Member of the cooperative financial services network

2009

HALF-YEAR FINANCIAL REPORT

DZ BANK
Bank on Germany

KEY FIGURES

DZ BANK GROUP

€ million	Jan. 1– Jun. 30, 2009	Jan. 1– Jun. 30, 2008
FINANCIAL PERFORMANCE		
Operating profit[1]	1,016	601
Allowances for losses on loans and advances	-373	-105
Profit before taxes	643	496
Net profit	365	388
Cost/income ratio (percent)	54.4	67.3

€ million	Jun. 30, 2009	Dec. 31, 2008
FINANCIAL POSITION		
Assets		
Loans and advances to banks	63,533	70,036
Loans and advances to customers	114,736	117,021
Financial assets held for trading	108,735	114,443
Investments	63,140	66,322
Investments held by insurance companies	51,005	49,040
Other assets	8,681	10,228
Equity and liabilities		
Deposits from banks	54,715	59,632
Amounts owed to other depositors	77,279	77,516
Debt certificates including bonds	67,518	65,525
Financial liabilities held for trading	136,719	152,729
Insurance liabilities	50,660	48,205
Other liabilities	13,483	14,800
Equity	9,456	8,683
Total assets/total equity and liabilities	**409,830**	**427,090**
Volume of business[2]	**589,792**	**601,794**
REGULATORY CAPITAL RATIOS UNDER SOLVENCY REGULATION (SOLVV)		
Total capital ratio (percent)	11.1	9.7
Tier 1 capital ratio (percent)	8.6	7.4

	Jan. 1– Jun. 30, 2009	Jan. 1– Jun. 30, 2008
AVERAGE NUMBER OF EMPLOYEES DURING THE PERIOD	**25,333**	**24,355**

1 Operating income (net interest income + net fee and commission income + gains and losses on trading activities + gains and losses on investments + other gains and losses on valuation of financial instruments + net income from insurance business + other net operating income) less administrative expenses
2 Total assets including financial guarantee contracts and loan commitments, trust activities and assets under management of the Union Investment Group

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Wolfgang Kirsch, Chief Executive Officer

LETTER TO SHAREHOLDERS

DEAR SHAREHOLDERS,

In the first half of 2009, the DZ BANK Group generated profit before taxes of €643 million and is therefore once again well in the black. The success we have managed to achieve together with the local cooperative banks in almost all of our business lines is an impressive testament to the ability of our cooperative organization to withstand the financial crisis. It is precisely in the throes of this crisis that our well-functioning business model has demonstrated its strengths. I am therefore confident that the entire cooperative financial services network will benefit from any further recovery.

Just under one year after the bankruptcy of Lehman Brothers and the severe downturn in the global economy we are seeing the first indications that the crisis may have reached the bottom and even signs of a recovery in money and product markets. In the last few months, the downward spiral in a range of leading economic indicators has come to an end, and some of them have even begun to show a slight increase again. Since March 2009, a marked upward trend has also been noticeable on stock markets. However, history tells us that, even when the economy has turned the corner, we will still face a rising number of insolvencies and an increase in unemployment. We do not, as yet, have solid foundations on which the recovery can be built.

A lasting impact from the tough economic conditions can also be seen in the DZ BANK Group's figures for the first half of 2009. However, these effects are significantly outweighed by the positive trends in our operating business. Operating income for the DZ BANK Group in the first half of

2009 reached €2,229 million (H1 2008: €1,836 million). Net interest income for the DZ BANK Group fell to €1,324 million, a drop of 4.8 percent compared with the same period in 2008. Whereas the corporate and private customer business allows us to generate better margins, trends in interest rates on capital markets in the first half of 2009 and an increased capital requirement had an adverse impact on net interest income. Given the effects of the economic crisis, allowances for losses on loans and advances were noticeably higher than in 2008, the figure reported by the DZ BANK Group for the first half of 2009 being €373 million (H1 2008: €105 million). However, this figure included a portfolio loan loss allowance of €89 million, although no severe credit risks had been identified at this stage in respect of any specific borrowers. Net fee and commission income for the DZ BANK Group increased in the first six months of 2009 by 2.8 percent to €447 million.

In the period under review, the DZ BANK Group's gains on trading activities reached €689 million, substantially in excess of the figure of €64 million achieved in the corresponding period in 2008. This is almost entirely attributable to the corresponding gains recorded by DZ BANK AG amounting to €680 million (H1 2008: €20 million). In DZ BANK AG's capital markets business we achieved a significant increase in first-half revenues compared with the first half of 2008 from the advisory and support services provided to the local cooperative banks for their own-account investing operations. Thanks to its placing power in the cooperative financial services network, DZ BANK AG was able to exploit buoyant bond issuing activity to its advantage. With the benefit from a slight drop in administrative expenses, the DZ BANK Group was therefore able to generate profit before taxes of €643 million in the first six months of 2009 (H1 2008: €496 million).

These interim results are particularly encouraging, although it is still impossible to make a reliable forecast for the year-end owing to the continued uncertainty in the markets. Our strong performance is especially attributable to the marketing carried out jointly by the DZ BANK Group and the cooperative banks. This is highlighted by some of the results from this successful collaboration:

– We were able to consolidate the leading position of the cooperative financial services network in the financial services business. Back in 2008, we had become the market leader with our AKZENT Invest brand. In 2009, we are planning to increase sales by 28 percent to €3.2 billion. Of this amount, we already achieved €1.9 billion during the first six months of the year, primarily with the guarantee certificates business.

– Union Investment drove forward its successful business, particularly with fund-based 'Riester' savings products and absolute-return mutual funds. In the current financial year, it has further strengthened its sales activities with the slogan "A winner from the crisis".

– Bausparkasse Schwäbisch Hall, which is the unrivaled market leader in the home savings sector with a market share of 30 percent, is reinforcing the quality-oriented management of its new business during 2009.

– R+V Versicherung also had an outstanding start to the year. It was able to increase premiums earned by around 16 percent compared with the first half of 2008.

– The easyCredit brand is now recognized by 84 percent of Germans. TeamBank expects to continue to outperform the market in terms of growth over the whole of 2009.

A particular challenge faced by all banks at present is the management of capital, a resource in short supply. We opted for a three-stage plan to strengthen the capital base in DZ BANK AG. The first stage included our successful Tier 1 issue with a total volume of €500 million. This was followed in a second step by a guarantee from the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V. (BVR) to free up some of the equity in DZ BANK AG. We were able to successfully complete both of these stages during the first six months of 2009. We knew we could rely on backing from the entire cooperative organization, and my colleagues on the Board of Managing Directors and I would like to take this opportunity to thank everyone in the organization for their support.

Over the long term we are seeking to achieve a Tier 1 capital ratio of over 8 percent. For this reason, we are still facing a third, final stage of corporate action during the course of this year: The strengthening of the share capital in DZ BANK AG by up to €400 million. I would like to take this opportunity to ask you for your continued support. Please do everything that you possibly can to help ensure that the forthcoming share capital increase is a success. This key measure to strengthen the capital base from the cooperative financial services network's own resources aims to achieve a sustained improvement in DZ BANK AG's Tier 1 capital ratio. This will enable us to operate on an equal footing with European cooperative associations and competitors, some of whom have turned to their governments for assistance. All of the parties in our cooperative organization are agreed that the use of government support is a course of action we intend to continue to avoid.

The first half of the year also saw the abandonment of our merger negotiations with WGZ BANK. Even though we failed to complete the merger, we did gain a great deal of valuable knowledge from the project concerning the further improvement of our services for the local cooperative banks. In DZ BANK AG, we are implementing Program 2011 to accelerate the process of focusing our business model as part of the 'Verbund First' strategy. Our objective is to ensure that the DZ BANK Group is even more closely oriented towards the cooperative banks so that the cooperative financial services network becomes the leading financial services provider in Germany by 2015. In addition, we will be driving forward joint projects between the two institutions for the benefit of the local cooperative banks, for example in transaction banking, private banking, and in support of risk management in the corporate customer lending business.

It is precisely in such exceptional times that it is necessary for us to demonstrate that we stand by our cooperative principles. In this regard, our organization has been impressively successful to date. The clear demonstration of our unity and strength has also been very noticeably registered by the general public and in the political arena. Many people have come to understand that the cooperative idea not only has a very long tradition, but also that it is a very cutting-edge concept. Solidarity, trust, reliability: The true value of these principles is coming to the fore in these times of crisis.

My colleagues on the Board of Managing Directors and I are therefore convinced that, together as the cooperative financial services network, we will be able to add significantly over the long term to our joint reputation – as reliable, local, expert financial partners.

Kind regards,

Wolfgang Kirsch
Chief Executive Officer

INTERIM GROUP MANAGEMENT REPORT

I. Business performance

1. ECONOMIC CONDITIONS

The period under review saw a very sharp slowdown in the global economy in general. The extremely widespread international financial crisis and crisis of confidence triggered in the last few months of 2008 by the bankruptcy of Lehman Brothers then adversely impacted the real economy in the first few months of 2009 in many regions of the world.

Most industrialized countries were seized by a deep-seated recession paralyzing economic growth, with only a few Asian economies managing to maintain any kind of growth trend. In the United States, there was downward pressure on consumer spending, an important driver of the US economy, caused in particular by the continued fall in real-estate prices and the steep rise in unemployment.

In the first few months of 2009 the financial crisis engulfing international capital markets precipitated a further drop in share prices around the globe. Despite the persistence of very tough economic conditions, the first upward trends became evident on stock markets from March 2009 onward. This was the response of the markets to signs of easing in the economic downturn and to an improvement in some sentiment indicators, primarily in the industrial sector.

In Germany, gross domestic product in the first six months of 2009 was 5.5 percent down compared with the second half of 2008. However, in the course of the second quarter of 2009 the country had already returned to growth, albeit at a very low level.

The main reasons behind the economic downturn in Germany in the first few months of 2009 were the sharp fall in export demand and the reduction in capital expenditure. The noticeably gloomier sales prospects in international markets and drop in capacity utilization forced companies to postpone capital expenditure that had already been planned. Apart from the fall in spending on capital equipment, spending on commercial construction projects was also affected by the reluctance of companies to invest. This was compounded by an appreciable contraction in spending on housebuilding.

In contrast, consumer demand rose slightly during the period under review, helped by still fairly stable conditions in the labor market overall and a decrease in energy prices. Consumer spending was also boosted by the German government's vehicle scrappage scheme. This scheme came into effect with the enactment of the second fiscal stimulus package in January 2009 and involved the payment of a bonus for the scrapping of old vehicles.

The slump in tax revenues resulting from the general deterioration in the economy and the massive expansion in spending decided by the government in order to support the economy will also have a substantial adverse impact on the state of public finances in the future.

2. PROTRACTED FINANCIAL CRISIS AND FIRST SIGNS OF IMPROVEMENT

There was a further considerable plunge in stock prices around the world at the start of the period under review against the background of the ongoing financial crisis. At the same time, the Federal Reserve had already cut US interest rates to 0.25 percent in mid-December 2008, and by the beginning of March 2009 the European Central Bank had lowered its key interest rate to 1.5 percent; at the start of April and in mid-May the European Central Bank dropped its interest rates by a further 25 basis points in each case, bringing the rate down to 1.0 percent. In addition, in mid-March the Bank of England and the Fed undertook quantitative easing by buying up government bonds on a large scale in order to push up the price of these bonds. The aim was to bring down yields and maintain long-term interest rates at a low level, thereby countering the imminent risk of an economic depression.

Given the low-cost refinancing available as a result of low interest rates, major leading American banks were able to post positive results for the first quarter of 2009 following their dramatic slump in results in 2008. However, the profit figures achieved by these banks were influenced by the agreement of the Financial Accounting Standards Board (FASB) to relax fair-value measurement rules. The relaxation of these standards enabled the banks to measure assets on a mark-to-model rather than a mark-to-market basis.

The unexpected profits achieved in the first few months of 2009 by major American banks boosted share prices not only of the banks concerned, but also those of leading European banks.

In the period under review, income from capital markets business in the major banks in Germany continued to be hit by the negative impact of the financial crisis. At the same time, there was a positive impact on profits from increases in prices relating to the initial easing on financial markets and from gains on the disposal of securities written down in prior years. There was also some growth in interest income as a result of an increase in spreads. Administrative expenses were kept under control by a largely restrictive management approach. The global economic crisis did mean that it was necessary to increase allowances for loans and advances.

As far as some of the major regional development banks in Germany were concerned, the publication of their financial statements for 2008 resulted in the need for them to receive further capital and additional protection from risk in the first few months of 2009. The consent of the relevant German state governments and savings banks, as shareholders, and the EU Commission to these measures required that these banks realign their businesses and focus on core activities.

In order to unblock the continuing squeeze on the flow of liquidity between the banks, the European Central Bank (ECB) provided further liquidity to the banks at the end of June 2009. This liquidity amounted to approximately €442 billion, made available for the first time by means of a twelve-month auction; previously the banks had only been able to obtain liquidity from the ECB for a maximum of six months.

The discussion in political and academic circles in Germany since the beginning of 2009 on the pros and cons of cleaning up bank balance sheets by transfering distressed assets arising from the crisis to a bad bank, finally resulted in legislation enacted on July 10, 2009. The aim of the Financial Markets Stabilization Continuation Act ("Bad-Bank-Gesetz") is to free up equity and stimulate bank lending.

This act provides for both a special-purpose-entity model and a consolidation model at federal level or, alternatively, at state level. In the former, banks may transfer structured securities exposed to high degrees of risk to a special-purpose entity, such transfers generally being subject to a 10 percent discount on the carrying amount. In exchange, the bank receives debt instruments guaranteed by Sonderfond Finanzmarktstabilisierung (SoFFin) [Special Fund Financial Market Stabilization]. The accounting reference date for the carrying amount is June 30, 2008, but the transfer amount must not exceed the carrying amount as at March 31, 2009. A market fee in line with the risk involved is payable for the guarantee provided by SoFFin. The core bank concerned must use its dividends to cover any losses incurred in the special-purpose entity.

Although the consolidation model is also available to all banks, it is likely to be aimed first and foremost at the regional development banks affected by the financial crisis. This model allows these banks to transfer to a publicly owned "processing institution" (Abwicklungsanstalt) at federal or state level not only toxic assets, but also any business units that are not strategically necessary to the bank concerned. Just as in the case of the special-purpose entities, these processing institutions are not subject to the strict capital requirements specified by the German Banking Act (KWG) because they are not classified as banks.

3. DZ BANK CLEARLY FOCUSED ON COOPERATIVE BANKS

The core activity of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, (DZ BANK) and its subsidiaries is to provide optimum support for the cooperative banks in their relationship with their customers and members.

The local cooperative banks work closely with the DZ BANK Group to achieve their common objectives. The core of the cooperative financial services network is formed by the local cooperative banks, of which there are just under 1,200 in number, and their retail and corporate customers, numbering approximately 30 million. More than half of the customers in Germany (approximately 16.2 million) are shareholders in their local cooperative bank. Among German banking groups, the entire cooperative financial services network therefore has the greatest number of shareholders and, as a result, enjoys broad backing and a sound base of support in the community.

MODIFIED BUSINESS MODEL: PROGRAM 2011

We are currently no longer pursuing the merger of the two central institutions as the preferred option for the further development of the cooperative financial services network. Merger negotiations with WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, Düsseldorf, (WGZ BANK) were stopped on April 1. One critical factor in this decision was the persistence of tough conditions in international financial markets, causing a high degree of uncertainty. DZ BANK and WGZ BANK will nevertheless continue to expand on the excellent cooperation they have built to date and implement important projects for the two banks and for the network. A current example is the proposed collaboration in private banking. In addition, DZ BANK is making use of its own information identified as part of the merger process in order to further strengthen its position as a network-oriented central institution. To this end, DZ BANK is carrying out further development of its proven, robust business model to optimize its effectiveness as the Central Institution with focus on the Cooperative Financial Services Network. This therefore continues the process of focusing its business model as part of the 'Verbund First' strategy initiated back in 2006.

DZ BANK has launched Program 2011 to provide support in the further development of the business model. The key objectives of this program include

– an even clearer focus on the local cooperative banks
– the targeted expansion of core business lines as a basis for further growth
– a reduction in non-network activities and
– a reduction in human resources and operating costs.

Our vision is to jointly focus the DZ BANK Group on the local cooperative banks such that the cooperative financial services network becomes the leading financial services provider in Germany by 2015. The importance we attach to this focus is also highlighted by the separate “Verbund and small and medium-sized enterprises (SME)” area of board responsibility established on July 1.

In order specifically to reinforce its core businesses, DZ BANK has launched various market initiatives as significant growth drivers in the business.

By launching the market initiative in its SME operations as a core business for the cooperative financial services network, DZ BANK will be expanding its range of products and services in order to strengthen corporate customer business in the local cooperative banks and ensure that it is more firmly established in the regions. In future, each cooperative bank will also have specific back-office contact persons. These action points are brought together in the nationwide ‘ProFi DZ BANK’ customer care concept. ‘ProFi DZ BANK’ provides support for the local cooperative banks – even more comprehensively and effectively than it has done hitherto – in the development and exploitation of market potential in the corporate customer business. This streamlines decision-making processes, thereby improving customer satisfaction. In addition, we are also planning an expansion in cross-selling activities for the DZ BANK Group's entire product range.

The market initiative in private banking aims to bring about an improvement in the joint exploitation of the cooperative banks' market potential in this core business. To this end, the various private banking activities within the DZ BANK Group are to be pooled and managed from one unit operating on a decentralized basis. This unit, which will cover both the relationship with individual banks and end-customer business with high-net-worth individuals, is to provide a fully integrated support service for the local cooperative partner banks as well as coordinate and complement the existing, established services from Zurich, Luxembourg and Singapore, as required. In future, the DZ BANK Group will therefore support the cooperative banks in accordance with their own individual private banking strategies and expertise.

The third market initiative relates to the strengthening of the transaction banking business. DZ BANK is already very well positioned in this regard with providers such as Equens N.V., Utrecht, (Equens), Deutsche WertpapierService Bank AG, Frankfurt am Main, (dwpbank), VR Kreditwerk AG, Hamburg and Schwäbisch Hall, (Kreditwerk), and CardProcess GmbH, Karlsruhe, (CardProcess). DZ BANK plans to extend its market lead in its domestic market. Additional sales opportunities will be pursued by the development of new sales channels in the German and European third-party market and by ensuring that this business is more firmly established in the regions. In the long term, cost savings will be derived from the

'Europeanization' of transaction banking and from credit processing; in the medium term, there will also be benefits from securities processing. DZ BANK anticipates cost savings from the growth in volumes caused by the expansion of this business and will pass these benefits on to the local cooperative banks.

At the same time, business activities not directly related to the cooperative network will be scaled back. Specifically, these activities include non-network capital markets business and structured finance. The future requirements for international offices in this regard have been, and are being, reviewed. It has been decided to close the representative offices in Tokyo, Teheran, Shanghai, and Mexico City as well as the Milan branch. In addition, treasury operations are being brought together in Frankfurt in order to deliver further improvements in cash management within the DZ BANK Group.

DZ BANK is seeking to achieve a well-balanced reduction in staff expenses and operating costs by 2012, with the savings to be divided equally between the two areas of costs.

Program 2011 includes both business policy measures and adjustments to organizational arrangements. A Financial Services Advisory Council is being set up as part of the successful group coordination model in order to enhance the competitiveness of the local cooperative banks. The timely and close integration of the local cooperative banks into the DZ BANK Group's sales policy and product development is a proven strategy, and the Financial Services Advisory Council will help provide even better support for this process.

The collaboration with the successful companies in the DZ BANK Group, such as Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall, (BSH), Union Asset Management Holding AG, Frankfurt am Main, (UMH), and R+V Versicherung, Wiesbaden, (R+V), and the well known brands like AKZENT Invest and easyCredit will also be used to improve the range of products and services for the cooperative banks and provide optimum support for these banks in a harsh competitive environment.

The resilience of the DZ BANK Group's business model despite the persistently tough economic conditions is also highlighted by the excellent start enjoyed by its operating activities in 2009. The three areas of activity – retail banking, transaction banking, and corporate and investment banking – all performed well in the first six months of 2009.

RETAIL BANKING

In retail banking, DZ BANK managed to achieve a further consolidation of the cooperative financial services network's leading positions in the market. According to statistics from the Deutscher Derivative Verband (DDV), DZ BANK, as an issuer, was able to defend its number one position with a market share of 22.5 percent as at the end of March 2009 despite the ongoing turmoil in the German investment certificates market. DZ BANK is forecasting that revenue will reach €3.2 billion by the end of the year, a year-on-year increase of 28 percent. Revenue had already reached €1.9 billion by the end of the first six months, primarily from sales of guarantee certificates.

