CREDIT OPINION
28 May 2025

Update

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RATINGS

DZ BANK AG

Domicile	Frankfurt am Main, Germany
Long Term CRR	Aa2
Type	LT Counterparty Risk Rating - Fgn Curr
Outlook	Not Assigned
Long Term Debt	Aa2
Type	Senior Unsecured - Fgn Curr
Outlook	Stable
Long Term Deposit	Aa2
Type	LT Bank Deposits - Fgn Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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DZ BANK AG

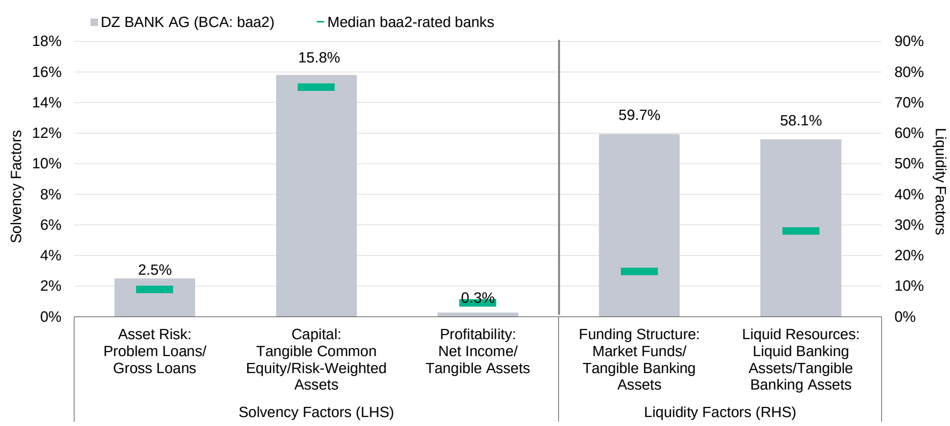
Update to credit analysis

Summary

DZ BANK AG's (DZ BANK) Aa2 deposit and senior unsecured debt ratings reflect its baa2 Baseline Credit Assessment (BCA), two notches of rating uplift from its membership in the institutional protection scheme of the German cooperative banking association, Genossenschaftliche Finanzgruppe (G-Finanzgruppe), three notches of rating uplift from our Advanced Loss Given Failure (LGF) analysis, which incorporates the relative loss severity of a liability class, and a one-notch rating uplift for government support because of its membership in the systemically relevant G-Finanzgruppe.

DZ BANK's baa2 BCA reflect its solid solvency, including sound but moderately weakened asset quality, sound risk-weighted capitalization and moderate profitability. The bank's ample liquidity mitigates some dependence on market funding and positions it well against a background of growing industry-wide asset risks due to Germany's weak economic outlook and challenges for the bank's sizeable commercial real estate exposures. DZ BANK benefits from a degree of diversification across businesses that are only partly correlated, such as banking, asset management and insurance, but also shows some risk concentrations that could result in a more rapid deterioration of asset quality in an adverse scenario.

Exhibit 1
Rating Scorecard - Key financial ratios



Source: Moody's Ratings

Credit strengths

» Sound risk-weighted capitalization with decent buffers over minimum requirements

» Sound liquidity which could be further bolstered by over-collateral from covered bond pools

Credit challenges

» Very high market funding dependence, balanced by exclusive access to funding sources from Germany's cooperative sector and sizeable promotional activities

» Sound but moderately weakened asset quality reflecting asset concentrations, including commercial real estate exposures

Outlook

» The stable outlook on DZ BANK's long-term deposit, issuer and senior unsecured debt ratings reflects our expectation that G-Finanzgruppe's financial profile remains highly resilient despite Germany's weak economic outlook, that the intrinsic strength of DZ BANK remains broadly unchanged and incorporates our expectation of a broadly unchanged liability structure of DZ BANK.

Factors that could lead to an upgrade

» An upgrade of DZ BANK's ratings could be triggered by an upgrade of the bank's BCA, or by an improvement in the cooperative sector's financial strength. DZ BANK's junior senior unsecured and subordinate ratings could potentially also be upgraded if the bank were to issue substantial additional volumes of capital instruments, such that it reduces the loss severity for these instrument classes.

» An upgrade of DZ BANK's BCA could result from a sustainably strengthened financial profile, in particular due to a meaningful reduction in higher-risk asset concentrations, in combination with sustainably improved profitability and capital, as well as a significant reduction in market funding. However, an upgrade of DZ BANK's BCA could be offset by a reduction in the rating uplift from affiliate support.

Factors that could lead to a downgrade

» DZ BANK's ratings would likely be downgraded following a downgrade of the Adjusted BCA, either as a result of a weakening of the financial strength of G-Finanzgruppe or caused by a significantly weaker BCA of DZ BANK. Furthermore, a shift in the bank's liability structure towards non-bail-in-able instruments, such that it increases the loss severity for a respective debt class and results in reduced rating uplift from our Advanced LGF analysis, could result in a downgrade.

