Member of the cooperative financial services network

Semi-Annual Financial Report 2008

DZ BANK

Achieving more together.

Key Figures

DZ BANK Group

in € million	01.01. – 30.06.2008	01.01. – 30.06.2007
Financial performance		
Operating income[1]	601	1,321
Impairment losses on loans and advances	-105	-71
Total profit before tax	496	1,250
Total profit after tax	388	945
Cost-income ratio[2] (in percent)	53.6%	48.1%

in € million	30.06.2008	31.12.2007
Assets and liabilities		
Assets		
Loans and advances to banks	70,867	67,531
Loans and advances to customers	109,268	106,307
Financial assets held for trading	128,309	130,025
Investments	67,013	72,957
Investments of insurers	46,950	47,376
Other assets	7,458	7,141
Equity and liabilities		
Deposits from banks	62,771	57,935
Amounts owed to other depositors	76,558	77,595
Debt certificates including bonds	64,865	62,996
Financial liabilities held for trading	157,565	163,196
Insurance liabilities	45,592	45,324
Other liabilities	12,421	13,288
Total equity	10,093	11,003
Total assets	**429,865**	**431,337**
Regulatory capital ratios pursuant to the Solvency Regulation (SolvV)		
Total capital ratio (in percent)	11.5	10.2
Tier 1 capital ratio (in percent)	8.8	7.7

Number	01.01. – 30.06.2008	01.01. – 30.06.2007
Average staff figures for the six-month period	**24,355**	**24,186**

[1] Operating income (total of net interest income, net fee and commission income, net trading income, net income on investments, other net gains and losses on valuation of financial instruments, net income from insurance operations, and other net operating income) minus administration expense.

[2] As of June 30, 2008, adjusted for special effects to the operating income (valuation adjustments in securities portfolios amounting to € -467 million as a result of the financial market crisis); unadjusted for these effects, the cost-income ratio for the first six months of 2008 was 67.3 percent.

Contents

Letter to the Shareholders

Dear Shareholders,

WOLFGANG KIRSCH (Chief Executive Officer)

For more than a year now, the financial market crisis has been affecting financial markets around the world, including financial service providers. As past experience has shown, disruptions of this nature tend to happen in waves. We are currently experiencing a period of volatility, as was also observed in the first six months of the 2008 financial year.

In this economic climate, the business model of the DZ BANK Group has once again proved its sustainability. This is a view shared by the rating agency Standard and Poor's, which reaffirmed its long-term rating of the DZ BANK Group and the cooperative financial services network in July. Although the bank has been negatively affected by developments on the capital markets, our operating performance gives my fellow board members and me confidence that we will continue to make good progress in our 125th anniversary year. If the situation on the financial markets does not further deteriorate, we expect the DZ BANK Group's total profit before tax to exceed the prior-year level for 2008 as a whole.

Not taking into account valuation adjustments in its securities portfolios in the amount of € 467 million, the DZ BANK Group was able to generate a total profit before tax of € 963 million (H1 2007: € 1,250 million). Bonds held by DZ BANK in its role as the central institution and for purposes of liquidity management within the DZ BANK Group represented the largest share of these valuation adjustments with an amount of € 242 million.

There were no significant losses from our holdings in asset-backed securities (ABS) and bonds to report in the period under review. We continue to expect a recovery in the value of our holdings. The total profit before tax includes a € 139 million impairment for our stake in NATIXIS S.A., Paris.

The operating income of the DZ BANK Group for the first six months of 2008, excluding direct charges related to the financial market crisis, amounted to € 2,303 million (H1 2007: € 2,544 million). Although this was below the figure for the first half of 2007, as falling share prices resulted in lower performance-related fees in the funds business and the group generated slightly lower net interest income, we nevertheless were successful working within the cooperative financial services network. This was reflected in the impressive sales figures of products such as home savings contracts and certificates as well as Riester (pension) products, especially in view of the challenging and increasingly competitive market.

The impairment losses on loans and advances amounted to € 105 million in the first half of 2008 (H1 2007: € 71 million). Thanks to our cost discipline, the administration expense essentially remained stable at € 1,235 million (H1 2007: € 1,223 million).

Allow me to give you a few examples of successful cooperation between cooperative banks and companies within the DZ BANK Group.

– The certificate business operated by DZ BANK under our brand “AKZENT Invest” recorded very healthy growth despite difficult conditions on the capital market. DZ BANK is number two in the market as a whole by volume with a market share of 17.4 percent. In the guarantee certificates segment, DZ BANK is the market leader with a total share of 32 percent in this largest product category by volume. New business developed very well in the first six months. We will therefore continue to invest in expanding the “AKZENT Invest” brand.

– Union Investment raised close to € 21 million from investors in its near-money market fund UniOpti4. It is the most successful new fund issue ever launched in Germany and is now the largest fund on the German market. The original purpose behind developing this financial product was to strengthen the position of cooperative banks vis-à-vis competing services offered by direct banks. Our shared success shows us just how strong we are as an organization when we offer high-quality products to our customers.

– Bausparkasse Schwäbisch Hall concluded more than 500,000 new home savings contracts in the period under review, representing an increase of around 8 percent. In addition, Schwäbisch Hall expanded its product portfolio for the cooperative banks. This should be viewed in conjunction with the packaging of private residential financing within the DZ BANK Group. Our goal is to provide better support to the cooperative banks in their role as regional centers specializing in this type of financing.

– TeamBank is now present in most urban centers in Germany with a total of 60 easyCredit shops. Contacts established with clients at these shops result in many new customers for the local cooperative banks and create opportunities for follow-up business in the future.

– In April 2008, R+V Versicherung successfully launched another new fund-linked retirement insurance plan under the name R+V VorsorgeKonzept-Plus as a follow-up to VR-RürupRente. In the property and casualty segment, premium income rose once again compared to the first half of 2007.

– Growth in new business volume at VR LEASING exceeded 4 percent in the period under review. The local cooperative banks represent the most important sales channel in Germany, contributing more than two thirds of new domestic business. International operations experienced a rise in new business exceeding 10 percent and now play a major role in the overall success of the VR LEASING Group.

– The main focus of DZ BANK's transaction banking activities in the first half of the year was on the card business. The innovative VR-KartenConcept credit card range responds to market requirements by allowing customers to select individual combinations of card organizations, products, and designs as well as theme or special-issue cards. Almost as many new cards were issued in the first half of 2008 as in all of 2007. At the same time, January 28, 2008 marked the beginning of the implementation of SEPA. DZ BANK is working together with our Equens competence center on a range of new products in the payments processing segment. Transaction Banking has now developed into a real strategic business segment at DZ BANK.

These examples highlight the fact that as part of the cooperative financial services network we stand an excellent chance of further solidifying our position, and may even emerge strengthened from the current conditions on the financial market and the imminent consolidation in the industry.

We are confident that with the backing of the network we are much better positioned today than many of our competitors. At present, we have 30 million customers, including 16 million members. We have strong brands backed by competitive products and services, and our cooperative banks are firmly established locally. All of this supports our role as a "national champion."

I firmly believe that we should intensify our efforts to draw the public's attention to our market position and strong performance while at the same demonstrating our strong commitment in these turbulent times. The cooperative financial services network serves a vital and proven role in our economy and is also a highly capable and respected organization that people can trust. And the trust of our customers is crucial, particularly in volatile times.

DZ BANK will be celebrating its 125th anniversary on December 4, 2008. An important milestone like this is usually a time for reflection and reaffirmation. If I were to ask myself what would be the best gift we could possibly give ourselves on this anniversary, my answer would have the future in mind: the successful merger of DZ BANK and WGZ BANK, something both parties are working together to achieve.

My fellow board members and I truly believe that this merger will be a major stepping stone for both companies. It represents a tremendous opportunity to expand the market position of the cooperative financial services network as a whole. Our discussions with our counterparts in Düsseldorf are going well in a highly constructive atmosphere. Parallel to our merger talks, we would now also like to intensify our cooperation in certain business areas.

I can assure you that we will continue to act in the interest of the cooperative financial services network during the negotiations and I would like to ask you, also on behalf of my fellow board members, for your assistance in this key venture.

Yours faithfully,

Wolfgang Kirsch
Chief Executive Officer

Interim Management Report

I. Business Performance

1. Overall economic conditions

The economic upturn in Germany continued into the first half of 2008. The gross domestic product (GDP) grew by +1.2 percent year-on-year in the interim reporting period. This is similar to the figure for the first half of 2007 (+1.1 percent). However, the pace of growth in the economy as a whole slowed considerably during the first half of 2008.

Likewise, the global economy cooled off significantly, although the Asian economies ran counter to this trend with continued strong growth. Growth in the United States in particular slowed considerably. The continued fall in prices for residential properties in the US housing market dampened consumer demand, one of the main pillars of the American economy. At the same time, this trend has been accompanied by a rise in default rates even on middle class loans since the beginning of the year.

The financial crisis plaguing the international capital markets has resulted in painful losses on stock markets around the world, which in turn have been slow to recover in Q2 2008. As a result of the major upheavals on the capital markets, several prominent US and European banks have reported substantial valuation losses. In many cases, these institutions have required large injections of capital.

Due to brisk global demand and healthy orders, strong corporate investment activity was a major driver of Germany's continued economic recovery. Against the backdrop of a favorable trend in earnings, businesses substantially increased their investments in plant and equipment between January and June 2008. The rise in the price of oil together with the relative strength of the euro against foreign currencies, especially the US dollar, were both factors that acted as a noticeable drag on growth during the period under review.

Construction investment expanded at a very rapid pace at the beginning of the year. It should be noted here, however, that the exceptionally good weather conditions in January and February 2008 had a positive effect on production.

Consumer demand remained subdued in the period under review. Consumer sentiment was boosted by higher employee wages achieved in collective negotiations and more robust trends on the employment market. But the rise in food prices and high energy prices weighed on consumers' willingness to spend.

Higher tax revenue stemming from exceptionally strong economic growth is relieving pressure on government budgets and paving the way for the fundamental consolidation of public finances.

2. Developments in the banking and financial services industry

Intense competition was once again the most prominent feature of the banking sector during the reporting period. The penetration of the domestic market by foreign credit institutions and the consolidation of the European banking sector increased the challenges facing the German financial services industry in particular during the reporting period. Meanwhile, the financial market crisis intensified competitive pressure.

After anxiety on the financial markets carried over from the second half of 2007 into the first quarter of the reporting period, international capital markets began to show the first signs of a gradual reversal of the downward trend in April and May 2008. As major US and European banks came in with much lower profits in the second quarter of 2008, the knock-on effect of the financial market crisis on both international and domestic growth and the economy was once again pushed to center stage. We do not believe it is possible to speak of a sustained recovery based solely on developments in June and July 2008.

In light of recent liquidity injections into the financial system by major central institutions in the first half of 2008, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, (DZ BANK), has a crucial advantage as part of the group of local cooperative banks and financial services network partners because the affiliation guarantees the central institution in the cooperative financial flexibility and refinancing options at favorable terms.

Against the backdrop of challenging market conditions, operating income within the domestic banking sector exhibited a downward tendency throughout the first half of 2008. Although net interest income rose on the back of the dynamic economy and the continued high growth rate in corporate loans, the general uncertainty on the stock markets had a negative effect on income derived from the capital markets in the first six months of 2008.

Due to the cost-cutting initiatives introduced and implemented in prior periods and the period under review and conservative risk management policies, the administration expense and risk provisioning costs remained largely stable in the sector.

3. The DZ BANK Group and the local cooperative banks in a dynamic competitive environment

The local cooperative banks and their customers, along with DZ BANK and its subsidiaries, form the basis of the Cooperative Financial Services Network (CFSN). Some 30 million private and corporate customers maintain business relations with the 1,230 or so German cooperative banks. More than half of all customers (approx. 16 million) have subscribed to shares and are thus shareholders in their cooperative bank. The Cooperative Financial Services Network has by far the largest number of shareholders of any German banking group and enjoys wide-spread support and stable roots in the community. The local cooperative banks, in turn, are the main shareholders of DZ BANK.

The primary task of the DZ BANK Group is to provide cooperative members and their customers with the greatest possible benefits. The local cooperative banks and the DZ BANK Group work together to achieve this common objective.

Strengthening the Cooperative Financial Services Network

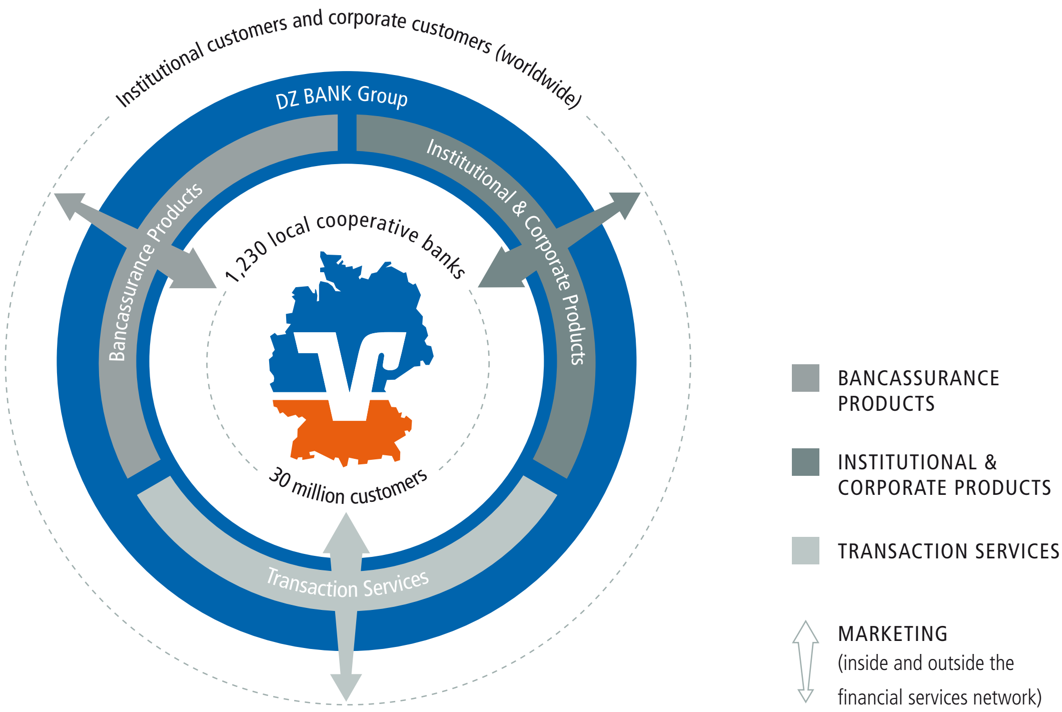
To protect and expand the position of the Cooperative Financial Services Network in an increasingly competitive market, the DZ BANK Group will continue to focus on meeting the needs of the cooperative banks. "Verbund First" is the guiding principle here. In real terms, this means that DZ BANK as the central provider of banking services concentrates on offering innovative products and services as well as capital at competitive terms to members of the CFSN. At the same time, DZ BANK invests in IT and processing systems with the aim of establishing the necessary conditions for members to take advantage of economies of scale otherwise not available to them. DZ BANK's "meta" lending business (syndicated loans and risk transfer instruments) enables local cooperative banks to acquire new customers whose credit requirements exceed the risk capacity of the individual bank.

"Verbund First" focuses on joint operational marketing while also serving as the central guiding principle for implementing DZ BANK's group strategy and related initiatives. With this in mind, each measure is chosen based on whether it will strengthen the overall position of the Cooperative Financial Services Network. This strategy also entails a commitment to market operations with third parties. For example, selected financial products and services that proved successful in Germany are exported to other countries, and strategic partnerships with cooperative bank organizations are given preference. This allows us to attract new customers while reducing costs.

Highly competitive bankassurance products

The positioning of retail products is crucial to the success of the CFSN as a whole and its market activities in the bankassurance segment. In this regard, DZ BANK Group was again able to prove its strong capabilities as a solution provider in the first six months of 2008. Together with the CFSN, DZ BANK reasserted its leadership in the private customer segment market with the sale of AKZENT Invest guaranteed certificates. In addition, it received further awards in the certificates segment for innovation and market penetration in Germany and Austria. The Cooperative Financial Services Network partners also proved their value as effective solution providers. With the recent launch of several innovative, tailored products, the Cooperative Financial Services Network has further expanded its range and demonstrated during the process its competence and knowledge of the market.

DZ BANK Group: worldwide market access for local cooperative banks, institutional customers and corporate customers



Institutional & Corporate Products

The main focus in the Institutional & Corporate Products segment is on profitable growth. To this end, the Investment Banking growth initiative was launched in 2007. The objective of this program is to further optimize our products and better capitalize on our customer relationships in Germany and abroad.

In addition, DZ BANK is adapting its service concept for corporate clients in order to provide local cooperative banks with more effective support. Most large and medium-sized corporate customers have come to expect integrated service solutions, including products like commodity hedging. In the future, DZ BANK will therefore assign products and services within its range to specialist areas that complement the comprehensive range of services offered locally by the local cooperative banks. This new approach will boost initiatives of the CFSN to expand the corporate customer business. Roll-out will begin in the second half of 2008 as part of a pilot program, with the nationwide launch set to follow in early 2009.

Transaction Services

In the past few months, DZ BANK has completed the transformation from a cost center to a profit center in the area of transaction services. The objective is to reinforce the market-leading position in transaction services in Germany and continue to drive growth in this segment throughout Europe. With its minority stake in Equens S.E., Utrecht, (Equens), DZ BANK is one of the leading payment services providers with a market share of 10 percent in Europe. The volumes generated here along with the accompanying economies of scale deliver a direct benefit to the local cooperative banks in one of their core business segments. We are taking advantage of opportunities arising in the European markets as they consolidate. In addition, the market position of the local cooperative banks will be strengthened by the continued expansion and improvement of the card offering. As part of these efforts, the existing product portfolio of the local cooperative banks in the area of debit cards will now include a three-product strategy. The full range of new products will be available to the local cooperative banks as of 2009.