Riester (government-subsidized) products and absolute-return mutual funds from Union Investment are also contributing to the continued success in this area of the business. Market share in unit-linked 'Riester' contracts has now increased to 71 percent. UMH has therefore risen to become the largest provider of 'Riester' products in Germany. As a consequence, Union Investment anticipates ongoing cash inflows from 'Riester' contracts amounting to €1 billion per year. UMH has also further strengthened its sales activities in the current year with the slogan "A winner from the crisis". Since April this year, it has been marketing one of the first share-bond funds in Germany. Given its close integration into the successful cooperative financial services network, significant investment demand from institutional and private investors, and the high level of liquidity in the marketplace, UMH believes that it is very well equipped to actively exploit any opportunities over the coming months. This should be further reinforced by the fact that Union Investment funds are among the best products on the market from both short-term and long-term perspectives.

Following a record year in 2008, BSH – the undisputed market leader in the home savings sector with a market share of 30 percent – has increasingly shifted to quality-oriented management of its new business during 2009. Evidence of BSH's success over many years is provided, among other things, by its receipt of the “Most customer-focused bank in Germany” award presented by Steria Mummert Consulting, the University of St. Gallen (HSG) and Institut Service Rating. New business is also expected to be given a boost by the latest score awarded by the specialist FINANZtest magazine to the FuchsWohnbau-Rente, a fund-based ‘Riester’ savings and home loan product from BSH. Without any promotion, the assessed product has been judged to be clearly better than any other comparable product from a bank.

The first six months of the current year were also outstanding for R+V: It managed to increase premiums earned by approximately 16 percent compared with first half 2008. This demonstrates the robustness of R+V in the current challenging situation. R+V’s “Security plus returns” investment strategy is well proven. In pursuing its strategy, R+V ensures a broad diversification of investments across various asset classes and issuers as well as a high credit rating for all assets. R+V believes that its sound financial strength is a core factor in its success, primarily in life insurance.

At the start of 2009, TeamBank AG Nürnberg, Nuremberg, (TeamBank) in cooperation with the local cooperative banks launched an easyCredit economic stimulus package worth €250 million. This made the product even more attractive to customers. In the branches of more than 900 cooperative banks, customers can now obtain consumer finance that is matched to market conditions. This deal offers customers a saving of 25 percent on the effective interest rate on loan amounts of between €1,000 and €5,000. This and other initiatives, such as the fairness package for fair lending decisions, have provided this product with a brand awareness rate of 84 percent in Germany. TeamBank expects to continue to outperform the market in terms of growth over the whole of 2009.

TRANSACTION BANKING

Progress in transaction banking has been encouraging, particularly in card processing. This is strategically significant because card-based services are increasingly being used in the market to approach private clients to try to persuade them to switch their current accounts. The principle of “If you have the card, you have the customer” is becoming increasingly true. In the cooperative financial services network, the number of new customers with credit cards rose by 5.6 percent in the first half of 2009. DZ BANK believes that there continues to be great potential in both credit cards and debit cards. It plans to achieve further penetration of this market with innovative products, for example a prepaid card. Card processing is also continuing to gain in importance as far as corporate customer business is concerned. The focus in this regard is on the Visa BusinessCard and the MasterCard Corporate Card. Card processing is one of the additional services in transaction banking, which is considered to be a key source of income for the cooperative financial services network.

The development of standard IT platforms is also intended to deliver considerable efficiency gains and cost savings for the cooperative financial services network. Currently, the focus is on a number of systems including those for asset management, year-end processing, and securities business. The project for the migration to the new WP2 securities processing platform and the parallel launch of the new GENO WP securities front-end, which is being implemented jointly with our partners WGZ BANK, FIDUCIA IT AG, Karlsruhe, (FIDUCIA), GAD eG, Münster, (GAD), and dwpbank, reached a critical milestone in the first half of 2009. Orders are already being logged and securities processed on the new platform by the first banks on the system. Even more banks will switch to the new system in the second half of 2009.

As one of the largest transaction banking providers in Europe, Equens took some important steps during the first half of the year regarding its future strategic direction. A further significant client was added to its portfolio, and it entered into a strategic partnership with the Federal Reserve banks regarding cross-border payment systems. Equens expects to derive economies of scale from this partnership that it can pass on to customers and, therefore, to the local cooperative banks as well. dwpbank also managed to add a further well-known company to its list of customers. From 2010, dwpbank plans to be supporting just under 200,000 investment accounts for this new customer.

CORPORATE AND INVESTMENT BANKING

Working closely with the local cooperative banks, DZ BANK managed to unlock further potential in its SME corporate customer business. On the basis of the applications received this year to date for loans to be extended jointly with other parties, a year-on-year increase of 15 percent is forecast for the whole of 2009. In addition, the use of interest-rate hedging instruments by corporate customers of the local cooperative banks has almost doubled. The special SME credit facility launched at the end of 2008 with a contribution of €750 million from DZ BANK has been well received by the markets. This special credit facility is perceived as a clear sign of confidence in SMEs.

The "VR Circle" arrangements aimed at diversifying risk in corporate customer business are generating increasing interest among the local cooperative banks. Just recently, DZ BANK was for the first time able to issue a joint "VR Circle" deal with WGZ BANK, in which a total of 28 cooperative banks from across Germany took up the opportunity to actively reduce their open credit risk in SME corporate customer business. Risks with a total value of €95.2 million from a total lending volume of €236 million were diversified using this arrangement. Collaboration between DZ BANK and WGZ BANK therefore facilitated the largest-ever such transaction to date among the local cooperative banks.

Performance in the capital markets business was extremely strong during the first six months of 2009. This demonstrates that customers have a great deal of confidence in DZ BANK. One of the areas in which this was evident in the first half of 2009 was in own-account securities business, which was well up on the corresponding period in 2008. DZ BANK's business with corporate and institutional clients also delivered very strong performance. In numerous investments as the lead manager or co-lead manager, DZ BANK AG was able to meet the significant investor demand for the new government-backed bank bonds on the market as well as other corporate and bank bonds. In the first six months of 2009, DZ BANK was extremely successful in its primary market bonds business and was thereby able to achieve a significant improvement in its market position. As far as derivative products are concerned, the trend for simple structured products, which started during the financial crisis, was sustained. DZ BANK registered brisk customer demand for these products in the first half of 2009, thus validating its strategic decision in favor of these products and strengthening its leading position in this market segment.

In addition to its key domestic business, DZ BANK continues to offer services and support to its foreign capital market clients. It does so primarily because these customers enable it to diversify its sources of income, use services, products and platforms provided for domestic business more efficiently, and exploit refinancing opportunities. DZ BANK plans to use its existing resources to continue to provide support for these customers from Frankfurt.

4. EARNINGS PERFORMANCE

The year-on-year changes in the key figures that make up the net profit generated by the DZ BANK Group in the first half of 2009 were as described below.

In addition to net interest income and net fee and commission income, **operating income** includes gains and losses on trading activities, gains and losses on investments, other gains and losses on valuation of financial instruments, net income from insurance business and other net operating income. Operating income in the group amounted to €2,229 million (H1 2008: 1,836 million). As a consequence of the financial crisis, this figure included necessary impairment losses and allowances in the securities portfolios amounting to a total of €422 million (H1 2008: €467 million); of this amount, €241 million (H1 2008: €272 million) was accounted for by DZ BANK. These impairment losses and allowances amounting to €422 million largely related to asset-backed securities (ABSs) (€313 million) and also bonds (€106 million). By June 30, 2009 the DZ BANK Group had recognized total gains of €365 million on bonds.

Administrative expenses in the DZ BANK Group fell to €1,213 million, down €22 million, which equates to a drop of 1.8 percent (H1 2008: €1,235 million).

In the first half of 2009, the **cost/income ratio**, i.e. the ratio of administrative expenses to operating income, in the DZ BANK Group was 54.4 percent (H1 2008: 67.3 percent).

Profit before taxes in the period under review amounted to €643 million compared with €496 million in the first six months of 2008.

In detail, the earnings performance of the DZ BANK Group in the first half of 2009 was as follows.

Net interest income for the DZ BANK Group fell to €1,324 million, a drop of 4.8 percent compared with the same period in 2008.

In DZ BANK, net interest income was 23.6 percent down on the corresponding figure for the first half of 2008. The drop in lending volume as a consequence of the economic downturn was partly offset by an increase in margins as a result of the widening of credit spreads. At the same time, trends in interest rates on capital markets in the first half of 2009 and an increased capital requirement had an adverse impact on net interest income.

A significant contribution to DZ BANK's net interest income from operating activities came from interest income on lending activities.

In joint credit business, both in traditional syndicated lending and in business with Agrar-Meta, the standardized risk transfer product, a further increase in customer numbers was achieved in the first half of 2009; net operating interest income from VR-Mittelstand increased by 14.0 percent compared with the first half of 2008. This underlines the successful support provided by DZ BANK as a partner to the local cooperative banks. The broad, positive response of the markets to the special SME credit facility of €1 billion (DZ BANK share: €750 million) launched by the cooperative central institutions at the end of 2008 was also significant. The special SME credit facility is widely perceived as a sign of confidence in SMEs.

In the period under review, DZ BANK further consolidated its strong position in the corporate finance market despite adverse financial market conditions and stiff ongoing competition, increasing its net operating interest income from this business compared with the first half of 2008. DZ BANK was able to satisfy the demanding requirements of its customers by offering a comprehensive range of products including traditional lending, sophisticated structured finance solutions, and financial services and products from the specialized service providers in the DZ BANK Group.

The structured finance product range is marketed from Germany as well as via the business units in the foreign branches in London, New York, Hong Kong, and Singapore, and in all major financial centers and important growth markets in which DZ BANK has a representative office. The structured finance products are also used in the cooperative network customer business. For example, loans to finance company successions and expansion are extended to cooperative network customers. Import and export business of cooperative network customers is also supported by financing solutions and letters of credit. In addition, public infrastructure projects (construction of roads, hospitals, schools, etc.) at local level are financed together with the primary banks. With its diversified portfolio, DZ BANK has succeeded in maintaining net operating interest income in this division of the business at a high level despite worldwide market disruption.

As a result of the economic crisis, fewer new acquisition finance deals were closed, although such contracts do have higher margins. Consequently, net operating interest income increased again compared with the corresponding period in 2008.

As far as structured trade and export finance products were concerned, net operating interest income was slightly up on the first half of 2008. Although there was also a decline in new business overall in this business area, there was a noticeable trend toward more structuring of finance; Hermes-covered finance became the focus of customer interest.

In project finance, DZ BANK supports German companies with concepts involving the development and implementation of public-private partnerships (PPPs); net operating interest income from these products was also increased.

Net interest income in the subgroup VR-LEASING AG, Eschborn, (VR LEASING) was 6.1 percent below the equivalent figure in the first half of 2008, primarily owing to an increase in interest expense compared with the corresponding period in 2008 following a switch in refinancing from forfaiting to loan finance.

As a result of the economic fallout from the global financial crisis in equipment and vendor finance both in Germany and abroad, the volume of lease originations in the VR LEASING subgroup fell to €1.7 billion, a decrease of 25.6 percent on the equivalent period in 2008.

INCOME STATEMENT

€ million	Jan. 1– Jun. 30, 2009	Jan. 1– Jun. 30, 2008	Change (%)
Net interest income	**1,324**	1,391	-4.8
Allowances for losses on loans and advances	**-373**	-105	>100.0
Net fee and commission income	**447**	435	2.8
Gains and losses on trading activities	**689**	64	>100.0
Gains and losses on investments	**-318**	-180	76.7
Other gains and losses on valuation of financial instruments	**-78**	-93	-16.1
Net income from insurance business	**118**	152	-22.4
Administrative expenses	**-1,213**	-1,235	-1.8
Staff expenses	-648	-645	0.5
Other administrative expenses[1]	-565	-590	-4.2
Other net operating income	**47**	67	-29.9
Profit before taxes	643	496	29.6
Income taxes	**-278**	-108	>100.0
Net profit	**365**	388	-5.9

1 General and administrative expenses plus depreciation/amortization expense on property, plant and equipment, and investment property and on other assets

In the period under review, new business volume in Germany was €1.1 billion and therefore almost at the same level as in the first six months of 2008. The local cooperative banks account for a particularly high proportion of VR LEASING's domestic business, now contributing two-thirds of new business volume in Germany.

To reflect the importance of this sales channel for VR LEASING, the company had reorganized in 2008, specifically positioning itself closer to the market. Following this principle, VR LEASING accelerated the expansion of its presence in the regions during the first half of 2009 with the targeted deployment of field sales employees in local home offices.

IT-supported standardized applications have a core role to play in the marketing operations carried out jointly by VR LEASING and its partners. In the first six months of 2009, lease originations processed via VR-LeasyOnline with the partner banks climbed by 53.9 percent compared with first half 2008. The first quarter of 2009 saw the market launch of VR FUHRPARK, a web-based tool with important key features, notably a high degree of flexibility regarding customized financing and vehicle configuration options.

The volume of equipment lease originations declined by 4.3 percent in the period under review. In contrast, the volume of lease originations in the real estate business increased by 34.1 percent.

As far as export business is concerned, the VR LEASING subgroup has for many years been one of the leading non-captive providers in the countries of central and eastern Europe. Given the noticeable effects of the financial and economic crisis in the period under review in these economies in particular, the volume of lease originations outside Germany fell to €622 million, down 47.6 percent compared with the first six months of 2008.

Reliable forecasts continue to be extremely difficult. However, it is particularly in times of crisis that the benefits of leasing come to the fore. This type of financing preserves liquidity and is increasingly preferred to traditional loan finance.

Net interest income in the DVB subgroup fell by 6.5 percent compared with the high figure achieved in the first half of 2008.

As a result of the global recession and its effects on the international transport industry, new business volume in the period under review in DVB Bank SE, Frankfurt am Main, (DVB), one of the leading global specialist transport finance providers, was €1.8 billion (H1 2008: €2.9 billion). Increased refinancing costs as a consequence of the financial crisis also had an adverse impact on net interest income in the period under review; however, this impact softened considerably during the course of the first half of 2009.

Investment management, the business area in which DVB offers international investors in the transport sector a wide range of investment opportunities, contributed approximately one quarter of the net interest income earned during the first six months of 2009. These investment opportunities include, for example, special aircraft funds allowing investors to make equity investments in aircraft.

Net interest income in TeamBank in the first half of 2009 almost matched the high level achieved in the first half of 2008, falling just 1.3 percent short of this figure.

In the period under review the company also strengthened its strategic orientation, based on the principles of fairness and trust, as a consumer credit expert in the cooperative financial services network. By the end of the first half of 2009, 76 percent of all cooperative banks were working in collaboration with TeamBank.

The unique fairness package has proven itself in the marketplace. After TÜV had awarded the first worldwide seal of approval to TeamBank in 2008 for its "fair lending decision" approach, the company then in April 2009 received the TÜV award for its fair easyCredit advice service. In addition, TÜV certified the quality management in the production process with the award of an ISO 9001 seal. The company systematically ensures the satisfaction of the partner banks and end-customers on a lasting basis.

In the first half of 2009, TeamBank continued to consolidate its successful market positioning as a fair consumer credit expert by introducing a range of product innovations.

Working closely with the cooperative partner banks, TeamBank launched an easyCredit economic stimulus package at the end of February 2009. This package has the quality features of the fairness package and allows private clients to carry out their planned investment while enjoying a saving of 25 percent on interest.

In addition, the cooperative banks can offer easyCredit with all the benefits of a long-term approach and a loan term of up to 120 months. More than 70 percent of the partner banks have already opted for this product.

In January 2009, TeamBank initiated a pilot phase in the 60 easyCredit shops throughout Germany for the use of the easyCredit card as a credit card with an additional consumer finance function. The results from this pilot phase will be integrated into the "VR card" concept for cooperative banks from the coming year onward.

By opening a branch in Austria at the start of 2008, TeamBank laid the foundations for transferring its successful business concept outside Germany. TeamBank is now in collaboration with 28 local cooperative banks in the Austrian market.

TeamBank has now received the "TOP JOB" award for the fifth time. This was followed in March by an award as "Top German Employer 2009", demonstrating that the consumer credit expert in the cooperative financial services network is one of the employers of choice in the industry.

The net interest income generated by DZ BANK International S.A., Luxembourg-Strassen, (DZI) in the first half of 2009 increased by 23.8 percent compared with the corresponding period in 2008. The bank benefited from the excellent liquidity provided by customer deposits and from trends on the money and capital markets.

DZI makes the most of the advantages offered by the Luxembourg financial center for the benefit of the cooperative financial services network and for its private and institutional customers in the areas of private banking, investment funds and lending, and treasury. As the largest international office within the DZ BANK Group, DZI acts in the interest-earning business as competence center for the LuxCredit foreign-currency lending business. A further increase was achieved in the volume of loans guaranteed for customers of the local cooperative banks. As at June 30, 2009, this figure had increased to €4.7 billion and the number of loans by 4,140 to 28,481.

In the period under review, net interest income in BSH amounted to €464 million compared with an amount of €471 million in the first half of 2008.

Given the background of the extremely difficult economic conditions and the further significant reduction in interest rates in the first half of 2009, interest income generated in this period was slightly below the high figure achieved in the first half of 2008.

At an early stage, BSH laid the foundations for a competitive spread in its collective home savings business with its attractive Schwäbisch Hall Tarif Fuchs scale of rates and charges. Following the inclusion of property used as an individual's own home as part of personal pension provision in the German government's 'Riester' subsidy arrangements – the German Home Equity in Pensions Act (Eigenheim-Rentengesetz, EigRentG), which came into force retroactively on January 1, 2008 – BSH enhanced its customer-friendly product range with innovative 'Riester' subsidized products, both for the accumulation of equity in the savings phase and for the repayment of loans in the financing phase.

The Fuchs WohnRente product adds a 'Riester' subsidized home savings contract to the existing range of options. The benefits of this product are aimed at customers who have decided to purchase or build an apartment or house to be used as their own home or as their preferred retirement pension vehicle. The Fuchs WohnRente home savings contract, which was certified and then successfully launched on the market on November 1, 2008, has helped further enhance the appeal of home savings as a savings and financing instrument.

Since mid-January 2009, BSH has also offered the Fuchs Wohnbau-Rente product as a 'Riester' subsidized interest-only loan for customers who wish to buy a property for their own use over the short term. In addition, these innovative product options with 'Riester' certification can be used as a follow-up financing solution for property acquired for own use after December 31, 2007. For the same customer target group, BSH is one of the few home savings institutions to offer the 'Riester' subsidy in connection with an existing home savings contract. These products can be used for 'Riester'-certified home savings loans in the Fuchs and A scales of rates and charges.

Deutsche Genossenschafts-Hypothekenbank AG, Hamburg, (DG HYP) increased its net interest income by 19.0 percent in the period under review. It is increasingly clear as a result that the decrease in the portfolio of home loans is being gradually replaced by higher-margin commercial real-estate lending business.

In the first half of 2009, DG HYP achieved growth in its core business of commercial real-estate finance and enhanced its position in the marketplace as a commercial real-estate finance provider. Even against the backdrop of the challenging economic conditions, DG HYP steadfastly continued its market activities during the first six months of 2009. It had adequate liquidity at its disposal as a result of its integration into the cooperative financial services network. This enabled DG HYP to generate an excellent level of well-balanced business appropriate to its risk/return profile. As a consequence, DG HYP proved itself to be an effective, reliable partner to its customers during the first half of 2009.

In the commercial real-estate finance business, DG HYP acts as a partner to the local cooperative banks in the cooperative financial services network and also operates as a direct provider in both domestic and international business. It offers the local cooperative banks a customized range of products and services. With its Immo-Meta lending product, it provides support to partner banks in financing projects in which it acts as a syndicate partner to the financing bank. In the case of the Immo-Meta Reverse product, the local cooperative banks can be involved in DG HYP's own financing projects. In addition, DG HYP has developed Immo VR Rating, a standard, web-based rating method for use by the cooperative banks throughout the cooperative financial services network.

Despite the sharp drop in transaction volume overall, new business volume in commercial real-estate finance had reached €1,978 million by June 30, 2009, up 19.1 percent on the same period in 2008. The proportion of finance attributable to direct and cooperative network business in Germany rose from €1,084 million in the first half of 2008 to €1,534 million in the first half of 2009.

New international business (excluding the secondary market) was also in excess of the figure for the first half of 2008, although DG HYP had set particularly strict standards for the risk quality of new business in response to the tough market conditions. At €406 million, international business posted an increase of 6.8 percent compared with the equivalent period in 2008 (H1 2008: €380 million).

