I.1 of the 2024 group management report) follows the guiding principle of fulfilling the role of a **network-oriented central institution and financial services group**. Business activities are centered on the local cooperative banks and their customers. The objective of this strategic approach is to consolidate the positioning of the Cooperative Financial Network as one of the leading financial services providers in Germany on a long-term basis. The partnership between the cooperative banks and the entities in the DZ BANK Group is built on the principles of subsidiarity, decentralization, and regional market responsibility.

The DZ BANK Group develops and implements **strategic initiatives and programs** at three levels:

Firstly, the entities in the DZ BANK Group work on strategic projects and initiatives in collaboration with the cooperative banks and Atruvia AG, Frankfurt am Main, with the leading role taken by the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V., Berlin (BVR) [National Association of German Cooperative Banks]. By implementing the strategy agenda, the central service providers in the Cooperative Financial Network assist the cooperative banks with their individual strategic processes and help them to assume responsibility for their own profitability. Based on the strategy agenda, the 'Germany-wide strategic portfolio bringing together strategic initiatives of the Cooperative Financial Network' has been established with the aim of improving the transparency of these initiatives for the cooperative banks.

Secondly, the entities in the DZ BANK Group have jointly identified key areas of potential (such as operating models and sustainability) in order to reinforce their future viability and profitability. The aim is to continue to develop and take action in these areas over the coming years. Two new areas of potential related to the EU's Financial Data Access Regulation (Open Finance / FIDA) and merchant customers have been established this year.

Thirdly, each individual entity in the DZ BANK Group pursues its own strategic initiatives. One example is the 'Verbund First 4.0' strategic program at **DZ BANK**, which is designed to ensure the organization's resilience for the future. The program is aimed at improvements in three key areas: market presence (network-focused, customer-oriented, and digital), control and production processes (efficient, effective, and focused), and corporate culture (performance-driven and integrative). The 'Verbund First 4.0' strategic program is updated continually in line with requirements. Topics that are related to 'Verbund First 4.0', such as sustainability, digitalization (e.g. generative artificial intelligence), and employer branding, are key elements of the transformation of the economy.

Under its '#Fokus100' strategy, **BSH** describes its long-term objective through its vision of being a reliable partner that helps its customers to achieve their dreams when it comes to their home. The building society works with the cooperative banks to develop all-round solutions in the homes and housebuilding ecosystem, thereby strengthening the Cooperative Financial Network. It intends to remain the market leader in the home savings market and, together with the cooperative banks, aims to be no. 1 in the home finance market. In addition, it is striving to make inroads into new areas of growth for homes and housebuilding by maintaining a firm focus on customers and facilitating close collaboration between the cooperative banks and BSH's field staff on marketing. BSH is the cooperative center of excellence (provider of products and solutions) for homes and housebuilding, and it wishes to play an important part in strengthening the Cooperative Financial Network's market position.

DZ HYP is forging ahead with digitalization in many areas of its business. In consumer home finance, it is further expanding its role as a decentralized product supplier for the banks in the Cooperative Financial Network. It is focusing on forward-looking solutions that are designed to simplify the application processes for new business and make the processing of inquiries from existing customers significantly more straightforward. Through its connection to the Atruvia AG omnichannel platform, DZ HYP is creating new ways of collaborating with local cooperative banks. Digital self-service is being combined with face-to-face support. DZ HYP is championing digital services for looking after existing customers too. It makes relevant information about the finance already taken out by a customer on the Meine Baufinanzierung [my home finance] portal, thereby reducing the local cooperative banks' workload in terms of handling customer inquiries. The main aspects of DZ HYP's FK Digital project in its corporate customer business are deploying data optimally within processes, improving interfaces, and unlocking the associated potential for greater efficiency while, at the same time, catering to the current and future requirements of market players and supervisory authorities alike. The initial implementation phase of FK Digital began in 2023 and is expected to be completed in the second half of 2025. This should also help to further optimize the bank's streamlined, profitable approach incorporating intensive customer relationship management. Furthermore, the bank has drawn up a strategy for implementing the DZ HYP cloud infrastructure. The fundamental cloud infrastructure, which had been established in 2024, was migrated into the IT landscape as the future operating model as at the reporting date. In this context, DZ HYP sees the use of artificial intelligence as a key issue for the future. As part of a preliminary study initiated in the third quarter of 2024, preparations were made for an implementation project in 2025. Based on use cases, the added value from the strategic use of artificial intelligence will be tested in the handling of a number of processes. The real estate sector has the potential to play a key role in combating climate change. DZ HYP sees its own role as supporting the green transformation of the economy in order to channel cash flows toward more sustainable business, for example by financing more energy-efficient real estate.

Our vision 'We are a go-to partner for our customers. We are driving a new era of security, healthcare, and provision for the future – simple, personal, inspirational. In fast-moving times, our Cooperative Financial Network makes the difference.' provides the framework for **R+V's** new internal strategy. In terms of content, three areas of strategic focus lie at the heart of the NextLevel strategy. By focusing on cooperative customers, the strategy is aimed at better unlocking the Cooperative Financial Network's potential and winning more market share, all while remaining customer centric. Through a combination of initiatives to enhance its operational, technological, and insurance excellence, R+V intends to become more efficient and profitable, thereby enhancing its competitiveness and viability going forward. R+V also aims to foster a culture of individual responsibility, encouraging employees to use their initiative. At the same time, the centralized and strict management of capital and resources is intended to ensure that these are used efficiently within the company.

Union Investment has created the internal FitForFuture program, which establishes a financial basis for strategic areas of investment going forward. This basis allows strategic investments for the future, while the business model can be refined more rapidly. A key area of action for attracting the next generation of customers to the fund business and retaining them within the Cooperative Financial Network is digitalizing the interfaces throughout the entire marketing process. Union Investment's positioning as an active asset manager remains crucial for it to stand out in the market, target new customer groups, and, in the high-net-worth segment in particular, ensure its product offering meets expectations. Refining the business model also requires internal processes to be quicker, coupled with a high degree of willingness to learn on the part of all employees. The supporting internal programs have got under way and the first effects are being seen.
Taking account of FitForFuture, all this investment in the future will be cost-neutral and should thus secure the viability and profitable growth of the Union Investment Group going forward.

Positive effects from the strategic initiatives and programs could have a beneficial impact on, for example, net fee and commission income, net interest income, or administrative expenses.

VI Risk report

1 Legal basis and disclosure principles

In its capacity as the parent company in the DZ BANK Group, DZ BANK is publishing this half-year risk report in order to meet the transparency requirements for risks applicable to the DZ BANK Group as specified in **section 115** and **section 117** of the **German Securities Trading Act (WpHG)** and **German Accounting Standard (GAS) 16** (Interim financial reporting) in conjunction with **GAS 20** (Group management report). This report also implements the applicable international risk reporting requirements on the basis of **International Accounting Standard (IAS) 34**, although the legal standards applicable to annual reporting under the International Financial Reporting Standards (IFRS) – **IFRS 7.31-42** (nature and extent of risks arising from financial instruments) and **IFRS 17.121-132** (nature and extent of risks that arise from contracts within the scope of IFRS 17) – are taken into account.

In preparing this risk report, DZ BANK also takes account of the **recommended risk-related disclosures** issued by the Financial Stability Board, the European Banking Authority, and the European Securities and Markets Authority that are designed to improve the usefulness of the disclosures in the decision-making process.

The quantitative disclosures in this risk report are based on information that is presented to the Board of Managing Directors and used for internal management purposes (known as the **management approach**). The disclosure of this information, which is important for knowledgeable users, is designed to ensure that external reporting is useful when such users need to make decisions.

This half-year report only provides an overview of the **core elements of the risk management system** of the DZ BANK Group. The risk management system is presented in full in the risk report in the 2024 group management report ('2024 risk report'). Those disclosures are also applicable to the first half of this year, unless otherwise indicated in this report.

DZ BANK Group

2 Summary

2.1 Risk management system

2.1.1 Fundamental features of risk management

Risks result from adverse developments affecting financial position or financial performance, and essentially comprise the risk of an unexpected future liquidity shortfall or unexpected future losses. A distinction is made between liquidity and capital. Risks that materialize can affect both of these resources.

The DZ BANK Group has a **risk management system** that is updated on an ongoing basis in line with changes to the business and regulatory environment. The risk management system is designed to enable them to identify material risks – particularly risks to their ability to continue as a going concern – at an early stage and to initiate the necessary control measures. The main elements of the risk management system are organizational arrangements, methods, IT systems, the limit system based on economic risk-bearing capacity, stress testing of all material risk types, and internal reporting.

The risk management system is based on the **risk appetite statement** – the fundamental document for determining risk appetite in the DZ BANK Group – and the specific details and additions set out in **risk strategies**, which are consistent with the business strategy and are approved by the Board of Managing Directors. The risk appetite statement contains risk policy guidelines and strategy requirements that are applicable throughout the group. It also sets out quantitative requirements reflecting risk appetite.

The DZ BANK Group strives to avoid **concentrations of risk** that are not the conscious result of business policy.

The methods used to **measure risk** are an integral element of the risk management system. They are regularly reviewed, refined where necessary, and adapted to changes in internal and external requirements. Risk model calculations are used to manage the DZ BANK Group.

The tools used for the purposes of risk management are also designed to enable the DZ BANK Group to respond appropriately to **significant market movements**. For example, the market data used for the centralized, model-driven measurement of market risk is updated every trading day and significant market movements therefore lead to an immediate increase in the volatility of risk factors and, consequently, changes in market risk. In addition, changes in credit ratings and correlations affect the modeled level of credit risk. Conservative crisis scenarios for short-term and medium-term liquidity are intended to ensure that liquidity risk management takes adequate account of market crises.

2.1.2 Management units and sectors

Risk is managed groupwide on a consolidated basis and includes all entities in the DZ BANK Group. DZ BANK and its material subsidiaries – material in terms of their contribution to the DZ BANK Group's aggregate risk; also referred to below as management units – are directly incorporated into the group's risk management system, and managed, on the basis of the material risk types.

From a risk perspective, the 'DZ BANK' management unit equates to the central institution and corporate bank operating segment and the holding function. The non-material subsidiaries and investee entities of DZ BANK are integrated into the risk management system either directly as part of other types of risk or indirectly as part of equity investment risk. How they are integrated is decided annually.

Where a subsidiary defined as a management unit acts as the parent company of a subgroup, the entire subgroup comprising the parent company plus its subsidiaries and second-tier subsidiaries is considered to be the management unit. This means that the subsidiaries, second-tier subsidiaries, and investees of the DZ BANK subsidiaries are also included in the DZ BANK Group's risk management system – indirectly via the entities that are included directly – with due regard to the minimum standards applicable throughout the group.

The management units represent the **operating segments** in the interim consolidated financial statements of the DZ BANK Group and form the core of the financial services group.

The **insurance business** operated at R+V differs in material respects from the other businesses of the DZ BANK Group. For example, actuarial risk is subject to factors that are largely different from those affecting the risks typically assumed in banking business. Furthermore, policyholders have a share in any gains or losses from investments in connection with life insurance, health insurance, and casualty insurance as specified under statutory or contractual arrangements, and this must be appropriately taken into account in the measurement of risk. Not least, the supervisory authorities also treat banking business and insurance business differently and this is reflected in differing regulatory regimes for banks and insurance companies.

Two sectors – Bank sector and Insurance sector – have been created within the DZ BANK Group for the purposes of **economic risk management**. The management units are assigned to these sectors as follows:

Bank sector:
- DZ BANK
- BSH
- DZ HYP
- DZ PRIVATBANK
- TeamBank
- UMH
- VR Smart Finanz

Insurance sector:
- R+V

In the context of quantitative disclosures on the economic and the regulatory (normative) risk-bearing capacity of the DZ BANK Group and the DZ BANK financial conglomerate, the abbreviation R+V as used in this risk report refers to the R+V Versicherung AG insurance group for regulatory purposes. In contrast to the R+V subgroup defined in chapter I.2.1 of the 2024 group management report, the regulatory R+V Versicherung AG insurance group also comprises KRAVAG-SACH Versicherung des Deutschen Kraftverkehrs VaG, Hamburg.