4. Earnings performance

The DZ BANK Group's key income statement figures for the first half of 2008 were as follows:

Gross operating income includes net interest income, net fee and commission income, net trading income, other net gains and losses on valuation of financial instruments, net income from insurance operations as well as other net operating income. For the entire group, these figures amounted to € 1,836 million (H1 2007: € 2,544 million) and include € -467 million of valuation adjustments to the securities portfolios as a consequence of the financial market crisis. Of this amount, € -272 million was attributable to DZ BANK. Within the group, these valuation adjustments primarily relate to bonds (€ -242 million) and ABS securities (€ -209 million), which should have a positive effect on income in the future given the positive rating of the ABS portfolio of DZ BANK. Adjusted for the aforementioned valuation adjustments of € -467 million, operating income fell by € 241 million, or 9.5 percent, to € 2,303 million.

The DZ BANK Group's **administration expense** increased by € 12 million, or +1.0 percent, to € -1,235 million.

The **cost-income ratio**, or the ratio of administration expense to operating income, was 53.6 percent in the first half of 2008 when adjusted for the aforementioned special effects to gross operating income (H1 2007: 48.1 percent); the unadjusted cost-income ratio was 67.3 percent in the period under review.

The **total profit before tax** amounts to € 496 million in the reporting period, down from € 1,250 million in the first six months of 2007. Excluding the above-mentioned special effects to gross operating income, the total profit before tax was € 287 million, or 23.0 percent lower year-on-year.

Income Statement

	DZ BANK Group		
in € million	01.01. – 30.06.2008	01.01. – 30.06.2007	Change in %
Net interest income[1]	1,391	1,426	-2.5
Impairment losses on loans and advances	-105	-71	47.9
Net fee and commission income	435	479	-9.2
Net trading income	64	450	-85.8
Net income on investments	-180	-21	>100.0
Other net gains and losses on valuation of financial instruments	-93	53	>100.0
Net income from insurance operations	152	206	-26.2
Personnel expenses	-645	-641	0.6
Other administration expense[2]	-590	-582	1.4
Administration expense	-1,235	-1,223	1.0
Other net operating income	67	-49	>100.0
Total profit before tax	496	1.250	-60.3
Tax expense	-108	-305	-64.6
Total profit after tax	388	945	-58.9

[1] Including current income and income from profit-sharing agreements.
[2] Non-personnel expenses, depreciation and amortization on intangible assets, property, plant and equipment, and investment property.

Individually, net income developed as follows in the DZ BANK Group in the first half of 2008:

Net interest income of the DZ BANK Group fell by 2.5 percent to € 1,391 million year-on-year.

DZ BANK's net interest income (excluding income from participations) improved on the impressive level of the first six months of 2007 by 11.9 percent despite the competition-related margin pressure associated with brisk demand for loans.

Interest income from loans and advances made a significant contribution to DZ BANK's net interest income from operations. The robust German economy in the period under review and the accompanying dynamic corporate investment and business activities generated higher demand for credit products.

Higher volumes and an increase in the number of transactions were seen in both traditional syndicated loans and in the Standard-Meta and Agrar-Meta standardized risk transfer products in the first half of 2008. The contribution to net income increased by a total of 2.2 percent year-on-year. The further integration of development loan programs within our range of customized loans highlights our competence and profile and is an effective means to set us apart from the competition. To further expand the leading position of the cooperative financial services network with brokering institutions, DZ BANK supports this business through regional specialists and special marketing campaigns. This strategy has increased market share in certain sub-segments.

DZ BANK will package its complementary and subsidiary products into tailored offerings and restructure them in specialist areas. We are still pursuing the strategic objective of establishing the large and medium-sized corporate customer business as one of the main pillars alongside private lending at local cooperative banks. This strategy is based on the “VR-Mittelstand Financial Plan” sales and customer service concept. Another focus will be on activities initiated in conjunction with the cooperative partners targeted at the development of the promising business segments of agriculture, nature, and energy. These measures should help boost the market share of the cooperative banks in the traditional agricultural lending business.

Despite difficult conditions on the financial markets and persistently fierce competition, DZ BANK's Corporate Finance business was able to maintain its strong market position while also establishing several new business connections. The contribution to net income from this major business segment grew by 4.5 percent in the first 6 months of 2008. A more systemic approach to taking advantage of existing business potential and increasing market penetration will entail dividing the German market into five sales regions and adding further staff, a process that already began in 2007.

DZ BANK once again proved itself to be a stable and reliable partner for short-term liquidity management in the corporate customer business segment amidst the turbulent market conditions of the first half of 2008. This is reflected by the increase in investments in short-term instruments by more than one third from the prior-year period.

Through its branches in Frankfurt, London, New York, Hong Kong, and Singapore and through nine foreign representative offices, the Structured Finance unit markets its product range in all key financial centers as well as in major emerging markets. This unit continued to improve its performance in the period under review. Despite the euro's increased value against the US dollar and the impact of the financial market crisis, Structured Finance expanded its profits by about two thirds year-on-year and established a diversified portfolio.

In acquisition financing, DZ BANK further reinforced its position as a mandated lead arranger in a number of transactions while also significantly boosting its profits in this segment in the first half of 2008.

In the structured trade and export finance product segment, DZ BANK benefited from the continued growth in German exports along with sustained high commodity prices and the accompanying growth in demand for credit from commodities dealers and producers. The contribution to net income in the first half of 2008 was significantly higher than in the same period in the prior year.

In project financing, year-on-year net income increased considerably in the period under review. With a strong global presence, these units focus on energy supply, infrastructure, and, in Germany in particular, public-private partnership (PPP) financing, where we have significantly expanded our market position.

The groundwork laid in past years bore fruit in the period under review. In addition, the market correction in the Structured Finance business triggered by the financial crisis led to an improved situation regarding margins and structures.

At € 471 million, the net interest income of Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall, (BSH) remained basically unchanged from the first half of 2007.

The well-positioned Schwäbisch Hall Tarif Fuchs home savings contracts meet the need for a competitive interest spread in the collective business. The drop in net interest income from home savings loans resulting from the higher proportion of relatively low-interest loans in connection with new rate structure was offset by volume effects. The construction financing products introduced on January 1, 2008, contributed to a volume gain here. These include Fuchs TopZins, the flagship product offering ideal terms for price-sensitive customers, Fuchs Forward Loans as an attractive solution for follow-up financing, and lastly, Fuchs BauDarlehen, direct payment construction annuity loans. In home savings deposits, the higher share of low-interest rate products has led to lower credit interest on these deposits.

In conjunction with solid financial management, net interest income remained basically unchanged despite high market volatility resulting from the international financial crisis.

The net interest income of TeamBank AG Nürnberg, Nuremberg (TeamBank), posted an 8.7 percent year-on-year increase, primarily on the back of an expansion of the installment loan portfolio.

As part of its strategic focus, the company also strengthened its cooperation with partner banks in the period under review. At the end of the six-month reporting period, 925 partner banks were working in partnership with TeamBank. This represents approximately 75 percent of all cooperative bank partners who arrange TeamBank's easyCredit installment loans.

In the first 6 months of the year, TeamBank also continued to expand its network of easyCredit shops, and as of June 30, 2008 had a total of 60 shops, located in most metropolitan areas in Germany. The improved market penetration achieved in the process supplies local cooperative banks with a steady flow of new customers for tailored packages of other products from cooperative financial services partners.

The guiding principle of the cooperative financial services network is to focus its customer support and product and process design efforts on countering market-driven low-price strategies and establishing value-oriented, long-term customer relationships. In this spirit, TeamBank already started to upgrade the existing product features of easyCredit in 2007 and introduced a multi-product fairness package. During the reporting period, TeamBank's TÜV SÜD was the first company to receive the “Fair Loan” seal worldwide, a distinction that further underscores the level of consumer friendliness of the easyCredit personal loan product.

The repositioning of the easyCredit brand was supported by two new innovative products introduced as part of the expansion of the product range initiated in March 2008. On the one hand, TeamBank targets easyCredit at private customers who are self-employed. On the other hand, easyCredit is now also available to staff at partner banks and companies in the cooperative financial services network. Among other things, this helps to boost their identification with the product.

With the opening of a branch in Austria in early June 2008, TeamBank laid the foundation for transferring this successful business concept to other countries. As in Germany, plans call for the establishment of partnerships with cooperative banks and the opening of easyCredit shops in Austria.

Net interest income of the subgroup VR-LEASING AG, Eschborn (VR-LEASING), rose by 5.6 percent in the first half of 2008.

As a special provider of innovative SME-oriented financing solutions within the cooperative financial services network, the VR-LEASING Group offers the entire range of products from leasing and loans to purchase financing and factoring. The group's new business volume in sales and investment finance from its German and international operations rose 4.1 percent year-on-year to € 2.3 billion. For additional clarification, sales and investment financing includes leasing, lease purchases, and investment loans.

In Germany, € 1,129 million in new business volume was reported. Local cooperative banks, the primary sales channel in Germany, contributed more than two thirds of new domestic business at € 734 million.

International leasing operations signed € 1,160 million in new business, a 10.7 percent increase year-on-year. This segment is therefore now one of the key contributors to the overall success of the group. VR-LEASING assists SMEs in establishing operations in foreign markets and other similar activities.

VR-LEASING focuses its strategy on the steady expansion of its business activities in the dynamic markets of Central and Eastern Europe. VR-LEASING has operations in many of these countries, including Russia, which has grown to become one of the ten most important leasing markets in the world. New business in that country grew by more than two thirds year-on-year to € 42 million. VR-LEASING is seeking to expand its operations beyond its current base in Moscow and St. Petersburg into other locations in Russia.

At € 3,222 million, revenue from central payment processing at VR DISKONTBANK GmbH, Eschborn, remained steady at the high level of the previous half-year.

With the help of the cooperative banks, VR FACTOREM GmbH, Eschborn (VR FACTOREM), was able to increase its revenue in the first six months of 2008 by 35.7 percent to € 888 million.

Factoring is now also offered in Hungary through a joint venture between VR FACTOREM and Hungary's Takarekbank, Budapest. This marks the initial push into the Central and Eastern European market for factoring services.

Online processing is rapidly gaining in importance in bank-mediated transactions and to an even greater extent in VR-LEASING's dealings with manufacturers and retailers.

Online tools for the processing of leasing transactions continue to gain acceptance amongst partners. New online business at VR-LEASING grew by around 42 percent over the prior-year period.

IT-based process standardization and optimization and the systematic focus on marketing are crucially important activities for developing this market together with partners. In this regard, greater efficiency will help counter growing competitive pressures.

For VR-LEASING and its partners, the expansion of the product range presents tremendous potential for further growth.

Net interest income at Deutsche Genossenschafts-Hypothekenbank AG, Hamburg (DG HYP), was down by 26.1 percent year-on-year. This decline is due to the fact that in the reporting period, DG HYP deliberately refrained from implementing any of the structural measures used in the prior-year period to stabilize net interest income.

The property financing division of the DZ BANK Group was restructured and streamlined to reflect the changed market and competitive conditions. As of January 1, 2008, all new construction financing transactions within the DZ BANK Group are under the sole responsibility of Bausparkasse Schwäbisch Hall. DG HYP now focuses on the commercial property loans operations and on the municipal and public sector lending business. The aim of this restructuring program is to increase the competitiveness of the DZ BANK Group and the cooperative financial services network as a whole through the effective division of tasks and pooling of resources.

In the core business segment of commercial property finance, DG HYP is seeking to expand its market position through measures to strengthen its partnership with local cooperative banks. In conjunction with the tailored financing solutions that DG HYP has developed, it is able to offer cooperative banks its market and financing expertise as a supplementary service. Meta loans and Meta Revers products make it possible to distribute risk between the local cooperative banks and DG HYP. DG HYP developed "Immo Aval" as a product for commercial property financing loans of up to € 3 million. This product is currently in the pilot phase and should be available on the market by the end of the year.

In the direct customers business, DG HYP has now opened real estate centers in the main German financial hubs of Hamburg, Berlin, Frankfurt, Düsseldorf, Stuttgart, and Munich.

Outside of Germany, DG HYP operates its commercial property loan operations as a syndicated business with representative offices in New York and London. It also has country desks in France and Scandinavia.

Despite a broadly weaker real estate market compared with 2007, DG HYP performed well in the business with new commercial loans and extensions in the first 6 months of 2008. With a financing volume of € 1.61 billion, DG HYP reported a 14.7 percent rise year-on-year. This growth was primarily derived from a 21.0 percent increase in volume on the German market, while international operations remained near the prior-year level. In view of the overall situation marked by the financial market crisis, DG HYP avoided further exposure to MBS investments, leading to a substantial decline of 76.5 percent year-on-year in the secondary market business.

In original municipal financing, DG HYP is the market leader within the cooperative financial services network. In January 2008, it introduced a quality management system for the back office operations of its domestic municipal loans business and was the first bank in Germany to receive the TÜV SÜD certification in this area in recognition of these efforts.

In view of the improved financial situation of municipalities and on the back of a business policy focusing on long-term financing with higher margins, the municipal loans business experienced a sharp decline year-on-year. As of the reporting date of June 30, 2008, the volume of business with new and extension loans amounted to € 560 million (down 57.4 percent). This is a result of the higher cost of short-term money market liquidity (up to 12 months) compared with deposit-financed products. At the same time, there was a sharp drop in the demand for credit. In addition, municipalities took advantage of the extremely low interest rates in years past to secure long-term financing at favorable rates through forward loans.

The net interest income of the DVB subgroup was up another 1.3 percent in the first half of 2008.

Against the backdrop of strong growth in the international transport market, DVB Bank AG, Frankfurt, (DVB) reported a further increase in new business despite continued intense competition. However, the rise was lower than the impressive levels of the first half of 2007. The approximately 10 percent decline in volume of new business was more than offset by a significant rise in the average interest margin from 135 to 167 basis points.

Since January 1, 2008, the business operations of the shipping division have been realigned into 10 core shipping sectors, with DVB-Research providing assistance in the form of knowledge of local markets and industry know-how.

Impairment losses on loans and advances amounted to € -105 million in the first half of 2008, compared with € -71 million in the same period in the prior year. Impairment losses at DZ BANK consisted of a net allocation of € 8 million in the period under review, after a € 30 million net reversal in the first half of 2007.

New lending business, which showed growth in all the market segments on the back of a strong German economy, remained subject to the existing mandatory strategic risk-limiting and profitability criteria.

We continued to pursue the objective of optimizing credit risk in the period under review. This is achieved with effective risk analysis efforts and the continued systematic development of processes, approaches, and tools of credit risk managements. These measures include the use of new, advanced Basel II-compliant rating procedures for use in areas such as acquisition financing and the enhancement of existing rating systems in consideration of IRBA compliance (internal ratings-based approach) given the more stringent quality standards imposed on loans processing under the German Banking Act (KWG), the Solvency Regulation (SolvV), the Liquidity Regulation, and the Minimum Requirements for Risk Management (MaRisk) in Germany.

More in-depth information in the risk situation of the DZ BANK Group can be found in the risk report starting on page 23 of this interim management report.

Group net fee and commission income fell by 9.2 percent to € 435 million.

In the DZ BANK Group, the contribution to net income from the lending and trust operations (including financial guarantees and loan commitments) once again rose year-on-year. The net income from the securities business remained below the level of the first half of 2007. The contribution to net income derived from international operations, payment processing, and asset management came in slightly below the prior-year period.

Net fee and commission income of DZ BANK increased by 17.7 percent to € 102 million.

In the securities business, the contribution to net fee and commission income was slightly lower than in the first half of 2007. By contrast, net income in the lending business rose noticeably. In the payment processing and international operations segments, the contribution to net income was up slightly year-on-year.

The financial market crisis continued into the first half of 2008 and was accompanied by sharp losses at prominent US investment banks, causing stock market indexes to plummet. In light of losses incurred by investors on the financial markets in former years, the trend towards greater risk aversion and away from equities continued.

Reverberations from the financial market crisis originally limited to the US mortgage loan markets continued to be felt into the period under review, and bond markets were similarly affected after already experiencing lower-than-average activity as investors held back in anticipation of rate hikes to curb rising inflation.

Against this backdrop, customers showed a preference in past year for redeemable bonds with one or more call provisions. In addition, there was heavy demand from investors for traditional low-interest bonds due to the tax advantages these bonds offer.

Net fee and commission income at DZ BANK stemming from acquisition financing and asset securitizations also rose by nearly 50 percent year-on-year in the first half of 2008.

The New York-based Asset Securization Group, which covers the NAFTA region, was able to meet the stricter conditions imposed as a result of the difficult conditions on the market and maintain its position as a niche provider in the first half of 2008.

By taking a leading role in the provision of structured financing services for Novem and Partikeltherapiezentrum Kiel, DZ BANK was able to supply further evidence of its structuring and placement expertise at all locations in this business segment. In addition to its enhanced market reputation, reflected, for example, in the top ranking it achieved among mandated lead arrangers for bank financing in Asia in the first half of 2008, DZ BANK also reported significant growth while remaining vigilant of risk.

The successful business model of DZ BANK, which effectively combines industry expertise with product and capital market know-how, was reaffirmed with the Corporate Finance Partner service strategy. With an extensive selection of products ranging from traditional loans and highly complex structured financial solutions to financial services products offered by the cooperative financial services network, DZ BANK was able to meet the high demands of its clients and benefit from the favorable business trend on the whole.