Another of DG HYP's core activities is the extension of loans to public bodies. DG HYP offers local authorities market terms and conditions on a binding basis and swift processing of their loan applications. As a result of the change in the situation in financial markets, the business is run on the basis of an adequate contribution to profits. The volume of new local authority loans in the first six months of 2009 contracted in line with expectations to €109 million (H1 2008: €465 million).

Allowances for losses on loans and advances for the DZ BANK Group in the period under review were reported at €373 million (H1 2008: €105 million). In the DZ BANK Group and DZ BANK, the higher figure for the first half of 2009 compared with the figure for the first half of 2008 takes into account the effects of the economic recession and the persistently tough market conditions. In view of these circumstances, the portfolio loan loss allowances in the DZ BANK Group were increased by €89 million in the first half of 2009, although this did not of course involve the identification of any severe credit risks in respect of any specific borrowers.

Further detailed disclosures regarding the risk situation in the DZ BANK Group can be found in the risk report on page 33 et seqq. of this interim group management report.

Net fee and commission income in the DZ BANK Group increased by 2.8 percent to €447 million.

The DZ BANK Group was once again able to exceed the profit contribution in the first half of the prior year from transaction banking (including card processing) and from lending and trust activities (including financial guarantee contracts and loan commitments). The net fee and commission income generated by the securities business and asset management in both cases fell short of the figure for the first half of 2008. In international business, the profit contribution almost matched the level achieved in the first half of 2008.

DZ BANK's net fee and commission income increased to €137 million, up 34.3 percent on the first half of 2008. In the securities business, the profit contribution from net fee and commission income was significantly above the figure achieved in the first six months of 2008, specifically owing to the high volume of fixed-income security issues managed by DZ BANK. In lending and trust activities, and in international business, the profit contribution in each case declined compared with the first half of 2008. On the other hand, there was a noticeable increase in the net fee and commission income generated by transaction banking, including card processing.

The distinctly bearish stock market sentiment during the first few months of the period under review perpetuated the marked lack of demand for shares, primarily among private clients. It was only in the second quarter of 2009 that the markets stabilized, in some cases returning to the levels seen prior to the bankruptcy of Lehman Brothers.

By taking on lead roles in transactions as the mandated lead arranger, DZ BANK demonstrated its structuring and placement expertise in structured finance in all financial centers, although the volume of business was significantly down on the first half of 2008 as a result of the financial crisis. DZ BANK's finance projects in this area of the business included a significant contribution, in partnership with a primary bank, to the financing of the largest photovoltaic installation in the world, at Turnow, Brandenburg, in Germany. Whereas the net fee and commission income from acquisition finance and from structured trade and export financing was in each case below the level achieved in the first half of 2008, DZ BANK was again able to increase net fee and commission income from project finance compared with the first six months of 2008.

In corporate finance business, DZ BANK benefited from a market-related increase in lending fees and commissions as a significant consequence of the change to risk ratings; the profit contribution from net fee and commission income saw a further increase in the first six months of 2009 compared with the same period in 2008.

In the SME market segment relevant to DZ BANK, the latter was able to bring the M&A deals initiated in 2008 to a successful conclusion in the first half of 2009. In the first quarter of 2009 there was still a great deal of caution in the markets, and it was only in the middle of the second quarter that a slight upturn in M & A business became noticeable.

Demand from the local cooperative banks for interest-rate hedging instruments for their corporate customers almost doubled compared with the corresponding period in 2008.

In the DVB subgroup, net fee and commission income in the first six months of 2009 was up 45.7 percent, a substantial increase on the first half of 2008.

Given the tough economic conditions, this substantial level of net fee and commission income reaffirms

DVB's strong positioning in its international customer market. This income includes both commission on new lending commitments in transport finance and also consultancy fees.

At the end of 2008, the shipping finance product range had been expanded with the development of the shipping asset management business in London.

In what were challenging market conditions, net fee and commission income in the Union Investment Group decreased to €319 million in the period under review, 11.6 percent down on the corresponding period in 2008.

A key factor in this decrease was a fall of 14.5 percent in the average value of assets under management compared with the first half of 2008. This was attributable to the significantly lower market prices compared with the first six months of 2008 and to net redemptions in the second half of 2008.

Given the crisis-like trends in financial and commercial markets, investors were adopting a cautious approach to one-off investments in equity funds during the first half of 2009. However, owing to the large number of savings plans in a number of business areas including employer-funded capital-formation schemes and, in particular, 'Riester' business, the group was able to achieve substantial unit sales in this fund category. Union Investment's forward-looking strategy over many years to carry out sustained investment in the marketing of long-term equity savings products has therefore proved to be worthwhile.

Over the entire first six months of 2009, fixed-income funds also attracted a growth in investment, albeit slightly more subdued; however, UniOpti4 experienced outflows of just under €1 billion. Money market funds were also affected by an outflow of funds. However, some of this cash was reallocated to higher-yield investments such as open-ended real-estate funds.

In 2009, the issue of security continued to be the focus of the joint marketing carried out by Union Investment, as the market leader in absolute return mutual funds, and the local cooperative banks. Customers' need for security is now stronger than ever following the turmoil on international stock markets in recent years.

Throughout the year and within specified subscription periods, Union Investment is launching guarantee funds that take into account the situation on the financial markets. These funds include, for example, the following innovative products placed during the first half of 2009: UniGarant: Best of Assets Konservativ (2015) II and UniGarant: Europa (2016), both of which enhance the proven UniGarant product family.

In 2009, investors are also offered a high degree of stability by Union Investment's open-ended real-estate funds, which remain liquid and open to customers at all times, even in the tough market conditions caused by the crisis. The inflow of funds amounting to €1.4 billion achieved in the period under review reflects the sharp customer focus and a portfolio structure consistently geared to successful market performance.

In the pioneering field of personal pension products, Union Investment benefited from the sustained interest of private investors in additional retirement provision in the form of 'Riester' savings products.

Supported by the extensive sales network of the cooperative partner banks, Union Investment in the first six months of 2009 sold a total of around 53,000 new UniProfiRente contracts, a 'Riester' fund product. This took the total number of contracts in existence to 1.74 million, a new record.

Union Investment registered total net inflows of €734 million from retail funds in the first half of 2009 and, across the industry, was therefore the most successful provider of actively managed retail funds in Germany.

Union Investment also expects some stimulus to growth in its institutional business. Its many years of experience in the market with its IMMUNO capital preservation concept represents an invaluable advantage because this concept combines sophisticated income management with systematic risk management. In the same way, the quantitative expertise provided by Quoniam Asset Management GmbH, Frankfurt am Main, one of the companies in the group, helps to strengthen Union Investment's market position in asset management. The objective is to turn this company into a global quant manager.

In order to focus the development of Union Investment's real-estate expertise even more closely on institutional investors, it is planned in future to bring together all the activities in the institutional real-estate business under one brand now known as Union Investment Institutional Property GmbH, Frankfurt am Main (formerly DEFO – Deutsche Fonds für Immobilienvermögen GmbH, Frankfurt am Main). In this way, and by extending its product portfolio, Union Investment intends to consolidate its leading market position within this business line in Europe.

The generally difficult situation in the financial and capital markets meant that net fee and commission income in DZI in the period under review remained 44.8 percent below the figure for the corresponding period in 2008.

In its business with high-net-worth individuals, in which DZI provides its expertise in financial and asset succession planning as a complementary service, trends in the first few months of 2009 were still characterized by significant risk aversion on the part of investors and decidedly low market prices for investments bearing significant risk. It was only in the course of the second quarter of 2009 that there was a tentative recovery in prices. In the proven partnership with its subsidiary, IPConcept Fund Management S.A., Luxembourg-Strassen, DZI continued to expand its investment fund services business; in the first half of 2009 it was able to win a total of 12 new fund-related mandates.

In the period under review, net fee and commission income in DZ PRIVATBANK (Schweiz) AG, Zurich, (DZ PRIVATBANK Schweiz) was impacted by the effects of the financial crisis such that this income was 16.7 percent below the high level achieved in the first half of 2008.

DZ PRIVATBANK Schweiz, which has offices in the long-established financial center of Zurich, offers customers of the German cooperative banks all the services of a traditional private bank, including the fund-linked asset management service SwissRubinum, asset consultancy and management, and specialist asset-related services, all based on the proven service of a Swiss private bank.

Net fee and commission income in TeamBank improved by 7.1 percent in the first half of 2009 to minus €26 million (H1 2008: minus €28 million).

Increased trailer fees and sales commissions paid by TeamBank to the primary banks in connection with the expansion in easyCredit business led to significantly lower net fee and commission income. This effect was partially offset by an increase in fee and commission income arising from growth in fee and commission payments by R+V associated with the increase in sales of credit insurance policies written by R+V; this credit insurance provides protection in the event of incapacity, unemployment or death.

Net fee and commission income in DG HYP improved in the first six months of 2009 by €5 million to €4 million (H1 2008: minus €1 million).

The positive figure reported for the period under review largely arose from fee and commission income for services in the core business of commercial real-estate lending, which saw a further increase compared with the figure for the equivalent prior-year period. However, it should be noted that the figure for the first half of 2008 still included commission payments for the brokering of home loans. On a like-for-like basis, net fee and commission income also improved in the period under review as a result of a fall in issuance fees and commissions, itself caused by a decrease in refinancing demand.

BSH pays fees and commissions to the cooperative banks and to the integrated bank-supported field sales force on the basis of BSH contracts signed with customers. The associated fee and commission expense results in a negative figure for fees and commissions, which amounted to minus €76 million in the half-year under review compared with minus €87 million in the corresponding period in 2008.

In the first half of 2009, BSH was able to maintain its leading market position in home savings and achieve a considerable level of new home savings business, even if the volume of new loans did not quite reach the exceptionally high figure achieved in the first half of 2008, although the latter had been generated with the help of one-off items.

As a consequence, there was a slight drop in the additional fee and commission expense from new business compared with the first six months of 2008.

Against the background of radical changes in the global economic and financial architecture, private investors are rather more focused on security, transparency, and long-term prospects than was previously the case. In line with the resultant customer demand for traditional, conservative types of savings and investments, home ownership is the top investment priority for almost 80 percent of Germans.

In these circumstances, the home savings contract is becoming even more important as a secure, predictable product and as a critical step on the path to home ownership, especially in view of the aforementioned additional options created by German legislation for people to save and invest for their retirement under the German Home Equity in Pensions Act (EigRentG). Home savings contracts are also becoming increasingly popular for financing the modernization of property, especially for improving energy and environmental efficiency.

Performance in the home finance business was encouraging. Despite the economic crisis, customers are exploiting the low interest rates at present and turning to home loans. As a consequence, the lending volume brokered together with the cooperative banks rose by 21.0 percent to €3.0 billion. This was supplemented by €1.7 billion (up 10.3 percent) in bridging loans, home savings loans and mortgage loans brokered by the cooperative mortgage banks and other finance partners. The volume of interest-only loans brokered by the cooperative banks and supported by a home savings contract amounted to €1.9 billion, a similar level to the first half of 2008.

By cross-selling supplementary pension products, BSH field sales staff were once again able to sell a large volume of cooperative bank pension products, Union Investment investment funds and R+V insurance policies.

In the period under review, the DZ BANK Group's **gains and losses on trading activities** reached €689 million, substantially in excess of the figure of €64 million achieved in the corresponding period in 2008. This result is almost entirely attributable to the corresponding gains and losses in DZ BANK amounting to €680 million (H1 2008: €20 million).

The DZ BANK Group's gains and losses on trading activities for the first six months of 2009 included the recognition of impairment losses amounting to €114 million (H1 2008: €316 million) that had become necessary in respect of securities portfolios. Of these impairment losses, €110 million related to impairment losses recognized in the securities portfolios of DZ BANK.

The narrowing of spreads on bonds in DZ BANK identified primarily in the first few months of the second quarter of 2009 resulted overall in significant gains on these products amounting to €313 million. This was partially offset by impairment losses on asset-backed securities, in particular arising from weighted averaged lifetime extensions and amended rating classifications, which reduced the gains on trading activities in DZ BANK by €110 million.

A significant contributing factor in the excellent figure for gains and losses on trading activities was DZ BANK's brisk customer business in capital market products, particularly investment certificates and interest-rate products. DZ BANK considerably improved its market position in this regard. DZ BANK expanded its secondary market bonds and interest-rate derivatives business with cooperative banks and institutional and corporate clients. It also achieved significant growth rates in the first half of 2009 in its new bond issuance business on primary markets. DZ BANK is now one of the leading European underwriters in core asset classes such as government-guaranteed bank bonds, development banks and sub-sovereign entities, and covered bonds.

Back in 2008, DZ BANK had already used its quality AKZENT Invest brand to enhance its market position in the investment certificates market in collaboration with the local cooperative banks, achieving a market share of 22.7 percent and thereby becoming market leader in German investment certificates for the first time. AKZENT Invest stands for quality-assured, high-potential, high-quality structured investment products and constitutes an attractive investment alternative at a time when returns on deposits are falling. In the first six months of 2009, the focus of sales was on guarantee products in line with the strongly expressed customer preference for security in investment products.

In the first six months of 2009, DZ BANK also received an accolade for the outstanding quality of its

AKZENT Invest certificates and, for the first time, won the 'Most popular issuer' prize awarded by FOCUS MONEY and n-tv to the winner selected by the general public.

Money markets business with corporate customers was extremely encouraging in the period under review. DZ BANK also generated significant income growth from interest-linked and forex products. The strategy of continuing to consolidate cross-selling business by adopting a customer-focused advisory approach and undertaking joint marketing with the specialized service providers in the cooperative sector is therefore proving itself to be worthwhile.

Gains and losses on investments in the DZ BANK Group amounted to a loss of €318 million (H1 2008: loss of €180 million).

This change in gains and losses on investments for the group includes ABS impairment losses that became necessary during the first half of 2009 as a result of the financial crisis. These impairment losses amounted to €169 million compared with €13 million in the corresponding period in 2008.

Other gains and losses on valuation of financial instruments amounting to a loss of €78 million (H1 2008: loss of €93 million) primarily comprised the gains and losses on financial instruments designated as at fair value through profit or loss amounting to a loss of €73 million. In addition, gains and losses arising on hedging transactions amounted to a loss of €5 million. The extremely low figure for gains and losses arising on hedging transactions demonstrates that hedge accounting in the DZ BANK Group is highly effective.

The impairment losses of €83 million (H1 2008: €121 million) as a result of the financial crisis included in the group's other gains and losses on valuation of financial instruments are largely related to the DG HYP securities portfolios.

In the period under review, **net income from insurance business** in the DZ BANK Group amounted to €118 million compared with €152 million in the first half of 2008. The DZ BANK Group's net income from insurance business comprises premiums earned, gains and losses on investments held by insurance companies and other insurance company gains and losses, insurance benefit payments and insurance business operating expenses.

In the period under review, the performance of the insurer in the cooperative network was substantially attributable to the contribution from the local cooperative banks. The close integration of R+V into the cooperative financial services network is becoming increasingly important as the insurer continues to face stiff competition as well as cope with the ongoing financial crisis, the effects of which continued to make themselves felt during the first half of 2009, albeit to a lesser extent.

The following figures for the first half of 2009 include figures for the insurance group Condor-Versicherungsgruppe, Hamburg, which was acquired during the autumn of 2008; the figures for the first half of 2008 do not include Condor.

Despite the generally tough market conditions, premiums earned increased significantly by 15.8 percent to €5,105 million (H1 2008: €4,410 million).

As capital markets slowly recovered during the period under review, gains and losses on investments held by insurance companies and other insurance company gains and losses increased by €621 million compared with the first six months of 2008 to €1,058 million.

An improvement in gains and losses on investments held by insurance companies and a rise in premiums received meant that there was an increase in additions to insurance liabilities in companies offering personal insurance. As a result, insurance benefit payments of €5,203 million in the period under review were €1,303 million higher than the equivalent figure in the first half of 2008 (€3,900 million). As in the first half of 2008, there was a moderate level of claims in the non-life insurance business during the first six months of 2009.

Insurance business operating expenses rose from €795 million in the first half of 2008 to €842 million in the first half of 2009, largely owing to the growth achieved in insurance business.

Growth in new life insurance business of R+V was stimulated particularly by new insurance policies with guaranteed benefits and by occupational pension products.

In the non-life insurance business, forecasts that R+V would outperform the general industry trend in terms of new business volume were confirmed.

Despite the adverse impact of the ongoing debate about the future structure of the healthcare system in Germany, R+V Krankenversicherung was able to increase its premium income.

As far as inward reinsurance is concerned, R+V successfully implemented its growth strategy by earning premiums of €397 million during the first six months of 2009.

Administrative expenses in the DZ BANK Group fell by 1.8 percent compared with the first half of 2008 to €1,213 million (H1 2008: €1,235 million), including a 4.2 percent decrease in other administrative expenses to €565 million (H1 2008: €590 million) and a 0.5 percent increase in staff expenses to €648 million (H1 2008: €645 million).

A decrease in other administrative expenses arose in UMH (H1 2009: €117 million; H1 2008: €140 million) from a reduced cost budget, and in DG HYP (H1 2009: €29 million; H1 2008: €35 million) from a systematic restructuring and realignment of the company. In contrast, there was an increase in other administrative expenses in DZ BANK (H1 2009: €182 million; H1 2008: €177 million). The main reasons for this increase were a rise in IT and consultancy costs, including the costs incurred in the run-up to the merger with WGZ BANK which was halted on April 1, 2009, and an increased payment to the guarantee fund managed by Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V. (BVR) [Federal Association of German Cooperative Banks]; the latter arose following an adjustment to the contribution threshold.

In UMH, the increase in staff expenses (H1 2009: €111 million; H1 2008: €105 million) was attributable to an increase in the number of companies included within the scope of consolidation compared with the same period in 2008 and to collectively agreed salary increases implemented at the end of 2008. In the VR LEASING subgroup, the rise in staff expenses (H1 2009: €58 million; H1 2008: €52 million) was largely the result of the inclusion of VR FACTOREM GmbH, Eschborn, in the scope of consolidation from the second half of 2008 onward.

Other net operating income in the DZ BANK Group fell by €20 million to €47 million (H1 2008: €67 million). Two of the main factors behind this drop in income were the change in income in DZ BANK (H1 2009: minus €6 million; H1 2008: €7 million) and in the DVB subgroup (H1 2009: €6 million; H1 2008: €14 million).

The cost/income ratio for the DZ BANK Group in the first half of 2009 was 54.4 percent (H1 2008: 67.3 percent).

Income taxes for the group amounted to €278 million for the first half of 2009, the increase largely being attributable to lower deferred tax assets compared with the figure of €108 million for the first half of 2008.

The DZ BANK Group generated a **net profit** of €365 million during the reporting period compared with €388 million in the first half of 2008.

5. REGULATORY CAPITAL

The changes in the regulatory capital of the DZ BANK banking group as at June 30, 2009 compared with the position as at December 31, 2008 are explained in detail below. As in prior years, the regulatory capital is calculated on the basis of the German Commercial Code (HGB) single-entity financial statements of the companies included within the scope of consolidation, although in this instance the changes do not include any changes from the HGB single-entity interim financial statements of DZ BANK.

As at June 30, 2009, the **Tier 1 capital** in the DZ BANK banking group was €8,661 million (December 31, 2008: €8,786 million). Despite the further adverse impact of the financial crisis in the first half of 2009, there was only a modest decrease of €125 million in Tier 1 capital compared with the position as at December 31, 2008 owing, in particular, to the issuance of further Tier 1 bonds by DZ BANK.

The DZ BANK banking group's **Tier 2 capital** as at June 30, 2009 was €2,519 million (December 31, 2008: €2,671 million). Tier 2 capital was also hit in the first half of the year by the further effects of the financial crisis. The group was largely able to compensate for these effects with the issue by DZ BANK of long-term subordinated capital amounting to €460 million.

The DZ BANK banking group reported **Tier 3 capital** of €15 million. There had been no Tier 3 capital as at December 31, 2008. The recognition of this Tier 3 capital arose because a subsidiary had used long-term subordinated capital, without deduction, as Tier 3 capital.

As at June 30, 2009, the DZ BANK banking group's **own funds as defined for the purposes of the Solvency Regulation** (SolvV) amounted to €11,195 million (December 31, 2008: €11,457 million). This produced a total capital ratio for the DZ BANK banking group in accordance with SolvV of 11.1 percent (December 31, 2008: 9.7 percent), and a Tier 1 capital ratio in accordance with SolvV of 8.6 percent (December 31, 2008: 7.4 percent). At the end of the period under review, these key ratios therefore significantly exceeded the regulatory minimum of 8.0 percent for the total capital ratio and 4.0 percent for the Tier 1 capital ratio.

