Deka Group

Annual Report 2023

Finanzgruppe

Deka Group at a glance

BUSINESS DEVELOPMENT INDICATORS		31 Dec 2023	31 Dec 2022	Change (%)
Total assets	€m	84,800	97,396	– 12.9
Asset management volume	€m	357,730	347,247	3.0
Deka certificate volume	€m	23,216	24,506	– 5.3
Number of securities accounts	thousand	5,477	5,309	3.2
		2023	**2022**	
Asset management net sales	€m	– 11,958	14,061	– 185.0
Gross certificate sales	€m	17,664	13,320	32.6
Total sales	€m	5,707	27,381	– 79.2
PERFORMANCE INDICATORS				
Total income	€m	2,282.9	2,236.3	2.1
Total expenses	€m	1,311.3	1,251.5	4.8
Economic result	€m	971.5	984.8	– 1.3
Total of profit or loss before tax	€m	1,107.2	800.7	38.3
Return on equity before tax (balance sheet)	%	15.8	17.0	– 1.2%-Points
Cost/income ratio	%	54.4	55.0	– 0.5%-Points
RISK INDICATORS – NORMATIVE PERSPECTIVE		**31 Dec 2023**	**31 Dec 2022**	
Own funds	€m	7,230	6,751	7.1
Risk-weighted assets	€m	30,486	31,360	– 2.8
Total capital ratio	%	23.7	21.5	2.2%-Points
Common Equity Tier 1 capital ratio	%	19.2	17.4	1.8%-Points
Leverage ratio	%	9.2	7.1	2.1%-Points
MREL Ratio (RWA based)	%	54.1	52.0	2.1%-Points
MREL Ratio (leverage ratio exposure based)	%	23.5	19.1	4.4%-Points
Subordinated MREL requirements (risk-weighted assets based)	%	37.7	35.9	1.7%-Points
Subordinated MREL requirements (leverage ratio exposure based)	%	17.9	14.2	3.7%-Points
Net Stable Funding Ratio (NSFR)	%	120.9	118.1	2.8%-Points
Liquidity Coverage Ratio (LCR)	%	209.0	159.1	49.8%-Points
RISK INDICATORS – ECONOMIC PERSPECTIVE				
Risk appetite	€m	4,300	4,150	3.6
Total risk	€m	2,553	2,488	2.6
Utilisation of risk appetite	%	59.4	59.9	– 0.5%-Points
RATING LONG-TERM (SHORT-TERM)				
Moody's		Aa1[1] (P-1)	Aa2 (P-1)	
Standard & Poor's		A (A-1)	A (A-1)	
SUSTAINABILITY RATING				
MSCI ESG		A	A	
ISS ESG		C (Prime)	C+ (Prime)	
Sustainalytics		16.9 Low Risk[1]	16.5 Low Risk	
Moody's ESG Solutions		55/100 Robust	55/100 Robust	
KEY EMPLOYEE FIGURES				
Number of employees		5,492	5,084	8.0
Number of active employees		4,702	4,373	7.5

[1] Sustainalytics Rating as at 24 January 2024; Moody's Rating as at 15 March 2024

Due to roundings, numbers and percentages presented in this report may not add up precisely to the totals provided.

CONTENTS

Foreword by the Board of Management

Dear Shareholders and Investors,

2023 was another year of big changes. The tense geopolitical situation since the invasion of Ukraine escalated to another level with the terrorist attack on Israel. Economically, too, there were major challenges. The global financial markets had a historic interest rate turnaround to contend with, and the German public faced the impacts of soaring inflation. But there was also some brighter news: the feared recession was avoided, and the world economy was in good shape overall. Not least for that reason, global capital markets proved relatively robust, and solid yields were achievable with both shares and bonds. Once again, it was clear that there is no escaping the importance of securities saving.

Our customers know that regular saving in particular is a strategy that pays off in tumultuous times. The number of savings plans rose by 222,000 as against the end of 2022 to around 7.6 million. The upward trend remains intact, even if growth is no longer quite as strong as in the preceding years. Traditional share savings plans were particularly popular with customers. The movement in interest rates meant that there was also increased demand for short-dated straight bonds. Our aim as the Wertpapierhaus for the savings banks is to offer products that meet changing customer needs. Investment in Deka products in 2023 came particularly from private investors. Total sales of funds and certificates in the retail business stood at €22.7bn. In the institutional business, meanwhile, the loss of an individual mandate resulted in negative net sales of €17.0bn.

In terms of business development and profit performance, Deka showed stability in these turbulent times. Despite changes in the risk situation, particularly in the real estate business, the economic result of €971.5m roughly matched the previous year's high level. Net commission income remained the main component of the Deka Group's income, accounting for around 70%. At 15.8%, the return on equity before tax (balance sheet) remained at the upper end of the figures posted by the European peer group. At the same time, we kept our costs under control. We held the cost/income ratio on a level with the previous year at 54.4%.

The results for the past year show once again that we have an effective and future-proof business model. This is enabling us to proactively shape the major transformation of the 2020s in terms of digitalisation, sustainability and demographic change and to make the necessary investments using our own resources. We see ourselves as an innovation driver for the benefit of the savings banks.

Our employees are the foundations for this development and for our clear customer orientation. Thanks to their daily commitment, energy and ideas, we have modernised and digitalised Deka step by step over recent years. Today, we are already a leader in blockchain technology. We were one of the first institutions in Germany to issue crypto securities. And with S-Invest Manager, we have created a new sales platform in the cloud for the savings banks. We will continue this path to actively shape the future and remain a frontrunner particularly when it comes to technological change.

We are seeing consistently excellent results in our regular surveys of employee satisfaction. The figures indicate that 88% of staff are happy at Deka and 80% believe that Deka will remain an attractive employer in future. This shows that we have been doing something right in recent years. We are also increasingly perceived as an attractive employer in the wider market. In 2023, we hired around 400 new employees, taking our workforce to almost 5,500 people. With this recruitment, we are thinking ahead to make sure that we retain experience and expertise within the Group. A generational shift will affect all financial institutions in the coming years as baby boomers enter retirement.

The pace of change when it comes to the megatrends of the decade will continue in 2024. At the same time, this year will again be shaped by geopolitical uncertainty and war, with all the knock-on impacts these bring, including here in Germany. At Deka, with our work for the savings banks and our other institutional customers, we are helping people across the country to protect their assets and savings. By generating long-term and sustainable growth, we act as an anchor of stability within the Sparkassen-Finanzgruppe. Deka is ready for the future.

Sincerely,

Dr. Georg Stocker

Dr. Matthias Danne

Birgit Dietl-Benzin

Daniel Kapffer

Torsten Knapmeyer

Martin K. Müller

Report of the Administrative Board for the 2023 financial year

During the reporting year, the Administrative Board and its committees carried out the duties assigned to them by law, the Bank’s statutes and its rules of procedure. The members of the Administrative Board and its committees regularly advised the Board of Management on management issues and oversaw proper conduct of the Bank’s affairs by the management. They were involved in all fundamentally significant decisions regarding the company.

Key issues of Administrative Board meetings

A total of four ordinary meetings took place in the reporting year, during which the Board of Management informed the Administrative Board about the Bank’s current business trends and profit performance, its risk position and the Deka Group’s strategic direction.

At Administrative Board meetings, the Board of Management reported on the business and risk strategies and discussed these with the Administrative Board. The Administrative Board approved the medium-term plan for the years 2024 to 2026 that was prepared on this basis and submitted by the Board of Management. The reports on the activities of Audit and Compliance, along with the remuneration report for the 2022 financial year, were also submitted to the Administrative Board.

The Administrative Board was provided with regular reports about the implications of developments in the international capital markets for the Bank’s earnings, liquidity and risk position, as well as management measures taken by the Board of Management. A focus in 2023 was the situation in international real estate markets and the resulting effects on the real estate financing portfolio of DekaBank and on the real estate funds business. The Administrative Board also discussed the status of ongoing projects and regulatory issues, passed resolutions on matters relating to the Board of Management and issued recommendations for the election of Administrative Board members.

As in the previous year, the Administrative Board discussed ongoing investigations by the public prosecutor’s office in Cologne in relation to share trades transacted around the dividend record date in the period from 2007 to 2015. A law firm assisted the Administrative Board with regard to this matter.

Supervisory matters were another focus of the Administrative Board’s work in 2023. At the Administrative Board meeting on 30 March 2023, representatives from ECB Banking Supervision explained the content of the 2022 SREP decision (“Supervisory Review and Evaluation Process”) for the Deka Group and discussed it with the Administrative Board. The Administrative Board continued to engage with expectations and communications on the part of the supervisory authority and adopted a revised fit & proper policy for the Administrative Board in this context.

Between meetings, the Board of Management informed the Administrative Board of any significant events in writing. Important topics and pending decisions were discussed regularly between the Chairman of the Administrative Board and the Chairman of the Board of Management.

The Administrative Board also held two extraordinary meetings in 2023 to discuss deliberations of the Board of Management on a matter relating to an equity investment.

In addition to this, the Administrative Board held a training event in financial year 2023 on the topic of "ESG disclosure".

The Administrative Board and its committees observed the rules on the handling of conflicts of interest. If Administrative Board members were exposed to a possible conflict of interest regarding individual matters, they did not take part in the discussion or vote on the topic concerned. The same applied to committee members.

Administrative Board Committees
The Administrative Board has a General and Nominating Committee, a Remuneration Supervision Committee, an Audit Committee and a Risk and Credit Committee. The committees are made up of the members of the Administrative Board. They support the work of the Administrative Board and carry out preparatory work on the issues and resolutions to be discussed in the main Board meetings. The committees' duties are specified in the Administrative Board's rules of procedure.

The General and Nominating Committee held four ordinary meetings in 2023, focusing primarily on the business model and the strategic development of the Deka Group. Another focus of its work again in 2023 was on matters relating to the Board of Management, including contractual and remuneration arrangements. The committee also conducted preparatory work for the Administrative Board's discussions regarding supervisory matters and the elections and appointments for the Administrative Board's next term of office.

The Remuneration Supervision Committee met four times in the reporting year. It discussed the remuneration report and the remuneration supervision report for 2022, gave consideration to whether the remuneration systems for the Board of Management and employees were set up appropriately and prepared resolutions on Board of Management members' remuneration and targets.

The Audit Committee held four ordinary meetings in 2023. It conducted a detailed review of the annual financial statements and consolidated financial statements. It monitored the requisite independence of the auditors and the quality of the audit, discussed and approved the additional services performed by the auditors, and engaged the auditors to perform their audit based on the key audit priorities established. The Audit Committee also concluded a fee agreement for the auditors Deloitte.

The Audit Committee extensively reviewed the Deka Group's financial accounting. It obtained reports on the audit activities of supervisory authorities, external auditors, Internal Audit and Compliance, and on the resulting action to be taken. The committee discussed the report on the internal control system (ICS) and its effectiveness, the annual reports of the Data Protection and Information Security Officers and the Sustainability Report, which constitutes the separate non-financial report pursuant to section 289b of the German Commercial Code (Handelsgesetzbuch, HGB). The Audit Committee also discussed the abovementioned investigations by the public prosecutor's office in Cologne in relation to share trades transacted around the dividend record date.

The members of the Risk and Credit Committee met five times during the reporting year. At its meetings, the committee held in-depth discussions on DekaBank's risk situation, particularly in relation to the possible impacts of geopolitical tensions. This examination included counterparty, market price, liquidity and operational risks in this context. These risks also encompass legal and reputational risks as well as risks arising from guarantee commitments in relation to pension products.

Other key areas discussed by the Risk and Credit Committee were the risk strategies, the implementation of an integrated framework to manage non-financial risks (NFR), the methodology for quantifying reputational risk and its presentation in reporting, the update to the recovery plan and other preliminary work on the resolution plan to be prepared by the relevant resolution authorities.

In its capacity as a loan approval body, the committee passed relevant resolutions and familiarised itself with the risk position in lending business. In the context of potential default risks resulting from geopolitical crises and difficult global economic conditions, it received detailed reports and explanations on the development of loan portfolios, on the estimated risks for relevant exposures and selected counterparties in the capital markets business, and on the risk provisioning measures taken. At its meetings, the committee regularly discussed the risk situation in the real estate financing portfolio, particularly with regard to the development of collateral value and follow-up financing risk.

The Risk and Credit Committee also discussed the business focus in the lending business with the Board of Management.

The committees' chairs or deputy chairs regularly reported to the Administrative Board on the results of the discussions held by the respective committee.

Audit and approval of the annual financial statements and consolidated financial statements for 2023

The Shareholders' Meeting of DekaBank appointed Deloitte GmbH Wirtschaftsprüfungsgesellschaft (Deloitte) as the auditors for financial year 2023 for the first time. Deloitte audited DekaBank's 2023 financial statements and management report, as well as the consolidated financial statements, notes and Group management report, and issued an unqualified audit opinion on them.

The financial statements were forwarded to the members of the Administrative Board, along with Deloitte's reports. The auditors attended both the corresponding meetings of the Audit Committee and the accounts meeting of the Administrative Board held today. The auditors reported on the findings of their audit and provided additional information where required. The Administrative Board took note of the auditors' findings and, following its own examination, raised no objections.

The Administrative Board approved the 2023 financial statements and submitted a proposal to the Shareholders' Meeting regarding the appropriation of accumulated profit. The Administrative Board additionally approved the consolidated financial statements for 2023.

The Administrative Board also discussed the Group's separate non-financial report for the 2023 financial year, which forms part of the Deka Group's Sustainability Report. AGIMUS GmbH, which was appointed to audit the Group's separate non-financial report, found that the Group's separate non-financial report met the legal requirements. Following its own examination, the Administrative Board also raised no objections.

Changes to the Board of Management and Administrative Board

At its meeting on 14 September 2023, the Administrative Board reappointed Ms. Birgit Dietl-Benzin and Mr. Daniel Kapffer as members of the Board of Management for another five years. The reappointment of Ms. Dietl-Benzin took effect on 1 October 2023. Mr. Kapffer's reappointment will take effect on 1 May 2024.

Mr. Ludwig Momann left the Administrative Board with effect from 31 March 2023. With effect from 1 April 2023, the Shareholders' Meeting elected Ms. Nancy Plaßmann, member of the Management Board of Berliner Sparkasse, and Mr Johannes Hartig, member of the Management Board of Sparkasse Osnabrück, as members of the Administrative Board.

The Administrative Board's new five-year term of office began on 1 January 2024. Mr. Schleweis, Mr. Fröhlich, Mr. Fleischer and Dr. Brandl left the Administrative Board at the conclusion of their term of office at the end of 2023. With effect from 1 January 2024, Mr. Matthias Dießl, President of the Association of Bavarian Savings Banks, Mr. Klaus Richter, Chairman of the Management Board of

Sparkasse Münsterland Ost, Mr. Jürgen Schäfer, Chairman of the Management Board of Sparkasse Aschaffenburg-Alzenau, and Mr. Ralph Spiegler, the mayor of the municipality of Nieder-Olm, were newly elected/appointed to the Administrative Board. The other Administrative Board members were re-elected/reappointed.

Since 1 January 2024, the new Chairman of the Administrative Board has been Prof. Dr. Ulrich Reuter, as the President of the German Savings Banks Association (Deutscher Sparkassen- und Giroverband – DSGV). Walter Strohmaier and Thomas Mang were elected first and second Deputy Chairman of the Administrative Board respectively.

The Administrative Board would like to thank all members who have left the Board for their valuable work and the constructive support they provided to DekaBank and its Board of Management. Special thanks go to Mr. Helmut Schleweis for the care and dedication he showed as the previous Chairman of the Administrative Board.

Supervision of DekaBank is exercised by the Federal Minister of Finance.

The Deka Group performed very well in the 2023 financial year, despite consider-able geopolitical and global economic headwinds, and proved the stability of its business model even in this difficult market environment. This reflects the suc-cessful work of the Board of Management and of the Deka Group’s employees. The Administrative Board would like to express its thanks and appreciation for the great personal commitment they have demonstrated.

Frankfurt/Main, 21 March 2024

The Administrative Board

Prof. Dr. Ulrich Reuter
Chairman of the Administrative Board

GROUP MANAGEMENT REPORT

The Deka Group is the securities service provider (the Wertpapierhaus) for the savings banks and is a key part of the Sparkassen-Finanzgruppe (Savings Banks Association). The expert advice offered by the savings banks helped to keep customers investing in 2023. The Deka Group's total sales stood at €5.7bn. In the retail segment, sales increased to €22.7bn, driven partly by the sale of short-dated straight bonds. The asset management volume of €357.7bn at the end of 2023 was €10.5bn up on the year-end figure for 2022. The Deka Group achieved another very strong economic result of €971.5m in the reporting period. The Deka Group's financial position remains sound. DekaBank also has one of the best capital market ratings among its peer group of German commercial banks.

Group management report

At a glance

The Deka Group is looking back on a 2023 that proved to be a resilient year for the economy overall, despite the geopolitical conflicts. The stock markets defied soaring inflation and surging interest rates to reach new heights. Particularly towards the end of the year, the prospect of imminent key rate cuts by the central banks put markets in an optimistic mood, helping to fuel the positive trend on equity and bond markets for the year as a whole. While the German economy shrank and the eurozone posted only weak growth, the global economic picture was robust.

In this environment, Deka continued its consistent focus on supporting savings banks and institutional customers. The expert advice offered by the savings banks helped to keep customers investing in 2023.

The Deka Group's total sales stood at €5.7bn (previous year: €27.4bn). In the retail segment, sales increased to €22.7bn (previous year: €20.8bn), driven partly by the sale of short-dated straight bonds. A major client (approximately €19bn) moving to another provider, as had been expected, resulted in negative overall net sales of €17.0bn in the institutional customer business (previous year: positive net sales of €6.6bn).

The asset management volume of €357.7bn at the end of 2023 was €10.5bn up on the year-end figure for 2022 (€347.2bn). The Deka certificate volume decreased by €1.3bn compared with the end of the previous year, falling to €23.2bn. The total of the asset management volume plus the Deka certificate volume at year-end stood at €380.9bn (year-end 2022: €371.8bn).

See also: Business development and profit performance in the Deka Group: page 36 ff.

The Deka Group generated an economic result of €971.5m (previous year: €984.8m). Deka is satisfied overall with its business development and profit performance.

Income rose slightly year-on-year to €2,282.9m (previous year: €2,236.3m). Net interest income, net financial income and net commission income improved on the prior-year figures. This was offset by allocations to risk provisions in the lending and securities business and a decline in other operating profit, which was particularly due to the negative effect of actuarial losses on pension provisions triggered by the actuarial interest rate. Net commission income remained the main component of the Deka Group's income, accounting for around 70%.

Expenses came to €1,311.3m and, as expected, were thus moderately above the prior-year figure (€1,251.5m). This was also due in particular to the increase in headcount to take advantage of growth opportunities and to investments in the business model.

The cost/income ratio was 54.4% (previous year: 55.0%). The return on equity before tax (balance sheet) in 2023 was 15.8% (previous year: 17.0%).

The Deka Group's financial position remains sound. DekaBank also has one of the best capital market ratings among its peer group of German commercial banks. DekaBank continued to have a very sound capital base in 2023.

At year-end, the Common Equity Tier 1 capital ratio stood at 19.2% (year-end 2022: 17.4%). At 59.4%, utilisation of risk appetite was virtually unchanged from the figure at year-end 2022 (59.9%) and thus remained at a non-critical level.

Information about the Deka Group

Deka Group profile and strategy

DekaBank Deutsche Girozentrale (DekaBank) and its subsidiaries in Germany and other countries make up the Deka Group. DekaBank is classified by the German Federal Financial Supervisory Authority (BaFin) as an "other systemically important institution". As the securities service provider (the *Wertpapierhaus*) for the German savings banks, the Deka Group forms part of the *Sparkassen-Finanzgruppe* (Savings Banks Association).

Legal structure
DekaBank is a German federal institution incorporated under public law with registered offices in Frankfurt/Main and Berlin. It is wholly owned by the German savings banks. 50% of the shares are held via Deka Erwerbsgesellschaft mbH & Co. KG. The savings banks hold their interests via this company, which is owned by their regional savings banks associations. The other 50% of the shares are held by the German Savings Banks Association (*Deutscher Sparkassen- und Giroverband* – DSGV ö.K.). DekaBank and thus the entire Deka Group are a key part of the *Sparkassen-Finanzgruppe*.

DekaBank is a member of the *Sparkassen-Finanzgruppe* deposit guarantee system. The deposit guarantee system of the *Sparkassen-Finanzgruppe* protects deposits with a savings bank, a state bank (*Landesbank*), DekaBank or a state building society (*Landesbausparkasse*).

Organisational structure
The Deka Group divides its business into five business divisions that combine similar activities. Asset management activities are handled by the Asset Management Securities and Asset Management Real Estate business divisions. The Group’s banking business is covered by the Capital Markets and Financing business divisions. The fifth business division – Asset Management Services – provides banking services for asset management.

Savings Banks Sales – which is subdivided into the regional savings bank sales departments (retail banking – private and individual clients) and Private Baking & Wealth Management – and Institutional Customer Sales serve as the interface with sales partners and customers. The corporate centres support the business divisions and sales departments throughout the value chain.

Major companies and locations
The Deka Group’s head office is in Frankfurt/Main. Frankfurt is also home to the investment management companies Deka Investment GmbH, Deka Immobilien Investment GmbH and Deka Vermögensmanagement GmbH as well as to the robo-advisor company bevestor GmbH. A further investment management company – WestInvest GmbH – is based in Düsseldorf. S Broker AG & Co. KG has its registered office in Wiesbaden, while S-PensionsManagement GmbH (in which DekaBank has a 50% shareholding) is headquartered in Cologne.

In Luxembourg, the Deka Group is represented in particular by DekaBank Deutsche Girozentrale Niederlassung Luxemburg and the investment management companies Deka International S.A. and Deka Vermögens-management GmbH (Luxembourg branch). The Austrian fund manufacturer IQAM Invest GmbH is head-quartered in Salzburg.

Corporate management and supervision
As an institution incorporated under public law, DekaBank is not subject to the German Corporate Governance Code. Nevertheless, the Deka Group strictly adheres to the principles of good and responsible corporate governance.

The guidelines for the management and supervision of the Group ensure that the responsibilities of boards and committees are clearly defined and enable efficient decision-making processes. As a member of the *Sparkassen-Finanzgruppe*, DekaBank is committed to the principles of subsidiarity and a focus on the greater good. Both the company's own Code of Ethics and the risk culture framework are based on this commitment. The Code of Ethics provides binding guidelines for ethically and morally correct behaviour and conduct of employees, managers and Board members, as well as for third parties acting on behalf of the Deka Group. As a code of conduct, the Code of Ethics forms an important part of our corporate culture by more closely defining ethical guidelines and core values from the Deka Group perspective. The risk culture framework lays down binding guidelines for the responsible handling of risks in the Deka Group and for compliance among employees, managers and Board members in relation to this.

DekaBank is managed collectively by the Board of Management. The Board of Management takes a holistic approach to managing the Deka Group, always considering the strategic direction and risks.

The Board is divided into divisions, each under the responsibility of a designated member. This ensures a clear distribution of roles and core competencies in the Board of Management.

At the reporting date, the Board of Management consists of six members. The responsibilities are as follows:

- CEO: Dr. Georg Stocker
- Deputy CEO & Asset Management: Dr. Matthias Danne
- Risk (CRO): Birgit Dietl-Benzin
- Finance (CFO) & Operations (COO): Daniel Kapffer
- Sales: Torsten Knapmeyer
- Banking business: Martin K. Müller

At its meeting in September 2023, the Administrative Board of DekaBank extended the contracts of the Chief Risk Officer Birgit Dietl-Benzin and of the Chief Financial Officer and COO Daniel Kapffer by five years each.

The Board of Management is supported by in-house management committees in an advisory capacity. DekaBank actively incorporates its sales partners' market proximity and expertise via three specialist advisory boards, which advise the Board of Management, and six regional sales committees (securities committees of the regional savings banks).

The Administrative Board oversees the Board of Management and thus performs a supervisory role. It comprises shareholder and employee representatives as well as representatives from the *Bundesvereinigung der kommunalen Spitzenverbände* (German Federal Association of Central Municipal Organisations), who act in an advisory capacity. The work of the Administrative Board is performed in part by the full Board and in part by various committees. To this end, the Administrative Board has established a General and Nominating Committee, an Audit Committee, a Risk and Credit Committee and a Remuneration Supervision Committee from among its members. With the exception of the employee representatives and representatives from the *Bundesvereinigung der kommunalen Spitzenverbände*, the members of the Administrative Board are appointed by the Shareholders' Meeting.

The responsibilities of the boards and committees are assigned by the Bank's statutes. The DekaBank Administrative Board has adopted rules of procedure and various policies, including a fit & proper policy for the Administrative Board, guidelines for the Administrative Board on the handling of conflicts of interest and on independence, succession planning guidelines for members of the DekaBank Administrative Board and Board of Management, a policy on the induction and training of new Administrative Board members, and a policy for the promotion of diversity on the DekaBank Administrative Board and Board of Management. There are additional rules of procedure for the Board of Management and for the specialist advisory boards and sales committees.

Supervision of DekaBank is exercised by the Federal Minister of Finance.

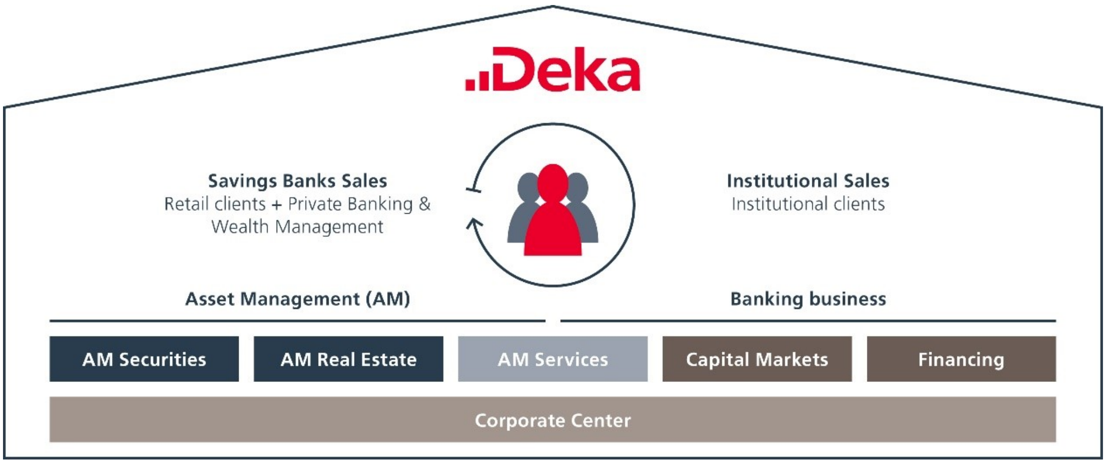
Business model as the *Wertpapierhaus* for the savings banks

The Deka Group is the securities service provider (the *Wertpapierhaus*) for the savings banks. Through its asset management and banking activities, it acts as a service provider for the investment, administration and management of assets, supporting its customers at every stage in the investment and advisory process within the securities business. It also offers comprehensive advice and solutions around investment, liquidity and risk management, and refinancing. The Deka Group acts as an all-round solution provider, serving customers' needs without bias towards particular products. This philosophy drives the development of its complete range of asset management and banking services to meet the securities business needs of savings banks and their customers and the targeted sales support it provides as a partner to the savings banks.

The Group's integrated business model, combining asset management and banking business, ensures stability and competitiveness. The Deka Group divides its activities into five business divisions:

- The Asset Management Securities and Asset Management Real Estate business divisions focus particularly on fund-based products and services.
- As a banking division, Asset Management Services encompasses banking services for asset management, such as depositary business, custody account business and digital multichannel management.
- The banking business divisions – Capital Markets and Financing – support the integrated model by offering additional investment products and enabling the necessary access to the money and capital markets and to financing. Capital Markets also acts as a service provider for asset management.

The *Wertpapierhaus* for the savings banks at a glance *(Fig. 1)*



In business involving securities funds and real estate funds, the Deka Group primarily earns commission income from management and transaction fees. Subject to regulatory requirements, some of this income is passed on as an "association payment" to the savings banks in their capacity as sales partners. Additional commission income comes from banking transactions, including capital market activities, which also generate net financial income from the trading book. Interest income is obtained primarily from lending business and from the Treasury function (including interest on own funds).

Customers
The Deka Group puts its primary customers – German savings banks and their customers – at the heart of its activities. This includes the private and individual clients, private banking & wealth management and business customer segments. To ensure that its products and solutions meets the needs of these customers, it is in regular dialogue with the savings banks. The products in demand from primary customers are also sold to other institutional customers. These particularly include insurance companies, pension funds, family offices, foundations, corporates and the German public sector. Given the Deka Group's close involvement in the savings banks sector and its focus on German institutional customers, its business activities are concentrated on the domestic market.

Product and solution provider
The core business is to provide suitable investments in securities and real estate as well as supplementary services throughout the investment and asset management value chain. In this regard, the Deka Group acts as finance provider, issuer, structurer, trustee and depositary. In addition to the provision of investment products such as securities and real estate funds or certificates, the Deka Group also provides execution of securities trading, management of custody accounts, asset servicing and depositary services. It also offers capital market services for savings banks, such as securities lending or the procurement and settlement of securities and financial derivatives. Advice, support and service processes – e.g. the provision of market analyses and infrastructure services – also form part of its business model. The Deka Group thus works as a solution provider to create further value added for customers and shareholders.

Sales
The cross-divisional sales units – Savings Banks Sales (which is subdivided into the regional savings bank sales departments (retail banking – private and individual clients) and Private Baking & Wealth Management) and Institutional Customer Sales – act as the interface with sales partners and customers.

Deka takes an all-round approach to helping savings banks sell products and services. An example of this is the close support given to the investment and advisory process within the savings banks. This includes incorporating the product and service offering into customer advice, joint customer-focused activities and in-depth support for savings banks and local advisers. The Deka Group's sales support is aligned with the *Sparkassen-Finanzkonzept* – the financial planning strategy offered by the savings banks – and aims to support the savings banks throughout the investment and advisory process.

Position and mission in the *Sparkassen-Finanzgruppe*
The historical development of its predecessor institutions, together with its ownership structure, make the Deka Group a key part of the *Sparkassen-Finanzgruppe* (Savings Banks Association).

Given the constant changes in markets, products and wider society, in the technologies used, and in the expectations of customers and employees, the Deka Group's business model is continuously evolving with a consistent focus on customer utility.

The Deka Group's Management Agenda is an ongoing strategic action programme that sets the strategic direction to further build on the Deka Group's position as the *Wertpapierhaus* for the *Sparkassen-Finanzgruppe*. This development is focusing on the following elements:

- Customer orientation in sales and products: Gearing sales and the product and service portfolio to the needs of target customers in order to generate profitable growth.
- Technology and innovation: Taking advantage of technology and the possibilities it brings to increase customer utility, improve efficiency and fully capitalise on business potential.
- Sustainability: Implementing consistent ESG governance and providing an appropriate range of products and services to ensure competitiveness.
- Modern organisation and attractiveness as an employer: Having a consistent focus on results, being able and willing to change, orienting the Group towards overarching goals and increasing Deka's attractiveness to existing and potential employees to ensure it is fit for the future.

Digitalisation activities

As society, industry and the financial sector are increasingly transformed by digital technology, the Deka Group is continuing its strong focus on digitalisation activities. Deka has therefore created a digitalisation strategy and is continuing to drive digitalisation in three directions: digitalising the customer interface, digitalising products and services, and digitalising processes and infrastructure. The use of relevant technologies is an essential tool if we are to continue providing competitive financial services simply and efficiently in future.

Digitalisation activities at the Deka Group are focused on customers and the development of forward-looking new products and services:

- Constantly enhancing interaction with the savings banks via S-Invest Manager and helping the savings banks provide competitive digital customer journeys via the S-Invest app and "internet branch". The Deka Group is also enhancing the services that DekaBank, S Broker and bevestor provide directly to end customers. The aim is to make the *Sparkassen-Finanzgruppe* more competitive in attracting young customers and execution-only clients. Finally, the sales support provided to the savings banks is being further digitalised.
- Developing digital product offerings in two areas: First, the digitalisation of traditional products and services, for example in asset management or brokerage. Second, the development of further blockchain-based products.
- Developing and establishing a blockchain-based infrastructure for digital assets. This will complement traditional securities infrastructure and ensure secure processing and custody of digital assets. To this end, DekaBank has applied to extend its licence to allow it to maintain a crypto securities register and offer custody of crypto assets. It is also examining the creation of an asset tokenisation solution. In addition, a joint venture with SWIAT GmbH has been established to develop the relevant blockchain technologies.
- By digitalising business and IT processes both old and new, the Deka Group is aiming to boost the efficiency and resilience of core, management and support processes. In addition, process digitalisation supports end-to-end customer orientation by examining how things work from a customer perspective.

We collect and analyse data in a structured way to identify customer needs from an early stage. Based on this, we can develop sales initiatives to boost the quality of customer communication and the satisfaction of end customers. The Deka Group is currently developing a platform to consolidate existing sales data pools.

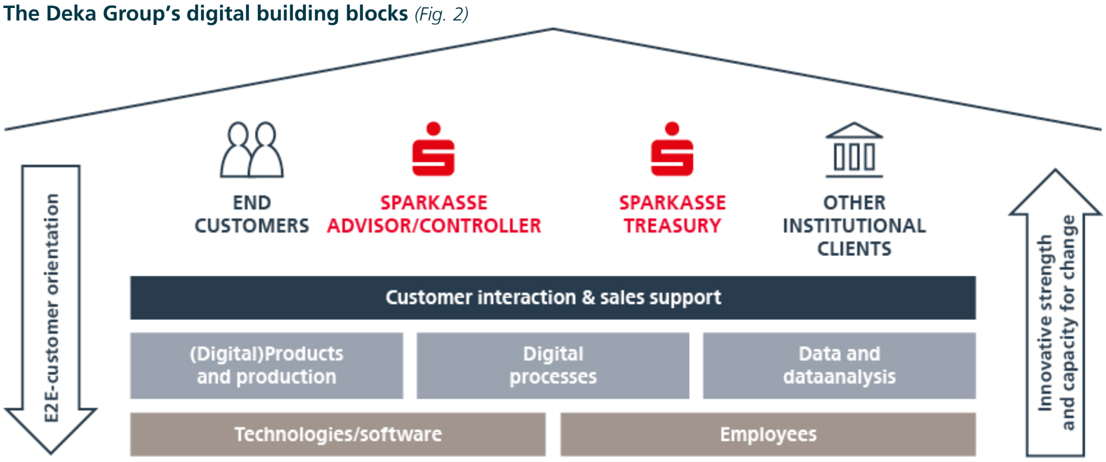
The Deka Group already uses or is examining the use of artificial intelligence in three main areas:

- Using collected sales data to approach customers in a targeted and efficient way with regard to investment opportunities
- Increasing the quality of products and investment decisions by analysing large volumes of data
- Leveraging process efficiency with a particular focus on the use of AI by employees as a tool to support their work

The interaction between employees, suitable work processes and the technologies used is the basis for promoting innovation and adaptability in the organisation and successfully putting end-to-end customer orientation into practice. This includes:

- Identifying and implementing suitable technologies and software to make IT processes more modern and efficient and support agile ways of working. As examples of this, the Deka Group is consistently implementing cloud technology and developing suitable use cases for artificial intelligence.
- A balanced mix of financial and technology expertise among employees and ongoing training on the use of technological tools and modern working methods.

The Deka Group's digital building blocks *(Fig. 2)*



Environmental, social and corporate governance (ESG)

As the *Wertpapierhaus* for the savings banks, the Deka Group is helping the *Sparkassen-Finanzgruppe* to get ready for the future. The "Target vision 2025 – Guidelines on sustainability in savings banks" (*Zielbild 2025 – Leitfaden zur Nachhaltigkeit in Sparkassen*) provides a comprehensive roadmap for implementing more sustainability. In keeping with regulatory requirements, the Deka Group understands sustainability as an ongoing process to fully integrate ESG criteria (climate and environmental (E), social (S) and responsible governance (G) aspects) into the business model. This applies in equal measure to customers, to Deka's expectations of itself and to its public engagement.

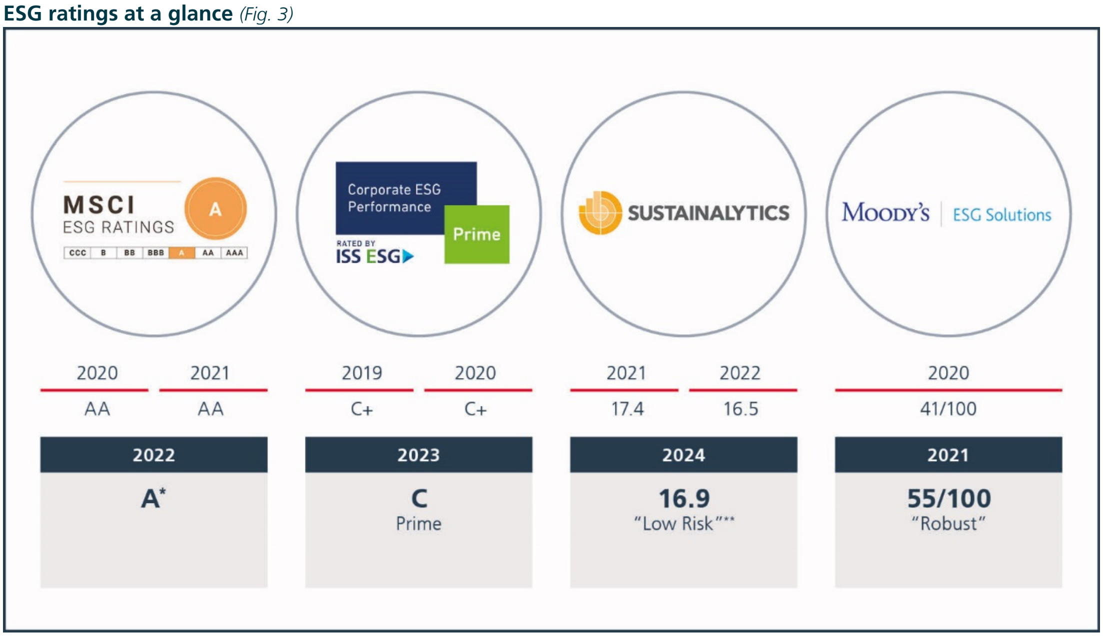
The sustainability strategy is shaped by the Deka Group's sustainability mindset. This fully incorporates environmental, social and responsible corporate governance aspects and makes sure they are integrated into Deka's banking operations and business activities in a balanced way.