» DZ BANK's BCA could be downgraded in case of a material weakening of its asset quality, for example if substantial unexpected risks were to emerge from its commercial banking activities, a concurrent decline in capitalisation and profitability, and a deterioration of the bank's combined liquidity profile.

Key indicators

Exhibit 2
DZ BANK AG (Consolidated Financials) [1]

	12-24[2]	12-23[2]	12-22[2]	12-21[2]	12-20[2]	CAGR/Avg.[3]
Total Assets (EUR Billion)	641.3	623.8	600.4	607.6	567.6	3.1[4]
Total Assets (USD Billion)	664.0	689.1	640.8	688.5	694.5	(1.1)[4]
Tangible Common Equity (EUR Billion)	25.7	23.8	20.8	22.4	20.9	5.3[4]
Tangible Common Equity (USD Billion)	26.6	26.3	22.2	25.4	25.6	1.0[4]
Problem Loans / Gross Loans (%)	2.5	1.8	1.5	1.8	2.2	2.0[5]
Tangible Common Equity / Risk Weighted Assets (%)	15.8	15.6	15.2	14.9	14.2	15.2[6]
Problem Loans / (Tangible Common Equity + Loan Loss Reserve) (%)	18.4	14.5	13.7	14.2	18.2	15.8[5]
Net Interest Margin (%)	0.7	0.7	0.5	0.4	0.5	0.6[5]
PPI / Average RWA (%)	2.5	2.5	1.8	2.0	1.3	2.0[6]
Net Income / Tangible Assets (%)	0.3	0.4	0.1	0.4	0.2	0.3[5]
Cost / Income Ratio (%)	53.8	54.3	61.9	58.6	66.8	59.1[5]
Market Funds / Tangible Banking Assets (%)	59.7	58.4	57.9	60.8	59.8	59.3[5]
Liquid Banking Assets / Tangible Banking Assets (%)	58.1	58.4	58.1	57.9	56.4	57.8[5]
Gross Loans / Due to Customers (%)	135.4	129.9	127.7	140.8	142.1	135.2[5]

[-] Further to the publication of our revised methodology in July 2021, only ratios from annual 2020 onwards included in this report reflect the change in analytical treatment of the "high-trigger" Additional Tier 1 instruments. [1] All figures and ratios are adjusted using Moody's standard adjustments. [2] Basel III - fully loaded or transitional phase-in; IFRS. [3] May include rounding differences because of the scale of reported amounts. [4] Compound annual growth rate (%) based on the periods for the latest accounting regime. [5] Simple average of periods for the latest accounting regime. [6] Simple average of Basel III periods.
Sources: Moody's Ratings and company filings

Profile

DZ BANK is the central institution of the cooperative banking sector in Germany (Aaa stable), and a financial conglomerate, which includes several banking subsidiaries ("the banking group") as well as one of Germany's largest insurance company, i.e. R+V Versicherungen (R+V Group). Around 84% of DZ BANK's consolidated lending ("*Kreditvolumen*") arises from bank-type activities and include DZ BANK AG, the group's central institution, DZ HYP AG (DZ HYP, Aa2/Aa2 stable, ba1)[1], a large commercial real estate company in Germany, Bausparkasse Schwaebisch Hall AG (BSH, Aa2/Aa2 stable, baa2), Germany's largest building society ("*Baufinanzierung*"), as well as DZ Privatbank, the cooperative sector's private bank which complements the group's sizeable asset management activities, housed in Union Investment. DZ BANK also consolidates retail consumer loans provided via TeamBank and lending solutions for small- and medium-sized entities of VR Smart Finanz.

For further details, please refer to the issuer profile of DZ BANK.

Weighted Macro Profile of Strong+

Around 80% of DZ BANK's consolidated risk exposures relate to Germany, complemented by European and international exposures of equal size each. DZ BANK's assigned Strong+ Weighted Macro Profile is therefore derived from Germany's Strong+ Macro Profile.

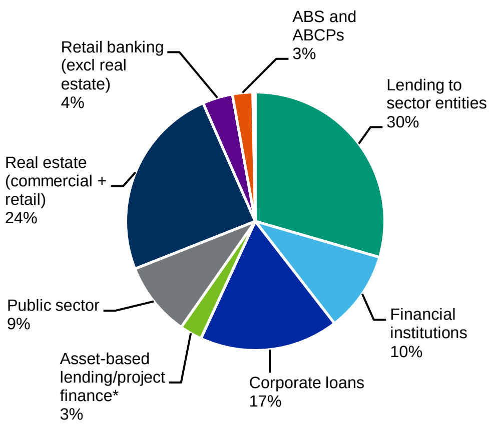
Detailed credit considerations

Sound but moderately weakened asset quality

We assign a baa2 Asset Risk score to DZ BANK, three notches below its a2 initial score. The negative adjustment captures concentration risks, as well as our assessment of moderate market risks, associated with its insurance and asset management activities.