Risk capital management and disclosures on liquidity risk in the DZ BANK Group are described in detail in this interim group management report on page 27 et seq. and page 38 et seq. respectively. The changes in cash flows from operating activities, investing activities, and financing activities during the period under review compared with the corresponding period of 2008 are shown in the cash flow statement in the interim consolidated financial statements.

6. SEGMENT PERFORMANCE

The business segment breakdown of the DZ BANK Group's **profit before taxes** of €643 million for the first half of 2009 was as follows:

Bank	€361 million
Retail	€158 million
Property finance	€148 million
Insurance	€143 million
Other/consolidation	€-167 million

The income statements and the figures for the individual business segments are shown in detail in section 4 of the notes to the interim consolidated financial statements.

7. VOLUME GROWTH

As at June 30, 2009, the DZ BANK Group's **total assets** had decreased by €17.3 billion to €409.8 billion, a drop of 4 percent (December 31, 2008: €427.1 billion). In DZ BANK, total assets had decreased by €10.7 billion to €249.4 billion, and in DG HYP by €5.9 billion to €72.1 billion.

The DZ BANK Group's **loans and advances to banks** decreased by €6.5 billion to €63.5 billion, a fall of 9.3 percent. In DZ BANK, there was a decrease of €1.9 billion, and in DZI a decrease of €1.6 billion; loans and advances to banks in DG HYP and BSH fell by €0.8 billion and €0.7 billion respectively compared with the figures as at December 31, 2008.

The drop of €2.3 billion (2.0 percent) in the DZ BANK Group's **loans and advances to customers** to €114.7 billion primarily reflects the fall in customer loans and advances in DG HYP of €1.6 billion and in DZ BANK of €0.9 billion.

As at June 30, 2009, **financial assets held for trading** amounted to €108.7 billion, a decrease of €5.7 billion (5.0 percent) on the figure as at December 31, 2008. This decrease was primarily attributable to a fall of €9.8 billion in the carrying amount of the portfolio of bonds and other fixed-income securities.

Investments declined by €3.2 billion to €63.1 billion, a reduction of 4.8 percent. This was largely attributable to a fall of €3.1 billion in the reported portfolio of bonds and other fixed-income securities.

The DZ BANK Group's **deposits from banks** as at June 30, 2009 amounted to €54.7 billion, which was €4.9 billion (8.2 percent) below the figure reported as at December 31, 2008, with deposits from banks in DG HYP and DZ BANK down by €3.2 billion and €1.3 billion respectively.

Amounts owed to other depositors fell by €0.2 billion (0.3 percent) as at June 30, 2009 to €77.3 billion. Within this figure, amounts owed to domestic customers had declined by €0.8 billion (1.1 percent down), whereas amounts owed to international customers had risen by €0.6 billion (8.4 percent up).

At the end of the period under review, the carrying amount of **debt certificates including bonds** in the DZ BANK Group had reached €67.5 billion (December 31, 2008: €65.5 billion). In DG HYP, there had been a decrease of €4.9 billion, whereas DZ BANK in particular had registered an increase of €4.5 billion. In the DVB subgroup and at DZI the carrying amount of debt certificates including bonds had increased by €0.7 billion and €0.2 billion respectively.

Financial liabilities held for trading fell by €16.0 billion to €136.7 billion, a decrease of 10.5 percent. This decrease is largely accounted for by a reduction of €13.0 billion in money market deposits.

As at June 30, 2009, the **equity** reported by the DZ BANK Group was €9,456 million (December 31, 2008: €8,683 million). The change in minority interest reported under equity (June 30, 2009: €4,007 million; December 31, 2008: €3,493 million) was specifically attributable to the strengthening of DZ BANK's regulatory capital base.

II. Risk Report

Risk reporting for the DZ BANK Group is included in the interim group management report in accordance with IAS 34, the provisions in section 37w of the German Securities Trading Act (WpHG), and German Accounting Standard 16. The half-year regulatory risk report for the DZ BANK banking group ("pillar 3 reporting"), which is prepared on a voluntary basis taking into account section 26a of the German Banking Act in conjunction with sections 319 to 337 of the Solvency Regulation, is published as a separate report available on DZ BANK's website.

The consequences of the financial crisis for the DZ BANK Group's risk position are mirrored in the figures disclosed in this risk report in accordance with statutory requirements. The disclosures reflect the information made available to the management of the DZ BANK Group in its internal reporting system. With the comprehensive disclosures in accordance with the disclosures on securitizations and leveraged finance recommended in the "Report of the Financial Stability Forum on Enhancing Market and Institutional Resilience" dated April 7, 2008, which are also based on internal risk reporting and published on a voluntary basis in the regulatory risk report, DZ BANK meets the requirements of the capital markets for additional transparency regarding the Group's exposure in securitization and leveraged finance business. DZ BANK also fulfils the main requirements of the "Principles of Conduct and Best Practice Recommendations" published by the Institute of International Finance in July 2008 with the publication of the statutory half-year risk report for the period ending June 30, 2009 in conjunction with the risk report in the 2008 group management report and the regulatory risk report for 2008.

1. RISK MANAGEMENT SYSTEM

The objectives of the DZ BANK Group's risk management system and the types of risk relevant to the group are set out in the disclosures on page 76 of the risk report in the group management report for 2008. All group companies are integrated into the risk management system subject to the principle of materiality. These companies are also listed on page 76 of the risk report in the 2008 group management report.

Apart from the details described in the "Credit risk" section, there have been no material changes in the risk management system since December 31, 2008, nor have there been any changes in the composition or terms of reference of the DZ BANK Group committees responsible for risk management. Specified exceptions apart, the details in this regard set out in the risk report in the 2008 group management report therefore continue to apply.

2. ACTION TAKEN IN RESPONSE TO THE FINANCIAL CRISIS

The financial crisis persisted – albeit less severely – in the first half of 2009. The DZ BANK Group has a range of efficient risk management tools at its disposal that have allowed it to respond appropriately to the market turmoil. Changes in risk factors, such as a deterioration in the credit rating of counterparties or the widening of spreads on securities, are reflected in adjusted risk parameters in the mark-to-model measurement of credit risks and market risks. Conservative crisis scenarios for short-term liquidity ensure that liquidity risk management also takes adequate account of current market disruption.

A risk limit system based on risk-bearing capacity, stress testing encompassing all risk types, and a flexible, timely internal reporting system ensure that the management of DZ BANK is in a position at all times to initiate targeted corrective action if required. In the first six months of 2009, further detailed analyses of the securitization portfolio were integrated into the existing reporting system and reporting cycles for relevant portfolios shortened in order to respond to the specific demands posed by the current crisis in the financial markets.

The capital management task force set up by DZ BANK in 2008 to enable it to counter the impact of the financial crisis on a systematic basis continued its activities throughout the first half of the 2009. The task force closely monitors any changes in capital and risk positions and proposes targeted management action to the relevant committees.

In the first half of 2009, DZ BANK launched a Tier 1 bond with a volume of €500 million to be placed in the cooperative financial services network. The purpose of the bond was to strengthen the capital base. As at June 30, 2009, DZ BANK had freed up more of its regulatory capital by using the BVR protection facility to cover securities portfolios with a principal amount of €1.1 billion. DZ BANK plans to increase its share capital by a total of up to €400 million over the further course of the year.

Against the backdrop of the financial crisis, DZ BANK had already stepped up the monitoring of the credit portfolio in 2007. In the first six months of 2009, DZ BANK also carried out an ongoing review of the limits granted to financial institutions in terms of selected exposures, countries and risk factors. This led to a further reduction of limits. In order to reduce lending exposure, the volume of securities in the trading book as well as credit substitution business was scaled back. New non-network business was also restricted.

To limit losses resulting from the financial crisis, DZ BANK's banking portfolio is subject to intensive monitoring. This applies in particular to exposures with heightened risk relating to one borrower rather than a portfolio and for which there is no possibility of obtaining a bailout. Intensive support is provided for individual exposures using standard processes within the workout management system. The risks in subportfolios are monitored and analyzed with regular reports.

DZ BANK was able to further enhance cost efficiency in the period under review by increasing the pooling of groupwide Treasury activities and cash management as well as by continuing to reduce administrative expenses.

3. RISK CAPITAL MANAGEMENT

Risk capital management is an integral component of business management in the DZ BANK Group. Active management of economic capital adequacy on the basis of both internal risk measurement methods and regulatory capital requirements ensures that the assumption of risk is at all times in line with capital resources in the group.

UPPER LOSS LIMITS AND RISK CAPITAL REQUIREMENT

	Upper loss limit		Risk capital requirement	
€ million	**Jun. 30, 2009**	Dec. 31, 2008	**Jun. 30, 2009**	Dec. 31, 2008
Credit risk	4,070	3,683	3,651	3,362
Equity risk	994	957	953	913
Market risk	4,112	4,233	3,138	3,851
Actuarial risk	1,400	1,296	1,317	1,267
Operational risk	585	589	509	575
Strategic Risk	980	1,032	931	1,011
Total after diversification	**10,190**	**9,895**	**8,970**	**9,128**

MANAGEMENT OF ECONOMIC CAPITAL ADEQUACY

The aggregate risk cover available in the DZ BANK Group as at June 30, 2009 amounted to €11,533 million (December 31, 2008: €11,303 million), a slight increase on the figure as at December 31, 2008. The Board of Managing Directors determined the upper loss limits for 2009 based on the aggregate risk cover available as at December 31, 2008. Aggregate risk cover is updated on a monthly basis and is subject to fluctuations during the course of the year as a result of the measurements carried out in accordance with the German Commercial Code.

The above table shows that the total upper loss limit for the group had increased by €295 million to €10,190 million as at June 30, 2009 from €9,895 million as at December 31, 2008. As a result of this action, risk capital was made available to the group companies in line with their requirements. The reduction of €158 million in the total **risk capital requirement** compared with December 31, 2008 is primarily attributable to the significantly lower market risk.

Stress tests that are standardized throughout the group are carried out at company level for each type of risk included in risk capital management – credit risk, equity risk, market risk, actuarial risk, operational risk, and strategic risk.

MANAGEMENT OF REGULATORY CAPITAL ADEQUACY

In addition to the management of economic capital – the key figure in the management of business activities – regulatory solvency requirements for the DZ BANK financial conglomerate, the DZ BANK banking group and the R+V insurance group are strictly observed.

The **DZ BANK financial conglomerate** comprises the DZ BANK banking group and the R+V insurance group. The calculation of financial conglomerate solvency as at June 30, 2009 carried out as part of capital management demonstrates that the DZ BANK financial conglomerate exceeds the minimum regulatory requirements.

As at June 30, 2009, the total regulatory capital for the **DZ BANK banking group** was found to be €11,195 million (December 31, 2008: €11,457 million). The breakdown of capital is explained on page 24 of this interim group management report. The capital requirement determined in accordance with the Solvency Regulation amounted to €8,048 million as at June 30, 2009 (December 31, 2008: €9,442 million). The significantly lower regulatory capital requirement is attributable to the active management of risk exposures. At DZ BANK banking group level, the total capital ratio as at June 30, 2009 was 11.1 percent (December 31, 2008: 9.7 percent), and the Tier 1 capital ratio 8.6 percent (December 31, 2008: 7.4 percent). An improvement was therefore achieved in these key ratios compared with the position as at December 31, 2008.

R+V uses the regulatory requirements for the solvency of insurance companies as the basis for its assessment of the entire risk position. The R+V insurance group meets the solvency requirements even without taking into account valuation reserves.

4. CREDIT RISK

MANAGEMENT OF CREDIT RISK

Credit risk strategy

The DZ BANK Group pursues a strictly decentralized business policy aimed at promoting the cooperative banks and is bound by the core strategic guiding principle of 'Verbund First'. Credit risk strategy was adjusted in the first half of 2009 in line with current market requirements, the risk-bearing capacity of the DZ BANK Group and the even greater focus on the cooperative financial services network. Following the realignment of the structured finance product area back in 2008, the DZ BANK Group tightened up its credit rating requirements for major corporate clients and institutional customers as well as for project and acquisition finance in the first half of 2009. There will be no new investments in securitization tranches for the time being. During the second half of the year DZ BANK plans to scale back its securities portfolio further while at the same time expanding its business with German SMEs in partnership with the cooperative financial services network.

Rating systems

Following the continuous expansion in the range of tools in Basel-II-compliant rating systems over the last few years, the DZ BANK Group will push ahead in the current year with the introduction of further internal rating systems for special segments, for example for investment funds. Since May of this year, DZ BANK has been using the VR-Rating Agrar system as part of its internal management system to assess credit risk in agriculture entities. The new rating system has become particularly important in view of the 'drive for growth in the agriculture, nature and energy sectors' in which DZ BANK is seeking to step up both direct business with agricultural customers and its Agrar-Meta business – a decentralized service for the cooperative financial services network. Over the rest of 2009 it plans to review and refine existing internal rating systems with regard to current market conditions. As part of this process, the rating segments covering larger SMEs, banks, and countries will be subject to a further revision that will take account of lessons learned from the financial crisis.

CREDIT PORTFOLIO ANALYSIS

Change in total lending volume

The basic principles for the following credit portfolio analysis are set out in the disclosures on page 90 et seq. of the risk report in the 2008 group management report. In the wake of the financial crisis, the DZ BANK Group continued the review of the credit portfolio initiated in 2008, a process that resulted in a further reduction in the lending volume. Compared with the position as at December 31, 2008, lending volume had decreased by approximately 5 percent and amounted to €330.5 billion as at June 30, 2008 (December 31, 2008: €349.1 billion). This change is particularly attributable to a disproportionate reduction in lending volume in investment banking. The DZ BANK Group also managed to lower concentration risk by reducing the risk in exposures of between €10 million and €500 million. The action taken was ultimately reflected in a reduction in the lending volume for the 20 largest borrowers and a decrease in the average lending volume per individual borrower. There was also a significant reduction in securities portfolios, which were 13 percent lower than as at December 31, 2008 in terms of market value.

The receivable amounts reported as at June 30, 2009 in the categories of traditional lending, securities business, and derivatives and money markets business differed only slightly from their respective average values for the first half of 2009.

Overall credit portfolio structure

The **industry structure** of the credit portfolio in the DZ BANK Group shown in the table below maintains the same broad diversification in existence at the end of 2008. For the most part, the main group companies invested their free cash flow in investment-grade securities. This accounts for the high proportion of loans and advances to the financial sector. In addition to the local cooperative banks, the borrowers in this customer segment comprise other banks and other financial institutions. Lending volume in the financial sector fell to €147.9 billion, which was 5 percent down on the figure as at December 31, 2008.

LENDING VOLUME BY INDUSTRY

	Traditional lending business		Securities business		Derivatives and money market business		Total	
€ billion	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008
Financial sector	68.9	70.4	61.1	71.4	17.9	13.7	147.9	155.5
Public sector	10.2	10.7	28.3	29.5	0.7	0.3	39.2	40.6
Corporates	74.7	76.7	8.3	11.4	1.2	1.5	84.3	89.6
Retail	37.9	38.3	10.5	11.5	–	–	48.5	49.8
Industry conglomerates	4.1	4.0	5.0	6.0	0.7	1.5	9.8	11.4
Other	0.9	2.3	–	–	–	–	0.9	2.3
Total	**196.7**	**202.4**	**113.2**	**129.8**	**20.6**	**16.9**	**330.5**	**349.1**

LENDING VOLUME BY COUNTRY GROUP

	Traditional lending business		Securities business		Derivatives and money market business		Total	
€ billion	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008
Germany	147.3	149.3	48.1	52.5	13.0	7.2	208.4	209.0
EWU countries (excl. Germany)	12.4	13.0	40.6	46.7	4.3	5.7	57.2	65.4
Other EU countries	8.0	9.1	8.5	10.9	1.6	1.8	18.1	21.8
Other industrialized nations	17.4	17.5	14.4	17.8	1.5	1.8	33.3	37.2
Non-industrialized nations	11.7	13.5	1.5	1.9	0.3	0.4	13.4	15.8
Total	**196.7**	**202.4**	**113.2**	**129.8**	**20.6**	**16.9**	**330.5**	**349.1**

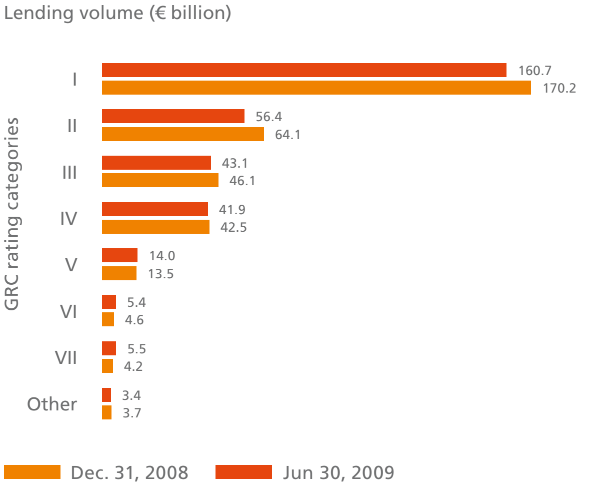
In its role as the central institution for the cooperative financial services network, DZ BANK provides funding for the companies in the DZ BANK Group and for the local cooperative banks. For this reason, the local cooperative banks account for one of the largest loans and advances items in the DZ BANK Group's credit portfolio. DZ BANK also supports the local cooperative banks in the provision of larger-scale funding to corporate customers. The resulting syndicated business, DZ BANK and DVB's direct business with corporate customers in Germany and abroad, the retail customer real-estate business under the umbrella of BSH, and TeamBank's consumer finance business determine the industry breakdown of the remainder of the portfolio.

The table on page 29 below shows the geographical distribution of the credit portfolio by **country risk group.** As at June 30, 2009, 96 percent of total lending volume was concentrated in Germany and other industrialized countries. This figure was unchanged on December 31, 2008.

The table illustrating the credit portfolio by **residual maturity** as at June 30, 2009 shows a reduction in the volume of lending with a residual maturity of more than five years. This reduction was registered on a continuous basis over the course of the first six months of 2009. After an increase during the course of the period under review, lending volume with a residual maturity of between one and five years fell back at the end of the period to the level of December 31, 2008. The distribution of lending volume over the residual maturity bands can be seen in the table below.

The "Credit rating structure of the credit portfolio" chart shows the DZ BANK Group's lending volume by **GRC rating category.** The rating categories approved by the Group Risk Committee (GRC) can be found on page 85 in the risk report of the 2008 group management report. "Other" comprises counterparties for whom a rating classification is not required. Despite the drop in customer credit quality during the first half of 2009, 79 percent of total lending as at June 30, 2009 (December 31, 2008: over 80 percent) was to counterparties in rating categories I to III (investment grade) and this category therefore continued to account for the greatest proportion of lending. However, some rating migration to lower ratings within investment grade was also noticeable. Investment-grade lending volume to the entire financial sector fell by 6 percent compared with the position as at December 31, 2008. Financial sector lending in rating category I saw a decrease of 4 percent. The proportion of financial sector lending volume

CREDIT RATING STRUCTURE OF THE CREDIT PORTFOLIO



LENDING VOLUME BY RESIDUAL MATURITY

	Lending volume							
	Traditional lending business		Securities business		Derivatives and money market business		Total	
€ billion	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008
≤ 1 year	65.9	69.0	40.7	49.5	15.3	11.2	121.8	129.7
> 1 year to ≤ 5 years	51.1	51.0	34.2	33.7	2.3	2.6	87.5	87.3
> 5 years	79.7	82.4	38.4	46.6	3.0	3.1	121.1	132.2
Total	196.7	202.4	113.2	129.8	20.6	16.9	330.5	349.1

in rating category I accounted for by the local cooperative banks rose from 60 percent as at December 31, 2008 to 62 percent as at June 30, 2009.

The proportion of the DZ BANK Group's total lending volume accounted for by counterparties in rating categories IV to VII (non-investment grade including defaults) continued to be relatively low at 20 percent (December 31, 2008: around 19 percent). In the course of the financial crisis, defaults in rating category VII as a proportion of total lending in the DZ BANK Group increased to 2 percent (December 31, 2008: just over 1 percent), but overall remained at a low level.

Structure of the credit portfolio that is past due but not impaired

The following two tables show the portion of lending volume that is past due but not impaired. The disclosures relate for the most part to traditional lending business. Because of the conservative risk provisioning policy of the companies in the DZ BANK Group, the past due loans only account for a relatively small proportion of the overall credit portfolio. The past-due loans with a residual maturity of more than 3 months amounting to €397 million (December 31, 2008: €353 million) are predominantly real-estate loans secured by mortgage.