The subject of **normative risk management** is the DZ BANK banking group as defined in accordance with section 10a of the German Banking Act (KWG) in conjunction with articles 11 and 18 of the Capital Requirements Regulation (CRR). The DZ BANK banking group consists of DZ BANK as the superordinated entity plus other institutions and financial institutions that qualify as subsidiaries according to article 4 (1) no. 16 CRR. These entities essentially represent the Bank sector. Other subsidiaries that are consolidated for regulatory purposes are not included in the regulatory risk report owing to their minor significance. Equally, insurance companies and companies not in the financial sector are not part of the banking group for regulatory purposes. R+V is fully consolidated for commercial-law purposes but is not included in the banking group for regulatory purposes.

2.1.3 KPIs

Risks affecting liquidity and capital resources are managed on the basis of groupwide liquidity risk management and groupwide risk capital management. The purpose of **liquidity risk management** is to ensure adequate levels of liquidity reserves are in place in respect of risks arising from future payment obligations (liquidity adequacy). The aim of **risk capital management** is to ensure the availability of capital resources that are commensurate with the risks assumed (capital adequacy).

The key risk management figures used in respect of **liquidity** are
- the minimum liquidity surplus;
- the liquidity coverage ratio (LCR); and
- the net stable funding ratio (NSFR).

The key risk management figures used in respect of **capital** are
- economic capital adequacy;
- the coverage ratio for the financial conglomerate;
- the regulatory capital ratios;
- the leverage ratio; and
- the metrics for the minimum requirement for own funds and eligible liabilities (MREL), which are the MREL ratio as a percentage of risk-weighted exposure amounts, the MREL ratio as a percentage of the leverage ratio exposure, the subordinated MREL ratio as a percentage of risk-weighted exposure amounts, and the subordinated MREL ratio as a percentage of the leverage ratio exposure.

2.2 Risk factors and risks

The entities in the DZ BANK Group are exposed to a number of risk factors. These include developments concerning the entity's environment that may have an adverse impact on the DZ BANK Group's future financial position, liquidity situation, or financial performance. Risk factors either affect multiple types of risk (general risk factors) or are limited to specific types of risk (specific risk factors). Disclosures on **general risk factors** can be found in chapter VI.3. The **specific risk factors** are shown in the risk-type-specific chapters of this risk report.

The main features of the directly managed **risks** in the Bank and Insurance sectors and how they break down across the **operating segments** reported in note 32 of the notes to the 2024 consolidated financial statements were shown in Fig. VI.1 and Fig. VI.2 respectively of the 2024 risk report. The financial and non-financial risks shown there correspond to the outcome of the risk inventory check and reflect the risks that are material to the DZ BANK Group. This presentation also applies to the first six months of the current year.

2.3 Risk profile and risk appetite

The DZ BANK Group's **business model** and the associated business models used by the management units determine the risk profile.

The values for the measurement of **liquidity and capital adequacy** presented in Fig. VI.1 reflect the liquidity risks and the risks backed by capital assumed by the DZ BANK Group. They illustrate the **risk profile** of the DZ BANK Group. The values for these KPIs are compared against the (internal) threshold values specified by the Board of Managing Directors of DZ BANK – also referred to below as **risk appetite** – and against the (external) minimum targets laid down by the supervisory authorities. The KPIs are explained in more detail later in this risk report.

These **observation thresholds** mark the transition point from a comfortable risk situation to a state of heightened alert, whereas the **minimum thresholds** represent a mandatory internal limit that must be maintained. Both thresholds are elements of the risk appetite statement. The internal minimum thresholds in the risk appetite statement largely represent the warning thresholds in the recovery plan. They are defined by the Board of Managing Directors of DZ BANK and presented to the Risk Committee of DZ BANK's Supervisory Board for acknowledgement. Depending on the situation and significance, the Chief Risk Officer, the Chief Financial Officer, the relevant committee of the Board of Managing Directors, or the full Board of Managing Directors may initiate operational corrective measures if observation thresholds are crossed. If the minimum thresholds are crossed, the escalation mechanisms set out in the recovery plan are triggered.

2.4 Solvency and risk-bearing capacity

The **solvency** of DZ BANK and its subsidiaries was never in jeopardy at any point during the reporting period. They also complied with regulatory requirements for liquidity adequacy. By holding ample liquidity reserves, the group aims to be able to protect its liquidity against any threats in the event of a crisis.

The DZ BANK Group remained within its economic **risk-bearing capacity** in the first half of 2025 and also complied with regulatory requirements for capital adequacy on every reporting date.

FIG. VI.1 – LIQUIDITY AND CAPITAL ADEQUACY KPIS

	Measured figure		External minimum target		Internal minimum threshold		Internal observation threshold	
	Jun. 30, 2025	Dec. 31, 2024	2025	2024	2025	2024	2025	2024
LIQUIDITY ADEQUACY								
DZ BANK Group (economic perspective)								
Minimum liquidity surplus (€ billion)[1]	19.6	22.7	0.0	0.0	5.0	4.0	7.5	5.0
DZ BANK banking group (normative perspective)								
Liquidity coverage ratio (LCR, percent)[2]	139.0	143.9	100.0	100.0	112.5	112.5	125.0	125.0
Net stable funding ratio (NSFR, percent)[3]	122.8	125.0	100.0	100.0	106.0	106.0	110.0	110.0
CAPITAL ADEQUACY								
DZ BANK Group (economic perspective)								
Economic capital adequacy (percent)[4]	214.2	200.3	100.0	100.0	120.0	120.0	140.0	140.0
DZ BANK financial conglomerate (normative perspective)								
Coverage ratio (percent)[5]	142.2	136.1	100.0	100.0	115.0	113.0	125.0	123.0
DZ BANK banking group (normative perspective)[6]								
Common equity Tier 1 capital ratio (percent)	17.9	15.8	9.9	10.0	11.8	11.8	13.0	13.0
Tier 1 capital ratio (percent)	20.1	17.8	11.8	11.8	13.5	13.5	14.8	14.8
Total capital ratio (percent)	22.8	20.1	14.2	14.2	16.0	16.0	17.3	17.3
Leverage ratio (percent)	6.7	6.6	3.0	3.0	4.0	4.0	4.3	4.3
MREL ratio as a percentage of risk-weighted exposure amounts	40.4	36.2	27.3	27.0	28.5	28.4	28.8	28.7
MREL ratio as a percentage of the leverage ratio exposure	13.6	13.4	9.8	9.5	10.2	9.9	10.5	10.2
Subordinated MREL ratio as a percentage of risk-weighted exposure amounts	33.3	29.5	27.0	27.0	28.4	28.4	28.7	28.7
Subordinated MREL ratio as a percentage of the leverage ratio exposure	11.2	10.9	9.5	8.4	9.9	8.8	10.2	9.1

1 For details, see chapter VI.4.2.2.
2 For details, see chapter VI.4.3.1.
3 For details, see chapter VI.4.3.2.
4 For details, see chapter VI.5.3.
5 For details, see chapter VI.5.4.2.
6 For details, see chapter VI.5.4.3.

3 General risk factors

In the first half of 2025, the general risk factors that were applicable to the DZ BANK Group were essentially unchanged compared with those prevailing at the end of 2024 – with the exception of the macroeconomic risk factor **escalation of geopolitical tensions and resulting trade friction**.

Some regions of the world are experiencing conflict that extends beyond their borders and is resulting in tensions between superpowers. It is impossible to rule out adverse financial effects on the real economy in the European Union (EU) including Germany. Assessments as to the impact of the war in Ukraine, the tensions in the South China Sea, and the stand-off on the Korean peninsula remain largely unchanged compared with when the 2024 risk report was prepared.

The aforementioned geopolitical tensions can adversely affect global trade. The current situation has changed in the following material ways compared with the end of 2024.

The political implications of the **conflict in the Middle East** are much further-reaching than previous disputes in the region, and the conflict has spread. Given the United States' support for Israel, the situation in the region could deteriorate further. A further escalation of the conflict could lead to the Strait of Hormuz being blocked, which would halt around a fifth of the world's oil shipments. This would probably dramatically increase the price of oil and throttle global growth. This would have serious consequences for the global economy. Major bottlenecks would be expected in the supply of crude oil and liquefied petroleum gas, which could send global market prices soaring and push up inflation again.

In addition to the effects of disrupted supply chains, there is an ongoing risk that the **introduction of reciprocal tariffs** will further escalate the trade friction between the United States and the EU. Since August 2025, the EU member states have been burdened with a baseline tariff of 15 percent on all imports into the United States, plus the additional levies that continue to be imposed on iron, steel, and aluminum products. There remains a risk that the tariff agreement reached could be unilaterally revoked and the threatened 50 percent tariffs on EU imports could then actually come into force. The new tariff arrangements could continue to have a negative impact on the global economy, and on the export-dependent German economy in particular. For companies in Germany, the restrictions on global trade could lead to higher import prices and a shortage of input products on the one hand and, on the other, to a decline in exports.

Fig. VI.2 provides an overview of the types of risk potentially affected by negative macroeconomic conditions.

FIG. VI.2 – MACROECONOMIC RISK FACTORS AT A GLANCE

Macroeconomic risk factors	Change compared with end of previous year	Risk type affected and relevant chapter in this risk report and the 2024 risk report			
		Bank sector		Insurance sector	
Escalation of geopolitical tensions and resulting trade friction	**Deterioration**	Credit risk	Chapter VI.6.2.1 Chapter VI.6.3	Market risk	Chapter VI.13.2.2 Chapter VI.13.2.3
		Market risk	2024 risk report: chapter VI.10.3		
		Operational risk	2024 risk report: chapter VI.14.7		
Global economic downturn	**No change**	Credit risk	Chapter VI.6.2	Market risk	2024 risk report: chapter VI.17.2
		Market risk	2024 risk report: chapter VI.10.3		
Economic policy divergence in the eurozone	**No change**	Market risk	2024 risk report: chapter VI.10.3	Market risk	Chapter VI.13.2.1
Ongoing weakness in the German economy	**No change**	Credit risk	Chapter VI.6.2 Chapter VI.6.4	Market risk	2024 risk report: chapter VI.17.2
Correction in real estate markets	**No change**	Credit risk	Chapter VI.6.2.3	Market risk	2024 risk report: chapter VI.17.2
Scenarios involving interest-rate cuts	**No change**	Market risk	2024 risk report: chapter VI.10.3	Market risk	2024 risk report: chapter VI.17.2
Scenarios involving interest-rate hikes	**No change**	Market risk	2024 risk report: chapter VI.10.3	Life actuarial risk	2024 risk report: chapter VI.16.2
		Technical risk of a home savings and loan company	2024 risk report: chapter VI.11.3	Market risk	2024 risk report: chapter VI.17.2
Heightened volatility in the global financial markets	**No change**	Market risk	2024 risk report: chapter VI.10.3	Market risk	2024 risk report: chapter VI.17.2

4 Liquidity adequacy

4.1 Strategy

The management of liquidity adequacy is an integral component of business management in the DZ BANK Group and the management units. The regulatory requirements for a bank's internal liquidity adequacy assessment process (ILAAP) must be followed. Liquidity adequacy is defined as the holding of sufficient liquidity reserves in relation to the risks arising from future payment obligations.

Economic liquidity adequacy is managed on the basis of the internal liquidity risk model, which takes account of the impact on liquidity of other risks when measuring liquidity risk. Liquidity risk is significantly influenced by the risks that are backed by capital and those that are not backed by capital. In particular, reputational risk is relevant to liquidity risk.

The normative perspective of liquidity adequacy is primarily based on the liquidity ratios required under Basel Pillar 1. Its objective is to assess the DZ BANK banking group's ability to comply with regulatory minimum requirements (plus an internally specified management buffer). Internal liquidity risk management is supplemented by the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR) calculated in line with the CRR requirements.

4.2 Liquidity adequacy in the economic perspective

4.2.1 Quantitative variables in liquidity risk

Liquid securities

The available liquid securities have a material influence on the level of the minimum liquidity surplus and the structural minimum liquidity surplus. Liquid securities are a component of the **counterbalancing capacity** and are largely held in the portfolios managed by DZ BANK's Group Treasury and Capital Markets Trading divisions or in the portfolios of the treasury units at the subsidiaries of DZ BANK. Only bearer bonds are counted as liquid securities.

Liquid securities comprise highly liquid securities that are suitable for collateralizing funding in private markets, securities eligible as collateral for central bank loans, and other securities that can be liquidated in the 1-year forecast period that is relevant for liquidity risk.

