Member of the cooperative financial services network

Semi-Annual Financial Report 2007

DZ BANK

Achieving more together.

Key Figures

DZ BANK Group

in € million	01.01. - 30.06.2007	01.01. - 30.06.2006
Profitability		
Operating result before risk provisions	963	937
Risk provisions	-227	-236
Operating result after risk provisions	736	701
Result after taxes	540	478
Cost-income-ratio (in percent)	56.3	56.5

in € million	30.06.2007	31.12.2006
Financial Status		
Assets		
Loans and advances to credit institutions	115,991	112,590
Loans and advances to customers	104,112	103,947
Securities[1]	175,514	157,613
Insurance-related investments	45,796	43,816
Other insurance-specific assets	2,069	2,203
Other assets	18,105	18,815
Liabilities		
Deposits from other banks	176,864	165,161
Amounts owed to other depositors	103,199	94,092
Securitized liabilities	106,480	106,202
Insurance reserves	44,143	42,112
Other insurance-specific liabilities	2,814	2,953
Other liabilities	18,413	19,109
Capital and reserves	9,674	9,355
Total assets	**461,587**	**438,984**
Business volume[2]	653,993	612,994
Regulatory capital ratios[3]	**in accordance with SolvV**	**in accordance with Principle I KWG**
Total capital ratio (in percent)	12.2	12.6
Tier 1 capital ratio (in percent)	8.9	9.7

Number	30.06.2007	30.06.2006
Average staff figures for the six-month period	24,186	24,178

[1] Bonds and other fixed-income securities plus equity shares and other variable-yield securities
[2] Total assets including contingent liabilities, other obligations and special funds managed on behalf of shareholders
[3] Following the introduction of the German Solvency Regulation on January 1, 2007, capital adequacy ratios must be calculated in accordance with BIS requirements. The figures reported as comparatives are therefore the figures as of December 31, 2006, based on Principle I (KWG).

Contents

Letter to Shareholders

Dear Shareholders,

Chief Executive Officer
Wolfgang Kirsch

I am pleased to present you with this Semi-Annual Financial Report providing a snapshot of DZ BANK half-way through the year. We are focusing for the first time on the DZ BANK Group's performance during the first six months of the fiscal year in line with legal requirements. We will continue to follow these guidelines in our coming annual report, which will be prepared in accordance with the International Financial Reporting Standards (IFRS). By making this transition from financial reporting in accordance with the German Commercial Code (HGB) to IFRS consolidated financial statements, we are complying with internationally agreed accounting standards which have been adopted by the EU Commission, effective as of 2007.

During the first six months of 2007, the DZ BANK Group was able to reinforce its core competency as the central service provider for the cooperative financial services network in Germany. The gratifying trend in the interim results is proof that we are on the right track. For example, the DZ BANK Group achieved a significant year-on-year increase in its operating result after risk provisions, which amounted to € 736 million as of June 30, 2007. This represents an increase of around 5 percent compared to the prior-year figure. The cost-income ratio continued to improve year-on-year, falling from 56.5 percent to 56.3 percent. The DZ BANK Group's risk provisions during the first half of 2007 amounted to € -227 million, compared with the prior year's € -236 million. Almost all group companies contributed to the positive trend in the results. The DZ BANK Group includes Bausparkasse Schwäbisch Hall, DG HYP, DZ BANK International, DZ PRIVATBANK Schweiz, R+V Versicherung, TeamBank, the Union Investment Group, VR LEASING and various other specialized institutions.

Some of the DZ BANK Group's best achievements provide impressive examples of the trend in the results. R+V Versicherung, for example, once again achieved above-average growth and an increase in market share in the first half of 2007. In distributing UniProfiRente, the Riester solution for private retirement provision, Union Investment cemented its position as market leader for fund-linked solutions, a position proven in 2006. Bausparkasse Schwäbisch Hall further extended its market leadership during the first six months of 2007. As an international transport financier, DVB Bank benefited from the increased growth rates in freight and passenger traffic in all transportation segments. VR LEASING had a good start in fiscal 2007: it was once again able to outpace market growth.

TeamBank's success story also continued: the number of easyCredit shops opened rose to 52. As early as the pilot phase, it became clear that these specialist shops for consumer finance continuously attract new customers to the cooperative financial services network. TeamBank thus makes a vital contribution to increasing the cooperative banks' share of the consumer credit market significantly, primarily in major population centers. During the first half of 2007, DG HYP successfully introduced the innovative "immo express" product via some 200 local cooperative banks in the cooperative financial services network. An intensive marketing campaign and simple handling are ensuring that the "immo express" product brand reaches customers with good credit ratings and low loan-to-value ratios, a fiercely competitive segment of the market. As in the consumer credit market, the home loans segment is an area in which we see an opportunity for the cooperative financial services network to build market share.

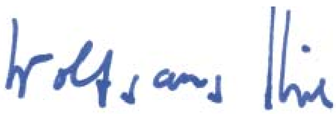
Confirmation that we are on the right track has also come from outside the cooperative financial services network. The first half of 2007 saw further improvement in our rating and the DZ BANK Group became the first Allfinanz provider in Germany to receive approval from the German financial services regulator (BaFin) for its implementation approach to Basel II. These successes provide impressive proof of the excellent capabilities and cooperation within the DZ BANK Group.

The DZ BANK Group's results for the first six months have confirmed that the path we have chosen is the right one. Although we can feel satisfied with our growth, we should not assume that we can simply project this growth for 2007 as a whole. Even if the current global economic growth is having a positive impact on a number of sectors, the tighter political environment is increasing competition in many areas. R+V Versicherung, for example, has been affected by the healthcare reform that took effect in Germany on April 1, 2007, and the reform of Germany's Insurance Contracts Law which is planned for the second half of 2007.

This is why we in the DZ BANK Group continue to take action. In light of the changes in the property financing market, for example, the two property financing providers DG HYP and Münchener Hypothekenbank eG have signed a memorandum of understanding regarding a merger. The merger agreement is to be signed and approved by the two banks' shareholding bodies in the second half of the year. The aim of the merger is to jointly realign their property financing business and thus bolster the cooperative financial services network's ability to compete in this field in the future. The merger of the two banks could mark the start of further changes within the cooperative organization aimed at leveraging cost and revenue synergies in other areas.

The positive trend in the DZ BANK Group's results has a common denominator: close cooperation with the local cooperative banks. The companies of the DZ BANK Group have deep roots in the cooperative financial services network, providing the basis for our earnings growth and strong position – even amid our rivals in each sector. The DZ BANK Group's Allfinanz products enable the cooperative financial services network to operate with self-confidence in the face of increasingly tougher competition.

Yours faithfully,



Wolfgang Kirsch
Chief Executive Officer

Interim Management Report of the DZ BANK Group

I. Business Performance

1. General economic environment

The economic upturn in Germany continued in the first half of 2007. Gross domestic product (GDP) growth was +1.2 percent in the interim reporting period in comparison to the second half of 2006 and thus only slightly down from the prior half-year growth rate of 1.7 percent.

The global economy remained extremely robust overall during the interim reporting period, due mainly to the fast pace of growth of the Asian economies. In contrast, economic growth in the United States slowed considerably. The weakness in the US real estate market is likely to persist for a few more months.

Due to brisk global demand and with the help of a healthy order book, the boom in corporate investment activity is a major driver of Germany's robust economic recovery. Against the backdrop of a favorable trend in earnings, businesses substantially increased their spending on plant and equipment between January and June 2007.

Construction investment expanded at a slightly faster pace at the beginning of 2007. However, this rise is due at least in part to extremely favorable weather conditions for the construction industry in winter 2006/2007.

As the export statistics for the fourth quarter of 2006 were overstated, the export data for the first half of 2007 failed to continue the very positive trend seen in the second half of 2006. Government consumption, on the other hand, showed a noticeable increase.

As largely expected, private consumption declined at the beginning of 2007. Following the increase in value-added tax which took effect on January 1, 2007, consumers showed a noticeable reluctance to spend, particularly on larger purchases. Despite the significant improvement in the labor market and an increase in employee incomes, the rise in consumer confidence indicators has not yet been reflected in an actual recovery in consumer spending.

The higher tax revenues stemming from the economic upturn are increasingly relieving the strain on government budgets and thus paving the way for the fundamental consolidation of public finances.

2. Wider developments in the banking and financial services industry

Intense competition was once again the outstanding 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 and reinforced the already severe competition among German banks in the traditional banking business lines.

Supported by the strong German economy and an overall encouraging performance in capital market-related operations, the banking sector's gross operating income showed a positive trend in the first half of 2007. Despite the more dynamic economy, the banks' net interest income remains under pressure due to a very flat yield curve and fierce competition in the lending business.

Net commission income and trading results were boosted by the strong pick-up in demand for capital market products evident during the first six months of the current fiscal year. The sharp price corrections in the international financial markets at the beginning of March 2007 proved to be only temporary. As the interim reporting period progressed, stock market indices continued to rise, with the DAX even nearing its record high of the year 2000.

Due to the cost-cutting initiatives introduced and implemented in prior periods and consistently conservative risk management policies, administrative expenses and risk provisioning costs remained broadly stable.

3. DZ BANK Group enjoys a successful first half

During the first six months of 2007, the DZ BANK Group was able to strengthen its core competency as the central service provider for the cooperative financial services network in Germany. Once again, it expanded and improved the product and service offering for the 30 million customers and 16 million members of the German cooperative banks. In spring 2007, the DZ BANK Group became the first Allfinanz provider in Germany to receive approval from the German financial services regulator (BaFin) for its implementation approach to Basel II. This success is proof of its outstanding risk management capabilities, and in particular, its excellent cooperation within the DZ BANK Group.

The DZ BANK Group also aims to tap into growth potential outside Germany on behalf of the country's cooperative financial services network wherever this is consistent with the existing core competencies and business model of a cooperative central institution and serves to strengthen these core competencies. This aim extends to all three of the Group's fields of activity: Institutional & Corporate Products, Allfinanz Products and Processing Services.

On May 11, 2007, the rating agency Moody's raised DZ BANK's long-term rating by two notches to "Aa3." In the wake of a change to the internal assessment method, Moody's analysts are now attaching greater importance to the solidarity and close cooperation within the cooperative financial services network. At the same time, Moody's improved the outlook for DZ BANK's financial strength rating from "stable" to "positive," thereby acknowledging the encouraging business trend at DZ BANK and the bank's improved risk profile. On May 22, 2007, the Canadian rating agency Dominion Bond Rating Services (DBRS) assigned DZ BANK a rating for the first time. An excellent long-term rating of "AA (low)" places the DZ BANK Group firmly in the top third of the financial institutions rated by DBRS across Europe, and in first place in Germany.

Institutional & Corporate Products

Institutional & Corporate Products is dominated mainly by DZ BANK, which in the first half of 2007 launched an Investment Banking Growth Initiative based on an extensive market study carried out at the end of 2006. The goal of the initiative is to focus the product and service offering even more firmly on the respective customer groups and, by making further investments in qualified sales staff, to improve visibility among our target customer groups. The initiative extends to insurance companies and other investing institutions in Germany and, in particular, to attractive international markets for capital market operations where DZ BANK's high-quality product range and high credit rating make it an attractive partner for a broad spectrum of financial service providers and corporate customers.

In addition to establishing separate, autonomous divisions for German customers, international customers, and retail and equity customers, divisions were also set up for the main areas of activity, such as trading. DZ BANK's capital market activities are an example of investment banking which is "made in Germany": DZ BANK engages in major trading activities in Frankfurt, has excellent research and, in equity research specifically, focuses heavily on German small and mid caps. In the first half of 2007, DZ BANK's equity research once again received renowned awards from national and international juries, in some cases as a repeat winner.

The main pillar of DZ BANK's capital market operations is its activities abroad, which are already making a key contribution to the operating income of DZ BANK's investment banking business. In order to expand these activities, DZ BANK opened its first Italian branch in Milan in June 2007. This branch will serve as a base from which a team of locally based specialists in DZ BANK's capital market products and services can more systematically tap the attractive North Italian market. With expertise in structured retail products, financing, the management of assets and liabilities, equity research and brokerage, DZ BANK's initial focus in the Italian market will be on banks, insurance companies, asset managers and selected corporate customers.