- In its role as the *Wertpapierhaus* for the savings banks, the Deka Group puts customers' needs front and centre. Using a wide range of investment solutions with sustainability characteristics, from capital market- and real estate-based investment products to financing solutions, it helps its customers achieve their ambition of financing and investing in a climate-friendly and sustainable way.
- The Deka Group's strategic and sustainable positioning as an organisation with regard to ESG requirements enables it to respond to risks and opportunities. This involves integrating sustainability considerations into structures and workflows. Potential ESG risks in relevant business processes are systematically identified and managed. Regulatory requirements are reliably implemented.
- The Deka Group wants to be perceived by all its staff as a fair, flexible and attractive employer and has an open and participatory management culture. It values the diversity of its teams. Employees are actively involved in shaping Deka's future as a sustainable organisation.
- The Deka Group's sense of social responsibility is reflected in its actions. It is supporting the transformation to more climate-friendly and sustainable ways of doing business. As an active investor, it engages in dialogue with investors, businesses and issuers to help them with the steps to achieving their sustainability goals in close alignment with its own sustainability guidelines. Following in the tradition of the savings banks and their focus on the greater good, the Deka Group supports social, environmental and cultural projects.

In the fast-changing ESG environment, the Deka Group has taken steps to capitalise on the potential held by this transformation and to manage risks from an early stage. In 2023, for example, Deka created an ESG governance framework that all parts of the Group are helping to implement. The framework sets out ESG-related responsibilities and enhances cross-departmental coordination and control processes.

The Deka Group's ESG ratings confirm the high level of sustainability-related measures.

ESG ratings at a glance *(Fig. 3)*



Status of sustainability ratings according to annual ESG ratings reports: MSCI: 10 June 2022; ISS-ESG: 23 August 2023; Sustainalytics: 24 January 2024; Moody's ESG Solutions (formerly V.E): May 2021

Further information on sustainability is available in the Deka Group's 2023 sustainability report.

Reference to the non-financial report

The sustainability report, which is audited by AGIMUS GmbH Umweltgutachterorganisation & Beratungsgesellschaft, contains detailed information on the Deka Group's ESG performance. It includes the Deka Group's non-financial report pursuant to the German CSR Directive Implementation Act (*CSR-Richtlinie-Umsetzungsgesetz*, CSR-RUG). The non-financial report sets out, in particular, targets, measures and due diligence processes in the areas that are significant to the Deka Group's business model. Under the CSR-RUG, these include environmental, social and employee concerns as well as the upholding of human rights and the combating of bribery and corruption. The content of the Deka Group's sustainability report also reflects the extensive information interests of sustainability rating agencies and other stakeholders.

See also: 2023 sustainability report

The annual sustainability report including the non-financial report does not form part of the Group management report. In accordance with the statutory publication deadlines, it is published by the end of April each year on the Deka Group website (https://www.deka.de/deka-group/our-responsibility/how-we-practice-sustainability/sustainability-reports-and-ratings), where it will remain accessible for at least ten years.

Business divisions, sales units and corporate centres

See also: Segment reporting: page 123 ff.

There is a clear separation in the Deka Group at Board of Management level between asset management and banking. Nevertheless, the business divisions, sales units and corporate centres work closely together in operational terms, reflecting the integrated business model. The business divisions form the basis for the Deka Group's segment reporting under International Financial Reporting Standards (IFRS 8).

Asset Management Securities business division

The Asset Management Securities business division offers high-quality asset management solutions for private and institutional investors in every market environment to promote lasting value and sustainable growth. It responds to the requirements of customers and regulators by creating solutions that meet these needs for all sales channels, including digital sales.

Customers can choose from a wide range of products for one-off investments or, where available, for savings plans:

- actively managed mutual funds and special funds following fundamental and quantitative strategies as well as advisory mandates in all major asset classes (equities, bonds, money market, mixed funds, capital protected funds and any combination of these),
- passively managed index funds (exchange-traded funds – ETFs),
- asset management products and services: asset management funds using both actively managed and indexed funds as target funds, fund-based asset management, savings bank asset management, individual security-based asset management and robo-advisory asset management in partnership with bevestor GmbH,
- pension products (e.g. fund-based private and company pension products),
- asset servicing, which enables savings banks and institutional investors to combine various asset classes in master funds.

The business division also offers a wide range of solutions for sustainable investments and engagement services. This includes mutual fund solutions and individual services for institutional mandates such as sustainability portfolio management. The business division also works to promote good and responsible corporate governance and helps institutional investors comply with regulatory engagement and reporting requirements. It incorporates sustainability considerations into fund, investment and business risk processes. In its investment decisions, the business division also takes into account the ESG factors that are mandatory under the EU Sustainable Finance Disclosure Regulation.

The products provided by the fund manufacturer IQAM Invest GmbH (IQAM) expand the quantitative asset management offering, particularly for institutional customers. The products are offered under the IQAM brand. Joint research by Deka and IQAM is conducted at the IQAM Research institute and is used in depth in order to improve quality.

The business division's product range also features bespoke and standardised securities services. These comprise macro, individual-stock and fund research, support with designing investment strategies and processes, order desk and fund reporting services. These services are also offered to external customers in some cases.

Asset Management Real Estate business division
The Asset Management Real Estate business division brings together the Deka Group's real estate investment services. It provides fund products and advisory services relating to real estate, infrastructure or real estate financing for the customer and proprietary business of savings banks and other institutional investors. The business division concentrates on the office, retail, hotel and logistics segments in Europe as well as selected locations in North and South America and the Asia-Pacific region.

The product range comprises:

- open-ended real estate mutual funds,
- open-ended and closed-ended special funds,
- real estate and infrastructure funds of funds,
- credit funds that invest in real estate, infrastructure or transport financing,
- residential property funds offered together with experienced external partners,
- advisory services for investments in real estate products.

Fund products are subject to appropriate cash flow management for the purpose of lasting risk limitation and reduction.

The business division's services comprise the purchase, sale and management of real estate and all other real estate services. These include the value-oriented development of marketable commercial properties in liquid markets as well as active portfolio and risk management. With the *Deka Immobilien-Kompass*, the Asset Management Real Estate business division offers savings banks and other institutional investors an extensive modular service package for real estate fund investment. It thereby positions itself as a strategic partner.

In order to fully address environmental and social aspects and meet investors' expectations, the Asset Management Real Estate business division is gradually expanding its range of sustainability-focused products and taking sustainability aspects into account in fund and investment processes. The mandatory ESG factors under the EU Sustainable Finance Disclosure Regulation are taken into account in investment decisions.

Asset Management Services business division
The Asset Management Services business division provides banking and other services to complement the offerings of the asset management divisions. Its services comprise multichannel offerings for the savings banks, online brokerage, management of customer custody accounts and custodial services for investment funds.

The Asset Management Services business division is divided into the Digital Multichannel Management and Depositary subdivisions.

The Digital Multichannel Management subdivision offers savings banks a broad range of services for an attractive customer interface in their securities business. This enables the savings banks' multichannel customers to seamlessly access securities products and services and complete transactions across different channels. Customers are offered efficient, competitive custody solutions based on depositary services tailored to the target group.

DekaBank custody accounts allow savings banks to offer end customers a custody account provided by DekaBank. The DekaBank custody account can be used to hold funds, certificates and ETFs.

Closely related to the custody solutions are the efficient and digital securities processes available to savings bank advisory staff. As well as the sales channel itself, securities processes in OSPlus neo – the savings banks' multichannel sales front end – are being continuously optimised.

The Deka Group offers the savings banks an electronic, web-based sales support and information platform in the form of DekaNet. A new platform, S-Invest Manager, is currently being implemented and will gradually replace DekaNet.

Savings bank customers access the wide range of online securities products primarily through the "internet branch" and savings bank app. The mobile offering for customers is further expanded by the S-Invest App, which brings all investment services together in a single place, making them easy to navigate.

The solutions offered by bevestor GmbH and S Broker AG & Co. KG expand the multi-channel strategy for savings banks and their customers. bevestor acts as the savings banks' central robo-advisory product for retail customers and serves as a development platform for innovative digital asset management solutions. Its goal is the rapid, agile development of competitive online services. The hybrid product *SmartVermögen* and white-label services for savings banks round off bevestor's offering. S-Broker offers an extensive range of services designed principally to meet the high expectations of customers in online brokerage.

The Depositary subdivision offers an extensive range of depositary services, including the regulatory control function under the German Investment Code (*Kapitalanlagesetzbuch*, KAGB), securities settlement and reporting. Depositary acts as a one-stop shop for its customers. If required, it can combine depositary services with other offerings from the Deka Group: the master KVG for a comprehensive asset servicing solution and services from the capital markets business such as commission business with securities and exchange-traded derivatives, foreign exchange trading, repo/lending transactions and collateral management. The subdivision offers its services to investment management companies both inside and outside the Deka Group and to asset managers. Depositary functions are additionally offered to institutional end investors. The target markets are in Germany and Luxembourg.

Capital Markets business division

The Capital Markets business division is the central product, solution and infrastructure provider while also acting as a service provider and driving forward innovation in the Deka Group's customer-focused capital markets business. As such, the division connects customers to the capital markets. It offers investment solutions to both retail and institutional customers and helps them to put their asset and risk management decisions into practice.

With its range of services relating to securities repurchase transactions, securities lending and foreign exchange trading, the business division acts as the central securities and collateral platform for the savings bank association. In addition to its function as a commission agent for all relevant asset classes, it serves as a centre of competence for trading and structuring capital market products as well as for DekaBank's certificate issues. Institutional customers are provided with clearing services and support with the efficient fulfilment of regulatory requirements. Customers benefit from synergy effects and economies of scale.

The business division also designs solutions for sustainable (ESG) investment and trading products in proprietary and customer business and works on developing and brokering a selection of carbon offset projects for customers and savings banks. It pursues targeted digitalisation initiatives to increase customer utility and efficiency.

The activities of the Capital Markets business division are divided into three subdivisions:

- The Trading & Structuring subdivision is the Deka Group's centre of competence for trading and structuring capital market products (cash instruments, bonds and shares) and for all types of derivatives that are used in investment funds and in the Depot A securities account of the savings banks or by other customers. The unit also runs the structured issuance business (Deka certificates and cooperation certificates) and debt capital markets business (third-party issues business), i.e. supporting other companies as they issue financial instruments. In addition, it is establishing the syndication and placement of own and third-party lending as an additional product. On top of this, the unit acts as a competence centre for all sustainability-related topics in the Capital Markets business division.
- The Collateral Trading & Currency subdivision brings together all securities lending products, securities repurchase transactions, their derivative equivalents and customer-oriented currency trading.
- The Commission Business subdivision executes trades in securities and exchange-traded derivatives in its own name on behalf of third parties. These services can be used by business partners inside and outside the *Sparkassen-Finanzgruppe*.

Deka is constantly enhancing its own platform solutions to support its business activities:

- The main product remains the Deka Easy Access (DEA) information, management and trading platform, which helps savings banks to manage their proprietary portfolios effectively. DEA allows the savings banks to trade popular capital market products and offers broad access to information and research. As of the end of 2023, 316 savings banks already used the tool.
- finledger is a platform jointly developed with other market participants for processing digital promissory notes using distributed ledger technology (DLT).
- SWIAT is a blockchain-based decentralised financial infrastructure. It was developed to combine financial transactions for traditional and digital securities, other assets and digital financial market instruments in a single network. In July 2023, SWIAT gained three new shareholders.

Financing business division

The Financing business division concentrates on specialised and real estate financing and supports the savings banks with refinancing. Lending is taken onto our own statement of financial position via the banking book, as well as being packaged as an investment product for other savings banks and banks or institutional investors via club deals or syndications. Placement within the *Sparkassen-Finanzgruppe* is the aim. There is the possibility to participate in loans arranged by third parties.

The Financing business division implements the sustainability strategy by providing sustainable financing and, in doing so, contributes to achieving the United Nations Sustainable Development Goals.

Specialised Financing and Real Estate Financing are subdivisions of the Financing business division.

- The Specialised Financing subdivision concentrates on financing energy, grid, utilities and public infrastructure projects (infrastructure and renewable energy financing), on transport financing for aircraft, ships and rail vehicles, on financing covered by export credit agencies (ECAs), and on financing of the public sector. Savings bank financing involves financing for German savings banks in all maturity ranges and financing for the public sector in Germany in the interests of the *Sparkassen-Finanzgruppe*.

- The Real Estate Financing subdivision provides lending for commercial real estate in the office, logistics, retail and hotel segments. It focuses on marketable properties in markets of relevant size, transparency and liquidity, especially in Europe and North America.

Sales
Sales is responsible for the Deka Group's sales activities across all business divisions and for the overall customer relationship with savings banks and other investors. It works across business divisions to generate and maintain business. With regard to the savings banks, the approach to sales and service provision varies depending on the requirements of the different end customer groups. This is reflected by the organisational division of Sales into three pillars: Savings Banks Sales comprises the first two pillars – regional savings bank sales departments (retail banking – private and individual clients) and Private Baking & Wealth Management – and Institutional Customer Sales represents the third pillar.

Savings Banks Sales
Savings Banks Sales (retail banking – private and individual clients) focuses on comprehensive sales support for the savings banks for business with retail and individual customers in all sales channels.

The savings banks have sole responsibility for directly contacting, advising and serving end customers. To provide the savings banks with optimal support, Savings Banks Sales offers systematic, in-depth assistance, provided by dedicated contacts, along with a structured product range of solution-focused, customer-friendly investment concepts. Deka's marketing activities are also aimed directly at customers.

To ensure nationwide support, Sales in Germany is divided into six sales regions. The sales directors responsible for Savings Banks Sales ensure continuous dialogue with the savings banks and savings bank associations. As a point of contact for the savings banks' management boards and sales managers, they focus on strategic aspects of the securities business and on the investment process. In their operations, the savings banks also have access to Deka sales managers to support their advisory process. In addition, further Deka specialists assist at local level with marketing and sales activities and offer training and coaching as the topic or occasion requires. Deka's sales directors and managers engage in continuing professional development and are certified by an external institute.

In addition to collaboration on a personal level, Deka provides the savings banks with S-Invest Manager – a digital sales platform used by the savings banks to organise their securities business. S-Invest Manager reconceives the existing information and transaction platform DekaNet. It is expanding the existing service range, bringing innovations and improvements throughout the securities process at the savings banks. The planning tool in S-Invest Manager, for example, is a web-based application that helps the savings banks to efficiently expand their securities business in a way that makes full use of their potential. Working independently or with the sales director, savings banks can perform planning simulations for multi-year periods, giving them transparency regarding segment planning and earnings, portfolio and sales structures.

The Deka Group also offers the savings banks web-based sales support and information via the established DekaNet platform. This acts as a central port of call for up-to-date product, sales and marketing information, including an annual marketing and sales plan, and also provides advisers with various tools and services for the investment and advisory process. In addition to this, DekaNet serves as a centralised front end for data retrieval and data entry for customer and securities transactions in DekaBank custody accounts. The services are being continuously improved as digital technology develops. There are plans to integrate the tools with all their current and future functionality into S-Invest Manager.

With its comprehensive coverage of the securities culture in market and brand communications, Deka aims to draw attention to the work of the *Sparkassen-Finanzgruppe* in this area. Ethical asset structuring, future-proof securities saving and future trends such as digitalisation are also important issues and inspire new ideas for sales activities. The overarching aim is to put the securities expertise of Deka Investments front and centre of marketing efforts.

The products and solutions for retail and individual customers are regularly expanded or adjusted to reflect expected market and regulatory developments. They are primarily marketed under the Deka Investments sales brand.

Private Banking & Wealth Management

Private Banking & Wealth Management at the Deka Group is aimed at wealthy savings banks customers from the private banking segment and at corporates and institutions. In particular, high net worth private clients and family businesses and their shareholders (corporate and private assets) are high-potential target customers. Non-profit institutions such as churches, local government and foundations are another focus.

The savings banks are responsible for directly contacting, advising and serving end customers in private banking. To provide them with optimal support, Private Banking & Wealth Management offers the savings banks systematic, in-depth assistance, provided by dedicated contacts, along with a structured product range of solution-focused, customer-friendly investment concepts. The focus is on a holistic approach to advising customers.

The offering for Private Banking & Wealth Management customers comprises both universal and modular product solutions (asset management solutions such as the exclusive *Deka-Vermögensverwaltung Premium*, mutual and special funds, ETFs and certificates) as well as support for the savings banks' advisory systems, such as performance and quality control, reporting and consultancy services. The target group-oriented approach and close integration with savings bank sales enable ongoing, solution-oriented evolution of the product offering based on up-to-date market analyses.

Private Banking & Wealth Management offers savings bank customers tailor-made investment solutions that reflect all their individual needs. The focus in private banking has so far been on large lump-sum investments. In addition to this, there are sales approaches in private banking designed to encourage regular saving among this customer group too.

Bespoke solutions for high net worth private clients are provided under the Deka Private & Wealth sales brand.

Institutional Customer Sales

The Institutional Customer Sales unit supports the savings banks with proprietary business and serves institutional investors in Germany and, in a number of cases, abroad. Customer advisers are responsible for the overall relationship with institutional customers and adopt a comprehensive approach that covers all products and services offered by the Deka Group across all business divisions. In addition, Deka offers institutional customers important functions such as reporting and order placement through online channels. Sustainability is an important topic when advising and supporting customers.

In our business with savings banks, the Institutional Customer Sales team acts as a management partner and adviser. It develops immediately viable solutions for proprietary business (*Depot A*) and overall bank management. This includes methods and applications for interest rate book management and asset allocation. The solutions are based on comprehensive analyses of the earnings and risk situation. Support for savings banks and financial institutions is divided into two sales regions. Another team looks after the largest savings banks and financial institutions with special requirements. Employees in the Strategic Proprietary Business & Asset Liability Management team develop methods and applications for interest rate book management and asset allocation for institutional customers – particularly savings banks – and advise them on these topics. There are also dedicated teams for the ETF sales business, the sale of bonds and structured products and direct business with asset managers. These teams work across customer groups.

For the business with institutional investors in Germany, there are three teams, each responsible for a different customer group: insurance companies (investors subject to the German Insurance Supervision Act (*Versicherungsaufsichtsgesetz*, VAG)), public sector/non-profit organisations and corporates. This specialisation enables Sales to incorporate the Deka Group's expertise into investment solutions in a way that meets the needs of institutional customers in each of the customer groups. The Client Analytics & Solutions team develops methods and applications for customer-specific analysis of optimal investment opportunities, manages relationships with consultants and handles requests for proposal.

The Deka Group brings together all its solution expertise for institutional customers under the Deka Institutionell brand, reinforcing its clear focus on the needs of this target group.

Corporate Centres

The corporate centres perform important functions and support Sales and the front office units. They also take on administrative tasks. Deka had the following corporate centres as at the reporting date: Corporate Office & Communications, Internal Audit, Legal, Compliance, Strategy & HR, Organisational Development, Risk Control Capital Market Funds, Risk Control, Finance, IT, Business Services, Credit Risk Management, and Treasury.

Influencing factors and market position

In securities-related asset management, the economy, money market and capital market environment, the sales environment for the *Sparkassen-Finanzgruppe*, customer behaviour and product quality all influence business development and profit performance. These factors have an impact on the sale of products to retail and institutional investors as well as on the performance of portfolios. In addition to this, real estate asset management is largely influenced by the situation and developments in commercial property, investment and letting markets.

With fund assets (according to the BVI, the German Investment Funds Association, as at 31 December 2023) of €156.7bn and a market share of 12.5%, Deka is the third largest provider of mutual securities funds in Germany. It is Germany's second-placed provider of mutual property funds with fund assets (according to the BVI, as at 31 December 2023) of €42.0bn and a market share of 32.0%.

At the 2024 Capital-Fonds-Kompass awards organised by the business magazine Capital together with the fund analysis firm Scope Analysis and Institut für Vermögensaufbau, Deka Investment GmbH received five stars for the twelfth time in a row. Among the universalists, Deka took first place again.

The €uro FundAwards presented by the publishing house Finanzen Verlag together with the editors of "€uro", "€uro am Sonntag" and "Börse-Online" in January 2024 recognised the best funds of the year. Deka's funds and ETFs won a total of 16 individual awards.

The German Fund Champions 2024 were crowned in January 2024. Deka was the winner again in the "bonds" category of the *Liga der Fondschampions* (league of fund champions) organised by f-fex and finanzen.net.

At the Scope Investment Awards presented in November 2023, Deka Investment GmbH secured the title of Best Asset Manager in the Bond Fund category in Germany for the third time in a row. Deka Investment also took the top spot in the Dividend Equities category as Best Asset Manager.

In June 2023, Scope reaffirmed Deka Immobilien GmbH's AA+ asset management rating in the real estate segment and rated its quality and expertise as very good.

At the Scope Alternative Investment Awards in November 2023, Deka Immobilien Investment GmbH was honoured as Best Asset Manager in the Retail Real Estate Europe and Real Estate Global categories. Deka Immobilien Investment GmbH was also victorious in the Real Estate Logistics category for the first time.

Real estate financing focuses on properties in Europe and selected locations in North America. The specialised financing business has an international orientation and is rounded off by its services for German savings banks. Having worked for decades in every segment, DekaBank has extensive market knowledge and experience at its disposal. DekaBank is in first place in the segment for the financing of German federal states.

Developments in the money and capital markets are also highly relevant to the Capital Markets and Financing business divisions. For example, customer demand for liquidity partly depends on the volume of liquidity made available by the European Central Bank (ECB). In addition, the situation in the securities markets impacts upon the certificate issuance activities of the Capital Markets business division. Lending business is affected to some extent by economic trends in the sectors financed and by market interest rate developments.

The Deka Group's certificates are sold through the German savings banks. According to statistics from the Structured Securities Association (*Bundesverband für strukturierte Wertpapiere*, BSW), Deka has confirmed its very good position as an issuer of structured products in Germany, with a 20.2% market share by market volume at the end of September 2023.

In September 2023, the German Certificate Prize was awarded by Feingold Research together with Börse Frankfurt, Börse Stuttgart, gettex and n-tv. Deka took victory in four categories: best primary market issuer, best express certificates offering, best capital protection certificates offering and best sales support.

In the *ZertifikateAwards* presented in November 2023, Deka again took the title of Certificate Issuer of the Year and also achieved first place in the Primary Market category. On top of this, it finished second in the Certificate of the Year category and third in the Express Certificates category.

At the Scope Certificate Awards 2024, presented in November 2023, Deka was recognised as the best certificate issuer in the primary market for the eighth time.

The financial magazine Finanztest tested the securities accounts of 15 banks and online brokers in June 2023. S Broker was rated "very good" for its features, user friendliness and information in the "online securities account via desktop browser" category. It also received an overall quality rating of "very good".

In the vote for "Robo-Advisor of the Year 2023" in November 2023, bevestor improved on its prior-year ranking to take second place. bevestor received a particularly high score for service and security, where it led the pack.

Deka once again earned the top score of AAA from the rating agency Scope in the Scope Certificate Management Ratings, which looked at Deka's corporate profile, market position, product range, and sales and investor services.

Risk and profit management at the Deka Group

The Deka Group has established a consistent system of targets at Group and business division level. At Group level, success is measured against three outcomes: sustainably increasing enterprise value, generating value added for the *Sparkassen-Finanzgruppe* and growing customer assets under management.

Financial and non-financial performance indicators are used in the Bank's management. These can be divided into key management indicators and other relevant indicators. The Board of Management and management committees that support the Board in its management role are regularly informed through comprehensive reporting whether the strategic and operational measures used to manage the Deka Group are successful and whether the Deka Group risk/reward ratio is within the target range.

Financial performance indicators

The financial performance indicators relate to the Deka Group's earnings position, capital adequacy and liquidity adequacy.

The economic result is the key in-house management indicator within the meaning of the provisions of IFRS 8 (Operating Segments). The return on equity and cost/income ratio are also integral to internal management.

See also: Glossary: page 258 ff.

Return on equity is defined at Group level as the ratio of the economic result to balance sheet equity. It shows the return on the capital that has been invested in the Deka Group. For the purposes of operational management at business division level, the figure used for return on equity is the ratio of the economic result to regulatory capital employed. The cost/income ratio is an indicator of cost efficiency. The two management indicators – return on equity and the cost/income ratio – lead to a focus on profitability and efficiency, meaning that they directly support the strategic targets.

The economic result, calculated based on the IFRS figures, includes the total profit or loss before tax (IFRS), plus or minus changes in the revaluation reserve (before tax) and the interest rate- and currency-related valuation result from financial instruments recognised at amortised cost, which are not recognised in the income statement under IFRS but are relevant for assessing financial performance. Interest expense for the AT1 (Additional Tier 1 Capital) bond, which is recognised directly in equity, is also taken into account in the economic result. Furthermore, the economic result includes contingent future charges where the likelihood of occurrence is considered to be "possible" but for which a provision cannot yet be recorded under IFRS due to the lack of sufficient concrete evidence. The economic result is therefore a control variable on an accrual basis with a high level of transparency that enables recipients of the external financial reporting to consider the company from the management perspective.

See also: Segment reporting: page 123 ff.

The economic result is used in external reporting at Group and business division level. A reconciliation of the economic result to total profit or loss before tax (IFRS) can be found in the segment reporting in note [3], which shows the measurement and reporting differences in the "reconciliation" column.

See also: Capital adequacy: page 86 ff.

The Internal Capital Adequacy Assessment Process (ICAAP) is based on two perspectives. In the normative perspective, the Common Equity Tier 1 capital ratio is the key management indicator. The Common Equity Tier 1 capital ratio is the ratio of Common Equity Tier 1 capital to risk-weighted assets (RWAs) for all relevant credit, market and operational risk positions plus the credit valuation adjustment (CVA) risk. Other indicators that are relevant for management purposes include own funds, Tier 1 capital, RWAs and leverage ratio exposure (LRE) along with the corresponding capital ratios. The MREL ratios (RWA- and LRE-based), subordinated MREL requirements (RWA- and LRE-based) and utilisation of the large exposure limit are also relevant indicators. RWAs are managed in line with the Deka Group's strategy, the targeted balance sheet structure and the capital market environment. In the economic perspective, risk appetite and its utilisation is the key management indicator. Risk appetite is defined as the overall aggregate risk for individual risk types that the Deka Group is willing to accept in order to achieve its strategic objectives and business plan. It forms the basis for allocating risk capital. The monthly risk-bearing capacity analysis involves comparing the Deka Group's risk appetite and allocated risk capital with total risk determined across all risk types that have an impact on profit or loss and calculating the level of utilisation. This makes it possible to establish whether risk limits have been adhered to at Group and divisional level.

See also: Liquidity adequacy: page 89 ff.

The Internal Liquidity Adequacy Assessment Process (ILAAP) is also based on two perspectives. From the normative perspective, the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR) serve as the relevant indicators. The funding matrix (FM) defined by the Board of Management serves as the risk measure to be used as an indicator in the quantification, management and monitoring of liquidity risk in the economic perspective.

Non-financial performance indicators

Non-financial performance indicators relate to various aspects of the Bank's operations and are an indication of the success of the products and services of the business divisions in the market.

See also: Business development and profit performance in the Deka Group: page 36 ff.

Net sales represent the key management indicator of sales success and customer acceptance in asset management (investment fund business). This figure essentially consists of total direct sales of mutual and special funds, fund-based asset management, funds of cooperation partners, master funds, advisory/management mandates and ETFs. Net sales in investment fund business corresponds to gross sales less redemptions and maturities. Sales generated through proprietary investment activities are not included.

The key management indicator asset management volume comprises the income-relevant volume of mutual and special fund products (including ETFs), direct investments in cooperation partner funds, the portion of fund-based asset management activities attributable to cooperation partners, third-party funds and liquidity, advisory/management mandates and master funds. The asset management volume reflects the market position and has a significant impact on the level of net commission income that is linked to the portfolio.

Gross sales in the certificates business is used as another relevant indicator. Redemptions and maturities are not taken into account, since the impact on earnings primarily occurs at the time of issue. Gross certificate sales include both certificates issued by Deka and cooperation certificates issued by other institutions and sold via sales support platforms.

The Deka Group's total sales comprises sales in asset management plus sales in the certificates business.

The performance indicators are reported by customer segment and product category at Deka Group level and for the Asset Management Securities and Asset Management Real Estate business divisions. For the Capital Markets business division, they are reported by customer segment and issuer.

Economic report

Economic environment

Macroeconomic conditions

Politically and economically, there was a raft of bad news in 2023, yet the year also saw stock markets hit new heights. There were two reasons for these conflicting trends. Firstly, the world economy proved highly resilient to the headwinds, including the continuing war in Ukraine and the outbreak in October of conflict in the Middle East. On the geopolitical stage, major tensions were apparent between western industrialised nations and the emerging economies, led by China. Meanwhile, consumers and businesses were burdened by the still relatively high inflation rates and significantly increased central bank interest rates. Despite all this, global gross domestic product grew by 3.1% in 2023. This was partly thanks to labour market stability around the world, with numerous economies posting low unemployment rates and record employment levels. Wages also rose significantly, which, together with fiscal easing, helped to offset inflation-induced loss of purchasing power. Secondly, the interest rate hikes by central banks proved effective, facilitating the desired reduction in inflation to such an extent that, by the end of 2023, financial markets were already anticipating imminent cuts to key rates. These expected rate reductions were a leading factor behind the significant price rises on stock and bond markets.

Despite uniformly high inflation rates and contractionary central bank interest rates, there were certain regional differences in economic performance. In the United States, the economy performed well, particularly in summer 2023, and consumer and government spending rose noticeably. However, growth momentum in the US economy tailed off towards the end of the year. This contrasted with weak growth in the eurozone. Here, fears of recession persisted throughout the year, though with barely any discernible negative impact on the labour market in 2023. In China, the end of the zero-COVID strategy boosted the economy, with catch-up effects evident in consumer spending and tourism figures. The country’s real estate crisis, however, continued to smoulder. Overall, the global economy performed better than had been expected at the beginning of 2023. Restrictive monetary policy was able to tame inflation without weakening growth, laying the ground for the positive movements on capital markets towards the end of the year.

Sector-related conditions

Having started 2023 at a still very high level, eurozone inflation fell rapidly as the year progressed. There were considerable shifts between the different sub-indices of the Harmonised Index of Consumer Prices. With prices on world markets for crude oil and particularly natural gas having dropped back again, energy's direct contribution to inflation declined and even turned sharply negative by autumn 2023. The reduced cost pressure from energy and other intermediate goods was likely also the decisive factor behind the gradual slowdown in consumer price and food inflation starting from the spring, which was mirrored by prices for industrial goods. By contrast, service price inflation continued to accelerate into the summer. In the United States, energy prices passed their peak earlier than in the eurozone, and price rises for food and industrial goods were less pronounced. One reason for this is likely to have been the lesser impact across the Atlantic of the war in Ukraine. The price of services, meanwhile, rose even more sharply than in the eurozone. Service prices accounted for an increasing proportion of total inflation in both currency areas, underscoring the highly significant role of wages as an inflationary driver. While various indicators in the United States have been pointing to an easing of wage pressure for some time, the eurozone is seeing only provisional signs that wage growth may have peaked in 2023.

Given the declining but still very high inflation, the US Federal Reserve, the ECB and many other central banks continued to tighten their monetary policy. Even the periodic upheaval in the global financial markets failed to sway them from this course. In March, the closure of several regional banks in the United States and the looming collapse of a major Swiss bank, which was ultimately averted by a government-backed takeover, provoked fears of a financial crisis and resulting economic slump. However, noteworthy contagion in the banking system was ultimately avoided.

Having already raised interest rates into restrictive territory at the end of 2022, the Fed imposed only four smaller rate hikes of 25 basis points apiece during 2023. In contrast, the ECB regarded its monetary policy stance at the start of the year as still too loose, leading it to hike key rates by 50 basis points in both February and March. This was followed by four smaller rate rises, each amounting to 25 basis points. Since September, the deposit rate has stood at 4.0%. After their last rate hikes, both the Fed and the ECB assessed that interest rates were probably high enough to reduce inflation to the 2% target. However, they also underscored their willingness to tighten monetary policy further should inflation not fall as far as intended. Towards the end of the year, there were growing market expectations around imminent key interest rate cuts. These were triggered by a surprisingly strong drop in inflation across multiple components, which raised doubts particularly about the ECB's assertion that achieving the inflation target would require a prolonged period of restrictive monetary policy.

The Fed continued to reduce its securities holdings following the plan communicated in advance. This involved not fully reinvesting the principal from maturing bonds. The ECB, too, began a similar process, initially restricting reinvestments under the Asset Purchase Programme (APP) in March before ending the programme completely at mid-year. However, the majority of the ECB's balance sheet reduction was again due to TLTRO III repayments (targeted longer-term refinancing operations). At its meeting in December, the ECB announced that it would also reduce its securities holdings from the Pandemic Emergency Purchase Programme (PEPP) earlier than planned, starting in the second half of 2024. The ECB additionally decided in July to reduce the interest paid on minimum reserves to zero. However, a proposal to reduce excess reserves by also increasing the minimum reserve rate has so far been advocated by only a few ECB Governing Council members.

Despite a considerable reduction over the course of the year, excess reserves continued to exert noticeable downward pressure on money market rates. The overnight rate €STR (Euro Short-Term Rate) traded at an almost constant margin below the ECB deposit rate. The in some cases very large TLTRO III repayments also had no noticeable effect on EURIBOR rates. These largely developed in line with market expectations regarding future key rates of interest, resulting in an inverse EURIBOR curve at the end of the year as market participants increasingly geared themselves for ECB key rate cuts.

The capital markets experienced notable fluctuation in 2023. After a benign start to the year came the bad news of valuation problems in the balance sheets of a number of regional banks in the United States. In Europe, a major Swiss bank had to be rescued through a forced takeover. However, central banks' assurances that they would provide ample liquidity for their financial institutions allowed markets to quickly recover. Growing fears around inflation then dominated the situation into the autumn, driving yields on European and US government bonds to their highest levels for many years. Corporate bonds also suffered under the rising interest rates, but bond spreads fared surprisingly well and even narrowed noticeably in the summer months. New issues were successfully placed throughout this period and met with a very receptive market. The same applied to covered bonds. However, with the sharp rise in oil prices in the autumn and the uncertainty caused by the outbreak of war in the Middle East, spreads widened rapidly within a short space of time. Sentiment on the capital markets brightened again significantly towards the end of the year. Surprisingly positive inflation rate trends fuelled expectations of a rapid, strong turnaround in interest rates both in the United States and Europe. Yields quickly subsided, and corporate bond spreads fell to their lowest levels for the year. A notable development in 2023 was the roughly 3% appreciation of the euro against the US dollar, which followed two years of a strengthening dollar. The euro's attractiveness improved in the reporting year due to the narrowing yield differential for two-year government bonds, which was to the disadvantage of Treasuries.

The equity markets saw similarly positive trends to the bond segment over the course of the year. After the banking shock in the spring, stock prices around the world staged a considerable recovery. These developments were driven above all by the rapid progress in artificial intelligence. In the United States, they were also boosted by surprisingly strong GDP data, which spread optimism that the economy could achieve a soft landing. As a result, many share indices reached or came close to new historic highs. However, the DAX 40 German equity index only achieved this milestone when dividends are included. The MSCI World Developed Markets was only just short of a new all-time high, while the EURO STOXX 50 was somewhat more significantly below the record mark.

On real estate markets, the consequences of the interest rate turnaround in 2023 were clearly felt. Increased construction and financing costs reduced project developers' construction activity. Further rises in initial yields, particularly for office properties, resulted in a longer price negotiation phase on the investment market, with buyers and sellers taking a cautious approach. Transaction volumes were correspondingly low. Such conditions gave competitive advantages to investors who purchased property with a large proportion of equity capital and had a high level of market expertise. Office markets showed moderate rises in vacancy rates and, for city centre locations, rising rents. However, they were subject to structural changes amid shifting work habits. Retail was hit by consumers' weak purchasing power as a result of inflation. The recovery in the hotel sector continued, with occupancy rates rising in response to increased travel. The reduced volume of new builds led to weaker demand in the logistics market. However, online retail and the safeguarding of supply chains remain the fundamental demand drivers in this segment. The global transaction volume in 2023 was significantly down on the previous year.

According to Deutsche Bundesbank statistics, the financial assets of private households rose by around €224bn as against the end of 2022 to €7,467bn (30 September 2023). Against the backdrop of tighter monetary policy, there was a noteworthy shift from sight deposits to term deposits. Growth in value and new inflows led to increased financial assets in securities investments. Compared against 31 December 2022, the share of equities and investment funds in the total financial assets of private households rose by just under 0.8 percentage points to approximately 20.9%.

The market performance seen in 2023 was also reflected in the investment statistics of the German Investment Funds Association BVI. Net assets in open-ended mutual funds amounted to €1,382.2bn as at 31 December 2023 (year-end 2022: €1,280.7bn), while the net assets of open-ended special funds stood at €2,079.5bn (year-end 2022: €1,943.7bn). As at 31 December 2023, net inflows into open-ended mutual funds stood at €12.9bn and significantly exceeded the previous year's figure (€–3.4bn). Equity and bond funds recorded particularly high inflows. At €33.7bn, the sales figure for open-ended special funds for institutional investors was significantly below the comparative figure for the previous year (€62.7bn).

Regulatory environment

Changes to regulations, both those already initiated and those in the pipeline, have an influence on the business model and profitability of the Deka Group. Higher capital requirements for banks could emerge from supervisory interpretations of existing legal standards and from the results of the annual Supervisory Review and Evaluation Process (SREP), for example in the context of the supervisory review of the internal models under Pillar 1 of the Basel capital framework.

The main regulatory topics for the Deka Group at present are described below.

Regulatory topics

In October 2021, the European Commission published a draft CRR III text for the implementation of the finalised Basel III rules (also known as Basel IV) in the EU. More specifically, a gradual introduction of an output floor is planned. This will stand at 50% upon introduction at the beginning of 2025 and increase to its final level of 72.5% in 2030. The level of the output floor will increase by 5 percentage points each year from 2026 to 2029 and by 2.5 percentage points in 2030. The output floor will limit the benefit of internal models as compared to the standardised approach. DekaBank currently uses an internal model (IRB approach) to measure credit risk for the majority of its lending. It will therefore be particularly affected by the new output floor rules, which may lead to a considerable rise in risk-weighted assets (RWAs) going forward. For the other risk types, DekaBank will use the specified standardised approaches in future. In addition, the draft CRR III contains new rules on calculating RWAs for market risk from the fundamental review of the trading book (FRTB), as well as for credit valuation adjustment risk (CVA risk) and operational risk, which may also considerably increase RWAs. Initial application of the new rules is planned at EU level for 1 January 2025.

As well as the new standardised approach for calculating market risk, the FRTB also contains rules on internal risk transfers and reclassifications between the trading and banking book, which were already part of CRR II. However, due to a no-action letter issued by the European Banking Authority (EBA) on 27 February 2023, these rules do not need to be implemented until 1 January 2025. The new provisions under the FRTB on the boundary between the banking book and the trading book will also only apply from 1 January 2025.

After exiting the European Union (EU), the United Kingdom is continuing to apply the CRR until the initial application date of Basel III (also known as Basel IV) on 1 January 2025. The United Kingdom thus continues to have an equivalent supervisory regime to the EU with respect to CRR application. UK institutions are therefore still considered to be institutions as defined by the CRR for the purposes of calculating risk-weighted assets (RWAs).

The EBA conducted a stress test in 2023. As on the previous occasion in 2021, this covered all risk types. The results were published on 28 July 2023. DekaBank was not among the banks taking part in the EBA stress test. As a bank subject to ECB supervision, however, it was subjected to a stress test by the ECB in 2023, which was carried out in accordance with EBA methodology. The results of the ECB stress test feed into the calculation of the Supervisory Review and Evaluation Process (SREP) ratios. DekaBank passed the stress test with a satisfactory result; in the adverse stress scenario, DekaBank remains well above the SREP minimum requirements for the Common Equity Tier 1 capital ratio.

