

Investor Relations Release

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First half of 2025: DZ BANK Group reports a profit before taxes of €2.13 billion

DZ BANK AG
Deutsche Zentral-
Genossenschaftsbank
Investor Relations

- Very good business performance in the first half of the year
- Growth in customer business
- Group-level loss allowances lower than budgeted
- Capital ratio rises to 17.9 percent

In the first half of 2025, the DZ BANK Group generated a very good profit before taxes of €2.13 billion, representing a clear increase on the figure for the prior-year period (first half of 2024: €1.71 billion). Although economic conditions remained weak, customer business was encouraging. The robust trend in the equity markets also provided support for business in some operating segments.

DZ BANK – central institution and corporate bank registered a healthy level of customer business in all three business lines and significantly increased its profit before taxes compared with the prior-year period. For R+V Versicherung, growing premium income and a moderate claims rate trend were among the contributors to a very good profit before taxes. With support from the upbeat stock markets, Union Investment continued to see volume growth. DZ HYP's operating performance was steady, with a rising level of new business. At Bausparkasse Schwäbisch Hall, the profit trend is pointing upward once more. Consumer home finance saw modest growth amid falling interest rates. DZ PRIVATBANK continued on its positive business trajectory, ratcheting up growth in its private banking segment in particular.

"We are happy with these very positive results for the first half of the year. They underscore the strength and resilience of our banking group, particularly in light of the continuing challenging environment," says Cornelius Riese, Chief Executive Officer of DZ BANK. Despite an initial bout of optimism and modest growth at the start of the year, the economic situation in Germany remained difficult. Moreover, economic concerns – dominated by the geopolitical situation and the US administration's tariff policy – stifled consumer spending and companies' propensity to invest. "The DZ BANK Group has a highly diversified business structure and customer structure, as can be seen from its financial performance and the generally unremarkable level of loss allowances. However, the persistent weakness of the economy is clearly evident in economically sensitive areas of consumer finance and among small businesses and self-employed customers."

"We are highly profitable with a good level of capitalization and have extensive expertise at home and abroad, high-quality products, and systems know-how derived from Germany's second-largest banking network. This makes us a sought-after partner for companies and institutional customers

alike," explains Johannes Koch, member of the DZ BANK Board of Managing Directors responsible for the central institution and corporate bank and for human resources. "Our strong customer focus and close collaboration with the cooperative banks have been extremely important in these turbulent times. Geopolitical risks and high volatility in the markets mean that our corporate customers have had a greater need for financial security. Our Capital Markets business line picked up markedly, especially during the spring, which was partly a reflection of increased investment demand in Europe. In Transaction Banking, we generated growth in both payments processing and custody business."

With a common equity Tier 1 capital ratio of 17.9 percent (December 31, 2024: 15.8 percent), the DZ BANK Group has a very good level of capitalization, as was confirmed by this year's stress test conducted by the European Banking Authority (EBA).

Total assets amounted to €666 billion (December 31, 2024: €660 billion).

Income statement line items in detail

The DZ BANK Group's **net interest income** declined to €1.91 billion (first half of 2024: €2.36 billion). The figure for the prior-year period had been affected to a greater degree by valuation effects and accounting-related effects, from which there had been a positive impact on net interest income but a countervailing negative impact on gains and losses on trading activities. Customer business performed well, especially at the central institution and corporate bank. In addition, interest income went up at Bausparkasse Schwäbisch Hall and other operating segments.

Net fee and commission income rose to €1.66 billion (first half of 2024: €1.57 billion). The main factors in this increase were robust fund inflows at Union Investment and higher fee and commission income in Transaction Banking at the central institution and corporate bank.

Gains and losses on trading activities improved significantly compared with the first six months of 2024 to stand at a net gain of €191 million (first half of 2024: net loss of €473 million). Capital markets operating business was on a par with the good level of the prior-year period. Gains and losses on trading activities in the first half of 2024 had been affected to a greater degree by valuation effects and accounting-related effects, although these had resulted in a countervailing positive impact on net interest income.

Gains and losses on investments amounted to a net loss of €38 million (first half of 2024: net gain of €12 million).