In the period under review, there was exceptionally strong demand for borrower's note loans for use in providing financing for bond issuers. This trend may have been primarily a result of rapidly rising risk premiums for certain corporate bonds.

In large and medium-sized company market segment relevant for DZ BANK, the M&A business continued to grow at a dynamic pace in the first half of 2008, although the lack of liquidity on the market made refinancing more difficult in certain transactions. In the key segments of health care and pharmaceuticals, activities to increase market share continued to show positive results. Furthermore, the number of international mandates increased significantly.

In the 6 months just ended, net fee and commission income of the Union Investment Group fell by 19.7 percent year-on-year as a result of the general market trend. It should be noted here that the net fee and commission income for the first half of 2007 was higher than usual as a result of a basis effect amounting to € 22 million. This sum included non-recurring income from provisions set aside by companies of the Union Investment Group over the previous years which were liquidated following a legal decision handed down by the Federal Finance Court regarding the tax-exempt status of variable-term commissions. Adjusted for this special effect from the first half of 2007, the net fee and commission income declined by 15.6 percent.

Overall, the assets under management by the Union Investment Group were essentially unchanged from the prior-year period at approximately € 167 billion.

Given the financial market crisis that continued into the first half of 2008, investors remained exceptionally wary of equity funds in the first months of the reporting period and instead targeted their investments at guarantee funds and near-money market pension funds. At the start of financial year 2008, Union Investment began expanding its product range around the two umbrella funds UniStrategie Flexibel and UniTrend Global. Following the introduction of capital gains compensation tax, these alternative funds provided the necessary revenue flexibility required for investments in individual funds within this umbrella fund.

The sales statistics of BVI Bundesverband Investment und Asset Management e.V. (BVI) clearly show that the Union Investment Group is market leader in the "value-assured funds" and "other securities funds" asset classes in terms of net revenue and portfolio size in the first half of 2008.

With the tax-optimized UniOpti4 fund as its highest volume fund, Union Investment was able to build on the success of the previous year and increase the assets under management as of June 30, 2008, by close to € 6 billion to approximately € 21 billion from the start of the period under review.

In the promising private pension provision segment, Union Investment benefited from continued private investor interest in supplementary retirement provisions available with Riester pension products. With the assistance of the sales network of the cooperative banks, more than 100,000 new contracts were brokered in the first 6 months of 2008. With over 1.6 million contracts in its portfolio, Union Investment was able to impressively assert its market leadership with its Riester fund product UniProfiRente.

Union Investment expects growth for asset management services to come from the real estate fund business in the future as well. The restructuring measures implemented by Union Investment have increased the appeal of the open real estate fund product group, with a significant pick-up in cash flow in the period under review.

Over the past years, Union Investment has established growth as the primary focus of its institutional operations.

The earnings and future growth potential in this business segment was boosted through developments in the area of client acquisition and customer care as well as through changes to the product policy.

Union Investment Group's joint venture with Boston-based PanAgora Asset Management Inc., Union PanAgora Asset Management GmbH, Frankfurt am Main, maintained its consistent growth during the six-month reporting period and added many new prominent institutional investors to its list of clients.

The expansion of the business activities of the Union Investment Group in Asia commenced in 2007 continued into the first half of 2008. BEA Union Investment Management Limited, Hong Kong, the joint venture formed with The Bank of East Asia, Hong Kong, in 2007, will serve as a launch pad for the further expansion of asset management activities into selected markets in the Far East and China in particular.

In the first 6 months of 2008, net fee and commission income of the DVB subgroup grew by 11.4 percent supported by healthy growth in freight and passenger traffic throughout all segments of the transport sector. Net fee and commission income of the DVB subgroup includes credit commissions from new syndicated investments in transport finance and consulting commissions from investment management activities.

The impressive growth here further underscores DVB's strong market position as a highly respected global asset financing company in the transport finance business and as an established provider of structuring solutions for highly complex financing projects.

Net fee and commission income of DZ BANK International S.A., Luxembourg-Strassen, (DZI) grew by 11.8 percent in the first half of 2008 despite global turbulence on the financial and capital markets. The close cooperation with the local cooperative banks was a major driver here.

DZI is the largest foreign subsidiary of the DZ BANK Group with 30 years of success in its private banking, investment fund, and lending operations. Its Treasury division serves private and institutional customers. In addition, DZI, working in conjunction with DZ BANK International Singapore Ltd., Singapore, a joint venture with DZ PRIVATBANK (Schweiz) AG, Zurich, (DZ PRIVATBANK Schweiz), is able to tap a lucrative business in a rapidly expanding private banking market serving the needs of high net worth clients from inside and outside the financial services network.

DZ PRIVATBANK Schweiz, based in the historic financial capital of Zurich, offers customers from German cooperative banks all traditional private banking services at a quality of service for which Swiss private banks are renowned. These services range from fund-linked property management (SwissRubinum) and investment advice to asset management and special asset-related services. At € 18 million, net fee and commission income came in slightly lower in the reporting period than the impressive figure of € 20 million reported in the first half of 2007.

In partnership with Union Investment, Union Investment (Schweiz) AG, Zurich, was established in mid-April 2008 to expand the product range available on the Swiss market to include umbrella funds.

To more effectively tap the existing market potential in the fast-growing private banking market, the private banking operations of DZ PRIVATBANK Schweiz and DZI were merged under the auspices of the joint holding company, DZ Private Wealth Managementgesellschaft S.A. (Luxemburg-Strassen). After first establishing the basic principles and priorities relating to the implementation of this strategic objective in consultation with the local cooperative banks, the results of this measure will be available in fall 2008.

DG HYP's net fee and commission income improved by € 18 million to € -1 million (H1 2007: € -19 million). This is primarily a positive effect of the new business model. While fee and commission expenses for the referral of private commercial real estate financing transactions were eliminated as a result of the discontinuation of this business, net fee and commission income from guarantees and service fees increased in the core commercial real estate financing business segment. In addition, issue-based commissions were down as result of decreased demand for refinancing.

TeamBank's net fee and commission income for the first half of 2008 was significantly lower year-on-year. The rise in commission payments in conjunction with the expansion of the easyCredit business with the cooperative banks resulted in an increase in commission expenses and hence lower net fee and commission income. Furthermore, as a consequence of the decline in sales of payment protection insurance policies signed with R+V Versicherung AG, Wiesbaden (R+V) to cover disability, unemployment, and death, there was a drop in commissions paid to TeamBank by R+V.

BSH pays commissions to cooperative banks and their in-house field sales force for the conclusion of contracts. Net fee and commission income at BSH was € -87 million, after € -80 million in the same period in 2007. This figure is typically in the negative range.

The higher fee and commission expenses are a result of strong growth in new home savings contracts in the first half of 2008. In the first 6 months, BSH reported over 500,000 newly signed contracts with a total volume of € 15.1 billion, representing a 7.9 percent rise.

Demand for home savings contracts was buoyed by rising interest rates on construction loans and the need for security in light of the international financial crisis. The growth in new business volume was also supported by the higher demand from building society customers seeking flexible options for premium-backed home savings. As of 2009, a home savings bonus incentive is only granted if a home savings contract is used for residential construction. Young customers were fortunately able to retain much of the flexibility offered by government home savings incentive scheme.

The building financing business segment also reported positive growth. Allocations of home savings capital rose by 11.7 percent to € 6.2 billion, a record for a six-month period. Low-interest home savings loans are now more attractive due to rising interest rates on building loans, and are consequently in greater demand by customers. Payments in this area increased by 22.2 percent to € 1.2 billion. BSH was particularly successful with instant building loans, which grew 18.3 percent in volume to nearly € 1 billion. The aforementioned financing products launched at the beginning of the year were the primary contributor to this growth.

In the Other Financial Services business segment, BSH generated nearly € 3 billion in placement volume, slightly less than in the prior-year period. This segment includes financial services products, investment funds, and insurance offered by cooperative banks and the network partners Union Investment and R+V.

BSH expects new business opportunities from the passage of the Homestead Pensions Act, which will now allow savers to make use of Riester incentives. As part of this new law, owner-occupied residential property will be subsidized by the government as part of private pension provision. BSH is planning to launch a Riester-compliant home savings loan contract (“Wohn-Rente”) this fall following certification by BaFin. In addition, substantially higher energy prices and plans for new energy efficiency standards for residential construction have raised the awareness of buyers and home owners to this issue. In this regard, home savings loans are ideally suited for financing residential energy-saving projects, a market with growing potential for building societies in particular.

Net trading income was € 64 million in the period under review, significantly lower than the prior-year figure of

€ 450 million, which was not yet affected by the turbulence on the financial market. This trend was primarily a result of the customer-account trading related to the financial market crisis which DZ BANK conducted as part of its role as a central institution. Net trading income for this item in the period under review totalled € 20 million (H1 2007: € 412 million).

The reported widening of bond and asset-backed security spreads triggered by the financial market crisis reached its high point during the period under review in mid-March 2008. In the DZ BANK Group, the impact was felt most in the portfolios of DZ BANK, though bond spreads did lessen compared to levels witnessed in mid-March as the reporting period progressed.

Valuation adjustments recorded by DZ BANK against bonds (€ -119 million) and ABSs (€ -153 million) and reflected in net trading income for the first 6 months of 2008 should have a positive effect on income in the future, especially considering the positive rating of DZ BANK's ABS portfolio. These write-downs made within the group in the period under review as a result of the financial market crisis are reported at € -316 million in net trading income.

As private investors continue to seek financial security, DZ BANK was able to capitalize on this sentiment and boost sales of structured retail products. In addition to COBOLD, COBOLD Plus, and EMMA bonds, there was also exceptionally strong demand for AKZENT Invest investment certificates, (limited) guarantee products (e.g. products from the MaxiRend line including the recently added MaxiRend OptiStart), as well as innovative new products such as the Plus Garant commodity certificate.

The dynamic growth in the VR cross-selling segment carried over into the first months of 2008 as sales reached record levels. A clear trend towards products to hedge against rising capital market rates comes in the wake of increased demand from corporate customers for optimized interest subsidy products at the start of the year.

As in 2007 the deposit business with corporate and institutional customers dominated DZ BANK's money market activities. Thanks to the overall stability of the cooperative financial services network, a number of new customers were brought on board, with capital investment companies chief among this group. Overall, the corporate derivatives business also reported generally positive growth trends.

In addition, DZ BANK was able to expand its leading position in the structured products segment despite the financial market turmoil. Both credit-linked notes and commodity asset class products reported significant growth. The recently established hybrid products trading group marked its first transaction on the market with a FX carry trade strategy (DZ Advantage Note). To meet the needs of asset managers in terms of pricing and speed, extra capacity was added in the OTC equity derivatives and structured loan operations.

Net income on investments fell by € -21 million year-on-year to € -180 million, € -26 million of which was attributable to loan loss allowances required as a result of the financial market crisis.

The year-on-year decline in the net income on investments is mainly attributable to DZ BANK's impairment of its stake in NATIXIS S.A., Paris, in the amount of € -139 million, which was carried out in the period under review. DZ BANK's net income for the first half of 2007 primarily included losses resulting from the disposal of available-for-sale bonds.

Other net gains and losses on valuation of financial instruments of € -93 million (H1 2007: € 53 million) include mainly gains and losses on financial instruments designated as at fair value through profit or loss totaling € -126 million. Also included in this item are gains and losses on hedging amounting to € -1 million and net gains on non-trading derivatives of € 34 million. The extremely low level of gains and losses arising on hedging reflects the excellent level of efficiency achieved in DZ BANK Group's hedge accounting.

Other net gains and losses on valuation of financial in struments include valuation adjustments in the amount of € -121 million and relate to bonds in the amount of € -116 million, mainly incurred on bonds of DG HYP.

Net income from insurance operations generated by the R+V Versicherung subgroup amount to € 152 million in the six-month reporting period, after € 206 million in the first half of 2007.

Premiums earned amounted to € 4,410 million in the period under review (H1 2007: € 4,466). Against the back-drop of challenging market conditions and in consideration of intense competitive pressures, R+V benefited from its strong integration within the financial services network of local cooperative banks. Insurance premiums experienced a further increase in the property and casualty insurance subdivision compared with the first half of 2007. Personal insurance companies reported mixed results due to varied conditions for new business. In the traditional private and company pension market, R+V continued to grow, especially in the area of multiple-premium insurance plans. In addition, single-premium fund-related insurance plans reported a year-on-year drop in premiums.

The tense situation on the capital markets had a negative impact on net investment income of insurers at R+V. The greater need for valuation adjustments and lower gains on disposals compared with the prior-year period resulted in a sharp decline in **net investment income of insurers and other income of insurers** amounting to € 437 million.

Allocations for insurance liabilities at personal insurance companies were down in line with lower net investment income. Coupled with a drop in the number of property and personal injury claims, this resulted in a noticeable reduction in **insurance benefits** from € -4,799 million in the first half of 2007 to € -3,900 million.

The **operating expenses of insurers** rose from € 745 million in the first half of 2007 to € 795 million due to the development of collective wage in the insurance industry.

New business growth in the life insurance segment is heavily influenced by the impending introduction of capital gains compensation tax on January 1, 2009, which has led to greater competitive pressures due to rival offers from within the fund industry.

To fully tap the significant growth potential presented by the promising private and company pension market, R+V launched another new and innovative fund-related annuity insurance plan in April 2008 under the name R+V VorsorgeKonzept-Plus as a follow-up to VR-RürupRente, which has already established itself on the market since its introduction in September 2007.

Despite tougher competition, the property and casualty insurance operations reported positive net income growth, especially in the car insurance business. This stemmed from steady growth in premium income as well as fewer claims submitted in the first half of 2008 compared with the above-average number of claims in the first 6 months of 2007, primarily as a result of the highly destructive storm Kyrill.

R+V Krankenversicherung's health insurance premiums once again showed significant growth despite the anticipated impact of the healthcare reforms.

The group's **admimistration expense** rose 1.0 percent year-on-year to € -1,235 million, with other administration expense increasing by 1.4 percent and personnel expenses by 0.6 percent.

The significant expansion of business operations of the DVB and VR LEASING subgroups resulted in a rise in administration expense of 11.1 percent and 5.1 percent in the respective subgroups. DZ BANK posted a 4.2 percent rise in administration expense, with personnel expenses up by 3.0 percent and other administration expense up by 5.8 percent. The increase was primarily a consequence of the costs arising in connection with DZ BANK's strategic growth initiatives.

In the first half of 2008, IT and organization activities at DZ BANK focused on the further improvement of organizational and technical support provided to local cooperative banks.

In the reporting period, DZ BANK and WGZ BANK AG Westdeutsche Genossenschafts-Zentralbank, Düsseldorf (WGZ BANK), continued their ongoing efforts to standardize nationwide securities processing support as part of the expansion of the “Workstation VAP” functionalities; this project is being carried out in partnership with the two cooperative computer centers (FIDUCIA IT AG, Karlsruhe, and GAD eG, Münster) and Deutsche WertpapierService Bank AG, Frankfurt.

Following the successful changeover to a new database system, R+V now supplies data for use in sales management to local cooperative banks by way of the data warehouse of the two cooperative computing centers.

It is important to ensure that the many different investments to increase the earning power of the DZ BANK Group are accompanied by cost-cutting measures. The aim of the DZ BANK Group is to keep IT costs in fiscal 2008 at current levels.

The renovation of Cityhaus I on Platz der Republik in Frankfurt is a major milestone in the property development activities of DZ BANK. At the heart of this project is the complete renovation of the building's facade. The modernization will reduce energy consumption by more than 30 percent and cut CO_2 emissions by more than 40 percent. With this project, DZ BANK is increasing the appeal of Cityhaus I and upgrading the area as a whole. Construction should be completed by the end of 2008.

The group's other net operating income increased by € +116 million to € 67 million (H1 2007: € -49 million). This rise is primarily due to the fact that information shown for the first half of 2007 included provisions amounting to € -109 million set aside for pooling resources in the Real Estate Finance business segment.

TeamBank's other net operating income fell by € 19 million to € -2 million (H1 2007: € 17 million). The change was primarily due to the fact that the previous year's figure contained the refund of expenses related to the IT changeover, as well as compensation payments and follow-up costs resulting from the sale of its branch network concluded in 2006.

The DZ BANK Group's **cost-income ratio** was 53.6 percent in the reporting period (H1 2007: 48.1 percent), excluding valuation adjustments to operating income amounting to € -467 million as a consequence of the financial market crisis; unadjusted, the ratio was 67.3 percent for the period under review.

The **tax expense** of the group amounted to € -108 million in the first 6 months of 2008 (H1 2007: € -305 million).

The **total profit after tax** of the DZ BANK Group was € 388 million, down from € 945 million in the first half of 2007.

5. Regulatory capital

As of June 30, 2008, the regulatory capital of the DZ BANK group, which continues to be calculated on the basis of the HGB financial statements of the individual consolidated companies, exhibited the following trends since the end of 2007:

DZ BANK group's **tier 1 capital** amounted to € 9,096 million (December 31, 2007: € 8,999 million). This € 97 million rise from December 31, 2007, to June 30, 2008, is mainly attributable to the allocation of retained earnings.

Group **tier 2 capital** reached a level of € 2,891 million (December 31, 2007: € 2,863 million).The increase in tier 2 (supplementary) capital amounted to € 28 million in the reporting period. The expiration of the availability of profit participation rights outstanding and long-term subordinated capital was more than offset by the addition of new long-term subordinated capital in the amount of € 505 million by DZ BANK.

DZ BANK had no **tier 3 capital** as of June 30, 2008, or as of December 31, 2007.