The aforementioned securities are only eligible as liquid securities if they are not pledged as collateral, e.g. for secured funding. Securities that have been borrowed or taken as collateral for derivatives business or in connection with secured funding only become eligible when they are freely transferable. Eligibility of the securities taken as collateral is recognized on a daily basis and also takes into account factors such as restrictions on the period in which the securities are freely available.

Liquid securities represent the largest proportion of the counterbalancing capacity and make a major contribution to maintaining solvency in the stress scenarios with defined limits at all times during the relevant forecast period. In the first month, which is a particularly critical period in a crisis, liquid securities are almost exclusively responsible for maintaining solvency in the stress scenarios with defined limits.

Fig. VI.3 shows the liquidity value of the liquid securities that would result from secured funding or if the securities were sold. The total liquidity value as at June 30, 2025 amounted to €61.6 billion (December 31, 2024: €57.7 billion).

FIG. VI.3 – LIQUID SECURITIES OF THE DZ BANK GROUP

€ billion	Jun. 30, 2025	Dec. 31, 2024
Liquid securities eligible for GC Pooling (ECB Basket)[1]	**29.9**	**27.3**
Securities in own portfolio	33.8	28.1
Securities received as collateral	9.9	11.4
Securities provided as collateral	-13.8	-12.2
Liquid securities eligible as collateral for central bank loans	**27.1**	**25.5**
Securities in own portfolio	23.4	23.0
Securities received as collateral	6.8	5.2
Securities provided as collateral	-3.1	-2.7
Other liquid securities	**4.5**	**4.9**
Securities in own portfolio	3.0	3.3
Securities received as collateral	1.6	1.6
Securities provided as collateral	-0.1	-0.1
Total	**61.6**	**57.7**
Securities in own portfolio	60.2	54.5
Securities received as collateral	18.4	18.2
Securities provided as collateral	-17.0	-15.0

1 GC = general collateral, ECB Basket = eligible collateral for ECB funding.

The rise in liquid securities that are eligible for GC Pooling and as collateral for central bank loans mainly resulted from the gradual growth of securities portfolios and from a higher number of reverse repos with customers, banks in the Cooperative Financial Network, and subsidiaries of DZ BANK.

Unsecured short- and medium-term funding

The main factors determining the minimum liquidity surplus and the structural minimum liquidity surplus besides the liquid securities are the availability and composition of the sources of funding.

The DZ BANK Group has a highly diversified funding base for operational liquidity. A considerable portion is accounted for by money market activities resulting from the cash-pooling function with the **local cooperative banks**. Under these arrangements, the cooperative banks can invest excess liquidity with DZ BANK at any time. Conversely, if the cooperative banks need liquidity, they can obtain it from DZ BANK within the approved limits. Overall, this regularly results in a liquidity surplus, which provides one of the main pillars of short-term funding in the unsecured money markets.

Corporate customers and **institutional customers** are another important source of funding for covering operational liquidity requirements in the DZ BANK Group. In the context of liquidity risk, corporate customers are those customers that are not banks and are not classified as institutional customers.

For funding purposes, the management units also issue **money market products based on debt certificates** under a standardized groupwide multi-issuer euro commercial paper program through the offices and branches in Frankfurt am Main, New York, Hong Kong, London, and Luxembourg. DZ BANK also runs a US-dollar-denominated commercial paper program for Frankfurt am Main. Key repo and securities lending activities, together with the collateral management process, are managed centrally in DZ BANK's Group Treasury division.

The volume of funding on the **interbank market** is low; such funding is not strategically important to the DZ BANK Group. The range of funding sources in the unsecured money markets is shown in Fig. VI.4.

FIG. VI.4 – UNSECURED SHORT-TERM AND MEDIUM-TERM FUNDING OF THE DZ BANK GROUP

€ billion	Jun. 30, 2025	Dec. 31, 2024
Deposits	**94.5**	**100.6**
Deposits of local cooperative banks	55.6	64.8
Current account deposits of other customers	38.9	35.8
Money market borrowing	**86.8**	**73.9**
Central banks, interbank, and customer banks	12.1	10.7
Corporate customers and institutional customers	36.7	41.6
Certificates of deposit/commercial paper	38.0	21.6

Deposits from the local cooperative banks were lower as at June 30, 2025 than as at December 31, 2024 due to seasonal effects. The decline was offset by the issue of commercial paper.

Further information on funding can be found in chapter II.5 of the interim group management report.

4.2.2 Risk position

Minimum liquidity surplus

Short-term economic liquidity adequacy is assured if none of the four stress scenarios with defined limits exhibit a negative value for the key risk indicator 'minimum liquidity surplus'. Fig. VI.5 shows the results of measuring liquidity risk.

FIG. VI.5 – MINIMUM LIQUIDITY SURPLUSES FOR THE DZ BANK GROUP, BY STRESS SCENARIO

	Forward cash exposure		Counterbalancing capacity		Minimum liquidity surplus[1]	
€ billion	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2025	Dec. 31, 2024
Downgrading	-66.7	7.6	120.4	42.5	53.7	50.1
Corporate crisis	-68.1	-60.3	87.6	83.0	19.6	22.7
Market crisis	-75.5	-67.4	106.9	101.0	31.4	33.6
Combination crisis	-74.5	-66.7	98.6	93.0	24.0	26.3

1 The values with an orange background are the minimum liquidity surplus in the squeeze scenario.

The results are based on a daily calculation and comparison of forward cash exposure and counterbalancing capacity. The values reported are the values that occur on the day on which the liquidity surplus calculated over the forecast period of 1 year is at its lowest point.

The liquidity risk value measured as at June 30, 2025 for the stress scenario with defined limits with the lowest minimum liquidity surplus (squeeze scenario) was €19.6 billion (December 31, 2024: €22.7 billion). The decrease in the minimum liquidity surplus was largely due to the reduction in current account deposits and fixed-term deposits from banks in the Cooperative Financial Network.

The minimum liquidity surplus as at June 30, 2025 was positive in the stress scenarios with defined limits. This is due to the fact that the counterbalancing capacity was above the cumulative cash outflows on each day of the defined forecast period in every scenario, which indicates that the cash outflows assumed to take place in a crisis could be comfortably covered.

The limit for the minimum liquidity surplus as at June 30, 2025 was €0.0 billion (December 31, 2024: €1.0 billion). The internal observation threshold stood at €7.5 billion as at the reporting date (December 31, 2024: €5.0 billion).

As at the reporting date, the minimum liquidity surplus exceeded the **external minimum target** laid down by the supervisory authorities, the **internal minimum threshold**, and the **internal observation threshold**. The target/threshold values are shown in Fig. VI.1. The **limit** for the minimum liquidity surplus was adhered to.

Structural minimum liquidity surplus

The structural economic liquidity adequacy in the baseline scenario is ensured if there is no negative value below the relevant limit in either of the two maturity bands, 2 to 5 years and 6 to 10 years. The results of this measuring of long-term liquidity risk presented in Fig. VI.6 are obtained by comparing the forward cash exposure and the counterbalancing capacity in the relevant maturity bands. The amount of the structural minimum liquidity surplus is disclosed for each maturity band.

FIG. VI.6 – STRUCTURAL MINIMUM LIQUIDITY SURPLUS OF THE DZ BANK GROUP, BY FORECAST PERIOD

	Limit		Structural minimum liquidity surplus	
€ billion	**Jun. 30, 2025**	Dec. 31, 2024	**Jun. 30, 2025**	Dec. 31, 2024
Forecast period: 2–5 years	-4.0	-4.0	45.6	50.6
Forecast period: 6–10 years	-6.0	-6.0	24.5	28.8

The limits for the structural minimum liquidity surplus were adhered to as at the reporting date.

4.3 Liquidity adequacy in the normative perspective

4.3.1 Liquidity coverage ratio

The liquidity coverage ratio has a short-term focus and is intended to ensure that institutions can withstand a liquidity stress scenario lasting 30 days. This KPI is defined as the ratio of available liquid assets (liquidity buffer) to total net cash outflows in defined stress conditions over the next 30 days. DZ BANK reports the LCR to the supervisory authority on a monthly basis.

The LCR figure for the DZ BANK banking group can be found in Fig. VI.7.

FIG. VI.7 – LIQUIDITY COVERAGE RATIO OF THE DZ BANK BANKING GROUP

	Jun. 30, 2025	Dec. 31, 2024
Total liquidity buffer (€ billion)	129.5	122.0
Total net liquidity outflows (€ billion)	93.2	84.8
LCR (percent)	**139.0**	**143.9**

As at the reporting date, the **external minimum target** laid down by the supervisory authorities, the **internal minimum threshold**, and the **internal observation threshold** were exceeded. The target/threshold values are shown in Fig. VI.1.

4.3.2 Net stable funding ratio

The net stable funding ratio has a long-term focus and is intended to identify mismatches between the maturity structures of assets-side and liabilities-side business. The ratio is the amount of available stable funding (equity and liabilities) relative to the amount of required stable funding (assets-side business). The funding sources are weighted according to their degree of stability and assets are weighted according to their degree of liquidity based on factors defined by the supervisory authority. Excess cover in relation to the NSFR is the difference between the available stable funding and the required stable funding.

The NSFR calculated for the DZ BANK banking group is presented in Fig. VI.8.

FIG. VI.8 – NET STABLE FUNDING RATIO OF THE DZ BANK BANKING GROUP

	Jun. 30, 2025	Dec. 31, 2024
Available stable funding (weighted equity and liabilities; € billion)	286.1	290.7
Required stable funding (weighted assets; € billion)	233.1	232.5
Excess cover/shortfall (€ billion)[1]	53.0	58.1
NSFR (percent)	**122.8**	**125.0**

1 Excess cover = positive values, shortfall = negative values.

As at the reporting date, the NSFR was above the **internal minimum threshold** and the **internal observation threshold**. The ratio also exceeded the **external minimum target** laid down by the supervisory authorities. The target/threshold values are shown in Fig. VI.1.

5 Capital adequacy

5.1 Strategy

The management of capital adequacy is an integral component of business management in the DZ BANK Group and the management units. Capital adequacy is defined as the holding of sufficient capital to cover the risks assumed by the business. It is considered from both an economic and a normative perspective.

5.2 Retrospective recalculation of the overall solvency requirement

The annual recalculation of the overall solvency requirement and the regulatory risk capital requirement took place as at December 31, 2024 owing to scheduled changes to the parameters for the risk measurement procedures carried out in the second quarter of 2025 for the Insurance sector on the basis of R+V's 2024 consolidated financial statements and the updating of actuarial assumptions. The recalculation reflects updated measurements of insurance liabilities based on annual actuarial analyses, updated deferred taxes, and updates to parameters in the risk capital calculation. Because of the complexity and the amount of time involved, the parameters are not completely updated in the in-year calculation. An appropriate projection is made instead.

In the economic perspective, the recalculation led to changes in the available internal capital, key risk indicators, and economic capital adequacy of the DZ BANK Group. In the normative perspective, the own funds, solvency requirements, and coverage ratio of the DZ BANK financial conglomerate were affected by the changes. The figures as at December 31, 2024 given in this risk report have been restated accordingly and are not directly comparable with the figures in the 2024 risk report.

5.3 Capital adequacy in the economic perspective

Economic capital adequacy is calculated as the ratio of available internal capital to the economic aggregate risk of the DZ BANK Group. The economic aggregate risk is calculated as the sum of the aggregate risk values of the Bank and Insurance sectors, comprising the risk capital requirement of the Bank sector, the overall solvency requirement of the Insurance sector, and a central economic capital buffer. Economic capital adequacy of 100.0 percent or higher indicates that the DZ BANK Group has economic risk-bearing capacity.

The DZ BANK Group's **available internal capital** as at June 30, 2025 stood at €30,457 million. The comparable figure as at December 31, 2024 was €28,779 million. The **limit** derived from the available internal capital was set at €21,578 million for 2025 (2024: €21,191 million). As at June 30, 2025, **aggregate risk** was calculated at €14,220 million. The comparable figure as at December 31, 2024 was €14,365 million.

As at June 30, 2025, the **economic capital adequacy ratio** for the DZ BANK Group was calculated at 214.2 percent. The comparable figure as at December 31, 2024 was 200.3 percent. The increase in available internal capital due to the level of unappropriated earnings in the first six months, coupled with virtually unchanged aggregate risk, led to the rise in economic capital adequacy.

Fig. VI.9 provides an overview of economic capital adequacy and its components.