Other gains and losses on valuation of financial instruments deteriorated to a net gain of €21 million due to negative valuation effects (first half of 2024: net gain of €112 million).

Loss allowances amounted to €241 million (first half of 2024: €206 million), predominantly due to additions that were required at TeamBank.

Administrative expenses came to €2.32 billion, which was in line with the figure for the first half of 2024 of €2.28 billion.

Profit before taxes amounted to €2.13 billion.

Net profit stood at €1.49 billion.

The **cost/income ratio** reached 49.5 percent.

Results of the DZ BANK Group in detail

DZ BANK – central institution and corporate bank (CICB) increased its profit before taxes to €610 million (first half of 2024: €383 million). The main reason for this clear improvement was healthy customer business in all three business lines. Positive effects under IFRS in connection with the valuation of own issues also played a part. Despite a general reluctance in the corporate sector to invest, the **corporate customer lending business** held steady in the first six months of the year. The volume of loan commitments rose slightly to €92.1 billion (December 31, 2024: €90.5 billion). Joint credit business with the cooperative banks totaled €18.2 billion (December 31, 2024: €18.0 billion). There was an increase in demand for project finance as well as for export and trade finance. Sales of capital market products to corporate customers were almost at the high level seen in the prior-year period. Demand for currency hedging was strong owing to a slide in the US dollar. Money market products also remained popular. The **Capital Markets** business line was very successful. Primary market business with companies and institutional customers was at a healthy level despite the generally volatile geopolitical situation. The bank again facilitated placements by relevant supranational institutions, in particular further strengthening its role in both the issuance and the custody aspects of blockchain-based transactions. In the retail business, the volume of sales of all products declined – as had been anticipated – owing to the fall in interest rates. Sales of fixed-income bonds and structured products totaled €7.1 billion (June 30, 2024: €8.9 billion). The **Transaction Banking** business line continued to register strong growth, with the number of payments processing transactions climbing to 5.3 billion (June 30, 2024: 5.1 billion). The volume of assets under depository stood at €370.2 billion (December 31, 2024: €369.9 billion). In this context, the strategic centralization of payments processing on one platform at the central institution and corporate bank is already having a positive impact.

Bausparkasse Schwäbisch Hall (BSH) improved its profit before taxes to €86 million (first half of 2024: €47 million). Falling interest rates meant that new consumer home finance business swelled to €3.9 billion (June 30, 2024: €3.5 billion). New home savings business, by contrast, declined to €8.8 billion (June 30, 2024: €13.2 billion). Nevertheless, BSH's market share in the home savings business grew to 33.9 percent (June 30, 2024: 33.6 percent).

R+V Versicherung reported a very good profit before taxes of €875 million (first half of 2024: €586 million), primarily thanks to growing premium income and a moderate claims rate trend. Gross premiums written in the insurance business totaled €12.8 billion (first half of 2024: €11.7 billion). However, gains and losses on investments held by insurance companies were weighed down by various factors, including currency effects in connection with the performance of the US dollar.

TeamBank registered a loss before taxes of €5 million (first half of 2024: profit of €19 million). This deterioration was largely due to higher loss allowances in view of the weak economic environment. As a result of subdued consumer sentiment and a still cautious risk policy, the volume of new business decreased to €1.4 billion (first half of 2024: €1.6 billion). Loans and advances to customers

also contracted slightly, falling to €9.7 billion (December 31, 2024: €9.9 billion). However, the number of customers rose by 13,000 to 1.08 million.

Union Investment generated a profit before taxes of €575 million (first half of 2024: €616 million). The profit in the prior-year period had received a bigger boost from valuation effects on guarantee commitments and own-account investments. Supported by the equity markets, operating performance remained on a positive trajectory. At €6.6 billion, net inflows in the retail business were again at a high level (first half of 2024: €6.5 billion). Net inflows from institutional customers declined to €3.8 billion (first half of 2024: €5.0 billion). Assets under management increased to €511.2 billion (December 31, 2024: €504.7 billion).