Liable capital as measured for the purposes of the Solvency Regulation amounted to € 11,987 million as of June 30, 2008 (December 31, 2007: € 11,862 million).

The total SolvV capital ratio of the group is presently 11.5 percent (December 31, 2007: 10.2 percent), while the tier 1 capital ratio of DZ BANK group in accordance with the SolvV is 8.8 percent (December 31, 2007: 7.7 percent). At the end of the period under review, the capital ratios significantly exceeded the regulatory minimum requirements of 8.0 percent (total capital ratio) and 4.0 percent (tier 1 capital ratio) respectively.

DZ BANK group's **risk capital management** as well as the group's **management of liquidity risks** are described in detail in the risk report on pages 23 ff. and 35 f. of this interim management report. Changes in the cash flows from operating, investing, and financing activities in the reporting period and the preceding six-month period are listed in the consolidated cash flow statement in the consolidated financial statements.

6. Number of branches

As of June 30, 2008, DZ BANK had 4 branches in Germany (in Berlin, Hanover, Stuttgart, and Munich) and 5 foreign branches in London, Milan, New York, Hong Kong, and Singapore.

The 4 German branches oversee 2 sub-offices (in Hamburg and Nuremberg).

7. Segment results

In the following table, DZ BANK group's **total profit before tax** for the first half of 2008 in the amount of € 496 million is broken down by **segment** as follows:

Bank	€ 165 million
Retail	€ 231 million
Real Estate	€ 74 million
Insurance	€ 172 million
Other/Consolidation	€ -146 million

Income statements and details regarding the individual segments are presented in the notes to the interim consolidated financial statements (note 17).

8. Volume performance

The **total assets** of the DZ BANK group as of June 30, 2008, fell by € 1.4 billion, or 0.3 percent, to € 429.9 billion. A decrease in volume at DG HYP amounting to € -5.3 billion was offset by a € 3.9 billion increase in total assets at DZ BANK.

Loans and advances to banks by the DZ BANK group increased by € 3.4 billion, or 4.9 percent, to € 70.9 billion. DZ BANK reported a rise of € 5.3 billion, whereas BSH (€ -1.1 billion), DG HYP (€ -1.1 billion), and DZI (€ -1.0 billion) all reported decreases.

Loans and advances to customers by the DZ BANK group rose by € 3.0 billion, or 2.8 percent, to € 109.3 billion. This trend primarily reflects the change in receivables at DZ BANK, which in the period under review registered a € 2.6 billion rise to € 27.7 billion on the back of robust domestic growth and a new business management system that focuses on the consistent application of conservative risk limits and profitability criteria.

The **financial assets held for trading** at the end of the period under review were down € 1.7 billion, or 1.3 percent, to € 128.3 billion since the end of 2007. The decline largely stems from a € 6.2 billion drop in the value of bonds and other fixed-income securities, which was partially offset by a € 4.9 billion increase in positive fair values from derivatives.

Investments were down € 6.0 billion, or 8.1 percent, to € 67.0 billion, chiefly as a result of a € 5.6 billion reduction in the portfolio size of bonds and other fixed-income securities to € 63.9 billion.

As of June 30, 2008, **deposits from banks** at the DZ BANK Group amounted to € 62.8 billion, representing a year-on-year increase of € 4.9 billion, or 8.3 percent. The rise mainly stems from increases in deposits amounting to € 1.8 billion at DZ BANK and at DZI, respectively.

The **amounts owed to other depositors** decreased by € 1.0 billion, or 1.3 percent, to € 76.6 billion. Customer deposits at DVB increased by € 0.7 billion, while DZI (€ -0.8 billion), BSH (€ -0.4 billion), and DG HYP (€ -0.3 billion) all reported declines.

Debt certificates including bonds amounted to € 64.9 billion at the DZ BANK Group at the end of the period under review (December 31, 2007: € 63.0 billion). DZ BANK reported a rise of € 7.7 billion, while DG HYP and DVB in particular showed declines of € 3.1 billion and € 0.6 billion, respectively.

Financial liabilities held for trading decreased by € -5.6 billion, or -3.5 percent, to € 157.6 billion. This decline includes a reduction in liabilities from money market deposits of € 12.1 billion, whereas especially negative fair values from derivatives increased by € 6.5 billion.

Total equity, stated by the DZ BANK group, including minority interest, was € 10,093 million (December 31, 2007: € 11,003 million); this includes an increase of € +158 million in retained earnings to € 3,490 million (December 31, 2007: € 3,332 million) and a € -134 million decrease in minority interest to € 3,350 million. The revaluation reserve was down in the period under review by € 1,032 million to € -876 million, mostly as a result of a change in the value of available-for-sale financial instruments. This change in value includes valuation adjustments of € -771 million to the available-for-sale portfolios as a result of the crisis on the financial markets.

II. Risk report

The risk reporting in the interim report of the DZ BANK Group is conducted in accordance with IAS 34 in compliance with the provisions of § 37w of Germany's Securities Trading Act and the German Accounting Standard 16. The regulatory semi-annual risk reporting for the DZ BANK banking group ("Column 3 reporting"), performed on a voluntary basis under observation of §§ 319 - 337 of the Solvency Regulation, is conducted in a separate report published on the DZ BANK website.

1. Risk management system

The objectives of risk management in the DZ BANK Group and the relevant categories of risk correspond to the information provided on page 92 of the risk report in the 2007 annual report.

All companies specified on page 92 of the risk report in the 2007 annual report are integrated into risk management according to the materiality of the risks involved. Since January 1, 2008, DZ BANK Polska S. A., Warszawa (DZ BANK Polska), has been added to the group of companies under administrative control.

The following substantive changes to the risk management system of the DZ BANK Group took effect after December 31, 2007:
– Since January 1, 2008, the risk capital requirements for all model-based risks and management entities has been uniformly set at a confidence level of 99.95 percent. Until fiscal 2007, a confidence level of 99.90 percent was applied
– The liquidity ratio previously used in group-wide liquidity risk reporting, which had been calculated on a quarterly basis according to the standard procedures prescribed in the Liquidity Regulation, was replaced by a figure derived from an internal liquidity risk model
– The method for measuring strategic risk in the group was partially revised

In addition, there were no major changes to the risk management system or the composition and duties of the risk management committees of the DZ BANK Group.

2. Risk capital management

Risk capital management is a key component of corporate management in the DZ BANK Group. Active economic capital adequacy management based on internal risk measurement methods and in compliance the regulatory capital adequacy requirements acts to ensure that risk retained at no time exceeds the capital resources of the group.

Management of economic capital adequacy

The aggregate risk cover of the DZ BANK Group amounted to € 12,186 million for the financial year 2008 (2007: € 11,564 million). This provided the basis for the Board of Managing Directors to define the allocated risk capital for 2008. The available risk capital is adjusted on a monthly basis and may fluctuate over the course of the year due to commercial valuations. As of June 30, 2008, this figure was near the value originally established for 2008.

The table on page 24 shows that the total **upper loss limit** for the group for the financial year increased to € 10,525 million (2007: € 9,631). The rise in the upper loss limits for market price and equity risks is largely a result of the financial market crisis that has been ongoing since mid-2007, an increase in the confidence level, and improvements to the procedure for measuring market price risk. This was partially offset by lower levels in other categories of risk. The reduction in strategic risk was mainly attributable to improvements in the method used to calculate collective risk in building society operations.

Upper loss limits and risk capital requirement

	Upper loss limit		Risk capital requirement	
in € million	30.06.2008	31.12.2007	30.06.2008	31.12.2007
Credit risk	4,116	4,129	3,154	2,724
Equity risk	1,019	918	930	881
Market price risk	4,421	3,202	3,416	2,320
Insurance risk	1,379	1,400	1,252	1,196
Operational risk	590	745	561	590
Strategic risk	1,074	1,340	956	1,184
Total after diversification	**10,525**	**9,631**	**8,577**	**7,282**

Capital requirements for market price risks increased from € 2.3 billion on December 31, 2007, to € 3.4 billion on June 30, 2008. This stems from an increase in the value-at-risk of DZ BANK and BSH, further enhancements to the measurement procedure in use at DG HYP, DVB, and DZ BANK Ireland plc (DZ BANK Ireland), as well as the inclusion of VR-LEASING and DZ BANK Polska in the calculation for the first time.

Group-wide standardized **stress tests** are performed at a company level for each of the categories of risk involved in risk capital management (credit risk, equity risk, market price risk, underwriting risk, operational risk, and strategic risk). None of the tests completed as of the reporting date of June 30, 2008, indicated that the presence of any threat to the risk capacity of the DZ BANK Group.

Management of regulatory capital adequacy

Regulatory solvency requirements are strictly observed for the DZ BANK Financial Conglomerate, the DZ BANK Banking Group and R+V Insurance Group, in addition to economic capital management – the primary reference point for managing business activities.

The **DZ BANK Financial Conglomerate** consists of the DZ BANK banking group and the R+V insurance group. Calculations performed to determine the solvency of the financial conglomerate as per the reporting date of June 30, 2008, indicate that the DZ BANK financial conglomerate surpasses the minimum regulatory requirements.

The total regulatory capital and total capital ratios of the **DZ BANK banking group** can be found in the Business Performance Report starting on page 20 of this interim management report. As of June 30, 2008, the regulatory capital adequacy with regards to the applicable categories of risk was calculated at € 8,317 million (December 31, 2007: € 9,309 million). Since January 1, 2008, the credit and equity risk positions of DVB, DZ BANK Ireland, and Union Asset Management Holding, Frankfurt/Main (Union Asset Management Holding), have been subject to the equity requirements of the Solvency Regulation.

R+V uses the defined regulatory requirements for the **solvency of insurance companies** as the starting point for evaluating its overall risk position. All R+V insurance group subsidiaries and the insurance group itself satisfy these solvency standards even before their hidden reserves are taken into account.

3. Credit risk

Analysis of the credit portfolio

Changes in total credit volume over the year

The following analysis of the credit portfolio is performed according to the specifications delineated on page 107 of the risk report in the 2007 annual report. The total credit extended by the DZ BANK Group increased by 0.5 percent compared with December 31, 2007, from € 362.6 billion to € 364.4 billion, essentially due to the expansion of securities-related operations. Only minor deviations from the average level of receivables registered in the first half of 2008 were reported in the traditional lending business, the securities business, and derivatives and money market trading.

Structure of the total credit portfolio

The **industry structure** of the credit portfolio shown in the table below in comparison with the status on December 31, 2007 illustrates that the DZ BANK Group has continued to pursue diversification in lending. The leading group companies invest much of their free liquidity in high-grade securities. As a result, this investment policy contains a high share of loans and advances to banks. The remaining portfolio is broken down into syndicated business conducted in partnership with the local cooperative banks, the direct corporate lending business of DZ BANK and DVB with domestic and foreign clients, the combined retail operations of BSH and DG HYP in the real estate financing segment, and the consumer lending business of TeamBank.

The geographic distribution of the credit portfolio by **country risk group** is shown in the table on page 25. As of June 30, 2008, 95 percent of the total lending volume

Credit risk concentration by industry

	Credit volume					
	Traditional lending business		Securities business		Derivatives and money market business	
in € billion	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007
Financial sector	72.4	65.8	80.6	84.1	19.0	15.7
Public sector (administration/government)	11.2	11.7	30.1	34.9	0.1	0.1
Corporates	70.6	67.2	13.8	12.9	1.2	0.9
Retail	37.9	38.4	14.4	16.9	0.0	0.0
Industry Conglomerates	3.3	3.1	5.9	7.4	2.1	2.3
Other	1.7	1.2	0.0	0.0	0.0	0.0
Total	**197.2**	**187.4**	**144.8**	**156.2**	**22.4**	**19.0**

Credit risk concentration by country group

	Credit volume					
	Traditional lending business		Securities business		Derivatives and money market business	
in € billion	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007
Germany	150.8	144.8	59.3	64.9	8.1	7.3
EMU countries (exc. Germany)	11.1	9.7	53.3	56.4	8.6	7.2
Other EU countries	6.0	5.1	11.8	12.3	3.5	2.3
Other industrialized nations	15.7	14.6	18.3	20.3	1.7	1.5
Non-industrialized countries	13.6	13.2	2.0	2.3	0.5	0.7
Total	**197.2**	**187.4**	**144.8**	**156.2**	**22.4**	**19.0**

stemmed from Germany and the other industrial countries (December 31, 2007: 96%).

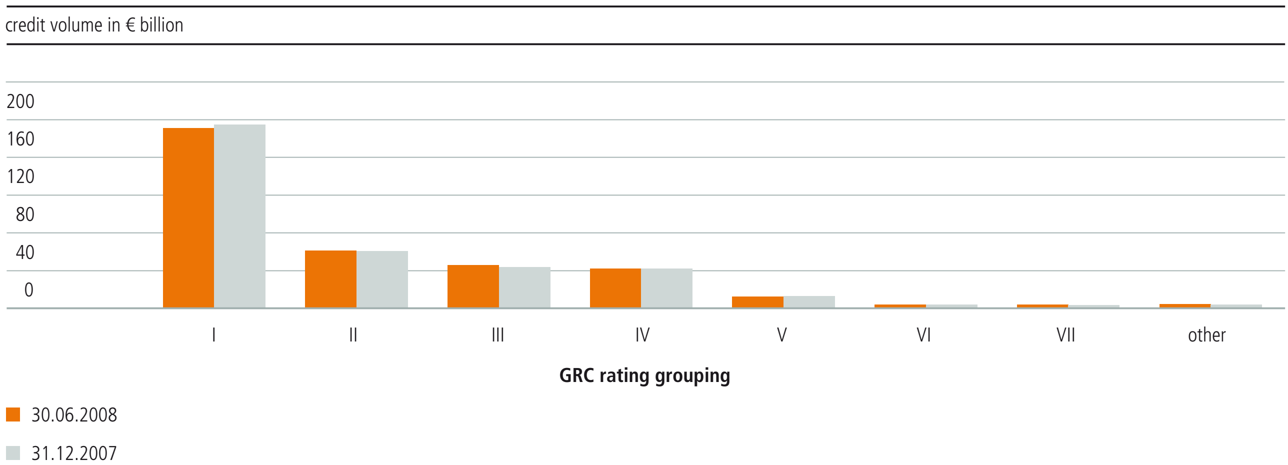
As can be seen from the **maturity date structure** of the credit portfolio shown in the table titled "Credit volume by residual terms to maturity," the focus of the DZ BANK Group's traditional lending business is on medium- to long-term loans, whereas its money market operations are more heavily geared towards a shorter term maturity band of up to one year.

The "Rating structure for credit volume" chart shows the consolidated credit volume by **GRC rating grouping** approved by the Group Risk Committee (GRC). The assignment of risk grades to GRC rating groups based on the subsidiaries' rating systems is performed according to the specifications provided on page 102 of the risk report in the 2007 annual report. "Other" contains business partners where no such rating is required. Rating groups I to III (investment grade) had the most entries and accounted for over 82 percent of the total credit volume on June 30, 2008. Defaulted loans (assigned to class VII) remained at the low level reported on December 31, 2007, and are equivalent to just under 1 percent of the DZ BANK Group's total lending portfolio.

Credit volume by residual maturity

	Credit volume					
	Traditional lending business		Securities business		Derivatives and money market business	
in € billion	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007
≤ 1 year	62,9	50,2	59,2	63,3	19,3	18,0
> 1 to ≤ 5 years	51,7	51,6	33,5	33,6	1,6	0,3
> 5 years	82,5	85,6	52,1	59,3	1,5	0,7
Total	**197,2**	**187,4**	**144,8**	**156,2**	**22,4**	**19,0**

Credit rating structure of the credit portfolio



Past due but not impaired credit volume by industry

	Credit volume									
	Past due but not impaired credit volume									
	Past due by up 5 days		Past due > 5 days to 1 month		Past due > 1 to 2 months		Past due > 2 to 3 months		Past due > 3 months	
in € million	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007
Financial sector	5	1	3	1	2	3	1	1	23	6
Public sector (administration/ government)	133	89	3	4	0	5	0	21	1	1
Corporates	281	305	126	240	61	129	19	42	183	192
Retail	452	447	24	19	22	21	11	11	116	129
Industry Conglomerates	0	0	0	0	0	0	0	0	0	0
Other	0	0	17	6	5	13	3	3	8	8
Total	**870**	**842**	**174**	**270**	**90**	**171**	**34**	**78**	**330**	**336**

Past due but not impaired credit volume by country group

	Credit volume									
	Past due but not impaired credit volume									
	Past due by up 5 days		Past due > 5 days to 1 month		Past due > 1 to 2 months		Past due > 2 to 3 months		Past due > 3 months	
in € million	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007
Germany	837	764	164	187	81	168	30	52	295	321
EMU countries (exc. Germany)	8	10	0	52	4	0	0	1	6	9
Other EU countries	0	29	1	20	0	0	1	0	2	0
Other industrialized nations	16	3	0	4	0	0	0	0	0	1
Non-industrialized countries	8	36	8	7	5	3	3	25	27	5
Total	**870**	**842**	**174**	**270**	**90**	**171**	**34**	**78**	**330**	**336**

Structure of past due but not impaired credit portfolio
The two tables above show the past due but not impaired credit volume by industry and country. These figures are primarily based on volumes from the traditional lending business. The past due credit volume with a residual term to maturity of more than three months, totaling € 330 million (December 31, 2007: € 336 million), largely stems from real estate financing transactions backed by collateral.