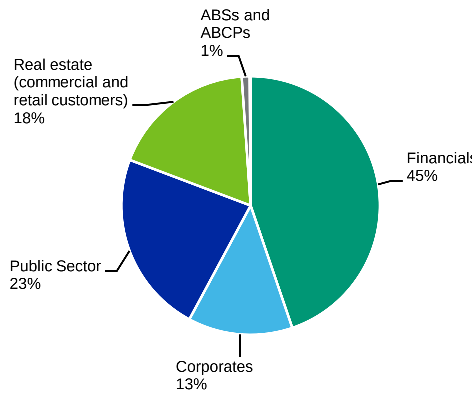
DZ Bank exhibits risk concentrations in cyclical industries within its corporate and commercial real estate loan book, leaving the bank vulnerable to Germany's weak economic growth and potential structural shifts in the economy. The sharp increase in interest rates since 2022 has created challenges for CRE property markets, leading to declining values and makes refinancing more difficult. Further, DZ Bank's exposures to financial assets renders it sensitive to changes in fair values which can create volatility in income and equity accounts.

Exhibit 3
DZ BANK's credit exposures from banking activities
Data as of end December 2024



Note: *includes shipping and offshore.
Source: Moody's Ratings, company reports

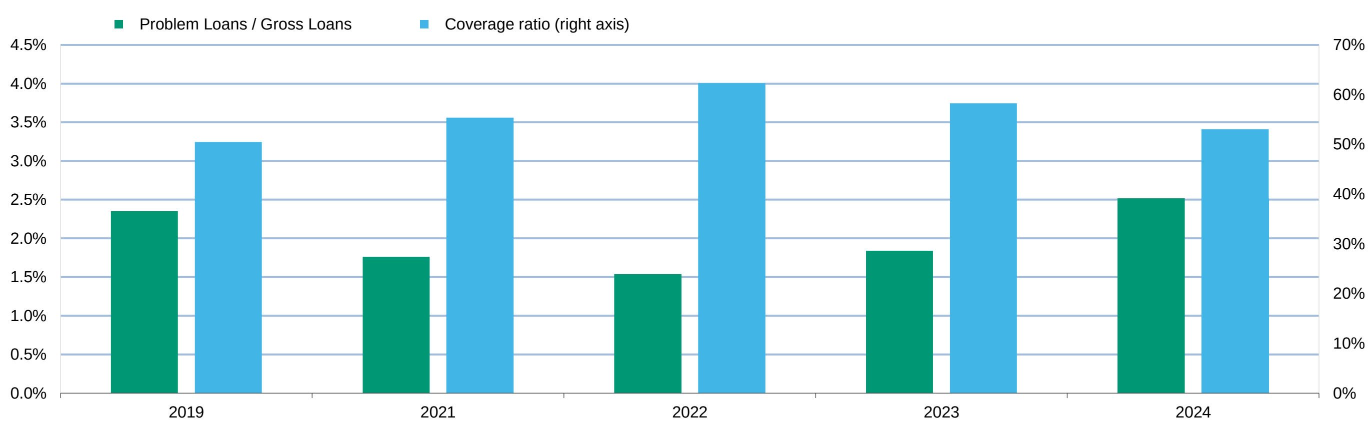
Exhibit 4
DZ BANK's credit exposures from insurance activities
Data as of end December 2024



Source: Moody's Ratings, company reports

DZ BANK's sound but moderately weakened asset quality is expressed by its problem loan ratio of 2.5% at the end of last year, compared with 1.8% in 2023. The increase largely reflects higher problematic CRE exposure at its subsidiary DZ HYP and higher non-performing corporate loans.

Exhibit 5
DZ BANK's asset quality has moderately weakened last year, driven by higher problematic corporate and CRE exposure
Data in percent



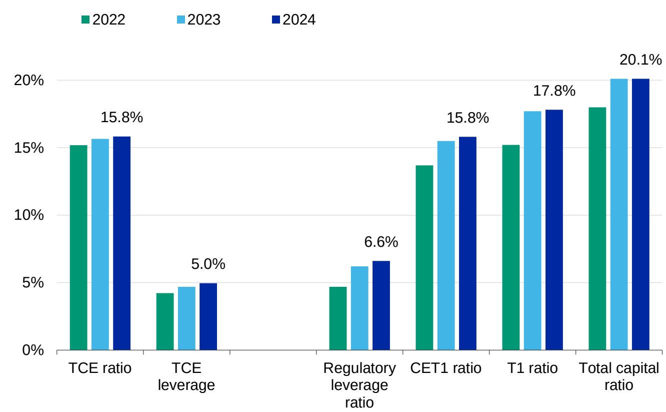
Note: * The coverage ratio compares specific and generic loan-loss-reserves to problem loans.
Sources: Moody's Ratings, company reports

Sound risk-weighted capitalization and large buffers over regulatory minima

We assign an a3 Capital score to DZ BANK, three notches below its initial score. The downward adjustment reflects DZ BANK's limited capital fungibility from consolidated entities. We expect DZ BANK's risk-weighted capital ratios to improve following the implementation of new capital requirements ("Basel 4"), offset by ongoing rating migration, leading to higher risk-weighted assets, and asset growth.