DZ HYP's profit before taxes fell to €171 million (first half of 2024: €208 million), mainly due to valuation effects in connection with own issues. New business with corporate customers performed well, totaling €3.6 billion (first half of 2024: €3.2 billion). There was also a small increase in new business with retail customers, which edged up to €0.7 billion (first half of 2024: €0.5 billion). At €57.0 billion, the overall volume of real estate finance was only slightly lower than at the end of last year (December 31, 2024: €57.5 billion). Reflecting market conditions, loss allowances remained stable with additions of €40 million (first half of 2024: €39 million).

DZ PRIVATBANK achieved a profit before taxes of €53 million (first half of 2024: €52 million). It maintained the good operating performance of the prior year, notably expanding the private banking business that it runs with the cooperative banks. Net inflows jumped to €1.34 billion (first half of 2024: €0.43 billion). Assets under management totaled €27.6 billion (December 31, 2024: €26.1 billion). The volume of assets under custody increased to €169.0 billion (December 31, 2024: €161.8 billion).

The loss before taxes at **VR Smart Finanz** was on a par with the prior-year period at €11 million (first half of 2024: loss of €10 million). The main factor at play here was the high level of loss allowances in view of the weak economic conditions. The volume of new business declined to €580 million as self-employed customers showed little willingness to invest (first half of 2024: €639 million). The volume of business held steady at €3.11 billion (December 31, 2024: €3.10 billion).

Outlook

The German economy is going through a phase of far-reaching changes. Despite tariff agreements between the US and Europe, economic uncertainty remains high. The tariffs being imposed will likely weigh heavily on the German economy. For 2025, DZ BANK's economists predict that GDP will grow by just 0.1 percent. "Significant uncertainties surrounding trade policy, the economic situation, and the capital markets continue to prevail. Nevertheless, we finished the first half of the year with a tailwind and can look back on a strong business performance. We are therefore raising our forecast and predict that profit before taxes for 2025 as a whole will be above €3.0 billion," says Cornelius Riese. "As a partner to small and medium-sized enterprises, DZ BANK is helping companies to play their part in shaping the transition and is continually investing in infrastructure, in innovative solutions, and in expanding its marketing." One example of this is the strategic enhancement of the central institution and corporate bank's international business, aimed at expanding its product expertise and presence in relevant markets, such as in Asia.

Another strategic thrust is payments processing, which is an anchor product for corporate customers and retail customers. DZ BANK is one of the most important players in European payments processing and is therefore working with the Cooperative Financial Network to help shape the future of the market. A particular focus is also on continually enhancing the digital portfolio in order to attract and retain customers. This is being achieved through strategic acquisitions and the deepening of partnerships in platform business. Recent activity in this regard includes investment in education start-up ubiMaster through the cooperative corporate venturing studio amberra, involvement in the MeinPlus customer loyalty program, and the acquisition of the Compeon financing portal by FinCompare. In securities trading, DZ BANK is expanding its digital offering for retail customers. Following a successful pilot phase, cooperative banks that wish to take part will be able to integrate a crypto wallet into the VR Banking app in the second half of this year.

The complete interim report will be available on the DZ BANK website at **www.halfyearreport.dzbank.com** from 10:00 a.m. on August 28, 2025.

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The DZ BANK Group's half-year financial results under IFRS as at June 30, 2025

€ million	Jan. 1–Jun. 30, 2025	Jan. 1–Jun. 30, 2024	Change (%)
Net interest income	1,913	2,358	-18.9%
Net fee and commission income	1,662	1,565	+6.2%
Gains and losses on trading activities	191	-473	>100%
Gains and losses on investments	-38	12	>100%
Other gains and losses on valuation of financial instruments	21	112	-81.3%
Gains and losses from the derecognition of financial assets measured at amortized cost	8	36	-77.8%
Net income from insurance business	766	510	+50.2%
Loss allowances	-241	-206	+17.0%
Administrative expenses	-2,321	-2,276	+2.0%
Other net operating income	165	73	>100%
Profit before taxes	2,127	1,711	+24.3%
Income taxes	-633	-465	+36.1%
Net profit	1,494	1,246	+19.9%
Cost/income ratio (%)	49.5	54.3	-4.8pp