On 2 January 2024, the ECB started its first cyber resilience stress test (CRST) at 109 institutions. 28 selected institutions, including DekaBank, had to conduct recovery tests and create detailed logs as evidence of their activities. DekaBank and the large majority of the institutions are required to complete an extensive questionnaire by the end of February 2024 and submit cyber incident reports to the ECB. A central challenge posed to the banks by the stress test lies in the extensive collaboration, including the involvement of the relevant IT service providers, which is needed to handle the scenario. The results of the stress test will feed into the 2024 Supervisory Review and Evaluation Process (SREP), primarily in the form of evaluations of operational risks and qualitative requirements.

Sustainability-related regulatory proposals

Adopted in 2018, the EU Action Plan on Financing Sustainable Growth aims to reorient capital flows towards sustainable investment, manage financial risks stemming from climate change and foster transparency regarding the consideration of ESG aspects in financial and economic activity. The expectations associated with this EU Action Plan are continually being addressed through various legal standards for the financial sector. The key standards from DekaBank's perspective are described below.

Various regulatory initiatives in the context of sustainable reporting were relevant to DekaBank in 2023. These included the implementation of the taxonomy alignment assessment for the lending business and assets under management that contribute to the environmental objectives of climate change mitigation and climate change adaptation under the EU Taxonomy Regulation. The taxonomy alignment assessment feeds into the publication of the Green Asset Ratio in the sustainability report. This is accompanied by additional detailed quantitative and qualitative ESG disclosures, including disclosures on taxonomy eligibility for the other environmental objectives: the sustainable use and protection of water and marine resources; the transition to a circular economy; waste prevention and recycling; pollution prevention and control; and the protection and restoration of biodiversity and ecosystems. In the 2023 reporting year, DekaBank also published further quantitative and qualitative ESG information, including the Green Asset Ratio, on the Bank's lending business in the disclosure report in accordance with Article 449a CRR II. In addition to this, DekaBank has been making intensive preparations to comply with the provisions of the Corporate Sustainability Reporting Directive (CSRD) starting from the 2024 reporting year. These included conducting the materiality assessment and gap analysis as well as implementation planning for 2024.

With regard to the ECB guide on climate-related and environmental risks, DekaBank as of 31 December 2023 fulfilled the bulk of the expectations formulated by the ECB in line with the supervisory deadlines for implementation. In particular, these include the integration of climate and environmental risks into the strategy process, risk inventory and internal reporting. For some topic areas, a later implementation deadline applies. These include the integration of climate-related and environmental risks into external reporting and internal stress testing and their consideration when assessing capital adequacy. These topic areas will be the subject of intensive project activities again in 2024 for the purposes of timely implementation. In parallel to this, the processes already developed are also subject to ongoing refinement.

Also of relevance is the Sustainable Finance Disclosure Regulation (SFDR). This comprises sustainability-related disclosure obligations at product and entity level. Their aim is to improve transparency and comparability for investors regarding sustainability aspects of their investment. Detailed disclosure using standardised templates in accordance with the SFDR Level 2 requirements was implemented on schedule at the beginning of 2023 in the pre-contractual information for products with sustainability characteristics. In addition, quantitative disclosures were added to the principal adverse impact (PAI) statements of the Deka investment management companies and of DekaBank, which were published as of 30 June 2023. The PAI statements describe the negative effects on environmental and social factors arising from investment decisions by the investment management companies for the financial investment products they manage. In the second half of 2024, mechanisms were then developed to manage PAIs for target fund investments. In November, DekaBank began gathering additional information on customers' PAI-related preferences in investment advice (MiFID); all active securities funds ensure the consideration of the five main PAI categories – greenhouse gas emissions, biodiversity, emissions to water, hazardous waste, and social and employee matters – and can continue to be sold without restriction as products with a PAI strategy. In September 2023, the European Commission launched a consultation and review of the SFDR. Deka participated indirectly through its association work and directly with its own response in order to influence any implications from the earliest possible stage.

In 2024, the EBA in partnership with other European supervisory authorities (ECB and ESRB) will perform a "Fit-for-55" climate risk scenario analysis. This aims to assess the resilience of the financial sector in line with the EU's "Fit-for-55" package of measures. Institutions' progress in collecting climate-related data in the context of the 2022 climate risk stress test will also be evaluated. DekaBank is one of around 110 institutions in the EU participating in the "Fit-for-55" climate scenario analysis. The EBA is expected to publish the results of the analysis on an aggregated basis in the first quarter of 2025.

See also: Business and human rights at Deka

The Supply Chain Due Diligence Act (*Lieferkettensorgfaltspflichtengesetz*, LkSG) entered into force on 1 January 2023. The law governs corporate responsibility for respecting human rights in global supply chains. This particularly includes the prohibition of child and forced labour. Environmental concerns are also relevant here if they result in human rights violations or serve to protect human health. The LkSG initially applies to companies with at least 3,000 employees in Germany. This means that DekaBank falls within its scope. The associated requirements have been implemented for DekaBank and its suppliers as well as for subsidiaries over which DekaBank exerts a determining influence. A chief human rights officer has been appointed and a complaints procedure set up. Risk analyses have also been performed for the Bank's own business area and direct suppliers.

The European Corporate Sustainability Due Diligence Directive (CSDDD) will form the European framework for the German LkSG. However, neither a concrete implementation timetable following its adoption nor the final scope of the directive have yet been decided.

Product- and service-related regulatory proposals

The EU directive on deposit guarantee schemes (Deposit Guarantee Schemes Directive) was implemented in Germany as part of the European banking union in 2015. Under the more wide-ranging ideas put forward by the European Commission, national deposit guarantee systems would create a reinsurance system via a single European Deposit Insurance Scheme (EDIS) and centralise deposit insurance at European level in future. The design of this scheme, the role of institutional guarantee systems and the timetable have not yet been determined.

In May 2023, the European Commission published its draft Retail Investment Strategy (RIS). Among other things, the proposals relate to MiFID II and the PRIIPS Regulation and are therefore relevant for Deka. The European Parliament and European Council are currently considering the Commission proposal. DekaBank is following the legislative process and debate very closely so that it can respond swiftly and appropriately as necessary.

Tax policy developments

On 20 December 2021, the Organisation for Economic Co-operation and Development (OECD) published its Model Rules – a framework for international minimum taxation (Pillar Two income tax rules) agreed by more than 130 countries around the world. These rules were implemented in the EU through Directive 2022/2523 of 14 December 2022, which entered into force on 23 December 2022. Member states had until 31 December 2023 to transpose the directive into national law. For Germany, the Minimum Tax Implementation Act (*Mindeststeuerumsetzungsgesetz,* MinBestRL-UmsG) came into force on 28 December 2023. Qualitative elements must already be adhered to in the annual and consolidated financial statements (notes) as at 31 December 2023. The Minimum Tax Act (*Mindeststeuergesetz*, MinStG) this introduced, however, is only applicable to financial years beginning on or after 1 January 2024. The Pillar Two income tax rules provide for a global minimum tax rate that applies to all corporate groups with annual revenues of at least €750m. This will impose a minimum tax rate of 15% on corporate profits. Where the group's low-taxed entities pay less than 15% through national taxation, a top-up tax must be collected within the group. The aim is to limit international tax competition and create fairer taxation. Following an in-depth analysis, DekaBank does not currently anticipate any adverse financial impact from the application of the Pillar Two income tax rules.

Business development and profit performance in the Deka Group

Overall statement on the business trend and the Group's position

The Deka Group is looking back on a 2023 that proved to be a resilient year for the economy overall, despite the geopolitical conflicts. The stock markets defied soaring inflation and surging interest rates to reach new heights. Particularly towards the end of the year, the prospect of imminent key rate cuts by the central banks put markets in an optimistic mood, helping to fuel the positive trend on equity and bond markets for the year as a whole. While the German economy shrank and the eurozone posted only weak growth, the global economic picture was robust.

In this environment, Deka continued its consistent focus on supporting savings banks and institutional customers. The expert advice offered by the savings banks helped to keep customers investing in 2023. Investors concentrated particularly on short-term, fixed-income investments so as to keep an eye on where inflation and interest rates were heading. In this environment, the Deka Group achieved an economic result of €971.5m, which was close to the previous year's level of €984.8m. Deka is satisfied overall with its business development and profit performance.

Thanks to our economic strength, we were able to invest in technology and innovation in a targeted way and expand our business model. The Deka Group's earnings position also ensures that Deka remains able to distribute profits while at the same time retaining parts of the annual profit to strengthen its capital base.

Income rose slightly year-on-year to €2,282.9m (previous year: €2,236.3m). Net interest income, net financial income and net commission income improved on the prior-year figures. This was offset by allocations to risk provisions in the lending and securities business and a decline in other operating profit, which was particularly due to the negative effect of actuarial losses on pension provisions triggered by the actuarial interest rate. In the previous year, there was a high level of actuarial gains on pension provisions triggered by the actuarial interest rate. Net commission income remained the main component of the Deka Group's income, accounting for around 70%. Expenses came to €1,311.3m and, as expected, were thus moderately above the prior-year figure (€1,251.5m). This was due in particular to the increase in headcount to take advantage of growth opportunities and to investments in the business model.

See also: Segment reporting: page 123 ff.

The Deka Group's total sales stood at €5.7bn (previous year: €27.4bn). In the retail segment, sales increased to €22.7bn (previous year: €20.8bn), driven partly by the sale of short-dated straight bonds. A major client (approximately €19bn) moving to another provider, as had been expected, resulted in negative overall net sales of €17.0bn in the institutional customer business (previous year: positive net sales of €6.6bn).

Asset management net sales in the retail customer business in the reporting period came to €5.4bn (previous year: €8.1bn). Equity fund net sales of €4.2bn (previous year: €6.0bn) and real estate fund net sales of €1.5bn (previous year: €1.9bn) represented a substantial portion of this. Deka's net sales to institutional customers came to €–17.4bn compared with €5.9bn in the previous year. As indicated in interim reporting, the figure includes outflows of around €19bn due to the loss of a customer's high-volume mandate. Asset management net sales in the reporting period therefore stood at €–12.0bn (previous year: €14.1bn).

Particularly in the first half of the year, customers invested primarily in certificates, whereas in the second half of the year, the looming changes in monetary policy brought a change in investment behaviour. The gross certificate sales of €17.7bn were a significant increase on the prior-year figure (€13.3bn). The majority (€17.3bn) of these sales were to retail customers (previous year: €12.6bn). There was particular demand for stepped coupon bonds (€12.1bn; previous year: €0.1bn) and express certificates (€4.1bn; previous year: €4.7bn). Certificate sales to institutional customers in the reporting period came to €0.4bn (previous year: €0.7bn). The gross sales figure includes both Deka certificates and cooperation certificates. Deka certificates accounted for €9.2bn of the total (previous year: €9.4bn). Cooperation certificates, which complement Deka's certificate range, accounted for €8.4bn, compared with €4.0bn in 2022.

Deka Group sales *in €m (Fig. 4)*

	2023	2022
Asset management net sales	**–11,958**	**14,061**
by customer segment		
Retail customers	5,422	8,140
Institutional customers	–17,380	5,922
by product category		
Mutual funds and fund-based asset management	4,307	7,065
Special funds and mandates	–16,163	6,174
ETFs	–102	822
Gross certificate sales	**17,664**	**13,320**
by customer segment		
Retail customers	17,302	12,614
Institutional customers	362	706
Total sales (Total of net sales asset management and certificates)	**5,707**	**27,381**

Investors signed up to around 222,000 (net figure) new Deka investment savings plans in 2023 (year-end 2022: 368,000), meaning that the Deka Group manages approximately 7.6 million contracts in total, compared with around 7.4 million at the end of 2022.

The appeal of securities was also reflected in the number of securities accounts, which increased by approximately 169,000 in total to 5.5 million (year-end 2022: 5.3 million). At 123.2 million, the number of transactions was slightly up on the figure for year-end 2022 (120.0 million).

The asset management volume of €357.7bn at the end of 2023 was €10.5bn up on the year-end figure for 2022 (€347.2bn). The Deka certificate volume decreased by €1.3bn compared with the end of the previous year, falling to €23.2bn. The Deka certificate volume comprises only Deka certificates; cooperation certificates are not included. The total of the asset management and Deka certificate volume at year-end stood at €380.9bn (year-end 2022: €371.8bn).

Deka Group asset management volume and Deka certificate volume *in €m (Fig. 5)*

	31 Dec 2023	31 Dec 2022	Change	
Asset management volume	**357,730**	**347,247**	10,483	3.0%
by customer segment				
Retail customers	184,600	169,378	15,223	9.0%
Institutional customers	173,130	177,869	–4,739	–2.7%
by product category				
Mutual funds and fund-based asset management	196,787	181,863	14,924	8.2%
Special funds and mandates	147,841	154,009	–6,168	–4.0%
ETFs	13,103	11,375	1,728	15.2%
Deka certificate volume	**23,216**	**24,506**	–1,290	–5.3%
by customer segment				
Retail customers	18,534	19,113	–579	–3.0%
Institutional customers	4,683	5,394	–711	–13.2%
Total of asset management and Deka certificate volume	**380,947**	**371,753**	9,193	2.5%

See also: Capital adequacy: page 86 ff.

The Common Equity Tier 1 capital ratio at the close of 2023 stood at 19.2% (year-end 2022: 17.4%). The regulatory requirement was exceeded at all times. As in the previous year, and pursuant to Article 26 (2) CRR, the year-end profit less foreseeable charges and dividends was recognised in Common Equity Tier 1 capital within the same period as at 31 December 2023 (dynamic approach).

Compared with the previous year, Common Equity Tier 1 capital increased by €385m to €5,848m. The increase was due to the inclusion of year-end effects from 2023 (mainly profit retention).

RWAs declined overall by €874 m from the year-end 2022 figure of €31,360m to €30,486m. Market risk (€4,347m) fell significantly over the year (year-end 2022: €5,645m). Specific interest rate risk benefited from improved ratings for banks, which led to reduced risk weightings. In specific share price risk, there has been a significant reduction in net positions not fully closed out for regulatory purposes. RWAs for general market risk positions (internal model) have fallen slightly. Credit risk fell by €1,109m to €19,884m. This was chiefly due to a lower volume mirroring the changes in the balance sheet. RWAs from operational risk (€5,727m) increased significantly (year-end 2022: €4,139m). The change resulted from the receipt of amended tax assessment notices for the years 2013 to 2017 and the corresponding treatment of tax law risks from share trades transacted around the dividend record date as part of the operational risk scenarios (ex-ante view). CVA risk declined by €54m to €528m due to lower volumes of derivative transactions to be included.

At 9.2%, the leverage ratio exceeded the previous year's figure of 7.1%. The increase was due to higher Tier 1 capital combined with a lower leverage ratio exposure as a result of reduced total assets. The minimum leverage ratio of 3.0% was adhered to at all times.

The MREL requirements are calculated using an RWA- and LRE-based method in accordance with supervisory requirements. As at the reporting date, the MREL ratio in line with the RWA-based approach amounted to 54.1% (year-end 2022: 52.0%), while the figure under the LRE-based approach came to 23.5% (year-end 2022: 19.1%). Both ratios were well above the applicable minimum ratios.

The subordinated MREL requirements are also calculated using an RWA- and LRE-based method in accordance with supervisory requirements. As at 31 December 2023, the subordinated MREL requirements in line with the RWA-based approach came to 37.7% (year-end 2022: 35.9%), while the figure under the LRE-based approach was 17.9% (year-end 2022: 14.2%). Both ratios were well above the applicable minimum ratios.

See also: Liquidity adequacy: page 89 ff.

The Deka Group had ample liquidity, measured using the liquidity balances and liquidity coverage ratio (LCR), throughout 2023. The LCR increased year-on-year to 209.0% (year-end 2022: 159.1%). In percentage terms, the reduction in net cash outflows was significantly stronger than the reduction in holdings of high-quality liquid assets. The LCR in the reporting period was always significantly above the applicable minimum limit of 100%.

The net stable funding ratio (NSFR) came to 120.9% (year-end 2022: 118.1%) and, at the end of December 2023, was thus significantly above the required 100%.

Economic risk-bearing capacity was at a non-critical level overall as at the end of 2023. Utilisation of risk appetite (59.4 %) was virtually unchanged from the end of the previous year (59.9 %). A slight increase in total risk was offset by slightly higher risk capacity due to the positive development in retained earnings and earnings components. Risk capacity utilisation also declined as a result of these developments and, at 46.6%, was marginally below the level seen at the end of 2022 (47.6%).

Comparison of forecast and actual growth

Expectations regarding the Deka Group's key performance indicators in 2023, as set out in the forecast report of the 2022 Group management report and updated in the 2023 interim financial report, materialised as predicted.

Development of key management indicators in the Deka Group *(Fig. 6)*

		31 Dec 2022	Forecast 2023 in the Annual Report 2022	Forecast 2023 in the Interim Report 2023	31 Dec 2023
Economic result	€m	984.8	Slightly above 500	Above 800 but below 2022 value	971.5
Return on equity before tax (balance sheet)	%	17.0	Above 8	Above 10	15.8
Cost/income ratio	%	55.0	Below 70	Below 65	54.4
Total of asset management and Deka certificate volume	€bn	371.8	Up slightly year-on-year	Up slightly year-on-year	380.9
Total sales	€bn	27.4			5.7
Retail customers	€bn	20.8	20 to 25	20 to 25	22.7
Institutional customers	€bn	6.6	Down significantly on the previous year due to a one-off effect	Down significantly on the previous year due to a one-off effect	– 17.0
Common Equity Tier 1 capital ratio	%	17.4	Above 13	Above 13	19.2
Utilisation of risk appetite	%	59.9	At non-critical level	At non-critical level	59.4

Profit performance of the Deka Group

The Deka Group achieved another very strong economic result of €971.5m in the reporting period (previous year: €984.8m). Income rose by a total of 2.1% to €2,282.9m (previous year: €2,236.3m). Net commission income remained the main component of the Deka Group's income, accounting for €1,636.5m. At €1,311.3m, expenses in the reporting period were, as expected, 4.8% higher than in the previous year (€1,251.5m) due to moderate increases in personnel and other administrative expenses.

As a result of higher interest rates, net interest income came to €487.5m (previous year: €249.4m). The significant increase resulted primarily from the investment of liquidity from own funds by the Treasury function. Other major components of net interest income came from the earnings contributions made by specialised financing and real estate financing. These contributions were down overall on the previous year's level, partly due to changes in the composition of the financing portfolio in the Specialised Financing subdivision.

In net terms, risk provisions in the lending and securities business were increased by €126.8m in the reporting year. A gloomier climate in the real estate sector led to specific provisions and a post-model adjustment. In the lending business, there was a net allocation of €123.0m (previous year: net allocation of €–36.3m). The Real Estate Financing subdivision saw a net allocation amounting to €143.2m. Meanwhile, in the Specialised Financing subdivision, there was a net reversal of €19.9m. For the securities business, there was a net allocation of €3.8m (previous year: net allocation of €4.7m). In the previous year, there was a negative overall risk provisioning result of €41.0m in the lending and securities business. This was attributable particularly to the application of post-model adjustments as a result of energy prices and inflation as well as to rating downgrades.

Net commission income remains the main component of the Deka Group's income. At €1,636.5m, it was €44.6m higher than in the previous year (€1,591.8m). Commission from the investment fund business increased slightly year-on-year. Portfolio-related commission trended upwards, while sales-related commission was down on the previous year. The lower level of market activity meant that purchasing and construction fees from the Asset Management Real Estate business division were also short of the prior-year figure. Commission from banking business was significantly improved thanks to higher income from securities management. Commission from custody account business was moderately down on the prior-year level.

Net financial income came to €340.2m, a significant increase on the previous year's figure (€276.5m). This figure includes all income and expense items from the trading book as well as the valuation and sale results from the banking book portfolios.

At €315.1m, net financial income from the trading book in the reporting period was below the high prior-year figure (€336.6m). A key component was income from the Trading & Structuring unit, which fell only moderately versus the prior-year figure, partly thanks to certificate sales to retail customers (€17.3bn compared with €12.6bn). The contribution from the Collateral Trading & Currency unit was below the previous year's figure.

Net financial income from the banking book was €25.1m (previous year: €–60.0m). This included positive net income of around €68m (previous year: around €77m) from own issues and other own credit quality effects in Treasury due to spread developments. There was no change during the reporting period to the general provision for potential risks (previous year: addition of €100.0m). Additions to or releases from the general provision are reflected in the economic result, but do not form part of the IFRS profit or loss and are not allocated to specific business divisions.

Other operating profit came to €–54.4m, compared with the previous year's €159.5m. The figure includes actuarial losses of €28.0m on pension provisions owing to a fall in the actuarial interest rate to 3.50% (year-end 2022: 3.95%). This was set against an increase in plan assets due to market conditions. In the previous year, actuarial gains of €167.1m triggered by the actuarial interest rate were recognised on provisions for pensions. Actuarial effects are not included in the IFRS profit or loss as they are posted directly to equity (revaluation reserve). However, they are reported in the economic result as part of the profit or loss for the period.

Personnel expenses rose moderately to €644.7m (previous year: €612.2m). Increases stemmed mainly from the increase in headcount to take advantage of growth opportunities, particularly involving sales expansion, multichannel management and digitalisation activities, and from wage and salary increases as a result of the collective bargaining rounds.

Other administrative expenses including depreciation and amortisation rose slightly from €557.4m in the previous year to €594.8m. This resulted chiefly from increased investment in the business model and associated higher project expenses, primarily including the upgrading of the sales platform and development of digital product offerings, the expansion of sales and digitalisation activities.

The annual contribution to the deposit protection scheme of the *Landesbanken* and *Girozentralen* increased by €3.4m to €25.0m (previous year: €21.7m). In contrast, the bank levy fell to €46.9m (previous year: €60.3m).

As in the previous year, there were no restructuring expenses in the reporting period.

The cost/income ratio, i.e. the ratio of total expenses (excluding restructuring expenses) to total income (before risk provisions in the lending and securities business), was 54.4% (previous year: 55.0%). The return on equity before tax (balance sheet) in 2023 was 15.8% (previous year: 17.0%).

Deka Group performance *in €m (Fig. 7)*

	2023	2022	Change	
Net interest income	487.5	249.4	238.0	95.4%
Risk provisions in the lending and securities business	–126.8	–41.0	–85.8	–209.5%
Net commission income	1,636.5	1,591.8	44.6	2.8%
Net financial income	340.2	276.5	63.6	23.0%
Other operating profit	–54.4	159.5	–213.9	–134.1%
Total income	**2,282.9**	**2,236.3**	46.5	2.1%
Administrative expenses (including depreciation and amortisation)	1,311.4	1,251.5	59.8	4.8%
thereof: personnel expenses	644.7	612.2	32.5	5.3%
thereof administrative expenses (including deprecitation and amortisation)	594.8	557.4	37.4	6.7%
thereof bank levy and deposit guarantee scheme	71.9	82.0	–10.1	–12.3%
Total expenses	**1,311.3**	**1,251.5**	59.8	4.8%
Economic result	**971.5**	**984.8**	–13.3	–1.3%

Business development and profit performance by business division

Business development and profit performance in the Asset Management Securities business division

The economic result for the Asset Management Securities business division was €567.4m (previous year: €550.3m). The environment for the business division remained challenging given the impacts of the geopolitical and economic situation on the securities markets. Net sales in the retail business came to €4.0bn (previous year: €6.2bn). Overall, however, net sales of €–13.3bn remained below the high prior-year figure of €11.5bn due to a customer transferring their mandate to another provider. The positive investment performance and net sales in the retail business meant that the asset management volume of €302.2bn slightly exceeded the prior-year figure (€293.5bn).

Net sales and volume

The business division's asset management net sales totalled €–13.3bn (previous year: €11.5bn). Business with retail customers performed less well than in the previous year due to the difficult market environment. Sales of mutual securities funds reached €3.6bn (previous year: €5.3bn). Sales of equity and money market funds were particularly positive. In fund-based asset management, there were slight net redemptions and maturities of €–0.6bn (previous year: €–0.1bn). Business with institutional customers amounted to €–17.3bn versus €5.3bn in the previous year. Net sales of special funds and mandates, which are included in this figure, came to €–16.3bn (previous year: €5.5bn) due to a major customer (approximately €19bn) transferring their mandate to another provider. Without this effect, sales would have come to around €3bn. Sales of advisory/management mandates performed better than in the previous year. Master funds were unable to match the prior-year figures, but net sales were well into positive territory. ETFs saw net redemptions and maturities (€0.1bn), compared with inflows of €0.8bn in the previous year.

Net sales performance in the Asset Management Securities business division *in €m (Fig. 8)*

	2023	2022
Asset management net sales	**–13,337**	**11,503**
by customer segment		
Retail customers	3,956	6,234
Institutional customers	–17,293	5,269
by product category		
Mutual funds and fund-based asset management	3,025	5,210
ETFs	–102	822
Special funds and mandates	–16,260	5,471

Despite the loss of a major mandate, the asset management volume of €302.2bn was slightly up on the prior-year figure of €293.5bn. This was due to the positive investment performance and net sales in the retail business.

Volume in the Asset Management Securities business division *in €m (Fig. 9)*

	31 Dec 2023	31 Dec 2022	Change	
Asset management volume	**302,227**	**293,533**	8,694	3.0%
by customer segment				
Retail customers	144,646	131,111	13,535	10.3%
Institutional customers	157,581	162,423	–4,842	–3.0%
by product category				
Mutual funds and fund-based asset management	153,464	140,086	13,378	9.5%
thereof: equity funds	66,680	55,585	11,095	20.0%
thereof: bond funds	21,169	22,510	–1,341	–6.0%
thereof: mixed funds	22,915	22,642	273	1.2%
ETFs	13,103	11,375	1,728	15.2%
Special funds and mandates	135,660	142,072	–6,412	–4.5%

Profit performance in the Asset Management Securities business division

At €567.4m, the division's economic result was slightly up on the previous year's figure of €550.3m. Net commission income remained stable at the previous year's level, mainly due to higher portfolio-related commission. Expenses amounted to €447.3m, compared with €411.3m in the previous year. The increase was primarily due to investments in measures and projects to implement strategic priorities and to higher personnel expenses. There was a positive earnings contribution from the income distribution of the Treasury function, which amounted to €28.7m compared with €–4.6m at the end of 2022.

Profit performance in the Asset Management Securities business division *in €m (Fig. 10)*

	2023	**2022**	Change	
Net commission income	984.3	967.7	16.6	1.7%
Other income	1.7	–1.6	3.3	203.8%
Total income	**986.0**	**966.1**	19.9	2.1%
Administrative expenses (including depreciation and amortisation)	447.3	411.3	36.0	8.8%
Total expenses	**447.3**	**411.3**	36.0	8.7%
Economic result before income distribution of Treasury-function	**538.7**	**554.8**	–16.1	–2.9%
Income distribution of Treasury function	28.7	–4.6	33.3	(> 300%)
Economic result	**567.4**	**550.3**	17.2	3.1%

Business development and profit performance in the Asset Management Real Estate business division

At €200.8m, the economic result in the Asset Management Real Estate business division exceeded the previous year's figure of €166.0m. Net sales of €1.4bn did not match the previous year's figure. With continued sound investment performance, the business division's asset management volume stood at €55.5bn. Real estate assets under management grew by €0.2bn to €50.3bn.

Net sales and volume

As a result of the global geopolitical conflicts, persistent high inflation and associated interest rate hikes, retail and institutional customers alike showed significant investment restraint when it came to real estate funds. The business division's net sales therefore declined to €1.4bn (previous year: €2.6bn) but were still well into positive territory. The quota system for sales to retail customers was generally maintained; this prevents excessive investment pressure in times of high demand.

Mutual funds accounted for around 93% of the business division's net sales. WestInvest InterSelect, which focuses on Europe, continued to register particularly high demand. A special quota of *Deka-Immobilien Europa* provided to the savings banks in the period from July to September was also almost fully placed.

Net sales performance in the Asset Management Real Estate business division *in €m (Fig. 11)*

	2023	**2022**
Asset management net sales	**1,380**	**2,559**
by customer segment		
Retail customers	1,466	1,906
Institutional customers	–86	653
by product category		
Mutual property funds	1,282	1,856
Special funds, individual property funds and mandates	97	703

Partly due to positive net sales, the volume in the Asset Management Real Estate business division increased by 3.3% in the reporting year, despite distributions of €1.1bn, to reach €55.5bn. Of this volume, mutual property funds accounted for €43.3bn, of which approximately 90% was from products for retail customers. Euro-denominated mutual property funds achieved an average volume-weighted return of 2.7%, compared with 2.8% in the previous year.

Volume in the Asset Management Real Estate business division *in €m (Fig. 12)*

	31 Dec 2023	31 Dec 2022	Change	
Asset management volume	**55,503**	**53,714**	1,790	3.3%
by customer segment				
Retail customers	39,954	38,267	1,688	4.4%
Institutional customers	15,549	15,447	102	0.7%
by product category				
Mutual property funds	43,323	41,777	1,546	3.7%
Special funds, individual property funds and mandates	12,181	11,937	244	2.0%

Pricing on the national and international real estate markets continues to be hampered by the sharply increased interest rate level. At €1.3bn, the volume of real estate purchase and sale transactions was down on the previous year's level of €3.1bn. Around 43% of the overall transaction volume concerned a total of five contractually secured property purchases. There were eleven disposals, representing 57% of the transaction volume. Business activities continue to centre on properties in the office, retail, logistics and hotel asset classes.

Profit performance in the Asset Management Real Estate business division

The economic result in the Asset Management Real Estate business division stood at €200.8m at the end of 2023 compared with €166.0m in the previous year. Income was noticeably higher than the previous year's level. Portfolio-related commission increased year-on-year, while commission income from purchasing and construction fees fell short of the prior-year figure. At €179.9m, expenses were up on the previous year's figure of €166.7m. Along with higher personnel expenses, this was mainly due to increased project expenses. There was a positive earnings contribution from the income distribution of the Treasury function, which amounted to €12.9m compared with €0.1m at the end of 2022.

Profit performance in the Asset Management Real Estate business division *in €m (Fig. 13)*

	2023	2022	Change	
Net interest income	0.0	0.4	−0.4	−100.8%
Net commission income	366.0	334.6	31.5	9.4%
Net financial income	−0.6	−0.6	0.1	9.3%
Other operating profit	2.4	−1.8	4.1	235.5%
Total income	**367.8**	**332.6**	35.2	10.6%
Administrative expenses (including depreciation and amortisation)	179.9	166.7	13.2	7.9%
Total expenses	**179.9**	**166.7**	13.2	7.9%
Economic result before income distribution of Treasury-function	**187.9**	**165.9**	22.0	13.3%
Income distribution of Treasury function	12.9	0.1	12.8	(> 300%)
Economic result	**200.8**	**166.0**	34.8	20.9%

Business development and profit performance in the Asset Management Services business division

The economic result for the Asset Management Services business division was €6.3m (previous year: €–1.0m). There was a renewed increase in the number of securities accounts in Digital Multichannel Management. Custody account volume rose significantly due to market developments. Assets under custody in the Depositary subdivision saw a slight market-induced increase over the course of 2023.

Business development in the Asset Management Services business division

The number of custody accounts for which the division is the legal provider rose by around 169,000 to 5.5 million in the reporting year. At 123.2 million, the number of securities transactions also exceeded the previous year's figure of 120.0 million. This was partly due to the sales figures for savings agreements, with around 222,000 additional savings agreements in 2023. Given the positive market trend starting from early 2023, custody account volume in the Digital Multichannel Management subdivision rose to €194.6bn (previous year: €170.2bn). At S Broker, the investment volume also increased year-on-year to €16.2bn (previous year: €12.6bn). The number of securities accounts here rose by around 3% to approximately 200,000. As of year-end 2023, the robo-advisory service bevestor GmbH has been integrated into the sales of 348 savings banks (previous year: 325) as part of the cooperation partner model. bevestor had arranged an investment volume of €299m (previous year: €207m) and managed around 69,000 customer custody accounts as of year-end 2023 (year-end 2022: around 34,000 custody accounts).

Assets under custody in the Depositary subdivision saw a market-induced rise compared with the start of the year. They increased for both mutual funds and special funds and came to €290.8bn at year-end (previous year: €269.0bn).

Profit performance in the Asset Management Services business division

The economic result for the Asset Management Services business division was €6.3m (previous year: €–1.0m). Net commission income of €222.0m (previous year: €224.1m) remained the main component of income. It was maintained at a virtually unchanged level, primarily thanks to higher commission from the banking and investment fund business. Other operating profit of €11.0m includes the partial reversal of a provision previously recognised for the implementation of a ruling by the German Federal Court of Justice (BGH) on the mechanism for amending general terms and conditions of business. It also includes a positive earnings contribution from the sale of part of an equity investment. Expenses came to €257.1m. This was up on the previous year's figure of €238.7m, particularly as a result of higher personnel and other administrative expenses due to business growth and the further expansion of digital sales infrastructure. There was a positive earnings contribution from the income distribution of the Treasury function, which amounted to €17.3m compared with €0.4m in the prior-year period.

Profit performance in the Asset Management Services business division *in €m (Fig. 14)*

	2023	2022	Change	
Net interest income	12.9	10.1	2.8	27.8%
Risk provisions in the lending and securities business	0.2	–0.1	0.3	211.0%
Net commission income	222.0	224.1	–2.1	–0.9%
Net financial income	0.1	–5.5	5.7	102.7%
Other operating profit	11.0	8.8	2.3	25.6%
Total income	**246.2**	**237.3**	8.9	3.8%
Administrative expenses (including depreciation and amortisation)	257.1	238.7	18.4	7.7%
Total expenses	**257.1**	**238.7**	18.4	7.7%
Economic result before income distribution of Treasury-function	**–11.0**	**–1.4**	–9.5	(< –300%)
Income distribution of Treasury function	17.3	0.4	16.8	(> 300%)
Economic result	**6.3**	**–1.0**	7.3	(> 300%)

Business development and profit performance in the Capital Markets business division

At €291.5m, the economic result for the Capital Markets business division was up on the previous year's figure of €176.4m. The Capital Markets business division continues to fulfil its role as the Deka Group's product, solution and infrastructure provider. The DEA and finledger platforms play an important role here.

Business development in the Capital Markets business division

In the largest subdivision, Trading & Structuring, business was stable compared with the previous year. Derivatives trading benefited from strong issuance business.

At €17.7bn, gross sales of certificates at year-end 2023 exceeded the previous year's figure of €13.3bn. As in the previous year, business with retail customers made up the lion's share of demand. There was particular demand for stepped coupon bonds (€12.1bn) and express certificates (€4.1bn) in the reporting year. Gross sales in the reporting year were split virtually 50/50 between Deka certificates and cooperation certificates (previous year: around 70% Deka certificates and around 30% cooperation certificates).

The Collateral Trading & Currency subdivision remains well positioned in the repo/lending business. Business was down on the previous year's level due to a smaller portfolio.

In a challenging market environment, the Commission Business subdivision was unable to match the previous year's turnover in business with shares, bonds, exchange-traded derivatives and supplementary services and therefore remained short of the prior-year figure.

Gross certificate sales Capital Markets business division *in €m (Fig. 15)*

	31 Dec 2023	31 Dec 2022
Gross sales	**17,664**	**13,320**
by customer segment		
Retail customers	17,302	12,614
Institutional customers	362	706
by issuer		
Deka certificates	9,220	9,360
Cooperation certificates	8,444	3,959

The volume of Deka certificates reported in the balance sheet amounted to €23.2bn (year-end 2022: €24.5bn).

Deka certificate volume Capital Markets business division *in €m (Fig. 16)*

	2023	2022	Change	
Deka certificate volume	**23,216**	**24,506**	– 1,290	– 5.3%
by customer segment				
Retail customers	18,534	19,113	– 579	– 3.0%
Institutional customers	4,683	5,394	– 711	– 13.2%

Profit performance in the Capital Markets business division

The division achieved an economic result of €291.5m in financial year 2023 (previous year: €176.4m). Net interest income was higher than in the previous year, while net commission income was lower than the prior-year figure. Net financial income was slightly down year-on-year. Other operating profit came to €1.8m. The previous year's figure was negatively affected by expenses of €42.2m for settlement agreements with business partners in connection with share trades transacted in the past around the dividend record date. At €212.4m, expenses were higher than in the previous year, mainly due to increased project and other administrative expenses. There was a positive earnings contribution from the income distribution of the Treasury function, which amounted to €134.6m compared with €15.5m in the previous year.

Profit performance in the Capital Markets business division *in €m (Fig. 17)*

	2023	2022	Change	
Net interest income	2.1	0.9	1.2	129.0%
Net commission income	49.8	53.8	– 4.0	– 7.5%
Net financial income	315.7	337.8	– 22.2	– 6.6%
Other operating profit	1.8	– 38.4	40.2	104.7%
Total income	**369.3**	**354.1**	15.2	4.3%
Administrative expenses (including depreciation and amortisation)	212.4	193.2	19.3	10.0%
Total expenses	**212.4**	**193.2**	19.3	10.0%
Economic result before income distribution of Treasury-function	**156.9**	**160.9**	– 4.0	– 2.5%
Income distribution of Treasury function	134.6	15.5	119.2	(> 300%)
Economic result	**291.5**	**176.4**	115.1	65.3%

Business development and profit performance in the Financing business division

The Financing business division generated an economic result of €44.2m (previous year: €128.6m). At €27.2bn, the business division's gross loan volume remained virtually unchanged from the end of 2022 (€27.1bn).

Business development in the Financing business division

As in the previous year, around 60% of the business division's gross loan volume of €27.2bn (year-end 2022: €27.1bn) was attributable to specialised financing. The proportion of real estate financing was unchanged at around 40%.

The volume of new business in the Financing business division fell by €2.0bn in the reporting year to €4.7bn. The total volume of placements stood at €0.9bn, compared with €0.8bn in in the previous year. Repayments of around €3.7bn (previous year: around €4.4bn) were the main factor reducing the portfolio.

Gross loan volume in the Specialised Financing subdivision *in €bn (Fig. 18)*

	31 Dec 2023	31 Dec 2022	Change
Infrastructure financing	4.0	4.0	–0.6%
Renewable energies	1.5	1.4	2.2%
Transport financing	3.3	3.8	–13.6%
Aviation	1.8	2.3	–21.5%
Shipping	1.3	1.3	–1.0%
Export financing	1.0	1.2	–18.7%
Public sector financing	3.1	3.5	–10.6%
Savings bank financing	4.6	3.1	45.8%
Total	**16.0**	**15.7**	1.9%

Gross loan volume in the Real Estate Financing subdivision *in €bn (Fig. 19)*

	31 Dec 2023	31 Dec 2022	Change
Commercial real estate financing	8.3	8.4	–1.8%
Financing of open-ended real estate funds	2.9	3.0	–3.8%
Total	**11.2**	**11.5**	–2.4%

For materiality reasons, segments with a gross loan volume of less than €1bn are not reported.