Structure of the credit portfolio with specific allowance
The tables on page 28 show credit volume with specific loan loss allowance. Credit volume after impairment

Credit volume in the portfolio with specific loan loss allowance by industry

	Credit volume of the portfolio with specific loan loss allowance					
	Total before impairment		Total impairment		Total after impairment	
in € million	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007
Financial sector	1,237	14	14	20	1,227	4
Public sector (administration/government)	25	1	0	0	25	1
Corporates	1,746	1,917	880	960	913	1,028
Retail	1,624	4,700	524	507	1,121	4,211
Industry Conglomerates	122	0	9	0	113	0
Other	69	17	95	24	63	10
Total	**4,823**	**6,649**	**1,522**	**1,511**	**3,461**	**5,254**

Credit volume in the portfolio with specific loan loss allowance by country group

	Credit volume of the portfolio with specific loan loss allowance					
	Total before impairment		Total impairment		Total after impairment	
in € million	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007
Germany	3,114	6,009	1,243	1,305	1,940	4,820
EMU countries (exc. Germany)	557	74	29	27	528	45
Other EU countries	319	210	32	58	278	170
Other industrialized nations	619	197	65	81	563	120
Non-industrialized countries	213	159	153	40	151	99
Total	**4,823**	**6,649**	**1,522**	**1,511**	**3,461**	**5,254**

amounted to € 3,461 million on June 30, 2008 (December 31, 2008: € 5,254 million). The steep decline stems from the fact that lump-sum specific loan loss allowances for the retail operation of TeamBank are no longer shown. This is in line with standard procedure in the DZ BANK Group.

In the tables showing credit volume, the "Total impairment" column contains potential reversals of specific allowance which have not led to an actual reversal in the reporting period. As a result, these amounts are not the same as the mathematical difference between the specific impairment amount and the total impairment.

ABS portfolio structure

The total ABS investments of the DZ BANK Group amounted to € 26.4 billion on June 30, 2008 (December 31, 2007: € 30.4 billion). Claims against special-purpose entities accounted for € 4.9 billion of this figure (December 31, 2006: € 5.0 billion). Conduits are mostly provided for customers who are securitizing their own receivables through these companies. As of June 30, 2008, AAA tranches make up 82 percent of the securitization exposures on the balance sheet (December 31, 2007: 92 percent). Another 9 percent (December 31, 2007: 7 percent) were AA rated. The underlying receivables are regionally diversified, with a majority from Europe, the US, and Australia. The portfolio has a strong focus on residential and commercial real estate financing products. As of June 30, 2008, 10 percent of on-balance sheet investor positions were in US residential mortgage-back securities from the subprime segment (December 31, 2007: 15 percent). In addition, the portfolio contained collatalerized debt obligations amounting to €1.6 billion on the reporting date (December 31, 2007: € 1.7 billion). Valuation discounts amounting to € 773 million were made in the portfolio of banks in the DZ BANK Group in the first half of 2008.

The securitization and leveraged financial disclosure recommendations found in the "Report of the Financial Stability Forum on Enhancing Market and Institutional Resilience" of April 7, 2008, are published in the 2008 regulatory semi-annual risk report of the DZ BANK banking group.

Analysis of impairment losses on loans and advances

The tables on pages 30 to 33 show the reconcilliation of the impairment accounts, provisions for loan commitments as well as liabilities from financial guarantees and loan commitments for the first half of 2008 and the corresponding period in 2007. The reported impairment for losses on loans and advances are also shown in the notes to the interim consolidated financial statements. Deviations between the figures indicated in the risk report and the notes are mainly attributable to different bases of consolidation.

In the first half of fiscal 2008, the specific loan loss allowances of the DZ BANK Group remained essentially unchanged from the first half of 2007. The reasons indicated on pages 114 and 115 of the risk report in the 2007 annual report for deviations in the stated provisions between the risk report and interim consolidated financial statements also apply to the risk report in the interim report.

Allowances by industry – January 1 to June 30, 2008

Industry	Reconciliation of the allowance for losses on loans and advances							
in € million	As of 01.01.2008	Additions	Amounts used	Reversal	Changes not affecting net income	As of 30.06.2008	Direct write-offs	Recoveries on loans and advances previously written off
Specific loan loss allowances[1]								
Financial sector	20	1	-4	-2	2	17	0	0
Public sector (administration/government)	0	0	0	0	0	0	0	0
Corporates	960	52	-61	-67	8	892	7	2
Retail	507	144	-46	-82	1	524	24	7
Industry Conglomerates	0	0	0	0	0	0	0	0
Other	24	90	-3	-1	-20	90	0	0
Total specific loan loss allowances	**1,511**	**287**	**-114**	**-152**	**-9**	**1,523**	**31**	**9**
Portfolio loan loss allowances	324	14	-2	-60	0	276	0	0
Total allowance	**1,835**	**301**	**-116**	**-212**	**-9**	**1,799**	**31**	**9**

[1] Including aggregate specific loan loss allowance.

Allowances by industry – January 1 to June 30, 2007

Industry	Reconciliation of the allowance for losses on loans and advances							
in € million	As of 01.01.2007	Additions	Amounts used	Reversal	Changes not affecting net income	As of 30.06.2007	Direct write-offs	Recoveries on loans and advances previously written off
Specific loan loss allowances[1]								
Financial sector	20	1	0	0	0	21	0	0
Public sector (administration/government)	0	0	0	0	0	0	0	0
Corporates	1,162	56	-58	-76	-2	1,082	4	3
Retail	497	130	-67	-70	-7	483	7	4
Industry Conglomerates	0	0	0	0	0	0	0	0
Other	9	1	-1	-2	0	7	0	1
Total specific loan loss allowances	**1,688**	**188**	**-126**	**-148**	**-9**	**1,593**	**11**	**8**
Portfolio loan loss allowances	381	21	0	-13	0	389	0	0
Total allowance	**2,069**	**209**	**-126**	**-161**	**-9**	**1,982**	**11**	**8**

[1] Including aggregate specific loan loss allowances.

Provisions for loan commitments and liabilities arising from financial guarantees by industry – January 1 to June 30, 2008

	Reconciliation of the provisions					
in € million	As of 01.01.2008	Additions	Amounts used	Reversals	Changes not affecting net income	As of 30.06.2008
Financial sector	15	0	-1	-1	0	13
Public sector (administration/government)	0	0	0	0	0	0
Corporates	73	6	0	-5	4	78
Retail	1	0	0	0	0	1
Industry Conglomerates	0	0	0	0	0	0
Other	75	0	0	-6	-2	67
Total	**164**	**6**	**-1**	**-12**	**2**	**159**

Provisions for loan commitments and liabilities arising from financial guarantees by industry – January 1 to June 30, 2007

	Reconciliation of the provisions					
in € million	As of 01.01.2007	Additions	Amounts used	Reversals	Changes not affecting net income	As of 30.06.2007
Financial sector	23	0	-4	-1	0	18
Public sector (administration/government)	0	0	0	0	0	0
Corporates	73	1	0	-2	1	73
Retail	1	0	0	0	0	1
Industry Conglomerates	0	0	0	0	0	0
Other	12	1	0	0	0	13
Total	**109**	**2**	**-4**	**-3**	**1**	**105**

Allowances by country group – January 1 to June 30, 2008

Country group	Reconciliation of the provisions							
in € million	As of 01.01.2008	Additions	Amounts used	Reversal	Changes not affecting income	As of 30.06.2008	Direct write-offs	Recoveries on loans and advances previously written off
Specific loan loss allowances[1]								
Germany	1,305	179	-100	-122	-6	1,256	30	8
EMU countries (exc. Germany)	27	2	-5	-5	0	19	0	0
Other EU countries	58	14	-3	-11	1	59	1	0
Other industrialized nations	81	3	-4	-12	-2	66	0	1
Non-industrialized countries	40	89	-2	-2	-2	123	0	0
Total specific loan loss allowances	**1,511**	**287**	**-114**	**-152**	**-9**	**1,523**	**31**	**9**
Portfolio loan loss allowances	324	14	-2	-60	0	276	0	0
Total allowance	**1,835**	**301**	**-116**	**-212**	**-9**	**1,799**	**31**	**9**

[1] Including aggregate specific loan loss allowances.

Allowances by country group – January 1 to June 30, 2007

Country group	Reconciliation of the provisions							
in € million	As of 01.01.2007	Additions	Amounts userd	Reversal	Changes not affecting income	As of 30.06.2007	Direct write-offs	Recoveries on loans and advances previously written off
Specific loan loss allowances[1]								
Germany	1,459	175	-124	-129	-6	1,375	7	8
EMU countries (exc. Germany)	25	1	-1	-1	0	24	1	0
Other EU countries	70	4	0	-3	1	72	4	0
Other industrialized nations	91	7	-2	-15	0	81	0	0
Non-industrialized countries	43	1	1	0	-4	41	-1	0
Total specific loan loss allowances	**1,688**	**188**	**-126**	**-148**	**-9**	**1,593**	**11**	**8**
Portfolio loan loss allowances	381	21	0	-13	0	389	0	0
Total allowance	**2,069**	**209**	**-126**	**-161**	**-9**	**1,982**	**11**	**8**

[1] Including aggregate specific loan loss allowances.

Provisions for loan commitments and liabilities arising from financial guarantees by country group – January 1 to June 30, 2008

	Reconciliation of the provisions					
in € million	As of 01.01.2008	Additions	Amounts used	Reversal	Changes not affecting income	As of 30.06.2008
Germany	81	6	-1	-5	4	85
EMU countries (exc. Germany)	0	0	0	0	0	0
Other EU countries	0	0	0	0	0	0
Other industrialized nations	7	0	0	0	0	7
Non-industrialized countries	76	0	0	-7	-2	67
Total	**164**	**6**	**-1**	**-12**	**2**	**159**

Provisions for loan commitments and liabilities arising from financial guarantees by country group – January 1 to June 30, 2007

	Reconciliation of the provisions					
in € million	As of 01.01.2007	Additions	Amounts used	Reversal	Changes not affecting income	As of 30.06.2007
Germany	87	1	-4	-3	1	82
EMU countries (exc. Germany)	1	0	0	0	0	1
Other EU countries	0	0	0	0	0	0
Other industrialized nations	8	0	0	0	0	8
Non-industrialized countries	13	1	0	0	0	14
Total	**109**	**2**	**-4**	**-3**	**1**	**105**

4. Market price risk

Analysis of market price risk
Changes to value-at-risk for various categories of market price risk with regard to the trading operations and the non-trading portfolio of the banking operations in the first half of 2008 can be found in the table on page 34.

Developments in the overall value-at-risk of the trading operations of the DZ BANK Group are shown in the chart on the bottom of page 34. The increase in risk observed in March 2008 is mainly attributable to DZ BANK's portfolios. This date marked the peak in the financial market crisis so far. At the same time, volatility in credit spreads, particularly in the banking sector, increased significantly once again.

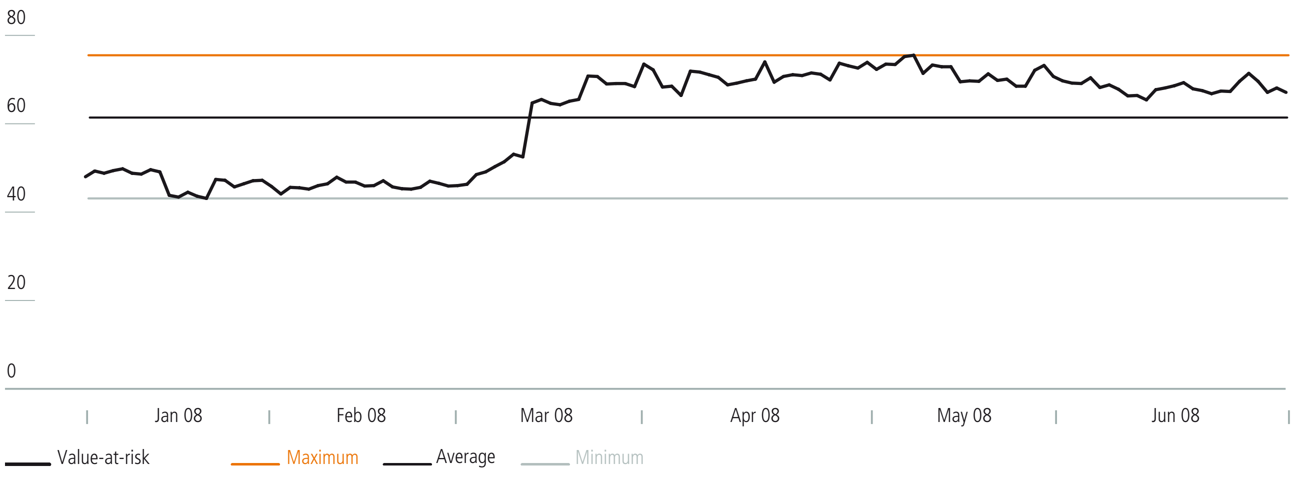
Value-at-risk of banking business[1]

in € million	Interest rate risk	Spread risk	Stock risk	Currency risk	Commodity risk	Diversification effect[2]	Total
Trading departments							
30.06.2008	**14**	**67**	**6**	**2**	**1**	**-23**	**67**
Average	8	60	4	2	0	-13	61
Maximum	25	77	7	4	1	-35	76
Minimum	4	39	2	1	0	0	43
31.12.2007	**4**	**49**	**5**	**2**	**1**	**-15**	**46**
Non-trading portfolios							
30.06.2008	**25**	**30**	**9**	**3**	**2**	**-9**	**60**
Average	25	27	9	3	1	-9	56
Maximum	34	32	11	4	2	-13	69
Minimum	20	16	5	2	0	-5	40
31.12.2007	**22**	**16**	**6**	**3**	**0**	**-6**	**41**

[1] Value-at-risk at a confidence level of 99 percent, 1 day holding period, and 1 year observation period as well as on the basis of company-specific models. The banking business includes the following companies additively DZ BANK, DG HYP, DVB, DZI, DZ BANK Ireland, TeamBank, and Union Asset Management Holding as well as DZ BANK Polska since January 1, 2008.
[2] Total diversification effects between th e market price risk types for all consolidated group companies.

Value-at-risk in trading operations

in € million; 99.00 % confidence level, 1 trading day as holding period



5. Liquidity risk

Management of liquidity risk

Liquidity up to one year
The liquidity risk management system of the DZ BANK Group as a whole is modeled on DZ BANK's internal liquidity risk model. It involves three stress scenarios: "Downgrading," "Company crisis," and "Market crisis," which are simulated on a daily basis for the entire group. For each scenario, the minimum cash surplus is calculated as a means of quantifying the minimum amount that would be available in the event any of the scenarios were to occur within the next year. To this end, the cumulative forward cash exposure is set against the available counter-balancing capacity.

The cash surplus for the stress scenarios is uniformly restricted to the minimum quantity established by the Board of Managing Directors. Adherence to the limit is monitored each day by DZ BANK's controlling department. The parameter values imposed by the stress tests analyze extreme crisis events related to the particular scenario in question. Since the internal liquidity model was implemented, the limit has not fallen below the minimum cash surplus in any of the scenarios.

Overall liquidity movements
As of March 2008, the total liquidity flows are also calculated on a daily basis for the DZ BANK Group and at an individual company level. This information is then reported to the committees responsible for strategic liquidity.

Analysis of liquidity risks
The financial market crisis, which began in mid-2007, continued into the first six months of the fiscal year. Liquidity management in the DZ BANK Group was performed as part of the standard daily business workflows in the period under review. The liquidity gaps determined using the internal liquidity risk model do not point to any mismatches in the refinancing profile that could potentially threaten the existence of the company in the second half of the fiscal year. Daily stress testing performed at a DZ BANK Group level on short-term liquidity (less than one year) shows that there would still be cash surpluses even if highly unlikely crisis events were to occur.

6. Insurance risk

Analysis of the default risk for credit insurance business

As of June 30, 2008, the insured volume at R+V's credit insurance business amounted to € 15.3 billion (December 30, 2008: € 14.4 billion). The growth in volume is a reflection of the expansion of the client base to include new customer groups through the addition of new products and as well as a general upswing in the construction sector. R+V's banking/lending division and its sub-units have not been affected by the current financial market crisis. None of its units secures guarantees on bond interest and redemption payments, default risks on debt instruments, or credit risks from corporate and mortgage banks.

7. Summary

The DZ BANK Group as a whole and the individual group companies remained within their economic risk capacity in the first half of the financial year while also meeting regulatory requirements at all times. The risks for the second half of the financial year are much the same as those presented for the entire financial year in the risk report of the 2007 annual report. There is no discernable risk to the existence of the company. The economic capital adequacy is assured for the second half of financial 2008. Extrapolating the capital market situation at the end of 2007 to December 31, 2008, the solvency requirement is fulfilled for the DZ BANK financial conglomerate, the DZ BANK banking group, and the R+V insurance group along with their subsidiaries. The opportunities available in the remaining six months of 2008 will be described in the outlook section of the interim report.

III. Outlook

General outlook

According to projections, the German economy will cool off significantly as the year progresses. Private consumption will be lower as energy costs rise along with an increase in basic food prices.

Industrial production will likely continue to prop up the economy, but this, too, will probably drop off later in the year. Manufacturing is under pressure from rising commodity prices and the relative strength of the euro against the dollar and other currencies. Growth in demand for capital goods, especially interest-sensitive construction investments, may slow markedly over the remainder of the year due to effects of the ECB's monetary policy.

The US real estate crisis will remain a cause for concern on the financial markets. The banking sector will continue to focus on the associated financial market turmoil. According to DZ BANK estimates, investor confidence will not rise again until 2009.

In view of the general economic environment, the Board of Managing Directors anticipates that the opportunities available this year and next will outweigh the risks presented in the risk report.