DZ BANK also made substantial progress in Asia during the first half of the year. In Singapore and Hong Kong, it increased the human resources capacity in the Capital Markets division. The team in Singapore will serve customers in South East Asia along with institutional customers, asset managers, government institutions and banks across the region. In Hong Kong, an additional team will concentrate on business in northern Asia, particularly China. To achieve further synergies, DZ BANK has also integrated the existing Treasury departments in the Singapore and Hong Kong branches into the new structure and will combine them more closely with its asset management activities.

Both teams will serve our customers across the region and provide local support for all members of the DZ BANK Group. In Asia, the DZ BANK Group is active in private banking, project finance, syndicated loans, trading finance, aircraft/shipping and container finance, reinsurance and real estate. In addition to the extended branches in Hong Kong and Singapore, DZ BANK also has representative offices in Mumbai, Beijing, Shanghai and Tokyo, which are closely integrated into the branches' activities.

In addition to their capital market activities, DZ BANK's foreign branches and representative offices also support the Structured Finance division, which suffered increasing competitive pressures and falling margins during the first half of 2007. Despite persistently fierce competition, DZ BANK was able to position itself successfully as an innovative and stable finance partner in the corporate finance market as well. In acquisition finance, DZ BANK was able to further increase the number of mandates won, with the expansion of activities in this business segment driven by teams in Frankfurt, London and New York. DVB Bank AG, Frankfurt am Main, (DVB) – DZ BANK's majority-owned subsidiary in direct business with corporate customers – reported a very strong performance in its core business, transport finance, due in no small part to an expansive human resources policy.

Allfinanz Products

The broad range of products for private customers and small and medium-sized enterprises (SMEs) has always given the cooperative banks and their central product providers in the DZ BANK Group a particular competitive edge. Due to the capabilities of the cooperative sector's specialized service providers, the cooperative financial services network is benefiting from the trend toward private retirement provision, particularly where it is able to combine the advantages of different areas of product expertise. Union Asset Management Holding AG, Frankfurt am Main, (Union Asset Management Holding), for example, was able to further extend its position as the leading provider of fund-based Riester products during the first half of 2007: by mid-year it had concluded 1.23 million pension contracts. Fund-based life insurance products from R+V Versicherung AG, Wiesbaden, (R+V) also continued to enjoy great popularity among private customers. There are plans to roll out insurance products based on other asset classes later in the year. During the first half of 2007, R+V once again achieved growth rates far higher than those achieved by the German insurance market as a whole.

During the first half of 2007, a service offering entitled "VR-Vorsorgestatus" was developed in close cooperation between the business lines of the DZ BANK Group and the Federal Association of German Cooperative Banks (BVR). Starting in fall 2007, all local cooperative bank customers will be able to view the current status of their retirement provision – across the various components of retirement provision (statutory pension, occupational pension, private pension) and including pension products outside the cooperative sector. By forecasting the expected level of the pension, it will be possible to identify potential gaps in a customer's retirement provision.

In consumer credit operations, TeamBank AG, Nuremberg, (TeamBank) continued to increase the market share of the cooperative financial services network during the first half of 2007. Despite the restrained growth of the market as a whole, TeamBank achieved a 20 percent increase in the first quarter alone. This was due not least of all to the successful sales activities of the easyCredit shops which TeamBank is setting up in proximity to attractive retail outlets in major population centers. Preparations are underway to export TeamBank's successful business model to countries across Europe.

The cooperative financial services network also made its mark in the area of asset management during the first half of the year: the first market share ranking published by the German Derivatives Institute (DDI) ranked DZ BANK, with its 18 percent market share, as Germany's second-largest issuer after Deutsche Bank. In terms of guaranteed certificates, it is Germany's undisputed market leader with a 37 percent share. Union Asset Management Holding successfully extended its leadership in the market for fund-based Riester products during the first half of the year. Through the UniReits fund, the local cooperative banks' customers are also benefiting from the potential returns available in international real estate markets.

Internationally, Union Asset Management Holding has partnered with The Bank of East Asia, Hong Kong, (BEA), one of the leading players in the Asian banking market, for its strategic expansion into the region, thus enabling its active expansion of BEA's existing cooperation with DZ BANK in the area of asset management. The main objective of the cooperation is to work together to tap into the Asian market, and in particular in China, as they are clearly markets of the future. Over the next ten years, China is expected to deliver 30 percent growth and Hong Kong 20 percent growth. Union Asset Management Holding, and thus the entire cooperative financial services network, intends to participate in this growth of the Asian markets.

In real estate operations, margins remained under severe pressure during the first half of 2007 due to increased competition. In the first half of 2007 the earnings in the Property Finance segment were less than originally projected. At the beginning of July 2007, measures to combine the cooperative financial services network's real estate expertise took a decisive step forward when a memorandum of understanding was signed regarding a merger between Deutsche Genossenschafts-Hypothekenbank AG, Hamburg, (DG HYP) and Münchener Hypothekenbank eG, Munich, (MünchenerHyp). The new bank intends to maintain its strategic focus on the cooperative financial services network. Due to the development of its new "immo express" and "immo spezial" products, DG HYP's offering for the local cooperative banks has already improved considerably in recent months.

Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall, (BSH) was able to further extend its market leadership during the first six months of 2007. This was due not least of all to BSH's very service-oriented approach and its employees. BSH was voted "Germany's most customer-oriented bank in 2007" by the consulting firm Steria Mummert Consulting, the University of St. Gallen and the rating institute Servicerating. BSH's strong sales expertise in particular is set to be used increasingly for the benefit of the entire cooperative financial services network.

In corporate banking, DZ BANK reported rising numbers and volumes of both traditional syndicated loans and standard joint loan extensions during the first six months of 2007. This was accompanied by another sharp increase in the number of new customers at the upper end of the SME segment compared with the same period in 2006. As in the two previous years, the equity capital markets business continued to deliver a very strong performance.

VR-LEASING AG, Eschborn, (VR-LEASING) had a good start to fiscal 2007: once again, it was able to outpace market growth during the first half of the year. Its close cooperation with the local cooperative banks continued to bear fruit for VR-LEASING during those six months. This was reflected in a sharp 11 percent rise in new business. VR-LeasyOnline, an online tool that since 2003 has enabled the banks' advisors to complete lease and hire purchase agreements independently, plays a central role in joint marketing. International operations remain another key growth driver for VR-LEASING, with the volume of new business rising by just over 18 percent.

The Italian market is a key core market for the expansion of our international operations – and for the DZ BANK Group's Allfinanz products. In June of this year, DZ BANK acquired a 25 percent stake in Cassa Centrale Banca – Credito Cooperativo del Nord Est S.p.A., Trento, (CC BANCA). As a result, the marketing of network products such as easyCredit, leasing products and other Allfinanz products provided by the DZ BANK Group can now be stepped up. Union Asset Management Holding has been successfully marketing funds from the Union Asset Management Holding Group in the North Italian market in cooperation with CC BANCA for some years already.

Processing Services

The core business of a cooperative central institution has always included processing services. The European payments processing specialist Equens Nederland B.V., Utrecht, in which DZ BANK holds a 35 percent stake, further extended its European market leadership in payments processing, allowing the pace of growth set in fiscal 2006 to continue undiminished during the first six months of 2007. Major milestones in its expansion included the continuation of debit card payment processing for a large Dutch bank and its entrance into the markets in Finland and Italy through cooperation agreements with the OP Bank Group, Helsinki, and Seceti S.p.A., Milan.

In credit card operations involving retail customers via the affiliated local cooperative banks, a unique product innovation described as the "building blocks" system was developed in 2006, extensively tested and then rolled out at the beginning of 2007, thereby providing the local cooperative banks with a suitable product with which to withstand the aggressive competition to acquire customers.

By the end of March 2007, 48 partner training sessions had been held at 35 different locations for around 900 facilitators, who will implement the new product in the sales and central back-office units of their local cooperative bank. Since the partner training sessions ended, the facilitators have already prepared half of the banks which participated in the training to actively market the "building blocks" offering. Every cooperative bank in DZ BANK's domain is to be fully converted by the end of 2007.

By offering an extensive advisory service in the card market, DZ BANK continues to assist the affiliated local cooperative banks, not only in switching to the new card offering but also with a view to increasing the profitability of the card portfolio and better penetrating the customer base.

4. Earnings performance

The key income statement measures for the DZ BANK Group developed as follows in the first half of 2007:

Gross operating income for the DZ BANK Group amounted to € 2,204 million (H1 2006: € 2,155 million).

General administrative expenses for the DZ BANK Group increased by € 23 million to € -1,241 million.

The **cost-income-ratio** for the DZ BANK Group was 56.3 percent for the six-month reporting period in comparison with 56.5 percent for the first half of 2006.

The DZ BANK Group's **risk provisions** amounted to € -227 million, compared with € -236 million for the first half of last year.

The **operating result after risk provisions** for the DZ BANK Group amounted to € 736 million (H1 2006: € 701 million).

The detailed breakdown of the results for the DZ BANK Group for the first half of 2007 is as follows:

The **net interest income** of the DZ BANK Group increased by 5.2 percent to € 1,245 million, a modest rise over the previous year.

DZ BANK's interest surplus rose by +1.8 percent to € 389 million. DZ BANK was able to maintain its 2007 net interest income at near prior-year levels, in spite of competition-related downward pressures on margins and higher expenditures resulting from a further issue of Tier 1 capital.

Summary income statement

	DZ BANK Group		
	01.01. - 30.06.2007	**01.01. - 30.06.2006**	**Change**
	in € million	in € million	in %
Net interest income [1]	1,245	1,184	5.2
Net commission income	547	534	2.4
Net trading result	269	237	13.5
Net income from insurance operations	71	57	24.6
Personnel expenses	-646	-635	1.7
Other administrative expenses [2]	-595	-583	2.1
Administrative expenses	-1,241	-1,218	1.9
Balance of other operating income/expense	72	143	-49.7
Operating result before risk provisions	963	937	2.8
Risk provisions	-227	-236	-3.8
Operating result after risk provisions	736	701	5.0
Balance of other income/expense [3]	-57	-71	-19.7
Result before taxes	679	630	7.8
Taxes	-139	-152	-8.6
Result after taxes	540	478	13.0

[1] Includes current income, income from profit sharing agreements
[2] Other administrative expenses plus depreciation and valuation allowances on tangible and intangible assets
[3] Result of financial investments, extraordinary income/expenses including taxes on extraordinary result and other items

Interest income from the credit and money market transactions made a significant contribution to the interest result from operating activities. The strong uptrend in the economy and the concomitant upturn of corporate investment and business activity generated increased demand for credit products in the first six months of fiscal 2007. Rising volumes and an increase in the number of transactions were seen in both traditional and standard joint loan extensions. Launched in 2007 as part of the "Corporate Customers Marketing Campaign", the "Corporate Customers Beacon Banks Campaign" was expanded to cover over 60 beacon banks at the beginning of 2007. The goal of this campaign is to tap existing potential in the corporate customers business in a more focused manner by expanding dialog between the cooperative banks and DZ BANK.

Despite persistently fierce competition, DZ BANK was able to effectively position itself as an innovative and stable partner in the corporate-finance environment during the six-month reporting period. One of the key contributors to the success of DZ BANK's business model is its ability to combine industry know-how, knowledge of capital markets and product expertise under one roof. With an extensive selection of products ranging from traditional loans and highly complex structured financial solutions to Allfinanz products from the cooperative financial services network, DZ BANK was able to meet the high standards of its clients and was duly rewarded with a positive business trend. The number of new clients in the upper end of the SME segment also grew rapidly in the first six months of fiscal 2007 over the previous year's levels.

In a follow-up to last year's performance, DZ BANK was able to increase the number of acquisition finance mandates due in part to the newly expanded activities of our Frankfurt, London and New York teams in this business segment. For the first time, DZ BANK played a leadership role in several transactions as "mandated lead arranger."

In the export finance product area, the sustained upturn of exporting activity generated positive growth in the half-year under report. The demand for structured trade financing and financing for international commodity traders grew at a lively pace. DZ BANK was able to boost its earnings in this business segment during the first six months of 2006 in spite of sustained pressure on margins. On the project finance side, new business in the first six months of the year was primarily concentrated in North America, Asia and the Middle East, with energy supply and infrastructure as the main areas of focus.

The income from participations (shares of affiliates) reported for DZ BANK increased by 5.9 percent to € 211 million compared with 2006, mainly as a result of higher distributions by DVB Bank and DZ BANK International S.A., Luxembourg-Strassen, (DZI); there is naturally an interest expense component on the capital tied up in participations and shares in related companies.