Commercial real estate financing is focused on financing in Europe (€4.3bn) and North America (€4.0bn). In the previous year, the figures were €4.5bn in Europe and €3.9bn in North America. Office properties were the main use type in commercial real estate financing with a share of 75.8% of the gross loan volume (year-end 2022: 77.9%). Hotel financing had a share of 3.7% (year-end 2022: 3.3%) and retail property financing a share of 9.1% (year-end 2022: 9.5%) of the gross loan volume in commercial real estate financing. For the loan to values in commercial real estate financing, Deka follows a conservative policy on lending values.

The average rating for the loan portfolio as a whole according to the DSGV master scale fell from 7 at the end of the previous year to 8. Both figures correspond to a rating of BB on S&P's external rating scale. The average rating for Specialised Financing was unchanged from the end of 2022 and stood at 7 (S&P: BB). The rating for Real Estate Financing deteriorated from 5 at the end of the previous year to 8 (S&P: from BBB- to BB). Taking account of collateralised assets, the average rating for Real Estate Financing fell from A (S&P: A-) to 4 (S&P: BBB-) on the DSGV master scale.

At €4.7bn, the volume of new business in the Financing business division in the reporting year was down €2.0bn on the previous year's figure of €6.7bn. At €2.7bn, new business in the Specialised Financing subdivision was €0.8bn lower than in the previous year (€3.4bn). The focus here was on loans to savings banks of €1.6bn (previous year: €2.1bn). At €2.0bn, the Real Estate Financing subdivision also fell short of the previous year's figure (€3.3bn). Loans to savings banks accounted for around 35% of total new business in the division (previous year: around 31%). At €0.9bn, the total volume of placements in the business division was above the previous year's figure of €0.8bn. Around two-thirds of this total was placed within the *Sparkassen-Finanzgruppe*.

Profit performance in the Financing business division

The Financing business division closed the 2023 financial year with an economic result of €44.2m (previous year: €128.6m). Net interest income was down on the previous year's level due to changes in the composition of the financing portfolio in the Specialised Financing subdivision. A gloomier climate in the real estate sector led to specific provisions and a post-model adjustment. Risk provisioning requirements of €–121.4m therefore exceeded the prior-year figure (€–35.0m). Net commission income of €17.9m, which was mainly driven by new business, was higher than the comparative figure for the previous year (€15.6m). Net financial income amounted to €–1.7m (previous year: €–0.4m). Expenses totalled €80.9m and were up by €3.0m year-on-year, partly due to increased project and other administrative expenses. There was a positive earnings contribution from the income distribution of the Treasury function, which amounted to €91.2m compared with €75.2m in the previous year.

Profit performance in the Financing business division *in €m (Fig. 20)*

	2023	2022	Change	
Net interest income	138.2	150.2	–12.0	–8.0%
Risk provisions in the lending and securities business	–121.4	–35.0	–86.4	–246.6%
Net commission income	17.9	15.6	2.3	14.8%
Net financial income	–1.7	–0.4	–1.3	(< –300%)
Other operating profit	1.0	0.9	0.1	8.9%
Total income	**33.9**	**131.3**	–97.3	–74.1%
Administrative expenses (including depreciation and amortisation)	80.9	77.9	3.0	3.9%
Total expenses	**80.9**	**77.9**	3.0	3.9%
Economic result before income distribution of Treasury-function	**–47.0**	**53.4**	–100.4	–188.0%
Income distribution of Treasury function	91.2	75.2	15.9	21.2%
Economic result	**44.2**	**128.6**	–84.4	–65.6%

Financial position of the Deka Group

Financial management principles and objectives

Via its Treasury corporate centre, DekaBank pursues an integrated approach aimed at the active management of Group-wide liquidity, thus ensuring that flexibility and investor trust are retained even in difficult market situations.

The Treasury corporate centre manages Group liquidity and Deka Group refinancing across all maturities and is responsible for asset-liability management. Treasury also heads the Management Committee for Assets and Liabilities (*Managementkomitee Aktiv-Passiv* – MKAP), which manages the strategic position of the Bank as a whole and makes recommendations for action in this regard to the Board of Management.

Treasury manages the liquidity management portfolio with a view to compliance with regulatory requirements and safeguarding the Bank's liquidity at all times. This portfolio comprises the liquidity buffer, which contains securities held to ensure liquidity in stress situations and liquidity shortages, other liquid assets (e.g. securities for cover registers) and the securities in the proprietary securities portfolio (Strategic Investments portfolio). The Strategic Investments portfolio is used to invest surplus financial resources and balance out differences in maturity structure. For the securities that constitute the strategic investments, liquidity investing is focused on investments in investment-grade bonds, including from public sector issuers, financial services providers and corporates. Given the targets for the liquidity buffer, investment here concentrates on investments in bonds issued by German federal states, German development banks, German run-off institutions, German covered bonds (*Pfandbriefe*), supranational institutions, investment-grade corporate bonds and, where appropriate, credit balances held with central banks.

Treasury assists the Board of Management with the management of existing risks from fund-based guarantee products, manages market price risks in the banking book and is responsible for Group-wide hedge accounting. In addition, Treasury manages counterparty risks in its own banking book and equity. By setting transfer prices for the whole Group, Treasury helps to ensure both that the balance sheet is evenly structured and in line with strategy, and that transactions are calculated appropriately.

DekaBank supports cash pooling for the savings banks and other companies of the *Sparkassen-Finanzgruppe*. It has high volumes of central bank-eligible highly liquid assets, which can be used to generate liquidity via various market access routes at any time.

Refinancing is carried out in a diversified manner using domestic and international money market and capital market instruments. This includes issues of covered bonds, bearer bonds based on the commercial paper programme and debt issuance programme, as well as the programmes for structured issues and certificates. These activities are supplemented by placements of registered debt securities along with promissory note loans and DekaBank's range of sustainable certificates. DekaBank also uses the repo and lending markets as well as daily and time deposits to raise and invest liquidity. It participates in the various central bank tenders as necessary.

See also: Green bonds

As part of its continuous efforts in the field of sustainability, DekaBank has enhanced its Green Bond Framework in accordance with the ICMA Green Bond Principles 2021. This framework enables the issue of green bonds and certain certificates as required as part of ongoing issuing activities. The funds raised are used to fully or partially finance appropriate green loans – new or existing lending in renewable energy and green buildings.

Derivative financial instruments are used for trading purposes and to hedge interest rate risks, currency risks and other price risks in the banking book and trading book. DekaBank does not have extensive open interest or currency positions. Details of derivative transactions can be found in the consolidated financial statements.

See also: Consolidated financial statements: page 113 ff.

Changes in the Deka Group balance sheet

Total assets declined by €12.6bn in financial year 2023 to €84.8bn (year-end 2022: €97.4bn). This was due to the expiry of short-term transactions in the interbank market. There was a particular decline in repo transactions, money market refinancing and trading issues, which led to reduced deposits with Deutsche Bundesbank.

Amounts due from banks and customers fell by a significant €12.0bn in total to €55.6bn in the period under review. The drop in this figure resulted from reduced investment of balances (overnight deposits) with Deutsche Bundesbank in the form of a deposit facility, which are reported as amounts due from banks that are due on demand. The reduction in amounts due from banks was also attributable to the expiry of reverse repo transactions. Term deposits with banks also became due. There was a slight reduction of €0.6bn in financial assets reported at fair value, taking them to €17.0bn. Financial investments remained stable year-on-year at €10.2bn (year-end 2022: €10.1bn).

Amounts due to banks and customers fell by a total of €6.8bn to €35.6bn. This change was mainly due to reduced term deposits with DekaBank by other banks. Higher volumes of repo transactions also became due in the reporting year. Securitised liabilities declined by €0.2bn to €10.9bn. Financial liabilities at fair value fell significantly to €28.4bn (year-end 2022: €34.4bn). This was due in particular to the fall in capital market interest rates in the reporting year, which resulted in a lower fair value for derivatives held for hedging purposes on the liabilities side. The change was also attributable to a lower volume of trading issues due to maturities.

Changes in the Deka Group balance sheet *in €m (Fig. 21)*

	31 Dec 2023	31 Dec 2022	Change	
Total assets	**84,800**	**97,396**	– 12,596	– 12.9%
Selected asset items				
Due from banks and customers	55,627	67,629	– 12,002	– 17.7%
Financial assets at fair value	16,979	17,567	– 588	– 3.3%
Financial investments	10,165	10,073	92	0.9%
Selected liability items				
Due to banks and customers	35,564	42,318	– 6,753	– 16.0%
Securitised liabilities	10,920	11,169	– 249	– 2.2%
Financial liabilities at fair value	28,389	34,353	– 5,964	– 17.4%

Capital and liquidity adequacy

Full details of capital and liquidity adequacy in the 2023 financial year can be found in the risk report section of the Group management report.

See also: Risk report: page 61 ff.

Development of capital market ratings

At year-end 2023, DekaBank's capital market rating remained among the best in its peer group of German commercial banks. The ratings from Standard & Poor's (S&P) and Moody's enable access to the money and capital markets on stable and competitive terms. They reflect the high strategic importance of the Deka Group to the savings bank sector as well as the adequacy of the capital and liquidity base for its business model. For example, DekaBank has an issuer rating of A from S&P and Aa2 from Moody's and a stable outlook with both agencies. DekaBank's ratings were unchanged over the course of 2023.

Ratings overview *(Fig. 22)*

	Standard & Poor's	Moody's
Bank Ratings		
Issuer Rating	A (stable) Issuer Credit Rating	Aa2 (stable) Issuer Rating
Counterparty Rating	N/A	Aa2 Counterparty Risk Rating
Deposit Rating	N/A	Aa2 Bank Deposits
Own financial strength	bbb Stand-alone Credit Profile	baa2 Baseline Credit Assessment
Short-term rating	A–1 Short-term Rating	P–1 Short-term Rating
Issuance Ratings		
Preferred Senior Unsecured Debt	A Senior Unsecured Debt	Aa2 (stable) Senior Unsecured Debt
Non-Preferred Senior Unsecured Debt	A– Senior Subordinated Debt	A2 Junior Senior Unsecured Debt
Subordinated Debt (Tier 2)	N/A	Baa1 Subordinate Debt
Additional Tier 1 debt	N/A	Baa3 (hyb) Preferred Stock Non-cumulative
Public Sector Covered Bonds	N/A	Aaa Public Sector Covered Bonds
Mortgage Covered Bonds	N/A	Aaa Mortgage Covered Bonds

Human resources report

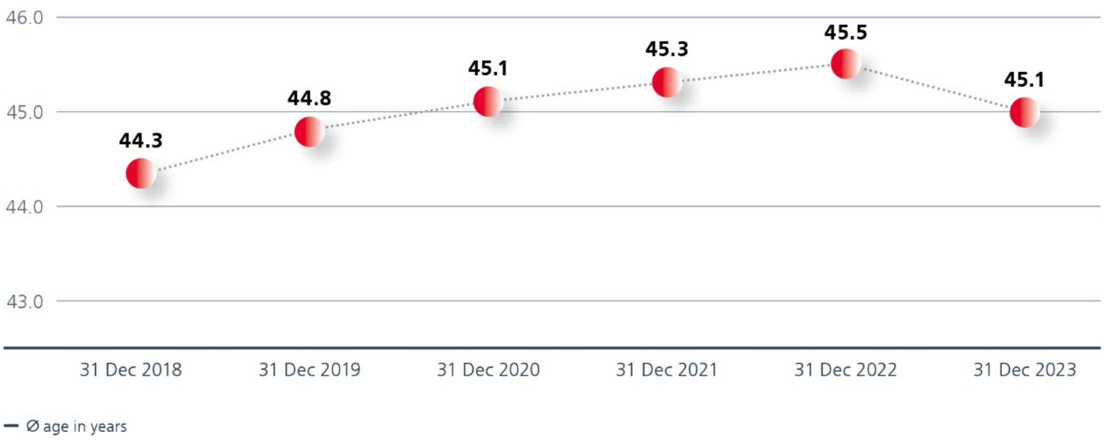
To allow it to shape and secure its sustainable business success, it is important for the Deka Group to recruit and retain appropriately qualified staff.

In order to capitalise on the growth opportunities arising from its business model, the Deka Group slightly increased its total number of employees to 5,492 as at the end of 2023 (year-end 2022: 5,084). The number of employees is determined by counting the number of employment contracts (temporary and permanent) in existence at the reporting date, including inactive employees, trainees and interns. At 4,702, the number of full-time equivalents as at 31 December 2023 was also slightly higher than at the end of 2022 (4,373). The number includes part-time employees actively involved in work processes in the Deka Group, who are counted *pro rata* on the basis of their working hours. The proportion of full-time employees as at year-end stood at around 76%. The efforts to attract a younger demographic are having a positive impact. The average age of active employees (excluding apprentices and inactive staff members) was 45.1 years (previous year: 45.5 years). Increasing numbers entering retirement and greater recruitment of younger employees caused the average age in the Deka Group to fall.

Further key indicators regarding sustainable HR management can be found in the sustainability report.

See also: 2023 sustainability report

Development of the demographic structure at the Deka Group *(Fig. 23)*



In terms of qualitative aspects, Human Resources at the Deka Group continues to support three changes:

- First, the evolution into a modern and flexible organisation. Deka combines the benefits of clear responsibilities and organisational structures with the advantages of agile networks. This allows the Deka Group to quickly respond to the dynamic market and competitive environment. Important topics are efficiently implemented in a way that directly involves customers.
- Second, demographic trends will not only necessitate additional recruitment but also require employees to develop new skills. In 2023, the Deka Group launched a revised talent management system that puts significantly greater focus on the personal development of high-performing and high-potential staff. Alongside this, we piloted a new feedback tool for managers, which is accompanying the gradual implementation of the updated leadership philosophy across the departments and giving managers the opportunity for personal development.

- Third is the consistent shift in recruitment approach as Deka adjusts to what is now an employee's market. The opportunity to work on future-oriented topics along with its corporate culture and modern collaboration methods make the Deka Group an attractive employer. We regularly take the pulse of our workforce to ensure this remains the case. These employee surveys accompany the changes in our working environment and also look at our attractiveness as an employer and staff satisfaction. The year's second survey, which took place in November 2023, backed up previous findings. It showed that 88% of respondents are happy or very happy at the Deka Group and that 80% believe that Deka will remain an attractive employer in future.

In 2023, Deka launched a new trainee programme called Discovery@Deka to further improve the onboarding process. Among other things, trainees complete fixed rotations in several departments and attend presentations, workshops and networking events.

Deka is constantly improving working conditions for new employees and for those who have already been with us for many years. The new office building in Frankfurt-Niederrad, for example, offers ultra-modern workstations and spaces for creativity and sharing ideas. We also offer flexible arrangements for remote working, including from other EU countries. More than half of employees on average regularly used mobile working in 2023. Our teams also regularly meet in person. This promotes employees' work-life balance, as do a wide range of part-time models, flexible working hours and support options for those with family obligations.

To become an even more attractive employer, Deka is pursuing a range of approaches, always centred on sustainable HR management. This involves the successful recruitment, long-term retention and ongoing professional development of employees, as well as placing them in roles where they can realise their full potential. It also means creating a healthy working environment fit for the future and promoting a diverse workforce and an inclusive corporate culture. The Equality Plan and the mainstreaming of diversity management within the Deka Group, with a focus on gender, cultural and age diversity, are two measures that contribute to achieving these objectives.

In the context of the increasing complexity of the working environment and in light of demographic change, employees' health is further growing in importance. The Deka Group aims to further improve the health services it provides. Various offerings are available to support people's physical and mental health, including via the "machtfit" digital health platform. This commitment to our employees has been recognised by an audit. The Deka Group was judged to have an outstanding corporate health management system and was awarded a seal of excellence in 2022.

Forecast and opportunities report

Forecast report

Forward-looking statements

The Deka Group's planning is based on the assumptions about future economic development that appear the most probable from a current standpoint. However, plans and statements about expected developments and the course of business during 2024 are subject to uncertainty.

Actual trends in the international money, capital and property markets and in the Deka Group may diverge significantly from our assumptions, which are partly based on expert estimates.

See also:
Risk report: page 61 ff.
Opportunities report: page 60 ff.

The Deka Group's risk position is explained in full in the risk report. If the risk scenarios referred to in the risk report should materialise, for example as a result of stress situations or counterparty default, this may result in negative differences from the forecast during the remaining months of the 2024 financial year. Conversely, opportunities may result in expectations being exceeded. The opportunities for the Deka Group are set out in the opportunities report.

The impacts of a continuation of the wars in Ukraine and the Middle East are again impossible to fully predict in 2024. The same applies to the tensions between western industrialised nations and the emerging economies, led by China. If the hostilities worsen further or if further geopolitical conflicts develop, this may hit economic growth and the capital markets. Moreover, the economic effects of the changes to value chains, the disrupted supply chains and, in particular, the future inflation trend are still impossible to gauge. The monetary policy of the central banks will be a relevant factor here. As a result of this, estimates of the development of growth are subject to revision. Future market developments therefore remain highly uncertain, and the earnings, risk and capital situation, as well as the corresponding key management indicators, may show less favourable development than that presented in the forecast report.

Expected macroeconomic trends

DekaBank expects moderate expansion of the global economy in 2024. Global gross domestic product is predicted to rise by 2.9%. After a weaker period over the winter months, the anticipated central bank interest rate cuts, lower inflation rates and real wage growth, particularly in industrialised nations, are likely to help the economy pick up slightly as the year progresses. In the United States, fiscal policy in a presidential election year will likely have an expansionary impact. In China, meanwhile, the shrinking population is set to act as an increasing drag on the economy. With growth rates of around 4.5%, this engine of the world economy is running more slowly than in the past.

Many geopolitical pressures remain in play, such as military conflicts and the trade policy divisions between the United States and China. While businesses and households are becoming increasingly habituated to these, there are still concerns regarding a further geopolitical escalation and around upcoming elections, in which there is a possibility of a populist shift to the right. The latter may be seen, for instance, in the United States, in the European elections or in the state elections in Germany. Meanwhile, a dependable economic policy environment will be of immense importance in 2024 as business and societies at large face ongoing structural challenges. Digitalisation, decarbonisation and demographic factors continue to have a transformative impact and bring both risks and opportunities. Moreover, in light of the expected key interest rate cuts by central banks, the monetary policy environment for investment and debt servicing is set to improve again beginning in 2024. DekaBank expects the knock-on effects of restrictive monetary policy and the structural transformation now underway to cause only a limited increase in unemployment in 2024. In Germany and other European countries, consumer spending is therefore likely to play an important role in propping up macroeconomic activity in light of noticeable increases in real wages. In addition, moderate price growth and a normalisation of monetary policy is likely to gradually improve sentiment among businesses and households.

Expected sector-related conditions

After the considerable fall in inflation in 2023, the upward pressure on prices is expected to ease only slowly in the course of 2024. In the eurozone, the United States and numerous other industrialised countries, inflation is therefore likely to still remain somewhat higher than the central banks' 2% target at year-end. The cost of energy and other intermediate goods has fallen back again, and this will continue to curb consumer prices for food and industrial goods, particularly in the eurozone. On the other hand, various government measures to ease the pressure on households and businesses over the past few years are now coming to an end. The primary reason for the stubbornness of high inflation, however, lies in the still high wage growth, which is reflected by corresponding increases in consumer prices, especially for services. In the United States, the wage curve is now flattening to some extent. Even so, with only slight growth in unemployment, wages are set to continue rising this year at a pace that puts a lasting return to the 2% inflation target out of reach. Despite the weaker economic environment, the anticipated effects of wage pressure are generally even stronger in the eurozone. With collective bargaining agreements fixing wages for extended periods, earnings here take longer to adjust to the rising cost of living. Sharp wage rises must therefore be expected again this year, contributing to the persistence of inflation.

The ECB and Fed are satisfied with the progress in reducing inflation and regard it as a validation of their monetary policy. However, they also still see considerable risks to the lasting achievement of their inflation targets. This dichotomy is likely to substantially influence their decisions again in 2024. Central banks regard their current monetary policy as sufficiently restrictive but do not believe that the conditions for cutting their key rates have yet been met. They point to the importance of data in determining their future course and are focused on those indicators that provide the most information on the medium-term inflation outlook, chiefly wage growth. For that reason, DekaBank's economists expect that the ECB and Fed will wait a few more months and begin cutting their key rates only in June. Rate cuts are likely to be few in number and above all small in scale, meaning that key interest rates in both currency areas will still be in moderately restrictive territory at the end of the year.

Both central banks will continue to reduce their balance sheets this year. This process is already well advanced in the United States and therefore unlikely to weigh on capital markets any longer. In the coming months, the Fed is even likely to begin debating whether its balance sheet has reached an appropriate size, eliminating the need for further cuts in its securities holdings. In the eurozone, the final tranches of the TLTRO III (targeted longer-term refinancing operations) programme expire this year, and bonds worth €334bn will mature under the APP (asset purchase programme). At €7.5bn per month, the ECB's planned reduction in securities holdings from the Pandemic Emergency Purchase Programme (PEPP) in the second half of the year will be modest. The development of the ECB balance sheet over the course of the year is thus relatively predictable. That means a still very high volume of excess reserves is expected at year-end.

With excess reserves still extensive, the overnight rate €STR (Euro Short-Term Rate) is likely to remain below the ECB deposit rate. However, the short-term EURIBOR rates are likely to slightly exceed it, while the longer-term rates reflect the expectation of upcoming key rate cuts. This will likely produce an inverse EURIBOR curve throughout 2024. In the coming months, the ECB may announce changes to the operational framework for monetary policy. This will primarily affect the way in which commercial banks receive central bank money in future. Although many details are still unclear, a major market reaction is unlikely.

The capital markets are on standby for key rate cuts. The surprisingly dovish stance of Fed Chairman Powell at the central bank's final meeting for 2023 led market participants to sharply raise their expectations of key rate cuts. Rate cuts by both the Fed and the ECB are anticipated to begin in the spring, and a series of reductions have already been priced in for this year. As a result, yields on European and US government bonds have fallen sharply and yield curves have become noticeably less inverted. DekaBank expects the change of course by the Fed, and especially by the ECB, to be slower than is currently priced in by the markets. Neither central bank expects core inflation rates to continue falling at the same pace seen in recent months, mainly because wage rises are too high. We therefore expect an initial upward correction in yields, particularly on European bonds, before the ECB's inflation expectations become more optimistic in the second half of the year. The capital markets will also need to absorb the accelerated winding down of central banks' securities holdings. This process is already relatively far advanced in the United States and now poised to gather further pace in the eurozone too. This will bring a further significant increase in the net supply of long-dated government bonds on both sides of the Atlantic. For corporate bonds, too, a large part of the expected positive trend is already priced in. Given the weak economic outlook, spreads should not be expected to narrow much further. An unexpected increase in default rates could, however, cause spreads to widen for a time. Nevertheless, both the absolute yield level on corporate bonds and the ongoing coupons continue to make for attractive entry opportunities for investors.

After the strong year-end rally, most major share indices began 2024 at or close to their historic highs. This leaves little scope for all too euphoric expectations. These high stock prices reflect higher valuations rather than any significant recent increase in earnings forecasts, meaning there is a greater risk of sudden setbacks. Nevertheless, valuations particularly for German and European companies remain at attractive levels. Above all, the prospect of renewed falls in key interest rates will bolster sentiment in the equity markets. On top of this, corporate profits are set to rise again this year, despite the weak economic growth prospects in Europe. In the United States, even double-digit percentage increases are on the cards. Profit growth of close to 10% is also expected for the MSCI World Developed Markets. Overall, the fundamentals remain favourable for the stock market.

Real estate asset management remains an appealing asset class. The time lag in the construction cycle for office markets means that construction is likely to peak this year. In the medium term, the sharp increase in building and financing costs points to a significant decline in completions and a surplus of demand for modern prime properties, from which existing such buildings will benefit. Rents are set to rise further; however, DekaBank expects a significantly more muted upward trend given falling inflation and weak GDP growth. The restrictive monetary policy means that further slight adjustments in initial yields are expected in all segments of the real estate market in the first half of 2024.

Overall assessment of the expected economic trends

Overall, DekaBank expects a challenging economic environment for the 2024 financial year. On the one hand, political and geopolitical risks will persist, while on the other hand, the central banks are set to shift away from their restrictive monetary policy. The high levels of financial assets held by private households and the investment needs of institutional investors offer potential for fund and certificate sales. Another boost is likely to come from the expected cuts to key interest rates, which will make liquid, short-term interest-bearing investments less attractive. Business performance may continue to be affected by the market environment amid ongoing geopolitical conflicts, fears of recession and global falls in property values. These factors could result in higher risk provisions and increased capital requirements due to further rating downgrades.

Expected business development and profit performance
The Management Agenda is an ongoing strategic action programme that sets the direction to further build on the Deka Group's position as the *Wertpapierhaus* for the *Sparkassen-Finanzgruppe*. This agenda remains focused on the broad themes of technology, innovation and sustainability.

Particularly when it comes to geopolitical tensions and conflicts, it is scarcely possible to make a full prediction of their impacts in 2024. Their spread or escalation may hit economic growth and the capital markets. There is also uncertainty around the impact of restrictive monetary policy, which could change the assessment of the economic growth picture. Ultimately, future market developments remain highly uncertain, which means that the earnings, risk and capital situation, as well as the corresponding key management indicators, may show less favourable development than expected.

The Deka Group achieved an economic result of €971.5m in 2023. With the continuing geopolitical tensions and challenging economic environment as a backdrop, the Deka Group expects an economic result of around €700m in 2024.

The Deka Group operates in a growing market with the aim of realising potential income with an attractive cost/income ratio. The cost/income ratio should come to around 60%. The Deka Group is aiming for a return on equity before tax (balance sheet) of around 11% in financial year 2024.

Net commission income will remain the primary income component. The expected positive trend in the asset management volume, along with asset management net sales well into positive territory, will contribute to this. The forecast result will ensure that DekaBank remains able to distribute profits. The planned retention of parts of the annual profit will further strengthen the capital base.

The particular focus of sales activities will be on the certificates business and on expanding investment fund business that maintains lasting value. As part of its forecast, Deka expects total sales of around €35bn. The Deka Group anticipates a significant year-on-year rise in the asset management volume in 2024.

The Asset Management Securities business division will continue its proven strategic direction in 2024 and concentrate on developing its range of products and services in close coordination with the sales departments. To this end, the division's investment process is constantly evolving, including through the continuous development of data science solutions and the use of AI-based machine learning models in portfolio management. The digitalisation of processes all along the value chain to further improve quality, efficiency and service levels will continue to advance. The enhancement of operational processes and governance structures in the ESG space is also central to the division. In the retail business, the division is gearing its product range to the new interest rate environment with a continued focus on investment fund business designed to maintain lasting value, on products for regular saving and on digital multichannel sales. We will continue to expand digital sales channels and optimise sales approaches for institutional customers. The business division is also continuously analysing opportunities to use blockchain technology and working with other parts of the Deka group in this regard. It expects net sales and the asset management volume to rise overall year-on-year.

Risks to the investment fund business in the Asset Management Securities business division may arise from the spread of global political and geopolitical conflicts, changes in supply chains and structural changes in energy prices, which could bring significantly more volatile economic development along with impacts on corporate profitability. High inflation and restrictive monetary policy may also weigh on the securities markets and investment fund business. In addition, the changed interest rate environment may adversely affect Deka's own business and that generated by the savings banks. This and other factors may hit investors' risk appetite and result in outflows of funds and reluctance to invest. In addition, a pronounced stock market correction could negatively affect the asset management volume.

The Asset Management Real Estate business division's mission in 2024 remains to provide the savings banks with high-quality real estate- and real estate financing-based investment products with sustainable features. The products can be used for both customer business and proprietary investment activities. Portfolio and property risk management will be continuously developed, taking advantage of potential for digitalisation. The product range in the area of sustainability will be gradually expanded. In open-ended real estate funds for retail customers, the business division plans to build on what is already an excellent market position without compromising on quality or stability. In the institutional business, it is seeking to at least maintain its market position despite the current investment restraint among customers. Net sales for the year as a whole are expected to exceed the figure from year-end 2023. The asset management volume will increase year-on-year. The division expects a below-average transaction volume again in 2024.

Risks to the performance of the Asset Management Real Estate business division may arise from the consequences of global geopolitical conflicts. Persistent inflation and the resulting interest rate hikes may result in a downward trend in property values. We expect this effect to be partially compensated by indexed rents. Higher interest rates may make real estate funds less attractive in comparison with possible substitute products, even if property portfolio valuations are on the conservative side. The still incomplete pricing process on real estate markets currently means a difficult market environment for transaction planning. Risks are also expected from continued high regulatory pressure.

For 2024, the Asset Management Services business division continues to aim for a noticeable increase in assets under custody in line with the targeted asset management growth. The Digital Multichannel Management subdivision will continue with its strategic orientation. It aims to realise efficiency gains through its multichannel offering, which involves the seamless integration of physical branches and other sales channels for the securities products offered by the savings banks. Combined with contemporary, innovative services such as the brokerage app from S Broker (expected to launch in summer 2024), digital fund asset management and S-Invest Manager, this will ensure and further expand access to the customer interface in the *Sparkassen-Finanzgruppe*. Innovative solutions, ideas and trends in the securities business, such as the use of blockchain technology, artificial intelligence and data analytics, will also continue to be trialled.

As in previous years, the Depositary subdivision is aiming to maintain a strong competitive position and to constantly grow the volume of assets under custody in its business involving mutual and special funds, third-party mandates and investment managers, focusing on developing a comprehensive asset servicing solution (master KVG and depositary). It will continue to pursue the model of a comprehensive asset servicing solution to differentiate itself from the competition. This will involve measures such as improved connectivity with external asset managers and investment management companies and more flexible settlement routines in various transaction categories. Custody of crypto securities is being expanded in the Depositary subdivision as part of the Group-wide digitalisation activities.

There are risks to Digital Multichannel Management from a stagnation of sales due to delays in the enhancement of the product offering for the sales channels. Risks may also arise for custody account business from disruption to product development with a knock-on effect on custody account sales. Risks to business performance in the Depositary subdivision include rising pressure on margins as well as market-induced outflows of assets under custody. In addition, a pronounced stock market correction, for which the consequences of military conflicts around the world are a potential trigger, may adversely affect assets under custody and thus the income achievable in this subdivision.

In 2024, the Capital Markets business division will maintain its proven strategic direction as a customer-centric product and solution provider focused on DekaBank's structured products and the derivatives, issuance and trading business. By expanding platforms (DEA) and integrating them into the savings banks' IT landscape, it will continue to help savings banks and institutional customers manage their proprietary portfolios. This will be complemented by products and services with an ESG focus such as green bonds, sustainable certificates and instruments for carbon offsetting. In the certificates business, gross sales for retail customers will remain front and centre in 2024. A repeat of the previous year's unusually high sales is not expected, however.

Risks to the development of the Capital Markets business division arise particularly from negative capital market developments and recessionary fears, accompanied by persistently high inflation, which may result in lower customer activity levels. The unpredictable consequences of military conflicts around the world, the energy crisis, global trade disputes and supply chain difficulties are central to this. Additional risks may arise from regulatory intervention in the design of products and definition of terms and conditions and from further increased market pressure on fees. Regulatory or adverse monetary policy escalations leading to additional capital backing or reporting obligations may also affect business performance.

For its business activities in 2024, the Financing business division will continue to concentrate on its defined and well-established segments: specialised financing and real estate financing in liquid markets. The division will seek to generate new business where this contributes to its objectives and to appropriate management of the balance sheet structure. The financing portfolio will grow slightly over the course of the year. The business division will maintain its stability-focused and risk-conscious strategy.

Risks for the Financing business division currently arise from the consequences of global geopolitical conflicts and persistently high inflation. This may adversely affect the quality of loan exposures, leading to higher risk provisions and increased capital requirements due to rating downgrades. Further risks may arise from specific creditworthiness risks on the part of borrowers, which could adversely affect the economic outlook for lending segments in which we operate. This could also lead to a need for higher risk provisions, or to increased capital adequacy requirements as a result of a downgrading of our credit ratings. A worsening of other global political crises may trigger similar effects. Business performance may also be negatively affected by increasing competitive pressure for project and infrastructure financing if institutional investors act as direct lenders.

Expected financial and risk position

The Deka Group anticipates a continued sound financial position for 2024. Total assets will be subject to the usual business-related fluctuations over the course of the year. The planning assumption is for total assets of around €90bn at year-end 2024.

The Deka Group expects to maintain an adequate capital and liquidity base in both the normative and economic perspective for 2024. To retain sufficient flexibility in the event of unfavourable market developments, the Deka Group aims for a Common Equity Tier 1 capital ratio at an appropriate level above the strategic target of 13%.

Balance sheet management is geared towards ensuring compliance with an appropriate leverage ratio significantly above the minimum ratio of 3%, as well as compliance with the requirements for RWA- and LRE-based MREL and with the subordinated MREL requirements.

In terms of risk-bearing capacity analysis, risk appetite utilisation is expected to remain at a non-critical level. With regard to risk development, however, elevated uncertainty regarding the further development of the market environment cannot be ruled out.

The Group’s liquidity position is forecast to remain at a comfortable level. Likewise, all relevant ratios (LCR and NSFR) are expected to be comfortably adhered to with sufficient flexibility.

Forecast development of key performance indicators in the of Deka Group *(Fig. 24)*

		31 Dec 2023	Forecast 2024 in the Annual Report 2023
Economic result	€m	971.5	around 700
Return on equity before tax (balance sheet)	%	15.8	around 11
Cost/income ratio	%	54.4	around 60
Asset management volume	€bn	357.7	significant above the previous year
Total sales	€bn	5.7	around 35
Common Equity Tier 1 capital ratio	%	19.2	appropriate above 13
Utilisation of risk appetite	%	59.4	at non-critical level

Opportunities report

Opportunity management

Opportunity management is built into the Deka Group's overall management concept. Opportunities are continually identified and evaluated as part of the strategic process. Decisions on what resources to make available to exploit additional potential in different areas of opportunity depend on the expected impact on risks and earnings and probability of occurrence. Continuous and intensive market observation and the feedback processes established with the savings banks ensure that the assessment of the opportunities portfolio is regularly updated. This allows the Deka Group to actively manage its opportunities and react to new developments swiftly.

Opportunities are defined as positive deviations from the assumptions made for planning purposes over a one-year horizon. These essentially fall into three categories:

- Opportunities arising from changes in circumstances result from market developments that are more favourable than expected. These include regulatory changes or changing investment trends on the part of customers.
- Corporate strategy opportunities are mainly linked to the Management Agenda – the ongoing strategic action programme that sets the direction to further build on the Deka Group's position as the *Wertpapierhaus* for the *Sparkassen-Finanzgruppe*. Positive effects linked to these measures may be more extensive or occur sooner than assumed in the forecast report.
- Other opportunities lie in greater than anticipated process improvements or positive earnings effects from projects.

Current opportunities

The assumptions on economic trends made in the forecast report represent the most likely scenario from the point of view of the Deka Group. Nevertheless, trends may develop more favourably than the baseline scenario assumes. The positive macroeconomic scenario described below is considered rather unlikely, however. A rapid reversal of the restrictive monetary policy, major investment in the structural transformation towards greater digitalisation and sustainability, increased confidence and significant productivity gains could lead to surprisingly high growth without any significant rise in inflation. In this scenario, it is possible that a more significant than expected rise in equity and bond indices could lead to stronger growth in the asset management volume and have a positive impact on net commission income. A steepening yield curve could further improve the conditions for investing own funds and managing liquidity.

Opportunities from market developments could also be generated by an even stronger customer shift towards funds, ETFs and certificates for financial savings. However, the Deka Group anticipates that this process will continue to take place only gradually. Nonetheless, if the popularity of funds, ETFs and certificates should increase by more than forecast in planning, this would have a beneficial impact on sales and asset management volume.

There are strategic and other opportunities associated with the Management Agenda as our ongoing strategic action programme. The resultant effects have already been incorporated into the planning for 2024, meaning that any further positive impacts on the Deka Group's business and results are unlikely.

Risk report

Risk policy and strategy

The basic principles underlying the Deka Group's risk policy remain largely unchanged from the previous year. Noteworthy developments in risk management are explained in the report. In order to achieve its commercial objectives, the Deka Group accepts certain risks in line with strategic requirements. These risks are limited by a comprehensive risk management system that covers all types of risk and all business divisions, sales units and corporate centres in order to ensure the success of the Deka Group as a business. The framework for business and risk management is provided by the general concept of risk appetite (Risk Appetite Framework – RAF), which forms the main basis for assessing the adequacy of internal capital and liquidity (Internal Capital Adequacy Assessment Process (ICAAP)/Internal Liquidity Adequacy Assessment Process (ILAAP)) and is an integral part of the Deka Group's strategy system. The aim of the ICAAP and ILAAP is to help ensure the Deka Group's continued existence by maintaining adequate capital and liquidity and to contribute to effective risk management. To this end, there is a distinction within the ICAAP and ILAAP between the economic and normative perspective.

A strong risk culture for the Deka Group is key to the lasting achievement of the business policy objectives set out in the business strategy. Without risk-appropriate behaviour and a sensible approach to risks, it would be impossible to limit them through overall risk management and ensure the Deka Group's lasting business success. The concept of risk appetite and the procedures for monitoring compliance with it form one of the three fundamental pillars of the Deka Group's risk culture. They are complemented by sound governance and a remuneration system that encourages appropriate risk behaviour. Processes are in place to ensure that these three pillars are continuously adjusted to changing circumstances. Staff and leadership behaviour – risk culture in the narrower sense – are shaped by the rules set down in the Code of Ethics and by the Deka Principles of Leadership, in addition to the aforementioned formal components.

The Deka Group has adopted a risk culture framework laying down binding guidelines for the responsible handling of risks in the Deka Group and for compliance among employees, managers and Board of Management members in relation to this. The framework also sets out the guiding principles that detailed rules on processes and tools have to adhere to. All Deka Group employees receive information and undergo awareness-raising measures on risk culture-related topics through mandatory annual training. The Deka Group conducts a regular survey of the risk culture. The findings from this and other more in-depth survey tools are addressed and feed into the ongoing evolution of the risk culture.

See also: Opportunities report: page 60 ff.

The risk position of the Deka Group presented in the risk report corresponds to the definition used as the basis for presentation of the Deka Group's business development and profit performance in the economic report. The report focuses on risks that are relevant from the point of view of the Group. Opportunities that might be used to counteract an increase in risk are presented separately in the opportunities report.

Strategy process

In accordance with the German Minimum Requirements for Risk Management (*Mindestanforderungen an das Risikomanagement*, MaRisk), the Group uses a systematic strategic process to ensure that its Group-wide business strategy, management and structure, as well as the corresponding divisional and sales strategies and the risk strategy, are reviewed at least once a year. The reviews consider whether these items are consistent, complete, sustainable and up to date. The process covers the planning, implementation and evaluation of the strategies and any necessary adjustments to them. Division-specific targets for risk and profit are used in order to ensure that the business and risk strategy is implemented appropriately in the business divisions.

The risk data aggregation strategy fleshes out the overall risk strategy in terms of the requirements and specifications for effectively aggregating risk data and for risk reporting. As part of the risk strategy, it is an integral part of the strategic architecture and systematic strategic process.