FIG. VI.9 – ECONOMIC CAPITAL ADEQUACY OF THE DZ BANK GROUP

	Jun. 30, 2025	Dec. 31, 2024
Available internal capital (€ million)[1]	30,457	28,779
Limit (€ million)	21,578	21,191
Aggregate risk (€ million)[1]	14,220	14,365
Economic capital adequacy (percent)[1]	**214.2**	**200.3**

1 Value as at December 31, 2024 after recalculation of R+V's overall solvency requirement. Different values were stated in the 2024 risk report.

As at the reporting date, the economic capital adequacy ratio was above the **external minimum target**, the **internal minimum threshold**, and the **internal observation threshold**. The target/threshold values are shown in Fig. VI.1.

The limits and risk capital requirements for the **Bank sector**, broken down by risk type, are shown in Fig. VI.10.

FIG. VI.10 – LIMITS AND RISK CAPITAL REQUIREMENTS IN THE BANK SECTOR

	Limit		Risk capital requirement	
€ million	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2025	Dec. 31, 2024
Credit risk	5,123	4,994	3,897	4,011
Equity investment risk	1,084	1,364	845	807
Market risk	6,310	7,120	3,325	3,621
Technical risk of a home savings and loan company[1]	820	820	692	719
Business risk[2]	500	500	–	–
Operational risk	1,206	1,157	1,034	1,041
Total (after diversification)	**14,078**	**14,941**	**9,180**	**9,565**

1 Including business risk and reputational risk of BSH.
2 Apart from that of BSH, reputational risk is contained in the risk capital requirement for business risk.

Fig. VI.11 sets out the limits and overall solvency requirements for the **Insurance sector**, broken down by risk type, and includes policyholder participation features. The definition of the limits and determination of overall solvency requirements take into account the ability to offset deferred taxes against losses (which arises where deferred tax liabilities can be eliminated in the loss scenario). Diversification effects between the risk types are also taken into consideration. Owing to these effects of correlation, the overall solvency requirement and limit for each risk type are not cumulative.

In addition to the figures shown in Fig. VI.10 and Fig. VI.11, the aggregate risk includes **a centralized capital buffer requirement across all types of risk**, which was calculated at €751 million as at June 30, 2025 (December 31, 2024: €475 million). The corresponding **limit** was €1,000 million (December 31, 2024: €550 million). The increase in the centralized capital buffer requirement during the first half of 2025 was primarily due to the recognition of a capital buffer of €240 million for sustainability risk. The capital buffer requirement relates to climate-related physical risks affecting credit risk and to climate-related transition risks affecting credit risk and business risk.

FIG. VI.11 – LIMITS AND OVERALL SOLVENCY REQUIREMENTS IN THE INSURANCE SECTOR

	Limit		Overall solvency requirement	
€ million	Jun. 30, 2025	Dec. 31, 2024	Jun. 30, 2025	Dec. 31, 2024[1]
Life actuarial risk[2]	1,130	1,100	918	939
Health actuarial risk	380	400	348	324
Non-life actuarial risk	2,440	2,250	1,550	1,572
Market risk	5,020	4,450	3,705	3,862
Counterparty default risk	470	325	301	252
Operational risk	850	800	716	675
Risks from entities in other financial sectors	250	265	200	200
Total (after diversification)	**6,500**	5,700	**4,289**	4,325

1 Values after recalculation of the overall solvency requirement. Different values were stated in the 2024 risk report.
2 Reputational risk is implicitly included in the overall solvency requirement for life actuarial risk (lapse risk).

5.4 Capital adequacy in the normative perspective

5.4.1 Principles

The normative perspective is an integral part of the internal capital adequacy assessment process (ICAAP). The regulatory ratios presented below are used as part of the internal management of the DZ BANK financial conglomerate and the DZ BANK banking group.

From the normative perspective, risk-bearing capacity is assured if, in the medium term, all regulatory minimum solvency requirements are met, even in crisis situations. An internal management buffer over and above the regulatory requirements for each ratio is also included in order to ensure that the group has an adequate level of capital.

The procedures used to calculate these ratios are those required under CRR III, which has been in force since January 1, 2025. The material changes compared with the CRR rules that applied until December 31, 2024 primarily relate to the calculation of the capital requirements for credit risk, both under the Standardized Approach to credit risk (CRSA) and under internal ratings-based (IRB) approaches. The calculation of the capital requirements for operational risk is also affected by the changes. Furthermore, CRR III introduces an 'output floor'. This instrument is aimed at limiting the reductions in risk-weighted exposure amounts (RWEAs; synonym of the term 'risk-weighted assets' used in the 2024 risk report) that are achieved through the use of internal models, thereby ensuring a minimum threshold for the capital requirements.

CRR III contains transitional guidance designed to enable institutions to gradually adapt to the new regulatory requirements. This guidance relates both to the output floor and to the calculation of the risk-weighted exposure amounts on the basis of internal models.

5.4.2 DZ BANK financial conglomerate

The DZ BANK financial conglomerate comprises the DZ BANK banking group and R+V. The financial conglomerate coverage ratio is the ratio between the total of own funds in the financial conglomerate and the total of solvency requirements for the conglomerate. The resulting ratio must be at least 100.0 percent.

The changes in the coverage ratio and in the own funds and solvency requirements of the DZ BANK financial conglomerate are shown in Fig. VI.12.

FIG. VI.12 – REGULATORY CAPITAL ADEQUACY OF THE DZ BANK FINANCIAL CONGLOMERATE

	Jun. 30, 2025[1]	Dec. 31, 2024[2, 3]
Own funds (€ million)	38,849	37,453
Solvency requirements (€ million)	27,320	27,524
Coverage ratio of the financial conglomerate (percent)	**142.2**	**136.1**

1 The values for the DZ BANK banking group included in the calculations were determined in accordance with the CRR III transitional guidance.
2 The values for the DZ BANK banking group included in the calculations were determined in accordance with the CRR transitional guidance relating to IFRS 9.
3 Final figures. Preliminary figures were stated in the 2024 risk report.

The coverage ratio calculated for the DZ BANK financial conglomerate rose from 136.1 percent as at December 31, 2024 to 142.2 percent as at June 30, 2025. This was attributable, in particular, to a rise of €1,396 million in own funds and a decrease of €204 million in the solvency requirements. The effects that led to this change in the coverage ratio were the result of developments in the DZ BANK banking group and at R+V (see also chapter VI.5.4.3 and chapter VI.5.4.4).

The final coverage ratio calculated for the financial conglomerate as at June 30, 2025 was higher than the **external minimum target** laid down by the supervisory authorities, the **internal minimum threshold**, and the **internal observation threshold**. The target/threshold values are shown in Fig. VI.1.

5.4.3 DZ BANK banking group

Regulatory minimum capital requirements

The minimum capital requirements that the DZ BANK banking group has to comply with in 2025 under the Supervisory Review and Evaluation Process for Basel Pillar 2 (SREP) comprised those components of Pillar 1 laid down as mandatory by law and those individually specified by the banking supervisor.

Institution-specific requirements under the additional capital requirements in Pillar 2, determined in the outcome of the SREP conducted for the DZ BANK banking group in 2024, also had to be satisfied. In this process, the banking supervisor specifies a mandatory add-on (**Pillar 2 requirement**) that is factored into the external minimum targets for the capital ratios and into the basis of calculation used to determine the threshold for the maximum distributable amount (MDA). Distributions are restricted if capital falls below the MDA threshold.

In addition to this mandatory component, there is a recommended own funds amount under Pillar 2 (**Pillar 2 guidance**), which likewise is determined from the SREP, but unlike the mandatory component relates only to common equity Tier 1 capital. Failure to comply with the own funds guidance under Pillar 2 does not constitute a breach of regulatory capital requirements. Nevertheless, this figure is relevant as an early-warning indicator.

BaFin has classified DZ BANK as an other systemically important institution (O-SII). The DZ BANK banking group has to comply with an **O-SII capital buffer** (comprising common equity Tier 1 capital) as defined in section 10g (1) KWG at a level of 1.0 percent in 2025. The O-SII capital buffer was unchanged compared with the prior-year period.

The mandatory minimum capital requirements relevant to the DZ BANK banking group under the SREP, and their components, are shown in Fig. VI.13.

FIG. VI.13 – REGULATORY MINIMUM CAPITAL REQUIREMENTS OF THE DZ BANK BANKING GROUP

Percent	2025	2024
Minimum requirement for common equity Tier 1 capital	4.5	4.5
Additional Pillar 2 capital requirement	1.1	1.1
Capital conservation buffer	2.5	2.5
Countercyclical capital buffer[1]	0.7	0.7
Systemic risk buffer[1]	0.1	0.1
O-SII capital buffer	1.0	1.0
Mandatory minimum requirement for common equity Tier 1 capital	**9.9**	**10.0**
Minimum requirement for additional Tier 1 capital[2]	1.5	1.5
Additional Pillar 2 capital requirement[2]	0.3	0.3
Mandatory minimum requirement for Tier 1 capital	**11.8**	**11.8**
Minimum requirement for Tier 2 capital[2]	2.0	2.0
Additional Pillar 2 capital requirement[2]	0.5	0.4
Mandatory minimum requirement for total capital	**14.2**	**14.2**

1 The amount of the countercyclical capital buffer and the systemic risk buffer is recalculated at each reporting date. Unlike the other reported values, which apply to the entire financial year, the countercyclical capital buffers shown for 2025 and 2024 relate solely to the reporting dates.
2 The minimum requirement and additional capital requirement can also be satisfied with own funds from higher categories.

Regulatory capital ratios

The regulatory **own funds** of the DZ BANK banking group as at June 30, 2025 amounted to a total of €34,532 million (December 31, 2024: €32,738 million). This equated to a rise in own funds of €1,794 million compared with the end of 2024 that mainly resulted from an increase in common equity Tier 1 capital of €1,426 million.

The increase in **common equity Tier 1 capital** from €25,663 million as at December 31, 2024 to €27,089 million as at June 30, 2025 was primarily due to the interim profit of €879 million as at the reporting date, which was calculated taking account of all regulatory dividends and charges and was recognized in accordance with Decision (EU) 2015/656 of the ECB. Furthermore, common equity Tier 1 capital went up owing to the rise of €276 million in cumulative other comprehensive income calculated in accordance with IFRS and because there was no longer a deduction of €226 million for the loss allowances deficit for long-term equity investments. This change was due to long-term equity investments being switched from the IRB approach to the CRSA in connection with the introduction of CRR III.

The fall of €11,033 million in the **risk-weighted exposure amounts** from €162,563 million as at December 31, 2024 to €151,529 million as at June 30, 2025 was largely attributable to three effects:

– The risk-weighted exposure amounts for credit risk (including long-term equity investments) went down by a total of €20,373 million. This was essentially caused by methodological changes resulting from the initial application of the CRR III rules, although the impact of the changes was partly cancelled out by countervailing effects relating to the volume of new business and existing business.
– The rise of €9,685 million in the risk-weighted exposure amounts for operational risk was also attributable to methodological changes resulting from the initial application of the CRR III rules.
– The risk-weighted exposure amounts determined for market risk declined by €345 million.

As at June 30, 2025, the DZ BANK banking group's **common equity Tier 1 capital ratio** was 17.9 percent, an increase of 2.1 percentage points compared with December 31, 2024 (15.8 percent). The **Tier 1 capital ratio** of 20.1 percent calculated as at the reporting date was 2.3 percentage points higher than the figure as at December 31, 2024 (17.8 percent). The **total capital ratio** stood at 22.8 percent as at June 30, 2025, representing a rise of 2.7 percentage points compared with December 31, 2024 (20.1 percent). The higher capital ratios can predominantly be explained by the increase in common equity Tier 1 capital and a simultaneous fall in the risk-weighted exposure amounts.

Fig. VI.14 provides an overview of the DZ BANK banking group's regulatory capital ratios.