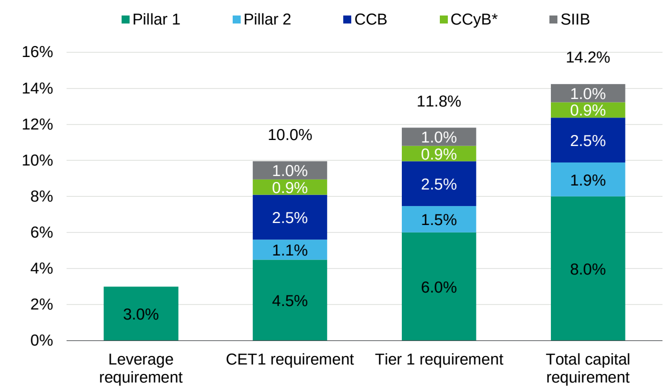
DZ BANK's limited capital fungibility largely reflects capital tied to its insurance activities, accounting for around 27 % of equity. For these activities, different regulation applies and, therefore, we believe this capital is not available to absorb bank losses. Our capital assessment of DZ BANK also considers the banking group's large excess capital above regulatory minimum requirement. For 2025, DZ BANK must comply with a total P2R requirement of 1.88%, which is lower than for its large German peers.

Exhibit 6
DZ BANK's capital ratios for banking activities, Moody's versus regulatory view
Data in percent of risk-weighted assets*



Note: *TCE leverage compares TCE to tangible banking assets. The regulatory Leverage ratio compares Tier 1 capital to Exposure at Default.
Sources: Moody's Ratings, company reports

Exhibit 7
DZ BANK exceeds its regulatory minimum capital requirements for banking activities
Data in percent of risk-weighted assets, as of 31 December 2024



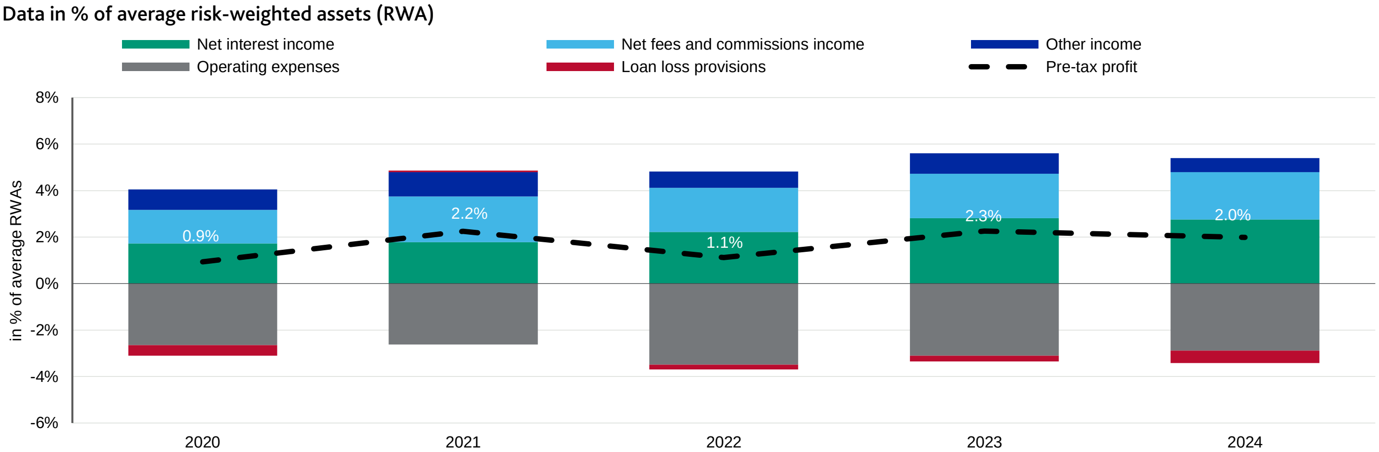
Note: *Includes Germany's capital add-on requirements since 1 February 2023.
Source: Moody's Ratings, company reports

Moderate profitability which benefits from diversified businesses

We assign a ba2 Profitability score to DZ BANK, in line with its initial score. As one of Germany's largest financial conglomerate, DZ BANK's earnings benefit from the consolidation of different business models, adding a degree of uncorrelated income. However, since these activities by nature follow capital markets trends, the bank's profitability can be volatile, for example because of fair value driven changes from insurance activities or revenue fluctuations from asset management.