BSH was able to increase its net interest income by 4.9 percent in the first half of the year. This increase was mainly the result of efficient capital management, which was again a major contributor to the net interest income. The number of savings deposits under save-to-build plans grew despite a lower volume in new business due to the abolition of the homeowner's tax deduction in Germany. BSH had already focused on providing a competitive interest spread in the collective business by introducing new rates early on for these save-to-build plans.

The net interest income of DG HYP in the reporting period rose 18.2 percent year-on-year as a result of earning contributions from asset liability management.

As demand for residential construction loans stagnated in the first half of 2007, competition in property financing further intensified as many banks pursued an aggressive pricing strategy. Against this backdrop, DG HYP's distribution partners in the financial services network placed fewer mortgage loans, while cooperative banks entered more loans in their books. At 17.7 percent, the new and extension private mortgage finance business lagged significantly behind last year's levels.

In the first half of 2007, new and extension commercial mortgage financing was up 19.9 percent year-on-year. Foreign lending, particularly at our representative office in New York and the centrally managed European operations in France and Scandinavia, contributed to this growth.

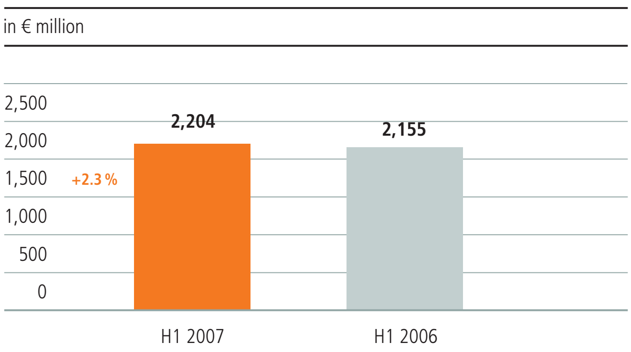
In the local authority loans origination business, new and extension business increased 7.1 percent over last year's levels.

In DG HYP's credit treasury business segment, active portfolio management is responsible for transactions and services. In the first half of 2007, the volume of credit and capital market transactions declined to € 839 million, a 27.5 percent drop over the same period in 2006. Following the torrential pace of 2006, the overall market for structured financing showed little signs of growth. Consequently, DG HYP only invested in select transactions with excellent risk/return profiles in the first six months of 2007.

In the area of non-performing loans (NPL), there is a clear and growing trend toward smaller transaction packages, for instance, from cooperative banks. DG HYP, working in tandem with its subsidiary, IMMOFORI Gesellschaft für Immobilien Forderungsinkasso mbH, Hamburg, provides support to cooperative banks in the standardizing sale of terminated loans.

In light of the changed conditions on the market for real estate financing, DG HYP and MünchenerHyp have signed a memorandum of understanding regarding the merger of the two real estate financing companies. The merger agreement is to be signed and approved by the two banks' shareholding bodies in the second half of the year. The goals of the merger are to further raise profitability at the new mortgage bank by jointly realigning the property financing business and to bolster the cooperative financial services network's ability to compete in this field in the future. The merger of the two books is also intended to boost cost and revenue synergies.

Total gross operating income of the DZ BANK Group



The net interest income for TeamBank fell as expected in the first half of 2007. This 19.2 percent year-on-year decline is due to the sale of branch operations in the fourth quarter of 2006; the adjusted net interest income rose by 30.8 percent.

TeamBank further expanded its market presence in the first half of 2007. After the successful completion of the test pilot phase for the launch of easyCredit shops, the number of new sales shops has risen sharply since October 2006. There were 38 shops at the end of 2006, and the number of newly opened easyCredit stores rose to 52 by the end of the reporting period. As early as the pilot phase, it became clear that these specialist shops for consumer finance continuously attract new customers to the cooperative financial services network.

The easyCredit portfolio totaled € 4.4 billion at the end of June 2007 (December 31, 2006: € 4.0 billion).

The actual level of market penetration was in line with TeamBank's marketing strategy, which focused on splitting the German market areas into six sales regions, with a strong commitment to the cooperative offices in the respective markets and the households with "consumer finance affinity" located in that region.

As of June 30, 2007, 915 of the approximately 1,250 cooperative banks were working together with TeamBank to market easyCredit. These partner banks are receiving support and assistance from the easyCredit specialists from TeamBank.

The primary focus of TeamBank's business strategy is to increase market share in the area of consumer finance for cooperative banks who market easyCredit. The company has set aside a total of € 63 million for activities to promote and market the easyCredit label over the next two years.

Given the global economy and rising freight and passenger traffic in all transport segments, the net interest income of the DVB subgroup grew by a robust 28.7 percent. The main factor behind this increase was healthy growth in new business in transport finance, coupled with a significant expansion in credit volumes. The expanding line of corporate finance services, particularly in group investment management, also provided a major boost.

The transport infrastructure finance operations are gradually winding down. This unit ceased all activity in fall 2006, after DVB was unable to position itself as a leading player on the global stage due to the size of the projects involved.

Net commission income increased at the group level by 2.4 percent to € 547 million. The year-on-year rise in this figure reflects the fact that Transaktionsinstitut für Zahlungsverkehrsdienstleistungen AG, Frankfurt, (Transaktionsinstitut) was deconsolidated at the end of 2006 and no longer among the consolidated companies; adjusted to exclude the results reported by the Transaktionsinstitut, the net commission income for the group rose by 7.0 percent.

The securities processing business segment was able to increase its contribution to the group's commissions surplus compared with 2006. The revenue of the payments processing segment was down from last year's results; the results reporting for the first half of 2006 also included the revenue contribution of the Transaktionsinstitut. The international segment exceeded its 2006 results, while the credit segment saw its revenue contribution fall year-on-year.

DZ BANK's net commission income was down 25.8 percent to € 105 million. The revenue contribution of the international and payments processing segments both rose over last year's levels, while growth in the securities and credit segments was down.

The net commission income in the securities business – the most important segment – failed to match last year's levels. It should be noted here that investment certificates not guaranteed with capital have been excluded from the trade portfolio as of the beginning of the current fiscal year; the revenue contributions of these products are now incorporated in the net trading result.

Following the losses on the financial markets in recent years and the severe dip in the stock market indices in March 2007, private investors remained decisively risk-averse. The flat interest-rate curve and the possibility of further declines in bond prices as a result of rising interest rates were responsible for muted interest on the part of investors in interest-bearing products, which were essentially limited to low-interest, tax-optimized bonds.

With these facts in mind, the many attractive capital-guaranteed certificates offered – the biggest sellers were the Maxi Rend, Maxi Rend Bonus and Bonus Tracker products, with preference for the AKZENT Invest label, which was launched successfully last year – were the main driving force behind higher revenue growth during the first half of 2007.

By structuring high-volume, longer-term transactions, DZ BANK's asset securitization group, which operates out of New York and covers the NAFTA countries, succeeded in tapping new sources for commissions derived from the sale of supplementary banking products, especially the securitization of unconventional assets. In the first half of 2007, the unit was able to further consolidate its solid market position.

The equity capital markets segment continued its very dynamic pace of growth during the reporting period. DZ BANK played a leading role in the capital increases at Drillisch AG and Medigene AG, while also assuming a prominent role in the syndicate involved in the capital increase at Merck KGaA. With M&A consulting services in strong demand, DZ BANK was also able to conclude several transactions including four new public takeover bids, further evidence of the high process security and top-flight performance delivered by DZ BANK.

In the first half-year, the Union Investment group was able to increase its net commission income year-on-year by € 102 million or 29.3 percent to € 450 million. It should be noted that in preparation for the changeover to IFRS accounting, several items totaling around € 18 million have been reclassified and moved from the balance of other operating income/expense to the net commission income. It should also be noted that due to recent legal decisions by the Federal Finance Court in regard to the tax-exempt status of variable-term commissions, the funds set aside for this purpose by the companies of the Union Investment Group over the previous year, amounting to approximately € 22 million, were liquidated in the reporting period. Adjusted for this non-recurring effect, the net commission income rose by 17.8 percent.

This is primarily due to much higher income from performance-related management fees and, more importantly, to a significant rise in the assets under management by the Union Investment Group. The main driving force here was the major upswing on the equity markets during the reporting period. In May 2007 the DAX broke the 8,000-point barrier for the first time in five years, while the S&P reached all-time highs.

Investors nevertheless remained wary of investing in equity funds. This also applied to investments in pension funds, whose value is under pressure from rising interest rates. The situation for open real estate funds was brighter. The Union Investment Group reported net cash inflows for the first time since the fourth quarter of 2006, signaling a turnaround for this class of products.

Since the end of the first half of 2006, there has been a noticeable shift in sales away from traditional asset classes such as equity and pension funds to solutions tailored to the individual requirements of the investor. In that regard, demand for guarantee products during the reporting period remained buoyant. The Union Investment Group, together with UniOpti4, was also able to launch a new fund which had already achieved a total volume of over € 9 billion within nine months of its launch at the end of the reporting period.

The Bundesverband Investment und Asset Management (BVI) statistics speak for the company's successful positioning as a solution provider. In the "value-assured funds" and "other securities funds" asset classes, Union Investment is the market leader in terms of 2007 net revenue and portfolio size.

UniProfiRente – the Riester private pension product from Union Investment – was able in the first six months of 2007 to build on its impressive 2006 position as the leading provider of fund-related products. By the end of June 2007, more than 183,000 new contracts had been brokered since the beginning of the year, which could only have been achieved with the assistance of the other cooperative banks.

Investment risk optimization is gaining ever-greater importance on the market for institutional customers. The aim here is not to fully eliminate risk, but instead to consciously assume certain risks in order to maximize the client's earnings prospects.

New institutional business, including advisory and asset management mandates, amounted to € 4.1 billion in the first half of 2007. A new record was once again set as the portfolio for institutional customers increased in value to around € 75 billion as of June 30, 2007. The majority of the newly acquired mandates were from the non-cooperative sector.

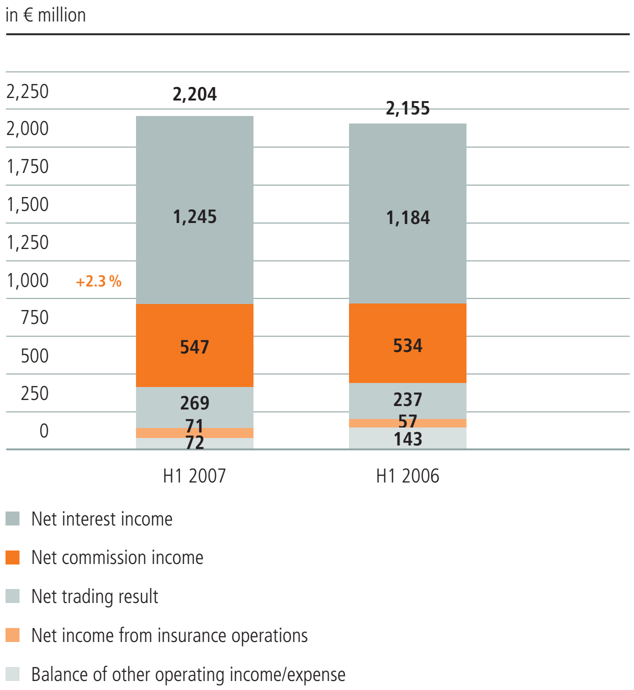
Union Investment Group's joint venture with Boston-based PanAgora Asset Management, Union PanAgora Asset Management GmbH, Frankfurt am Main, has maintained its consistent growth during the six-month reporting period and counts many prominent institutional investors among its customers. The Union Investment Group's specialist in quantitative investment strategies had a total of € 12.1 billion under management at the end of the reporting period.

Union Asset Management Holding AG, the holding company of the Union Investment Group, and the Hong Kong-based BEA, Hong Kong, (BEA), signed an agreement on April 19, 2007, to establish an asset management company. Headquartered in Hong Kong, the joint venture will be named "BEA Union Investment Management Limited. "BEA will maintain a 51 percent stake in the joint venture, while Union Asset Management Holding will hold a 49 percent stake. The goal of the venture is joint development of the Asian market.