FIG. VI.14 – REGULATORY CAPITAL RATIOS OF THE DZ BANK BANKING GROUP

	Jun. 30, 2025[1]	Dec. 31, 2024[2]
Capital		
Common equity Tier 1 capital (€ million)	27,089	25,663
Additional Tier 1 capital (€ million)	3,293	3,293
Tier 1 capital (€ million)	**30,382**	**28,956**
Total Tier 2 capital (€ million)	4,149	3,782
Own funds (€ million)	**34,532**	**32,738**
Risk-weighted exposure amounts		
Credit risk including long-term equity investments (€ million)	125,602	145,975
Market risk (€ million)	5,164	5,509
Operational risk (€ million)	20,763	11,078
Total (€ million)	**151,529**	**162,563**
Capital ratios		
Common equity Tier 1 capital ratio (percent)	17.9	15.8
Tier 1 capital ratio (percent)	20.1	17.8
Total capital ratio (percent)	22.8	20.1

1 In accordance with the CRR III transitional guidance.
2 In accordance with the CRR transitional guidance relating to IFRS 9.

The **external minimum targets**, **internal minimum thresholds**, and **internal observation thresholds** for the common equity Tier 1 capital ratio, the Tier 1 capital ratio, and the total capital ratio were exceeded as at June 30, 2025. The target/threshold values are shown in Fig. VI.1.

Leverage ratio

The **leverage ratio** shows the ratio of Tier 1 capital to the total exposure measure. In contrast to credit-risk-related capital requirements for which the assumptions are derived from models, the individual exposures in the calculation of the leverage ratio are not allocated their own risk weight but are generally included in the total exposure without being weighted. The total exposure measure comprises exposures reported on the balance sheet (excluding derivatives and securities financing transactions), derivatives exposures, securities financing transaction exposures, and other off-balance-sheet exposures.

The leverage ratio and its components are shown in Fig. VI.15.

FIG. VI.15 – LEVERAGE RATIO OF THE DZ BANK BANKING GROUP

	Jun. 30, 2025	Dec. 31, 2024
Tier 1 capital (€ billion)	30.4	29.0
Total exposure measure (€ billion)	450.9	440.6
Leverage ratio (percent)	**6.7**	**6.6**

As at the reporting date, the leverage ratio was above the **external minimum target**, the **internal minimum threshold**, and the **internal observation threshold**. The target/threshold values are shown in Fig. VI.1.

Minimum requirement for own funds and eligible liabilities

The **MREL ratio as a percentage of risk-weighted exposure amounts** is the ratio of the MREL volume to the total risk exposure amount (risk-weighted exposure amounts) of the DZ BANK banking group. The MREL volume is the total of the regulatory own funds of the DZ BANK banking group and the eligible external MREL liabilities of DZ BANK. To calculate the **subordinated MREL ratio as a percentage of risk-weighted exposure amounts**, only subordinated MREL liabilities are included in the numerator in addition to the regulatory own funds of the DZ BANK banking group. The denominator is the same as for the MREL ratio.

The **MREL ratio as a percentage of the leverage ratio exposure** is the ratio of the MREL volume to the total exposure measure, which comprises on-balance-sheet asset items and off-balance-sheet items (including derivatives), known as the leverage ratio exposure of the DZ BANK banking group. To calculate the **subordinated MREL ratio as a percentage of the leverage ratio exposure**, only subordinated MREL liabilities are included in the numerator in addition to the regulatory own funds of the DZ BANK banking group. The denominator is the same as for the MREL ratio.

The calculated MREL ratios are shown in Fig. VI.16.

FIG. VI.16 – MINIMUM REQUIREMENT FOR OWN FUNDS AND ELIGIBLE LIABILITIES OF THE DZ BANK BANKING GROUP

Percent	Jun. 30, 2025	Dec. 31, 2024
MREL ratio		
as a percentage of risk-weighted exposure amounts	40.4	36.2
as a percentage of the leverage ratio exposure	13.6	13.4
Subordinated MREL ratio		
as a percentage of risk-weighted exposure amounts	33.3	29.5
as a percentage of the leverage ratio exposure	11.2	10.9

The subordinated MREL ratio as a percentage of risk-weighted exposure amounts stood at 33.3 percent as at June 30, 2025, an increase of 3.8 percentage points compared with the end of 2024. Similarly, the MREL ratio as a percentage of risk-weighted exposure amounts also went up, advancing by 4.2 percentage points to 40.4 percent. The main reason for the increase was the reduction in the risk-weighted exposure amounts and the growth of the MREL volume and of the subordinated MREL volume.

The **external minimum targets**, **internal minimum thresholds** , and **internal observation thresholds** were exceeded as at June 30, 2025. The target/threshold values and measured values are shown in Fig. VI.1.

5.4.4 R+V

The regulatory solvency requirements for insurance companies and insurance groups provide a means of evaluating the overall risk position in the R+V Versicherung AG insurance group.

The group's risk-bearing capacity for regulatory purposes is defined as the eligible own funds at group level in relation to the risks arising from operating activities. The changes in the regulatory risk-bearing capacity of R+V as a whole and each of its constituent entities are analyzed at least once a quarter.

Fig. VI.17 shows how the solvency requirements are covered by eligible own funds.

FIG. VI.17 – REGULATORY CAPITAL ADEQUACY OF R+V

	Jun. 30, 2025	Dec. 31, 2024[1]
Own funds (€ million)	15,047	14,619
Solvency requirements (€ million)	8,511	8,477
Coverage ratio (percent)	**176.8**	**172.5**

1 Final figures. Preliminary figures were stated in the 2024 risk report.

The **regulatory risk-bearing capacity** of R+V as at June 30, 2025 was calculated at 176.8 percent. The final figure as at December 31, 2024 was 172.5 percent (preliminary figure given in the 2024 risk report: 168.5 percent). The coverage ratio was thus above the external minimum target of 100.0 percent, which was the same target as had applied in 2024.

The projections applied in the internal planning show that the R+V Versicherung AG insurance group's solvency ratio will continue to exceed the solvency requirement as at December 31, 2025.

Bank sector

6 Credit risk

6.1 Lending volume in the entire credit portfolio

6.1.1 Asset class structure of the credit portfolio

The reporting to the Board of Managing Directors on concentrations of credit risk includes a presentation of the credit portfolio broken down by asset class. This is done by dividing the credit portfolio into business-related homogeneous segments on the basis of characteristics such as industry code to reflect the sector, product type, and the rating system used to determine the credit rating. The characteristics are selected in such a way that the segments are subject to uniform risk factors.

In its role as central institution for the Cooperative Financial Network, DZ BANK provides funding for the entities in the Bank sector and for the cooperative banks. For this reason, the cooperative banks, which are assigned to the asset class entities within the Cooperative Financial Network, account for one of the largest loans and receivables items in the group's credit portfolio.

DZ BANK also supports the cooperative banks in the provision of larger-scale funding to corporate customers. Corporate banking exposures relate to business with commercial customers, which is assigned mainly to the 'corporates' asset class and the 'asset-based lending / project finance' asset class. The syndicated business resulting from the corporate customer lending business, the direct business of DZ BANK, the real estate lending business of DZ HYP and BSH, and DZ HYP's local authority lending business determine the asset-class breakdown for the remainder of the portfolio.

The total lending volume rose by 0.3 percent in the first half of the year, from €486.1 billion as at December 31, 2024 to €487.5 billion as at June 30, 2025.

As at June 30, 2025, a significant proportion (39 percent) of the lending volume was concentrated in the financial sector (December 31, 2024: 40 percent). The financial sector comprises entities within the Cooperative Financial Network (cooperative banks) and the 'financials' asset class (mainly banks from other sectors of the banking industry and other financial institutions).

Fig. VI.18 shows the breakdown of the credit portfolio by asset class.

FIG. VI.18 – BANK SECTOR: LENDING VOLUME, BY ASSET CLASS

€ billion	Jun. 30, 2025	Dec. 31, 2024
Entities within the Cooperative Financial Network[1]	140.2	143.4
Financials	48.9	48.7
Corporates[2]	86.5	84.5
Asset-based lending/project finance	14.4	13.6
Public sector	47.8	45.2
Real estate (commercial and retail customers)	118.4	118.6
Retail business (excluding real estate customers)	18.8	18.3
Asset-backed securities and asset-backed commercial paper	11.9	12.3
Other	0.7	1.5
Total	**487.5**	**486.1**

1 Cooperative banks.
2 Including cooperatives for the purchase/sale of goods.

6.1.2 Geographical structure of the credit portfolio (excluding Germany)

Fig. VI.19 shows the geographical distribution of the credit portfolio by country group. Borrowers based in Germany are not included in this breakdown. The relevant country for the assignment to a country group is the one in which the economic risk arises. As at June 30, 2025, 68 percent of the total lending outside Germany was concentrated in Europe, which was virtually unchanged compared with the end of the prior year (December 31, 2024: 67 percent).

FIG. VI.19 – BANK SECTOR: LENDING VOLUME, BY COUNTRY GROUP

€ billion	Jun. 30, 2025	Dec. 31, 2024
Europe	61.4	60.8
of which: eurozone	40.0	38.6
North America	14.8	16.1
Central America	0.2	0.2
South America	0.9	1.1
Asia	9.1	8.9
Africa	1.4	1.2
Other	1.9	2.0
Total	**89.6**	**90.3**

6.1.3 Rating structure of the credit portfolio

The proportion of the total lending volume accounted for by rating classes 1A to 3A (investment grade) remained unchanged at 88 percent between December 31, 2024 and June 30, 2025. Rating classes 3B to 4E (non-investment grade) represented 10 percent, which was also unchanged. Defaults, represented by rating classes 5A to 5E, decreased by €0.1 billion to €5.4 billion as at June 30, 2025 (December 31, 2024: €5.5 billion). They thus accounted for 1 percent of the total lending volume, as had also been the case at the end of 2024.

Fig. VI.20 shows the lending volume by rating class according to the VR credit rating master scale.

FIG. VI.20 – BANK SECTOR: LENDING VOLUME, BY INTERNAL RATING CLASS

€ billion		Jun. 30, 2025	Dec. 31, 2024
Investment grade	1A	43.4	43.0
	1B	7.0	5.7
	1C	157.8	158.4
	1D	18.5	19.6
	1E	20.2	21.9
	2A	23.3	21.3
	2B	34.7	30.1
	2C	32.0	34.7
	2D	32.4	33.7
	2E	35.9	37.5
	3A	23.1	23.1
Non-investment grade	3B	16.3	14.6
	3C	11.4	11.1
	3D	8.2	8.1
	3E	5.4	5.7
	4A	3.6	3.2
	4B	2.7	2.5
	4C	1.3	1.3
	4D	0.3	0.3
	4E	2.0	2.1
Default		5.4	5.5
Not rated		2.4	2.5
Total		**487.5**	**486.1**

6.1.4 Collateralized lending volume

In the **traditional lending business**, the lending volume is a gross figure that has not been offset by collateral. The uncollateralized lending volume is defined as lending volume less the collateral received. In **derivatives and money market business**, where the lending volume already reflects the risk-mitigating effects of netting agreements and credit support annexes, collateral values are relatively low. In the **securities business**, there is generally no further collateralization to supplement the collateral already taken into account. For this reason, securities business is not included in the presentation of the collateralized lending volume.

Fig. VI.21 shows the breakdown of the collateral value by type of collateral.

The total collateral value fell from €131.4 billion as at December 31, 2024 to €129.7 billion as at June 30, 2025. The collateralization rate was 32.4 percent at the reporting date (December 31, 2024: 32.7 percent).

FIG. VI.21 – BANK SECTOR: COLLATERAL VALUE, BY TYPE OF COLLATERAL

€ billion	Jun. 30, 2025	Dec. 31, 2024
Guarantees, indemnities, risk subparticipations	6.9	6.9
Credit insurance	6.5	6.6
Land charges, mortgages, registered ship and aircraft mortgages	112.2	113.3
Pledged loans and advances, assignments, other pledged assets	1.7	1.8
Financial collateral	2.1	2.5
Other collateral	0.3	0.3
Total collateral	**129.7**	**131.4**
Lending volume	399.9	402.2
Uncollateralized lending volume	**270.2**	**270.8**
Collateralization rate (percent)	**32.4**	**32.7**

6.2 Credit portfolios particularly affected by negative macroeconomic conditions
The following sections describe the lending volume of credit portfolios in which the effects of negative macroeconomic conditions were more noticeable than in the rest of the credit portfolios.

6.2.1 Impact of US tariff policy
The trade policy decisions of the United States, particularly on tariff policy (as described in chapter VI.3), influence global financial markets and corporate supply chains. Tariff increases or changes to existing trade agreements can impair the ability of businesses to compete and can lead to declining sales.

