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.