Sub-risk strategies are formulated for significant types of risk identified during the risk inventory: counterparty risk, market price risk, operational risk, business risk and liquidity risk. These risk strategies are derived from the Deka Group's overall risk strategy as well as the strategies of the business divisions and provide specific details regarding risk monitoring and management. They are also reviewed at least once a year, revised if necessary, approved by the Board of Management and discussed with the Administrative Board.

Developments in risk management

The Deka Group refined parts of its risk management and control in the reporting year, taking due account of regulatory requirements.

To improve the modelling of the liquidity balance in market-wide stress scenario funding matrices, the modelling of stress outflows was enhanced with additional collateral to be provided for collateralised derivatives. The improved modelling now also takes particular account of correlations between risk factors as they have been observed in historical periods of stress.

In counterparty risk determination, the redistribution of credit value at risk calculated using the credit portfolio model at business division level was switched to a method more sensitive to the size of exposures and to concentrations and extreme credit events. This resulted in sometimes significant shifts within counterparty risk between the business divisions and the Treasury corporate centre. There was also a change to the calculation of migration risks. The valuation of transactions on which the risk calculation is based was adjusted, particularly to allow it to adequately reflect reinvestment where transactions expire part way through the year. This valuation approach is based on the implicit assumption that the portfolio will remain unchanged over the one-year risk horizon. This means that transactions are no longer valued over a risk horizon of one year, but instead on the current measurement date, and the portfolio's residual term to maturity is no longer reduced. This has resulted in moderately increased risk.

For the purposes of building a holistic reputational risk management system, a scenario-based approach to quantifying reputational risk was developed as part of a project in 2022. This is intended to transparently show the chains of reputational effects and thus quantify reputational risk separately from business risk. To this end, experts in the operational units (business divisions, corporate centres and sales units) regularly review the completeness and parameters of cause and effect scenarios in order to calculate reputational risk on this basis. Since reputational risk is regarded as a Group-level issue, it is integrated into the risk-bearing capacity calculation as a deduction from internal capital.

Central elements of the vision adopted by the Board of Management for the establishment of an integrated management system for non-financial risks (NFR) had already been implemented by the end of the previous year. These included a uniform risk taxonomy and valuation system. In the reporting year, we worked on stabilising the methods and processes for regular risk inventories at the level of the individual sub-risk types falling under operational risk, which have been adapted in line with the uniform minimum requirements for NFR. In addition, the approaches to comprehensive NFR reporting were finalised. This reporting was included in the quarterly risk report to the Board of Management and the Risk and Credit Committee of the Administrative Board for the first time at the end of the first half of 2023. Other activities at an overarching level included the design and testing of a uniform risk management and escalation process for significant non-financial risks as well as the further expansion of a newly developed software solution, which brings together information from the risk type-specific systems and provides a comprehensive overview of all existing non-financial risks, of actual loss events and of the action taken.

In 2023, the Deka Group continued its activities for integrating ESG risks into its business strategy, governance, risk management and disclosure, and continued these with a structured and targeted approach. For the analysis of the significance of ESG risks to be performed as part of the risk inventory, the existing methods were refined and a wider selection of data was used. The examination of climate and environmental risks systematically included other climate and environmental risks alongside physical and transition risks. The other climate and environmental risks category encompasses biodiversity loss as well as biological threats and diseases. For the first time, risk type-specific quantitative thresholds were used to evaluate the significance of all material risk types. In order to evaluate the medium- and long-term impacts of climate and environmental risks, the results of the climate scenarios covering different risk types were also used in this context.

The findings show that climate and environmental risks are significant drivers for the material risk types, particularly over the medium and long term perspective. This is often due to second-round effects assumed in the climate scenarios (covering different risk types) examined in the reporting year (for example, macroeconomic upheaval resulting in reduced market values). However, they can also be linked to higher probability of default or reduced value of collateral. With respect to liquidity risk, the other climate and environmental risks category is classified as particularly significant in the short term. The experience of the coronavirus pandemic has shown that pandemics can lead to turmoil on global money and capital markets, significantly impacting liquidity risk.

It should be noted that the instruments used to identify and measure climate and environmental risks are continuously being refined to adequately reflect the advance of climate change and accompanying political initiatives. For example, the climate scenarios were augmented as planned in the reporting year, taking into account a dynamic portfolio and the effects of technical progress. Selected performance indicators have now been projected up to the year 2050. Thresholds have also been introduced to assess capital adequacy.

In addition, market price risk monitoring processes were refined to implement the extended requirements from the EBA Guidelines on the management of interest rate risk and credit spread risk arising from banking book activities (EBA/GL/2022/14). For the earnings-based perspective, a limit on changes in market value was added to the existing limit on the change in net interest income. Limits now also apply in the net-present-value perspective. Moreover, new scenarios for spread risks in the banking book were defined for the net-present-value and earnings-based perspective, the results of which are assessed as part of regular reporting processes.

As part of the implementation of the EBA Guidelines on PD estimation, LGD estimation and treatment of defaulted exposures, further IRB reviews were carried out in 2021, 2022 and 2023 for a total of seven modules so far in connection with the corresponding model change notifications. The banks and corporates modules went live in the first quarter of 2023. Particularly for banks, the revised methodology for the model estimate based on the new regulatory requirements had a positive effect on rating results overall.

The potential economic impact of changes to the Credit Risk Standardised Approach (CRSA) and the Internal Ratings Based Approach (IRBA) that are currently planned as part of the finalisation of Basel III (Basel IV) continues to be monitored. The same applies to the Fundamental Review of the Trading Book (FRTB). The measures needed to meet the requirements of the new FRTB standardised approach, which involve replacing the internal market risk model with the standardised process, have been implemented except for the new requirements in the draft amendments to the Regulatory Technical Standards (RTS) and Implementing Technical Standards (ITS) recently published by the EBA and the related quarterly reporting to the supervisory authority. The planned introduction of the Standardised Measurement Approach (SMA) as the new method for calculating operational risk capital is also being monitored. The expected effects for Basel IV have been taken into account in normative capital planning.

Concept of risk appetite

Overview

The key component of the concept of risk appetite is the risk appetite statement (RAS), which provides the framework for the ICAAP and ILAAP. Within the ICAAP and ILAAP, there is a distinction between the economic and normative perspective.

The first starting point for the RAS is a description of the desired risk profile that is implied by our customer-centred business model. A Group-wide risk inventory enables the Deka Group to maintain an overview of its risk profile at all times. This combines an annual risk inventory process with ongoing discussion of the significant risks at Group level in the Management Committee for Risk. The risk inventory exercise is carried out on an annual basis, and at other times as required, in order to assess which risks could have a significant negative impact on its financial position (including in terms of capital adequacy, earnings or liquidity). Particular consideration is given here to risk concentrations to which the Deka Group consciously exposes itself in connection with its business model. The assessment has further implications for backing risks with capital, for the holding of liquidity, and for validation. Inclusion of the relevant companies is checked as part of the risk inventory.

The second starting point for the RAS, in addition to the risk profile, is risk capacity – the maximum amount of risk that the Deka Group can accept with respect to its available funds. Risk appetite is defined, within the scope of this risk capacity, as the overall aggregate risk for individual risk types that the Deka Group is willing to accept in order to achieve its strategic objectives and business plan. There are different measures of risk capacity and risk appetite depending on the perspective and the nature of the risks (affecting profit or liquidity).

The RAS also incorporates medium-term planning, which specifies and quantifies details of the business and risk strategy. Medium-term planning involves an integrated planning process for profits, balance sheets, funding, capital and risk for the next three budget years, with account being taken of potential adverse developments.

The concept of risk appetite also covers procedures for monitoring compliance with risk appetite. These include management instruments, regular reporting, rulebooks, controls and processes, as well as risk governance in the sense that roles and responsibilities are laid down for implementing and monitoring risk appetite. Taking risk concentrations into account, the Deka Group has thus established limits for all risks classified as material during the risk inventory and has implemented adequate risk management.

Risk definitions, concentrations and measurement

The individual risks and risk types for the purposes of risk monitoring and risk management are derived from the annual risk inventory. Risk types considered to be material, which are backed by capital in the context of the ICAAP, include counterparty risk, market price risk, operational risk and business risk. Liquidity risk is also classified as material and is managed and monitored as part of the ILAAP. Liquidity is maintained to cover the main drivers of liquidity risk (in the sense of insolvency risk). Other risk types or risk drivers can also be included in the ICAAP or ILAAP.

The risk types relevant for the Deka Group also include investment risk, step-in risk and reputational risk. In addition, model uncertainties and ESG risks are regarded as relevant risks but not as standalone risk types.

A distinction is drawn between financial and non-financial risks (NFR), based on the context in which risks are incurred and/or arise. Financial risks are incurred consciously in direct connection with individual transactions in order to generate income. Non-financial risks, by contrast, are inherent in a particular business activity but are not incurred in order to achieve profit. Non-financial risks include, in particular, operational risk and business risk.

Counterparty risk

Counterparty risk is the risk of financial loss resulting from deterioration in creditworthiness (migration risk) or from business partners failing to fulfil their contractually agreed obligations or to fulfil them in a timely manner (counterparty default risk). Counterparty risk also includes the risk of changes in specific provisions: the risk that a specific provision will underestimate the loss. Country risk is also included in counterparty risk. There is a distinction between country risk in the narrower and broader senses. Country risk in the narrower sense equates to transfer risk, which results not from the business partner itself, but instead is due to that partner's location abroad. Country risk in the broader sense is the risk that countries or governments will be unable to (fully) meet their contractual obligations in respect of receivables.

In terms of volume limitation, the Deka Group makes a distinction in counterparty risk between position risk, advance performance risk and potential future exposure (PFE). Position risk comprises borrower and issuer risk, as well as replacement risk and open position risk. Borrower risk is the risk that outstanding loan payment obligations to the Deka Group will not be paid or will not be paid in a timely manner. Similarly, issuer risk is the risk of losses caused by default on the part of issuers of debt or equity securities, underlyings of derivative instruments, or fund units. Replacement risk is the risk that if a business partner were to default, a replacement transaction would have to be conducted at less favourable market conditions. Open position risk (performance disruption) results if a delay occurs in the payment of consideration by a business partner. Advance performance risk represents the risk that a business partner will not pay the consideration after advance performance has been rendered by the Deka Group. Potential future exposure (PFE) risk comprises the risk arising from potential market price fluctuations in relation to repo loan transactions, synthetic lending transactions and other derivatives transactions.

In addition to these individual counterparty risk types, counterparty risk is also used as an umbrella term that particularly includes replacement risk (for example from derivatives and their collateral), the portion of borrower risk attributable to counterparties of financial instruments (for example from repo/lending transactions) and the PFE from derivatives and repo/lending transactions.

Pension risk is regarded as a sub-type of counterparty risk. It comprises potential losses from pension benefits payable or similar commitments due that may arise in comparison with the pensions and similar commitments recognised on the balance sheet. This also includes the counterparty risk for the plan assets. Management of this risk is not assigned to a specific business division. It is taken into account as a deduction from internal capital.

Market price risk

Market price risk describes the potential financial loss from future market price fluctuations (and from relevant valuation parameters) over a fixed time horizon and hence includes interest rate risk (including credit spread risk), share price risk, currency risk and commodity risk. Option risks are included in the above risks.

General interest rate risks result from changes in currency- and tenor-specific swap curves, with different fixed-rate periods having an effect as well, and from changes in cross-currency spread curves. These risks also include volatility risk in interest rate derivatives and options (cap/floor and swaptions).

Credit spread risks depend on changes in the issuer-specific premiums on the reference curves. These premiums depend primarily on the market's assessment of the creditworthiness of individual issuers or sectors. Premiums for individual issues (residual risks) are also considered.

Share price risks are identified as risk factors via the individual shares, indices or funds and are influenced by risks from share or index volatility. The associated option risks or volatility risks are also taken into account here.

Currency risks reflect changes in exchange rates.

Commodity risks arise from changes in the prices of commodities or commodity derivatives. The relevant commodities for the Bank particularly include metals, CO_2 and electricity.

The process for identifying and quantifying these risks in the economic perspective does not differentiate between the trading book and banking book; the same procedures are applied for all Deka Group portfolios, irrespective of the portfolio type. Market price risks relating to guarantees that the Deka Group has provided for individual investment funds are part of market price risk and are backed by capital as part of the ICAAP.

CVA risk and pension risk are regarded as sub-types of market price risk:

Credit valuation adjustments (CVAs) are valuation adjustments on derivative contracts which represent the expected loss from counterparty risk and are reflected accordingly in the result. CVA risk is the risk of a corresponding financial loss due to potential future changes in the risk factors determining the valuation adjustments. In the normative perspective, there is a regulatory requirement to report separate RWAs for CVAs. In the economic perspective, CVA risk is quantified as an integral part of market price risk.

Pension risk comprises potential losses from pension benefits payable or similar commitments due that may arise in comparison with the pensions or similar commitments recognised on the balance sheet. This also includes market price risks in the sense of an additional shortfall in cover on the risk horizon. Management of this risk is not assigned to a specific business division. It is taken into account as a deduction from internal capital.

Liquidity risk

In terms of liquidity risk, the Deka Group makes a distinction between insolvency risk (liquidity risk in the stricter sense), liquidity maturity transformation risk and market liquidity risk.

Insolvency risk describes the risk that the Deka Group will be unable to meet its current and future payment obligations in a timely manner because liabilities due exceed the available liquid funds.

Liquidity maturity transformation risk describes the risk that arises from a change in the Deka Group's own refinancing curve or in liquidity spreads in the event of imbalances in the liquidity-related maturity structure.

Market liquidity risk is understood as the risk that transactions cannot be settled or closed out, or can only be settled or closed out with losses due to inadequate market depth or market disruptions.

Operational risk
Operational risk means the risk of loss caused by the inadequacy or failure of internal processes, people and systems or by external events, including legal risks. In accordance with its overarching definition in the Deka Group's non-financial risk taxonomy, it can be broken down into the following sub-types: compliance risk, service provider risk in the narrower sense, information and communication technology and security risk, personnel risk, project risk in the narrower sense, process risk and legal risk.

Business risk
Business risk concerns unexpected adverse variances from plan that result from changes in the behaviour of customers or sales partners, or from market conditions, legal requirements or competitive conditions and for which the causes are not already covered by other risk types.

Investment risk
The Deka Group defines investment risk as the risk of financial loss due to impairment of the portfolio of equity investments, insofar as they are not consolidated for accounting purposes and therefore already included under other types of risk. Internal capital is set aside for investment risk. Currently, however, this risk has only a minor influence on the Group's risk-bearing capacity.

Step-in risk
Step-in risk describes the risk of providing support, for reputational reasons or due to other considerations in connection with a stress scenario, to affiliated companies that are not fully consolidated for regulatory or accounting purposes and to business partners, despite the absence of a contractual obligation to do so.

The identification and evaluation process as part of the 2023 risk inventory showed no need in the reporting period for the Deka Group to maintain capital or liquidity to cover step-in risk given the mitigation measures taken or the lack of plausibility.

Reputational risk
Reputational risk is defined as the risk that the standing of the Deka Group will be damaged. Every business activity that harms the credibility of the Deka Group's commitment to its stakeholders (primarily shareholders, sales partners, customers, employees, financial and real estate markets and the public) can result in reduced profitability, capital or liquidity.

Reputational risks may arise directly or as a result of events connected to other risk types and manifest themselves through their effects on business and liquidity risk.

Model risk/model uncertainty
Risks arising from the deliberate selection, specification, calibration or use of models, or from the choice of parameters, are described as model uncertainty. In part, these risks are inherent in the models and thus unavoidable, as it is not normally possible for the chosen model to capture the situation with complete accuracy. Model uncertainties can lead to unforeseen financial losses and shortcomings in the ICAAP or ILAAP, and thus to flawed decisions or other damage. These risks do not represent a standalone risk type for the Deka Group but are examined in conjunction with the individual risk and valuation models.

Model risks in the narrower sense are distinguished from model uncertainties. They are defined as part of process risk, a sub-type of operational risk, and arise from errors in the implementation, use or application of valuation or risk models, or from the incorrect choice of parameters for these models.

Model uncertainties combined with model risks in the narrower sense (i.e. the totality of potential negative effects resulting from the use of models) is also summarised under the term model risk in the broader sense.

In the economic perspective, annual capital and risk planning uses a buffer when setting risk appetite in order to take account of uncertainties in the modelling of risks affecting profit and loss. In the context of liquidity risk, model uncertainties are mitigated using the liquidity buffer. In the normative perspective, model uncertainties from valuation models is deducted from Common Equity Tier 1 capital as part of the additional valuation adjustments under Article 34 CRR.

ESG risk

ESG risk describes the danger that business activities with climate and environmental, social or corporate governance implications lead to sustainability-related developments or events that result either directly via the Deka Group's own business operations, or indirectly via customers and business partners, in a deterioration in capital or liquidity levels. ESG risks in connection with the climate and environment are also referred to as climate and environmental risks and include physical, transition and other (climate and environmental) risks. Physical climate and environmental risks comprise the impacts of individual extreme weather events and their consequences (acute) as well as long-term changes in climatic and environmental conditions (chronic), but also natural disasters not caused by the climate. Climate and environmental transition risks comprise impacts that may occur directly or indirectly as a result of the transition to a lower-emission, more environmentally sustainable economy. Other climate and environmental risks comprise impacts of climate- and environment-related events and developments that are not attributable to physical climate and environmental or transition risks. They include, for example, the loss of biodiversity or the spread of tropical diseases.

ESG risks act as drivers of relevant risk types that are material enough to warrant special attention. They are always viewed in the context of the relevant risk types rather than treated as a standalone risk type.

ESG risks are identified and measured as part of the annual risk inventory by analysing their significance. The results of this analysis are used to improve the suitability of the existing management framework, which includes limits, monitoring approaches, procedural guidelines and mitigation measures. The results also serve to create transparency around the drivers of climate and environmental risks, primarily so that the business divisions can review their strategic orientation in the case of significant medium- and long-term impacts. Overall, this review, and the management implications identified on this basis, follow the principle of materiality. The aim is to incorporate into management and monitoring particularly those climate and environmental risks that have significant impacts.

Climate and environmental risks are being gradually integrated into risk management tools on this basis. Given the specific mechanisms of each risk type, we use risk type-specific approaches to risk management alongside the requirements and guidelines that apply to all risk types. In counterparty risk, for example, climate and environmental risks are limited by qualitative guard rails such as the blacklist and minimum standards for financing. To identify and measure borrower-specific ESG risks (such as susceptibility to flooding, carbon-intensive production, non-compliance with labour standards), ESG scorecards are used as part of the lending approval process. In addition, with respect to climate and environmental risks as drivers of market price risk, measures include a sustainability filter for proprietary investments and exclusion criteria as part of the collateral policy.

Risk concentrations

Risk concentrations describe those risks arising primarily from an uneven distribution of business partner relationships or an uneven sensitivity of the portfolio in relation to major risk factors which could subsequently lead to significant economic losses or a significant worsening of the liquidity situation for the Deka Group.

Risk concentrations can occur both within the major risk types (intra-risk concentrations) as well as between different material types of risk (inter-risk concentrations). These are a focus of risk management and monitoring in terms of tools looking at specific types of risk as well as those that apply across risk types.

Risk profile of the Deka Group and its business divisions

To successfully realise its mission as a *Wertpapierhaus*, the Deka Group draws on the advantages of combining asset management and banking business. It focuses on services that are in demand from savings banks and their customers, that sustainably add value to the Deka Group, that involve limited risks and that match Deka's expertise. As part of the business strategy defined by the Board of Management and the risk strategy consistent with it, risk positions are entered into primarily in connection with customer transactions or associated services and products or when they serve risk management purposes. In addition, risks are incurred if they are conducive to liquidity management or if they are required to realise synergies along the Deka Group's value chain. Business activities in new products or new markets, and the establishment or acquisition of new business units, are undertaken only after a thorough risk evaluation has been performed.

These activities give rise principally to counterparty, market price, business and operational risks, as well as to liquidity risk (which does not directly affect the income statement). The Deka Group also consciously exposes itself to risk concentrations in the context of its business model. These include, for example, the regional focus on Germany, which is a result of the focus on German savings banks and their customers, and the concentration on certain groups of counterparties, for example in the savings banks segment or public sector, and on counterparties in the financial market. For market price risk, the business model results in a concentration in credit spread risk. Overall, an inter-risk concentration may therefore develop in relation to counterparty and market price risk from the business with savings banks. In addition, (general) interest rate risks from guarantee products make a significant contribution to the Deka Group's market price risk. Large positions in collateralised derivatives give rise to concentrations of liquidity risk, as high sensitivity to specific market movements can trigger liquidity outflows due to the provision of collateral. The Deka Group also makes use across the business divisions of global custodians and central counterparties, which involves a conscious exposure to concentrations, not least of counterparty risk. To conduct its business, the Group mainly uses established products and markets with adequate market liquidity and market depth due to their international acceptance. No business is conducted involving physical delivery of precious metals and goods.

The Deka Group's business activities are organised into five business divisions: Asset Management Securities, Asset Management Real Estate, Asset Management Services, Capital Markets and Financing. In addition to these, the Treasury corporate centre also exposes itself to risk in the course of its activities. In principle, this structure has a diversifying effect on business activities and the resulting risks for the overall portfolio. However, it is also associated in part with the pooling of certain business activities, resulting in different risk profiles in the individual divisions.

Asset Management Securities business division

In combining securities fund business with the provision of various asset management solutions for every market environment, this business division principally generates operational and business risks for the Deka Group. These may be exacerbated by reputational risks in connection with the "Deka" brand or by the fast pace of ESG-driven developments in customer behaviour and regulatory affairs. Counterparty and market price risks arise particularly in relation to the guarantee funds and pension products managed by the business division. These are fund-based guarantee products, where either the investment management companies themselves issue guarantees (with a letter of comfort from DekaBank for these liabilities) or DekaBank makes use of the investment management companies' funds for its own guarantee products (Riester products). The division also faces investment risks.

Asset Management Real Estate business division

As with Asset Management Securities, the principal operational and business risks in this business division arise from the provision of fund products related to real estate or (real estate) financing. They may be exacerbated by reputational and ESG risks in view of customer expectations and tighter regulatory requirements. To a small extent, counterparty and market price risks also arise for the division from real estate funds in the Group's own investment portfolio. The division also faces investment risks.

Asset Management Services business division

This business division, too, principally generates operational and business risks for the Deka Group. These result from the provision of banking services for asset management. Counterparty and market price risks also arise to a small degree from the operations of S Broker AG & Co. KG, which is included in this division. The counterparty risks primarily result from S Broker's proprietary investments. The division also faces investment risks.

Capital Markets business division

Customer-led business activity in the Capital Markets business division gives rise in particular to counterparty and market price risks. These may be exacerbated by ESG risks, for instance through impairments on investments in industries affected by climate and environmental risks, but also by changes in customer preferences. Counterparty risks arise primarily from currency, securities lending, securities repurchase and derivatives transactions and from trading in financial instruments in all asset classes with financial institutions, savings banks, funds and companies. Proprietary trading not directly linked to customers takes place only for the purposes of managing risks from the customer business or for overall risk management purposes. In the course of the division's business activities, credit spread risks, share price risks, general interest rate risks and to a lesser extent also currency and commodity risks, including associated risks arising from options, arise in relation to the market price risk. Whenever economically justified, risks are covered using hedging instruments. The rules for recognising hedging relationships in the balance sheet do not always correspond with the methods used for internal bank management purposes. It is therefore possible that differences may arise between the economic and accounting hedging relationships. Operational risks also arise. As the central securities and collateral platform in the association, the Deka Group generates economies of scale and scope. This results especially in concentrations with increased gross risk in relation to individual business partners, primarily in relation to the world's largest banks and to central counterparties. Risk concentrations also exist in relation to individual Landesbanks as association partners. The collateral in securities lending transactions can also give rise to risk concentrations in collateral, which are limited by the rules in the Collateral Policy.

Financing business division

The business activities of the Financing business division (essentially business with savings banks in Germany and financing of the public sector in Germany, infrastructure, transport, export and real estate financing) create corresponding focal points, primarily in counterparty risk. These may be exacerbated by ESG risk, resulting for example in a deterioration of borrowers' creditworthiness due to increased climate and environmental risks or in a loss in the value of collateral. In accordance with the business model, this also leads to regional concentrations of counterparty risk in Germany and Western Europe, as well sector-based risk concentrations in relation to financing of real estate, infrastructure projects, savings banks and the public sector. This business division also generates operational risks to a small extent as well as facing investment risks.

Treasury

The Treasury corporate centre's various functions, especially management of the liquidity management portfolio (consisting of Strategic Investments, the liquidity buffer and other liquid assets) give rise to counterparty and market price risks. The securities that constitute the Strategic Investments are currently focused on investments in investment-grade bonds, including from corporates, financial services providers and public sector issuers. In light of the targets for the liquidity buffer, investment here concentrates on investments in bonds issued by German federal states, German development banks, German run-off institutions, German covered bonds (*Pfandbriefe*), supranational institutions and investment-grade corporate bonds. Given the strategic focus, risk is concentrated on the public sector and domestic counterparties. Market price risk chiefly involves spread risks, which are closely monitored and reduced if required through disposals or credit derivatives. General interest rate risks, share price risks and currency risks also arise to a limited extent. Operational risks also exist to a small degree. The Treasury Corporate Centre is also potentially affected by ESG risks, which particularly exacerbate liquidity risk.

Organisation of risk management and control

Board of Management and Administrative Board

The Board of Management is responsible for the development, promotion and integration of an appropriate risk culture within the Deka Group and is clearly committed to risk-appropriate behaviour. It is also responsible for establishing, enhancing and monitoring the effectiveness of the risk management system. Within the risk management organisation, the Board of Management makes decisions on the Deka Group's strategy, including the nature and implementation of the risk appetite concept. It defines the amount of overall risk permitted at Group level and sets the capital allocations for the different types of risk and the business divisions, including the Treasury corporate centre. The Board also sets the thresholds used for internal management purposes for the Common Equity Tier 1 capital ratio, the Tier 1 capital ratio, the total capital ratio, the leverage ratio (LR), the Minimum Requirement for Own Funds and Eligible Liabilities (MREL), the subordinated MREL requirements, the utilisation of the large exposure limit, the liquidity coverage ratio (LCR) and the net stable funding ratio (NSFR). It thereby takes decisions, in particular, on the governance framework for the internal processes used to assess the adequacy of internal capital and liquidity (ICAAP and ILAAP) and is responsible for implementing these processes. This includes setting limits at business division level for the individual risk types along with the strategic guidelines and framework for the management of ESG risks.

The Administrative Board, together with the relevant committees it has established – the Risk and Credit Committee and the Audit Committee – is responsible for monitoring the Deka Group's risk management system. Prior to every meeting of the Administrative Board, the Risk and Credit Committee meets to discuss matters impacting the Group's risk exposure and risk management. It also reviews the Group's strategic direction with the Board of Management. The Risk and Credit Committee also acts as a credit approval body within the scope of the applicable authorisation guideline. The Audit Committee is an oversight body that concerns itself with the results of internal and external audits. It thereby contributes to ensuring the appropriateness and effectiveness of the Deka Group's monitoring, control and risk management arrangements.

Management committees

The Board of Management is supported in its management role by various management committees.

The role of the Risk Management Committee (*Managementkomitee Risiko* – MKR) is to address and analyse circumstances, developments and methodological issues that could have a material impact on the Deka Group's current or future total risk profile and/or profitability.

It helps the Board of Management to set the framework for managing capital and liquidity adequacy. The committee thus makes an important contribution to promoting a Group-wide risk culture. The meetings of the MKR are generally divided into the following parts: In part A, the risk round table on non-financial risks (NFR), the discussion centres on current NFR-related risk topics for each unit or business division. This usually takes place four times a year. In part B, the risk round table on financial risks, methods and models and current risk reporting, geopolitical risks and the economic environment, along with the regular reports from sub-committees in the context of financial risks, are presented to the committee and discussed. Part B, which usually takes place once a month, also discusses the handling of model risks. The permanent voting members of the MKR include the member of the Board of Management responsible for risk and the head of the Risk Control department and, depending on responsibilities and the part of the meeting concerned, the heads of Credit Risk Management, Finance, and Risk Control Capital Market Funds, the COOs for the Asset Management Securities and Asset Management Real Estate business divisions, the COO for the banking divisions & depositary, and the heads of Compliance, Legal, IT, Business Services, Treasury, Corporate Office & Communications, Strategy & HR, Sales/Product Management & Marketing, Digital Multichannel Management, Institutional Customer Sales, Organisational Development, Information Security Management, Capital Markets, Financing and Macro Research. The MKR is supported in this function by sub-committees, which each have individual core duties.

The Management Committee for Assets and Liabilities (*Managementkomitee Aktiv-Passiv* – MKAP) primarily drafts resolutions on matters relating to the management of interest rates, currency, liquidity and refinancing, to the capital and balance sheet structure (combined in part S of the MKAP) and to fund-based guarantee products (combined in part G of the MKAP). It assists the Board of Management with the operational management of capital and liquidity adequacy. Measures to be taken in the event of a liquidity crisis are also confirmed in the course of the MKAP's regular review. Meetings of Part S of the MKAP are usually held once a month. Those of part G of the MKAP take place every two months. The MKAP is supported by various sub-committees, including a Pricing Committee. Alongside the Board of Management members responsible for Treasury, Finance, Risk Control and Capital Markets, the permanent voting members of the MKAP comprise, depending on responsibilities and the part of the meeting concerned, the heads of Treasury, Finance, Risk Control, Capital Markets, Sales, Product Management & Marketing, and Strategy & HR.

Sub-committees of the Risk Management Committee

The Stress Testing Committee supports the Board of Management in relation to the overall appraisal of the regular macroeconomic stress tests (covering all risk types) and risk type-specific stress tests. Stress tests form an integral part of the Deka Group's risk management. The duties of the Stress Testing Committee include in particular the assessment and appraisal of stress test results as well as general responsibility for setting stress test scenarios and processes.

The job of the Models Committee is to regularly analyse and address issues relating to DekaBank's valuation and risk models (in both the economic and normative perspective). This involves regular examination of their adequacy using model monitoring and assessment of current trends and validation issues. In this function, the Models Committee takes decisions within the scope of the authority granted to it or prepares decisions to be taken by the full Board of Management with the involvement of the MKR. The committee thus makes an important contribution to ensuring overarching consistency in the models employed. Furthermore, the Models Committee represents the central body for assessing model risks, with the aim of ensuring appropriate treatment of model risk.

See also: Counterparty risk: page 91 ff.

Additional committees that are relevant to counterparty risk management include the Country Risk Committee, which assesses and monitors country risk, the Monitoring Committee, which monitors and manages non-performing loans and loans on the watch list, the Risk Provisioning Committee, which performs regular analysis and examination of matters relating to the planning, monitoring and management of risk provisions as well as monitoring and managing restructuring and liquidation cases, and the Rating Committee for analysing and discussing the internal rating procedures (see counterparty risk).

The duties of the Risk Talk are to regularly analyse, discuss and make decisions regarding matters in connection with the risk management and monitoring processes in the Capital Markets business division's operational processes. The emphasis is on the assessment, in relation to market or counterparty risks, of matters that could significantly influence the risk profile and/or profitability of the Capital Markets business division.

Business divisions and corporate centres

All business divisions and the Treasury corporate centre operate within the scope of the strategic requirements. In addition, they operate within the framework set by the Board of Management on the basis of recommendations from the MKR and MKAP. On behalf of the Board of Management, the Treasury corporate centre also manages group liquidity, Deka Group refinancing across all maturities, the liquidity management portfolio, market price risks in the banking book, counterparty risks in its own banking book and the equity of the Deka Group within these limits. The Equity investments department in the Strategy & HR corporate centre has overall responsibility for the management of equity investments involving investment risk. This also includes monitoring in respect of compliance and other risks and liaising in this context with the relevant functions in the second line of defence.

The Risk Control and Finance corporate centres have particular responsibility for developing a standardised and self-contained system to quantify and monitor all material risks associated with the Deka Group's business activities. The two corporate centres each concentrate on different tasks as part of this work. Risk measurement procedures evolve on an ongoing basis in line with economic and regulatory requirements.

The Risk Control corporate centre, which is independent of the business divisions, is primarily responsible for the economic perspective and, across both perspectives, for coordinating and choosing the parameters for macroeconomic stress testing. It also monitors compliance with the limits approved by authorised decision makers, and immediately reports any limit breaches to them.

The Finance corporate centre is responsible for the normative perspective and also monitors compliance with the thresholds set for the regulatory ratios.

The Credit Risk Management corporate centre is primarily responsible for providing a second opinion independent of front office operations, setting limits for trading and capital market counterparties, and analysing, preparing and/or approving ratings (except for preparing transaction ratings in the case of new business in the Financing business division). Credit Risk Management is also responsible for ongoing management of exposures for certain financing, verifying and approving certain collateral, early-stage risk identification (acting as the administrative office), risk monitoring and the management of non-performing and troubled loans (work out).

On behalf of the Deka Group, the Compliance corporate centre covers the regulatory functions of the Compliance Officer as set out in the German Banking Act (*Kreditwesengesetz*, KWG), the German Securities Trading Act (*Wertpapierhandelsgesetz*, WpHG) and the KAGB. It also covers those functions assigned to the Money Laundering Officer under the German Money Laundering Act (*Geldwäschegesetz*, GwG) and to the "Central Office" under the KWG and ensures that there is the possibility to submit anonymous tip-offs to an external ombudsman. In addition to this, the Compliance corporate centre performs the functions of the officer for the safeguarding of client assets. Alongside the provision of training and advice on relevant issues, the corporate centre assesses the controls and procedures implemented by the operational units to determine whether they are appropriate and effective, with the aim of minimising compliance risk for the Deka Group. Mr. Stefan Herting took over as head of the Compliance corporate centre with effect from 1 November 2023.

The Information Security Management department, which reports directly to the Board of Management, performs the function of the Information Security Officer, Business Continuity Management Officer, Outsourcing Officer and operational Data Protection.

The Internal Audit corporate centre is an independent unit that supports the Board of Management and other management levels in their control and monitoring functions. It examines and assesses all activities and processes on the basis of an annual audit plan that is drawn up with a risk-based approach, using a scoring model, and then approved by the Board of Management. One of the unit's most important tasks is to evaluate the business organisation with a focus on whether the internal control system and, in particular, risk management and monitoring are suitable and appropriate. Internal Audit also audits compliance with legal, regulatory and internal bank requirements. The Administrative Board is responsible for monitoring the internal audit system.

In addition, in all business divisions and corporate centres, the respective heads of department are responsible for ensuring that operational risks are identified, measured and managed on a decentralised basis. There are specialist functions for monitoring selected non-financial risks in the Compliance, Information Security Management, Data Protection Officer, Strategy & HR, Organisational Development, Legal and Finance units. The Risk Control corporate centre is responsible for key components of operational risk control, such as refining methodologies and reporting.

In the case of reputational risk, too, responsibility for identifying, assessing and individually managing the risks lies with the business divisions and corporate centres in which the risks arise from their business activities or from events involving other risk types. The Corporate Office & Communications corporate centre has lead responsibility for managing chiefly communication-driven reputational issues and has an overarching management role. Together with the Risk Control corporate centre, it is represented in the reputational risk task force, which acts an oversight body to ensure the completeness and adequacy of risk assessments. This applies to reputational risk management in relation to both new and past business activities. Finally, the Risk Control corporate centre is responsible for the overarching methodological standards, quantification model and reporting for reputational risks.

Organisational structure of risk management in the Deka Group *(Fig. 25)*

		Counterparty risk	Market price risk	Operational risk	Business risk	Investment risk	Step-in risk	Liquidity risk	Reputational risk
Administrative Board									
Risk and Credit Committee	- Overview of current risk situation/risk management system - Discussion of strategic direction with Board of Management - Credit approval body	•	•	•	•	•	•	•	•
Audit Committee	- Reviews results of internal and external audits	•	•	•	•	•	•	•	•
Board of Management	- Determines strategic direction - Responsible for Group-wide risk management system - Defines risk appetite in the economic perspective and thresholds for regulatory ratios - Allocates risk capital to risk types and business divisions, incl. setting the limits for individual risk types at business division level	•	•	•	•	•	•	•	•
Management Committee for Risk (Management-komitee Risiko – MKR)	- Assists the Board of Management in matters relating to material existing and prospective risks and in defining a framework for management in the context of the ICAAP and ILAAP - Supports the Board of Management with the evaluation of issues that have a significant effect on the overall risk profile - Prepares draft resolutions for the Board of Management and makes decisions within the scope of the authority granted to it - Supplemented by various sub-committees	•	•	•	•	•	•	•	•
Stress Testing Committee	- Assesses and appraises stress test results - Specifies stress testing scenarios and processes - Reports and makes recommendations for action to the Board of Management	•	•	•	•	•		•	•
Models Committee	- Assesses current trends and validation issues with regard to valuation and risk models - Central body for assessing model risks	•	•	•	•	•		•	•
Country Risk Committee	- Assesses country risks - Assesses and further develops the methodology for limiting country risks - Approves/sets country limits	•							
Monitoring Committee	- Defines, assesses and further develops the early warning indicators and classification criteria - Monitors and manages non-performing loans and loans on the watch list	•							
Ratings Committee	- Enhances and maintains internal rating procedures and rating processes - Responsible for approving policies and regulations relating to the internal rating procedures	•							
Risk Provisioning Committee	- Plans, manages and monitors risk provisions - Monitors and manages restructuring and liquidation cases	•							
Risk Talk	- Supports the MKR/Board of Management in connection with risk management and monitoring processes in the Capital Markets business division's operational processes - Emphasis on market price and counterparty risk	•	•						
Management Committee for Assets and Liabilities (Management-komitee Aktiv-Passiv – MKAP)	- Supports the Board of Management in matters relating to interest rate and FX management, liquidity and funding management, the capital and balance sheet structure (Part S of the MKAP) and fund-based guarantee products (part G of the MKAP) - Supports the Board of Management with operational ICAAP and ILAAP management - Evaluates the measures planned for liquidity crises - Prepares draft resolutions for the Board of Management - Has various sub-committees (including the Pricing Committee)	•	•	•	•	•	•	•	•

		Counterparty risk	Market price risk	Operational risk	Business risk	Investment risk	Step-in risk	Liquidity risk	Reputational risk
AM Securities business division	- Conducts transactions in line with strategic guidelines	●	●		●	●		●	
AM Real Estate division	- Conducts transactions in line with strategic guidelines	●	●		●	●		●	
AM Services business division	- Conducts transactions in line with strategic guidelines	●	●		●	●		●	
Capital Markets business division	- Conducts transactions in line with strategic guidelines	●	●					●	
	- Makes decisions within the guidelines proposed by the MKAP and established by the Board of Management and sets limits within the division		●					●	
Financing business division	- Conducts transactions in line with strategic guidelines	●				●		●	
Treasury (Corporate Centre)	- Conducts transactions in line with strategic guidelines	●	●					●	
	- Makes decisions within the guidelines proposed by the MKAP and established by the Board of Management and sets limits within the corporate centre - Manages market price risks in the banking book, manages the liquidity and refinancing of the Deka Group		●					●	
Risk Control (Corporate Centre)	- Develops and updates system to quantify, analyse and monitor risks (economic perspective and both perspectives for the purposes of stress testing) - Reports to Board of Management and Administrative Board - Determines/monitors risk-bearing capacity - Monitors approved limits - Responsible for general controlling of operational risks and reputational risk	●	●	●	●	●	●	●	●
Finance (Corporate Centre)	- Develops and updates system to quantify, analyse and monitor risks (normative perspective based on actual situation) - Reports to Board of Management and Administrative Board - Determines regulatory key figures - Monitors thresholds in the normative perspective - Monitors selected NFR as a specialised function[1]	●	●	●	●	●	●	●	●
Credit Risk Management (Corporate Centre)	- Market-independent second recommendation - Sets limits for trading and capital market counterparties - Analyses, prepares and approves ratings - Verifies and approves certain collateral - Ongoing portfolio management for certain financing - Administrative office for early risk identification - Troubled loans (work out) - Loan administration - Responsible for lending-related processes[1]	●							●
Compliance (Corporate Centre)	- Functions as Compliance Officer as set out in the KWG, WpHG and KAGB, as Money Laundering Officer pursuant to the GwG and as Central Office in line with the requirements of the KWG - Party responsible for processes under section 24c KWG - Independent body under sections 70, 85 KAGB - Single Officer under section 81 (5) WpHG - Monitors selected NFR as a specialised function[1]			●					●

		Counterparty risk	Market price risk	Operational risk	Business risk	Investment risk	Step-in risk	Liquidity risk	Reputational risk
Information Security Management (ISM) (reports directly to the Board of Management)	- ISM Officer, BCM Officer, Outsourcing Officer and operational Data Protection r - Monitors selected NFR as a specialised function[1]			●			●		●
Data Protection Officer (group reports directly to the Board of Management)	- Monitors selected NFR as a specialised function[1]			●					●
Strategy & HR (Corporate Centre)	- Manages equity investment portfolio - Monitors selected NFR as a specialised function[1]			●		●	●		●
Organisational Development (Corporate Centre)	- Monitors selected NFR as a specialised function[1]			●					●
Legal (Corporate Centre)	- Monitors selected NFR as a specialised function[1]			●					●
Corporate Office & Communications	- Monitors reputational risk as part of the corresponding task force (together with Risk Control)								●
Internal Audit (Corporate Centre)	- Audits and evaluates all activities/processes (especially risk management system)	●	●	●	●	●	●	●	●
All business divisions and Corporate Centres	- Identifies, measures and manages operational risks on a decentralised basis - Identifies, assesses and manages reputational risks			●					●

[1] Monitoring of the assigned direct risk types (e.g. counterparty risk) also takes into account reputational risks that may potentially result. In this context, there is no second-line-of-defence function for reputational risk; this function is performed by the reputational risk task force.

