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**

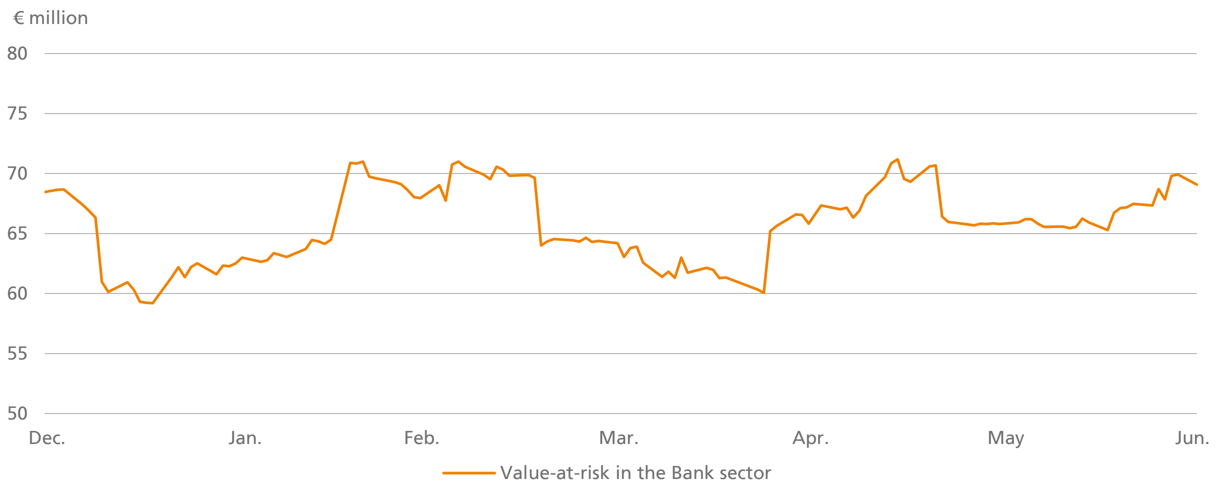
1 The disclosures relate to general market risk and spread risk. Asset-management risk is not included.
2 Value-at-risk with 99.0% confidence level, 1-day holding period, 1-year observation period, based on a central market risk model for the Bank sector. Concentrations and effects of diversification 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).