The Bank sector's credit portfolio has a diversified customer base. The customers most affected by US trade policy are a small number of companies that can probably handle the challenges posed by volatile market conditions. There is thus no reason to adjust the management of credit risk at present. DZ BANK is monitoring the impact of US trade policy on the global markets and supply chains, as well as the indirect effects on other borrowers.

6.2.2 Structural change in the automotive sector
The automotive sector has been undergoing a period of transformation for a number of years and faces certain challenges compared with other industries, such as low profit margins and a need for high levels of capital, coupled with long investment cycles. A major aspect of the transformation is the progressive switch from internal combustion technology to alternative drives, especially electric ones. In addition to the established major players, new manufacturers – especially from China – have made headway in the field of electric vehicles in recent years, generating a high market share in their domestic markets while also starting to play a role in international markets. This brings German vehicle manufacturers, in particular, under pressure and has triggered extensive cost-cutting programs. Long-term trends relating to digitalization, assistance systems, and autonomous driving are playing an ever greater role in the industry's transformation too. These developments are continuing to maintain a very high level of pressure on the industry to transform.

The automotive industry continues to record lackluster growth in the major markets of Europe and North America, and increasingly in China too. Globally, the industry is also being adversely affected by geopolitical tensions, the tariffs that have already been imposed, and potential trade disputes. Another factor is the risk of supply chain disruptions as a result of further potential bans on the export of rare earths from China. Such a move would severely affect the production of electric vehicles. The outlook for the remainder of 2025 remains muted as a result. In the medium term, therefore, growth is expected to be weaker, especially for German and European vehicle manufacturers.

The volume of lending in the Bank sector's automotive finance portfolio is concentrated in **DZ BANK** and came to €4.7 billion as at June 30, 2025 (December 31, 2024: €5.5 billion). This portfolio includes loans to automotive suppliers, which are analyzed separately in chapter VI.6.4.2. The decline in the lending volume compared with

December 31, 2024 was primarily due to changes in how the portfolio is defined at DZ BANK. This effect amounted to around €0.5 billion.

6.2.3 Commercial real estate finance

Business model and macroeconomic risks

Within the Bank sector, **DZ HYP's** lending business with corporates includes financing for hotels, office real estate, department stores, shopping malls, and inner-city commercial properties that are mainly used for retail/wholesale businesses not offering day-to-day essentials (retail/wholesale segment). In addition, DZ HYP provides financing to property developers and project developers. It also finances purchases of land for which development plans have been drawn up.

These asset classes have been negatively affected by a number of general and specific sources of uncertainty in recent years. Commercial real estate prices continued to stabilize in the first half of 2025, while rent prices generally rose across all types of property over the same period. However, the number of transactions in the commercial real estate market was slightly lower than in the first half of the prior year. Demand for commercial real estate was muted in the second quarter in particular. The commercial real estate finance segment continues to be affected by muted economic conditions, a rise in company insolvencies, and a still depressed business and consumer climate. A positive change in mood is emerging, however. The real estate market continues to be dominated by global crises and geopolitical concerns. Comparatively high interest rates and therefore elevated borrowing costs also had an ongoing adverse impact.

The portfolios in question have so far proven to be crisis-resistant with no structural anomalies. Although the number of exposures with increased risk content subject to close monitoring continued to rise in the first half of 2025, these loans remain at a moderate level. Moreover, critical exposures were often able to be transferred back to normal processing because counterparties stabilized or because of portfolio restructuring. The heightened requirements established in recent years with regard to the underlying value and cash flow performance of financed real estate had a supportive effect.

Nevertheless, uncertainty stemming from risk factors of relevance for commercial real estate finance persists, particularly in terms of whether financially viable rental and purchase prices can be achieved. This could continue to adversely impact on cash flow, capital expenditure, and market values in the further course of 2025. For a return to a normal level, interest rates must remain stable and the economy and the macroeconomic climate must stage a significant and sustained recovery.

Risks specific to individual real estate finance segments

Hotels have been seeing a significant positive trend for some time now. Occupancy has largely stabilized at a high level. Nearly all hotel segments and categories recorded rising room prices and revenue growth in the first half of the year. The outlook for the second half of the year is positive. Despite ongoing challenges as a result of the shortage of skilled workers, as well as sustained competitive pressures and rising costs, hotels are no longer considered as an exposure with increased risk.

Office real estate continues to be subject to uncertainty with regard to tenants' future wishes and their space requirements in light of the new ways of working, which involve new space concepts and remote working. It is becoming apparent that less space will be required going forward, with demand increasingly focused on modern and high-quality premises in city centers or well connected locations with good access to services and amenities. Another adverse factor for this segment is the ongoing weakness of the economy, which is resulting in reduced demand for office space as it is causing many businesses to postpone their growth and investment plans. The modest recovery of present values and the still stable level of rents on new contracts are providing positive impetus and suggest a moderate uptrend.

The rental markets for **department stores, shopping malls, and inner-city commercial properties that are mainly used for retail/wholesale businesses** not offering day-to-day essentials continued to recover in the first half of 2025 on the back of the rise in rents on new contracts and the improved take-up of rental space in the first few months of the year. The present values of retail property rose for the first time in several years in the first six months of 2025. A clear focus on top locations, smaller premises, mixed-use designs, and alternative tenant models is emerging. Inflation-adjusted and calendar-adjusted retail sales were only marginally higher than in the prior-year period, and there has been a month-on-month decline of late. It remains to be seen whether the slight improvement in consumer sentiment seen recently and the generally positive trend in the economy will continue in the second half of the year.

The market for transactions involving finance with construction risk remained challenging in the first half of 2025, with market participants remaining reticent. There has been no noticeable impetus in the year to date. Real estate rentals and sales continued to suffer delays, although signs of a tentative return to a positive trend are emerging.

Property development transactions showed further signs of growth, led by private own and third-party use. The market for **project development** remained difficult in the first six months of 2025. The office rental situation is still especially tricky. Whereas a growing number of exits at viable prices were achieved for advanced projects, construction projects that have not yet commenced continue to pose challenges as a result of delayed planning permissions, increased construction costs, and difficulty in exiting projects. An increase in interest rates during the planning stage is also having a braking effect on construction projects. This affected DZ HYP's **financing for land purchases**, in particular.

Lending volume by finance segment

The Bank sector entities' lending volume in the real estate asset class, which is presented in Fig. VI.18, totaled €118.4 billion as at June 30, 2025 (December 31, 2024: €118.6 billion). Of this sum, €45.5 billion was attributable to the commercial real estate finance business under the umbrella of DZ HYP as at June 30, 2025 (December 31, 2024: €46.0 billion). DZ HYP's commercial finance lending volume in segments that are particularly affected by the negative macroeconomic conditions broke down as follows as at June 30, 2025 (figures as at December 31, 2024 shown in parentheses):

- Office real estate financing: €14.9 billion (€14.6 billion)
- Department store financing: €0.4 billion (€0.4 billion)
- Shopping mall financing: €2.4 billion (€2.5 billion)
- Financing for inner-city commercial properties mainly used for retail/wholesale businesses not offering day-to-day essentials: €0.7 billion (€0.8 billion)
- Property developer and project developer financing and financing for land purchases: €5.6 billion (€5.8 billion)

Financing for property developers and project developers and financing for land purchases also include certain portions of the financing for other aforementioned finance segments, in particular the financing of office real estate, which had a volume of €2.4 billion as at June 30, 2025 (December 31, 2024: €2.5 billion).

6.2.4 Financing in the consumer finance business

The macroeconomic risk factors described in chapter VI.5.2 of the 2024 risk report continue to impact on the financial strength of retail customers. This was especially apparent in **TeamBank's** consumer finance business. Some key risk indicators deteriorated further in the first half of 2025. Among other things, this led to a rise in non-performing loans.

As at June 30, 2025, the volume of consumer finance extended by TeamBank amounted to €14.1 billion, which was unchanged compared with December 31, 2024.

6.2.5 Finance for corporates

The deterioration of the macroeconomic situation is increasingly affecting **VR Smart Finanz's** financing for small and medium-sized enterprises. Some key risk indicators deteriorated in the first half of 2025. This led to a rise in non-performing loans.

As at June 30, 2025, the volume of finance extended by VR Smart Finanz to corporates amounted to €3.6 billion (December 31, 2024: €3.5 billion).

6.3 Credit portfolios particularly affected by geopolitical tensions

The following sections present the lending volume in the credit portfolios in which the effects of acute global crises were more noticeable than in the rest of the credit portfolios. This exposure mainly comprised short-dated trade finance, project finance backed by export credit agencies, and syndicated bank loans.

The total lending volume in countries affected by global crises amounted to €4,821 million as at June 30, 2025 (December 31, 2024: €4,613 million). This equated to 1 percent of the total lending volume in the Bank sector as at the reporting date, which was unchanged compared with the end of 2024.

Fig. VI.22 shows the breakdown of the lending volume in the countries affected by the various crises.

FIG. VI.22 – BANK SECTOR: LENDING VOLUME IN REGIONS PARTICULARLY AFFECTED BY GEOPOLITICAL TENSIONS

€ million	Jun. 30, 2025	Dec. 31, 2024
Lending volume in countries affected directly by the war in Ukraine[1]	**507**	**650**
of which uncollateralized: Belarus	1	1
of which uncollateralized: Russia	87	86
Lending volume in countries affected by the conflict in the Middle East	**2,550**	**2,416**
of which uncollateralized: Egypt	63	13
of which uncollateralized: Iraq	6	2
of which uncollateralized: Israel	16	1
of which uncollateralized: Saudi Arabia	253	143
of which uncollateralized: Turkey	436	504
Lending volume in regions affected directly by tensions in the South China Sea	**1,764**	**1,547**
of which uncollateralized: China	1,352	1,146
of which uncollateralized: Taiwan	151	92
Total	**4,821**	**4,613**
of which uncollateralized lending volume	2,364	1,989

1 As at June 30, 2025 and December 31, 2024, the entities in the Bank sector had not extended any uncollateralized loans to borrowers based in Ukraine.

6.4 Credit portfolios with increased risk content

The lending volume in the credit portfolios with increased risk content is analyzed separately because of their significance for the risk position.

6.4.1 Finance for cruise ship building

Owing to a high level of demand, utilization of cruise ship building capacity at the shipyards financed by **DZ BANK** is ensured until well into 2029. Nevertheless, the shipyards' credit standing remains poor due to structural challenges that have yet to be solved. The affected companies' financial circumstances have not yet stabilized sufficiently, making the outlook uncertain.

The lending volume related to the financing of cruise ship building is exclusively attributable to DZ BANK and stood at €423 million as at June 30, 2025 (December 31, 2024: €422 million). Collateral worth €370 million was available as at June 30, 2025 (December 31, 2024: €354 million). As at the reporting date, the collateral chiefly comprised export credit insurance of €184 million (December 31, 2024: €177 million) and €152 million from other public-sector guarantees, which was unchanged compared with the end of the prior year.

6.4.2 Finance for automotive suppliers

In addition to the factors described in chapter VI.6.2.2 that apply to the automotive sector as a whole, conditions remain particularly challenging for automotive suppliers in Germany.

The automotive supply industry's capital requirements remain at a record level and margins are still under significant pressure. Compared with vehicle manufacturers, automotive suppliers are in a relatively weak competitive position. Financial performance in the supply industry hinges primarily on the volume of vehicles produced, which was flat overall in the first half of 2025 due to weak global demand. This situation is also reflected in the latest forecasts covering the period up to and including 2026. Current uncertainty regarding tariffs and the availability of rare earths could reduce expectations further.

The technology and development expertise of major global suppliers will ensure that they remain the partner of choice for global vehicle manufacturers. However, they are also in increasing competition with new market players that are leading the way when it comes to assistance systems and digitalization and will therefore acquire a growing share of value added at the expense of established suppliers. In the years ahead, growth impetus is anticipated first and foremost from Asia, and also to a lesser extent from North American markets. Uncertainty surrounding future drive systems and vehicle designs as well as expected geopolitical tensions and tariffs will likely have a long-term adverse impact on the market and thus also on suppliers and their transformation. It is also anticipated that the cost-cutting programs of European vehicle manufacturers will eat into suppliers' financial performance.

Within the Bank sector, finance for companies in the automotive supply industry, which falls into the 'corporates' asset class and mainly relates to **DZ BANK**, amounted to €2,701 million as at June 30, 2025 (December 31, 2024: €2,887 million).