Three Lines of Defence model

Risk management involves active management of the Deka Group's risk position. The distribution of risk-related activities and associated controls across several organisational units requires proper assignment and delineation of the respective responsibilities and functions. Ever greater significance is attributed to an effective and properly functioning risk management system across all organisational units, which has no control gaps, conflicts of interest or redundancy and takes into consideration the risk strategy of the Deka Group. This also promotes clear-cut governance.

The "Three Lines of Defence" model practised by the Deka Group is designed to ensure compliance with and verification of the risk framework stipulated by the risk strategy, including the regular review of ICAAP and ILAAP. The operational business units responsible for exposures are – as the first line of defence – responsible for identifying, assessing and managing the financial risks involved in any business conducted. This also includes transactions to minimise total risk at Group level in day-to-day operations. In terms of the non-financial risks that are inherent in the general business activities but not incurred in direct connection with individual transactions, each unit should be treated as part of the first line of defence. The controls forming the first line of defence are supplemented and enhanced by the independent downstream organisational units that carry out control functions as part of the second line of defence (e.g. the Risk Control, Credit Risk Management and Compliance corporate centres). These units monitor compliance with the requirements of corporate policy independently of front office and trading operations. For financial risks, the need for an independent monitoring function results from the conflict between responsibility for earnings and responsibility for risks. Translated to non-financial risks, it is therefore necessary to create a specialist function for at least those areas of risk in which the first line of defence can be assumed to have an incentive to accept higher risks with the goal of minimising costs.

In addition, an overarching function defines methodological standards that ensure the risks are assessed in a comparable way, reported consistently and taken fully into account in the capital adequacy assessment. The third line of defence is the Deka Group's Internal Audit department, which also exercises its functions independently.

It is ensured that the requisite personnel resources are available to carry out the control functions, both in terms of the staff capacity needed to assess and monitor risks and in terms of the sufficient capability of the staff concerned. The systems and equipment provided for all control functions ensure that the ongoing processing, management and monitoring requirements arising from the nature and scope of the business carried out are met.

Accounting-related internal control and risk management system

The Board of Management of the Deka Group has overall responsibility for the internal control and risk management system. The system is based on a Group-wide organisational and control structure. The Finance corporate centre is responsible for preparing and coordinating monthly, quarterly and annual financial statements. The units involved in the accounting process are appropriately staffed, in terms of both the number of personnel and their qualifications. Furthermore, a regular and cross-divisional exchange of information between the units makes an important contribution to minimising the risks associated with the preparation of financial statements.

In principle, risks exist in the accounting process as a result, for example, of inconsistent application of reporting and accounting standards, incorrect recognition of business transactions, and due to malfunctions and errors in the IT systems used for accounting purposes.

The Deka Group's internal control system ensures proper accounting in accordance with applicable statutory and legal provisions. Its key features are the rigorous integration of control activities and procedures into processes, in particular by applying the dual control principle as well as risk-oriented segregation of duties in corporate centres. To this end, DekaBank performs automated routine checks and, when required, manual control and reconciliation procedures. The implementation of these activities and the procedures to be followed are documented in specialist and implementation plans.

Additional checks at DekaBank – for example in order to substantiate balance sheet items – are carried out at an aggregated level by "sub-position managers". These employees, who have in-depth product knowledge, are among others responsible for regularly calculating results.

The accounting recognition of business transactions is governed centrally by a Group accounting policy. This policy describes key accounting requirements and documents the standard accounting processes that apply throughout the Group. This ensures, amongst other things, that the same business transaction is accounted for uniformly in different Deka Group units and companies in compliance with the applicable accounting standards.

Specific work instructions are used to implement Group policy at operational level in individual specialist departments. These instructions also describe the control mechanisms to be followed. Guidelines and authorisation procedures have been developed for the central systems that generate accounting information as part of the preparation of financial statements. Compliance with these guidelines and concepts is regularly monitored by Internal Audit.

The Deka Group mainly uses standard software for accounting. The systems are safeguarded against unauthorised access by external parties and are comprehensively backed-up to protect against data loss. The internal control system is regularly reviewed by Internal Audit.

Framework and tools for managing capital adequacy
The Deka Group has defined risk capacity and risk appetite as follows, depending on the perspective.

In the economic perspective, the risk capacity for profit-affecting risks is set in the course of the risk-bearing capacity analysis, while taking due account of risk concentration. It represents the upper limit of acceptable risk and corresponds to the Deka Group's total internal capital. The risk appetite for profit-affecting risks is defined in the economic perspective as part of the risk-bearing capacity analysis as the allocated risk capital (allocation) for the total risk at Group level. The maximum permissible risk appetite is equal to risk capacity less a management buffer.

In the normative perspective, thresholds are set that take into account the regulatory requirements. It is important that the chosen thresholds provide sufficient notice to allow for the preparation and initiation of management measures. Escalation and information processes are triggered for governance purposes when individual thresholds are hit. The thresholds are also reviewed and adjusted as necessary as part of an annual revision process. The maximum level of risk corresponds to the red threshold for the Common Equity Tier 1 capital ratio used for internal management purposes. In the current situation, this is based on the overall capital requirements (OCR) and the Pillar 2 Guidance (P2G) as part of the SREP process. For internal management purposes, there are also red thresholds as of the end of 2023 for the Tier 1 capital ratio, the total capital ratio, the leverage ratio, the RWA- and LRE-based MREL ratios, the RWA- and LRE-based subordinated MREL requirements and utilisation of the large exposure limit.

In the normative perspective, the level of risk that the Deka Group is willing to accept in relation to profit-affecting risks is the amber threshold for the Common Equity Tier 1 capital ratio used for internal management purposes, which is comprised of the overall capital requirements (OCR), the Pillar 2 Guidance (P2G) and a management buffer. For internal management purposes, there are also amber thresholds for the Tier 1 capital ratio, the total capital ratio, the leverage ratio, the RWA- and LRE-based MREL ratios and subordinated MREL requirements, and the utilisation of the large exposure limit. The management buffer has been determined taking into account the ECB guide to the ICAAP and is essentially based on the results of the annual risk inventory and strategic considerations as to how to respond flexibly to potential business opportunities without jeopardising capital adequacy.

In order to take account of the particular features of non-financial risks, which are quantified as sub-types of operational risk, qualitative risk tolerance rules are also defined for these risks in addition to the quantitative risk appetite relating to the overall risk position. This also applies to reputational risk and ESG risk.

See also: Individual risk types: page 91 ff.

The Deka Group makes use of various tools to manage the risks and risk concentrations resulting from its business activities and thereby ensure capital adequacy. In the course of the ICAAP, the Deka Group distinguishes here between tools that apply to all risk types at the level of strategic requirements and risk-specific tools for operational management, which are described for the economic perspective in the sections covering the individual risk types. Alongside the risk inventory, the tools used by the Deka Group for overall management and monitoring of the risks mainly comprise risk and capital planning, the economic perspective in the current situation with the monthly risk-bearing capacity and capital allocation, the normative perspective in the current situation with adherence to regulatory ratios, and macroeconomic stress testing, which covers both the economic and normative perspectives. Key performance indicators are integrated into both the recovery plan and the remuneration system.

Risk and capital planning

Medium-term planning involves an integrated planning process for profits, balance sheets, funding, capital and risk for the next three budget years, with account being taken of adverse developments. For profit-affecting risks, risk and capital planning in the economic perspective calculates risk-bearing capacity for the next three years. Based on the planned business activities and the risks associated with them, and taking into account the available risk capacity in this perspective, the Board of Management sets the risk appetite for operational activities. In accordance with the planning assumptions, certain items cannot be taken into account. Based on the risk appetite, the Board of Management also allocates capital to the individual risk types and business divisions and to Treasury. This process also allows potential risk concentrations to be effectively addressed at an early stage. Any adjustments needed during the year are adopted by a resolution of the Board of Management.

The regulatory ratios (Common Equity Tier 1 capital ratio, Tier 1 capital ratio, total capital ratio, leverage ratio, the RWA- and LRE-based MREL ratios and the RWA- and LRE-based subordinated MREL requirements) are determined for each year as part of the normative risk and capital planning.

The Common Equity Tier 1 capital ratio should exceed the target ratio or at least show medium to long-term adherence to the strategic target ratio. The strategic target ratio is determined based on the supervisory requirements (OCR and P2G) plus a strategic premium and is set annually as part of the planning work by the Board of Management. The lower limit is the amber threshold used for internal management purposes for the relevant year. This is calculated based on the OCR and P2G expected to apply in the relevant year plus a management buffer.

In addition to planning based on expected economic developments (baseline plan), appropriate scenarios are used to assess whether the regulatory ratios can be adhered to even under adverse circumstances within the planning horizon. To this end, the Board of Management sets its own annual thresholds that deviate from the baseline plan.

Economic perspective (current situation): Risk-bearing capacity and capital allocation

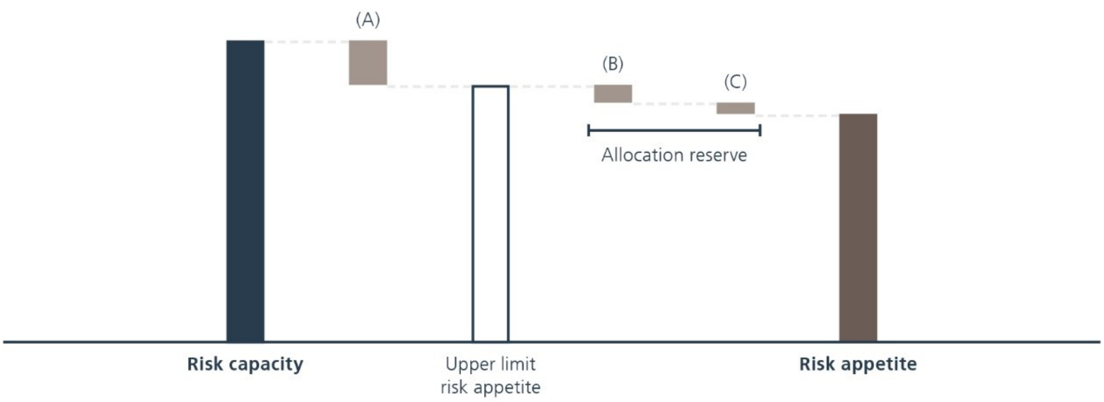
As a basic principle, internal capital is used to determine the maximum level of risk that can be incurred (impacting the income statement), taking into account risk concentrations. Risk capacity is analysed monthly. In the course of the risk-bearing capacity analysis, the risk capacity (in the form of internal capital) and the current risk level (current situation) are determined, and compliance with the guidelines and limits is monitored. The Deka Group's total risk, as examined in the risk-bearing capacity analysis, includes as a minimum all material risk types with an impact on the income statement, and is determined by adding these together. Diversification effects between individual types of risk are not taken into account as part of this process. The total risk of the Deka Group is measured as an economic capital amount that is highly likely to be sufficient to cover the losses from all material risk positions at any time within one year.

DekaBank uses the value-at-risk approach (VaR) in order to quantify individual risks on a uniform basis and to aggregate them as an indicator for overall risk. The calculation of VaR for a one-year holding period is made for internal management purposes with a confidence level of 99.9%. This level is derived from the business model with reference to an S&P rating at the level of a stand-alone credit profile of "a–".

The total risk of the Deka Group that is derived from the individual types of risk is compared to the Group's internal capital available to offset losses under the going concern assumption. Internal capital, or risk capacity, essentially consists of equity under IFRS and income components. Balance sheet items whose amounts do not reflect the concept of economic value are taken into account using corresponding correction items. Deductible items for risks from pension obligations and for reputational risk also directly reduce internal capital. This internal capital is available as risk capacity – in the sense of a formal total risk limit – to safeguard risk-bearing capacity as a whole.

Based on this risk capacity, a management buffer is set whose amount must at least correspond to the buffer for model uncertainty (depending on the risk models used). Risk appetite is the primary control parameter. In addition to the Group-level analysis, risk is also limited, based on the risk appetite, by business division (including the Treasury corporate centre) and risk type (including investment risk) in the form of allocated risk capital.

Risk capacity and risk appetite *(Fig. 26)*



(A) Deduction of maximum of buffer for model uncertainty and minimum management buffer
(B) Hidden losses and reserves and own credit rating effects (if positive)
(C) Allocation reserve after deduction of (B)

The utilisation ratios for risk capacity and the risk appetite may not exceed 100%. For the utilisation of the risk appetite, an early warning threshold of 90% has also been established.

The results of the risk-bearing capacity analysis and the utilisation levels for the specified allocations are determined monthly and reported to the Board of Management. The Risk and Credit Committee and the Administrative Board are informed on a quarterly basis.

Normative perspective (current situation): Compliance with regulatory ratios

The regulatory ratios are calculated monthly or at the end of each quarter and also include forecast values. Adherence to the internal thresholds is ensured using an ongoing monitoring process, which additionally includes a monthly plan/actual comparison and a regular forecast process. The regulatory ratios are reported monthly to the Board of Management and quarterly to the Administrative Board. If the amber threshold is undercut in internal management, the Board of Management has to be informed using ad hoc reports as part of an agreed escalation process. The Board decides on measures to resolve this. Unless decided otherwise by the Board of Management, the Administrative Board is informed of the fact that the amber threshold has been undercut as part of the regular quarterly reporting process and is notified of the measures initiated. If the red threshold is undercut in internal management (i.e. if the alarm threshold for the corresponding recovery plan indicator is reached), this triggers governance measures under the integrated recovery plan.

In addition to adhering to these internal thresholds, the business divisions and Treasury corporate centre are required, within the framework of this overall plan, not to exceed the target RWAs specified in the medium-term planning as a general rule. Starting from 2024, the allocation of RWAs to the business divisions and Treasury corporate centre can be adjusted throughout the year as required while adhering to the targeted capital ratios. In the event that individual business divisions or the Treasury corporate centre may conceivably exceed these targets, the affected business divisions and the Treasury and Finance corporate centres examine whether measures to reduce RWAs are required.

Macroeconomic stress tests (both perspectives)

Macroeconomic stress testing for all risk categories is used as an additional tool to manage capital adequacy along with the indicators for the current situation. Capital adequacy is regularly assessed by way of macroeconomic stress tests, which enable an estimate to be made of how it would be affected by extreme market developments. Macroeconomic stress tests enable action areas to be identified at an early stage as soon as crisis situations emerge.

The macroeconomic stress tests examine extraordinary but nonetheless plausible scenarios. These represent appropriate historical and hypothetical (adverse) events and events relating specifically to the Deka Group's business model and associated risk concentrations (standard stress scenarios). There are also scenarios for reputational and ESG risks. When needed, the scenarios are supplemented with relevant ad hoc analyses. Reverse stress tests relate to specific manifestations of scenarios that would lead, in the economic perspective, to the risk capacity being reached, and in the normative perspective to a Common Equity Tier 1 capital ratio at the level of the red threshold.

The effects of the various macroeconomic stress scenarios are calculated for the economic perspective for all relevant risk and earnings figures and compared to the internal capital determined for each scenario. Similarly, in the normative perspective, the effects of the stress scenarios on regulatory own funds and RWAs, the resulting capital ratios and the leverage ratio, the RWA- and LRE-based MREL ratios, and the RWA- and LRE-based subordinated MREL requirements are calculated and compared to the regulatory requirements. Utilisation of the large exposure limit is also examined. The point in time for which the stress scenarios are calculated is generally a year in the future.

The results of the macroeconomic stress tests are usually determined quarterly, assessed by the Stress Testing Committee and reported to the Board of Management, the Risk and Credit Committee, and the Administrative Board. Selected scenarios, such as climate scenarios, are assessed and reported annually and focus in greater depth on specific aspects.

The macroeconomic stress scenarios are subject to a regular annual review. In the light of current global economic and regulatory developments, the scenarios were updated and augmented in this process as necessary and the description and choice of parameters particularly for the hypothetical and institution-specific stress scenarios adjusted accordingly. This particularly also took account of current developments on the real estate market. In the Deka Group's view, the scenarios examined continue to provide an appropriate reflection of all risks relevant to it.

The climate scenarios, too, were reviewed and refined. Two scenario narratives were added to the centrally coordinated (long-term) baseline scenario, which reflects the most likely expected macroeconomic and sector-specific developments for the short-, medium- and long-term perspective. These two scenario narratives show adverse developments resulting between now and 2050 from the climate targets set and focus on the resulting physical and transition risks. Depending on how they are designed, the scenarios put greater emphasis on either the medium-term or long-term perspective.

Framework and tools for managing liquidity adequacy

Liquidity risk is managed and monitored as an independent risk category within the framework of the Deka Group's risk strategy. The liquidity risk strategy applies to all organisational units of the Deka Group and sets out the responsibilities for liquidity risk management and monitoring.

With the ECB's approval of the liquidity waiver for DekaBank and S Broker, the liquidity subgroup consisting of these companies has been monitored in addition to the Deka Group since April 2020.

Liquidity risk in the narrower sense (insolvency risk) is not an immediate risk to the Group's profit that can be cushioned with equity capital. Liquidity risk management therefore forms an additional management level outside the ICAAP. Like the latter, it is based on the results of the risk inventory and integrated with the recovery plan and remuneration system. The central objective of liquidity risk management is to prevent liquidity shortfalls and thus ensure that the overall solvency of the Deka Group is guaranteed on a continuous basis. In the economic perspective, the key risk measure used in the integrated quantification, management and monitoring of liquidity risk is the relevant funding matrix (FM) defined by the Board of Management. In the normative perspective, the key risk measure is the liquidity coverage ratio (LCR) for regulatory purposes and the net stable funding ratio (NSFR). The LCR is the ratio of the holdings of high-quality liquid assets (HQLA) to the total net outflows for the next 30 days, as calculated under a stress scenario. The NSFR expresses the amount of available stable funding on the liabilities side of the balance sheet in relation to the amount of assets for which stable funding is required.

For liquidity risk (insolvency risk), risk capacity is defined in the economic perspective as the amount of free liquidity that is in principle available. It thus corresponds to the positive liquidity balance of the FM for normal business operations. For liquidity risk, the Deka Group has defined its risk appetite in the economic perspective such that an indefinite survival horizon exists under a hypothetical stress scenario of a simultaneous institution-specific and market-wide stress event. This hypothetical stress scenario is illustrated in the "combined stress scenario" funding matrix. Permanent solvency and an unlimited survival horizon are achieved by setting a limit of 0 on the liquidity balances of all relevant maturity bands for periods of up to 20 years.

In the normative perspective, thresholds are set that take into account the regulatory requirements. It is decisive that the chosen thresholds provide sufficient notice to allow for the preparation and initiation of management measures. Escalation and information processes are triggered for governance purposes when the thresholds are hit. The thresholds are also reviewed and adjusted as necessary as part of an annual revision process. The maximum level of risk corresponds to the red thresholds for the LCR and NSFR used for internal management purposes. In the current situation, this is based on the applicable regulatory requirement (currently 100%) plus a management buffer.

In the normative perspective, the liquidity risk that the Deka Group is prepared to accept is the amber thresholds for the LCR and NSFR used for internal management purposes. These are comprised of the red threshold used for internal management purposes plus a management buffer. The management buffer has been determined taking into account the ECB guide to the ILAAP and is essentially based on the results of the annual risk inventory and strategic considerations to ensure flexibly to potential business opportunities without jeopardising liquidity adequacy.

Risks impacting the income statement arising from refinancing gaps (liquidity maturity transformation risk) are currently not material because the limits placed on liquidity balances in the FM prohibit negative balances, meaning that maturity transformation is only possible to a very limited extent.

Market liquidity risk is reflected in the economic and normative perspective using haircuts on the market value of liquid assets. A suitable stress scenario is used to monitor the market liquidity risk affecting the income statement as part of market price risk. As market liquidity risk is not considered as material, it is not currently necessary to hold capital for the purposes of risk-bearing capacity.

Liquidity positions are managed by the Treasury corporate centre. Liquidity management involves managing and monitoring short-term and structural liquidity and offsetting liquidity costs and benefits. The Treasury corporate centre also ensures an ample liquidity buffer of central bank-eligible collateral and deposits with the Bundesbank. In addition, it is in charge of managing the Deka Group's liquidity buffer as well as controlling the level of liquidity ratios. Operational liquidity management across all maturity bands is also handled centrally by the Treasury corporate centre.

The liquidity position and compliance with risk appetite are analysed, for the economic perspective, across the entire Group by the Risk Control corporate centre and monitored independently from the front office units in organisational and procedural terms. The Finance corporate centre is responsible for determining the LCR and NSFR and monitoring compliance with the thresholds set.

In the event of a liquidity emergency, a crisis committee assembles. It may decide all measures judged necessary to ensure the short-term solvency of the Group and may instruct all units of the Deka Group to implement these measures. The Board of Management, as a permanent member with a voting right, is the core of this crisis committee. Continuous monitoring of market-wide and institution-specific early warning indicators and emergency triggers anticipate potential liquidity crises so that appropriate countermeasures can be quickly implemented in the event of adverse developments.

Medium term and funding planning

Medium-term planning involves an integrated planning process for profits, balance sheets, funding, capital and risk at Deka Group level for the next three years. This looks at liquidity adequacy in the economic and normative perspective for planning horizons, including under adverse scenarios.

Funding planning must sustainably fulfil the requirements relating to risk appetite, i.e. sustainably adhere to the limits of the combined stress scenario funding matrix and to the applicable regulatory ratios. In the case of the latter, both short-term (LCR) and medium-to-long-term liquidity adequacy (NSFR) are examined under adverse scenarios. The liquidity subgroup is included in the Deka Group perspective.

Economic perspective: Funding matrices

Funding matrices (FMs) are the main measure of liquidity risk in the economic perspective. The purpose of the funding matrix is to show expected future cash flows across the portfolio as at the reporting date. The liquidity requirement (liquidity gap) or liquidity surplus is determined for each maturity range based on these flows. In addition, freely available financial resources, such as realisable assets in the form of securities, over-coverage in cover registers and other sources of funding, are identified as potential liquidity on an aggregated basis. The liquidity balance for each maturity band is determined from the sum of the cumulative liquidity gap and the cumulative liquidity potential.

The basis for the model is cash flows as indicated by legal maturities. This approach is based on the sum of all legal net cash flows per maturity band. Reconciliation between the amount from a legal perspective and expected cash flows is performed using modelling assumptions. Securities used for liquidity potential are allocated either to the liquidity buffer or to operational securities portfolios.

The liquidity buffer is used to cover possible stress-induced liquidity outflows as well as stochastic liquidity outflows that cannot be influenced by the Deka Group or can only be influenced to a limited extent (stochastic liquidity position). The liquidity buffer is the responsibility of the Treasury corporate centre. The minimum level required and currency composition of the liquidity buffer are determined by Risk Control on a quarterly basis. The results are reported to the MKR and MKAP. The Treasury corporate centre may independently propose a higher liquidity buffer. The Board of Management sets the level of the liquidity buffer based on the MKAP’s recommendation.

The operational securities portfolios comprise all freely available securities. These can be divided into securities that fall within the remit of the Capital Markets business division and portfolios that are allocated to the Treasury corporate centre and which do not form part of the liquidity buffer.

As well as being used for normal business operations (going concern), funding matrices are also analysed under different stress scenarios. This ensures that even under stressed market conditions, sufficiently liquid funds are maintained to cover any potential liquidity need.

The Deka Group primarily examines the "combined stress scenario" FM, which simulates the simultaneous occurrence of both the institution's own and market-wide stress factors. The MaRisk requirements for liquidity management, including under stress scenarios, are thus fully implemented. A traffic light system in the "combined stress scenario" FM, consisting of early warning thresholds and limits, is used to manage compliance with risk appetite – i.e. to ensure that the Group is solvent at all times with an indefinite survival horizon in a stress scenario that is both institution-specific and market-wide – and is monitored daily. The use of limits means that the liquidity balance must be positive for all the maturity bands monitored. In addition, individual stress scenarios are examined separately in special FMs for which different modelling assumptions are used. Among other factors, market liquidity risks arising from a reduction in the market value of the securities in the liquidity potential are taken into account in the stress scenarios.

Liquidity risks in foreign currency are monitored daily based on the "combined stress scenario" FM in the relevant foreign currency using materiality and alarm thresholds.

Normative perspective: Liquidity coverage ratios

The Finance corporate centre monitors the internal amber threshold as part of the daily calculation of the LCRs for DekaBank Deutsche Girozentrale (which, together with S Broker, forms the liquidity subgroup). This enables proactive management of the LCRs. An NSFR is prepared on a monthly basis at Group and sub-Group level along with an LCR.

Tools for both perspectives

DekaBank has established a liquidity transfer pricing system (funds transfer pricing) for the source-specific internal allocation of liquidity costs, benefits and risks. The transfer prices calculated are taken into account in the management of risks and returns. The liquidity transfer pricing system is used to allocate economic costs on a source-specific basis as well as the costs for maintaining the liquidity buffer and complying with regulatory requirements (e.g. LCR and NSFR). The use of a liquidity transfer pricing system for source-specific allocation allows liquidity to be proactively managed and efficiently allocated.

Macroeconomic stress testing for all risk categories is used to manage both capital and liquidity adequacy. For the economic perspective, the impact of the stress scenarios on liquidity balances is calculated and compared to the relevant funding matrix. Similarly, in the normative perspective, the effects of the stress scenarios on the LCR and NSFR are calculated and compared to the regulatory requirements.

The results of the macroeconomic stress tests in relation to liquidity adequacy, too, are determined quarterly, assessed by the Stress Testing Committee and reported to the Board of Management, the Risk and Credit Committee, and the Administrative Board.

Reporting

Appropriate and high-quality aggregation of risk data and reporting based on this provide the foundations for effectively monitoring and managing risk appetite within the framework of the risk strategy. Key instruments for risk reporting include the quarterly risk report in accordance with MaRisk to the Board of Management and the Risk and Credit Committee of the Administrative Board, as well as the monthly reporting on the economic risk situation and financial ratios to the Board of Management. The Board of Management also receives more extensive reports for individual risk types, which contain key information on the current risk situation. The Administrative Board receives a three-part quarterly report on the development of earnings, value drivers and risks at the Deka Group and in the individual business divisions (including the Treasury corporate centre).

Risk concentrations in relation to individual counterparties (cluster risks and analysis of shadow banking entities) are reported on monthly to the Board of Management and the key risk committees as part of the report on the economic risk situation. In addition, a detailed analysis of all individual counterparties classified as clusters and the associated segment concentrations in comparison to the guidelines set by the credit risk strategy is conducted on a quarterly basis as part of the quarterly risk report. If necessary, adjustments are made to the number and volume of the relevant counterparties.

Further overall reports also include the quarterly stress testing report, which particularly includes the results of macroeconomic stress tests and performs a crucial early warning function in this respect.

Besides these overall reports, there are also corresponding reports for every type of operational limit that is set. These reports are used to monitor compliance with the respective guidelines on a daily basis. Any breach is immediately brought to the attention of the authorised decision maker – and in the event of material breaches, also the Board of Management. If the liquidity balance exceeds the limit, the Board of Management is notified immediately. Moreover, the LCR is prepared daily and the NSFR monthly in the reporting system of the Finance corporate centre and provided to monitoring units.

Capital adequacy in financial year 2023

The Deka Group held adequate capital throughout the reporting period. In particular, the Common Equity Tier 1 capital ratio and utilisation of risk capacity and of the risk appetite remained at non-critical levels throughout.

DekaBank opted for a project-based approach to implementing the IBOR reform and introducing the new risk-free rates (RFRs). This involved all affected areas at every step of the process chain, from front office units to the corporate centres. The necessary adjustments to internal systems, processes and methods were managed through the new product process. Management was regularly updated on the progress of these activities through the established committees. The US-dollar LIBOR transition in 2023 marked the end of the project. The remaining transitions, such as the transition for Canadian dollars, will be implemented via the existing line organisation.

See also: Economic environment: page 30 ff.

The interest rate environment and overall positive trend on stock markets were instrumental for the Deka Group in 2023. Market volatility was driven chiefly by the looming collapse of a major Swiss bank in March and the outbreak of war in the Middle East in October. Overall, volatility in the reporting year was on the low side. Active risk management allowed the Group to maintain a neutral position in the trading book even when crises hit, which meant that there was only minor fluctuation in market price risk throughout the year. The rapid rise in credit spreads and the higher volatility that accompanied this were balanced out for non-trading book portfolios by cautious positioning in new business. Thanks to the well-hedged interest rate risk position overall, there was also no material impact on market price risk from the sharp fall in interest in the fourth quarter of 2023. The attractive interest rate environment acted as one of the drivers for the certificates business, as was reflected in the strong sales of interest rate certificates, especially those with shorter maturities. In addition, the overall favourable development on the stock markets also continued to drive issuance business for express certificates. In terms of the risks from Riester products and pension obligations, the still elevated interest rates compared with the preceding years, combined with low credit spreads and stable stock markets, meant that there was little change. The level of risk remained low overall.

Along with financial markets, global trends in the commercial real estate market were a particular challenge on the lending side. Despite the strict selection criteria it uses when granting real estate financing, DekaBank was unable to fully escape the pull of falling real estate prices at global level. This resulted in a slight rise in counterparty risk. The relatively high quality of the DekaBank portfolio meant that it was very late in the reporting year before the Bank felt the impact of the market developments.

Economic perspective (current situation)

During the reporting year, the models employed by the Deka Group for economic risk management continued to reflect the corporate and market situation in an appropriate and timely manner, taking into account the changes applied. The Deka Group's total risk exposure (value-at-risk, VaR; confidence level 99.9%, holding period of one year) at the 2023 reporting date was €2,553m, a slight increase of €65m on the 2022 reporting date (€2,488m). This was due to moderately increased market price risks and slightly higher counterparty risk. A significant rise in operational risk was almost fully compensated by a significant fall in business risk. Investment risk also increased over the year; however, it is not at a significant level.

At the same time, risk capacity saw a slight increase of €247m, taking it to €5,478m (year-end 2022: €5,231m). This was particularly due to the positive development in retained earnings and earnings components. The deduction item for reputational risk, which has been taken into account since March 2023, had a negative impact on risk capacity, as did the overall effect of changes in various correction and deduction items. As a result of the developments described, the utilisation of risk capacity declined to 46.6%, putting it marginally below the figure for the end of 2022 (47.6%). It therefore remains at a non-critical level.

Utilisation of allocated risk capital was non-critical both at Deka Group level and in all business divisions. The risk appetite of €4,300m (slight increase compared to the end of 2022) was 59.4% utilised as at the 2023 reporting date (year-end 2022: 59.9%).

Change in Deka Group risk over the course of the year *€m (Fig. 27)*

	31 Dec 2023	**31 Dec 2022**	Change	
Counterparty risk	1,199	1,169	30	2.6%
Investment risk	26	23	3	12.7%
Market price risk	606	576	31	5.3%
Operational risk	458	331	127	38.4%
Business risk	263	388	–125	–32.2%
Total risk	**2,553**	**2,488**	65	2.6%

Normative perspective (current situation)

Capital adequacy is determined in accordance with the CRR. Alongside counterparty risk, market risk and operational risk, CVA risk is also taken into account. As in the previous year, and pursuant to Article 26 (2) CRR, the year-end profit less foreseeable charges and dividends was recognised in Common Equity Tier 1 capital within the same period as at 31 December 2023 (dynamic approach).

The Deka Group's regulatory own funds as of 31 December 2023 stood at €7,230m (year-end 2022: €6,751m).

Compared with the previous year, Common Equity Tier 1 capital increased by €385m from €5,462m to €5,848m. The increase was due to the inclusion of year-end effects from 2023 (mainly profit retention).

Additional Tier 1 capital was unchanged year-on-year. Compared with the previous year, Tier 2 capital rose by €94m to €784m. The increase was primarily due to newly issued subordinated capital of around €235m. Tier 2 capital was affected by the reduced eligibility under the CRR in the last five years before maturity.

RWAs declined overall by €874 m from the year-end 2022 figure of €31,360m to €30,486m. Market risk (€4,347m) fell significantly over the year (year-end 2022: €5,645m). Specific interest rate risk benefited from improved ratings for banks, which led to reduced risk weightings. In specific share price risk, there has been a significant reduction in net positions not fully closed out for regulatory purposes. RWAs for general market risk positions (internal model) have fallen slightly. Credit risk fell by €1,109m to €19,884m. This was chiefly due to a lower volume mirroring the changes in the balance sheet. RWAs from operational risk (€5,727m) increased significantly (year-end 2022: €4,139m). The change resulted from the receipt of amended tax assessment notices for the years 2013 to 2017 and the corresponding treatment of tax law risks from share trades transacted around the dividend record date as part of the operational risk scenarios (ex-ante view). CVA risk declined by €54m to €528m due to lower volumes of derivative transactions to be included.

At 31 December 2023, the Common Equity Tier 1 capital ratio stood at 19.2% (year-end 2022: 17.4%). The Tier 1 capital ratio as of the reporting date was 21.1% (year-end 2022: 19.3%). The total capital ratio increased from 21.5% as of 31 December 2022 to 23.7%.

Taking account of the requirements of the SREP, DekaBank had to comply at Group level with a Common Equity Tier 1 capital ratio of at least 8.91% as at 31 December 2023. This capital requirement is made up of the Pillar 1 minimum requirement (4.50%) plus the Pillar 2 requirement (1.5%, taking into account partial coverage of P2R by Tier 2 capital reduced to 1.13% for the Tier 1 capital ratio and 0.844% for the Common Equity Tier 1 capital ratio), the capital conservation buffer (2.50%), the countercyclical capital buffer (approximately 0.69% as at year-end 2023), the capital buffer for systemic risks (0.13%) and the capital buffer for other systemically important banks (0.25%). The capital requirement for the Tier 1 capital ratio was 10.69%. For the total capital ratio, it was 13.06%. These requirements were clearly exceeded at all times. The SREP Pillar 2 requirements remain unchanged for 2024.

Deka Group own funds in accordance with the CRR *in €m (Fig. 28)*

	31 Dec 2023	31 Dec 2022	Change	
Common Equity Tier 1 (CET 1) capital	5,848	5,462	385	7.1%
Additional Tier 1 (AT 1) capital	599	599	–	–
Tier 1 capital	**6,446**	**6,061**	385	6.4%
Tier 2 (T2) capital	784	690	94	13.6%
Own funds	**7,230**	**6,751**	479	7.1%
Credit risk	19,884	20,993	–1,109	–5.3%
Market risk	4,347	5,645	–1,298	–23.0%
Operational risk	5,727	4,139	1,588	38.4%
CVA risk	528	583	–54	–9.3%
Risk-weighted assets	**30,486**	**31,360**	–874	–2.8%
%				
Common Equity Tier 1 capital ratio	**19.2**	**17.4**		1.8%-points
Tier 1 capital ratio	**21.1**	**19.3**		1.8%-points
Total capital ratio	**23.7**	**21.5**		2.2%-points

The leverage ratio, i.e. the ratio of Tier 1 capital to total assets adjusted in line with regulatory requirements (leverage ratio exposure), stood at 9.2% as at 31 December 2023 (year-end 2022: 7.1%). The increase was due to higher Tier 1 capital combined with a lower leverage ratio exposure as a result of reduced total assets. The applicable minimum leverage ratio of 3.0% was exceeded at all times.

The MREL requirements are calculated using an RWA- and LRE-based method in accordance with supervisory requirements. The total of own funds and MREL-eligible liabilities is expressed in relation to RWA and LRE. As at the reporting date, the MREL ratio in line with the RWA-based approach amounted to 54.1% (year-end 2022: 52.0%), while the figure under the LRE-based approach came to 23.5% (year-end 2022: 19.1%). Both ratios were well above the applicable minimum ratios. As at 31 December 2023, own funds and MREL-eligible liabilities came to €16.5bn. As of the reporting date, this figure was composed of own funds of €7.2bn, senior non-preferred issues of €5.9bn, senior preferred issues of €3.9bn and unsecured subordinated liabilities of €0.3bn. The repurchases recently approved in accordance with the CRR were deducted for the calculation of the MREL ratios.

The subordinated MREL requirements are also calculated using an RWA- and LRE-based method in accordance with supervisory requirements. Eligible or total own funds and all subordinated liabilities eligible based on statutory requirements are added together and expressed in relation to RWA and LRE. As at year-end 2023, the subordinated MREL requirements in line with the RWA-based approach came to 37.7% (year-end 2022: 35.9%), while the figure under the LRE-based approach was 17.9% (year-end 2022: 14.2%). Both ratios were well above the applicable minimum ratios.

Macroeconomic stress tests

The in-depth analysis of the results of the regular macroeconomic standard stress scenarios in both perspectives also takes into account the probability of occurrence and lead time of the scenarios, calculated each quarter, as well as the possible mitigation measures available if necessary. Under this approach, the internal thresholds were complied with at all times during the reporting period and at the reporting date in all the scenarios examined, and no immediate action was required in relation to capital adequacy.