We expect that DZ BANK will maintain its improved profitability, as reflected by the net income to asset (ROA) ratio of 36 bps last year, which is an improvement from the average ROA of 26 bps for the period 2017-22. Higher interest rates and sound operating activities with corporate and insurance customers, as well as solid capital markets supported DZ BANK's strong results during 2024 and triggered an increase of the net income to €2.4 billion, up from €2.2 billion in 2023.

Exhibit 8
DZ BANK's diversified earnings exhibit some volatility from asset management and insurance activities, but also reflect tight cost control and moderate risk provisions
Data in % of average risk-weighted assets (RWA)



Source: Moody's Ratings, company reports

DZ BANK's activities comprise its standalone operations, including operations from being the central institution of Germany's cooperate sector, the insurance activities of R+V, and the asset management of Union Investment. These are complemented by, largely domestic, mortgage and commercial real estate lending, housed in BSH and DZ HYP, as well as DZ Privatbank, a wealth manager, and unsecured consumer lending of TeamBank.

Very high market funding dependence, balanced by exclusive access to funding sources from Germany's cooperative sector and sizeable promotional activities

Our assigned Funding Structure score to DZ BANK is baa3, six notches above the b3 initial score. Our large positive adjustment captures DZ BANK's role as the central institution of the cooperative sector, providing exclusive access to cash-rich primary banks, as well as sizeable promotional activities ("Fördergeschäft") funded via state-owned development banks, such as Kreditanstalt fuer Wiederaufbau (KfW, Aaa/Aaa stable).[2] These sources provide reliable and stable funding to DZ BANK, even in times of market distress.

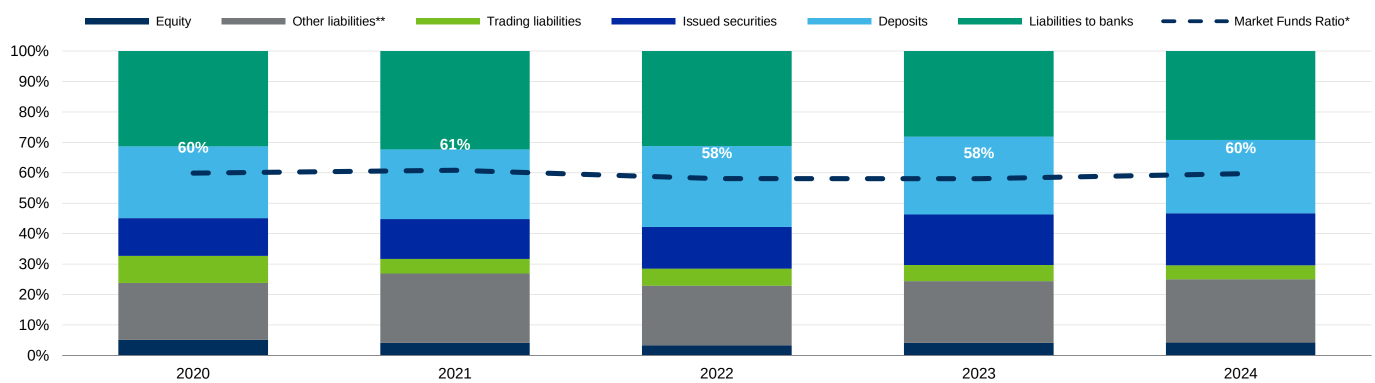
DZ BANK's very high market funding dependence reflects that around 15% of tangible banking assets (TBA) arise from intragroup liabilities, because primary banks of the cooperative sector upstream their minimum reserves to DZ BANK and pass on excess deposits to acquire medium-term unsecured bonds for their own portfolios or on behalf of retail clients who invest into DZ BANK's structured notes. Cooperative banks in Germany operate with more deposits than loans, as expressed by an average loan-to-deposit ratio of around 90% at the end of 2024.[3]

In addition, because DZ BANK is the sector's central access point for promotional funds, its sizeable liabilities to banks included an additional 15% of TBA from these funding activities which we consider more stable and therefore adjust positively.[4]

Exhibit 9

DZ BANK's very high market funding dependence is balanced by exclusive access to funding sources of Germany's cooperative sector

Liability breakdown



Note: *Market funds ratio = Market funds/tangible banking assets; **Other liabilities primarily consist of liabilities from insurance activities.
Source: Moody's Ratings, company reports