The net commission income for the DVB subgroup in the six months under review was € 36 million or 8.8 percent below the extraordinarily high results for the first half of 2006, which have proven difficult to repeat from an accounting perspective. The actual net commission income included credit commissions from new syndicated investments and consulting commission from corporate finance activities that continue to grow thanks to the global economic upswing. The bank is seeking to expand its leadership position in terms of quality through its package of targeted services for the transport sector; another area pegged for expansion includes investment fund activities and involves new fund management products for international investors.

TeamBank's net commission income for the first half of 2007 was significantly lower year-on-year. Higher commissions paid to sales staff were in line with growing business with cooperative banks for easyCredit, and resulted in an increase in commission expenses and lower net commission income. The drop was further reinforced by the sale of the branch network to Deutsche Bank AG, Frankfurt am Main, on November 2, 2006.

Gross operating income for the DZ BANK Group (in detail)



Both BSH and DG HYP pay commissions to the local cooperative banks and their field sales force on the new business they sign.

BSH's net commission expense increased slightly by € 4 million to € -89 million; this figure is traditionally in negative territory. In the first six months of 2007, the company's volume of save-to-build business reached impressive levels, with new business of € 13.1 billion; as could be expected, BSH was however unable to match last year's extraordinarily high levels.

Thanks to its strong ties with the cooperative banks, BSH was able to continue on its path toward a strategic reorientation of "PRIMUS." As part of this growth strategy, Schwäbisch Hall is set for a massive expansion of its sales force in order to better tap into the market potential of the cooperative financial services network and to effectively counter growing competition from direct and online banks in regions that are currently underserved, such as large cities and metropolitan areas.

Young customers in particular appreciate the safety and predictability of save-to-build agreements on their path toward home ownership. The option provided with save-to-build agreements to borrow at preferential rates is gaining ground again as interest rates rise.

In the construction finance segment, the saver's building loan product line, including Schwäbisch Hall's "Tarif Fuchs," is available to customers at a range of preferential rates, also with a focus on the current trend toward buying pre-owned properties. The result is greater interest on the part of the customers for modernization projects which are primarily intended to boost the energy efficiency and environmental standards of the property.

In the other financial services segment, Schwäbisch Hall's sales force generated substantially high cross-selling volume for the local cooperative banks, Union Investment and R+V in the first six months of 2007 compared with the same period in 2006.

The growth in the market for private retirement pension products continues to show promise. This is particularly true of the government-subsidized Riester fund savings plans, which quadrupled within two years. The cooperative financial services network markets the highly attractive UniProfiRente Riester fund product, which is also sold by BSH's field sales force.

DG HYP's net commission income improved by € 2 million to € -19 million. The expansion of its private lending business increased the cost of the commissions paid by DG HYP on business acquired by distributors in the first six months of 2007, which was slightly below 2006 levels. The improved net commission income was further reinforced by higher commission revenue from the expanded commercial real estate mortgage business.

The **net trading result**, which at the level of the DZ BANK Group was slightly higher (+13.5 percent) than the equivalent 2006 figure of € 237 million, is essentially the product of DZ BANK's trading activities, the result of which (€ 262 million) topped even the impressive 2006 outcome by a further 15.7 percent. It should be noted here that investment certificates not guaranteed with capital have been excluded from the trade portfolio as of the beginning of the current fiscal year; the revenue contributions of these products are now incorporated in the net trading result.

The keys to this encouraging performance in the first half of 2007 lie in the overall positive trend in the capital markets and the bank's stable market position that derives from DZ BANK's focus on the needs of its cooperative financial services network partners and other institutional customers.

After consolidation, the **net income from insurance operations** generated by the R+V Versicherung subgroup amounted in the six-month reporting period to € 71 million compared with € 57 million in the first half of 2006.

The cooperative insurer recorded satisfactory revenue growth thanks to its close cooperation with the local cooperative banks. R+V's deep roots in the cooperative financial services network take on additional significance considering the tidal wave of radical change that is flowing over the industry – to cite just a few examples, the healthcare reform in Germany (effective as of April 1, 2007) and the reform of Germany's Insurance Contracts Law, scheduled for the second half of 2007. At the same time as the political framework is getting more difficult, competition between insurance providers is also intensifying.

Despite this stiffer competition, R+V has once again managed to grow faster than the market and gain market share during the first half of 2007.

The growth in R+V's life and pensions insurance business outpaced the market as a whole in the first six months of 2007. The retirement pensions activities offer this unit high future growth potential. To fully tap into this potential, R+V has accelerated its "Optima" project, launched in 2006, as a means to increase its product sales through the direct distribution channels of the local cooperative banks. Following the successful launch of its extensive range of innovative pension products, the company has added another product in April 2007 with the roll-out of GarantieRente-PflegePlus, which combines a private pension with an option for supplementary long-term daily care insurance. This is one of several packages available from R+V.

Despite perceptibly tougher price competition, especially in R+V's biggest individual business, vehicle insurance, R+V's premium income in the property and casualty insurance segment showed a much better trend than the sector as a whole. R+V was however subject to a high number of claims in the aftermath of the winter storm "Kyrill."

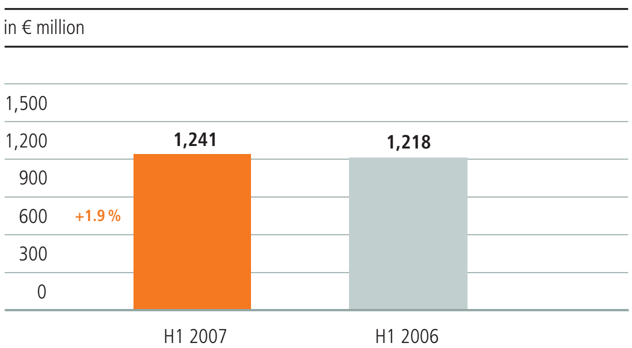
R+V Krankenversicherung's income from premiums nevertheless grew, although the full effects of the healthcare reform on the business model for private health insurance have yet to be felt.

R+V aimed for healthy growth in its active reinsurance business. In this segment, R+V Rückversicherung represents a true alternative to the major reinsurers for SMEs. Due to the global diversification of its risk portfolio, expenses for claims in Germany during the first half of 2007 were within the expected range given the severity of the storm damage.

R+V was able to tap into the general upward growth during the reporting period and the opportunities available on the capital markets to further enhance the risk capacity of its group companies.

At the group level, **general administrative expenses** increased year-on-year by +1.9 percent to € -1,241 million, with a +2.1 and +1.7 percent rise in non-personnel expenses and personnel expenses, respectively. This increase in costs compared with the first half of 2006 does not include the Transaktionsinstitut, which was no longer among the group of consolidated companies in the six-month reporting period as a result of its deconsolidation at the end of 2006. If this non-recurring cost is excluded from the previous year's figures, the net administrative expenses increased by +3.5 percent at the group level.

General administrative expenses of the DZ BANK Group



The significant expansion of operations at the Union Asset Management Holding and DVB subgroups resulted in a 7.9 percent and 15.6 percent rise in their respective personnel expenses. An increase in personnel expenses at the VR LEASING subgroup could also be attributed to a major rise in new business, which grew by 11.9 percent. General administrative expenses at TeamBank increased by 18.7 percent, due mainly to costs related to the IT changeover and follow-up costs resulting from the sale of its branch network concluded in 2006; these reimbursement-related cost items are included under balance of other operating income/expense. DZ BANK's personnel expenses declined slightly year-on-year by -1.2 percent, while non-personnel expenses grew by 8.6 percent.

One of DZ BANK Group's top priorities in the first half of the year continued to be concentrating its business activities and aggregating them effectively into newly defined business segments. This included closer cooperation with the cooperative computing centers. As part of routine coordination efforts, planning is harmonized with FIDUCIA IT AG, Karlsruhe, (FIDUCIA), and GAD eG, Münster, (GAD), and set procedures are established.

Further progress was made in rolling out "Workstation VAP," jointly developed with FIDUCIA and GAD. This project is a standardized nationwide integration platform for the sale of the cooperative financial services network's entire product offering.

VR VorsorgeStatus will be launched at several cooperative banks following the completion of the pilot phase. It will provide customers with periodical status reports on how their projected financial situation will appear at retirement age based on an individual selection of pension products from the cooperative financial services network. This service will initially be offered at local banks in the FIDUCIA's market area, and will later be available in the region covered by GAD.

DZ BANK's newly implemented IT architecture with internal guidelines and criteria is in place to aid the IT/Organization unit in helping other divisions reduce their costs and conserve staff resources. The result will be faster coordination efforts, the elimination of duplicate work and an improvement in product quality.

This is based on the established principles of service-oriented architecture (SOA). IT-related "services" are created based on the unit-specific functions in the business workflows and are then made available for use in various applications. This promotes greater flexibility and enables the IT unit to react more quickly to requests from the other specialist divisions. The new IT architecture is incorporated into the divisional strategy "Goals IO 2010," which will focus on the technical and strategic orientation in terms of IT in regard to issues of efficient collaboration within the IT/Organization division and between this unit and other specialist divisions.

The **balance of other operating income/expense** amounted to € 72 million in the first half of 2007. This includes the leasing income for the DZ BANK Group of € 102 million, primarily generated by the VR LEASING subgroup. Counter to this trend, provisions of € -109 million were set aside for pooling resources in the real estate segment.

The new business volume of € 2.2 billion in sales and investment finance at VR LEASING Group represents a 14.4 percent increase over the previous year, and stemmed from both the domestic and foreign operations.

New international leasing operations signed € 1,048 million in new business, an 18.3 percent year-on-year increase. VR-LEASING assists SMEs in establishing operations in foreign markets, and is now market leader in the dynamic markets of Central and Eastern Europe. VR-LEASING is present in the eleven countries in this area, which count Russia among them. In light of the rapid growth in new leasing business, VR-LEASING is seeking to expand beyond its existing Moscow-based subsidiary in the medium term to other locations in Russia.

New business volume in Germany rose +11.0 percent to € 1,150 million due mainly to significant growth in commercial vehicle leasing, which increased by 21.3 percent in comparison with the first six months of 2006. The car leasing operations posted a 7.0 percent gain. In the half-year reporting period, growth in the information and communications technology division gathered pace, continuing a trend that started in the final quarter of 2006. The result was a 36.0 percent rise in new business to € 189 million in the first six months of the current fiscal year. New business volume for equipment leasing witnessed strong growth of 17.3 percent to € 433 million.

Bank-mediated leasing volumes (i.e. with local cooperative banks acting as agents) have also increased encouragingly during the period under report, and further progress has been made on realizing customer-centric administrative processes. A total of 680 local banks were linked to the standardized "VR-LeasyOnline" online tool as of June 30, 2007, making it possible for local bank staff to use the "VR-LeasyOnline" online tool to complete € 125,000 in leasing contracts and hire-purchase agreements at the counter. In the six-month reporting period, the number of contracts and agreements that were signed grew by 50.4 percent. The success of the online business with cooperative banks speaks for the growing acceptance and the administrative capabilities of the VR LEASING Group.

The **cost-income ratio** for the DZ BANK Group was 56.3 percent in the six-month reporting period (H1 2006: 56.5 percent).

The group's **risk provisions** in the first half of 2007 amounted to € -227 million, compared with the prior-year figure of € -236 million. This was mainly due to higher valuation result from securities held as part of the liquidity reserve compared with the previous period in 2006 and a practically unchanged risk provisioning in the lending operations compared with 2006 – including the allocation to the prudential (§ 340f HGB) reserve.

In the first six months of the current fiscal year, new lending business, which showed growth in all the market segments on the pick-up of the German economy, remained subject to the existing mandatory conservative risk-limiting and profitability criteria. Additionally, the six months under review saw further credit risk optimization through the implementation of efficient processes. The main priority was the methodical and economic management and monitoring of the credit portfolio by establishing new management and controlling instruments. This effort to implement effective credit risk management also focused on a proactive response to the more demanding quality standards imposed on loans processing under the German Banking Act (KWG), the Solvency Regulation (SolvV) and the Minimum Requirements for Risk Management (MaRisk).

More in-depth information in the risk situation of the DZ BANK Group can be found in the Risk Report starting on page 20 of this Management Report.

The **balance of other income/expense** for the first half of 2007 came in at € -57 million (H1 2006: € -71 million) for the group. Within these totals, the result from financial investments of € -29 million (H1 2006: € -37 million) for the DZ BANK Group includes both income from participations (shares of affiliates) and value adjustments on securities held as financial assets. The items stated here amounted to € -28 million (H1 2006: € -34 million) at the DZ BANK Group level.