The climate scenarios calculated for 30 September 2023 show only moderate impacts versus the baseline scenario overall over the period simulated. The result shows that capital adequacy continues to be achieved in both perspectives even when the impacts of climate and environmental risks are taken into account.

In the context of further geopolitical developments, an ad hoc scenario was also calculated to address a possible escalation of the Middle East conflict. This, too, has not identified any immediate need for action.

Liquidity adequacy in financial year 2023

Heightened uncertainty and volatile market conditions continued to shape the situation on the refinancing markets in the reporting year. Interest rates and inflation expectations initially rose sharply before falling significantly at the end of the year. DekaBank had access to ample liquidity on the money and capital markets throughout the year. Given the sufficient liquidity, a TLTRO tender with Deutsche Bundesbank worth €1.7bn was terminated and repaid in the first half of the year.

The Deka Group had sufficient liquidity, measured using the liquidity balances and normative indicators, throughout the reporting period. There were no breaches of the internal limits and emergency triggers or the external minimum LCR and NSFR at any time.

Economic perspective

There were clear positive liquidity balances in all relevant maturity bands of the “combined stress scenario” funding matrix for periods of up to 20 years. This was also the case for the alternative stress scenarios. Limits were complied with throughout the 2023 financial year, at both Deka Group and liquidity subgroup level.

As at 31 December 2023, the accumulated liquidity balance of the Deka Group’s “combined stress scenario” funding matrix in the short-term range (up to one week) stood at €7.8bn (year-end 2022: €8.2bn). In the maturity band of up to one month, the liquidity surplus totalled €9.4bn (year-end 2022: €8.0bn), and in the medium-term range (three months) it amounted to €10.2bn (year-end 2022: €10.5bn).

As in previous years, a substantial part of the Group’s liquidity generation and provision was attributable to business with savings banks and funds. In relation to the net cash flows of approximately €3.2bn on day 1, the Deka Group has a high liquidity potential (around €11.5bn) that is readily convertible at short notice. The Group had access to a large portfolio of liquid securities which are eligible as collateral for central bank borrowings, as well as to available surplus cover in the cover pool and corresponding repo transactions. The strict requirements concerning the liquidity potential ensure that the securities used for this purpose can generate liquidity even in a stressed market environment.

"Combined stress scenario" funding matrix of Deka Group as at 31 December 2023 *€m (Fig. 29)*

	D1	>D1 to D5	>D5 to 1M	>1M to 3M	>3M to 12M	>12M to 5Y	>5Y to 20Y	>20Y
Liquidity potential (accumulated)	11,548	11,425	11,021	5,826	–600	–1,061	–326	–182
Net cash flows from derivatives (accumulated)[1]	–171	–159	–659	726	1,753	2,779	2,583	2,578
Net cash flows from other products (accumulated)	–3,017	–3,430	–940	3,698	10,714	10,586	2,411	–2,367
Liquidity balance (accumulated)	**8,360**	**7,836**	**9,422**	**10,250**	**11,867**	**12,305**	**4,668**	**29**
For information purposes:								
Net cash flows from derivatives by legal maturity (accumulated) [1]	–171	–161	–202	–191	385	739	1,960	2,677
Net cash flows from other products by legal maturity (accumulated)	–19,422	–19,720	–19,337	–16,854	–18,424	–4,326	–3,933	–2,296
Net cash flows by legal maturity (accumulated)	**–19,593**	**–19,881**	**–19,539**	**–17,045**	**–18,038**	**–3,587**	**–1,973**	**381**

[1] Including lending substitute transactions and issued CLNs

As at 31 December 2023, 51.4% (year-end 2022: 56.3%) of total refinancing related to repo transactions, daily and time deposits and other money market products. The remainder of the refinancing concerned capital market products, primarily with longer maturity profiles. Structured issues made up 71% of total capital market issues. The volume of commercial paper issued was cut from €1.1bn in the previous year to zero. The refinancing profile for lending business was well balanced, given the maturity structure.

Money market refinancing remained broadly diversified across a range of investor groups. Most of the investors in money market refinancing are financial service providers such as clearing houses, stock exchanges and funds, or large banks and savings banks. The proportion of money market refinancing attributable to funds stood at 44.9% (year-end 2022: 35.5%), while other financial institutions accounted for 13.5% (year-end 2022: 19.8%), savings banks for 12.6% (year-end 2022: 18.1%). No funds were borrowed from the central bank (year-end 2022: 3.5%).

Some 56.4% of total refinancing was obtained in Germany and other eurozone countries. Approximately 39.0% of total refinancing was accounted for by issues of bearer securities that cannot be attributed to any buyer country.

Normative perspective

The regulatory LCR requirements were met throughout the period under review. The LCR as at year-end 2023 stood at 209.0% (year-end 2022: 159.1%). The LCR at Deka Group level increased by 49.8 percentage points compared with 31 December 2022. In percentage terms, the reduction in net cash outflows was significantly stronger than the reduction in holdings of high-quality liquid assets. The average LCR for the reporting year was 153.8% (previous year's average: 178.3%). The LCR fluctuated within a range from 130.2% to 209.0%. It was thus always significantly above the applicable minimum limit of 100%.

The net stable funding ratio (NSFR) came to 120.9% (year-end 2022: 118.1%) and, at the end of December 2023, was thus significantly above the required 100%. Required stable funding decreased more strongly in percentage terms compared with available stable funding. The ratio expresses available stable funding in relation to required stable funding. The NSFR is designed to ensure stable long-term funding for assets in relation to their degree of liquidity. A period of one year forms the basis for the assessment.

Both perspectives (macroeconomic stress tests)

The internal thresholds were complied with in both perspectives at all times, even in the macroeconomic stress testing.

Individual risk types

Counterparty risk

Strategic framework and responsibilities

The credit risk strategy stipulates the parameters for all Deka Group transactions that involve counterparty risk. It is based on the Deka Group's business strategy and overarching risk strategy and applies to all the Deka Group's organisational units. The Deka Group is committed to sustainable corporate governance and organises its lending business accordingly. The credit risk strategy serves in particular as the foundation for the Group's counterparty risk principles for loans as defined by section 19 (1) KWG and describes the business divisions and segments that are the focus of lending activities – including the specific risk determinants and minimum standards for new business. Furthermore, the credit risk strategy serves to distinguish between the individual risk segments and governs the handling of intra-risk concentrations, cluster risks and exposures to shadow banking entities under the EBA guidelines. All lending decisions that deviate from the credit risk strategy are classified as significant and must be reported in the credit risk report in accordance with MaRisk. Counterparty risks are monitored and managed in accordance with standard principles, regardless of whether the risks stem from trading or non-trading transactions.

The credit risk strategy outlines the Deka Group's risk culture. It aims to ensure that loans are only issued to borrowers who are able to fulfil the terms of the credit agreement and that lending is secured as required by adequate and appropriate collateral and in line with DekaBank's risk appetite. ESG risks, i.e. climate-, environment-, social- and governance-related factors (ESG factors) are also taken into account. Adherence to the overall objectives, risk determinants and minimum standards for lending ensures that lending decisions are taken in accordance with the risk culture.

In the context of risk-bearing capacity, counterparty risks are limited by allocating risk capital (risk appetite) both overall and at business division level. For individual counterparties, risk is restricted using a limit system based on factors such as creditworthiness, collateral, duration and country and sector considerations. Management and monitoring of risk concentrations (cluster risks and risks from exposures to shadow banking entities) also takes place at individual counterparty level. In addition, strict lending standards apply depending on the risk segment. These concern, for instance, lending structure and adequate risk sharing by the borrower. In addition, a blacklist is used in line with the credit risk strategy to avoid undesirable lending business that could involve reputational risks or an increased level of risk, or which does not meet the defined sustainability requirements.

In accordance with MaRisk, there must be a functional separation in the lending business between the "front office" and the "back office" that extends to the responsible member of the Board of Management. The responsibilities performed by the "back office" particularly include providing a second opinion independent of front office operations, ongoing management of exposures for certain financing, monitoring risks at borrower and portfolio level, acting as the administrative office for early risk identification, reporting, reviewing specific items of collateral and managing non-performing and troubled loans (including making decisions regarding loan-loss provisioning). Responsibility for applying risk classification procedures, and for establishing, reviewing and monitoring those procedures, is also classified as a back office function.

Authority levels for lending decisions are based on the net total limit and the gross limit or gross amount. The approval of the Board of Management – and potentially the additional consent of the Risk and Credit Committee – may be necessary, depending on the amount and the rating limits.

The Management Committee for Assets and Liabilities (*Managementkomitee Aktiv-Passiv* – MKAP) and the Risk Management Committee (*Managementkomitee Risiko* – MKR) are responsible for strategically managing and monitoring counterparty risks and their risk concentrations across all risk types. A number of sub-committees have been assigned to the MKR to deal with counterparty risk. The Rating Committee regularly analyses and assesses the internal rating procedures employed for measuring risk and, where relevant, their inclusion in the pooling system developed in joint projects with Rating Service Unit GmbH (RSU) and S-Rating und Risikosysteme GmbH (SR). The Monitoring Committee is responsible for regularly analysing and discussing matters in connection with the methods and procedures employed for early risk identification as well as for monitoring and managing exposures with increased counterparty risk (non-performing loans and those on the watch list). The duties of the Risk Provisioning Committee include regularly analysing and discussing matters in connection with the planning, monitoring and management of risk provisions for loan losses, and also monitoring and managing defaulted exposures (restructuring and liquidation cases) in the lending business as well as in the securities portfolios not recognised at fair value through profit or loss.

Responsibilities for the assessment and monitoring of country risks are consolidated in the Country Risk Committee. Among other things, it is responsible for discussing country ratings on both a regular and ad hoc basis, setting country limits within its scope of authority, identifying countries to be excluded (blacklist for high-risk countries) and determining measures to reduce overruns of country limits as well as other risk-reducing measures.

Managing, limiting and monitoring risk

The Deka Group uses different tools to manage and monitor its counterparty risk: overall analysis at the total portfolio level and a multi-level system of volume-based limits.

Capital allocation for counterparty risks

The starting point for the strategic analysis of counterparty risk is the allocation of capital, which is derived from the Deka Group's risk and capital planning. It is the foundation for the limitation and monthly monitoring of counterparty risk at total portfolio level and at the level of individual business divisions, including the Treasury corporate centre. The allocation is quantified based on the Deka Group's credit portfolio model, which is used to determine the portfolio's risk of loss in the form of a credit value-at-risk (CVaR) metric for a one-year holding period and at a confidence level of 99.9%, in line with DekaBank's target rating. Risk concentrations are taken into account directly through this model: portfolios that have a strong concentration on individual groups of counterparties, regions or sectors involve a higher economic capital commitment than those that are more diversified. The individual risk ratios are reviewed on a monthly basis to provide a foundation for overall management decisions.

Operating management limits
The key instrument for daily operational management of counterparty risk is a system of fixed, complementary volume-based limits. In light of the concentration on specific groups of counterparties, regions and sectors that results from the Group's business model, the limitation of both unsecured volume (net limitation) and the total volume (gross limitation) plays a central role in this process. The amount of the limits is primarily oriented towards the internal rating of the corresponding counterparties and is subject to continuous monitoring. In order to limit concentration, additional targets have been set for the maximum permitted amount per counterparty (gross limit €3.5bn/net total limit €1.6bn). Particularly important counterparties from a business policy perspective (clusters) are also subject to separate monitoring and assessment above a specific amount. Separate limits apply in the case of exposures to shadow banking entities. The Deka Group distinguishes between transparent shadow banking entities (principal approach) and less transparent shadow banking entities (fallback approach). Further minimum requirements for the quality of collateral received apply to particularly significant repo lending transactions. These requirements are contained in the collateral policy. Furthermore, liquidation risks associated with repo lending transactions are further limited by the application of supplementary limits in order to take into account potential fluctuations in the value of the underlying securities.

Loans that involve specific project, ESG or reputational risks are not entered into. Detailed risk determinants and minimum standards have also been established for the individual financing categories.

The explicit limitation of country risks serves to effectively limit positions in countries with elevated risk. Only the risk position relating to Germany is excluded from this process of limit-setting.

In S Broker's Lombard lending business for retail customers, counterparty risks are limited by the provision of collateral.

Quantification of counterparty risk
Market prices are always used to determine gross counterparty risk. In the case of products for which there is no observable market value, the net present value is used. The outstanding receivable amount is used for advance performance risk and open items. The adjusted gross position is then calculated by deducting specific insolvency-proof collateral. The overall net position is arrived at by deducting additional collateral and positions that reduce risk, with valuation of collateral following the internal regulations that apply in each case.

In order to achieve consistency between the strategy system, management tools and risk reporting, the concepts of volume used in risk reporting – gross or net loan volume – are closely aligned with the metrics used for limit-setting, namely adjusted gross position and overall net position. Gross and net loan volumes referred to below relate to the adjusted figures.

The assessment of counterparty risks for individual borrowers includes the use of internal rating systems. Borrowers are assigned to an internal rating class with corresponding estimates of the probability of default (PD).

The internal rating systems currently used are tailored to different risk segments, including corporates, banks, governments, funds and specialised financing. The rating systems include conventional scorecard models and models in which the probability of default is estimated using simulated macro and micro scenarios for risk drivers and expected cash flows. The regulator has approved the rating systems for the foundation internal ratings-based approach (IRBA). The Bank has requested to return the IRBA approval and hence apply permanent partial use in accordance with Article 150 CRR for the models for public authorities outside Germany, the DSGV joint liability scheme, insurance companies and ships.

When measuring the transfer risk on payment obligations that are denominated in a foreign currency from the borrower's perspective, the borrower rating is influenced by the country rating.

All of the rating modules in use are calibrated to a one-year probability of default. The rating classes are uniformly assigned according to the probability of default based on the master scale of the German Savings Banks Association (*Deutsche Sparkassen- und Giroverband* – DSGV). This scale serves as a standard reference for a differentiated creditworthiness assessment. The DSGV master scale provides for a total of 21 rating classes for non-defaulting borrowers and three for defaulting borrowers.

Counterparty risks from a portfolio perspective are assessed with the help of an internally developed credit portfolio model. The portfolio model is largely based on a credit metrics approach. In addition to default risks, the risks arising from a change in ratings are also taken into consideration. The probability distribution for changes in the value of the loan portfolio is generated using a Monte Carlo simulation.

The CVaR and, for information purposes, the expected shortfall (ES) are key figures for management decisions and are both determined with a holding period of 250 trading days and a confidence level of 99.9%. Risk concentrations are taken into account by considering the dependency structure of risk factors. In particular, the modelling approach selected considers dependencies between crisis events. In addition to the CVaR from the credit portfolio model, the CVaR for fund units in the Group's own investment portfolio and the risk of changes in specific provisions are also taken into account.

Risk models are validated on both a regular and ad-hoc basis, and the results play an important role in assessing whether the models are adequate. Accordingly, any requirements for further development that arise from the validation procedure are then integrated into the process for identifying and quantifying risks. Overall, the validation exercises carried out confirm that the credit portfolio model is appropriate.

The standard risk costs incorporated into the calculation of the expected return on equity are based on an expected-loss approach and relate to the likelihood of default, the loss rate and the maturity of the transactions. The cost of equity is determined using risk amounts differentiated by individual transaction and corresponding sector and regional allocations. Risk concentrations are included for individual counterparties (clusters), regions and industries by taking into account the cost of equity in the structuring of loan terms.

Management and monitoring of counterparty risks

The Deka Group's counterparty risk, as determined by CVaR, is directly compared with allocated risk capital. Credit risks are thus monitored based on a redistribution of the CVaR to individual transactions and reaggregation to the business divisions.

Daily management and monitoring of counterparty risk uses a volume-based limitation of the net position and the adjusted gross position.

As a supplement to its volume-based limits, the Deka Group uses thresholds for risk concentrations in connection with individual counterparties, known as clusters. This entails further precautionary procedures for large exposures and monitoring routines for risk concentrations as appropriate. Thresholds for sectors are not meaningful due to the Deka Group's specific business model and are thus not taken into account.

The Risk Control corporate centre monitors the limits using a centralised limit monitoring system at both the borrower-unit level and the borrower level. A qualitative, quantitative and market-based early warning system ensures that the individual counterparties subject to limits are monitored so that, in the event of extraordinary developments, countermeasures can be taken at an early stage. At a portfolio level, an analysis of the most significant borrowers and sectors is also carried out, based on CVaR. Maximum country limits are derived from a limit matrix, which is calculated based on a foreign currency (FC) country rating and the gross domestic product. Individual country limits within the limit matrix are approved by the Country Risk Committee. The Risk Control corporate centre monitors compliance with the respective country limits. Overruns are reported immediately to the members of the Country Risk Committee and to the Capital Markets Credit Risk Management unit. This unit acts as the central administrative office for country limits. An analysis of the most significant countries or regions is also carried out from a portfolio perspective, based on CVaR.

The MKR monitors and assesses risk concentrations for individual counterparties, regions and industries.

In addition to requirements concerning the liquidity of the securities, the additional investment criteria for the liquidity management portfolio managed by the Treasury corporate centre include, in particular, stipulations regarding issuers, credit rating and portfolio diversification. Compliance with these rules is monitored daily by the Risk Management unit, which is independent of trading operations. Any breaches are reported immediately. In addition, reporting takes place monthly to the MKR and MKAP. This includes an analysis of the holdings in the portfolios and the portfolio structure.

The Deka Group has issued extensive processing and valuation guidelines for collateral obtained in lending and trading transactions. The procedures for verifying valuation of collateral received in the course of lending business, including guarantees, sureties, charges on commercial and residential property, registered liens and the assignment of receivables, are applied on an annual basis. Valuation of collateral and of any discounts applied to it in accordance with the RSU's loss given default models is primarily based on the creditworthiness of the party providing the guarantee, or in the case of asset collateral, on the market value or fair value of the financed property.

Management and monitoring activities also focus on financial collateral provided in the form of securities and obtained as part of repo lending transactions. Due to the business model, these comprise by far the largest share of the collateral portfolio as compared to the lending business.

The Group's collateral policy sets minimum requirements for securities borrowed by counterparties or received as collateral in repo lending transactions and OTC/CCP derivatives transactions. In addition, risk concentrations are restricted using category-specific concentration limits for equities and bonds, as well as a concentration limit (volume restriction) for each counterparty that applies across all categories.

The Capital Markets business division is responsible for compliance with the requirements of the collateral policy. It is supported operationally in this regard by the Collateral Management unit. A review independent of trading is performed daily by the Risk Management unit. Market- and counterparty-specific matters that could significantly affect the risk profile or profitability of the Capital Markets business division are analysed in the Risk Talk. In addition, an analysis of collateral received is reported to the Risk Talk.

Performance of stress tests
In addition to the macroeconomic stress tests performed across all risk types, counterparty-specific stress tests are conducted regulary. Scenarios include a sovereign crisis in the eurozone and a banking crisis focused on counterparty clusters, for example. The results of the stress tests are determined quarterly and reported to the Stress Testing Committee, the Board of Management, the Risk and Credit Committee and the Administrative Board. They therefore enable the Group to identify areas for action as early as possible if crisis situations start to unfold.

Default monitoring
The Monitoring Committee is operationally responsible for monitoring and managing non-performing loans and those on the watch list. In particular, this includes specifying early warning indicators and criteria to allocate exposures to different monitoring levels.

Operational responsibility for identifying defaults and monitoring and managing restructuring and liquidation cases lies with the Risk Provisioning Committee. The latter is also responsible for regularly analysing and discussing matters in connection with planning, monitoring and managing risk provisions.

DekaBank determines risk provisions and provisions for off-balance sheet lending business in accordance with the expected credit loss model under IFRS 9. Details of this methodology can be found in the notes to the IFRS consolidated financial statements.

Current risk situation
The counterparty risk determined on the basis of the credit value at risk (CVaR), with a confidence level of 99.9% and a holding period of one year, increased moderately in the reporting year to €1,199m (year-end 2022: €1,169m). Risk capital allocated to counterparty risk stood at €1,505m (year-end 2022: €1,460m) and was 79.7% utilised (year-end 2022: 80.1%). The level of risk capacity utilisation was therefore non-critical.

The change in risk level was predominantly attributable to the switch in the calculation of the portfolio's migration risks from a one-year risk horizon to the current valuation date. In contrast, the additional market-driven increase in migration risks over the course of the year was balanced out by portfolio developments, particularly as a result of reductions in repo transactions.

There was a significant decrease in the risk position of the cluster portfolio compared with the previous year. The relative share of the cluster portfolio in the overall portfolio also declined. Risk concentration thus remained in line with the Deka Group's credit risk strategy.

Gross loan volume increased by €8.7bn from the end of 2022 to reach €120.7bn. The largest contribution to this decline came from the state-affiliated and supranational institutions risk segment due to reduced deposits with Deutsche Bundesbank and fewer repo transactions. In the funds risk segment, the gross loan volume fell due to fewer securities issued as collateral as part of borrowing transactions. The lending business volume (especially in the transport sector risk segment) was down on the figure for year-end 2022. In the other financial institutions risk segment, increased lending volumes and changes in the value of derivative hedging instruments had a risk-increasing effect. The savings banks risk segment also increased the gross loan volume, primarily as a result of bonds. The ship portfolio accounted for 1.1% of gross loan volume at the end of 2023 (year-end 2022: 1.0%). The aviation segment had a share of 1.7% (year-end 2022: 1.9%). Real estate financing (excluding real estate funds) accounted for 6.9% of gross loan volume at the end of 2023 (year-end 2022: 6.5%).

Gross loan volume *€m (Fig. 30)*

	31 Dec 2023	31 Dec 2022
Commercial banks	20,110	20,878
Other financial institutions	28,740	26,050
Savings banks	13,699	12,742
Insurance companies	949	724
Industrial sector	4,233	4,779
Service sector	1,733	2,256
Public sector	7,047	6,839
State-affiliated and supranational institutions	11,611	19,453
Transport sector	3,445	4,031
Renewable energies	1,471	1,434
Conventional energies and infrastructure	4,337	4,483
Real estate sector (including real estate funds)	11,355	11,669
Retail sector	60	76
Funds (transactions and units)	11,943	13,988
Total	**120,731**	**129,403**

Net loan volume fell by 9.0% as against the end of 2022 (€72.2bn) to €65.7bn, making it lower than gross loan volume. Collateralisation meant that the changes in gross loan volume observed in relation to repo lending volume (especially in the commercial banks, other financial institutions, state-affiliated and supranational institutions, and funds segments) had relatively small effects on the net loan volume. A risk-reducing effect in net loan volume resulted especially from lower deposits with Deutsche Bundesbank in the state-affiliated and supranational institutions risk segment. In contrast, the share of real estate financing (excluding real estate funds) in net loan volume rose to 0.7% at the end of 2023 (year-end 2022: 0.1%), not least due to reduced collateral value for real estate.

Net loan volume *€m (Fig. 31)*

	31 Dec 2023	31 Dec 2022
Commercial banks	9,511	10,311
Other financial institutions	5,704	5,438
Savings banks	13,278	12,624
Insurance companies	231	191
Industrial sector	2,093	2,376
Service sector	1,048	1,389
Public sector	4,929	4,976
State-affiliated and supranational institutions	11,154	17,153
Transport sector	656	536
Renewable energies	1,471	1,434
Conventional energies and infrastructure	3,280	3,420
Real estate sector (including real estate funds)	3,163	3,213
Retail sector	60	76
Funds (transactions and units)	9,113	9,064
Total	**65,689**	**72,199**

The gross loan volume in the eurozone fell by a total of €7.1bn. The backdrop to this was the decline in repo transactions with counterparties in Germany and Spain as well as reduced deposits with Deutsche Bundesbank. Increased lending transactions with counterparties in France and Luxembourg as well as increased securities volumes with German counterparties had a risk-increasing effect. As a result, the eurozone's percentage of gross loan volume declined by 0.2 percentage points to 78.3% at the end of 2023. The volume movements in America resulted primarily from reduced exposure to repo lending business with US counterparties.

Gross loan volume by region *€m (Fig. 32)*

	31 Dec 2023	31 Dec 2022
Eurozone	94,477	101,561
Europe excluding eurozone	12,861	13,579
America	9,752	10,870
Asia	2,419	2,864
Other countries	1,222	529
Total	**120,731**	**129,403**

The gross loan volume attributable to Germany fell by €10.3bn to €57.8bn and equated to 47.9% of the overall portfolio at year-end. In the eurozone, €14.8bn or 12.3% of the gross loan volume was attributable to counterparties in Luxembourg. Counterparties in France accounted for 9.9% of the gross loan volume, and counterparties in Belgium accounted for 4.3%.

Gross and net loan volume: regional concentration *in €m (Fig. 33)*

	Gross loan volume 31.12.2023	Percentage of Gross loan volume	Net loan volume 31.12.2023	Percentage of Net loan volume
Germany	57,813	47.9%	43,342	66.0%
Luxembourg	14,809	12.3%	4,216	6.4%
United Kingdom	9,919	8.2%	3,134	4.8%
France	11,941	9.9%	4,537	6.9%
United States	6,465	5.4%	1,894	2.9%
Other	19,783	16.4%	8,565	13.0%
Total	**120,731**	**100.0%**	**65,689**	**100.0%**

In terms of countries of geopolitical interest, counterparties in China accounted for 0.2% of gross loan volume, counterparties in Hong Kong for 0.2% and counterparties in Israel for 0.1%. In all three cases, the counterparties were mostly in the transport sector. There was no gross loan volume attributable to counterparties in Taiwan. The gross loan volume for counterparties in Russia came to €33m. Due to the securing of loans through ECA guarantees for energy supply financing, the net loan volume attributable to Russia was significantly lower than the gross loan volume at around €1m. There remained no gross loan volume attributable to counterparties in Ukraine or Belarus at year-end 2023 and no country limit.

Gross loan volume by risk segment for selected countries as at 31 December 2023 *€m (Fig. 34)*

	Germany	Luxembourg	UnitedKingdom	United States	France
Commercial banks	6,208	777	809	1,335	6,001
Other financial institutions	5,088	9,839	6,309	431	2,016
Savings banks	13,699	-	-	-	-
Insurance companies	200	-	7	-	719
Industrial sector	2,193	13	387	450	300
Service sector	107	0	278	553	364
Public sector	4,697	-	53	295	640
State-affiliated and supranational institutions	11,047	1	-	-	152
Transport sector	360	37	242	672	115
Renewable energies	130	-	104	-	175
Conventional energies and infrastructure	1,985	141	161	103	268
Real estate sector (including real estate funds)	4,099	0	1,568	2,626	1,191
Retail sector	60	0	-	-	-
Funds (transactions and units)	7,942	4,001	-	-	-
Total	**57,813**	**14,809**	**9,919**	**6,465**	**11,941**
Change vs. previous year					
Commercial banks	757	–30	–495	–429	810
Other financial institutions	–2,129	2,260	1,943	–1,298	1,819
Savings banks	956	-	-	-	-
Insurance companies	–132	-	2	-	493
Industrial sector	–333	–2	–126	–2	2
Service sector	–74	–35	102	–382	–152
Public sector	2	–7	–173	107	–102
State-affiliated and supranational institutions	–8,318	0	-	-	147
Transport sector	–133	37	–37	–34	–13
Renewable energies	–28	-	1	-	–80
Conventional energies and infrastructure	269	6	–87	–23	–32
Real estate sector (including real estate funds)	–46	0	–279	81	29
Retail sector	–16	0	-	-	-
Funds (transactions and units)	–1,073	–842	-	-	-
Total	**–10,297**	**1,387**	**851**	**–1,979**	**2,921**

The gross loan volume remained focused primarily on the short-term segment at the end of 2023. The proportion of transactions with a time to maturity of less than one year was 44.0% (year-end 2022: 44.1%). The proportion of maturities longer than ten years was 4.8%, compared with 4.5% at 31 December 2022. The average legal residual term of gross lending was 2.9 years (year-end 2022: 2.8 years).

Gross loan volume by maturity *€m (Fig. 35)*

	31 Dec 2023	31 Dec 2022
Up to 1 year	53,100	57,083
1 to 2 years	13,395	13,894
2 to 5 years	18,935	17,199
5 to 10 years	10,030	10,294
10 to 15 years	2,418	2,336
15 to 20 years	1,027	945
>20 years	2,367	2,534
No maturity	19,458	25,118
Total	**120,731**	**129,403**

There was no significant change in the level of risk concentration in the loan portfolio during the reporting year. As at 31 December 2023, 12.8% (year-end 2022: 13.5%) of total gross loan volume was attributable to borrower units with a gross limit of at least €2.5bn or an overall net limit of at least €1.0bn (counterparty clusters). The number of counterparty clusters reduced by 1 year-on-year to 24. Counterparties in the public sector, savings banks and state-affiliated and supranational institutions accounted for 19.3% of the total volume of the cluster portfolio. A total of 8.2% of net loan volume related to counterparty clusters (year-end 2022: 10.8%).

The Deka Group also limits the shadow banking entity portfolio in accordance with EBA requirements. Shadow banking entities include, among others, money market funds, credit funds and inadequately regulated credit institutions. In addition to the overall limits imposed on shadow banking entities, limits are imposed based on the principal and fallback approaches. This does not affect the limits at the level of individual counterparties. As in the previous year, less than 1% of net loan volume as at 31 December 2023 related to shadow banking entities under the principal approach (limit utilisation of total net risk position: 15%). For shadow banking entities under the fallback approach, there were only very small exposures as at year-end 2023, which were attributable to third-party investment funds. The levels of utilisation are considered acceptable. The shadow banking entities have an average rating of 5 on the DSGV master scale (corresponds to BBB– on the S&P scale).

Gross and net loan volume by rating grade *€m (Fig. 36)*

	AAA	AA+ to AA–	A+ to A–	2 to 3	4 to 5	6 to 7	8 to 15	16 to 18	No rating
Gross loan volume	35,968	14,608	39,610	15,552	7,740	1,736	4,129	731	656
Net loan volume	32,640	6,202	13,890	6,960	3,929	346	1,044	228	449

The average rating for the gross loan volume was unchanged at a score of 4 on the DSGV master scale (S&P: BBB–). The average probability of default as at 31 December 2023 was 31 basis points (bps) (year-end 2022: 22 bps), which was partly due to rating downgrades affecting various US and British real estate financing and Scandinavian wind farm counterparties and to the rating downgrade of a central counterparty. The average rating for the net loan volume deteriorated by one notch to a rating of 3 (S&P: BBB) with a changed probability of default of 19 bps (year-end 2022: 12 bps). 83% of net loan volume remained in the same grouping (determined by rating class) as at the end of 2022. The target rating under the credit risk strategy was achieved without difficulty for both the gross and net loan volumes.

Net loan volume by risk segment and rating *€m (Fig. 37)*

	Average PD in bps	Average rating 31 Dec 2023	31 Dec 2023	Average PD in bps	Average rating 31 Dec 2022	31 Dec 2022
Commercial banks	3	AA	9,511	6	A	10,311
Other financial institutions	6	A	5,704	8	A	5,438
Savings banks	1	AAA	13,278	1	AAA	12,624
Insurance companies	14	2	231	14	3	191
Industrial sector	30	4	2,093	13	2	2,376
Service sector	14	2	1,048	13	2	1,389
Public sector	4	AA–	4,929	4	AA–	4,976
State-affiliated and supranational institutions	1	AAA	11,154	1	AAA	17,153
Transport sector	105	7	656	172	9	536
Renewable energies	436	11	1,471	211	9	1,434
Conventional energies and infrastructure	24	4	3,280	26	4	3,420
Real estate sector (including real estate funds)	52	6	3,163	13	2	3,213
Retail sector	N/A	N/A	60	N/A	N/A	76
Funds (transactions and units)	14	3	9,113	13	2	9,064
Total	**19**	**3**	**65,689**	**12**	**2**	**72,199**

Market price risk

Strategic framework and responsibilities

The Deka Group's market price risk strategy, based on the Group's overall risk strategy, stipulates parameters for risk management in all organisational units regarding all positions in the trading and banking book that are exposed to market price risk. It sets the objectives, priorities and responsibilities for market price risk management and, together with the liquidity risk strategy, governs the business focus of trading activities (trading strategy).

Market price risks need to be considered in the Asset Management divisions, in the Capital Markets business division and in the Treasury corporate centre. Market price risks in the Financing business division are passed on to the Treasury corporate centre.

The Deka Group's investment management companies are generally not subject to any market price risks beyond those associated with the investment funds. However, market price risks can arise for the Deka Group if products are provided with a guarantee. Market price risks from guarantee products are incorporated into the analysis of risk-bearing capacity and attributed to the Asset Management Securities business division. Market price risk from guarantee products is managed by the Board of Management with the support of the Treasury corporate centre.

Within the risk management organisation, the Board of Management decides the market price risk limits for the Group as a whole, as well as at the level of the business divisions, including the Treasury corporate centre. It also decides on limits for interest rate and spread risk in the banking book. The relevant department heads are responsible, in consultation with the head of Risk Control, for reallocating existing limits below the level of the Capital Markets business division and Treasury where appropriate. The allocation of limits reflects the organisational structure. In addition to this, the Risk Talk sets sensitivity limits for the Capital Markets business division.

The MKR and MKAP make recommendations with respect to the definition of the framework for the management of strategic market price risk positions to the Board of Management, which then adopts resolutions accordingly. The MKR issues recommendations on thresholds for the Common Equity Tier 1 capital ratio in the normative perspective and on limiting interest rate and spread risks in the banking book. The MKAP gives recommendations on the operational management of interest rate risks in the banking book in the earnings-based perspective and on management measures in relation to the risks assumed on guarantee products. The latter is the role of part G of the MKAP, which focuses specifically on guarantee products. In its capacity as a sub-committee, the Risk Talk supports the MKR and the Board of Management in relation to the Capital Markets business division’s operational processes for managing and monitoring market price risk. To do so, it conducts in-depth analyses on a range of issues relating to market and counterparty risks and makes recommendations and binding decisions on matters that might materially influence the Capital Markets business division’s risk profile or profitability. These committees facilitate communication between the departments responsible for the control and monitoring of market price risks.

Execution of transactions and recording exposures are the responsibility of the operating units. In terms of market price risks, they are solely responsible for the implementation of strategic guidelines and operational management within the prescribed risk limits.

Managing, limiting and monitoring risk

In the economic market price risk calculation, risk ratios are calculated on a net-present-value basis using the value-at-risk approach and with scenario analyses. The basis for daily market price risk monitoring (including interest rate and spread risk in the banking book) is a system of operational limits that is consistent with the Group’s overall risk-bearing capacity. This system defines limits in line with the business model for the various portfolio levels and risk categories. It also takes into account the focal areas of the portfolio determined by the business model. In addition, limits are set based on operating metrics such as sensitivities. These are primarily used for operational management of the capital markets business in order to monitor adherence to the risk strategy on an ongoing basis. The Group defines a stop-loss limit as another effective management tool for limiting losses. There are also separate monitoring processes for interest rate and credit spread risks in the banking book covered by the EBA Guidelines on the management of interest rate risk and credit spread risk arising from banking book activities (EBA/GL/2022/14). Within this framework, limits have been defined for interest rate risks in the banking book.

Value-at-Risk (VaR)

VaR is calculated with a confidence level of 99.9% and a holding period of one year when analysing risk-bearing capacity; when determining the utilisation of operating limits, DekaBank calculates VaR for a holding period of ten days and a confidence level of 99.0%.

The operating VaR therefore corresponds to the maximum loss on a position held over a period of ten trading days, with a probability of 99.0%.

VaR key ratios are determined on a daily basis for all relevant risk categories and portfolios and are compared with the associated portfolio-specific limits.

To determine VaR, a sensitivity-based Monte Carlo simulation is used across all portfolios, including the banking book. This simulation ensures that all market price risks, particularly including non-linear risks, are identified in an integrated manner. The selection of risk factors is based on business activities and on the focal areas of the portfolio determined by the business model. Risk factors particularly include issuer-specific spread risk curves along with sector curves for various country/industry/rating combinations, spread curves for credit derivatives, reference curves for various fixed-rate periods (tenor-specific), individual stocks, exchange rates and implicit interest rate, equity and currency volatilities. Appropriate consideration is given to basis risk.

Market price risks that result from granting guarantees are measured using an approach specifically developed for this purpose and geared towards risk-bearing capacity, which does not take into account diversification effects with regard to other market price risks.

Sensitivity-based management metrics
The input parameters for this risk model are the sensitivity metrics delta, gamma and vega. These first and second ranking sensitivities express the price sensitivity of financial instruments to changes in underlying risk factors and are used to determine overall risk. They are also available as additional management metrics for risk assessment purposes.

Sensitivity analyses are defined as absolute or relative shifts in the different risk factors for interest rate, credit spread, share price and exchange rate movements. The sensitivity analyses are used to support the operational management of the risks from trading and treasury positions. They can also be used to manage risk concentrations, for example where risk factors are highly correlated.

Scenario considerations and stress analyses
The limit system is supplemented with regular market price risk-specific stress tests. Using these tests, the sensitivity of the portfolio is constantly tested with regard to a wide variety of trends in the various risk factors. Once again, the focus is on risks that are particularly relevant, using separate, portfolio-specific analyses.

Market price risk-specific stress tests take place at both overall portfolio level and for the banking book in isolation.

Market price risks are also an important component of the analysis of significant macroeconomic scenarios across all risk types.

Interest rate and credit spread risks in the banking book
In accordance with the EBA guidelines (EBA/GL/2022/14), interest rate risk in the banking book (IRRBB) and credit spread risk in the banking book (CSRBB) are measured using scenarios from a net present value and earnings.based perspective. For IRRBB, the scenarios to be calculated include various shifts in the reference yield curve, which are used consistently for each currency in the two approaches. There are also scenarios for tenor basis risk. For CSRBB, the scenarios reflect rating-dependent shifts in market credit/market liquidity spreads.

In the net present value perspective (EVE), the sensitivity of the portfolio to changes in the risk factors affected by the respective scenario is calculated. In the earnings-based perspective, the impact of changes in interest rates and credit spreads on net interest income (NII) is calculated along with changes in market value. The scenarios for NII look at the three years following the date on which the calculation is based. The changes in market value are calculated for the first year, and the overall result for the earnings-based perspective corresponds to the change in net interest income for year one plus the changes in market value.

In the net present value perspective (EVE) for IRRBB, the limits defined for the scenario results are monitored on a monthly basis. In addition, the defined limits are monitored quarterly in the earnings-based perspective for IRRBB. In this perspective, there are rules for the results of the change in net interest income (NII) in each of the three years and rules for changes in market value of financial instruments measured at fair value in the IFRS consolidated accounts (including guarantee products and pension obligations). The combination of the two limits thus also limits total income. The limits defined at Group level apply for every scenario. A dedicated escalation process must be adhered to in the event of any limit breaches.

The results for CSRBB in both perspectives are also regularly evaluated in a synchronised way.