LENDING VOLUME PAST DUE BUT NOT IMPAIRED, BY INDUSTRY

	Past due up to 5 days		Past due > 5 days to 1 month		Past due > 1 month to 2 months		Past due > 2 months to 3 months		Past due > 3 months		Total	
€ million	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008
Financial sector	97	–	3	2	1	2	1	1	33	6	135	10
Public Sector	274	526	1	6	6	1	1	–	6	14	288	547
Corporates	327	333	292	459	110	263	60	75	245	201	1,034	1,331
Retail	523	507	120	101	57	54	24	25	111	117	836	804
Industry conglomerates	–	–	–	–	–	–	–	–	–	–	–	1
Other	1	2	4	30	1	16	–	6	1	14	7	69
Total	**1,222**	**1,369**	**420**	**598**	**175**	**336**	**86**	**107**	**397**	**353**	**2,301**	**2,762**

LENDING VOLUME PAST DUE BUT NOT IMPAIRED, BY COUNTRY GROUP

	Past due up to 5 days		Past due > 5 days to 1 month		Past due > 1 month to 2 months		Past due > 2 months to 3 months		Past due > 3 months		Total	
€ million	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008
Germany	1,123	1,276	123	124	68	154	56	64	296	295	1,667	1,913
EMU countries (excl. Germany)	26	5	–	121	3	42	–	–	3	6	32	174
Other EU countries	63	87	178	222	64	122	24	15	30	36	359	481
Other industrialized nations	1	1	80	10	–	18	–	17	52	1	133	46
Non-industrialized nations	8	–	40	121	40	–	6	11	15	16	109	148
Total	**1,222**	**1,369**	**420**	**598**	**175**	**336**	**86**	**107**	**397**	**353**	**2,301**	**2,762**

IMPAIRED LENDING VOLUME, BY INDUSTRY

	Amount before specific loan loss allowances		Specific loan loss allowances		Amount after specific loan loss allowances	
€ million	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008
Financial sector	525	453	262	242	263	211
Public sector	–	–	–	–	–	–
Corporates	2,424	2,255	1,048	938	1,376	1,317
Retail	1,203	1,183	563	566	640	617
Industry conglomerates	2	3	–	–	2	3
Other	5	43	5	23	–	20
Total	**4,159**	**3,937**	**1,878**	**1,769**	**2,281**	**2,168**

IMPAIRED LENDING VOLUME, BY COUNTRY GROUP

	Amount before specific loan loss allowances		Specific loan loss allowances		Amount after specific loan loss allowances	
€ million	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008
Germany	2,746	2,678	1,370	1,330	1,376	1,348
EMU countries (excl. Germany)	302	250	58	65	244	185
Other EU countries	408	347	98	74	310	273
Other industrialized nations	598	585	300	261	298	324
Non-industrialized nations	105	77	52	39	53	38
Total	**4,159**	**3,937**	**1,878**	**1,769**	**2,281**	**2,168**

Impaired credit portfolio structure

The above tables show the impaired lending volume. As at June 30, 2009, the lending volume after specific loan loss allowances amounted to €2,281 million (December 31, 2008: €2,168 million).

Securitization portfolio structure

In the first half of 2009, the DZ BANK Group was able to continue the significant reduction in securitization exposure that it had already begun to achieve in 2008. As at June 30, 2009, the fair value of the entire securitization exposure of the DZ BANK Group amounted to €22.6 billion, compared with a fair value of €24.4 billion as at December 31, 2008. This equates to a reduction of 7 percent. Within the total exposure as at June 30, 2009, €4.2 billion (December 31, 2008: €4.3 billion) related to exposures to conduits. Of this amount, 57 percent (December 31, 2008: 75 percent) related to undrawn lines of credit in conduits. As at June 30, 2009, derivatives with a positive replacement cost of €282 million (December 31, 2008: €321 million) were also in the portfolio with these conduits.

Conduits are predominantly made available for DZ BANK customers who then securitize their own assets via these companies. As at June 30, 2009, 71 percent (December 31, 2008: 79 percent) of securitization exposures on the balance sheet were rated AAA by external rating agencies. A further 11 percent (December 31, 2008: 9 percent) was rated AA. The underlying assets are geographically diversified and are almost exclusively accounted for by European countries, the USA and Australia. The main feature of the portfolio is a product-related focus on residential and commercial real-estate finance. As at June 30, 2009, 9 percent (December 31, 2008: 10 percent) of the securitization exposures on the balance sheet were accounted for by US residential mortgage-backed securities classified as subprime. On the balance sheet date, the portfolio also included collateralized debt obligations of €1.9 billion (December 31, 2008: €2.2 billion). In the first six months of 2009, the portfolios of the banks in the DZ BANK Group were subject to adverse changes in fair value amounting to €507 million (H1 2008: €773 million).

ANALYSIS OF ALLOWANCES FOR LOSSES ON LOANS AND ADVANCES

The following tables show the change in allowances (specific loan loss allowances including the specific loan loss allowances evaluated on a group basis) and in the provisions for loan commitments and liabilities arising on financial guarantee contracts and on loan commitments in the first half of 2009 and in the corresponding period in 2008. These figures are disclosed in separate breakdowns by industry and by country group. The components of the allowances shown in the tables are also disclosed in the notes to the interim consolidated financial statements. Discrepancies between the amounts shown in the risk report and those reported in the notes are primarily attributable to differences in the scope of consolidation.

In the first six months of 2009, the effects of the financial crisis, which has now turned into a global economic crisis, led to an increase in the **specific loan loss allowances** in the DZ BANK Group by €109 million (H1 2008: net addition of €12 million). In DZ BANK, the specific loan loss allowances in the period under review were significantly higher than in the corresponding period in 2008 as a result of the effects of the economic crisis. Net additions were recognized in particular for the financial sector and corporates. At the level of the subsidiaries, the requirement for increased allowances primarily affected VR LEASING and DG HYP. Given the tough economic conditions, the DZ BANK Group recognized **net portfolio loan loss allowances** of €86 million for future latent risks (H1 2008: net reversal of €48 million), accounted for primarily by DZ BANK. The crisis in the overall economy is also reflected in the provisions that have been recognized for loan commitments and liabilities arising from financial guarantee contracts and loan commitments. As a result, the **provisions** in the DZ BANK Group were increased by €26 million in the first half of 2009, whereas there had been a reduction of €5 million in the corresponding period in 2008.

Provisions for loan commitments are a component of the "Provisions" balance sheet item. Liabilities arising from financial guarantee contracts and loan commitments are reported under "Other liabilities" on the balance sheet. The provisions shown in the risk report are attributable almost entirely to DZ BANK.

ALLOWANCES FOR LOSSES ON LOANS AND ADVANCES BY INDUSTRY – JANUARY 1 TO JUNE 30, 2009

€ million	**Balance as at Jan. 1, 2009**	Additions	Utilizations	Reversals	Other changes	**Balance as at Jun. 30, 2009**	Directly recognized impairment losses	Receipts from loans and advances previously impaired
Specific loan loss allowances[1]								
Financial sector	242	85	–	-78	13	262	–	–
Public sector	–	–	–	–	–	–	–	–
Corporates	938	205	-25	-71	2	1,048	16	–
Retail	566	146	-57	-96	4	563	30	-8
Industry conglomerates	–	–	–	–	–	–	–	–
Other	23	3	–	-1	-20	5	6	-2
Total specific loan loss allowances	1,769	**439**	**-82**	**-246**	**-2**	1,878	**52**	**-10**
Portfolio loan loss allowances	386	137	–	-47	-3	473	–	–
Total loan loss allowances	**2,155**	576	-82	-293	-5	**2,351**	52	-10

1 Including specific loan loss allowances evaluated on a group basis

ALLOWANCES FOR LOSSES ON LOANS AND ADVANCES BY INDUSTRY – JANUARY 1 TO JUNE 30, 2008

€ million	Balance as at Jan. 1, 2008	Additions	Utilizations	Reversals	Other changes	Balance as at Jun. 30, 2008	Directly recognized impairment losses	Receipts from loans and advances previously impaired
Specific loan loss allowances[1]								
Financial sector	20	1	-4	-2	2	17	–	–
Public sector	–	–	–	–	–	–	–	–
Corporates	960	52	-61	-67	8	892	7	-2
Retail	507	144	-46	-82	1	524	24	-7
Industry conglomerates	–	–	–	–	–	–	–	–
Other	24	90	-3	-1	-20	90	–	–
Total specific loan loss allowances	1,511	287	-114	-152	-9	1,523	31	-9
Portfolio loan loss allowances	324	14	-2	-60	–	276	–	–
Total loan loss allowances	**1,835**	301	-116	-212	-9	**1,799**	31	-9

1 Including specific loan loss allowances evaluated on a group basis

PROVISIONS FOR LOAN COMMITMENTS AND LIABILITIES ARISING FROM FINANCIAL GUARANTEE CONTRACTS AND LOAN COMMITMENTS BY INDUSTRY – JANUARY 1 TO JUNE 30, 2009

€ million	Balance as at Jan. 1, 2009	Additions	Utilizations	Reversals	Other changes	Balance as at Jun. 30, 2009
Financial sector	12	–	–	–	–	12
Public sector	–	–	–	–	–	–
Corporates	72	14	–	-2	–	84
Retail	1	–	-1	-1	–	-1
Industry conglomerates	–	–	–	–	–	–
Other	56	21	–	-5	–	72
Total	**141**	35	-1	-8	–	**167**

PROVISIONS FOR LOAN COMMITMENTS AND LIABILITIES ARISING FROM FINANCIAL GUARANTEE CONTRACTS AND LOAN COMMITMENTS BY INDUSTRY – JANUARY 1 TO JUNE 30, 2008

€ million	Balance as at Jan. 1, 2008	Additions	Utilizations	Reversals	Other changes	Balance as at Jun. 30, 2008
Financial sector	15	–	-1	-1	–	13
Public sector	–	–	–	–	–	–
Corporates	73	6	–	-5	4	78
Retail	1	–	–	–	–	1
Industry conglomerates	–	–	–	–	–	–
Other	75	–	–	-6	-2	67
Total	**164**	6	-1	-12	2	**159**

ALLOWANCES FOR LOSSES ON LOANS AND ADVANCES BY COUNTRY GROUP – JANUARY 1 TO JUNE 30, 2009

€ million	**Balance as at Jan. 1, 2009**	Additions	Utilizations	Reversals	Other changes	**Balance as at Jun. 30, 2009**	Directly recognized impairment losses	Receipts from loans and advances previously impaired
Specific loan loss allowances[1]								
Germany	1,330	265	-70	-132	-23	1,370	35	-10
EMU countries (excl. Germany)	65	19	-7	-18	-1	58	–	–
Other EU countries	74	39	-3	-28	16	98	13	–
Other industrialized nations	261	98	-2	-60	3	300	–	–
Non-industrialized nations	39	18	–	-8	3	52	4	–
Total specific loan loss allowances	1,769	**439**	**-82**	**-246**	**-2**	1,878	**52**	**-10**
Portfolio loan loss allowances	386	137	–	-47	-3	473	–	–
Total loan loss allowances	**2,155**	576	-82	-293	-5	**2,351**	52	-10

1 Including specific loan loss allowances evaluated on a group basis

ALLOWANCES FOR LOSSES ON LOANS AND ADVANCES BY COUNTRY GROUP – JANUARY 1 TO JUNE 30, 2008

€ million	**Balance as at Jan, 1, 2008**	Additions	Utilizations	Reversals	Other changes	**Balance as at Jun, 30, 2008**	Directly recognized impairment losses	Receipts from loans and advances previously impaired
Specific loan loss allowances[1]								
Germany	1,305	179	-100	-122	-6	1,256	30	-8
EMU countries (excl. Germany)	27	2	-5	-5	–	19	–	–
Other EU countries	58	14	-3	-11	1	59	1	–
Other industrialized nations	81	3	-4	-12	-2	66	–	-1
Non-industrialized nations	40	89	-2	-2	-2	123	–	–
Total specific loan loss allowances	1,511	**287**	**-114**	**-152**	**-9**	1,523	**31**	**-9**
Portfolio loan loss allowances	324	14	-2	-60	–	276	–	–
Total loan loss allowances	**1,835**	301	-116	-212	-9	**1,799**	31	-9

1 Including specific loan loss allowances evaluated on a group basis

PROVISIONS FOR LOAN COMMITMENTS AND LIABILITIES ARISING FROM FINANCIAL GUARANTEE CONTRACTS AND LOAN COMMITMENTS BY COUNTRY GROUP – JANUARY 1 TO JUNE 30, 2009

€ million	**Balance as at Jan. 1, 2009**	Additions	Utilizations	Reversals	Other changes	**Balance a at Jun. 30, 2009**
Germany	78	14	-1	-3	–	88
EMU countries (excl. Germany)	–	–	–	–	–	–
Other EU countries	–	–	–	–	–	–
Other industrialized nations	7	–	–	–	–	7
Non-industrialized nations	56	21	–	-5	–	72
Total	**141**	35	-1	-8	0	**167**

PROVISIONS FOR LOAN COMMITMENTS AND LIABILITIES ARISING FROM FINANCIAL GUARANTEE CONTRACTS AND LOAN COMMITMENTS BY COUNTRY GROUP – JANUARY 1 TO JUNE 30, 2008

€ million	**Balance as at Jan. 1, 2008**	Additions	Utilizations	Reversals	Other changes	**Balance as at Jun. 30, 2008**
Germany	81	6	-1	-5	4	85
EMU countries (excl. Germany)	–	–	–	–	–	–
Other EU countries	–	–	–	–	–	–
Other industrialized nations	7	–	–	–	–	7
Non-industrialized nations	76	–	–	-7	-2	67
Total	**164**	**6**	**-1**	**-12**	**2**	**159**

5. MARKET RISK

MANAGEMENT OF MARKET RISK

Market risk is determined using the value-at-risk method in which the risk is measured for the group as a whole as well as for each individual consolidated company. To determine the value-at-risk, DZ BANK uses an **internal risk model** approved by the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin) [Federal Financial Supervisory Authority] for the **calculation of capital requirements** for general and specific market risk in accordance with the Solvency Regulation. Based on this model, value-at-risk is calculated daily using a historical simulation with a unilateral confidence level of 99.00 percent over a one-year observation period and a holding period of ten trading days. In contrast to the calculation of capital adequacy specified by the Solvency Regulation, value-at-risk at DZ BANK is calculated for the purposes of **market risk management** at all levels of the portfolio hierarchy with a holding period of one trading day. Banking book items are also included in this calculation of value-at-risk, again in contrast to the regulatory requirement.

Value-at-risk describes the maximum expected loss for a given probability (confidence level) and within a specified holding period for the positions under normal market conditions. The model does not show the maximum potential loss that could arise under extreme market conditions. It is based on market scenarios that have been observed within the last year and simulates these scenarios for the bank's current positions (historical simulation). In order to obtain estimates of the potential loss in extreme market conditions, the DZ BANK Group carries out **stress tests** on the basis of selected risk factors. Stress tests use as their basis extreme market fluctuations that have actually occurred in the past together with crisis scenarios that – regardless of market data history – are considered to be economically relevant. The crisis scenarios used are constantly reviewed to ensure they are appropriate.

ANALYSIS OF MARKET RISK

The table on page 37 shows the changes in value-at-risk for the different types of market risk in respect of the **trading and non-trading portfolios in the banking business** in the first half of 2009.

The diagram on the following page shows the change in the total value-at-risk for the DZ BANK Group's **trading divisions.** The calculated value-at-risk is largely determined by DZ BANK's portfolios and remains high owing to the effects of the financial crisis. The decrease in March 2009 was attributable to an adjustment of the internal model used to measure market risk.

Market liquidity risk in the DZ BANK Group arises primarily in respect of securities with increased credit risk held by DZ BANK and DG HYP. The securities that are most susceptible to market liquidity risk are asset-backed securities. During the course of the financial crisis, specifically in the second half of 2008, there was also a shortage of market liquidity for securities that had previously been regarded as highly liquid. The main securities affected by this trend were unsecured bonds from financial institutions and Pfandbriefe. Whereas liquidity in the markets for asset-backed securities remained severely restricted, market liquidity in other categories of securities recovered slightly during the first six months of 2009, although it fell short of the level it had reached prior to September 2008.

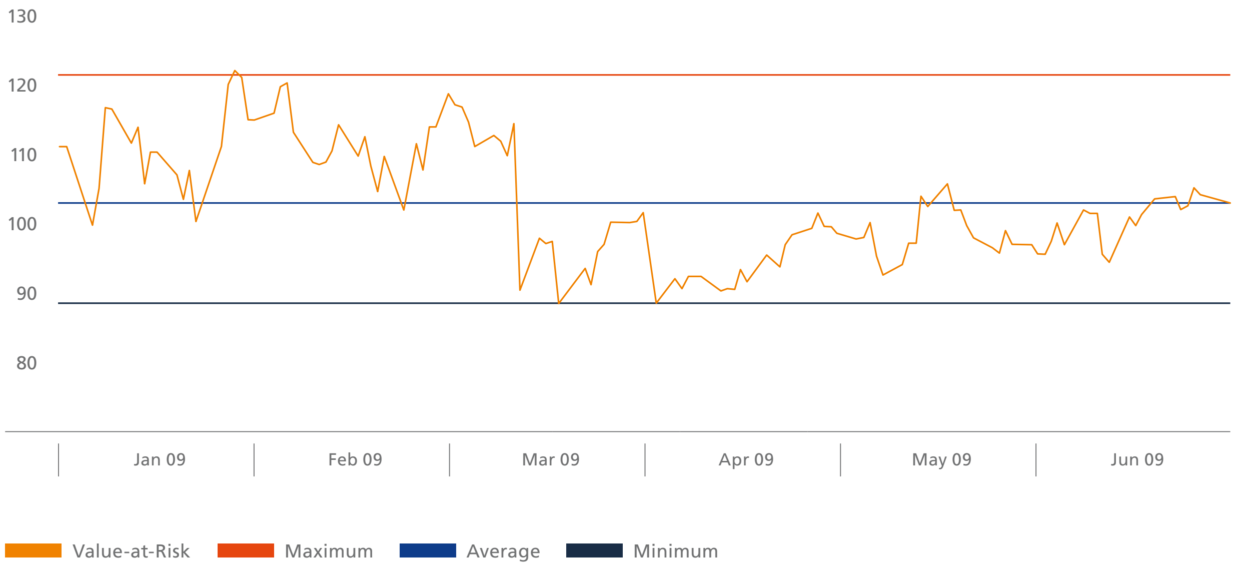
VALUE-AT-RISK IN BANKING BUSINESS[1]

€ million	Interest-rate risk	Spread-risk	Equity price risk	Currency risk	Commoditiy risk	Diversification effect[2]	**Total**
Trading divisions							
Jun. 30, 2009	19	97	3	5	–	-21	**103**
Average	22	100	3	4	1	-25	103
Maximum	40	121	8	7	1	-44	122
Minimum	12	83	1	2	–	-17	89
Dec. 31, 2008	**34**	**105**	**3**	**7**	**1**	**-44**	106
Non-trading portfolios							
Jun. 30, 2009	13	73	13	6	–	-14	**92**
Average	14	59	12	6	–	-12	79
Maximum	21	73	14	9	–	-19	92
Minimum	10	50	11	4	–	-7	70
Dec. 31, 2008	**11**	**50**	**11**	**9**	–	**-10**	71

1 Value-at-risk with 99% confidence level, one-day holding period, one-year observation period, based on company-specific modeling. Banking business is an aggregation of the following companies: DZ BANK, DG HYP, DVB, DZI, DZ BANK Ireland, DZ BANK Polska, DZ PRIVATBANK Schweiz, TeamBank, and Union Asset Management Holding.
2 Total effects of diversification between the types of market risk for all consolidated group companies

VALUE-AT-RISK IN TRADING DIVISIONS

€ million, 99.00% confidence level, holding period of one trading day



6. LIQUIDITY RISK

LIQUIDITY UP TO ONE YEAR AND STRUCTURAL LIQUIDITY

On June 30, 2009, the minimum liquidity surplus for the DZ BANK Group under the normal scenario measured for the period from July 1, 2009 to June 30, 2010 was €30.7 billion. The chart below shows a comparison between the forward cash exposure and counterbalancing capacity as at June 30, 2009. The stress scenarios showed that, for the DZ BANK Group, there were four days on which liquidity fell below the minimum liquidity surplus during the reporting period. Liquidity had not fallen below the limit under any stress scenarios as at June 30, 2009.

DZ BANK's long-term ratio on June 30, 2009 was 100 percent (December 31, 2008: 89 percent). This means that the items tying up liquidity with a residual maturity of over one year were fully refinanced with funds that also have a residual maturity of more than one year.