6.4.3 Finance for borrowers in the clothing and textile industry

The clothing and textile industry tends to be sensitive to changes in the economic environment and inflation and sees a high number of insolvencies. Consumer retail demand remains slack. The luxury and upper price segment, which had previously been robust, and the e-commerce segment are also recording falling or flat revenue at present. Wage increases, high energy costs, and inflation have not yet been fully priced in by merchants, which is weighing heavily on margins in some cases.

The clothing and textile industry depends to a large extent on the procurement of goods from Asia. Following attacks by Houthi rebels in the Red Sea and unrest in Bangladesh in 2024, supply chains are once again intact at present. Due to the protracted uncertainty surrounding supply chains and the impact of US tariff policy, however, procurement remains expensive and stockpiling has had to be stepped up.

Within the Bank sector, the lending exposure to the clothing and textile industry is concentrated at **DZ BANK**. The affected lending volume in the Bank sector amounted to €2,203 million as at June 30, 2025 (December 31, 2024: €1,718 million. The increase compared with the volume as at the end of the prior year was attributable to the expansion of business with customers with good credit ratings.

6.4.4 Finance for borrowers in the construction industry and for home improvement stores

Given their above-average sensitivity (with a time lag) to changes in the wider economy and the fierce level of competition, the construction industry and home improvement stores have been battling several negative factors for quite a while.

In 2024, the number of residential planning permissions granted was at its lowest level since 2010. Planning permissions had been falling consistently since April 2022. High costs for materials and expensive financing parameters are pushing up construction prices and dampening demand in sub-sectors of residential construction.

However, order intake has seen a moderate uptick since December 2024. The projection for orders on hand for the entire primary construction industry is more upbeat than in 2024, although there are no signs of an actual turnaround as yet. Capacity utilization in the construction segment remains low overall. International companies are in a better position in relative terms, as are German firms that have diversified as broadly as possible across the construction industry and potentially also operate in international markets.

Public-sector construction is expected to see a boost from the German government's special off-budget infrastructure fund, although the provisional nature of the government's budget is currently having more of a dampening effect. Actual orders from the infrastructure fund are not anticipated before 2026 or 2027. In any case, orders will only be able to be executed gradually due to the ongoing shortage of skilled workers.

In the home improvement store segment, customers remain reluctant to undertake more expensive home improvement projects, with sentiment adversely affected by the bleak economy and the dependence on the construction industry. In consumer-related sectors, however, the mood has improved. Product range adjustments, cost cutting, and renegotiations with suppliers have lifted profit margins slightly.

The lending volume in this portfolio is mainly attributable to **DZ BANK**. As at June 30, 2025, loans and advances in the Bank sector totaled €6,818 million (December 31, 2024: €6,630 million).

6.5 Volume of closely monitored and non-performing loans

6.5.1 Closely monitored loans and forborne exposure

Fig. VI.23 shows the volume of loans on the three monitoring lists – **yellow list**, **watchlist**, and **default list** – and the forborne exposure also included in these lists. A further item in the table shows the exposure managed as forborne but not subject to intensified loan management, i.e. not included in the lists.

The **closely monitored lending volume** amounted to €15,404 million as at June 30, 2025, an increase of 2 percent compared with the end of 2024 (December 31, 2024: €15,029 million).

The **forborne exposure** rose from €4,186 million as at December 31, 2024 to €4,523 million as at June 30, 2025, predominantly owing to an increase in the forborne exposure at DZ HYP.

FIG. VI.23 – BANK SECTOR: CLOSELY MONITORED LENDING VOLUME AND FORBORNE EXPOSURE

€ million	Jun. 30, 2025	Dec. 31, 2024
Yellow list lending volume	**4,732**	4,842
of which: forborne exposure	106	152
Watchlist lending volume	**5,264**	4,712
of which: forborne exposure	1,369	1,068
Default list lending volume	**5,408**	5,475
of which: forborne exposure	2,827	2,759
Total lending volume on monitoring lists	**15,404**	15,029
of which: forborne exposure	4,303	3,979
Off-monitoring-list forborne exposure	220	207
Total forborne exposure	**4,523**	4,186

6.5.2 Non-performing loans

As at June 30, 2025, the volume of non-performing loans (NPLs) had fallen to €5,408 million from €5,475 million as at December 31, 2024. The NPL ratio was unchanged on the end of 2024 at 1.1 percent.

Fig. VI.24 shows the key figures relating to non-performing loans.

FIG. VI.24 – BANK SECTOR: KEY FIGURES FOR NON-PERFORMING LOANS

	Jun. 30, 2025	Dec. 31, 2024
Total lending volume (€ billion)	487.5	486.1
Volume of non-performing loans (€ billion)[1]	5.4	5.5
Balance of loss allowances (€ billion)[2]	2.4	2.3
Coverage ratio (percent)[3]	74.2	74.3
NPL ratio (percent)[4]	1.1	1.1

1 Volume of non-performing loans excluding collateral.
2 IFRS specific loan loss allowances at stage 3, including provisions.
3 Loss allowances as specified in footnote 2, plus collateral, as a proportion of the volume of non-performing loans.
4 Volume of non-performing loans as a proportion of total lending volume.

6.6 Risk position

6.6.1 Risks in the entire credit portfolio

The risk capital requirement for credit risk is based on a number of factors, including the size of single-borrower exposures, individual ratings, collateral, and the industry sector of each exposure.

As at June 30, 2025, the **credit value-at-risk** amounted to €3,897 million (December 31, 2024: €4,011 million) with a **limit** of €5,123 million (December 31, 2024: €4,994 million).

Fig. VI.25 shows the credit value-at-risk together with the average probability of default and expected loss.

FIG. VI.25 – BANK SECTOR: FACTORS DETERMINING THE CREDIT VALUE-AT-RISK

	Jun. 30, 2025	Dec. 31, 2024
Average probability of default (percent)	0.4	0.4
Expected loss (€ million)	475	462
Credit value-at-risk (€ million)	3,897	4,011

In the analysis of **individual concentrations**, the 20 counterparties associated with the largest credit value-at-risk accounted for 20 percent of the total credit value-at-risk as at June 30, 2025 (December 31, 2024: 23 percent).

6.6.2 Risks in the credit portfolios with increased risk content

The risk capital requirement for credit portfolios exposed to increased credit risk is shown in Fig. VI.26.

FIG. VI.26 – BANK SECTOR: CREDIT VALUE-AT-RISK[1] FOR CREDIT PORTFOLIOS WITH INCREASED RISK CONTENT

€ million	Jun. 30, 2025	Dec. 31, 2024
Finance for cruise ship building	26	25
Finance for automotive suppliers	50	55
Finance for borrowers in the clothing and textile industry	18	14
Finance for borrowers in the construction industry (including home improvement stores)	58	56

1 Excluding decentralized capital buffer requirement.

7 Equity investment risk

The **carrying amounts of long-term equity investments** relevant for the measurement of equity investment risk amounted to €2,818 million as at June 30, 2025 (December 31, 2024: €2,827 million).

The **risk capital requirement** for equity investment risk was calculated to be €845 million as at June 30, 2025 (December 31, 2024: €807 million). The corresponding **limit** was €1,084 million as at the reporting date (December 31, 2024: €1,364 million). The lowering of the limit was attributable to the sale of a major long-term equity investment. A change in the risk modeling methods also led to a reduction in the level of risk measured, allowing the limit to be lowered by €100 million.

8 Market risk

8.1 Value-at-risk

Fig. VI.27 shows the average, maximum, and minimum values-at-risk measured over the first half of the year, including a further breakdown by type of market risk. Furthermore, Fig. VI.28 shows the change in market risk by trading day in the reporting period. In both figures, the value-at-risk relates to the **trading and banking books for regulatory purposes**.

FIG. VI.27 – BANK SECTOR: CHANGE IN MARKET RISK BY RISK SUBTYPE[1, 2]

€ million	Jun. 30, 2025	Average	Maximum	Minimum	Dec. 31, 2024
Interest-rate risk	50	44	58	35	39
Spread risk	58	58	60	56	56
Equity risk[3]	23	18	24	13	15
Currency risk	5	4	6	2	4
Commodity risk	2	1	2	1	1
Aggregate risk[4]	**69**	66	71	59	**68**

1 The disclosures relate to general market risk and spread risk. Asset-management risk is not included.
2 Value-at-risk with 99.0% confidence level, 1-day holding period, 1-year observation period, based on a central market risk model for the Bank sector. Concentrations and effects of diversification were taken fully into account when calculating the risks.
3 Including funds, if not broken down into constituent parts.
4 Due to the diversification effect between the market risk subtypes, the aggregate risk does not tally with the total of the individual risks.

The value-at-risk for **interest-rate risk** in all of the portfolios and the value-at-risk for interest-rate risk in the banking book for regulatory purposes are calculated using identical risk models. Variations in risk values are attributable to differences in the calculation bases used for the various portfolios.

The value-at-risk for the **interest-rate risk in the banking book for regulatory purposes** amounted to €50 million as at June 30, 2025 (December 31, 2024: €37 million). The increase in risk was chiefly due to an abrupt rise in euro swap rates in March, which pushed up the value-at-risk in the context of the historical simulation used to measure interest-rate risk in the banking book.

As at June 30, 2025, the value-at-risk for market risk was €69 million (December 31, 2024: €68 million).

FIG. VI.28 – BANK SECTOR: CHANGE IN MARKET RISK BY TRADING DAY[1]

1 Value-at-risk with 99.0% confidence level, 1-day holding period, 1-year observation period, based on a central market risk model for the Bank sector. Concentrations and effects of diversification were taken fully into account when calculating the risks.

8.2 Periodic interest-rate risk and periodic spread risk in the banking book

The periodic interest-rate risk and spread risk calculated for the banking book are shown in Fig. VI.29.

FIG. VI.29 – BANK SECTOR: PERIODIC INTEREST-RATE RISK AND PERIODIC SPREAD RISK IN THE BANKING BOOK[1]

€ million	Jun. 30, 2025	Dec. 31, 2024
IRRBB NIIMV risk	247	288
CSRBB NIIMV risk	127	90

1 IRRBB = interest-rate risk in the banking book; CSRBB = credit spread risk in the banking book;
NII risk = periodic net interest income risk; MV risk = risk resulting from present-value changes in market value.

The decline in the **IRRBB NIIMV** risk measured as at June 30, 2025 compared with the end of 2024 was largely attributable to changes to exposures and the changed interest-rate environment.

The increase in the **CSRBB NIIMV risk** was due to the slight rise in periodic net interest income risk at DZ BANK, meaning that only a lower volume of risk at BSH and DZ HYP can now be offset.

8.3 Risk capital requirement

As at June 30, 2025, the risk capital requirement for **market risk** amounted to €3,325 million (December 31, 2024: €3,621 million) with a limit of €6,310 million (December 31, 2024: €7,120 million). The limit was lowered largely in connection with a change to the model used to measure risk.

The risk capital requirement encompasses the **asset-management risk of UMH**. Asset-management risk as at June 30, 2025 amounted to €88 million (December 31, 2024: €90 million).

9 Technical risk of a home savings and loan company

As at June 30, 2025, the **risk capital requirement** for the technical risk of a home savings and loan company amounted to €692 million (December 31, 2024: €719 million) with a **limit** of €820 million (December 31, 2024: €820 million).

10 Business risk and reputational risk

As at June 30, 2025, the **risk capital requirement for business risk** amounted to €0 million, which was unchanged on the figure as at December 31, 2024. The risk capital requirement is set at zero if the model's loss distribution is positive.

The **limit for business risk** was also unchanged compared with the end of 2024 at €500 million.

Reputational risk in the Bank sector is taken into account within business risk and is therefore implicitly included in the measurement of risk and assessment of capital adequacy. At BSH, reputational risk is measured and the capital requirement determined mainly as part of the technical risk of a home savings and loan company.

11 Operational risk

11.1 Losses

Losses from operational risk do not follow a consistent pattern. The overall risk profile can be seen from the total losses incurred over the long term and is shaped by a small number of large losses. Over the course of time, regular fluctuations are evident in the pattern of losses as the frequency of relatively large losses in each individual case is very low. Presenting the change in losses meaningfully therefore requires a sufficiently long and unchanging time horizon for reporting purposes. The data is selected from the loss history for the past four quarters and on the basis of the date on which the expense is recognized in the income statement.