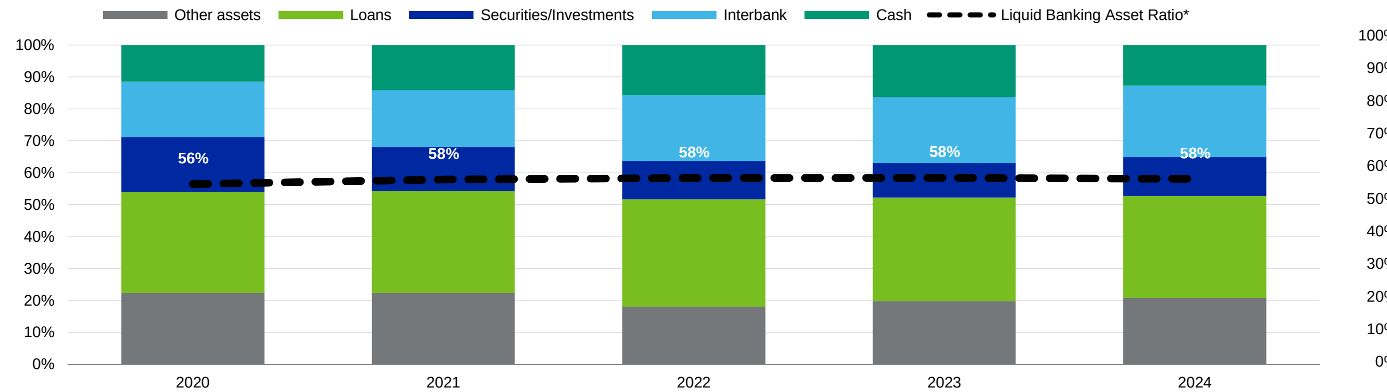
Sound liquidity which could be further bolstered by over-collateral from covered bond pools

DZ BANK's assigned Liquid Resources score is a3, four notches below the initial score. The sizeable downward adjustment considers our assessment of intragroup restrictions and moderate asset encumbrance. Our view is balanced by DZ BANK's excess collateral from cover bonds pools, which the bank could use to source additional liquidity at short notice if needed.

Intragroup restrictions reflect that we do not consider all consolidated financial assets available for DZ BANK because some relate to subsidiaries which must comply with standalone requirements. Further, we adjust for structured products which reflect investment strategies of end clients but are included in our initial Liquid Banking Asset ratio. These negatives are balanced by DZ BANK's high level of excess collateralization from several covered bond issuance programs which the bank could use without impairing its covered bond ratings.

Our favorable assessment is also underpinned by DZ BANK's €134 billion high-quality liquid assets (HQLA) in Q4 2024, which, at 144%, was well above minimum requirements stipulated by the liquidity coverage ratio (LCR).

Exhibit 10
DZ BANK's asset structure consists of sizeable liquid resources
Asset breakdown

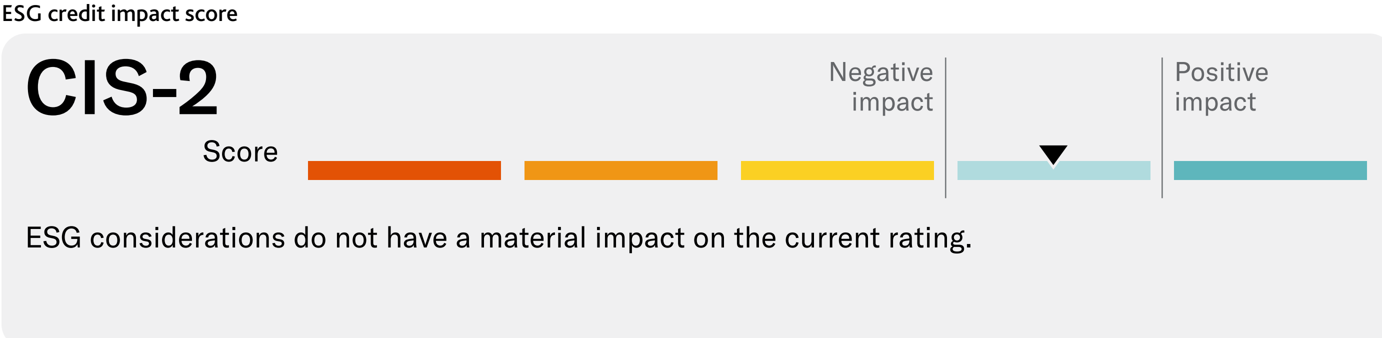


Note: *Liquid Banking Asset ratio = Liquid banking assets/tangible banking assets.
Source: Moody's Ratings, company reports