Competition in all business segments will continue to intensify. Further consolidation in the German banking sector will lead to greater competitive pressures, while at the same time international banks will likely seek to expand their market position in Germany.

The DZ BANK Group expects a year-on-year rise in operating income in 2008 and a continuation of this growth in 2009.

Plans by TeamBank to market easyCredit through its private lending business, expand its corporate customer business operated directly by the cooperative banks, and increase marketing activities targeted at corporate customers on a group level should provide a significant boost to net interest income. Allowances for losses on loans and advances are also expected to rise as business operations are expanded.

The net fee and commission income at the DZ BANK Group is slightly lower in the current financial year to date. Falling performance fees due to the current situation on the financial markets will cause this figure to decrease. A rise in net fee and commission income is expected in the second half of 2008 due to the increased promotion of DZ BANK's certificate business and efforts to take greater advantage of volume in Private Portfolio Strategy (PPS) asset management within the network. Furthermore, commission fees paid to cooperative banks are expected to rise in line with the growth in new business volume in the consumer loan business, while the Asset Management and Private Banking business segments should also continue to expand.

In all likelihood, net trading income will be affected by turbulence on the financial markets. The first signs of a pick-up in business performance hold promise for an improvement over 2007, although based on information currently available it will not be possible to achieve the target figures for 2008.

The growth in business volume will require the hiring of additional staff in the second half of 2008 and in 2009. This will result in a moderate increase in the administration expense of the DZ BANK Group as of 2009. The cost-income ratio will improve in the second half of 2008 into 2009 due to higher net income.

Outlook by segment

The financial market crisis and continued uncertainty will likely impact net income in the Bank business segment. Downward valuation adjustments will result in lower net trading income in the second half of 2008. The positive effects of the Investment Banking growth initiative will not be able to offset these charges. Net interest income from operations is expected to rise as a consequence of an expansion of the joint lending business of DZ BANK and the cooperative banks along with the expansion of the market position in the upper end of the corporate banking segment.

VR LEASING is beginning to generate more of its net interest income from referral business with the cooperative financial services network. In addition, in 2008 income is experiencing the favorable effects of growth in international operations, above all in the area of acquisition and trade financing, as well as DVB's transport finance business. An increase in allowances for losses on loans and advances is also planned as part of the expansion of operations. The addition of extra capacity in line with the growth-oriented strategies may lead to an increase in the administration expense. Due to these income factors, the cost-income ratio will not experience a sustained decline until 2009.

Over the coming years, process management should benefit from qualitative growth in the card business and the added positive effects from the implementation of SEPA. Further improvements related to securities processing and internal consolidation are contributing factors to the success of the processing services business segment.

Although Corporate Banking activities will improve the outlook for the Bank business segment in the coming year, lower margins on standardized products may dampen profits somewhat. In addition, the business is exposed to intense competition. Existing uncertainty on the financial markets may continue to weaken investment banking profits.

The current income from the volume assets under management in the **Retail business segment** is projected to come in lower in 2008 due to the poor performance of international capital markets. In all likelihood, the negative impact on net fee and commission income will not be offset by other activities.

Overall growth prospects will not show improvement until 2009. By pooling resources under DZ Wealth Management, it is possible to further integrate the activities of the group companies and more effectively manage the private banking activities of the DZ BANK Group. In addition, net fee and commission income is expected to grow in conjunction with the repositioning of Union Investment from a product to a retail solution provider within the cooperation financial services network.

TeamBank is pursuing a strategy to more effectively tap the market through the partner banks by narrowing its focus and introducing new sales structures. The easyCredit product should make it possible to generate higher interest income before the end of 2008 despite sluggish growth in market volume for domestic consumer loans.

Increasing competition from foreign banks, coupled with related price pressures, may result in lower profits in the segment. In the Asset Management business segment, impairment of assets under management represents a further risk as this may depress related net fee and commission income and lower net cash flows.

The realignment of the **Real Estate Finance business segment** begun in 2007 resulted in a consolidation of income in the current year. The accompanying investments will lead to a higher administration expense in 2008. Stable growth in operating income for the segment is not expected until 2009. The restructuring process at DZ BANK is proceeding according to schedule.

A slight rise in volume of new residential construction financing transactions is expected on the strength of BSH's excellent market position. The strategic realignment at DG HYP to focus on the commercial property financing business is also projected to boost new business volume. Furthermore, risk provisions are expected to grow at a stable rate in line with general business trends.

Growing competition and falling margins may negatively impact the earnings performance of the property financing business. Efforts initiated as part of the realignment may also fall short of expectations.

In view of difficult conditions on the market and in the insurance industry overall, high growth rates in the **Insurance business segment** are not expected in the coming years. As a result of long-term initiatives, premiums should grow in line with the market, thereby maintaining a strong competitive position.

The establishment of the R+V Group as a preferred partner for pensions and insurance within the network should lay the groundwork for profitable growth in the future. An appealing and innovative product range, especially in the area of old-age pensions, is promoting partnerships within the financial services network.

According to forecasts, the net income from insurance operations in 2008 will come in below 2007 levels. It will likely not prove possible to offset lower net investment income with lower insurance benefits. In 2008 the effects of the capital gains compensation tax are applying downward pressure on growth for demand in life insurance products.

The administrative cost ratio will at minimum remain unchanged or improve slightly in the coming year, with the aim of ensuring that the rise in the administration expense (excluding acquisition costs) does not outpace the growth in insurance premiums.

The impact of Germany's new Insurance Contract Law, recent healthcare reform, and extraordinary events on the capital market may affect the group's ability to achieve earnings targets.

Overall, net income of the DZ BANK Group is expected to improve year-on-year despite the difficult business environment. A narrower strategic focus should lead to an increase in net income in the second half of 2008 and into financial year 2009, with long-term growth prospects enhanced by new investments and initiatives.

The opening of merger talks between DZ BANK and WGZ BANK represents the first step towards further improvements in joint corporate structures that will strengthen the cooperative financial services network over the long term. At present it is not possible to estimate the effect on net income.

Interim Consolidated Financial Statements

Income Statement for the Period January 1 to June 30, 2008

in € million	(Note)	01.01. – 30.06.2008	01.01. – 30.06.2007	Change in %
Interest income and current income		5,986	5,408	10.7
Interest expenses		-4,595	-3,982	15.4
Net interest income	(4)	**1,391**	**1,426**	**-2.5**
Impairment losses on loans and advances	(5)	-105	-71	47.9
Net interest income after impairment losses on loans and advances		**1,286**	**1,355**	**-5.1**
Fee and commission income		1,179	1,227	-3.9
Fee and commission expenses		-744	-748	-0.5
Net fee and commission income	(6)	**435**	**479**	**-9.2**
Net trading income	(7)	64	450	-85.8
Net income on investments	(8)	-180	-21	> 100.0
Other net gains and losses on valuation of financial instruments	(9)	-93	53	> 100.0
Premiums earned	(10)	4,410	4,466	-1.3
Net investment income of insurers and other income of insurers	(11)	437	1,284	-66.0
Insurance benefits	(12)	-3,900	-4,799	-18.7
Operating expenses of insurers	(13)	-795	-745	6.7
Administration expense	(14)	-1,235	-1,223	1.0
Other net operating income	(15)	67	-49	> 100.0
Total profit before tax		**496**	**1,250**	**-60.3**
Tax expense	(16)	-108	-305	-64.6
Total profit after tax		**388**	**945**	**-58.9**
attributable to:				
Shareholders of DZ BANK		232	744	-68.8
Minority interest		156	201	-22.4

Balance Sheet as at June 30, 2008

Assets

in € million	(Note)	30.06.2008	31.12.2007	Change in %
Cash and cash equivalents	(18)	1,923	1,442	33.4
Loans and advances to banks	(19)	70,867	67,531	4.9
Loans and advances to customers	(20)	109,268	106,307	2.8
Allowances for losses on loans and advances	(21)	-1,786	-1,822	-2.0
Derivatives used for hedging	(22)	457	557	-18.0
Financial assets held for trading	(23)	128,309	130,025	-1.3
Investments	(24)	67,013	72,957	-8.1
Investments of insurers	(25)	46,950	47,376	-0.9
Property, plant, and equipment, and investment property	(26)	1,573	1,712	-8.1
Tax assets		1,969	2,029	-3.0
Other assets	(27)	3,291	3,051	7.9
Non-current assets classified as held for sale and disposal groups	(28)	60	172	-65.1
Fair value changes of the hedged items in portfolio hedges of interest rate risk		-29	–	–
Total assets		**429,865**	**431,337**	**-0.3**

Equity and liabilities

in € million	(Note)	30.06.2008	31.12.2007	Change in %
Deposits from banks	(29)	62,771	57,935	8.3
Amounts owed to other depositors	(30)	76,558	77,595	-1.3
Debt certificates including bonds	(31)	64,865	62,996	3.0
Derivatives used for hedging	(32)	466	622	-25.1
Financial liabilities held for trading	(33)	157,565	163,196	-3.5
Provisions	(34)	1,525	1,717	-11.2
Insurance liabilities	(35)	45,592	45,324	0.6
Tax liabilities		1,131	1,088	4.0
Other liabilities	(36)	4,437	5,221	-15.0
Subordinated capital	(37)	5,027	4,814	4.4
Liabilities classified as held for sale included in disposal groups	(38)	16	16	–
Fair value changes of the hedged items in portfolio hedges of interest rate risk		-181	-190	-4.7
Total equity		10,093	11,003	-8.3
Issued share capital		3,028	3,028	–
Share premium		843	843	–
Retained earnings		3,490	3,332	4.7
Revaluation reserve		-876	156	> 100.0
Cash flow hedge reserve		10	8	25.0
Foreign currency translation reserve		16	1	> 100.0
Minority interest		3,350	3,484	-3.8
Consolidated profit		232	151	53.6
Total equity and liabilities		**429,865**	**431,337**	**-0.3**

Statement of Recognized Income and Expense as well as Explanatory Notes on Changes in Equity

Statement of Recognized Income and Expense

in € million	01.01. – 30.06.2008	01.01. – 30.06.2007	Change in %
Available-for-sale financial assets	**-1,293**	**-94**	**> 100.0**
Cash flow hedges	**3**	**–**	**–**
Exchange differences on translating foreign operations	**10**	**-5**	**> 100.0**
Other income and expense recognized directly in equity	**259**	**-15**	**> 100.0**
Actuarial gains and losses on defined benefit plans	264	-2	> 100.0
Expense taken to equity on valuation of joint ventures and associates using the equity method	-3	-7	-57.1
Other expense recognized directly in equity	-2	-6	-66.7
Deferred taxes on income and expense recognized directly in equity	**8**	**13**	**-38.5**
Income and expense recognized directly in equity	**-1,013**	**-101**	**> 100.0**
Total profit after tax	388	945	-58.9
Total recognized income and expense for the period	**-625**	**844**	**> 100.0**
attributable to:			
Shareholders of DZ BANK	-627	634	> 100.0
Minority interest	2	210	-99.0

Explanatory Notes on Changes in Equity

in € million	Issued share capital	Share premium	Equity earned by the group	Revaluation reserve	Cash flow hedge reserve	Foreign currency translation reserve	Equity before minority interest	Minority interest	Total equity
Equity as at 31.12.2006	**3,028**	**843**	**3,103**	**693**	**3**	**-1**	**7,669**	**3,171**	**10,840**
Income and expense recognized directly in equity	–	–	-6	-101	–	-3	-110	9	-101
Total profit after tax	–	–	744	–	–	–	744	201	945
Total recognized income and expense for the period	**–**	**–**	**738**	**-101**	**–**	**-3**	**634**	**210**	**844**
Capital increase	–	–	–	–	–	–	–	75	75
Changes in scope of consolidation	–	–	-2	–	–	–	-2	-3	-5
Dividends paid	–	–	-151	–	–	–	-151	-97	-248
Equity as at 30.06.2007	**3,028**	**843**	**3,688**	**592**	**3**	**-4**	**8,150**	**3,356**	**11,506**
Equity as at 31.12.2007	**3,028**	**843**	**3,483**	**156**	**8**	**1**	**7,519**	**3,484**	**11,003**
Income and expense recognized directly in equity	–	–	156	-1,032	2	15	-859	-154	-1,013
Total profit after tax	–	–	232	–	–	–	232	156	388
Total recognized income and expense for the period	**–**	**–**	**388**	**-1,032**	**2**	**15**	**-627**	**2**	**-625**
Capital increase	–	–	–	–	–	–	–	4	4
Changes in scope of consolidation	–	–	2	–	–	–	2	-12	-10
Dividends paid	–	–	-151	–	–	–	-151	-128	-279
Equity as at 30.06.2008	**3,028**	**843**	**3,722**	**-876**	**10**	**16**	**6,743**	**3,350**	**10,093**

Cash Flow Statement

in € million	01.01. – 30.06.2008	01.01. – 30.06.2007
Cash and cash equivalents at beginning of period	**1,442**	**1,385**
Cash flows from operating activities	-1,448	3,054
Cash flows from investing activities	1,897	-3,648
Cash flows from financing activities	32	-300
Cash and cash equivalents at end of period	**1,923**	**491**

The cash flow statement presents the changes in cash and cash equivalents during the reporting periods. Cash and cash equivalents in the DZ BANK Group comprise cash on hand and balances with central banks and other public institutions. Cash and cash equivalents do not include any financial investments with a maturity of more than 3 months from the date of acquisition. Changes in cash and cash equivalents are allocated to operating, investing, and financing activities.

Notes

A. General Information

1 | Basis for preparation

The interim consolidated financial statements of the DZ BANK Group for the first half of the financial year 2008 were prepared in accordance with § 37w of Germany's Securities Trading Act (WpHG) in conjunction with § 37y no. 2 WpHG pursuant to the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), and in particular the requirements of IAS 34 and GAS 16. The interim consolidated financial statements also generally comply with the German Accounting Standards (GAS) issued by the German Accounting Standards Board, while at the same time fulfilling the requirements of Germany's Joint Stock Corporation Act (AktG), the DG BANK Transformation Act, and the Articles of Association of DZ BANK AG Deutsche Zentral-Genossenschaftsbank (DZ BANK), Frankfurt am Main.

2 | Scope of interim consolidated financial statements

In addition to DZ BANK as group parent, the interim consolidated financial statements as at June 30, 2008 include 28 subsidiaries (December 31, 2007: 28) and 5 subgroups (December 31, 2007: 5) with a total of 877 subsidiaries (December 31, 2007: 893).

In total, 4 joint ventures jointly controlled together with at least one other non-group entity (December 31, 2007: 3) and 5 associates (December 31, 2007: 6) over which the DZ BANK Group has significant influence were included in the consolidated financial statements using the equity method.

3 | General accounting and valuation principles

The separate interim financial statements of all the companies consolidated in the group were prepared using the same accounting and valuation principles as apply to the DZ BANK Group.

The presentation of the assets, liabilities, financial position, and profit or loss in the consolidated financial statements is determined by the recognition and valuation principles underlying the statements' preparation and, due to the uncertainty of future events, also depends on assumptions and estimates. Where assumptions and estimates are required in order to account for and measure the amount of a particular item, these are made in accordance with the relevant financial accounting and reporting standards and based on historical experience, plans, and expectations or forecasts for future events that are currently considered to be plausible. Due to factors such as capital market fluctuations, exchange and interest rate movements, and changes in the economic environment, future outcomes may differ from expected outcomes. No assurance can be given, therefore, that these forward-looking statements are correct, even though they are considered to be realistic.

The same accounting and valuation principles were applied as in the consolidated financial statements as at December 31, 2007.

B. Income Statement Disclosures

4 | Net interest income

in € million	01.01. – 30.06.2008	01.01. – 30.06.2007	Change in %
Interest income and current income	**5,986**	**5,408**	**10.7**
Interest income from	5,828	5,270	10.6
Loans and advances	4,277	3,930	8.8
Bonds and other fixed-income securities included in investments	1,544	1,343	15.0
Portfolio hedges of interest rate risk	7	-3	> 100.0
Current income from	121	132	-8.3
Shares and other non-fixed-income securities included in investments	18	31	-41.9
Investments in subsidiaries	3	4	-25.0
Interests in joint ventures	33	24	37.5
Investments in associates	38	38	-
Operating leases	29	35	-17.1
Income from profit pools and profit-transfer or profit-sharing agreements	37	6	> 100.0
Interest expenses for	**-4,595**	**-3,982**	**15.4**
Deposits from banks and amounts owed to other depositors	-2,968	-2,536	17.0
Debt certificates including bonds	-1,454	-1,288	12.9
Subordinated capital	-158	-171	-7.6
Portfolio hedges of interest rate risk	-8	18	> 100.0
Other liabilities	-7	-5	40.0
Total	**1,391**	1,426	-2.5

Current income from interests in joint ventures and investments in associates includes income from the application of the equity method in the amount of € 23 million (H1 2007: € 15 million) and € 37 million (H1 2007: € 37 million) respectively.

Net income from the early redemption of deposits from banks and amounts owed to other depositors, debt certificates including bonds, and subordinated capital measured at amortized cost total € 17 million (H1 2007: € 49 million) and are recognized as interest expenses.