REFINANCING

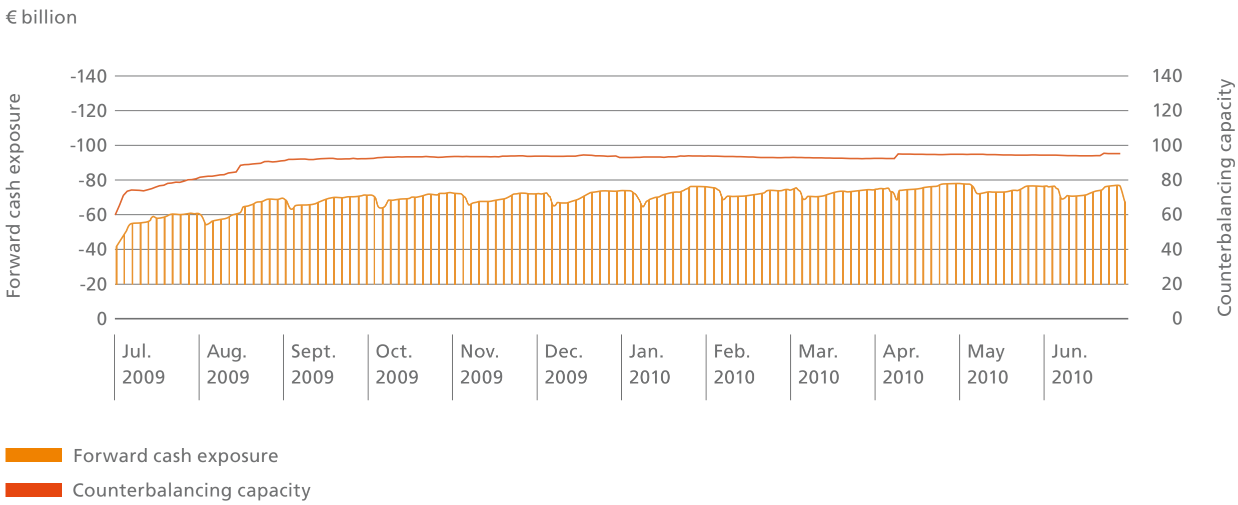
The structure of **short-term and medium-term refinancing** in the DZ BANK Group is based on an appropriately broad, well-diversified range of geographical regions, investors, markets, products, and maturities. Deposits from the local cooperative banks are the most important source of refinancing. They covered 42 percent of the unsecured funding available as at June 30, 2009 (December 31, 2008: 47 percent). These ratios demonstrate that the business model used by the cooperative financial services network is also viable in terms of the provision of liquidity in times of crisis, ensuring that DZ BANK can operate without restriction in performing its decentralized tasks for the local cooperative banks. The table above shows the percentage breakdown of the main sources of unsecured short-term and medium-term funding on June 30, 2009 compared with December 31, 2008.

Since there are only limited opportunities to obtain unsecured funding on the money markets, **structural analyses** of the various resources available on the liabilities side of the balance sheet are conducted once a month. The purpose of these analyses is to provide management with suitable information which can then be used as the basis for the active management of the liability profile.

UNSECURED SHORT-TERM AND MEDIUM-TERM REFINANCING

(%)	Jun. 30, 2009	Dec. 31, 2008
Local cooperative banks	42	47
Other banks	23	22
Corporate customers	26	27
Commercial paper/ certificates of deposit	9	4

LIQUIDITY RISK IN THE DZ BANK GROUP AS AT JUNE 30, 2009; LIQUIDITY FORECAST FOR ONE YEAR UNDER THE NORMAL SCENARIO



To **secure liquidity** on an ongoing basis, DZ BANK has at its disposal portfolios of securities eligible for central bank borrowing. These securities can be sold at short notice or used as collateral in monetary policy refinancing transactions with central banks, in bilateral repos or in the tri-party repo market (secured refinancing). In the event of short-term liquidity requirements, DZ BANK trading divisions securities that are not funded through repo activities can be used for intraday cash management.

DZ BANK secures its **long-term funding** by using structured and non-structured capital market products that are mainly marketed through the local cooperative banks' own account and customer account securities business and through institutional clients in Germany and abroad. Both DZ BANK and DG HYP also have the option of obtaining liquidity through covered issues in the form of DZ BANK BRIEFE and DG HYP Pfandbriefe. In this case, the refinancing is primarily through institutional investors.

7. ACTUARIAL RISK

ANALYSIS OF CREDIT RISK IN CREDIT INSURANCE

The value insured in R+V's credit insurance business amounted to €19.1 billion as at June 30, 2009; the value insured had totaled €16.9 billion on December 31, 2008. This trend partly reflects the fact that R+V has managed to tap into new groups of customers by broadening its product portfolio and is also the result of the relatively stable level of business activity within the relevant customer segment of the construction industry in the first half of 2009. The business lines in R+V's Banking & Credit division have not been affected by the current financial crisis. R+V has no business lines in which it has covered guarantees for interest payments or repayment of principal on bonds, credit risks on debt instruments, or credit risks on commercial or mortgage banks.

8. SUMMARY

The efficiency of its risk management system means that the DZ BANK Group is able to meet the challenges posed by the financial crisis. Both the DZ BANK Group as a whole and its individual group companies operated within the limits of their economic risk-bearing capacity during the first half of 2009. Furthermore, they complied with the regulatory requirements at all times. Despite the ongoing market turmoil, the solvency of neither the DZ BANK Group nor of any of its group companies was at risk at any time during the reporting period. The Bank was able to cope adequately with the effects of the financial crisis on its liquidity position by using the existing organizational arrangements available in its liquidity risk management.

The risks facing the DZ BANK Group in the second half of 2009 are essentially the same as those for the 2009 financial year as a whole, which were described in the risk report of the 2008 group management report. The current phase of heightened market risk is expected to continue in the second half of 2009. The high level of deposits held by the local cooperative banks ensures that DZ BANK has an ample supply of liquidity, and these deposits have continued to grow significantly as a result of the financial crisis. In addition, over time, there has been a high degree of stability in deposits from corporate customers and institutional investors. The DZ BANK Group has an adequate pool of securities eligible as collateral for loans from the central bank, and these securities could be used for this purpose at any time. Stress tests are carried out on a daily basis, independently of the trading function, to measure and monitor liquidity. The results of the stress tests suggest that, even if the financial crisis intensifies, there will be no liquidity crunch in the second half of 2009.

From a current perspective, the DZ BANK Group's economic capital adequacy will not be at risk in the second half of 2009. Assuming that the prevailing situation in the capital markets continues throughout the second half of the year, the regulatory solvency requirements for the DZ BANK financial conglomerate, the DZ BANK banking group and the R+V insurance group will also be met. There are no indications that the DZ BANK Group's continued existence as a going concern might be at risk.

The prospects for the remaining six months of 2009 are discussed in the following outlook as part of the interim group management report.

III. Outlook

The pace of the economic downturn in Germany has slowed. Some leading indicators are showing the first signs of improvement, suggesting that the economy is likely to have bottomed out by the end of the year. DZ BANK expects Germany's gross domestic product (GDP) to rise at the beginning of 2010, albeit from its low prior-year base. Economic growth could accelerate slightly during the course of the year although, overall, the stabilization of the economy will be fairly inconsistent and lackluster in 2010.

Consumer spending in Germany has been holding up well and is therefore acting as a stabilizer, especially as personal consumption has not been dampened by price rises and the reaction from the labor market so far has been fairly moderate. Consumers' continued uncertainty about the outlook for the economy is likely to keep the savings ratio high.

The most important factor determining the performance of the export-reliant German economy going forward is global trade and, consequently, the recovery of the world's leading economies. Most industrialized economies are now turning the corner, and some emerging markets are showing tentative signs of recovery. This trend could consolidate into an upward growth trajectory in 2010, which would really start to benefit German companies from next year.

The recession has also had a lasting impact on the public finances. Germany's national debt will have soared to around 80 percent of GDP by the end of next year. The loss of tax revenues caused by the economic downturn is being exacerbated by tax cuts and the government's public spending programs, which will boost consumer demand from the first half of 2010 onward. The situation will be stabilized by the central banks' pursuit of a monetary policy that will keep interest rates low.

In the financial markets there are signs that key 'epicenters' of the crisis were gradually recovering in the first half of the year. Confidence is slowly but surely returning to the money, capital and – to a certain extent – credit markets. The fact that trust among banks themselves is on the increase is illustrated by the narrowing of spreads between secured and unsecured assets and by the declining use of the Eurosystem's deposit facility.

DZ BANK believes that the financial markets will continue to stabilize until the end of the year. Given that conditions in the capital markets are starting to return to normal and that the economy is gradually bouncing back, the DZ BANK Group expects to report a year-on-year increase in its operating income for 2009 and to generate further growth in 2010.

The Bank is still of the view that it will need to raise further capital in 2009 to mitigate the ongoing uncertainties resulting from the after-effects of the recession in the financial markets and real economy. The first stage in this process was to issue €500 million worth of Tier 1 capital. The second stage involved a solution facilitated by the cooperative financial services network, whereby the protection facility offered by the Bundesverband der Deutschen Volksbanken und Raiffeisenbanken e.V. (BVR) provided cover for securities portfolios. This guarantee will be returned as soon as possible. In the third and final stage, DZ BANK plans to strengthen its capital base by retaining profits and increasing its capital by up to €400 million in the second half of 2009.

The fact that the local cooperative banks continue to hold high levels of deposits means that DZ BANK has an ample supply of liquidity. As explained in the risk report, there are no signs of any liquidity shortages.

Net interest income for 2009 as a whole is forecast to decline year on year. In particular, interest-rate trends in the money and capital markets as well as the higher capital requirement will depress the level of net interest income. This situation is not expected to improve until some time in 2010. Allowances for losses on loans and advances are being increased to deal with the fallout from the severe recession.

These after-effects will continue to have an adverse impact on allowances for losses on loans and advances in 2010.

A key driver of the DZ BANK Group's net fee and commission income is the prices and rates available in the capital markets, which influence the average value of assets under management and, consequently, the performance fees earned. However, the DZ BANK Group is unlikely to be able to match the performance it achieved in 2008. It does not expect to generate sustained growth until conditions in the capital markets have normalized further in 2010.

The increasing stabilization in the financial markets will have a positive impact on the DZ BANK Group's trading profits in 2009, with trends in credit spreads providing a particular boost. As things stand, the strong level of profits earned from investment banking to date should continue in 2010.

By proactively managing its costs, the DZ BANK Group is limiting the rise in its administrative expenses and, by launching Program 2011, has set itself challenging cost-cutting targets. This will enable the Bank to achieve balanced reductions in both its workforce and its administrative expenses by 2012.

To this end it has recognized a provision for restructuring costs in its other net operating income for 2009. The cost/income ratio will also improve on the back of the higher level of income expected in 2009 and 2010.

Despite the persistence of tough economic conditions, the Board of Managing Directors predicts that the DZ BANK Group will benefit from its strategic positioning such that the opportunities that arise will outweigh the risks described in the risk report.

The Bank expects to continue to generate strong earnings in the second half of 2009, which should enable it to return to a position of net profit at the end of the year. This trend will gain momentum in 2010 as a result of further income growth stimulus and will be supported by the program of cost-cutting measures that has been launched.

The DZ BANK Group's business model has proved itself to be robust during turbulent times and in future will be even more closely aligned with the cooperative financial services network. 'Verbund First' ensures that the DZ BANK Group remains clearly focused on the needs of the local cooperative banks and their customers.

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Income statement
for the period January 1 to June 30, 2009

€ million	(Note)	Jan. 1 – Jun. 30, 2009	Jan. 1 – Jun. 30, 2008	Change (%)
Net interest income	(5)	1,324	1,391	-4.8
Allowances for losses on loans and advances	(6)	-373	-105	> 100.0
Net fee and commission income	(7)	447	435	2.8
Gains and losses on trading activities	(8)	689	64	> 100.0
Gains and losses on investments	(9)	-318	-180	76.7
Other gains and losses on valuation of financial instruments	(10)	-78	-93	-16.1
Premiums earned	(11)	5,105	4,410	15.8
Gains and losses on investments held by insurance companies and other insurance company gains and losses	(12)	1,058	437	> 100.0
Insurance benefit payments	(13)	-5,203	-3,900	33.4
Insurance business operating expenses	(14)	-842	-795	5.9
Administrative expenses	(15)	-1,213	-1,235	-1.8
Other net operating income	(16)	47	67	-29.9
Profit before taxes		643	496	29.6
Income taxes	(17)	-278	-108	> 100.0
Net profit		**365**	**388**	**-5.9**
Attributable to:				
Shareholders of DZ BANK		256	232	10.3
Minority interest		109	156	-30.1

Statement of comprehensive income for the period January 1 to June 30, 2009

€ million	Jan. 1 – Jun. 30, 2009	Jan. 1 – Jun. 30, 2008	Change (%)
Net profit	365	388	-5.9
Gains and losses on available-for-sale financial assets	144	-1,293	> 100.0
Gains on cash flow hedges	–	3	–
Exchange differences on currency translation of foreign operations	-6	10	> 100.0
Actuarial gains and losses on defined benefit plans	-2	264	> 100.0
Share of other comprehensive income of joint ventures and associates accounted for using the equity method	-17	-3	> 100.0
Other losses recognized in other comprehensive income	–	-2	–
Other comprehensive income/loss before taxes	119	-1,021	> 100.0
Income taxes relating to components of other comprehensive income	-32	8	> 100.0
Other comprehensive income/loss	87	-1,013	> 100.0
Total comprehensive income/loss	**452**	**-625**	**> 100.0**
Attributable to:			
Shareholders of DZ BANK	317	-627	> 100.0
Minority interest	135	2	> 100.0

Balance sheet as at June 30, 2009

ASSETS

€ million	(Note)	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Cash and cash equivalents	(18)	1,147	2,187	-47.6
Loans and advances to banks	(19)	63,533	70,036	-9.3
Loans and advances to customers	(20)	114,736	117,021	-2.0
Allowances for losses on loans and advances	(21)	-2,334	-2,130	9.6
Derivatives used for hedging (positive fair values)	(22)	1,078	694	55.3
Financial assets held for trading	(23)	108,735	114,443	-5.0
Investments	(24)	63,140	66,322	-4.8
Investments held by insurance companies	(25)	51,005	49,040	4.0
Property, plant and equipment, and investment property	(26)	1,854	1,974	-6.1
Income tax assets		2,575	2,922	-11.9
Other assets	(27)	4,098	4,350	-5.8
Non-current assets classified as held for sale and disposal groups	(28)	75	70	7.1
Fair value changes of the hedged items in portfolio hedges of interest-rate risk		188	161	16.8
Total assets		**409,830**	**427,090**	**-4.0**

EQUITY AND LIABILITIES

€ million	(Note)	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Deposits from banks	(29)	54,715	59,632	-8.2
Amounts owed to other depositors	(30)	77,279	77,516	-0.3
Debt certificates including bonds	(31)	67,518	65,525	3.0
Derivatives used for hedging (negative fair values)	(32)	902	992	-9.1
Financial liabilities held for trading	(33)	136,719	152,729	-10.5
Provisions	(34)	1,394	1,474	-5.4
Insurance liabilities	(35)	50,660	48,205	5.1
Income tax liabilities		1,146	1,195	-4.1
Other liabilities	(36)	5,309	5,963	-11.0
Subordinated capital	(37)	4,829	5,308	-9.0
Liabilities included in disposal groups	(28)	13	13	–
Fair value changes of the hedged items in portfolio hedges of interest-rate risk		-110	-145	-24.1
Equity	(38)	9,456	8,683	8.9
Subscribed capital		3,028	3,028	–
Capital reserves		843	843	–
Retained earnings		2,220	2,222	-0.1
Revaluation reserve		-858	-926	-7.3
Cash flow hedge reserve		-30	-32	-6.3
Currency translation reserve		-10	-3	> 100.0
Minority interest		4,007	3,493	14.7
Unappropriated earnings		256	58	> 100.0
Total equity and liabilities		**409,830**	**427,090**	**-4.0**

Statement of changes in equity

€ million	Subscribed capital	Capital reserves	Equity earned by the group	Revaluation reserve	Cash flow hedge reserve	Currency translation reserve	**Equity before minority interest**	Minority interest	**Total equity**
Equity as at Jan. 1, 2008	3,028	843	3,483	156	8	1	7,519	3,484	11,003
Net profit	–	–	232	–	–	–	232	156	388
Other comprehensive income/loss	–	–	156	-1,032	2	15	-859	-154	-1,013
Total comprehensive income/loss	**–**	**–**	**388**	**-1,032**	**2**	**15**	**-627**	**2**	**-625**
Capital increase	–	–	–	–	–	–	–	4	4
Changes in the scope of consolidation	–	–	2	–	–	–	2	-12	-10
Dividends paid	–	–	-151	–	–	–	-151	-128	-279
Equity as at Jun. 30, 2008	**3,028**	**843**	**3,722**	**-876**	**10**	**16**	**6,743**	**3,350**	**10,093**
Equity as at Jan. 1, 2009	3,028	843	2,280	-926	-32	-3	5,190	3,493	8,683
Net profit	–	–	256	–	–	–	256	109	365
Other comprehensive income/loss	–	–	-2	68	2	-7	61	26	87
Total comprehensive income/loss	**–**	**–**	**254**	**68**	**2**	**-7**	**317**	**135**	**452**
Capital increase	–	–	–	–	–	–	–	577	577
Changes in the scope of consolidation	–	–	–	–	–	–	–	-19	-19
Dividends paid	–	–	-58	–	–	–	-58	-179	-237
Equity as at Jun. 30, 2009	**3,028**	**843**	**2,476**	**-858**	**-30**	**-10**	**5,449**	**4,007**	**9,456**

Cash flow statement

€ million	2009	2008
Cash and cash equivalents as at January 1	2,187	1,442
Cash flows from operating activities[1]	-1,058	-1,464
Cash flows from investing activities[1]	32	1,913
Cash flows from financing activities	-14	32
Cash and cash equivalents as at June 30	**1,147**	**1,923**

1 The figures for cash flows in the first half of 2008 have been restated owing to the amendment of IAS 7 (see section 2 of the Notes).

The cash flow statement shows the changes in cash and cash equivalents during the reporting period. Cash and cash equivalents consist of cash on hand and balances with central banks and other government institutions. The cash and cash equivalents do not include any financial investments with maturities of more than three months at the date of acquisition. Changes in cash and cash equivalents are broken down into operating, investing and financing activities.

Notes

A General disclosures

» 01
BASIS OF PREPARATION

The consolidated financial statements of the DZ BANK Group for the first half of 2009 have been prepared pursuant to section 37w of the German Securities Trading Act (WpHG) in conjunction with section 37y No. 2 WpHG in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). In particular, the requirements of IAS 34 *Interim Financial Reporting* have been taken into account.

» 02
ACCOUNTING POLICIES AND ESTIMATES

ACCOUNTING POLICIES

The financial statements of the companies consolidated in the DZ BANK Group have been prepared using uniform accounting policies. The accounting policies used are the same as those applied in the consolidated financial statements for the year ended December 31, 2008 unless these policies are subject to the statutory IFRS amendments described below.

The revised version of IAS 1 *Presentation of Financial Statements* (IAS 1R) requires a statement of comprehensive income to be prepared as part of the financial statements. The DZ BANK Group's net profit for the reporting period is shown in a separate income statement, which is immediately followed by the statement of comprehensive income. This revised accounting standard also requires a statement of changes in equity to be prepared as a separate component of the financial statements. The adoption of IAS 1R has not caused any changes in the recognition or measurement of assets and liabilities or in the calculation of gains, losses, income and expenses. There is therefore no impact on the presentation of financial position and financial performance. The disclosure requirements of IAS 1R have been applied to prepare condensed interim consolidated financial statements for the DZ BANK Group. In addition, the presentation of the income statement has been revised as part of the implementation of IAS 1R. This has had no material impact.

Furthermore, the interim consolidated financial statements include the following amended accounting standards and new interpretations:
- Amendments to IFRS 1 and IAS 27 – *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Amendments to IFRS 2 – *Vesting Conditions and Cancellations*
- Amendments to IAS 32 and IAS 1 – *Puttable Financial Instruments and Obligations Arising on Liquidation*
- IFRIC 12 *Service Concession Arrangements*
- IFRIC 13 *Customer Loyalty Programmes*
- IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*
- IFRIC 16 *Hedges of a Net Investment in a Foreign Operation.*

The amended accounting standards and new interpretations outlined above have had no material impact on the DZ BANK Group's interim consolidated financial statements.