Taxes in the first half of 2007 totaled € -139 million, including income tax expenses of € -131 million and other taxes amounting to € -8 million.

The **DZ BANK Group's result after taxes** for the six-month reporting period was € 540 million before deducting the share of profits due to minorities (H1 2006: € 478 million).

5. Regulatory capital

The group's regulatory capital is reported in accordance with the requirements of the amended KWG, in effect since January 1, 2007. The figures as of December 31, 2006, are in compliance with the requirements of the KWG prior to revision.

DZ BANK Group's **Tier 1 capital** stood at € 9,304 million (December 31, 2006: € 9,708 million). The principal factors behind this drop are an increase in the endowment of the revenue reserves and the special fund for general banking risks under the terms of § 340g HGB totaling € 535 million and further taps of Tier 1 bonds with an aggregate volume of € 77 million from the 2006 issuing platform via DZ BANK Perpetual Funding (Jersey) Ltd., Jersey, St. Helier, Jersey. This is set against further declines mainly as a result of the expiration of availability of DG HYP's silent participations valued at € 421 million and a decrease of € 227 million due to the KWG's revised method for Tier 1 capital deduction; KWG is now planning a 50 percent deduction of Tier 1 capital and not 100 percent as previously planned. A change in the group of consolidated companies also resulted in a drop in Tier 1 capital to € 375 million.

The group's **supplementary capital** stood at € 3,493 million as of June 30, 2007 (December 31, 2006: € 4,011 million). The decline was primarily due to the expiration of availability of participatory capital and long-term subordinated capital.

DZ BANK had no **third-tier capital** as of June 30, 2007, or as of December 31, 2006.

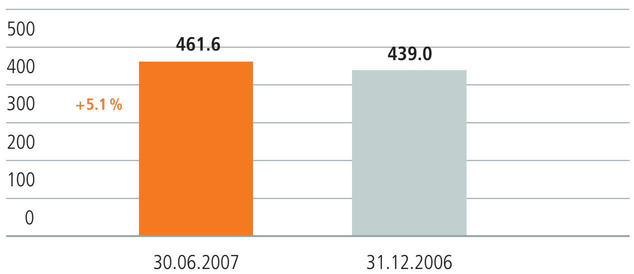
DZ BANK Group's **capital and reserves for purposes of compliance with SolvV** amounted to € 12,797 million as of June 30, 2007 (capital and reserves as of December 31, 2006: € 13,361 million).

The total capital ratio under the terms of the SolvV is presently 12.2 percent (December 31, 2006: 12.6 percent); the Tier 1 capital ratio of the DZ BANK Group in accordance with the SolvV is 8.9 percent (December 31, 2006: 9.7 percent). In the first half of 2007, the regulatory capital ratios of the DZ BANK Group were at all times significantly above the minimum requirements.

The procedures and systems for **managing risk capital** and the **liquidity ratios for the DZ BANK Group** are described in detail in the Risk Report on pages 20 and 23 of this Interim Management Report. Changes in the cash flows from operating, investing and financing activities during the reporting period and the preceding six-month period are listed in the Consolidated Cash Flow Statement in the abridged Consolidated Financial Statements.

Total assets of the DZ BANK Group

in € million



6. Number of branches

As of June 30, 2007, DZ BANK had four branches in Germany (in Berlin, Hanover, Munich and Stuttgart) and also five foreign branches in London, New York, Hong Kong, Singapore and Milan, with the last having been opened at the end of June 2007.

The four German branches oversee two sub-offices (in Hamburg and Nuremberg).

7. Volume development

As of June 30, 2007, the DG BANK Group's **total assets** had risen by € 22.6 billion or 5.1 percent to € 461.6 billion. The dominant factor in this volume expansion was the € +17.9 billion assets growth at DZ BANK to € 270.6 billion.

DZ BANK'S foreign branches account for around 14.5 percent of the group parent's total assets with a volume of € 39.3 billion. New York (€ 12.8 billion) and London (€ 14.7 billion) account for around 70 percent of the branches' combined volume, with the remaining amount of € 11.8 billion split between the Singapore branch (€ 6.3 billion) and the Hong Kong branch (€ 5.5 billion).

At the end of the six-month reporting period, the **business volume** amounted to € 654.0 billion (December 31, 2006: € 613.0 billion) for the DZ BANK Group; in addition to the total reported assets, this figure includes the group's contingent liabilities, irrevocable credit commitments, and the sum of the inventory values of the special funds managed on behalf of shareholders.

The DZ BANK Group's **loans and advances to credit institutions** increased by € 3.4 billion or 3.0 percent to € 116.0 billion. The equivalent figure for DZ BANK shows an increase of € 2.0 billion.

The increase in the DZ BANK Group's total of **loans and advances to customers** by € 0.2 billion or 0.2 percent to € 104.1 billion produced € +0.5 billion from business growth in the DVB subgroup. In addition, TeamBank's claims on customers rose to

€ 0.4 billion. However, this measure was lower in the case of both DZ BANK (€ 0.5 billion) and DZI (€ 0.4 billion).

The group's **securities holdings** ended the period under report at € 175.5 billion (December 31, 2006: € 157.6 billion). BSH's securities holdings increased by € 1.2 billion, while DZ BANK Ireland plc posted a rise of € 0.8 billion. DZ BANK's securities portfolio increased by € 16.7 billion to € 121.1 billion essentially because of increased holdings of bonds and other fixed-income securities.

Deposits from other banks amounted to € 176.9 billion at the DZ BANK Group at the end of the six months under report, and therefore exceeded the 2006 total by € 11.7 billion. DZ BANK's liabilities to other banks increased by € 9.2 billion to € 159.4 billion; the increase at DZ BANK was due essentially to an increase in non-cash lending liabilities by € +8.8 billion and the expansion of open market operations by € +2.9 billion coupled with a € 2.4 billion contraction of open accounts.

The DZ BANK Group's **amounts owed to other depositors** grew by € 9.1 billion or 9.7 percent to € 103.2 billion. DZ BANK's customer deposits expanded by € +6.7 billion to € 45.2 billion, primarily because of a higher stock of term money and current-account balances. DG HYP (€ 1.7 billion) and DZ BANK Ireland (€ 0.5 billion) also reported an increase in the amounts owed to other depositors.

At the end of the reporting period, **securitized liabilities** totaled € 106.5 billion (December 31, 2006: € 106.2 billion) at the group level. This was primarily the result of an increase of € +4.0 billion to € 39.8 billion in the volume of bonds and of a decrease of € -1.2 billion in the volume of other securitized liabilities. While securitized liabilities at DG HYP declined by € -3.4 billion, DZI and DVB reported an increase in balance sheet items of € +0.6 billion and € +0.2 billion, respectively.

The DZ BANK Group's reported **capital and reserves** amounted to € 9.7 billion on June 30, 2007 (December 31, 2006: € 9.4 billion); this included further issues of Tier 1 bonds with an aggregate volume of € 77 million from the 2006 issuing platform via DZ BANK Perpetual Funding.

II. Risk Report

1. Risk management system

All the group companies are integrated into the DZ BANK Group's risk management system according to the materiality of the risks involved. The management entities are the following principal subsidiaries: BSH, DG HYP, DVB, DZ BANK Ireland, DZI, R+V, TeamBank, Union Asset Management Holding and VR-LEASING.

Credit risk is the most important category of risk for the DZ BANK Group. It results especially from the group-wide corporate banking and investment banking activities as well as the retail-oriented lending operations. Market risk originates primarily in the companies that make significant capital market investments or conduct trading operations. Equity risk stems from the equity stakes that the DZ BANK Group holds in enterprises to further its business strategy. The activities of the group's insurance arm R+V generate underwriting risk. Liquidity risks, operational risks and strategic risks are associated with all forms of entrepreneurial activity and are therefore a substantial factor for all the companies involved in group risk management.

2. Risk capital management

The DZ BANK Group's risk-taking capacity is derived from the available risk capital. The available risk capital as of the reporting date for fiscal 2007 amounted to € 11,564 million (2006: € 10,990 million). This provided the basis for the Board of Managing Directors to define the allocated risk capital for 2007. The group-wide allocated risk capital was slightly reduced compared with 2006.

The following table shows that the DZ BANK Group's **risk capital consumption** determined as of June 30, 2007, had risen slightly compared with December 31, 2006. Despite this development, the risks used up only approximately two-thirds of the allocated risk capital. The rise in risk capital consumption for credit risks is mainly due to the expansion in new business. In non-banking operations, market risk rose as a result of general developments on the capital markets. There were no discernible risks threatening the group's existence.

Since 2007, the DZ BANK banking group has used the internal ratings-based approach (basic IRB approach) to calculate the **regulatory capital requirements** (Basel pillar 1) for credit risk and the standard approach to operational risk pursuant to the

Allocated capital and risk capital consumption by risk categories in the DZ BANK Group

in € million	Allocated capital 2007	Risk capital consumption 30.06.2007	Allocated capital 2006	Risk capital consumption 31.12.2006
Credit risk	4,672	2,682	4,585	2,609
Equity risk	855	593	689	548
Market risk	2,702	1,711	2,772	1,583
Underwriting risk	1,400	1,195	1,785	1,262
Operational risk	745	590	779	563
Strategic risk	1,340	1,146	1,361	1,124
Total (after diversification)	**9,631**	**6,377**	**9,708**	**6,203**

KWG and SolvV.

The regulatory ratios of the DZ BANK banking group can be found in the Business Performance report on page 18 of this interim management report. The ratios in the first half of 2007 were in all cases significantly higher than the prescribed minimum values.

3. Credit risk

Credit portfolio

Starting in 2007, R+V's credit insurance business is no longer being reported as credit risk but as underwriting risk. Accordingly, no account is taken of credit insurance business in the following notes on the credit portfolio. The credit volume as of the comparative reporting date, December 31, 2006, is also shown without the credit insurance business. As of December 31, 2006, the credit insurance business accounted for a share of € 13.3 billion of the group's total credit volume. The group credit volume including the credit insurance business amounted to € 373.4 billion as of the end of 2006.

The total credit extended by the DZ BANK Group increased by approximately 4 percent compared with December 31, 2006, to € 375.5 billion, essentially due to the expansion of securities-related business. The following diagram shows the group's consolidated credit volume broken down by the credit rating classes of the GRC ratings scale.

Rating classes I to III (investment grade) had the most entries and accounted for over 83 percent of the total credit volume at the end of the first half of 2007, while the credit volume assignable to rating classes IV to VII was much less significant at almost 2 percent. Defaulted loans (assigned to class VII) remained at the low level reported at the end of 2006 and are equivalent to just under 1 percent of the DZ BANK Group's total lending portfolio. The volume of assets subject to valuation allowances at the group level compared with December 31, 2006, was reduced by nearly 6 percent to € 3.3 billion.

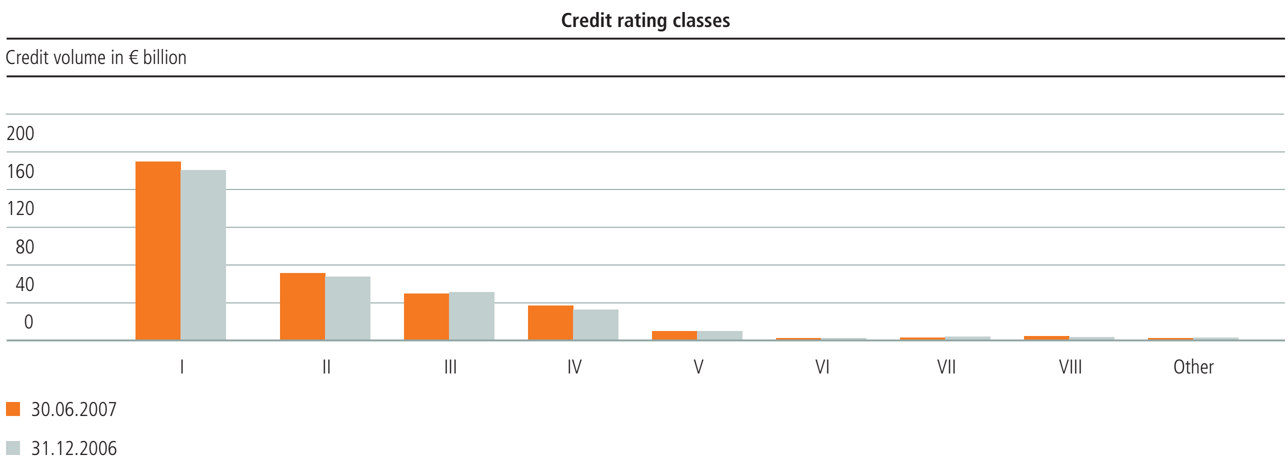
AAA tranches dominate in the DZ BANK Group's investments in the US sub-prime sector. The group is also invested to a lesser extent in AA tranches. This places the entire exposure in the best internal rating class (GRC I).