5 | Impairment losses on loans and advances

in € million	01.01. – 30.06.2008	01.01.– 30.06.2007	Change in %
Additions to allowances for losses on loans and advances	-301	-208	44.7
Reversal of allowances for losses on loans and advances	200	151	32.5
Direct write-offs	-31	-32	-3.1
Recoveries on loans and advances previously written off	9	11	-18.2
Changes in provisions for loan commitments, other provisions for loans and advances, and liabilities from financial guarantee contracts and loan commitments	18	7	> 100.0
Total	**-105**	-71	47.9

6 | Net fee and commission income

Net fee and commission income results from the following services:

in € million	01.01. – 30.06.2008	01.01. – 30.06.2007	Change in %
Securities business	436	525	-17.0
Asset management	15	16	-6.3
Monetary transactions including credit card business	30	31	-3.2
Financial guarantee contracts and loan commitments	15	11	36.4
International business	7	8	-12.5
Credit and trust operations	12	-31	> 100.0
Building society operations	-101	-91	11.0
Other	21	10	> 100.0
Total	**435**	**479**	**-9.2**

7 | Net trading income

in € million	01.01. – 30.06.2008	01.01. – 30.06.2007	Change in %
Net losses on non-derivative financial instruments	-181	-147	23.1
Net gains on derivative financial instruments	188	537	-65.0
Net foreign currency gains	57	60	-5.0
Total	**64**	**450**	**-85.8**

For information on the changes in net trading income in the reporting period, please refer to the interim group management report.

8 | Net income on investments

in € million	01.01. – 30.06.2008	01.01. – 30.06.2007	Change in %
Net losses on bonds and other fixed-income securities	-26	-39	-33.3
Net gains/(losses) on shares and other non-fixed-income securities	-154	22	> 100.0
Net income from subsidiaries	–	-4	–
Total	**-180**	**-21**	**> 100.0**

9 | Other net gains and losses on valuation of financial instruments

in € million	01.01. – 30.06.2008	01.01. – 30.06.2007	Change in %
Net gains/(losses) on hedging	-1	1	> 100.0
Net gains on non-trading derivatives	34	34	–
Net gains/(losses) on financial instruments designated as at fair value through profit or loss	-126	18	> 100.0
Total	**-93**	**53**	**> 100.0**

10 | Premiums earned

in € million	01.01. – 30.06.2008	01.01. – 30.06.2007	Change in %
Net premiums written	**4,763**	**4,777**	**-0.3**
Gross premiums written	4,810	4,835	-0.5
Reinsurance premiums ceded	-47	-58	-19.0
Changes in unearned premiums	**-353**	**-311**	**13.5**
Gross changes in unearned premiums	-354	-327	8.3
Reinsurers' share	1	16	-93.8
Total	**4,410**	**4,466**	**-1.3**

11 | Net investment income of insurers and other income of insurers

in € million	01.01. – 30.06.2008	01.01. – 30.06.2007	Change in %
Income from investments of insurers	**1,684**	**1,614**	**4.3**
Interest income and current income	1,115	1,075	3.7
Income from reversal of impairment losses and unrealized gains	60	25	> 100.0
Gains from revaluation	161	119	35.3
Gains on disposals	348	395	-11.9
Expenses for investments of insurers	**-1,323**	**-340**	**> 100.0**
Administration expense	-47	-34	38.2
Depreciation and amortization expense, impairment losses, and unrealized losses	-678	-111	> 100.0
Losses on revaluation	-382	-131	> 100.0
Losses on disposals	-216	-64	> 100.0
Other income of insurers	**76**	**10**	**> 100.0**
Other net insurance income	66	40	65.0
Other net income	10	-30	> 100.0
Total	**437**	**1,284**	**-66.0**

12 | Insurance benefits

in € million	01.01. – 30.06.2008	01.01. – 30.06.2007	Change in %
Claims expenses	**-2,810**	**-2,793**	**0.6**
Gross claims incurred	-2,825	-2,801	0.9
Reinsurers' share	15	8	87.5
Change in insurance liabilities	**-1,090**	**-2,006**	**-45.7**
Gross changes	-1,093	-2,005	-45.5
Reinsurers' share	3	-1	> 100.0
Total	**-3,900**	**-4,799**	**-18.7**

13 | Operating expenses of insurers

in € million	01.01. – 30.06.2008	01.01. – 30.06.2007	Change in %
Gross expenses	-807	-757	6.6
Reinsurers' share	12	12	–
Total	**-795**	**-745**	**6.7**

14 | Administration expense

in € million	01.01. – 30.06.2008	01.01. – 30.06.2007	Change in %
Personnel expenses	-645	-641	0.6
Non-personnel expenses	-537	-525	2.3
Depreciation and amortization	-53	-57	-7.0
Total	**-1,235**	-1,223	1.0

15 | Other net operating income

in € million	01.01. – 30.06.2008	01.01. – 30.06.2007	Change in %
Other operating income	**219**	**238**	**-8.0**
Other leasing income	94	86	9.3
Reversal of other provisions and accruals	36	38	-5.3
Other income	89	114	-21.9
Other operating expenses	**-152**	**-287**	**-47.0**
Other leasing expenses	-82	-77	6.5
Other expenses	-70	-210	-66.7
Total	**67**	**-49**	**> 100.0**

16 | Tax expense

IAS 34 requires tax expense in interim consolidated financial statements to be measured in the same way as in consolidated financial statements. For this, tax expense is determined on the basis of the best estimate of the income tax rate expected to apply for the year as a whole. The tax rate is based on the regulations in force or passed at the interim reporting date.

17 | Segment reporting

Segment reporting by business segments as at June 30, 2008

in € million	Bank	Retail	Real Estate	Insurance	Consolidation/ Reconciliation	Total
Net interest income	678	227	576	–	-90	1,391
Impairment losses on loans and advances	-18	-32	-55	–	–	-105
Net fee and commission income	173	381	-87	–	-32	435
Net trading income	17	32	20	–	-5	64
Net income on investments	-148	-11	-20	–	-1	-180
Other net gains and losses on valuation of financial instruments	24	-1	-119	–	3	-93
Premiums earned	–	–	–	4,410	–	4,410
Net investment income of insurers and other income of insurers	–	–	–	493	-56	437
Insurance benefits	–	–	–	-3,900	–	-3,900
Operating expenses of insurers	–	–	–	-829	34	-795
Administration expense	-675	-386	-243	–	69	-1,235
Other net operating income	114	21	2	-2	-68	67
Total profit before tax	**165**	**231**	**74**	**172**	**-146**	**496**
Segment assets	280,877	21,758	114,968	52,510	-40,248	429,865
Segment liabilities	271,706	19,617	110,648	49,669	-31,868	419,772
Cost-income ratio in %	78.7	59.5	65.3	–	–	67.3

Segment reporting by business segments as at June 30, 2007

in € million	Bank	Retail	Real Estate	Insurance	Consolidation/ Reconciliation	Total
Net interest income	641	206	630	–	-51	1,426
Impairment losses on loans and advances	24	-36	-59	–	–	-71
Net fee and commission income	148	475	-99	–	-45	479
Net trading income	433	6	7	–	4	450
Net income on investments	-20	1	-2	–	–	-21
Other net gains and losses on valuation of financial instruments	-3	31	26	–	-1	53
Premiums earned	–	–	–	4,466	–	4,466
Net investment income of insurers and other income of insurers	–	–	–	1,337	-53	1,284
Insurance benefits	–	–	–	-4,799	–	-4,799
Operating expenses of insurers	–	–	–	-792	47	-745
Administration expense	-655	-399	-267	–	98	-1,223
Other net operating income	92	39	-83	-2	-95	-49
Total profit before tax	**660**	**323**	**153**	**210**	**-96**	**1,250**
Segment assets	276,307	22,967	120,014	53,015	-40,966	431,337
Segment liabilities	266,636	20,663	115,891	49,708	-32,564	420,334
Cost-income ratio in %	50.7	52.6	55.7	–	–	48.1

General information on segment reporting

Segment reporting was prepared using the same methods and the same allocation principles as were applied in the financial year 2007. There have not been any significant changes to the organizational structure of the DZ BANK Group during the reporting period.

Definition of segments

The Bank segment encompasses all of the DZ BANK Group's activities in its business lines involving the cooperative financial services network, corporate banking, institutional customers, and investment banking. The overall focus is on corporate customers as a target group. The VR LEASING and DVB Bank subgroups are included in this segment, as are the companies DZ BANK Ireland plc, Dublin; VR Kreditwerk Hamburg – Schwäbisch Hall AG, Hamburg and Schwäbisch Hall; ReiseBank AG, Frankfurt am Main; and DZ BANK. The segment also includes the companies that do not count as part of the DZ BANK Group's core operating business lines.

The Retail segment covers the DZ BANK Group's private banking operations and activities relating primarily to asset management, with the focus on private customers as a target group. The main companies included are DZ PRIVATBANK (Schweiz) AG, Zurich; DZ BANK International S.A., Luxembourg-Strassen; and TeamBank AG Nürnberg (TeamBank), Nuremberg; plus the subgroup Union Asset Management Holding.

The Real Estate segment represents the group's building society and mortgage bank operations. The companies allocated to this segment include Bausparkasse Schwäbisch Hall AG (BSH), Schwäbisch Hall; and Deutsche Genossenschafts-Hypothekenbank AG, Hamburg.

The group's insurance business is shown under the Insurance segment, which consists solely of the R+V Versicherung subgroup.

Presentation of segment reporting

For segment reporting purposes, the interest income earned by the segments and the related interest expenses are presented on a net basis as net interest income, as the management of the segments within the group is based solely on this net figure.

Segment assets include all of the financial and non-financial assets of the group companies that are shown in the segment.

Measurement criteria

Cross-segment, intra-group transactions are made on arm's length terms. Their presentation for internal reporting purposes is based on the accounting and valuation principles applied to external reporting.

The main criteria for assessing the success of the segments are total profit before tax and the cost-income ratio. The cost-income ratio shows the relationship between administration expense and operating income and reflects the segments' cost efficiency.

Consolidation/Reconciliation

The adjustments to segment results reported under Consolidation/Reconciliation and aggregated as total profit before tax result entirely from the consolidation of intra-group transactions.

The adjustments to net interest income result mainly from the consolidation of intra-group dividend payments and distributions to silent partners as well as from the early redemption of issued bonds and money market instruments purchased by DZ BANK Group companies that were not the issuer.

The consolidation adjustments to net fee and commission income relate primarily to the fee- and commission-earning operations of TeamBank and BSH with R+V Versicherung.

C. Balance Sheet Disclosures

18 | Cash and cash equivalents

in € million	30.06.2008	31.12.2007	Change in %
Cash on hand	48	50	-4.0
Balances with central banks and other public institutions	1,875	1,392	34.7
Total	**1,923**	**1,442**	**33.4**

19 | Loans and advances to banks

	Payable on demand		Other receivables		Total		
in € million	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007	Change in %
Domestic banks	**2,257**	**334**	**57,833**	**57,030**	**60,090**	**57,364**	**4.8**
Affiliated banks	498	166	41,826	39,286	42,324	39,452	7.3
Other banks	1,759	168	16,007	17,744	17,766	17,912	-0.8
Foreign banks	**2,947**	**909**	**7,830**	**9,258**	**10,777**	**10,167**	**6.0**
Total	**5,204**	**1,243**	**65,663**	**66,288**	**70,867**	**67,531**	**4.9**

20 | Loans and advances to customers

in € million	30.06.2008	31.12.2007	Change in %
Loans and advances to domestic customers	83,136	83,359	-0.3
Loans and advances to foreign customers	26,132	22,948	13.9
Total	**109,268**	**106,307**	**2.8**

Loans and advances to customers break down by type of business as follows:

in € million	30.06.2008	31.12.2007	Change in %
Local authority loans	17,802	19,711	-9.7
Mortgage loans	21,650	22,397	-3.3
Building loans advanced by home loan banks	18,542	18,100	2.4
Finance lease	4,894	4,676	4.7
Other loans secured by mortgages	157	141	11.3
Money market transactions	12	28	-57.1
Other loans and advances	46,211	41,254	12.0
Total	**109,268**	**106,307**	**2.8**

21 | Allowances for losses on loans and advances

The allowances for losses on loans and advances to banks and customers reported on the assets side of the balance sheet changed as follows:

in € million	As at 01.01.2007	Additions	Amounts used	Reversal	Other changes recognized directly in equity	As at 30.06.2007
Allowances for losses on loans and advances to banks	**24**	**–**	**–**	**–**	**–**	**24**
Specific loan loss allowances	6	–	–	–	–	6
Portfolio loan loss allowances	18	–	–	–	–	18
Allowances for losses on loans and advances to customers	**2,024**	**208**	**-127**	**-169**	**-2**	**1,934**
Specific loan loss allowances	1,661	187	-127	-156	-2	1,563
Portfolio loan loss allowances	363	21	–	-13	–	371
Total	**2,048**	**208**	**-127**	**-169**	**-2**	**1,958**

in € million	As at 01.01.2008	Additions	Amounts used	Reversal	Other changes recognized directly in equity	As at 30.06.2008
Allowances for losses on loans and advances to banks	**90**	**–**	**–**	**-28**	**–**	**62**
Specific loan loss allowances	2	–	–	–	–	2
Portfolio loan loss allowances	88	–	–	-28	–	60
Allowances for losses on loans and advances to customers	**1,732**	**301**	**-116**	**-183**	**-10**	**1,724**
Specific loan loss allowances	1,496	287	-114	-151	-10	1,508
Portfolio loan loss allowances	236	14	-2	-32	–	216
Total	**1,822**	**301**	**-116**	**-211**	**-10**	**1,786**

22 | Derivatives used for hedging

The derivatives that are used to hedge financial assets and financial liabilities and have a positive fair value break down as follows:

in € million	30.06.2008	31.12.2007	Change in %
Derivatives used for fair value hedges	441	546	-19.2
Derivatives used for cash flow hedges	16	11	45.5
Total	**457**	**557**	**-18.0**

23 | Financial assets held for trading

in € million	30.06.2008	31.12.2007	Change in %
Bonds and other fixed-income securities	**61,151**	**67,389**	**-9.3**
Money market instruments	601	4,314	-86.1
Bonds	60,550	63,075	-4.0
Shares and other non-fixed-income securities	**828**	**929**	**-10.9**
Shares	598	699	-14.4
Investment shares	102	83	22.9
Other non-fixed-income securities	128	147	-12.9
Derivatives	**20,950**	**16,064**	**30.4**
Interest-related transactions	17,311	13,076	32.4
Currency-related transactions	937	692	35.4
Share/index-related transactions	491	1,018	-51.8
Other transactions	681	532	28.0
Credit derivatives	1,530	746	> 100.0
Promissory notes	**2,345**	**2,501**	**-6.2**
to banks	1,063	1,212	-12.3
to customers	1,282	1,289	-0.5
Receivables from money market transactions	**43,035**	**43,142**	**-0.2**
with banks	35,926	36,504	-1.6
with customers	7,109	6,638	7.1
Total	**128,309**	**130,025**	**-1.3**

24 | Investments

in € million	30.06.2008	31.12.2007	Change in %
Bonds and other fixed-income securities	**63,856**	**69,497**	**-8.1**
Money market instruments	60	539	-88.9
Bonds	63,796	68,958	-7.5
Shares and other non-fixed-income securities	**1,008**	**1,478**	**-31.8**
Shares and other shareholdings	369	546	-32.4
Investment shares	634	922	-31.2
Other non-fixed-income securities	5	10	-50.0
Investments in subsidiaries	**1,203**	**1,122**	**7.2**
Interests in joint ventures	**377**	**235**	**60.4**
Investments in associates	**569**	**625**	**-9.0**
Total	**67,013**	**72,957**	**-8.1**

The carrying amount of the interests in joint ventures and investments in associates accounted for using the equity method is € 366 million (December 31, 2007: € 229 million) and € 566 million (December 31, 2007: € 622 million) respectively.

25 | Investments of insurers

in € million	30.06.2008	31.12.2007	Change in %
Investment property	942	956	-1.5
Investments in subsidiaries	214	204	4.9
Investments in associates	123	177	-30.5
Mortgage loans	3,637	3,581	1.6
Promissory notes and loans	9,455	8,706	8.6
Registered bonds	8,806	8,824	-0.2
Other loans	937	985	-4.9
Non-fixed-income securities	6,665	8,482	-21.4
Fixed-income securities	11,685	11,182	4.5
Receivables from money market transactions	80	131	-38.9
Derivatives	312	74	> 100.0
Deposits with ceding insurers	175	167	4.8
Investments related to unit-linked contracts	3,919	3,907	0.3
Total	**46,950**	**47,376**	**-0.9**

26 | Property, plant, and equipment, and investment property

in € million	30.06.2008	31.12.2007	Change in %
Land and buildings	370	378	-2.1
Equipment	125	126	-0.8
Leased assets	958	1,041	-8.0
Investment property	90	96	-6.3
Advance payments	30	71	-57.7
Total	**1,573**	**1,712**	**-8.1**

27 | Other assets

in € million	30.06.2008	31.12.2007	Change in %
Other assets of insurers	2,386	2,266	5.3
Goodwill	45	32	40.6
Software and other intangible assets	151	147	2.7
Other financial receivables	374	247	51.4
Other remaining assets	335	359	-6.7
Total	**3,291**	**3,051**	**7.9**

Other assets of insurers are composed of the following:

in € million	30.06.2008	31.12.2007	Change in %
Intangible assets	61	56	8.9
Reinsurance assets	301	327	-8.0
Insurers' receivables	512	786	-34.9
Current bank deposits, checks, and cash on hand	178	56	> 100.0
Other remaining assets of insurers	1,334	1,041	28.1
Total	**2,386**	**2,266**	**5.3**

28 | Non-current assets classified as held for sale and disposal groups

in € million	30.06.2008	31.12.2007	Change in %
Investments	2	2	–
Investments of insurers	56	168	-66.7
Property, plant, and equipment, and investment property	2	2	–
Total	**60**	**172**	**-65.1**

Investments include shares in companies which are not under significant influence. Investments of insurers essentially comprise a special fund's real estate that is to be gradually sold off with the aim of dissolving the special fund. As at December 31, 2007, they also included investment shares. Property, plant, and equipment, and investment property include land and buildings from acquisitions in the course of foreclosures.