The improvements made to IFRSs (2008) have also been applied to these interim consolidated financial statements. The exception to this procedure is the addition of paragraphs 8A and 36A to IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations.* The application of these paragraphs is contingent on the adoption of the revised versions of IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements,* which will be prospectively adopted by the DZ BANK Group from the 2010 financial year onward.

With the exception of the items described below, the application of the improvements made to IFRSs (2008) does not have a material impact on the DZ BANK Group's interim consolidated financial statements. The amendment to IAS 7.14 states that cash payments to manufacture or acquire assets for rental purposes and subsequently held for sale as well as cash receipts from rents and subsequent sales of such assets are cash flows from operating activities. Cash receipts from the sale of leased assets reported on the balance sheet as property, plant and equipment and investment property as well as cash payments to acquire such assets, which are held under operating leases, must therefore be reclassified from cash flows from investing activities to cash flows from operating activities in the DZ BANK Group's cash flow statement. Cash flows from operating activities for the period from January 1 to June 30, 2008 were reduced by €16 million owing to the changes described above, while cash flows from investing activities increased by €16 million.

ESTIMATES

It is necessary to make assumptions and estimates in accordance with the relevant financial reporting standards in order to determine the assets, liabilities, income and expenses recognized in these interim consolidated financial statements. These assumptions and estimates are based on historical experience, planning, and expectations or forecasts regarding future events deemed likely to materialize.

Assumptions and estimates are used primarily in determining the fair value of financial assets and financial liabilities and in identifying any impairment of financial assets. In addition, the identification of goodwill impairment, the measurement of insurance liabilities, provisions for pensions and other post-employment benefits, and other provisions as well as the recognition and measurement of deferred tax assets and deferred tax liabilities are all subject to significant estimates.

» 03 SCOPE OF CONSOLIDATION

The scope of consolidation in the first half of 2009 was increased primarily by the addition of DZ BANK Perpetual Funding Private Issuer (Jersey) Limited, St. Helier, Channel Islands (DZ BANK Private Issuer). This newly founded special purpose entity has been consolidated because the substance of the relationship indicates that the DZ BANK Group exercises control.

B Income statement disclosures

» 04 SEGMENT INFORMATION

SEGMENT INFORMATION BY BUSINESS LINE AS AT JUNE 30, 2009

€ million	Bank	Retail	Property Finance	Insurance	Consoli-dation/ recon-ciliation	**Total**
Net interest income	572	238	589	–	-75	1,324
Allowances for losses on loans and advances	-272	-33	-68	–	–	-373
Net fee and commission income	231	325	-72	–	-37	447
Gains and losses on trading activities	689	12	-2	–	-10	689
Gains and losses on investments	-257	-14	-44	–	-3	-318
Other gains and losses on valuation of financial instruments	-8	-14	-37	–	-19	-78
Premiums earned	–	–	–	5,105	–	5,105
Gains and losses on investments held by insurance companies and other insurance company gains and losses	–	–	–	1,125	-67	1,058
Insurance benefit payments	–	–	–	-5,203	–	-5,203
Insurance business operating expenses	–	–	–	-883	41	-842
Administrative expenses	-684	-362	-233	–	66	-1,213
Other net operating income	90	6	15	-1	-63	47
Profit/loss before taxes	**361**	**158**	**148**	**143**	**-167**	**643**
Segment assets	268,921	21,110	108,203	58,332	-46,736	409,830
Segment liabilities	259,525	19,175	104,054	55,574	-37,954	400,374
Cost/income ratio (%)	51.9	65.5	51.9	–	–	54.4

SEGMENT INFORMATION BY BUSINESS LINE AS AT JUNE 30, 2008

€ million	Bank	Retail	Property Finance	Insurance	Consoli-dation/ recon-ciliation	**Total**
Net interest income	678	227	576	–	-90	1,391
Allowances for losses on loans and advances	-18	-32	-55	–	–	-105
Net fee and commission income	173	381	-87	–	-32	435
Gains and losses on trading activities	17	32	20	–	-5	64
Gains and losses on investments	-148	-11	-20	–	-1	-180
Other gains and losses on valuation of financial instruments	24	-1	-119	–	3	-93
Premiums earned	–	–	–	4,410	–	4,410
Gains and losses on investments held by insurance companies and other insurance company gains and losses	–	–	–	493	-56	437
Insurance benefit payments	–	–	–	-3,900	–	-3,900
Insurance business operating expenses	–	–	–	-829	34	-795
Administrative expenses	-675	-386	-243	–	69	-1,235
Other net operating income	114	21	2	-2	-68	67
Profit/loss before taxes	**165**	**231**	**74**	**172**	**-146**	**496**
Segment assets as at December 31, 2008	280,569	23,345	113,002	55,800	-45,626	427,090
Segment liabilities as at December 31, 2008	271,845	21,357	109,032	53,108	-36,935	418,407
Cost/income ratio (%)	78.7	59.5	65.3	–	–	67.3

» 05 NET INTEREST INCOME

€ million	Jan. 1 – Jun. 30, 2009	Jan. 1 – Jun. 30, 2008	Change (%)
INTEREST INCOME AND CURRENT GAINS AND LOSSES	**4,977**	**5,986**	**-16.9**
Interest income from	**4,878**	**5,828**	**-16.3**
Lending and money market operations	4,025	4,277	-5.9
Fixed-income securities	913	1,544	-40.9
Portfolio hedges of interest-rate risk	-60	7	> 100.0
Current gains and losses on	**75**	**121**	**-38.0**
Shares and other variable-yield securities	8	18	-55.6
Investments in subsidiaries	6	3	100.0
Interests in joint ventures	27	33	-18.2
Investments in associates	-11	38	> 100.0
Operating leases	45	29	55.2
Income from profit-pooling, profit-transfer and partial profit-transfer agreements	**24**	**37**	**-35.1**
INTEREST EXPENSE ON	**-3,653**	**-4,595**	**-20.5**
Deposits from banks and amounts owed to other depositors	-2,254	-2,968	-24.1
Debt certificates including bonds	-1,257	-1,454	-13.5
Subordinated capital	-150	-158	-5.1
Portfolio hedges of interest-rate risk	12	-8	> 100.0
Provisions and other liabilities	-4	-7	-42.9
Total	**1,324**	**1,391**	**-4.8**

Current gains and losses on interests in joint ventures include income of €17 million from the application of the equity method (first half of 2008: €23 million). Current gains and losses on investments in associates include a loss of €11 million from the application of the equity method (first half of 2008: income of €37 million). €52 million of this loss was attributable to discontinued operations of associates (first half of 2008: income of €1 million).

» 06 ALLOWANCES FOR LOSSES ON LOANS AND ADVANCES

€ million	Jan. 1 – Jun. 30, 2009	Jan. 1 – Jun. 30, 2008	Change (%)
Allowances for losses on loans and advances to banks	**10**	**28**	**-64.3**
Additions	-84	–	–
Reversals	94	28	> 100.0
Allowances for losses on loans and advances to customers	**-358**	**-151**	**> 100.0**
Additions	-489	-301	62.5
Reversals	173	172	0.6
Directly recognized impairment losses	-52	-31	67.7
Receipts from loans and advances previously impaired	10	9	11.1
Changes in provisions for loan commitments, in other provisions for loans and advances, and in liabilities from financial guarantee contracts and loan commitments	**-25**	**18**	**> 100.0**
Total	**-373**	**-105**	**> 100.0**

» 07 NET FEE AND COMMISSION INCOME

€ million	Jan. 1 – Jun. 30, 2009	Jan. 1 – Jun. 30, 2008	Change (%)
Fee and commission income	**1,087**	**1,179**	**-7.8**
Securities business	661	741	-10.8
Asset management	12	23	-47.8
Transaction banking including credit card business	70	64	9.4
Lending business and trust activities	109	87	25.3
Financial guarantee contracts and loan commitments	16	16	–
Foreign commercial business	6	7	-14.3
Home savings business	125	163	-23.3
Other	88	78	12.8
Fee and commission expenses	**-640**	**-744**	**-14.0**
Securities business	-242	-305	-20.7
Asset management	-6	-8	-25.0
Transaction banking including credit card business	-33	-34	-2.9
Lending business	-83	-75	10.7
Financial guarantee contracts and loan commitments	-1	-1	–
Home savings business	-215	-264	-18.6
Other	-60	-57	5.3
Total	**447**	**435**	**2.8**

» 08 GAINS AND LOSSES ON TRADING ACTIVITIES

€ million	Jan. 1 – Jun. 30, 2009	Jan. 1 – Jun. 30, 2008	Change (%)
Gains and losses on non-derivative financial instruments and embedded derivatives	732	-181	> 100.0
Gains and losses on derivatives	-130	188	> 100.0
Exchange differences	87	57	52.6
Total	**689**	**64**	**> 100.0**

» 09 GAINS AND LOSSES ON INVESTMENTS

€ million	Jan. 1 – Jun. 30, 2009	Jan. 1 – Jun. 30, 2008	Change (%)
Gains and losses on bonds and other fixed-income securities	**-316**	**-26**	**> 100.0**
Disposals	-56	-16	> 100.0
Impairment losses	-260	-12	> 100.0
Reversals of impairment losses	–	2	–
Gains and losses on shares and other variable-yield securities	**-4**	**-154**	**-97.4**
Disposals	–	-1	–
Impairment losses	-4	-153	-97.4
Gains and losses on investments in subsidiaries	**2**	**–**	**–**
Disposals	2	–	–
Total	**-318**	**-180**	**76.7**

» 10 OTHER GAINS AND LOSSES ON VALUATION OF FINANCIAL INSTRUMENTS

€ million	Jan. 1 – Jun. 30, 2009	Jan. 1 – Jun. 30, 2008	Change (%)
GAINS AND LOSSES ARISING ON HEDGING TRANSACTIONS	**-5**	**-1**	**> 100.0**
Fair value hedges	**-2**	-2	–
Gains and losses on hedging instruments	228	-201	> 100.0
Gains and losses on hedged items	-230	199	> 100.0
Portfolio fair value hedges	**-1**	–	–
Gains and losses on hedging instruments	-12	86	> 100.0
Gains and losses on hedged items	11	-86	> 100.0
Gains and losses on cash flow hedges	**-2**	**1**	**> 100.0**
GAINS AND LOSSES ON DERIVATIVES CONCLUDED WITHOUT TRADING PURPOSE	**–**	**34**	**–**
GAINS AND LOSSES ON FINANCIAL INSTRUMENTS DESIGNATED AS AT FAIR VALUE THROUGH PROFIT OR LOSS	**-73**	**-126**	**-42.1**
Gains and losses on non-derivative financial instruments and embedded derivatives	-470	274	> 100.0
Gains and losses on derivatives	397	-400	> 100.0
Total	**-78**	**-93**	**-16.1**

» 11 PREMIUMS EARNED

€ million	Jan. 1 – Jun. 30, 2009	Jan. 1 – Jun. 30, 2008	Change (%)
Net premiums written	**5,468**	**4,763**	**14.8**
Gross premiums written	5,579	4,810	16.0
Reinsurance premiums ceded	-111	-47	> 100.0
Change in provision for unearned premiums	**-363**	**-353**	**2.8**
Gross premiums	-398	-354	12.4
Reinsurers' share	35	1	> 100.0
Total	**5,105**	**4,410**	**15.8**

» 12 GAINS AND LOSSES ON INVESTMENTS HELD BY INSURANCE COMPANIES AND OTHER INSURANCE COMPANY GAINS AND LOSSES

€ million	Jan. 1 – Jun. 30, 2009	Jan. 1 – Jun. 30, 2008	Change (%)
Income from investments held by insurance companies	**2,142**	**1,684**	**27.2**
Interest income and current income	1,140	1,115	2.2
Income from reversal of impairment losses and unrealized gains	203	60	> 100.0
Gains on valuation through profit or loss	150	161	-6.8
Gains from disposals	649	348	86.5
Expenses in connection with investments held by insurance companies	**-1,148**	**-1,323**	**-13.2**
Administrative expenses	-40	-47	-14.9
Depreciation/amortization expense, impairment losses and unrealized losses	-460	-678	-32.2
Losses on valuation through profit or loss	-112	-382	-70.7
Losses from disposals	-536	-216	> 100.0
Other gains and losses of insurance companies	**64**	**76**	**-15.8**
Other insurance gains and losses	106	66	60.6
Other non-insurance gains and losses	-42	10	> 100.0
Total	**1,058**	**437**	**> 100.0**

» 13 INSURANCE BENEFIT PAYMENTS

€ million	Jan. 1 – Jun. 30, 2009	Jan. 1 – Jun. 30, 2008	Change (%)
Claims expenses from insurance business	**-3,112**	**-2,810**	**10.7**
Gross claims expenses	-3,167	-2,825	12.1
Reinsurers' share	55	15	> 100.0
Changes in insurance liabilities	**-2,091**	**-1,090**	**91.8**
Changes in gross liabilities	-2,090	-1,093	91.2
Reinsurers' share	-1	3	> 100.0
Total	**-5,203**	**-3,900**	**33.4**

» 14 INSURANCE BUSINESS OPERATING EXPENSES

€ million	Jan. 1 – Jun. 30, 2009	Jan. 1 – Jun. 30, 2008	Change (%)
Gross expenses	-861	-807	6.7
Reinsurers' share	19	12	58.3
Total	**-842**	**-795**	**5.9**

» 15 ADMINISTRATIVE EXPENSES

€ million	Jan. 1 – Jun. 30, 2009	Jan. 1 – Jun. 30, 2008	Change (%)
Staff expenses	-648	-645	0.5
General and administrative expenses	-513	-537	-4.5
Depreciation and amortization expense	-52	-53	-1.9
Total	**-1,213**	**-1,235**	**-1.8**

» 16 OTHER NET OPERATING INCOME

€ million	Jan. 1 – Jun. 30, 2009	Jan. 1 – Jun. 30, 2008	Change (%)
Other income from leases	12	12	–
Changes in provisions and accruals	17	36	-52.8
Miscellaneous net operating income	18	19	-5.3
Total	**47**	**67**	**-29.9**

» 17 INCOME TAXES

IAS 34 states that the methods used to measure income taxes in interim financial statements should be the same as those applied in the annual financial statements. Income taxes are therefore computed based on the best estimate of the annual income tax rate expected for the year as a whole. This tax rate is based on the legislation that is in force or has been adopted at the relevant balance sheet date.

C Balance sheet disclosures

» 18 CASH AND CASH EQUIVALENTS

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Cash on hand	50	48	4.2
Balances with central banks and other government institutions	1,097	2,139	-48.7
Total	**1,147**	**2,187**	**-47.6**

» 19 LOANS AND ADVANCES TO BANKS

	Payable on demand		Other loans and advances		Total		
€ million	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Domestic banks	**1,262**	**1,236**	**55,095**	**58,464**	**56,357**	**59,700**	**-5.6**
Affiliated banks	314	311	42,135	43,746	42,449	44,057	-3.6
Other banks	948	925	12,960	14,718	13,908	15,643	-11.1
Foreign banks	**746**	**796**	**6,430**	**9,540**	**7,176**	**10,336**	**-30.6**
Total	**2,008**	**2,032**	**61,525**	**68,004**	**63,533**	**70,036**	**-9.3**

» 20 LOANS AND ADVANCES TO CUSTOMERS

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Loans and advances to domestic customers	82,683	83,937	-1.5
Loans and advances to foreign customers	32,053	33,084	-3.1
Total	**114,736**	**117,021**	**-2.0**

The following table shows the breakdown of loans and advances to customers by type of business:

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Local authority loans	16,273	17,762	-8.4
Mortgage loans	21,152	21,807	-3.0
Other loans secured by mortgages on real estate	223	231	-3.5
Other loans secured by ship mortgages	19	26	-26.9
Home saving loans advanced by home savings and loan institution	19,824	19,310	2.7
Finance leases	5,235	4,962	5.5
Money market placements	87	144	-39.6
Other loans and advances	51,923	52,779	-1.6
Total	**114,736**	**117,021**	**-2.0**

» 21 ALLOWANCES FOR LOSSES ON LOANS AND ADVANCES

The changes in allowances for losses on loans and advances recognized under assets were as follows:

	Allowances for losses on loans and advances to banks		Allowances for losses on loans and advances to customers		Total
€ million	Specific loan loss allowances	Portfolio loan loss allowances	Specific loan loss allowances	Portfolio loan loss allowances	
Balance as at Jan. 1, 2008	2	88	1,496	236	1,822
Additions	–	–	287	14	301
Utilizations	–	–	-114	-2	-116
Reversals	–	-28	-151	-32	-211
Other changes	–	–	-10	–	-10
Balance as at Jun. 30, 2008	**2**	**60**	**1,508**	**216**	**1,786**
Balance as at Jan. 1, 2009	223	52	1,522	333	2,130
Additions	83	1	353	136	573
Utilizations	–	–	-82	–	-82
Reversals	-72	-25	-167	-22	-286
Other changes	–	–	2	-3	-1
Balance as at Jun. 30, 2009	**234**	**28**	**1,628**	**444**	**2,334**

In addition to the allowances for losses on loans and advances recognized under assets, the following items are also recognized to cover credit risks: provisions for loan commitments, other provisions for loans and advances, and liabilities under financial guarantee contracts and loan commitments.

» 22 DERIVATIVES USED FOR HEDGING (POSITIVE FAIR VALUES)

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Derivatives used for fair value hedges of financial instruments	980	694	41.2
Derivatives used for hedges of cash flows from forecast transactions	98	–	–
Total	**1,078**	**694**	**55.3**

» 23 FINANCIAL ASSETS HELD FOR TRADING

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
BONDS AND OTHER FIXED-INCOME SECURITIES	**43,033**	**52,837**	**-18.6**
Money market instruments	**811**	**2,094**	**-61.3**
from public-sector issuers	–	1	–
from other issuers	811	2,093	-61.3
Bonds	**42,222**	**50,743**	**-16.8**
from public-sector issuers	4,344	3,345	29.9
from other issuers	37,878	47,398	-20.1
SHARES AND OTHER VARIABLE-YIELD SECURITIES	**429**	**375**	**14.4**
Shares	286	248	15.3
Investment fund units	20	20	–
Other variable-yield securities	123	107	15.0
DERIVATIVES (POSITIVE FAIR VALUES)	**25,924**	**28,433**	**-8.8**
Interest-linked contracts	20,423	20,834	-2.0
Currency-linked contracts	1,828	1,618	13.0
Share-/index-linked contracts	663	1,010	-34.4
Other contracts	1,230	1,784	-31.1
Credit derivatives	1,780	3,187	-44.1
PROMISSORY NOTES, REGISTERED BONDS, AND RECEIVABLES	**2,886**	**2,823**	**2.2**
to banks	1,261	1,335	-5.5
to customers	1,625	1,488	9.2
MONEY MARKET PLACEMENTS	**36,463**	**29,975**	**21.6**
with banks	25,987	24,744	5.0
of which: with affiliated banks	3,148	2,174	44.8
with other banks	22,839	22,570	1.2
with customers	10,476	5,231	> 100.0
Total	**108,735**	**114,443**	**-5.0**

» 24 INVESTMENTS

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
BONDS AND OTHER FIXED-INCOME SECURITIES	**59,300**	**62,415**	**-5.0**
Money market instruments	**–**	**20**	**–**
Bonds	**59,300**	**62,395**	**-5.0**
from public-sector issuers	17,194	18,110	-5.1
from other issuers	42,106	44,285	-4.9
SHARES AND OTHER VARIABLE-YIELD SECURITIES	**1,659**	**1,702**	**-2.5**
Shares and other shareholdings	492	241	> 100.0
Investment fund units	1,164	1,457	-20.1
Other variable-yield securities	3	4	-25.0
INVESTMENTS IN SUBSIDIARIES	**1,220**	**1,205**	**1.2**
INTERESTS IN JOINT VENTURES	**398**	**393**	**1.3**
INVESTMENTS IN ASSOCIATES	**563**	**607**	**-7.2**
Total	**63,140**	**66,322**	**-4.8**

The carrying amount of joint ventures accounted for using the equity method totaled € 369 million (December 31, 2008: € 363 million). € 561 million of the investments in associates has been accounted for using the equity method (December 31, 2008: € 605 million).