ESG considerations

DZ BANK AG's ESG credit impact score is CIS-2

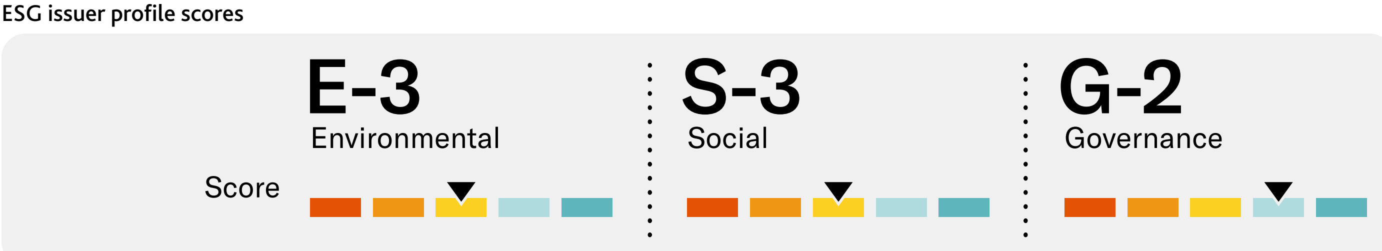
Exhibit 11
ESG credit impact score



Source: Moody's Ratings

DZ BANK's **CIS-2** indicates that ESG considerations do not have a material impact on the current rating.

Exhibit 12
ESG issuer profile scores



Source: Moody's Ratings

Environmental

DZ BANK faces moderate exposure to environmental risks primarily because of its portfolio exposure to carbon transition risk as a diversified, universal banking group. In line with its peers, DZ BANK is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, DZ Bank in engaging in integrating climate considerations in its credit risk assessment and supporting customers to facilitate their carbon transition. DZ BANK faces moderate exposure to environmental risks primarily because of its portfolio exposure to carbon transition risk as a diversified, universal banking group. In line with its peers, DZ BANK is facing mounting business risks and stakeholder pressure to meet broader carbon transition goals. In response, DZ Bank in engaging in integrating climate considerations in its credit risk assessment and supporting customers to facilitate their carbon transition.

Social

DZ Bank faces moderate social risks related to customer relations and associated regulatory risks, litigation costs and high compliance standards, and from demographic and societal trends. Risks related to the distribution of financial products are mitigated by the bank's developed policies and procedures; cyber and personal data risks are mitigated by the bank's IT framework and cyber security, and by continued investment in digitalization. Banks in Germany face long-term economic and fiscal pressures from adverse demographic trends, impacting demand for certain products, or lowering economic growth. Product diversity as well as an ability to adapt to consumer preferences, regulatory changes and societal trends will help mitigate these risks.

Governance

DZ BANK faces low governance risks, and its risk management, policies and procedures are in line with industry practices, and commensurate with its business model as the central institution of the German cooperative banking sector with dedicated specialist lending areas including high asset concentrations. DZ BANK's board of directors' composition reflects the group's cooperative owners, with limited independent representation, but this does not result in incremental governance risks because of Germany's developed institutional framework.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Affiliate support

DZ BANK's a3 Adjusted BCA benefits from the strong fundamentals of and our assessment of a very high probability of cross-sector support from Genossenschaftliche FinanzGruppe (G-Finanzgruppe) in case of need, which results in two notches of rating uplift from DZ BANK's baa2 BCA, benefitting its debt, deposit and subordinated instrument ratings. G-Finanzgruppe provides support to all members through an institutional protection scheme.

As a direct member and the central bank of the cooperative network, DZ BANK is highly likely to receive affiliate support in case of need. This support significantly reduces the probability of default, because the support mechanism aims to stabilise any failing member by avoiding any form of loss participation by creditors or bail-in.

Loss Given Failure (LGF) analysis

DZ BANK is subject to the EU Bank Recovery and Resolution Directive, which we consider an operational resolution regime. Therefore, we apply our Advanced LGF analysis, where we consider the risks faced by the different debt and deposit classes across the liability structure should the bank enter resolution, using our standard assumptions.

Our LGF analysis indicates that DZ BANK's senior unsecured debt is likely to face extremely low loss-given-failure, resulting in a three notch uplift from the bank' Adjusted BCA.

Government support considerations

For member banks of G-Finanzgruppe, we generally assume a moderate likelihood of government support for instruments ranking above junior senior unsecured, given the importance of the sector for financial system stability in Germany, resulting in one notch of uplift.

Methodology and scorecard

Rating methodology

The principal methodology used in rating DZ BANK was the Banks Methodology, published in November 2024.

About Moody's Bank Scorecard

Our scorecard is designed to capture, express and explain in summary form our Rating Committee's judgement. When read in conjunction with our research, a fulsome presentation of our judgement is expressed. As a result, the output of our scorecard may materially differ from that suggested by raw data alone (though it has been calibrated to avoid the frequent need for strong divergence). The scorecard output and the individual scores are discussed in rating committees and may be adjusted up or down to reflect conditions specific to each rated entity.