29 | Deposits from banks

	Payable on demand		Agreed-term or notice period		Total		
in € million	30.06.2008	31.12.2007	30.06.2008	31.12.2007	30.06.2008	31.12.2007	Change in %
Domestic banks	**2,658**	**844**	**51,390**	**50,626**	**54,048**	**51,470**	**5.0**
Affiliated banks	254	168	13,997	13,115	14,251	13,283	7.3
Other banks	2,404	676	37,393	37,511	39,797	38,187	4.2
Foreign banks	**1,101**	**286**	**7,622**	**6,179**	**8,723**	**6,465**	**34.9**
Total	**3,759**	**1,130**	**59,012**	**56,805**	**62,771**	**57,935**	**8.3**

30 | Amounts owed to other depositors

in € million	30.06.2008	31.12.2007	Change in %
Amounts owed to other domestic depositors	**71,439**	**72,335**	**-1.2**
Home savings deposits	31,075	31,428	-1.1
Other amounts owed to other depositors	40,364	40,907	-1.3
Payable on demand	4,605	4,231	8.8
Agreed term or notice period	35,759	36,676	-2.5
Amounts owed to other foreign depositors	**5,119**	**5,260**	**-2.7**
Home savings deposits	263	252	4.4
Other amounts owed to other depositors	4,856	5,008	-3.0
Payable on demand	2,591	2,197	17.9
Agreed term or notice period	2,265	2,811	-19.4
Total	**76,558**	**77,595**	**-1.3**

31 | Debt certificates including bonds

in € million	30.06.2008	31.12.2007	Change in %
Issued bonds	**61,690**	**60,304**	**2.3**
Mortgage Pfandbriefe	8,586	10,265	-16.4
Public-sector Pfandbriefe	23,330	26,097	-10.6
Other bonds	29,774	23,942	24.4
Other debt certificates	**3,175**	**2,692**	**17.9**
Total	**64,865**	**62,996**	**3.0**

Other debt certificates consist entirely of money market instruments.

32 | Derivatives used for hedging

The derivatives that are used to hedge financial assets and financial liabilities and have a negative fair value total € 466 million (December 31, 2007: € 622 million) and consist solely of fair value hedges.

33 | Financial liabilities held for trading

in € million	30.06.2008	31.12.2007	Change in %
Share and market index certificates	**14,149**	**14,763**	**-4.2**
Money market instruments and certificates of deposit	**5,546**	**6,184**	**-10.3**
Derivatives	**24,465**	**17,972**	**36.1**
Interest-related transactions	19,294	14,819	30.2
Currency-related transactions	886	712	24.4
Share/index-related transactions	2,779	1,648	68.6
Other transactions	493	383	28.7
Credit derivatives	1,013	410	> 100.0
Delivery obligations under short sales of securities	**5,426**	**4,169**	**30.2**
Liabilities from money market transactions	**107,979**	**120,108**	**-10.1**
with banks	75,707	102,188	-25.9
with customers	32,272	17,920	80.1
Total	**157,565**	**163,196**	**-3.5**

34 | Provisions

in € million	30.06.2008	31.12.2007	Change in %
Provisions for pensions and other employee benefits	**780**	**920**	**-15.2**
Provisions for pensions	686	812	-15.5
Provisions for early retirement arrangements	47	53	-11.3
Provisions for partial retirement arrangements	47	55	-14.5
Other provisions	**745**	**797**	**-6.5**
Provisions for onerous contracts	14	18	-22.2
Provisions for restructuring costs	70	67	4.5
Provisions for loan commitments	51	59	-13.6
Other remaining provisions	610	653	-6.6
Total	**1,525**	**1,717**	**-11.2**

The discount rate for pensions was increased from 4.75 percent to 6.00 percent as at June 30, 2008.

35 | Insurance liabilities

in € million	30.06.2008	31.12.2007	Change in %
Unearned premiums	1,392	1,039	34.0
Actuarial reserve	31,376	30,545	2.7
Provisions for claims	4,798	4,651	3.2
Reserves for premium refunds	4,651	5,778	-19.5
Other insurance liabilities	58	72	-19.4
Reserve for unit-linked insurance contracts	3,317	3,239	2.4
Total	**45,592**	**45,324**	**0.6**

36 | Other liabilities

in € million	30.06.2008	31.12.2007	Change in %
Other liabilities of insurers	3,244	3,535	-8.2
Liabilities from financial guarantee contracts and loan commitments	108	106	1.9
Accruals	515	835	-38.3
Other financial liabilities	235	331	-29.0
Other remaining liabilities	335	414	-19.1
Total	**4,437**	**5,221**	**-15.0**

Other liabilities of insurers are composed of the following:

in € million	30.06.2008	31.12.2007	Change in %
Other provisions of insurers	178	223	-20.2
Financial liabilities and other remaining liabilities of insurers	3,066	3,312	-7.4
Total	**3,244**	**3,535**	**-8.2**

37 | Subordinated capital

in € million	30.06.2008	31.12.2007	Change in %
Subordinated debt	2,580	2,117	21.9
Deposits by silent partners	623	806	-22.7
Profit participation rights	1,450	1,492	-2.8
Other subordinated capital	317	340	-6.8
Share capital repayable on demand	57	59	-3.4
Total	**5,027**	**4,814**	**4.4**

38 | Liabilities classified as held for sale included in disposal groups

The liabilities classified as held for sale included in disposal groups, recognized in the balance sheet in the amount of € 16 million as at June 30, 2008 (December 31, 2007: € 16 million), relate to a special fund's real estate that is to be gradually sold off with the aim of dissolving the special fund.

D. Financial Instrument Disclosures

39 | Categorization of financial instruments

The financial assets held by the DZ BANK Group are allocated to the following categories:

in € million	30.06.2008	31.12.2007	Change in %
Financial assets at fair value through profit or loss	**156,423**	**161,343**	**-3.0**
Held for trading	**128,701**	**130,230**	**-1.2**
Financial assets held for trading	128,309	130,025	-1.3
Investments of insurers	392	205	91.2
Designated as at fair value through profit or loss	**27,722**	**31,113**	**-10.9**
Loans and advances to banks	3,362	4,553	-26.2
Loans and advances to customers	4,088	4,177	-2.1
Investments	19,481	21,578	-9.7
Investments of insurers	791	805	-1.7
Loans and receivables	**200,613**	**192,253**	**4.3**
Cash and cash equivalents	1,875	1,392	34.7
Loans and advances to banks	67,459	62,929	7.2
Loans and advances to customers	100,286	97,454	2.9
Investments	8,261	8,368	-1.3
Investments of insurers	22,175	21,406	3.6
Other assets	586	704	-16.8
Fair value changes of the hedged items in portfolio hedges of interest rate risk	-29	–	–
Available-for-sale financial assets	**56,895**	**62,090**	**-8.4**
Investments	38,339	42,160	-9.1
Investments of insurers	18,556	19,930	-6.9
Derivatives used for hedging	**457**	**557**	**-18.0**
Total	**414,388**	**416,243**	**-0.4**

The financial liabilities held by the DZ BANK Group are allocated to the following categories:

in € million	30.06.2008	31.12.2007	Change in %
Financial liabilities at fair value through profit or loss	**192,891**	**196,523**	**-1.8**
Held for trading	**157,575**	**163,213**	**-3.5**
Financial liabilities held for trading	157,565	163,196	-3.5
Other liabilities	10	17	-41.2
Designated as at fair value through profit or loss	**35,316**	**33,310**	**6.0**
Deposits from banks	10,634	11,287	-5.8
Amounts owed to other depositors	12,390	12,348	0.3
Debt certificates including bonds	11,901	9,421	26.3
Subordinated capital	391	254	53.9
Other financial liabilities	**175,019**	**171,659**	**2.0**
Deposits from banks	52,137	46,648	11.8
Amounts owed to other depositors	64,168	65,247	-1.7
Debt certificates including bonds	52,964	53,575	-1.1
Other liabilities	1,295	1,819	-28.8
Subordinated capital	4,636	4,560	1.7
Fair value changes of the hedged items in portfolio hedges of interest rate risk	-181	-190	-4.7
Derivatives used for hedging	**466**	**622**	**-25.1**
Total	**368,376**	**368,804**	**-0.1**

40 | Fair values of financial instruments

The following fair values were determined as at the reporting date:

	Fair value		Carrying amount	
in € million	30.06.2008	31.12.2007	30.06.2008	31.12.2007
Assets				
Cash and cash equivalents[1]	1,875	1,392	1,875	1,392
Loans and advances to banks[2]	68,925	66,323	70,805	67,441
Loans and advances to customers[2]	107,843	105,722	107,544	104,575
Derivatives used for hedging	457	557	457	557
Financial assets held for trading	128,309	130,025	128,309	130,025
Investments[1]	65,556	71,939	66,081	72,106
Investments of insurers[1]	41,626	42,186	41,914	42,346
Other assets[1]	586	704	586	704
Liabilities				
Deposits from banks	60,607	56,369	62,771	57,935
Amounts owed to other depositors	76,019	77,795	76,558	77,595
Debt certificates including bonds	63,880	62,544	64,865	62,996
Derivatives used for hedging	466	622	466	622
Financial liabilities held for trading	157,565	163,196	157,565	163,196
Other liabilities[1]	1,341	1,872	1,341	1,872
Subordinated capital	5,195	5,089	5,027	4,814

1 Fair value and carrying amount only include financial instruments.
2 Carrying amounts net of allowances for losses on loans and advances.

There are also fair value changes of the hedged items in portfolio hedges of interest rate risk, with a carrying amount of € -29 million with financial assets as hedged items (December 31, 2007: € 0 million) and € -181 million with financial liabilities as hedged items (December 31, 2007: € -190 million).

The fair values reported do not include the assets and liabilities resulting from building society operations. Due to the complex structure of home savings contracts, these cannot be determined reliably, either with the help of comparative fair values or by using suitable option pricing models. The models developed in practice for the purpose of managing building societies are useful only for overall bank management and do not provide an adequate basis for fair value measurement as defined in the IFRS. Based on the building societies' overall bank management models, building society operations delivered a positive performance overall in the financial year.

The fair values presented under investments of insurers stem from fixed-income securities held as part of the insurance business to match non-current insurance liabilities. These instruments are usually held to maturity so that fair value changes caused by interest rates do not affect the income statement. The fair values presented are determined taking into account potential tax effects and the recognition of deferred reserves for premium refunds.

E. Other Disclosures

41 | Contingent assets

As at both June 30, 2008 and December 31, 2007, there were no significant contingent assets within the DZ BANK Group.

42 | Contingent liabilities

As at June 30, 2008, contingent liabilities amount to € 13 million (December 31, 2007: € 13 million).

In addition, the Consumer Association of North Rhine-Westphalia has served notice to Bausparkasse Schwäbisch Hall AG (BSH) over charging of arrangement fees, which it believes to be unlawful. BSH does not share this legal opinion. Arrangement fees are a significant component of home savings contracts. They are incurred when a home savings contract is concluded and are presented to customers in a transparent manner. The legality of these fees has not until now been in doubt and is based on the home savings tariffs approved by Germany's Federal Financial Supervisory Authority (BaFin).

BSH believes its argument has a high chance of success. Therefore, in accordance with IAS 37.14, no provisions have been made. Nevertheless, the definition of a contingent liability according to IAS 37.10 is fulfilled, because the possibility of an outflow of resources embodying economic benefits is not remote. At present, possible financial effects cannot be estimated reliably.

If the legal opinion of the Consumer Association of North Rhine-Westphalia prevails and BSH is forced to adjust its home savings tariffs accordingly, this may impact the net operating profit of BSH and therefore the DZ BANK Group.

As at both June 30, 2008 and December 31, 2007, reimbursements are not expected with respect to contingent liabilities.

43 | Financial guarantee contracts and loan commitments

in € million	30.06.2008	31.12.2007	Change in %
Financial guarantee contracts	**6,718**	**6,740**	**-0.3**
Credit guarantees	3,529	3,439	2.6
Letters of credit	522	547	-4.6
Other guarantees	2,667	2,754	-3.2
Loan commitments	**23,386**	**21,880**	**6.9**
Advance facilities extended to banks	3,607	2,428	48.6
Advance facilities extended to customers	7,070	6,593	7.2
Guarantee credits	64	54	18.5
Letters of credit	289	158	82.9
Global limits	12,356	12,647	-2.3
Total	**30,104**	**28,620**	**5.2**

Financial guarantee contracts and loan commitments are stated at the nominal value of the relevant exposures.

44 | Employees

The average headcount breaks down into:

	01.01. – 30.06.2008	01.01. – 30.06.2007	Change in %
Female staff	**11,163**	**11,191**	**-0.3**
Full-time employees	7,960	8,040	-1.0
Part-time employees	3,203	3,151	1.7
Male staff	**13,192**	**12,995**	**1.5**
Full-time employees	12,850	12,653	1.6
Part-time employees	342	342	–
Total employees	**24,355**	**24,186**	**0.7**

45 | Board of Managing Directors

Wolfgang Kirsch
(Chief Executive Officer)

Dr. Thomas Duhnkrack

Lars Hille

Wolfgang Köhler

Albrecht Merz

Dietrich Voigtländer
(until June 30, 2008)

Frank Westhoff

46 | Supervisory Board

Rolf Hildner
(Chairman since July 23, 2008)
(Deputy Chairman until July 23, 2008)
Chairman of the Board of Managing Directors
Wiesbadener Volksbank eG

Wolfgang Apitzsch
(Deputy Chairman)
Attorney

Dr. Christopher Pleister
(Chairman until July 15, 2008)
President
Bundesverband der Deutschen Volksbanken
und Raiffeisenbanken e. V.
(until July 15, 2008)

Helmut Gottschalk
(Deputy Chairman since July 23, 2008)
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

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WGZ BANK AG
Westdeutsche Genossenschafts-Zentralbank

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Spokesman of the Board of Managing Directors
Volksbank eG,
Lehrte-Springe-Pattensen-Ronnenberg

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Kieler Volksbank eG

Karl Eichele
Employee
VR Kreditwerk Hamburg - Schwäbisch Hall AG

Dr. Roman Glaser
Chairman of the Board of Managing Directors
Volksbank Baden-Baden · Rastatt eG
(since May 28, 2008)

Hans-Josef Hoffmann
Chairman of the Board of Managing Directors
Bank1Saar eG
(until May 28, 2008)

Gerhard Hofmann
Member of the Board of Managing Directors
Bundesverband der Deutschen Volksbanken
und Raiffeisenbanken e. V.
(since July 15, 2008)

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Management Employee
R+V Versicherung AG

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Employee
DZ BANK AG
Deutsche Zentral-Genossenschaftsbank

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Chairman of the Board of Managing Directors
VR Bank Rhein-Neckar eG

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R+V Rechtsschutzversicherung AG

Walter Müller
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Dieter Rembde
Member of the Board of Managing Directors
VR-Bank Schwalm-Eder eG
(since May 28, 2008)

Mark Roach
Secretary
ver.di Bundesverwaltung

Gudrun Schmidt
Regional Group Director
ver.di Landesbezirk Hessen

Winfried Willer
Employee
VR Kreditwerk Hamburg - Schwäbisch Hall AG

Dr. h.c. Uwe Zimpelmann
Former Spokesman of the Board of Managing Directors
Landwirtschaftliche Rentenbank
(until May 28, 2008)

Responsibility Statement by Management

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 19, 2008

DZ BANK AG
Deutsche Zentral-Genossenschaftsbank

Board of Managing Directors

Kirsch	Dr. Duhnkrack	Hille
Köhler	Merz	Westhoff

Report Following Auditor's Review (Translation)

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

We have conducted an audit review of the abridged interim consolidated financial statements – comprising the income statement, balance sheet, abridged statement of recognized income and expense, abridged cash flow statement, and selected 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, 2008, which are components of the semi-annual financial report pursuant to § 37w of Germany's Securities Trading Act (WpHG). The preparation of the abridged interim consolidated financial statements in accordance with the IFRS applicable to interim reporting as adopted by the EU, and the interim group management report in accordance with the provisions of the WpHG applicable to interim group management reports, is the responsibility of the company's legal representatives. Our responsibility is to express an opinion on the abridged interim consolidated financial statements and the interim group management report based on our audit review.

We conducted our audit review of the abridged interim consolidated financial statements and the interim group management report in accordance with the generally accepted German standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (IDW). These standards require that we plan and perform our audit review in such a manner that we can rule out with sufficient certainty that the abridged interim consolidated financial statements do not materially comply with the IFRS applicable to interim reporting as adopted by the EU and the interim group management report does not materially comply with provisions applicable under the WpHG to interim management reports. An audit review is primarily restricted to questioning employees of the company and performing analytical assessments, and as such does not provide the certainty achieved by a full audit. As we were not instructed to perform a full audit, we are not able to provide a formal auditor's opinion.

Based on our audit review, no matters are known to us that would lead us to assume that the abridged interim consolidated financial statements do not materially comply with the IFRS applicable to interim reporting as adopted by the EU or that the interim group management report does not materially comply with the provisions under the WpHG applicable to interim management reports.

Eschborn/Frankfurt am Main, August 22, 2008

Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Müller-Tronnier
Wirtschaftsprüfer
(German Public Auditor)

Binder
Wirtschaftsprüfer
(German Public Auditor)

Imprint

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Dr. Thomas Duhnkrack
Lars Hille
Wolfgang Köhler
Albrecht Merz
Frank Westhoff

This Semi-Annual Financial Report is also available in German.
The German version of this Semi-Annual Report is the original
and authoritative version.

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