The **sector structure** of the credit portfolio shown in the table at the top of page 22 illustrates the wide degree of lending diversification at the group level. The major group companies invest their free liquidity in high-grade securities.

Default risk of trading activities

The group's investment banking activities are concentrated at DZ BANK. As the table at the bottom of page 22 shows, the

Credit volume of the DZ BANK Group by rating classes



Credit volume of the DZ BANK Group by bank and non-bank segments

	30.06.2007		31.12.2006	
	in € million	in %	in € million	in %
Financial sector	155,562	41	151,387	42
Non-banks[1]	219,951	59	208,752	58
Total (after consolidation)	**375,513**	**100**	**360,139**	**100**

[1] Includes other financial institutions (insurers, fund managers, brokerages)

utilization rates of all categories of default risk relevant to trading operations remained within the assigned limits.

The group's aggregate issuer risk exposure amounted on June 30, 2007, to € 196.2 billion (December 31, 2006: € 178.4 billion). Pfandbriefe and government bonds accounted for € 63.5 billion of this total (December 31, 2006: € 59.5 billion).

Risk provisioning and valuation allowances

During the first half of 2007 the DZ BANK Group's risk provisioning trend was encouraging. However, the exceptional income from successful "workouts" will decrease in the future due to the run-down in the workout portfolio. Overall risk provisioning in lending operations is returning to a level that is more commensurate with the scale of business.

4. Market risk

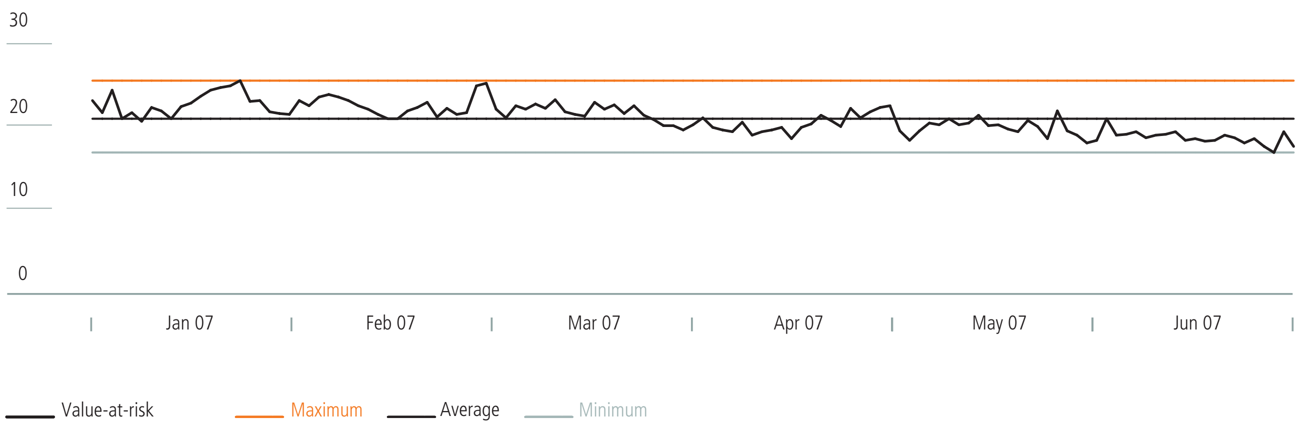
The risk capital consumption of the group's **banking operations** amounted to € 425 million on June 30, 2007 (December 31, 2006: € 484 million). As of the same date, the risk capital consumption of the trading operations amounted to € 109 million (December 31, 2006: € 161 million), and that of the non-trading portfolios to € 320 million (December 31, 2006: € 336 million). The risk capital consumption of investments in connection with **non-banking operations** amounted to € 1,286 million at the end of the half-year (December 31, 2006: € 1,099 million). As of June 30, 2007, the DZ BANK Group's economic capital consumption for **aggregate market risk** amounted to € 1,711 million (December 31, 2006: € 1,583 million). This total results from the simple addition of the risk

Default risk of trading activities for DZ BANK

in € billion	30.06.2007		31.12.2006	
	Limits	Utilization	Limits	Utilization
Replacement risk	161.9	25.4	158.5	29.3
Settlement risk	106.2	17.8	105.8	12.9
Issuer risk	198.4	79.3	178.4	72.8

Value-at-risk of the DZ Bank Group's trading operations

in € million; 99% confidence level, holding period of 1 business day



capital requirements for banking and non-banking activities. This compares with the allocated capital of € 2,702 million (December 31, 2006: € 2,772 million), a ceiling that was complied with at all times during the first half of 2007.

DZ BANK's operations dominate the **market risk of the group's trading operations**. DZ BANK's value-at-risk, based on a 99 per-cent confidence level and a one-business-day holding period, amounted on June 30, 2007, to € 17 million (December 31, 2006: € 24 million). The chart above shows the evolution of the daily value-at-risk in DZ BANK's trading divisions in the first half of 2007. The reduction in risk is mainly the result of several changes of scenario in the historical simulation, which involved a change in credit spread which had previously determined the value-at-risk falling out of the historic data period through the passage of time.

5. Liquidity risk

As part of the group-wide liquidity risk reporting system, the data collected pursuant to the Liquidity Regulation by domestic companies with bank status and the comparable figures for the foreign group companies and non-bank companies are con-solidated on a quarterly basis. This provides the basis for calcu-lating a **liquidity ratio** for the maturity band of up to 1 month, which is used to recognize any existence-threatening liquidity risks within the group. The table below shows changes in this ratio in the first half of 2007.

Liquidity ratios of the DZ BANK Group[1]

	30.06.2007	31.03.2007	31.12.2006
Maturity band (up to 1 month)	1.32	1.30	1.16

[1] Calculations based on the regulatory system prescribed in the Liquidity Regulation

III. Outlook

The chances of the economic recovery in Germany continuing in the second half of 2007 and beyond are particularly favorable, as indicated by positive corporate sentiment. As capacity utilization is high and order books are looking good, companies are likely to continue expanding their capital investments. In construction, on the other hand, we may expect some cooling down.

Exports also look likely to produce a lively performance. Based on the solid business development, private consumption will recover over the remainder of 2007. The overall growth rate is likely to remain slightly below that of 2006.

We expect earnings from interest and net commission income in the operating business to stabilize at the level of the previous year for the DZ BANK Group. We do not expect to be able to extrapolate the solid results for the first six months into the results for 2007 as a whole. This is mainly due to extraordinary charges arising from the planned bundling of forces in the real estate sector of the cooperative financial services network. According to the information currently available, market-dependent valuation adjustments following the most recent developments in the US mortgage market are likely to remain limited in the DZ BANK Group since the securitization portfolio contains exclusively first-class credit ratings.

General administrative expenses for the whole of 2007 for the DZ BANK Group look likely to be below the figures for the previous year. This is due to the significant decrease in personnel expenses, which in the previous year were, of course, characterized by the adjustment of the discount rate applicable to pension provisions. There are signs that the other administrative expenses will rise moderately.

Based on the exceptionally high release of individual loan loss provisions in 2006, credit risk provisioning for the current year in the DZ BANK Group is likely to rise again initially.

Issuers of listed debt instruments with domiciles in the European Union (EU) are obligated to prepare their consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) in respect of the 2007 financial year at the latest. The DZ BANK Group has done the necessary preparatory work to permit this.

This Semi-Annual Financial Report has been prepared in accordance with the provisions of the German Commercial Code (HGB). Future semi-annual and annual financial reports will be prepared in accordance with IFRS.

Interim Consolidated Financial Statements of the DZ BANK Group

Consolidated Balance Sheet of the DZ BANK Group as of June 30, 2007
Assets

in € million	(Note)	30.06.2007	31.12.2006
1. Cash reserve		493	1,386
2. Debt instruments of public-sector entities and bill of exchange eligible for refinancing at central banks		289	250
3. Loans and advances to credit institutions	(4)	115,991	112,590
4. Loans and advances to customers	(6)	104,112	103,947
5. Bonds and other fixed-income securities	(7)	172,857	154,983
6. Equity shares and other variable-yield securities		2,657	2,630
7. Insurance-related investments	(8)	45,796	43,816
8. Other insurance-specific assets		2,069	2,203
9. Participations		572	578
10. Shares in associated companies		564	470
11. Shares in related companies		1,020	1,024
12. Assets held on trust basis		2,436	2,576
13. Intangible assets		117	132
14. Property and equipment		5,470	5,408
15. Other assets		3,727	3,593
16. Deferred tax assets		1,713	1,660
17. Accrued income and deferred expenses		1,704	1,738
Total assets		461,587	438,984

Liabilities

in € million	(Note)	30.06.2007	31.12.2006
1. Deposits from other banks	(9)	**176,864**	**165,161**
2. Amounts owed to other depositors	(10)	**103,199**	**94,092**
3. Securitized liabilities	(11)	**106,480**	**106,202**
4. Liabilities arising from trust operations		**2,436**	**2,576**
5. Other liabilities		**3,643**	**4,282**
6. Accrued income and deferred expenses		**3,498**	**3,128**
7. Provisions	(12)	**3,143**	**3,455**
8. Building societies guarantee fund		**523**	**508**
9. Insurance reserves	(13)	**44,143**	**42,112**
10. Other insurance-specific liabilities		**2,814**	**2,953**
11. Subordinated liabilities		**2,638**	**2,579**
12. Participatory capital		**1,746**	**1,795**
13. Fund for general banking risks		**786**	**786**
14. Capital and reserves		**9,674**	**9,355**
a) Subscribed capital		3,028	3,028
b) Capital reserve		834	834
c) Revenue reserves		1,570	1,578
d) Adjustment item for minority interests		3,838	3,764
e) Consolidated profit		404	151
Total equity and liabilities		**461,587**	**438,984**

1. Contingent liabilities		**13,700**	**14,231**
2. Other obligations		**25,337**	**22,504**
3. Special funds managed on behalf of shareholders		**153,369**	**137,275**
Number of special funds administered: 632 (31.12.2006: 623)			

Consolidated Income Statement of the DZ BANK Group for the Period from January 1 to June 30, 2007

in € million	(Note)	01.01. - 30.06.2007	01.01. - 30.06.2006
1. Interest income	(14)	6,543	6,054
2. Interest expense	(14)	5,375	4,962
3. Current income from equity shares and other variable yield securities, participations, shares in associated companies and shares in related companies	(14)	71	87
4. Income from profit pools and profit transfer or profit sharing agreements	(14)	6	5
5. Commission income	(15)	1,320	1,307
6. Commission expense	(15)	773	773
7. Net trading result	(16)	269	237
8. Income from insurance operations	(17)	5,864	5,293
9. Expense from insurance operations	(18)	5,793	5,236
10. Other operating income	(20)	1,359	1,179
11. General administrative expenses	(19)	1,172	1,163
12. Depreciation and valuation allowances on tangible and intangible assets		69	55
13. Other operating expenses	(20)	1,287	1,036
14. Depreciation and valuation allowances on loans and advances and certain securities, plus additions to provisions on lending operations		227	236
15. Depreciation and valuation allowances on participations, shares in related companies and securities treated as fixed assets		29	37
16. Expense from the assumption of losses		5	3
17. Result from ordinary operations		**702**	**661**
18. Extraordinary expenses	(21)	–	13
19. Taxes on extraordinary result		–	-5
20. Net extraordinary result		**–**	**-8**
21. Taxes on the result from ordinary operations	(22)	131	146
22. Other taxes not included under the Other operating expenses heading		8	6
23. Earnings paid out under profit pools and profit transfer or profit sharing agreements		23	23
24. Result after taxes		**540**	**478**
25. Attributable to minority interests		136	104
26. Consolidated profit		**404**	**374**

Consolidated Cash Flow Statement

in € million	01.01. - 30.06.2007	01.01. - 30.06.2006
Cash funds at start of period	**1,636**	**486**
Cash flow from operating activities	5,186	6,529
Cash flow from investing activities	-5,902	-5,760
Cash flow from financing activities	-138	162
Cash funds at end of period	**782**	**1,417**

The Cash Flow Statement of the DZ BANK Group reconciles the starting value of the group's cash and cash-equivalents (funds) with the funds position at the end of the period by representing the reporting period's net cash flows from operating, investing and financing activities.