Rating methodology and scorecard factors

Exhibit 13

Rating Factors

Macro Factors		
Weighted Macro Profile	**Strong +**	**100%**

Factor	Historic Ratio	Initial Score	Expected Trend	Assigned Score	Key driver #1	Key driver #2
Solvency						
Asset Risk						
Problem Loans / Gross Loans	2.5%	a2	↔	baa2	Sector concentration	Market risk
Capital						
Tangible Common Equity / Risk Weighted Assets (Basel III - transitional phase-in)	15.8%	aa3	↑	a3	Capital fungibility	Expected trend
Profitability						
Net Income / Tangible Assets	0.3%	ba2	↔	ba2	Return on assets	Earnings quality
Combined Solvency Score		a3		baa2		
Liquidity						
Funding Structure						
Market Funds / Tangible Banking Assets	59.7%	b3	↔	baa3	Market funding quality	Extent of market funding reliance
Liquid Resources						
Liquid Banking Assets / Tangible Banking Assets	58.1%	aa2	↔	a3	Asset encumbrance	Additional liquidity resources
Combined Liquidity Score		baa3		baa2		
Financial Profile		baa1		baa2		
Qualitative Adjustments				Adjustment		
Business Diversification				0		
Opacity and Complexity				0		
Corporate Behavior				0		
Total Qualitative Adjustments				0		
Sovereign or Affiliate constraint				-		
BCA Scorecard-indicated Outcome - Range				baa1 - baa3		
Assigned BCA				baa2		
Affiliate Support notching				-		
Adjusted BCA				a3		

Balance Sheet is not applicable.

Debt Class	De Jure waterfall		De Facto waterfall		Notching		LGF Notching Guidance vs. Adjusted BCA	Assigned LGF notching	Additional Notching	Preliminary Rating Assessment
	Instrument volume + subordination	Sub-ordination	Instrument volume + subordination	Sub-ordination	De Jure	De Facto				
Counterparty Risk Rating	-	-	-	-	-	-	-	3	0	aa3
Counterparty Risk Assessment	-	-	-	-	-	-	-	3	0	aa3 (cr)
Deposits	-	-	-	-	-	-	-	3	0	aa3
Senior unsecured bank debt	-	-	-	-	-	-	-	3	0	aa3
Junior senior unsecured bank debt	-	-	-	-	-	-	-	0	0	a3
Dated subordinated bank debt	-	-	-	-	-	-	-	-1	0	baa1

Instrument Class	Loss Given Failure notching	Additional notching	Preliminary Rating Assessment	Government Support notching	Local Currency Rating	Foreign Currency Rating
Counterparty Risk Rating	3	0	aa3	1	Aa2	Aa2
Counterparty Risk Assessment	3	0	aa3 (cr)	1	Aa2(cr)	
Deposits	3	0	aa3	1	Aa2	Aa2
Senior unsecured bank debt	3	0	aa3	1	Aa2	Aa2
Junior senior unsecured bank debt	0	0	a3	0	A3	A3
Dated subordinated bank debt	-1	0	baa1	0	Baa1	Baa1

[1] Where dashes are shown for a particular factor (or sub-factor), the score is based on non-public information.
Source: Moody's Ratings

Ratings

Exhibit 14

Category	Moody's Rating
DZ BANK AG	
Outlook	Stable
Counterparty Risk Rating	Aa2/P-1
Bank Deposits	Aa2/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
Issuer Rating	Aa2
Senior Unsecured	Aa2
Junior Senior Unsecured	A3
Junior Senior Unsecured MTN -Dom Curr	(P)A3
Subordinate	Baa1
Commercial Paper	P-1
Other Short Term -Dom Curr	(P)P-1
DZ BANK AG, NEW YORK BRANCH	
Commercial Paper	P-1
DZ HYP AG	
Outlook	Stable
Counterparty Risk Rating	Aa2/P-1
Bank Deposits	Aa2/P-1
Baseline Credit Assessment	ba1
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
Issuer Rating	Aa2
Senior Unsecured -Dom Curr	Aa2
Junior Senior Unsecured -Dom Curr	A3
Junior Senior Unsecured MTN	(P)A3
ST Issuer Rating	P-1
BAUSPARKASSE SCHWAEBISCH HALL AG	
Outlook	Stable
Counterparty Risk Rating	Aa2/P-1

Bank Deposits	Aa2/P-1
Baseline Credit Assessment	baa2
Adjusted Baseline Credit Assessment	a3
Counterparty Risk Assessment	Aa2(cr)/P-1(cr)
Issuer Rating	Aa2
ST Issuer Rating	P-1

Source: Moody's Ratings

Endnotes

1 The ratings shown in this report are the entities' deposits ratings, the issuer rating (in the case of BSH) and the senior unsecured debt rating (for DZ HYP) and outlook as well as the BCA.

2 The ratings shown are KfW's long-term deposit and senior unsecured debt ratings and outlook.

3 Source: Deutsche Bundesbank.

4 DZ BANK passes on promotional funds to its sector's primary banks, which lend them to households and corporates. The credit risk for DZ BANK is limited by multiple recourses to borrowers, collateral and, ultimately, the primary bank of the customer.

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