» 25 INVESTMENTS HELD BY INSURANCE COMPANIES

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Investment property	972	991	-1.9
Investments in subsidiaries	317	283	12.0
Investments in associates	57	82	-30.5
Mortgage loans	4,098	3,847	6.5
Promissory notes and loans	11,481	10,648	7.8
Registered bonds	10,458	9,358	11.8
Other loans	995	1,038	-4.1
Variable-yield securities	3,176	5,116	-37.9
Fixed-income securities	14,759	12,419	18.8
Money market placements	142	225	-36.9
Derivatives (positive fair values)	104	859	-87.9
Deposits with ceding insurers	162	180	-10.0
Investments related to unit-linked contracts	4,284	3,994	7.3
Total	**51,005**	**49,040**	**4.0**

» 26 PROPERTY, PLANT AND EQUIPMENT, AND INVESTMENT PROPERTY

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Land and buildings	361	367	-1.6
Office furniture and equipment	113	121	-6.6
Assets subject to operating leases	1,295	1,329	-2.6
Investment property	82	83	-1.2
Payments in advance	3	74	-95.9
Total	**1,854**	**1,974**	**-6.1**

» 27 OTHER ASSETS

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Other assets held by insurance companies	3,034	3,255	-6.8
Goodwill	140	101	38.6
Software and other intangible assets	184	178	3.4
Other receivables	257	282	-8.9
Residual other assets	483	534	-9.6
Total	**4,098**	**4,350**	**-5.8**

The change of €39 million in goodwill during the reporting period resulted from increased investments in subsidiaries that were already consolidated.

The breakdown of other assets held by insurance companies is as follows:

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Intangible assets	164	167	-1.8
Reinsurance assets	480	443	8.4
Insurance company receivables	702	647	8.5
Credit balances with banks, checks and cash on hand	250	669	-62.6
Residual other assets held by insurance companies	1,438	1,329	8.2
Total	**3,034**	**3,255**	**-6.8**

» 28 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE AND DISPOSAL GROUPS

The non-current assets classified as held for sale and disposal groups largely comprise the assets and liabilities of a special fund that are to be sold as part of the liquidation of the fund, as well as shares in companies and real estate.

» 29 DEPOSITS FROM BANKS

	Payable on demand		With agreed maturity or notice period		Total		
€ million	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Domestic banks	**1,971**	1,786	**46,455**	51,884	**48,426**	53,670	-9.8
Affiliated banks	279	247	13,764	14,244	14,043	14,491	-3.1
Other banks	1,692	1,539	32,691	37,640	34,383	39,179	-12.2
Foreign banks	**533**	552	**5,756**	5,410	**6,289**	5,962	5.5
Total	**2,504**	2,338	**52,211**	57,294	**54,715**	59,632	-8.2

» 30 AMOUNTS OWED TO OTHER DEPOSITORS

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
AMOUNTS OWED TO OTHER DOMESTIC DEPOSITORS	**70,523**	71,286	-1.1
Home savings deposits	**30,547**	30,241	1.0
Other amounts owed to other depositors	**39,976**	41,045	-2.6
Payable on demand	4,941	5,179	-4.6
With agreed maturity or notice period	35,035	35,866	-2.3
AMOUNTS OWED TO OTHER FOREIGN DEPOSITORS	**6,756**	6,230	8.4
Home savings deposits	**289**	277	4.3
Other amounts owed to other depositors	**6,467**	5,953	8.6
Payable on demand	2,428	2,935	-17.3
With agreed maturity or notice period	4,039	3,018	33.8
Total	**77,279**	77,516	-0.3

» 31 DEBT CERTIFICATES INCLUDING BONDS

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Bonds issued	**64,510**	**62,160**	**3.8**
Mortgage Pfandbriefe	7,445	7,535	-1.2
Public-sector Pfandbriefe	19,887	22,256	-10.6
Other bonds	37,178	32,369	14.9
Other debt certificates	**3,008**	**3,365**	**-10.6**
Total	**67,518**	**65,525**	**3.0**

The other debt certificates are all money market certificates.

» 32 DERIVATIVES USED FOR HEDGING (NEGATIVE FAIR VALUES)

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Derivatives used for fair value hedges of financial instruments	876	969	-9.6
Derivatives used for hedges of cash flows	26	23	13.0
Total	**902**	**992**	**-9.1**

» 33 FINANCIAL LIABILITIES HELD FOR TRADING

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Share- and index-linked certificates	**11,405**	**11,603**	**-1.7**
Money market certificates and certificates of deposit	**5,836**	**1,883**	**> 100.0**
Derivatives (negative fair values)	**29,107**	**33,541**	**-13.2**
Interest-linked contracts	22,532	23,525	-4.2
Currency-linked contracts	1,475	1,176	25.4
Share-/index-linked contracts	2,639	4,391	-39.9
Other contracts	732	1,053	-30.5
Credit derivatives	1,729	3,396	-49.1
Delivery commitments arising from short sales of securities	**1,802**	**4,140**	**-56.5**
Money market deposits	**88,569**	**101,562**	**-12.8**
from banks	65,847	75,636	-12.9
of which: from affiliated banks	40,061	48,060	-16.6
from other banks	25,786	27,576	-6.5
from customers	22,722	25,926	-12.4
Total	**136,719**	**152,729**	**-10.5**

» 34 PROVISIONS

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Provisions for pensions and other post-employment benefits	**714**	**783**	**-8.8**
Provisions for defined benefit obligations	641	701	-8.6
Provisions for early retirement schemes	36	41	-12.2
Provisions for partial retirement schemes	37	41	-9.8
Other provisions	**680**	**691**	**-1.6**
Provisions for onerous contracts	13	14	-7.1
Provisions for restructuring	37	42	-11.9
Provisions for loan commitments	62	42	47.6
Remaining provisions	568	593	-4.2
Total	**1,394**	**1,474**	**-5.4**

» 35 INSURANCE LIABILITIES

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Provision for unearned premiums	1,461	1,061	37.7
Benefit reserve	35,723	34,251	4.3
Provision for claims outstanding	5,328	5,079	4.9
Reserve for deferred policy holder participation	4,422	4,322	2.3
Other insurance liabilities	51	58	-12.1
Reserve for unit-linked insurance contracts	3,675	3,434	7.0
Total	**50,660**	**48,205**	**5.1**

» 36 OTHER LIABILITIES

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Other liabilities of insurance companies	4,045	4,059	-0.3
Liabilities under financial guarantee contracts and loan commitments	104	99	5.1
Accruals	469	720	-34.9
Other payables	361	609	-40.7
Residual other liabilities	330	476	-30.7
Total	**5,309**	**5,963**	**-11.0**

The breakdown of other liabilities of insurance companies is as follows:

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Other provisions of insurance companies	215	224	-4.0
Other liabilities of insurance companies	3,830	3,835	-0.1
Total	**4,045**	**4,059**	**-0.3**

» 37 SUBORDINATED CAPITAL

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Subordinated liabilities	2,940	2,697	9.0
Liabilities to dormant partners	197	600	-67.2
Profit-sharing rights	1,274	1,589	-19.8
Other hybrid capital	354	358	-1.1
Share capital repayable on demand	64	64	–
Total	**4,829**	**5,308**	**-9.0**

» 38 EQUITY

Minority interest increased primarily as a result of the issuance of Tier 1 capital by DZ BANK Private Issuer and owing to a capital increase by R+V Versicherung AG, Wiesbaden. DZ BANK plans to increase its share capital by a total of up to €400 million in the second half of 2009.

DZ BANK paid a dividend of €0.05 per share for the 2008 financial year in the first half of 2009. It had paid a dividend of €0.13 per share for the 2007 financial year in the first half of 2008.

D Financial instruments disclosures

» 39
CATEGORIES OF FINANCIAL INSTRUMENTS

FINANCIAL ASSETS AS AT JUNE 30, 2009

	Measured at fair value			Measured at (amortized) cost		Other financial instruments[1]
€ million	Held for trading	Fair value option	Available for sale	Loans and receivables	Available for sale	
Cash and cash equivalents	–	–	–	1,097	–	–
Loans and advances to banks[2]	–	1,717	–	61,554	–	–
Loans and advances to customers[2]	–	6,897	–	100,548	–	5,219
Derivatives used for hedging (positive fair values)	–	–	–	–	–	1,078
Financial assets held for trading	108,735	–	–	–	–	–
Investments	–	18,565	29,438	13,527	680	–
Investments held by insurance companies	246	801	18,167	26,373	–	–
Other assets	–	–	–	704	–	–
Fair value changes of the hedged items in portfolio hedges of interest-rate risk	–	–	–	188	–	–
Total	**108,981**	**27,980**	**47,605**	**203,991**	**680**	**6,297**

1 Only financial instruments within the scope of IFRS 7
2 Carrying amounts less allowances for losses on loans and advances

FINANCIAL LIABILITIES AS AT JUNE 30, 2009

	Measured at fair value		Measured at amortized cost	Other financial instruments[1]
€ million	Held for trading	Fair value option		
Deposits from banks	–	9,270	45,445	–
Amounts owed to other depositors	–	13,458	63,821	–
Debt certificates including bonds	–	14,703	52,486	329
Derivatives used for hedging (negative fair values)	–	–	–	902
Financial liabilities held for trading	136,719	–	–	–
Other liabilities	14	–	1,420	139
Subordinated capital	–	1,336	3,493	–
Fair value changes of the hedged items in portfolio hedges of interest-rate risk	–	–	-110	–
Total	**136,733**	**38,767**	**166,555**	**1,370**

1 Only financial instruments within the scope of IFRS 7

FINANCIAL ASSETS AS AT DECEMBER 31, 2008

€ million	Measured at fair value: Held for trading	Measured at fair value: Fair value option	Measured at fair value: Available for sale	Measured at (amortized) cost: Loans and receivables	Measured at (amortized) cost: Available for sale	Other financial instruments[1]
Cash and cash equivalents	–	–	–	2,139	–	–
Loans and advances to banks[2]	–	3,523	–	66,238	–	–
Loans and advances to customers[2]	–	6,165	–	104,050	–	4,951
Derivatives used for hedging (positive fair values)	–	–	–	–	–	694
Financial assets held for trading	114,443	–	–	–	–	–
Investments	–	20,298	32,103	12,253	700	–
Investments held by insurance companies	1,084	787	17,774	24,230	–	–
Other assets	–	–	–	1,157	–	–
Fair value changes of the hedged items in portfolio hedges of interest-rate risk	–	–	–	161	–	–
Total	**115,527**	**30,773**	**49,877**	**210,228**	**700**	**5,645**

1 Only financial instruments within the scope of IFRS 7
2 Carrying amounts less allowances for losses on loans and advances

FINANCIAL LIABILITIES AS AT DECEMBER 31, 2008

€ million	Measured at fair value: Held for trading	Measured at fair value: Fair value option	Measured at amortized cost	Other financial instruments[1]
Deposits from banks	–	10,235	49,397	–
Amounts owed to other depositors	–	12,744	64,772	–
Debt certificates including bonds	–	12,777	52,319	429
Derivatives used for hedging (negative fair values)	–	–	–	992
Financial liabilities held for trading	152,729	–	–	–
Other liabilities	49	–	1,621	134
Subordinated capital	–	766	4,542	–
Fair value changes of the hedged items in portfolio hedges of interest-rate risk	–	–	-145	–
Total	**152,778**	**36,522**	**172,506**	**1,555**

1 Only financial instruments within the scope of IFRS 7

» 40 RECLASSIFICATIONS

As a consequence of the inactivity in the markets since the financial crisis broke, some of the financial instruments held for trading were no longer held for trading purposes in the near future and, consequently, the financial instruments concerned were reclassified during the reporting period. Securities held for trading and investments classified as available-for-sale financial assets were already reclassified in the second half of 2008 because the DZ BANK Group now intends to hold these financial instruments for the foreseeable future.

All reclassifications presented were consistent with the amendments made to IAS 39 and IFRS 7 in October 2008. There was no comparable legislation on reclassifications in the first half of 2008.

Securities with a total carrying amount of €1,884 million were reclassified from held-for-trading financial assets to loans and receivables during the reporting period.

The table below shows the cumulative carrying amounts and cumulative fair values of all reclassified financial instruments held at the balance sheet date.

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Cumulative carrying amounts	4,740	3,254	45.7
Cumulative fair values	4,076	2,797	45.7

Up to the reclassification date, the fair value measurement of the financial instruments reclassified in the first half of 2009 only had an insignificant impact on the profit or loss before taxes for the reporting period. In the first half of 2008, the fair value measurement of these financial instruments had a negative impact of €43 million on profit or loss before taxes.

Excluding all reclassifications during the reporting period and in the second half of 2008, an additional profit before taxes of €3 million would have been recognized in the income statement as a result of the fair value measurement. In addition, excluding the reclassification of available-for-sale financial assets performed in 2008, a further impairment loss of €442 million in respect of the fair value measurement would have been recognized in other comprehensive income.

A loss before taxes of €157 million was recognized in the income statement for the first half of 2009 in respect of gains, losses, income and expenses on all the reclassified financial instruments held.

The range of effective interest rates for the financial instruments reclassified during the reporting period was 1.885 percent to 4.355 percent at the reclassification date. Cash flows amounting to €2,049 million were expected to be achievable for the reclassified financial instruments at the reclassification date.

The following table shows fair values determined as at the balance sheet date:

€ million	Fair value Jun. 30, 2009	Fair value Dec. 31, 2008	Carrying amount Jun. 30, 2009	Carrying amount Dec. 31, 2008
Assets				
Cash and cash equivalents	1,097	2,139	1,097	2,139
Loans and advances to banks[1]	64,625	71,127	63,271	69,761
Loans and advances to customers[1]	115,180	117,818	112,664	115,166
Derivatives used for hedging (positive fair values)	1,078	694	1,078	694
Financial assets held for trading	108,735	114,443	108,735	114,443
Investments[2]	61,102	64,807	62,210	65,354
Investments held by insurance companies[2]	45,602	43,983	45,587	43,875
Other assets[2]	704	1,157	704	1,157
Fair value changes of the hedged items in portfolio hedges of interest-rate risk			188	161
Liabilities				
Deposits from banks	54,963	59,895	54,715	59,632
Amounts owed to other depositors	77,398	77,892	77,279	77,516
Debt certificates including bonds	67,929	65,966	67,518	65,525
Derivatives used for hedging (negative fair values)	902	992	902	992
Financial liabilities held for trading	136,719	152,729	136,719	152,729
Other liabilities[2]	1,576	1,804	1,573	1,804
Subordinated capital	4,755	5,521	4,829	5,308
Fair value changes of the hedged items in portfolio hedges of interest-rate risk			-110	-145

1 Carrying amounts less allowances for losses on loans and advances
2 Fair value and carrying amount only include financial instruments within the scope of IFRS 7

The fair values of assets and liabilities resulting from the home savings and loan business are shown at their carrying amounts. Given the complex structure of home savings contracts, these fair values cannot be reliably determined using either comparable market values or suitable option pricing models. The purpose of the home savings and loan institution management models developed in practice is solely to support the overall management of the bank; these models do not provide an adequate basis for the measurement of fair values as required by IFRS. On the basis of the management models used for the home savings and loan institution, the overall performance of the home savings and loan business during the reporting period was positive.

The fair value reported under investments held by insurance companies relates to fixed-income securities matched as cover for long-term insurance-related obligations as part of insurance operations. These instruments are normally held until their maturity date and interest-rate-related changes in fair value have no impact on profit or loss. The reported fair values take into account potential tax effects and the recognition of a reserve for deferred policy holder participation.

E Other disclosures

» 42 CONTINGENT LIABILITIES

The DZ BANK Group's contingent liabilities whose potential financial impact can be reliably determined amounted to €23 million as at the balance sheet date (December 31, 2008: €18 million).

Furthermore there are legal actions for compensation pending in connection with various real-estate investment trusts offered by DG ANLAGE Gesellschaft mbH, Frankfurt am Main; some of these actions have essentially been upheld by the competent court. DZ BANK could face further claims for compensation whose potential financial impact cannot be reliably determined at present.

» 43 FINANCIAL GUARANTEE CONTRACTS AND LOAN COMMITMENTS

€ million	Jun. 30, 2009	Dec. 31, 2008	Change (%)
Financial guarantee contracts	**5,712**	**5,972**	**-4.4**
Loan guarantees	2,648	2,774	-4.5
Letters of credit	282	351	-19.7
Other guarantees and warranties	2,782	2,847	-2.3
Loan commitments	**21,228**	**22,007**	**-3.5**
Credit facilities to banks	2,671	2,495	7.1
Credit facilities to customers	7,154	6,857	4.3
Guarantee credits	71	81	-12.3
Letters of credit	61	121	-49.6
Global limits	11,271	12,453	-9.5
Total	**26,940**	**27,979**	**-3.7**

The amounts shown for financial guarantee contracts and loan commitments are the nominal values of the respective engagements.

» 44 TRUST ACTIVITIES

Trust assets and trust liabilities each totaled €2,442 million (December 31, 2008: €2,550 million).

» 45 ASSET MANAGEMENT BY UNION INVESTMENT GROUP

The Union Investment Group had assets under management totaling €150,580 million at the balance sheet date (December 31, 2008: €144,175 million).

» 46 EMPLOYEES

Average number of employees by employee group:

	Jan. 1 – Jun. 30, 2009	Jan. 1 – Jun. 30, 2008	Change (%)
Female employees	**11,603**	**11,163**	**3.9**
Full-time employees	8,227	7,960	3.4
Part-time employees	3,376	3,203	5.4
Male employees	**13,730**	**13,192**	**4.1**
Full-time employees	13,364	12,850	4.0
Part-time employees	366	342	7.0
Total employees	**25,333**	**24,355**	**4.0**

The increase in the average number of employees was partly attributable to the acquisition of the companies of the Condor insurance group in the second half of 2008.

» 47 BOARD OF MANAGING DIRECTORS

WOLFGANG KIRSCH
(Chief Executive Officer)

LARS HILLE

HANS-THEO MACKE
(since July 1, 2009)

FRANK WESTHOFF

DR. THOMAS DUHNKRACK
(until June 20, 2009)

WOLFGANG KÖHLER

ALBRECHT MERZ

» 48 SUPERVISORY BOARD

ROLF HILDNER
(Chairman)
Chief Executive Officer
Wiesbadener Volksbank eG

WOLFGANG APITZSCH
(Deputy Chairman)
Attorney

HELMUT GOTTSCHALK
(Deputy Chairman)
Spokesman of the Board
of Managing Directors
Volksbank Herrenberg-Rottenburg eG

RÜDIGER BEINS
Employee
DZ BANK AG
Deutsche Zentral-Genossenschaftsbank

ULRICH BIRKENSTOCK
Employee
R+V Allgemeine Versicherung AG

WERNER BÖHNKE
Chief Executive Officer
WGZ BANK AG
Westdeutsche Genossenschafts-Zentralbank

HENNING DENEKE-JÖHRENS
Spokesman of the Board
of Managing Directors
Volksbank eG Lehrte-Springe-
Pattensen-Ronnenberg

CARL-CHRISTIAN EHLERS
Chief Executive Officer
Kieler Volksbank eG

KARL EICHELE
Employee
VR Kreditwerk AG

UWE FRÖHLICH
President
Bundesverband der Deutschen Volksbanken
und Raiffeisenbanken e.V.

DR. ROMAN GLASER
Chief Executive Officer
Volksbank Baden-Baden · Rastatt eG

RITA JAKLI
Senior manager
R+V Versicherung AG

SIGMAR KLEINERT
Employee
DZ BANK AG
Deutsche Zentral-Genossenschaftsbank

WILLY KÖHLER
Chief Executive Officer
VR Bank Rhein-Neckar eG

RAINER MANGELS
Employee
R+V Rechtsschutzversicherung AG

WALTER MÜLLER
Chief Executive Officer
Volksbank Raiffeisenbank
Fürstenfeldbruck eG

DIETER REMBDE
Member of the Board of Managing Directors
VR-Bank Schwalm-Eder eG

MARK ROACH
Secretary
ver.di Bundesverwaltung

GUDRUN SCHMIDT
Regional Group Director
ver.di Landesbezirk Hessen

WINFRIED WILLER
Employee
VR Kreditwerk AG

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Frankfurt am Main, August 18, 2009

DZ BANK AG
Deutsche Zentral-Genossenschaftsbank

The Board of Managing Directors

Kirsch	Hille	Köhler
Macke	Merz	Westhoff

REVIEW REPORT (TRANSLATION)

To DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main

We have reviewed the interim condensed consolidated financial statements, comprising the condensed income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the condensed statement of cash flows, and selected explanatory notes, and the interim group management report of DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, for the period from January 1 to June 30, 2009, which are part of the six-monthly financial report pursuant to Sec. 37w WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the applicable provisions of the WpHG. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Eschborn/Frankfurt am Main, August 21, 2009

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Binder	Kruskop
Wirtschaftsprüfer	Wirtschaftsprüfer
(German public auditor)	(German public auditor)

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This half-year financial report is also available
in German.
The German version is the original and authoritative version.

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