The funds reported include cash on hand and balances at central banks (cash reserve). The funds reported include debt instruments of public-sector entities and bills of exchange.

Segment Reporting

Segment reporting by business line as of June 30, 2007

in € million	Bank	Retail	Property Finance	Insurance	Other/ Consolidation	Total
Net interest income	475	228	663	–	-121	**1,245**
Risk provisions	-99	-62	-65	–	-1	**-227**
Net commission income	180	475	-108	–	–	**547**
Net income from insurance operations	–	–	–	78	-7	**71**
Net trading result	263	6	–	–	–	**269**
Administrative expenses	-667	-404	-268	–	98	**-1,241**
Balance of other income/expense	289	51	-110	–	-158	**72**
Result after risk provisions	**441**	**294**	**112**	**78**	**-189**	**736**
Segment assets	268,591	21,356	119,834	47,865	-13,671	**443,975**
Segment liabilities	268,897	18,256	113,449	46,957	-14,059	**433,500**
Balance sheet equity	5,909	2,048	3,080	1,294	-3,061	**9,270**
Return on equity in %	14.9	28.7	7.3	12.1	–	**15.9**
Risk positions	56,500	7,919	23,100	–	545	**88,064**
Cost/income ratio in %	55.3	53.2	60.2	–	–	**56.3**
Total employees	8,915	4,134	1,308	9,829	–	**24,186**

Segment reporting by business line as of June 30, 2006

in € million	Bank	Retail	Property Finance	Insurance	Other/ Consolidation	Total
Net interest income	435	271	599	–	-121	**1,184**
Risk provisions	-104	-64	-68	–	–	**-236**
Net commission income	243	405	-114	–	–	**534**
Net income from insurance operations	–	–	–	63	-6	**57**
Net trading result	229	8	–	–	–	**237**
Administrative expenses	-660	-387	-274	–	103	**-1,218**
Balance of other income/expense	290	27	11	–	-185	**143**
Result after risk provisions	**433**	**260**	**154**	**63**	**-209**	**701**
Segment assets as of 31.12.2006	250,294	21,374	119,682	46,019	-15,814	**421,555**
Segment liabilities as of 31.12.2006	249,493	18,326	113,771	45,065	-16,135	**410,520**
Balance sheet equity as of 30.06.2006	5,470	1,866	3,055	1,206	-3,564	**8,033**
Return on equity in %	15.8	27.9	10.1	10.4	–	**17.5**
Risk positions as of 30.06.2006	57,923	8,880	33,157	–	582	**100,542**
Cost-income-ratio in %	55.1	54.4	55.2	–	–	**56.5**
Total employees	8,987	3,988	1,340	9,863	–	**24,178**

The segment reporting is prepared in accordance with the requirements of German Accounting Standards GAS 3 and GAS 3-10 for segment reporting by banks. The results are broken down into segments on the basis of core operating business lines.

The separate interim financial statements of the DZ BANK Group's consolidated subsidiaries have all been measured on a consistent basis and allocated to the business segment that best reflects their respective operating focus.

The **Bank** segment encompasses all of the DZ BANK Group's activities in the areas of business with local cooperative banks, business with direct corporate customers, business with institutional customers and investment banking. The focus is on business customers as a target group. The VR-LEASING, Eschborn, and DVB Bank, Frankfurt am Main, subgroups are included under this heading, as are the companies DZ BANK Ireland plc, Dublin, VR Kreditwerk Hamburg-Schwäbisch Hall AG (VR Kreditwerk AG), Hamburg and Schwäbisch Hall, ReiseBank AG, Frankfurt am Main, Cash Express Gesellschaft für Finanz- und Reisedienstleistungen mbH, Frankfurt am Main, and DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main.
In contrast to the 2006 Consolidated Financial Statements, VR Kreditwerk AG is reported under the Bank segment rather than the Property Finance segment. The presentation of the figures for the same period in 2006 has been adjusted accordingly.

The **Retail** segment covers the DZ BANK Group's private banking operations and activities relating primarily to asset management, and the focus is therefore 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, Nuremberg, plus the subgroup Union Asset Management Holding, Frankfurt am Main.

The **Property Finance** segment takes in the group's building and loan and mortgage lending business. The main companies concerned are Bausparkasse Schwäbisch Hall AG, Schwäbisch Hall, and Deutsche Genossenschafts-Hypothekenbank AG, Hamburg.

The group's insurance operations are shown under the **Insurance** segment, which includes the R+V Versicherung, Wiesbaden, subgroup.

The **Others/Consolidation** heading reports the companies that do not count as part of the DZ BANK Group's core operating business lines. The segment also includes the inter-segment consolidation adjustments.

The components taken into account in reporting the profitability of the segments include net interest income, risk provisions, net commission income, net income from insurance operations, net trading result, administrative expenses and balance of other income/expense.

The segments' net worth and financial situation is shown by reference to their assets and liabilities. The segment assets include their cash reserve, loans and advances to credit institutions and customers, bonds and other fixed-income securities, equity shares and other variable-yield securities, insurance-related investments and other insurance-specific assets. The segment liabilities include their deposits from other banks and amounts owed to other depositors, securitized liabilities, insurance reserves, and other insurance-specific liabilities.

The balance sheet equity item aggregates the DZ BANK Group's equity and reserves excluding the consolidated profit. The segment figures aggregate the equity of the companies assigned to the segment, adjusted for intra-segment effects.

The benchmarks chosen for judging the success of the business segments are the rate of return on their balance sheet equity and their cost-income ratio. The return on reported equity has been calculated as the ratio of the result after risk provisions to balance sheet equity. The cost-income ratio shows the relationship between their administrative expenses and their operating income and reflects the business segments' cost efficiency.

The risk positions reported as of June 30, 2007, show the aggregated risk-weighted assets of the investment book and the market risk of the trading book pursuant to the German Banking Act (KWG) for the companies included in the Interim Consolidated Financial Statements that use the transitional arrangement under § 339 of the Solvency Regulation (SolvV). For companies that refrain from using the transitional arrangement under § 339 SolvV, the default risks and market risks are contained in accordance with SolvV. The reporting does not take operational risks into account. The risk positions reported as of June 30, 2006, were the risk-weighted assets of the investment book and the market risk of the trading book pursuant to the KWG of the companies included in the Interim Consolidated Financial Statements.

Statement of Changes in Equity

January 1 to June 30, 2006

in € million	Balance at 31.12.2005	Proceeds from issue of shares	Purchase/ cancellation of own shares	Dividends paid	Changes in reporting entity	Result after taxes	Other gains and losses recognized directly in equity	Balance at 30.06.2006
DZ BANK Group								
Subscribed capital	**2,879**	149	–	–	–	–	–	**3,028**
Capital reserve	**528**	306	–	–	–	–	–	**834**
Equity earned by the group	**628**	–	–	-110	-1	374	–	**891**
Accumulated other gains and losses recognized directly in equity:								
– Translation differences	**11**	–	–	–	–	–	-8	**3**
– Other items	**40**	–	–	–	–	–	–	**40**
Equity as disclosed in consolidated balance sheet (without minority interest)	**4,086**	**455**	**–**	**-110**	**-1**	**374**	**-8**	**4,796**
Own shares not held for redemption	**24**	–	20	–	–	–	–	**44**
Equity	**4,062**	**455**	**-20**	**-110**	**-1**	**374**	**-8**	**4,752**
Minority interest								
Minority interest in capital and earned results	**3,546**	110	–	-117	36	104	–	**3,679**
Accumulated other gains and losses recognized directly in equity:								
– Translation differences	**-56**	–	–	–	–	–	-30	**-86**
– Other items	**18**	–	–	–	–	–	–	**18**
Equity	**3,508**	**110**	**–**	**-117**	**36**	**104**	**-30**	**3,611**
Total group equity	**7,570**	**565**	**-20**	**-227**	**35**	**478**	**-38**	**8,363**

January 1 to June 30, 2007

in € million	Balance at 31.12.2006	Proceeds from issue of shares	Purchase/ cancellation of own shares	Dividends paid	Changes in reporting entity	Result after taxes	Other gains and losses recognized directly in equity	Balance at 30.06.2007
DZ BANK Group								
Subscribed capital	**3,028**	–	–	–	–	–	–	**3,028**
Capital reserve	**834**	–	–	–	–	–	–	**834**
Equity earned by the group	**1,684**	–	–	-151	-5	404	–	**1,932**
Accumulated other gains and losses recognized directly in equity:								
– Translation differences	**5**	–	–	–	–	–	-3	**2**
– Other items	**40**	–	–	–	–	–	–	**40**
Equity as disclosed in consolidated balance sheet (without minority interest)	**5,591**	**–**	**–**	**-151**	**-5**	**404**	**-3**	**5,836**
Own shares not held for redemption	**–**	–	–	–	–	–	–	**–**
Equity	**5,591**	**–**	**–**	**-151**	**-5**	**404**	**-3**	**5,836**
Minority interest								
Minority interest in capital and earned results	**3,846**	70	–	-120	-3	136	–	**3,929**
Accumulated other gains and losses recognized directly in equity:								
– Translation differences	**-100**	–	–	–	–	–	-9	**-109**
– Other items	**18**	–	–	–	–	–		**18**
Equity	**3,764**	**70**	**–**	**-120**	**-3**	**136**	**-9**	**3,838**
Total group equity	**9,355**	**70**	**–**	**-271**	**-8**	**540**	**-12**	**9,674**

This Statement of Changes in Equity has been drawn up in accordance with GAS 7 on total group equity and total recognized results. The total group equity shown in this Statement of Changes in Equity is reduced by the value of own shares compared to the capital and reserves shown in the consolidated balance sheet.

Notes to the Interim Consolidated Financial Statements of the DZ BANK Group

A. General Information on the Interim Consolidated Financial Statements

1 | Legal basis on which the Interim Consolidated Financial Statements have been prepared

The Interim Consolidated Financial Statements of the DZ BANK Group for the first half of 2007 have been prepared in accordance with § 37w of Germany's Securities Trading Act (WpHG) taken in conjunction with § 37y no. 2 and § 46 (2) WpHG pursuant to the accounting and valuation principles of the German Commercial Code (HGB) and the reporting requirements under the Order on the Accounting of Credit Institutions and Financial Services Institutions (RechKredV) and Germany's Joint Stock Corporation Act (AktG). In addition, the DG BANK Transformation Act and the Articles of Association of DZ BANK AG Deutsche Zentral-Genossenschaftsbank (DZ BANK), Frankfurt am Main, also apply. The statements also comply with the German Accounting Standards (GAS) issued by the German Accounting Standards Board. The semi-annual financial reporting by the DZ BANK Group is aligned with GAS 16 (near final draft on interim reporting).

2 | Basis of consolidation

The Interim Consolidated Financial Statements as of June 30, 2007, include in addition to DZ BANK as group parent, an additional 22 (December 31, 2006: 22) subsidiaries and 4 (December 31, 2006: 4) subgroups with a total of 883 (December 31, 2006: 871) subsidiaries.

The DZ BANK Group's basis of direct consolidation did not change in the first half of 2007.

A total of 122 (December 31, 2006: 135) related companies that are of overall minor significance to the DZ BANK Group's assets and liabilities, financial position and profit situation were not consolidated pursuant to § 296 (2) HGB.

A total of 7 companies (December 31, 2006: 6) are valued as associated companies using the at-equity method in compliance with § 312 HGB and GAS 8 (Accounting for Investments and Associates) in the Interim Consolidated Financial Statements because their business and financial policy is subject to significant control by the group. The change is due to DZ BANK's acquisition of 25 percent of the shares in Cassa Centrale Banca Credito Cooperativo del Nord Est SpA (Cassa Centrale Banca), Trento, Italy, in June 2007. The basis for the valuation at equity comprises the book values of Cassa Centrale Banca at the time of acquisition. We dispensed with adjusting the figures to conform to the group's uniform accounting and valuation principles as they were not material. The valuation at equity of Cassa Centrale Banca produced a difference of € 4 million that was set off against the group's revenue reserves pursuant to § 312 (2) sentence 3 taken in conjunction with § 309 (1) sentence 3 HGB.