The past four quarters – that is, the period from July 1, 2024 to June 30, 2025 – represent the relevant reporting period for an analysis of net losses. Fig. VI.30 shows the internal net losses from loss events reported in this period, classified by operational risk subtype, and a comparison with their long-term mean.

In the past four quarters, the highest volume of losses was attributable to **other operational risk**, which was due to many loss events with low to medium loss severity. Based on the long-term mean, internal losses were dominated by **compliance risk** and **legal risk**.

All in all, the losses in the past four quarters were lower than in the prior period. Losses did not reach a critical level relative to the expected loss from operational risk at any point in the first half of 2025.

FIG. VI.30 – BANK SECTOR: NET LOSSES[1] BY OPERATIONAL RISK SUBTYPE

€ million	Jul. 1, 2024– Jun. 30, 2025	Long-term mean[2]
Compliance risk	–	21
Legal risk	2	18
Information risk including ICT risk	1	3
Security risk	2	2
Outsourcing risk	–	1
Project risk	–	1
Other operational risk	17	9
Total[3]	**22**	**53**

1 Internal losses. Operational losses related to credit risk are not included in this breakdown.
2 The long-term mean is derived from loss data recorded since 2006.
3 Losses that are allocable to more than one operational risk subtype are split equally between the relevant subtypes.

11.2 Risk position

The **risk capital requirement** for operational risk was calculated at €1,034 million as at June 30, 2025 (December 31, 2024: €1,041 million) with a **limit** of €1,206 million (December 31, 2024: €1,157 million).

Fig. VI.31 shows the structure of the risk profile for operational risk in the Bank sector based on **risk subtypes**.

The distribution of the risk capital requirement among the operational risk subtypes remained largely unchanged as at June 30, 2025 compared with the end of the previous year. **Compliance risk** and **legal risk** accounted for the most significant proportions of the risk capital requirement for operational risk. A large proportion of the risk capital requirement for these two risk subtypes was determined by the recorded losses and by the hypothetical risk scenarios for changes to case law and for breaches of sanctions and embargoes.

FIG. VI.31 – BANK SECTOR: DISTRIBUTION OF RISK CAPITAL REQUIREMENT FOR OPERATIONAL RISK, BY RISK SUBTYPE[1]

Percent	Jun. 30, 2025	Dec. 31, 2024
Compliance risk	30.3	30.4
Legal risk	18.9	19.1
Information risk including ICT risk	17.0	16.8
Security risk	5.1	5.0
Outsourcing risk	5.9	6.0
Project risk	6.3	6.3
Other operational risk	16.5	16.4

1 Proportion of the Bank sector's total operational risk capital requirement attributable to each operational risk subtype.

Insurance sector

12 Actuarial risk

As at June 30, 2025, the **overall solvency requirement** for **life actuarial risk** amounted to €918 million (December 31, 2024: €939 million) with a **limit** of €1,130 million (December 31, 2024: €1,100 million).

The **overall solvency requirement** for **health actuarial risk** came to €348 million as at June 30, 2025 (December 31, 2024: €324 million). The **limit** was €380 million (December 31, 2024: €400 million). The increase in risk was primarily due to the first-time consolidation of an Italian subsidiary, which notably caused catastrophe risk to rise.

The **overall solvency requirement** for **non-life actuarial risk** amounted to €1,550 million as at June 30, 2025 (December 31, 2024: €1,572 million) with a **limit** of €2,440 million (December 31, 2024: €2,250 million).

13 Market risk

13.1 Change in lending volume

In accordance with the breakdown specified in Solvency II, the bulk of credit risk within market risk is assigned to spread risk. The other parts of credit risk are measured within counterparty default risk and other risk types.

The **total lending volume** of R+V rose by 1 percent in the first half of the year, from €90.8 billion as at December 31, 2024 to €91.7 billion as at June 30, 2025.

The financial sector and the public sector, which are the dominant **asset classes**, accounted for 68 percent of the total lending volume, as they had at the end of 2024.

The explanation of the asset class concept in the Bank sector (see chapter VI.6.1.1) applies analogously to the Insurance sector. Fig. VI.32 shows the breakdown of the lending volume by asset class.

FIG. VI.32 – INSURANCE SECTOR: LENDING VOLUME, BY ASSET CLASS

€ billion	Jun. 30, 2025	Dec. 31, 2024
Financials	41.7	40.7
Corporates	11.6	11.9
Public sector	20.7	20.8
Real estate (commercial and retail customers)	16.8	16.5
Other retail business	0.1	0.1
Asset-backed securities and asset-backed commercial paper	0.8	0.9
Total	**91.7**	**90.8**

In the real estate asset class (commercial and retail customers), the volume of lending in the home finance business came to €14.6 billion as at June 30, 2025 (December 31, 2024: €14.3 billion). Of this amount, 86 percent was accounted for by loans for less than 60 percent of the value of the property (December 31, 2024: 87 percent).

As at the reporting date, the volume of home finance was broken down by finance type as follows (figures as at December 31, 2024 shown in parentheses):

– Consumer home finance: €13.3 billion (€13.0 billion)
– Commercial home finance: €0.1 billion (€0.1 billion)
– Commercial finance: €1.2 billion (€1.2 billion)

In the case of home finance, the entire volume disbursed is backed by traditional loan collateral.

Fig. VI.33 shows the **geographical distribution** of the credit portfolio by country group. Borrowers based in Germany are not included in this breakdown. The relevant country for the assignment to a country group is the one in which the economic risk arises. As at June 30, 2025, 76 percent of the total lending outside Germany was concentrated in Europe (December 31, 2024: 75 percent).

FIG. VI.33 – INSURANCE SECTOR: LENDING VOLUME, BY COUNTRY GROUP

€ billion	Jun. 30, 2025	Dec. 31, 2024
Europe	46.3	45.6
of which: eurozone	37.4	36.8
North America	8.1	8.2
Central America	0.6	0.6
South America	0.9	0.9
Asia	3.2	3.4
Africa	0.3	0.3
Other	1.8	1.9
Total	**61.3**	**60.9**

For **credit ratings**, R+V generally uses ratings from rating agencies approved by the supervisory authorities. It also applies its own expert ratings in accordance with the provisions of Credit Rating Agency Regulation III to validate the external credit ratings. R+V has defined the external credit rating as the permitted maximum, even in cases where its own rating is better. The ratings calculated in this way are matched to the DZ BANK credit rating master scale using the methodology shown in Fig. VI.25 of the 2024 risk report.

The **rating structure** of the lending volume in the Insurance sector is shown in Fig. VI.34. Of the total lending volume as at the reporting date, 75 percent was attributable to investment-grade borrowers (December 31, 2024: 76 percent). The lending volume that is not rated, which remained unchanged compared with the end of 2024 at 23 percent of the total lending volume, essentially comprised consumer home finance for which external ratings were not available. Consumer home finance is deemed to be low-risk because the lending is based on a selective approach and the mortgageable value of the assets is limited.

In the analysis of **individual concentrations**, the ten counterparties associated with the largest lending volumes accounted for 14 percent of R+V's total lending volume as at June 30, 2025 (December 31, 2024: 16 percent).

13.2 Credit portfolios particularly affected by a negative environment

13.2.1 Economic policy divergence in the eurozone

Differences in economic policy in the eurozone are particularly affecting investments of R+V in **Italy**. R+V's affected exposure as at June 30, 2025 amounted to €3,738 million (December 31, 2024: €3,308 million). The increase in the exposure compared with December 31, 2024 was largely due to investments in fixed-income securities and Italian government bonds.

FIG. VI.34 – INSURANCE SECTOR: LENDING VOLUME, BY INTERNAL RATING CLASS

€ billion		Jun. 30, 2025	Dec. 31, 2024
Investment grade	1A	27.6	27.8
	1B	8.0	7.6
	1C	–	–
	1D	10.4	10.5
	1E	–	–
	2A	6.6	6.5
	2B	4.8	4.7
	2C	6.1	5.8
	2D	2.6	3.3
	2E	–	–
	3A	2.9	2.8
Non-investment grade	3B	0.7	0.4
	3C	0.3	0.4
	3D	–	–
	3E	0.2	0.2
	4A	0.1	0.1
	4B	0.1	0.1
	4C	–	–
	4D	–	–
	4E	–	–
Default		–	0.2
Not rated		21.2	20.5
Total		**91.7**	90.8

13.2.2 Impact of US tariff policy

The impact of US tariff policy described in chapter VI.6.2.1 affecting the Bank sector is equally relevant to the Insurance sector.

13.2.3 Geopolitical tensions

The following sections present the lending volume in the credit portfolios in which the effects of acute global crises were more noticeable than in the rest of R+V's credit portfolios. The regional allocation of the exposures, which mainly comprise fixed-income securities, is shown in Fig. VI.35.

FIG. VI.35 – INSURANCE SECTOR: LENDING VOLUME IN REGIONS PARTICULARLY AFFECTED BY GEOPOLITICAL TENSIONS

€ million	Jun. 30, 2025	Dec. 31, 2024
Lending volume in countries affected by the conflict in the Middle East	**546**	590
of which: Israel	250	290
of which: Jordan	28	32
of which: Saudi Arabia	267	268
Lending volume in regions affected directly by tensions in the South China Sea	**159**	161
of which: China	159	161
Total	**705**	751

The proportion of R+V's lending volume that was associated with geopolitical tensions stood at 1 percent of its total lending volume as at June 30, 2025. This situation was unchanged compared with December 31, 2024.

13.3 Risk position

As at June 30, 2024, the **overall solvency requirement** for market risk amounted to €3,705 million (December 31, 2024: €3,862 million) with a **limit** of €5,020 million (December 31, 2024: €4,450 million). The higher limit compared with December 31, 2024 was largely in connection with a change to the model used to measure risk.

Fig. VI.36 shows the overall solvency requirement for the various types of market risk.

FIG. VI.36 – INSURANCE SECTOR: OVERALL SOLVENCY REQUIREMENT FOR MARKET RISK, BY RISK SUBTYPE

€ million	Jun. 30, 2025	Dec. 31, 2024[1]
Interest-rate risk	1,948	2,199
Spread risk	1,035	1,020
Equity risk	1,605	1,609
Currency risk	350	381
Real-estate risk	469	473
Total (after diversification)	**3,705**	**3,862**

1 Values after recalculation of the overall solvency requirement. Different values were stated in the 2024 risk report.

14 Counterparty default risk

Receivables arising from reinsurance contracts held amounted to €31 million as at June 30, 2025 (December 31, 2024: €68 million). Of this amount, 86 percent (December 31, 2024: 100 percent) was accounted for by entities with an external rating of A or better under the system of rating agency S&P Global Ratings. Meanwhile, receivables from reinsurance counterparties without a rating accounted for 14 percent as at June 30, 2025 (December 31, 2024: 0 percent).

The **reinsurers' share of insurance liabilities** is a variable that impacts on the default risk of reinsurance counterparties. Claims against reinsurers for insured events that have not yet occurred and for insured events from direct insurance operations and from inward reinsurance that have occurred, classified under the system of rating agency S&P Global Ratings, are shown in Fig. VI.37.

FIG. VI.37 – INSURANCE SECTOR: VOLUME OF REINSURANCE CONTRACTS HELD, BY EXTERNAL RATING CLASS

€ million	Jun. 30, 2025	Dec. 31, 2024
AAA	5	1
AA+ to AA-	37	44
A+ to A-	119	119
B	1	3
Not rated	50	13
Total	**211**	**180**

Overdue receivables from policyholders and insurance brokers more than 90 days past due as at the reporting date amounted to €30 million as at June 30, 2025 (December 31, 2024: €12 million).

As at June 30, 2025, the **overall solvency requirement** for counterparty default risk amounted to €301 million (December 31, 2024: €252 million) with a **limit** of €470 million (December 31, 2024: €325 million). The rise in the overall solvency requirement was due to higher amounts past due that are owed by policyholders or insurance brokers.

15 Operational risk

As at June 30, 2025, the **overall solvency requirement** determined for operational risk amounted to €716 million (December 31, 2024: €675 million). The **limit** was €850 million as at the reporting date (December 31, 2024: €800 million). This increase in risk was due to higher insurance liabilities calculated in accordance with Solvency II.

16 Risks from entities in other financial sectors

As at June 30, 2025, the **overall solvency requirement** for risks from entities in other financial sectors stood at €200 million (December 31, 2024: €200 million) with a **limit** of €250 million (December 31, 2024: €265 million).