It was decided not to apply the at-equity method in the case of 18 (December 31, 2006: 17) associated companies on grounds of materiality, as permitted by § 311 (2) HGB.

3 | Accounting and valuation principles

The separate interim financial statements of all the companies consolidated into the group were prepared using the same accounting and valuation principles that apply to the DZ BANK Group. These are the same principles that were applied to the Consolidated Financial Statements as of December 31, 2006.

In the subgroup R+V Versicherung, Wiesbaden, determining the result in the course of the year on the basis of accrued expected figures was switched in the reporting period to a calculation based on the figures actually booked and accrued. The accounting and valuation principles applied for the same period in the previous year were adjusted accordingly.

B. Notes to the Consolidated Balance Sheet

4 | Loans and advances to credit institutions

The loans and advances to credit institutions are structured as follows:

in € million	30.06.2007	31.12.2006
Repayable on demand	**24,795**	**7,978**
Other receivables	**91,196**	**104,612**
of which: relating to building loans	17	11
relating to mortgage loans	290	217
relating to local authority loans	4,238	4,400
Total	**115,991**	**112,590**

5 | Claims and liabilities in respect of affiliated banks

The reported claims and liabilities totals include the following sums due from or to affiliated banks:

in € million	30.06.2007	31.12.2006
Due from affiliated banks	**40,035**	**40,867**
of which: from cooperative central institutions	246	297
Due to affiliated banks	**46,952**	**41,155**
of which: to cooperative central institutions	280	146

6 | Loans and advances to customers

The loans and advances to customers include the following amounts:

in € million	30.06.2007	31.12.2006
Mortgage loans	**22,497**	**23,303**
Local authority loans	**19,796**	**19,780**
Construction loans advanced by home loan bank	**17,495**	**17,163**
– Allocations of building loans	6,199	6,224
– Preliminary and bridge finance	10,510	10,106
– Other	786	833
Other receivables	**44,324**	**43,701**
Total	**104,112**	**103,947**

7 | Bonds and other fixed-income securities

The bonds and other fixed-income securities are broken down as follows:

in € million	30.06.2007	31.12.2006
Money market instruments issued by	**822**	**667**
– public-sector issuers	–	64
of which: qualifying as repo collateral at Deutsche Bundesbank	–	–
– other issuers	822	603
of which: qualifying as repo collateral at Deutsche Bundesbank	–	–
Bonds and debt instruments issued by	**154,377**	**137,704**
– public-sector issuers	31,820	29,329
of which: qualifying as repo collateral at Deutsche Bundesbank	30,020	27,125
– other issuers	122,557	108,375
of which: qualifying as repo collateral at Deutsche Bundesbank	75,380	65,743
Own bonds	**17,658**	**16,612**
Nominal value	17,494	16,433
Total	**172,857**	**154,983**

8 | Insurance-related investments

Own-account investments

in € million	30.06.2007	31.12.2006
Land, leasehold rights and buildings including buildings on third-party land	946	957
Participations, shares in related companies	454	586
Lending to companies with which a participation relationship exists and to related companies	2,009	2,023
Equity shares, investment shares and other variable-yield securities	11,749	11,367
Bearer bonds and other fixed-income securities	5,161	5,099
Claims secured by mortgages, land charges and annuity land charges	3,589	3,565
Registered bonds, promissory notes, loans and other lending	17,895	16,604
Deposits with other banks	110	220
Other investments	372	329
Custody receivables from reinsurance business	120	169
Total	**42,405**	**40,919**

Investments for the account and at the risk of insurance policy holders

As of June 30, 2007, there are investments for the account and at the risk of insurance policy holders held in special funds amounting to € 3,391 million (December 31, 2006: € 2,897 million).

9 | Deposits from other banks

The structure of deposits from other banks is as follows:

in € million	30.06.2007	31.12.2006
Repayable on demand	**34,935**	**25,732**
Fixed-term or agreed notice	**141,929**	**139,429**
of which: issued registered mortgage Pfandbriefe	509	788
issued registered public-sector Pfandbriefe	1,410	1,807
issued registered mortgage and public-sector Pfandbriefe assigned to lenders as security on loans taken out	10	14
savings deposits under save-to-build plans	196	252
Total	**176,864**	**165,161**

10 | Amounts owed to other depositors

The amounts owed to other depositors include the following amounts:

in € million	30.06.2007	31.12.2006
Savings deposits under save-to-build plans	**31,911**	**31,750**
of which: relating to plans under notice	48	48
relating to allocated saver's building loans	120	108
Other liabilities	**71,288**	**62,342**
– Repayable on demand	26,786	9,994
– Fixed-term or agreed notice	44,502	52,348
of which: issued registered mortgage Pfandbriefe	2,732	2,977
issued registered public-sector Pfandbriefe	10,547	8,549
issued registered mortgage and public-sector Pfandbriefe assigned to lenders as security on loans taken out	33	43
Total	**103,199**	**94,092**

11 | Securitized liabilities

Securitized liabilities amount to the following:

in € million	30.06.2007	31.12.2006
Issued bonds	**91,153**	**90,742**
– Mortgage Pfandbriefe	12,782	13,219
– Public-sector Pfandbriefe	31,267	35,554
– Other bonds	47,104	41,969
Other securitized liabilities	**15,327**	**15,460**
of which: money-market instruments	9,036	9,898
Total	**106,480**	**106,202**

12 | Provisions

Provisions are structured as follows:

in € million	30.06.2007	31.12.2006
Provisions for pensions and similar obligations	1,106	1,100
Provisions for taxes	469	462
Other provisions	1,568	1,893
Total	**3,143**	**3,455**

13 | Insurance reserves

The insurance reserves represent the insurer's obligation to policy holders and qualifying claimants, and are backed by investments on the assets side of the balance sheet. The equalization fund is used to smooth fluctuations in the incidence of claims over time.

in € million	30.06.2007	31.12.2006
Insurance reserves	**40,752**	**39,215**
– Premium transfers	1,363	1,054
– Insurance cover provisions	29,953	29,014
– Provision for outstanding insurance claims	4,402	4,194
– Provision for premium reimbursements ("bonus reserve")	3,858	3,794
– Equalization reserve and similar provisions	1,114	1,074
– Other insurance provisions	62	85
Life-insurance-related reserves on which the policy holders bear the investment risk	**3,391**	**2,897**
– Insurance cover provisions	3,391	2,897
Total	**44,143**	**42,112**

C. Notes to the Consolidated Income Statement

14 | Net interest income

Net interest income is divided into the following components:

in € million	01.01. - 30.06.2007	01.01. - 30.06.2006
Interest income from	**6,543**	**6,054**
– Lending and money-market operations	4,434	4,418
– Fixed-income securities and government-inscribed debt	2,109	1,636
Interest expense	**5,375**	**4,962**
Current income from	**71**	**87**
– Equity shares and other variable-yield securities	20	57
– Participations	21	14
– Shares in associated companies	29	12
– Shares in related companies	1	4
Income from profit pools and profit transfer or profit sharing agreements	**6**	**5**
Total	**1,245**	**1,184**

15 | Net commission income

Net commission income results from the following services:

in € million	01.01. - 30.06.2007	01.01. - 30.06.2006
Securities business	537	466
Payment business/International business	33	60
Asset management	32	21
Lending and guarantees business	-2	5
Building society operations	-129	-139
Other	76	121
Total	**547**	**534**

16 | Net trading result

Since the beginning of the reporting period investment certificates without any guarantee of capital maintenance have been issued from the trading portfolio. The contributions to earnings arising from these products are reported under the net trading result.

17 | Income from insurance operations

The income from insurance operations is composed of the following components:

in € million	01.01. - 30.06.2007	01.01. - 30.06.2006
Earned net premiums	4,567	4,192
Income from investments	1,169	955
Other underwriting income	92	91
Other non-underwriting income	36	55
Total	**5,864**	**5,293**

18 | Expense from insurance operations

The expense from insurance operations has the following components:

in € million	01.01. - 30.06.2007	01.01. - 30.06.2006
Claims	2,888	2,484
Changes in other insurance reserves – net	1,397	1,269
Premium refunds	320	243
Operating expenses	792	776
Investment expenses	224	201
Other underwriting expenses	95	163
Other non-underwriting expenses	77	100
Total	**5,793**	**5,236**

19 | General administrative expenses

The general administrative expenses are structured as follows:

in € million	01.01. - 30.06.2007	01.01. - 30.06.2006
Personnel expenses	**646**	**635**
– Wages and salaries	529	499
– Social security contributions and expenses for pension benefits and welfare	117	136
Other administrative expenses	**526**	**528**
Total	**1,172**	**1,163**

20 | Other operating income and expenses

Other operating income primarily relates to leasing transactions, but also includes income from write-downs of provisions as well as from cost apportionment and reimbursement of expenses.

Other operating expenses are primarily the result of other expenses arising from leasing operations and depreciation on leased assets. They also include additions to other provisions.

21 | Extraordinary income and expenses

Extraordinary expenses in the first half of 2006 essentially include personnel restructuring expenses and costs arising from DZ BANK's existing social plan. There are no material extraordinary income items or expenses in the reporting period. The total net extraordinary result is reported in the Income Statement net of applicable taxes on income.

22 | Taxes on income

The taxes on income for the reporting period are determined on the basis of the best estimate of the income tax rate expected to apply to the year as a whole. The effects of the Corporation Tax Reform Act 2008 passed by the German Bundesrat on July 6, 2007, have not been taken into account in determining the taxes on income for the reporting period.

D. Other Information on the Interim Consolidated Financial Statements

23 | Employees

The average number of persons employed breaks down into:

	01.01. - 30.06.2007	01.01. - 30.06.2006
Female staff	**11,191**	**11,127**
of which: full-time employees	8,040	8,083
part-time employees	3,151	3,044
Male staff	**12,995**	**13,051**
of which: full-time employees	12,653	12,692
part-time employees	342	359
Total	**24,186**	**24,178**

24 | Information on the leasing business

The composition of the leasing business is essentially as follows:

in € million	30.06.2007	31.12.2006
Leasing assets	5,077	5,011
Deposits from other banks	1,251	1,344
Amounts owed to other depositors	213	328
Other liabilities	83	90
Accrued expenses and deferred income	1,589	1,483
Provisions	121	120

in € million	01.01. - 30.06.2007	01.01. - 30.06.2006
Current income	1,203	1,088
Depreciation on leasing assets	509	478
Other expenses	592	519

Responsibility Statement from the Legal Representatives

We hereby affirm that, to the best of our knowledge, the Interim Consolidated Financial Statements prepared in accordance with the accounting principles applicable to reporting of the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit of the group and that the interim group management report presents the course of business, including the results of the business and the group's situation, with a true and fair view and describes the main opportunities and risks for the group's foreseeable performance over the remainder of the fiscal year.

Frankfurt am Main, August 14, 2007

DZ BANK AG
Deutsche Zentral-Genossenschaftsbank

Board of Managing Directors

Kirsch	Hilgert	Dr. Duhnkrack
Merz	Voigtländer	Westhoff

Report Following Auditor's Review

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 abridged balance sheet, abridged income statement, abridged cash flow statement, abridged segment reporting, statement of changes in equity and abridged 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, 2007, which are components of the semi-annual financial report pursuant to § 37w Securities Trading Act (WpHG). The preparation of the abridged interim consolidated financial statements in accordance with German commercial law and the interim group management report in accordance with provisions in the WpHG applicable to interim 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 Institut der Wirtschaftsprüfer (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 German commercial law 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 German commercial law 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 20, 2007

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Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Müller-Tronnier	Wagner
Wirtschaftsprüfer	Wirtschaftsprüfer

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Heinz Hilgert
Deputy Chairman
from February 13, 2007

Dr. Thomas Duhnkrack

Albrecht Merz

Dietrich Voigtländer

Frank Westhoff

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(from February 1, 2007)

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Deutsche Zentral-Genossenschaftsbank

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R+V Allgemeine Versicherung AG
(until February 1, 2007)

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Gudrun Schmidt
Regional Group Director
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Spokesman of the Board of Managing Directors
Landwirtschaftliche Rentenbank

Imprint

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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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