Backtesting of VaR risk ratios and validation
Various steps are taken to test the quality of the VaR forecast, including regular backtesting for various portfolio levels. In this process, the daily results that are theoretically achieved assuming unchanged positions on the basis of the market developments observed on the following day are compared with the forecast value-at-risk figures for the previous day (clean backtesting). In addition, dirty backtesting regarding the actual change in value is also carried out, taking trading activities into account. The backtesting findings are also used to enhance the risk model. The results are reported on a quarterly basis. Overall, the backtesting results confirm the suitability of the market price risk measurement at both the bank level and at the level of subordinate organisational units. In addition, the approximation error of the delta-gamma approximation is reviewed on a monthly basis by carrying out a full valuation of the portfolio.

Risk models are validated on both a regular and ad-hoc basis, and the results play an important role in assessing whether the models are adequate. Accordingly, any requirements for further development that arise from the validation procedure are then integrated into the process for identifying and quantifying risks. Overall, the validation exercises carried out confirm that the market risk model is appropriate.

Current risk situation
In the context of risk-bearing capacity, market price risk at the Deka Group (value-at-risk, confidence level 99.9%, holding period of one year) as at the reporting date stood at €606m. The increase versus the end of 2022 (€576m) was predominantly attributable to significantly increased credit spread risks. The risk development was influenced chiefly by market developments involving wider credit spreads, increased interest rates, fluctuating share prices and high volatility, and less by changes in positions.

Utilisation of the allocated risk capital for market price risk stood at €1,730m (year-end 2022: €1,800m). This represented a very comfortable utilisation level of 35.1%. In setting allocated risk capital, it was taken into account that guarantee products make a major contribution to market price risk and are highly sensitive to market movements. At the end of 2023, market price risk from guarantee products totalled €85.3m (year-end 2022: €88.8m). The risk-reducing effects of continuously increasing fund assets combined with declining volatilities compensated for the effects of the overall fall in interest rates over the year and of changes in positions.

With a confidence level of 99.0% and a holding period of ten days, market price risk (value-at-risk), excluding risks from guarantee products, stood at €78.5m as at the reporting date (year-end 2022: €73.3m). Utilisation of the operational management limit at Deka Group level (excluding guarantees) stood at €117.5m (year-end 2022: €105.0m). This represented a utilisation level of 67% and was therefore non-critical.

Deka Group value-at-risk excluding risks from guarantee products[1] (confidence level 99%, holding period ten days) *in €m (Fig. 38)*

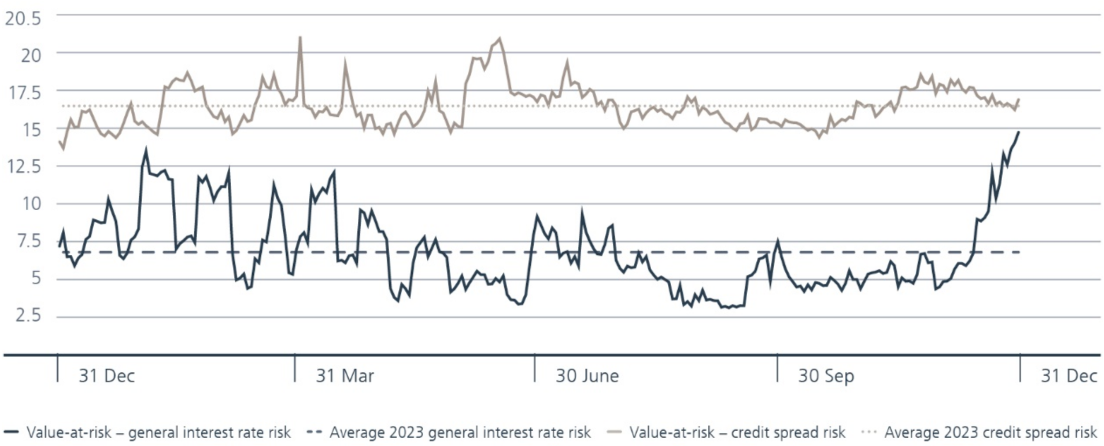
	31 Dec 2023						
Category	**Asset Management Securities business division**	**Asset Management Real Estate business division**	**Asset Management Services business division**	**Capital Markets business division**	**Treasury**	**Deka Group excluding guarantees**	Change in risk vs previous year
Interest rate risk	2.1	0.0	11.0	20.4	75.0	80.7	7.0%
Interest rate – general	0.1	0.0	11.7	14.7	21.9	17.1	−9.5%
Credit Spread	2.1	0.0	7.7	16.8	62.5	79.7	14.0%
Share price risk	0.6	0.7	0.8	6.6	0.0	6.7	−36.2%
Currency risk	0.5	0.0	0.0	1.5	4.3	3.7	42.3%
Total risk	**2.2**	**0.7**	**11.1**	**21.2**	**74.7**	**78.5**	7.1%

[1] Risk ratios for interest rate risk and total risk taking account of diversification. Includes issue-specific credit spread risk.

At the end of 2023, the VaR for credit spread risk totalled €79.7m, which was higher than the level seen at year-end 2022 (€69.9m). A moderate increase in exposures along with increased volatility and widening spreads were behind this rise. Credit spread risk continues to substantially affect market price risk at Group level. In line with the business model, the largest risk drivers are variable and fixed-rate bonds issued by financial institutions, corporates and the public sector in Germany, Western Europe and North America. Risk concentration for spread risk was consistent with the Deka Group's market price risk strategy.

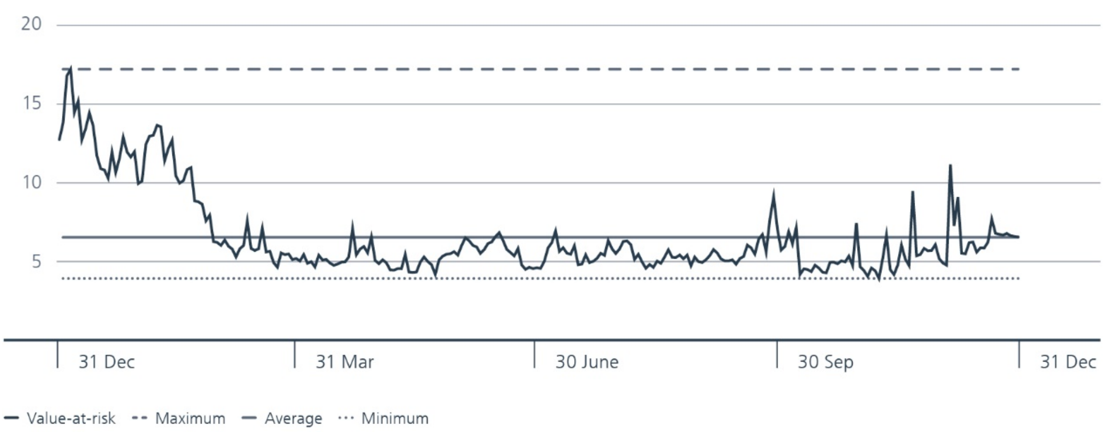
The VaR for general interest rate risk (excluding risks on guarantee products) fell from €18.9m at year-end 2022 to €17.1m. In the Capital Markets business division, the increased risk in the interest rate certificates business was attributable to the still strong demand. The increase here was offset by a decline in risk in the Treasury corporate centre against the backdrop of lower interest rates, especially in the longer maturities.

Value-at-risk – General interest rate risk and credit spread risk in the Capital Markets trading book over the course of 2023 *€m (Fig. 39)*



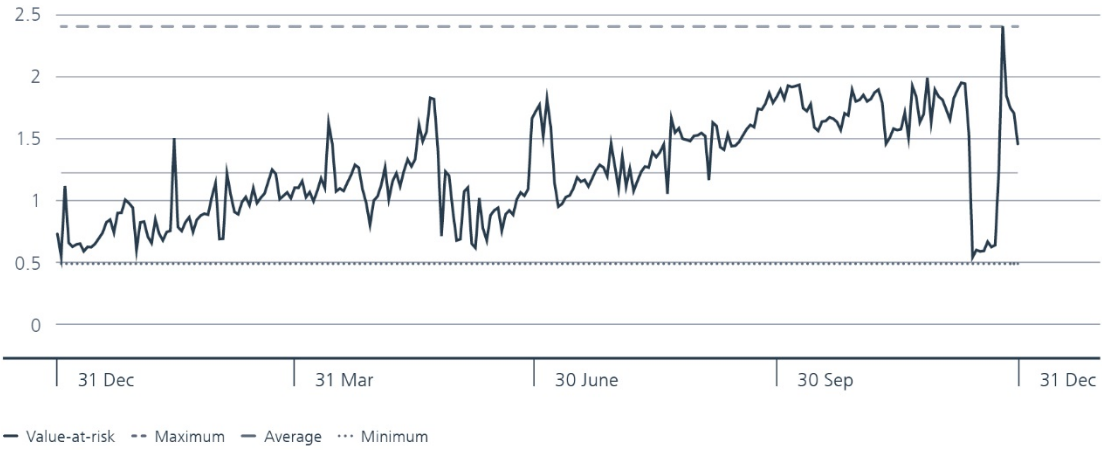
Share price risk fell compared with the end of 2022 (€10.5m) and stood at €6.7m at year-end 2023. The short residual terms to maturity of the macro hedges at the end of the year contributed to lower share price risk in the Treasury corporate centre. Share price risk remains of low significance at Group level. Share price risk in the Capital Markets business division trading book amounted to €6.6m (year-end 2022: €12.7m).

Value-at-risk – Share price risk in the Capital Markets trading book over the course of 2023 *€m (Fig. 40)*



Currency risk, which mainly resulted from positions in Canadian dollars, sterling and US dollars, increased to €3.7m (year-end 2022: €2.6m), mainly driven by market factors, and so continued to be of minor significance. Currency risk in the Capital Markets business division trading book stood at €1.5m (year-end 2022: €0.7m).

Value-at-risk – Currency risk in the Capital Markets trading book over the course of 2023 *€m (Fig. 41)*



Operational risk

Strategic framework and responsibilities

The strategy for dealing with operational risks (OR strategy) is based on the Deka Group's overarching risk strategy. It sets out the Deka Group's basic approach to operational risks (OR) and guidelines for managing and controlling these risks. It defines the framework for the Group-wide establishment and operation of a standard system for identifying, assessing, managing and monitoring all operational risks. The OR strategy applies to all organisational units within the Deka Group.

OR management is based on coordinated collaboration between different units as part of the Deka Group's established Three Lines of Defence model. The Board of Management has overall responsibility for appropriate and consistent handling of OR and is supported by recommendations from the Risk Management Committee (*Managementkomitee Risiko* – MKR).

Decentralised approach to risk measurement and management by the first line of defence

The Three Lines of Defence model takes a decentralised approach to risk management. This means that each unit is responsible in principle, as part of the first line of defence, for assessing and managing future risks and documenting loss events in its area of responsibility.

Units such as IT, whose role is to centrally provide infrastructure or processes, are a special case and are also responsible for assessing risks related to their services across the Group.

Centralised monitoring and reporting by the second line of defence

The second line of defence sets and monitors adherence to relevant guidelines, thereby helping the units in the first line of defence to take only appropriate risks. The overarching view of the Operational Risk unit within Risk Control is complemented by specialist functions for the individual risk sub-types in the Compliance (compliance risk), Data Protection Officer (data protection risk), Finance (tax law and tax compliance risk), Legal (legal risk), Information Security Management (ICT, security and service provider risk), Strategy & HR (personnel risk) and Organisational Development (process and project risk) units.

The central functions specialising in risk sub-types set specific objectives and guidelines for the design of processes and controls for the relevant risk type and monitor adherence to these. They also support the units in the first line of defence with risk type-specific methods for identifying, assessing and managing the relevant risk type.

The Operational Risk unit defines and monitors the Group-wide, methodological guidelines and common methods of OR management. In addition, it aggregates the information collected locally and reports this to the heads of department and the Board of Management.

Independent review by the third line of defence
The third line of defence is the Deka Group's Internal Audit department. It supports the Board of Management and the oversight bodies (Administrative Board, Audit Committee) with its objective and independent assessment of the appropriateness and effectiveness of risk management, of the controls put in place and of the management processes at the Deka Group.

Objectives and guidelines
Maintaining a complete and up-to-date operational risk profile for the Deka Group is key to the handling of operational risks in order to ensure adequate capital and proper consideration of these risks in decision making. To minimise risks for the Deka Group and its stakeholders and make the best possible use of its resources, the Deka Group aims for appropriate management based on common principles. The common methods of OR management defined for this purpose and the minimum requirements for non-financial risks provide binding guidance and ensure the achievement of these objectives.

Integration into the concept of risk appetite
In the context of risk-bearing capacity, operational risks are limited by allocating risk capital (risk appetite) both overall and at business division level. The basis for this is a quantification model, which has been approved as an advanced measurement approach (AMA) and is used to calculate value-at-risk based on risk assessments and loss documentation. Value-at-risk is also incorporated into the regulatory capital requirement. The allocation of risk capital for OR to the business divisions (including Treasury) is primarily based on the number of employees and observed loss events in defined categories for the scale of losses.

Methods used
The Deka Group uses various methods for the management and control of operational risk. These complement each other and, taken together, enable a comprehensive management process for these risks. These include methods with a forward-looking (ex-ante) perspective, such as self-assessment and scenario analysis, as well as a backward-looking (ex-post) perspective, such as Group-wide loss documentation.

Alongside the common methods described below, the specialist functions in the second line of defence also use their own methods to monitor non-financial risks.

The self-assessment is based on OR loss scenarios and is performed at least once a year. As well as describing and assessing risks with regard to their loss potential and the frequency with which they occur, the self-assessment process also identifies suitable measures to mitigate risk.

The scenario analysis serves as an investigation and assessment of potentially serious loss events from operational risks, which, due to their cross-unit nature and extremely high maximum loss potential, cannot be adequately identified or quantified via the self-assessment process. As part of this process, regularly-updated risk factors related to both the Group's internal controls and its business environment are incorporated into the assessment of scenarios. These factors therefore increase the sensitivity of the scenarios to risk and help to identify developments and determine management actions in a timely manner.

OR loss events are recorded in a structured manner with the help of a central loss database starting from a minimum gross limit of €5,000 at the Deka Group level. As well as providing a description of the loss, the database includes documentation that covers the causes of the loss and suitable measures to avoid similar cases in the future. The results of the loss documentation are also used to support the ex-post validation of the risk assessments in the course of the self-assessment.

To determine the economic capital requirement for operational risks, the Deka Group uses an advanced measurement approach (AMA) that has been approved by regulatory authorities. This approach quantifies the Bank's operational risk based on a loss distribution approach, using the common methods described and external loss data to supplement the internal loss database.

Risk models are validated on both a regular and ad-hoc basis, and the results play an important role in assessing whether the models are adequate. Accordingly, any requirements for further development that arise from the validation procedure are then integrated into the process for identifying and quantifying risks. Overall, the validation exercises carried out confirm that the operational risk model is appropriate.

In addition to the macroeconomic stress tests, which cover all types of risk, specific stress scenarios are examined for operational risk. These involve, for example, a sharp deterioration in the reliability of IT infrastructure, the occurrence of serious fraud involving an internal employee or the failure of critical control processes due to a shortage of staff. Sensitivities to isolated stress factors are also analysed and the OR scenarios with the highest contribution to risk are examined. The results of the stress tests are determined quarterly and reported to the Stress Testing Committee, the Board of Management, the Risk and Credit Committee and the Administrative Board.

Current risk situation

The VaR for operational risk (confidence level of 99.9%, holding period of one year) increased significantly from €331m at year-end 2022 to €458m. This resulted particularly from the increased estimate of the likelihood of occurrence of serious losses in the scenario analysis (ex-ante perspective) for tax law risks from share trades transacted around the dividend record date. The number of observed loss events (ex-post perspective) remained at a similarly high level to the previous year, whereas the total losses were noticeably lower overall, meaning that no further risk-increasing effects resulted. The breakdown of VaR by business division (including the Treasury corporate centre), which is used for internal management purposes, led to a slight shift towards the Asset Management Securities business division. This was due to the development of loss events observed.

Following the increase in allocated risk capital for operational risks to €550m at the end of 2023 (year-end 2022: €385m), its utilisation stood at 83.3% and therefore remained non-critical.

Value-at-Risk *€m (Fig. 42)*

	2021	2022	2023
Asset Management Securities business division	104	119	169
Asset Management Real Estate business division	50	60	84
Asset Management Services business division	68	78	109
Capital Markets business division	38	52	65
Financing business division	13	14	19
Treasury Corporate Centre	8	9	12
Total	**280**	**331**	**458**

At €83m, the OR loss potential identified in the Group-wide risk inventory was also higher than the figure for year-end 2022 (€79m). One key driver was the "changed interpretation of the tax environment for past transactions" scenario analysis, in which the inclusion of very-high-loss variants in connection with share trades transacted around the dividend record date was revised following the receipt of amended tax assessment notices for the years 2013 to 2017. Increases in the probabilities of occurrence for process-related errors in the measurement of financial instruments as well as for various fraud risks in the context of internal or external actually observed loss events continued to be a significant factor, among other things. Meanwhile, the estimate of expected losses in connection with the ruling by the German Federal Court of Justice (BGH) on the mechanism for amending general terms and conditions of business was significantly reduced given the gradual expiry of the limitation period for potential customer claims. In contrast to VaR, which is an upper limit for losses with a specific probability that the limit will not be exceeded, loss potential is an expected value that results from the estimated frequency of occurrence and scale of losses of all OR scenarios in the Deka Group.

Loss potential *€m (Fig. 43)*

	2021	2022	2023
Asset Management Securities business division	9	10	10
Asset Management Real Estate business division	9	9	8
Asset Management Services business division	5	6	6
Capital Markets business division	7	14	16
Financing business division	4	3	3
Treasury Corporate Centre	1	1	1
Savings Banks Sales & Marketing	3	3	3
Corporate Centres	30	33	35
Total	**69**	**79**	**83**

In the loss documentation, a total of eleven major loss events, each with a loss amount of at least €100 thousand, were newly recorded in 2023. In terms of both the total losses and the number of cases, process risk accounted for the largest share but was spread across different organisational units of the Deka Group. This took the form of reimbursements to investment funds in the Asset Management business divisions, for example, or additional payments to service providers in a corporate centre. At the same time, significant changes were recorded for a total of twelve loss events already identified in previous years. Loss-reducing effects, for example from the reversal of provisions for customer claims to reimbursement that are now time-barred, were more than offset by additional loss components incurred, such as the cost of legal advice for certain proceedings currently still in progress.

On 15 July 2021, a revised Federal Ministry of Finance (BMF) circular dated 9 July 2021 was published on the tax treatment of share trades transacted around the dividend record date. Compared to the original BMF circular dated 17 July 2017, this BMF circular sets out more specific details regarding the requirements for relief from capital yields tax (*Kapitalertragsteuer*), as well as with regard to the legal consequences in the event of a refusal by tax authorities to allow relief for share trades transacted around the dividend record date. Based on the revised BMF circular of 9 July 2021 on the tax treatment of cum/cum transactions, tax risks exist in connection with relief from capital yields tax on share transactions made around the dividend record date in 2013 and subsequent years. In December 2023, the tax authority issued tax assessment notices in which relief from all capital yields tax (*Kapitalertragsteuer*) relating to share trades conducted around the dividend record date was refused for the years concerned.

In issuing these tax notices, the tax authority stated that it was not possible to review the substance of the share trades and that changes in the amounts of tax relief may follow in future (subject to later review). An appeal has been lodged in each case. DekaBank paid the stipulated amounts, including interest, in January 2024.

DekaBank's risk assessment regarding an ultimate victory in fiscal court proceedings has not changed. This is consistent with the view of its tax adviser. All matters are reported in the Group management report and consolidated financial statements as at 31 December 2023 in accordance with DekaBank's interpretation of the relevant tax regulations and accounting standards.

In the past, transactions were concluded with business partners in connection with share trades transacted around the dividend record date, for which the tax office refused in full or in part to allow the relief from capital yields tax (*Kapitalertragsteuer*) claimed by these business partners. Corresponding agreements were reached with some of the business partners in 2022 to settle the matter. An agreement was reached with a further business partner at the end of 2023. Such agreements may in principle be reached with other affected business partners, which may result in further payments of approximately €27m. This amount could not be reported in the annual financial statements as at 31 December 2023, as the preconditions for recognition were not met.

In addition, DekaBank began voluntary investigations to ascertain whether its involvement enabled third parties to conduct share trades around the dividend record date and make use of abusive tax structures or whether it was otherwise involved in such structures. In light of ongoing investigations in relation to share trades transacted around the dividend record date, the Bank, in principle, faces the risk of a fine under section 30 of the Administrative Offences Act (*Ordnungswidrigkeitengesetz,* OWiG) and confiscation of potential proceeds. Based on the findings of these investigations available to it, DekaBank considers it unlikely that the tax authority will be able to make a claim in relation to these matters beyond what has been recognised in the financial statements as at 31 December 2023 or that a fine or confiscation of proceeds will apply. The official search of DekaBank's premises in June 2022, the additional information obtained as part of the search and further voluntary investigations carried out on this basis do not change the assessment at the present time. The situation is being constantly reviewed.

Business risk

The business risk strategy set by the Board of Management sets out the Deka Group's guidelines for dealing with business risk and the requirements for risk management and control. It provides the necessary framework for the creation and operation of a Group-wide standardised system for identifying, monitoring and managing business risks and incorporating them into the risk-bearing capacity analysis. Various mutually complementary tools are used for this purpose.

Business risk is driven to a large extent by the fund business. In the Asset Management Securities, Asset Management Real Estate and Asset Management Services business divisions, value-at-risk is calculated based on the potential negative deviation in the business risk-relevant components of the economic result (i.e. a large part of net commission income and expenses) from the proportionate net income contribution for the following year. This net income contribution is based on the economic result expected for the next twelve months but with a focus on earnings components that are achievable on an economically sustainable basis.

Commission directly depends on the asset management volume (for the Asset Management Securities business division and Asset Management Real Estate business division) or assets under custody (for the depositary in the Asset Management Services business division), which are among the elementary risk factors. Both the risk factors and net commission income depend on the behaviour of customers or sales partners as well as on changes in market conditions, legal requirements or competitive conditions.

Business risks are currently not material in the Capital Markets and Financing banking divisions or in the Treasury corporate centre and are therefore not included in the quantification of business risk.

Overall, the validation exercises carried out confirmed that the business risk model is appropriate.

In addition to regular risk measurement, risk type-specific stress tests are performed for business risk to examine its sensitivity in relation to changes in the behaviour of customers or sales partners, the economic and regulatory environment and competitive conditions. Major risk drivers have a negative impact on the corresponding risk factors and thus on the net commission income relevant for business risk. In addition to hypothetical equity stress, the hypothetical scenarios also analyse the effects of concentrations and adverse conditions on the real estate market. A combined scenario additionally takes account of concentrations and stress affecting margins and expenses. Alongside the hypothetical scenarios, the stress tests also continue to involve historical scenarios including market crashes akin to those seen after the terrorist attacks in 2001 or during the financial crisis in 2008 as well as during the coronavirus pandemic. The results of the stress tests are determined quarterly and the impacts examined. They serve primarily to identify areas for action.

In the year under review, the VaR for business risk fell significantly to €263m (year-end 2022: €388m). The significant reduction in risk was mainly due to a sharp fall in volatilities in the Asset Management Securities and Asset Management Services business divisions as well as higher net commission income in the Asset Management Securities business division. The lower planning figures in the Asset Management Securities and Asset Management Real Estate business divisions also had a risk-reducing effect. Risk capital allocated to business risk was increased to €475m (year-end 2022: €460m). Utilisation was 55.4% and thus at a non-critical level. Should further geopolitical events increase market volatility or renewed interest rate hikes result in shifts to lower-margin products, an increase in business risk would not be ruled out.

Reputational risk

The Deka Group Board of Management has defined reputational risk guidelines in the form of specific measures and processes for the management of reputational risks. For example, as part of the holistic approach to reputational risks, proactive reputational risk management processes, which are designed to facilitate the handling of reputational risk for relevant business processes, are complemented by portfolio-oriented reputational risk management. The latter aims to ensure transparency along with adequate capital and liquidity backing. Qualitative assessment of reputational risks as a basis for managing them takes place in both proactive and portfolio-oriented reputational risk management. It is performed by the risk-owning units in the first line of defence in accordance with standard, Group-wide criteria based on the risk appetite set, the potential losses and the probability of occurrence. If proactive reputational risk management identifies a critical level of risk, the first line of defence must obtain a second opinion on the activity from the second line of defence. In case of doubt, however, the first line of defence is also free to obtain a second opinion for less critical risks.

Reputational risks may arise directly from the business activity or as a result of events connected to other risk types and manifest themselves through their effect on business and liquidity risk.

Irrespective of its cause, reputational risk has an impact on the drivers of business risk and particularly on customer behaviour and sales performance.

Appropriate scenarios are used to describe chains of reputational effects, which may affect the relevant risk drivers. To transparently illustrate reputational risks, which may arise from all business activities and have a potentially adverse impact on stakeholders, these risks are separately quantified in a scenario-based approach starting from this reporting year.

Overall, the validation exercises carried out confirmed that the reputational risk model is appropriate.

The VaR of reputational risk was calculated for the first time as at the end of March 2023 and stood at €203m at year-end. The parameterisation of the reputational risk scenarios by the assessors in the business divisions, sales units and corporate centres was updated as at 31 December 2023 in accordance with the annual cycle. The scenarios assessed to be the most relevant are associated with stakeholder perceptions concerning inadequate controls, deliberate management decisions and insufficiently attractive products.

Other risks

Investment risk

Equity investments include all direct and indirect holdings of the Deka Group in other companies, regardless of their legal form. Equity investments held as credit substitute transactions fall under counterparty risk. In principle, the Deka Group pursues strategic interests when taking an equity interest. There is no intention to achieve short-term profit.

The basis for determining the investment risk position is the IFRS book value of the (unconsolidated) equity investment. The risk is measured on the basis of the volatility of a benchmark index from the equity market.

Overall, the validation exercises carried out confirmed that the investment risk model is appropriate.

The VaR of investment risk was €26m at year-end 2023, up significantly on the level at the end of the previous year (year-end 2022: €23m). The main reasons for the sharp relative increase in risk were the addition of a previously fully consolidated company, which has been held as an equity investment since July 2023, as well as increases in the IFRS carrying values of other individual equity investments as part of the regular remeasurement of equity investments. The risk capital allocated to investment risk was reduced to €40m (year-end 2022: €45m). Utilisation of this amount at year-end was 66.0%.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). They comprise the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the notes. The economic result is the key in-house management indicator within the meaning of the provisions of IFRS 8 (Operating Segments) and is based on the IFRS figures.

Consolidated financial statements

Statement of profit or loss and other comprehensive income

€m	Notes	2023	2022	Change
Interest income		2,705.9	1,011.3	167.6%
(thereof calculated using the effective interest method)		2,059.7	700.5	194.0%
Interest expenses		2,362.4	795.3	197.0%
Net interest income	[32]	**343.5**	**216.0**	59.0%
Risk provisions in the lending and securities business	[17], [33]	**–126.8**	**–41.0**	–209.3%
Net interest income after provisions		**216.6**	**175.0**	23.8%
Commission income		3,209.7	3,179.7	0.9%
Commission expenses		1,572.0	1,586.5	–0.9%
Net commission income	[34]	**1,637.6**	**1,593.2**	2.8%
Net income from the derecognition of financial assets measured at amortised cost	[35]	**5.2**	**8.4**	–37.6%
Trading profit or loss	[36]	**554.1**	**354.5**	56.3%
Profit or loss on financial assets mandatorily measured at fair value	[37]	**19.0**	**–68.5**	127.7%
Profit or loss on financial instruments designated at fair value	[38]	**–1.3**	**27.2**	–104.6%
Profit or loss from fair value hedges	[39]	**–7.5**	**11.3**	–166.6%
Profit or loss on financial investments	[40]	**–2.0**	**–42.5**	95.2%
Administrative expenses	[41]	**1,311.4**	**1,251.5**	4.8%
(thereof expenses for the bank levy and deposit guarantee scheme)		71.9	82.0	12.3%
Other operating profit	[42]	**–3.2**	**–6.4**	49.5%
Total of profit or loss before tax		**1,107.2**	**800.7**	38.3%
Income taxes	[24], [43]	**354.0**	**267.4**	32.4%
Interest expenses for atypical silent capital contributions		**–**	**–**	o.A.
Total of profit or loss		**753.2**	**533.3**	41.2%
Thereof:				
Attributable to non-controlling interests		–	–	o.A.
Attributable to the shareholders of DekaBank		753.2	533.3	41.2%
Changes not recognised in profit or loss	[30], [65]			
Items reclassified to profit or loss				
Change in reserve for financial assets measured at fair value through other comprehensive income		25.3	–30.4	183.1%
Change of the foreign currency basis spread of hedging derivatives		–28.4	19.2	–248.0%
Change in currency translation reserve		–0.1	0.6	–121.3%
Deferred taxes on items reclassified to profit or loss	[53], [62]	1.0	3.6	–72.1%
Items not reclassified to profit or loss				
Revaluation gains/losses on defined benefit pension obligations		–28.0	167.1	–116.8%
Change in valuation reserve for own credit risk of financial liabilities designated at fair value		1.0	0.5	106.7%
Deferred taxes on items not reclassified to profit or loss	[53], [62]	18.4	–72.6	125.4%
Other comprehensive income		**–10.9**	**88.0**	–112.3%
Comprehensive income for the period under IFRS		**742.3**	**621.3**	19.5%
Thereof:				
Attributable to non-controlling interests		–	–	o.A.
Attributable to the shareholders of DekaBank		742.3	621.3	19.5%

Statement of financial position

€m	Notes	31 Dec 2023	31 Dec 2022	Change
Assets				
Cash reserves	[44]	**328.2**	**346.7**	–5.3%
Due from banks	[16], [45]	**30,202.6**	**38,849.8**	–22.3%
Due from customers	[16], [46]	**25,424.0**	**28,778.9**	–11.7%
Financial assets at fair value	[18], [48]	**16,979.2**	**17,566.8**	–3.3%
(of which deposited as collateral)	[78]	3,303.1	2,621.1	–26.0%
Trading portfolio		16,183.3	16,166.1	0.1%
Financial assets mandatorily measured at fair value and shareholdings		795.9	1,400.6	–43.2%
Financial assets designated at fair value		–	–	o.A.
Positive market values of derivative hedging instruments	[10], [19], [49]	**250.7**	**271.1**	–7.5%
Financial investments	[20], [50]	**10,165.2**	**10,073.1**	0.9%
(of which deposited as collateral)	[78]	1,656.0	2,534.3	34.7%
Financial assets measured at amortised cost		8,475.0	7,982.5	6.2%
Financial assets measured at fair value through other comprehensive income		1,670.4	2,074.2	–19.5%
Shares in at-equity accounted companies		19.8	16.5	20.1%
Intangible assets and purchased Goodwill	[21], [51]	**228.9**	**194.6**	17.6%
Property, plant and equipment and right-of-use assets for leases	[14], [22], [52]	**301.1**	**335.8**	–10.3%
Current income tax assets	[24], [53]	**191.2**	**201.4**	–5.1%
Deferred income tax assets	[24], [53]	**312.3**	**372.7**	–16.2%
Other assets	[23], [54]	**416.6**	**405.2**	2.8%
Total assets		**84,800.0**	**97,395.9**	–12.9%
Liabilities				
Due to banks	[25], [55]	**8,613.9**	**17,211.7**	–50.0%
Due to customers	[25], [56]	**26,950.5**	**25,106.0**	7.3%
Securitised liabilities	[25], [57]	**10,919.9**	**11,169.4**	–2.2%
Financial liabilities at fair value	[18], [58]	**28,389.3**	**34,353.0**	–17.4%
Trading portfolio		28,243.8	34,135.9	–17.3%
Financial liabilities designated at fair value		145.5	217.1	–33.0%
Negative market values of derivative hedging instruments	[10], [19], [59]	**192.5**	**555.1**	–65.3%
Provisions	[26], [27], [60], [61]	**222.1**	**225.3**	–1.4%
Current income tax liabilities	[24], [62]	**143.6**	**136.9**	4.9%
Deferred income tax liabilities	[24], [62]	**91.9**	**147.2**	–37.6%
Other liabilities	[14], [28], [63]	**872.9**	**847.1**	3.1%
Subordinated capital	[29], [64]	**1,150.2**	**907.4**	26.8%
Equity	[30], [65]	**7,253.1**	**6,736.8**	7.7%
Subscribed capital		191.7	191.7	0.0%
Additional capital components		598.6	598.6	0.0%
Capital reserve		239.5	239.5	0.0%
Retained earnings		5,916.6	5,489.4	7.8%
Revaluation reserve		6.6	17.4	–62.3%
Accumulated profit/loss (consolidated profit)		300.1	200.2	49.9%
Minority interest		–	–	o. A.
Total liabilities		**84,800.0**	**97,395.9**	–12.9%

Statement of changes in equity

€m	Subscribed capital (including own shares)	Additional capital components	Capital reserve	Retained earnings	Consolidated profit	Provisions for pensions[1]
Equity as at 1 January 2022	**191.7**	**598.6**	**239.5**	**5,187.0**	**200.2**	**–132.4**
Total of profit or loss	–	–	–	–	533.3	–
Other comprehensive income	–	–	–	–	–	167.1
Comprehensive income for the period under IFRS	**–**	**–**	**–**	**–**	**533.3**	**167.1**
Changes in the scope of consolidation	–	–	–	–	–	–
Other changes[2]	–	–	–	–30.7	–	–
Allocation to reserves from retained earnings	–	–	–	333.1	–333.1	–
Distribution	–	–	–	–	–200.2	–
Equity as at 31 December 2022	**191.7**	**598.6**	**239.5**	**5,489.4**	**200.2**	**34.7**
Total of profit or loss	–	–	–	–	753.2	–
Other comprehensive income	–	–	–	–	–	–28.0
Comprehensive income for the period under IFRS	**–**	**–**	**–**	**–**	**753.2**	**–28.0**
Changes in the scope of consolidation	–	–	–	–	–	–
Other changes[2]	–	–	–	–25.9	–	–
Allocation to reserves from retained earnings	–	–	–	453.1	–453.1	–
Distribution	–	–	–	–	–200.2	–
Equity as at 31 December 2023	**191.7**	**598.6**	**239.5**	**5,916.6**	**300.1**	**6.7**

[1] Revaluation gains/losses on defined benefit obligations
[2] Comprises the payment of interest of the Additional Tier 1 bonds, which are classified as equity capital under IFRS.

Revaluation reserve					Total before minority interest	Minority interest	Equity
Change of the foreign currency basis spread of hedging derivatives	Financial assets measured at fair value through other comprehensive income	Own credit risk of financial liabilities designated at fair value	Currency translation reserve	Deferred taxes			
−20.1	**2.6**	**−1.7**	**0.1**	**80.9**	**6,346.4**	**–**	**6,346.4**
–	–	–	–	–	533.3	–	533.3
19.2	−30.4	0.5	0.6	−69.0	88.0	–	88.0
19.2	**−30.4**	**0.5**	**0.6**	**−69.0**	**621.3**	**–**	**621.3**
–	–	–	–	–	–	–	–
–	–	–	–	–	−30.7	–	−30.7
–	–	–	–	–	–	–	–
–	–	–	–	–	−200.2	–	−200.2
−0.9	**−27.8**	**−1.2**	**0.7**	**11.9**	**6,736.8**	**–**	**6,736.8**
–	–	–	–	–	753.2	–	753.2
−28.4	25.3	1.0	−0.1	19.4	−10.9	–	−10.9
−28.4	**25.3**	**1.0**	**−0.1**	**19.4**	**742.3**	**–**	**742.3**
–	–	–	–	–	–	–	–
–	–	–	–	–	−25.9	–	−25.9
–	–	–	–	–	–	–	–
–	–	–	–	–	−200.2	–	−200.2
−29.3	**−2.5**	**−0.2**	**0.6**	**31.3**	**7,253.1**	**–**	**7,253.1**

Statement of cash flows

€m	2023	2022
Total of profit or loss	**753.2**	**533.3**
Non-cash items in net income and adjustments to reconcile net profit with cash flow from operating activities		
Depreciation, amortization, impairment losses and reversals of impairment losses on receivables, property, plant and equipment, equity investments and intangible assets	194.2	146.0
Changes in provisions	16.2	–24.8
Changes in other non-cash items	–195.6	–588.4
Result on disposal of equity investments, property, plant and equipment and intangible assets	–	–2.8
Other adjustments	–314.3	229.6
Sub-total	**453.7**	**292.9**
Change to assets and liabilities arising from operating activities and reconciliation to cash flow from operating activities		
Due from banks	9,180.5	–26,075.2
Due from customers	3,260.7	1,731.9
Financial assets at fair value	3,320.1	27,937.0
Financial investments	22.8	–955.9
Other assets arising from operating activities	–240.0	530.7
Due to banks	–8,688.6	380.3
Due to customers	1,737.9	1,637.7
Securitised liabilities	–396.1	1,869.3
Financial liabilities at fair value	–8,286.8	–22,062.8
Other liabilities arising from operating activities	–462.6	–331.1
Interest received	1,333.6	1,266.3
Dividends received	7.7	8.2
Interest paid	–872.3	–1,221.3
Income tax payments or refunds	–312.6	–336.2
Cash flow from operating activities	**58.0**	**–15,328.2**
Proceeds from the disposal of equity investments	–	7.2
Cash outflows for the acquisition of shares in companies accounted for using the at-equity method	–	–40.0
Disbursements for the purchase of property, plant and equipment	–8.2	–11.7
Disbursements for the purchase of intangible assets	–48.8	–9.1
Proceeds from sale of shares in subsidiaries, non-consolidated companies	0.0	0.0
Dividends received	1.2	1.6
Changes in the scope of consolidation	–3.6	–
Cash flow from investing activities	**–59.4**	**–52.0**
Payments to company owners and minority interests	–25.8	–54.4
Dividends paid	–200.2	–200.2
Proceeds from issues of subordinated capital	208.9	–
Payments from the repayment of subordinated capital	–	–1.1
Other changes	–	0.2
Cash flow from financing activities	**–17.1**	**–255.5**

€m	2023	2022
Cash and cash equivalents at the start of the period	**346.7**	**15,982.4**
Cash flow from operating activities	58.0	–15,328.2
Cash flow from investing activities	–59.4	–52.0
Cash flow from financing activities	–17.1	–255.5
Cash and cash equivalents at the end of the period	**328.2**	**346.7**

The statement of cash flows shows the change in the Deka Group's cash balance during the financial year. The item cash and cash equivalents, which comprises cash on hand and balances with central banks, corresponds to the balance sheet item cash reserves (see note [44] "Cash reserves").

Cash flow from operating activities was determined using the indirect method. In other words, the total of profit or loss was adjusted to eliminate non-cash items such as measurement results and additions to provisions. The item other adjustments mainly includes the reclassification of interest and dividends received as cash and interest and income tax payments made during the financial year which have to be reported separately in accordance with IAS 7. In addition to the disbursements relating to short-term leases and leases of low-value assets reported under administrative expenses, disbursements for payments of principal and interest were also reported under cash flow from operating activities within the Deka Group. Of this total, €4.1m (previous year: €4.1m) was attributable to interest payments and €42.1m (previous year: €42.5m) to payments of principal.

Cash flow from investing activities shows the proceeds and disbursements relating to items whose purpose relates in principle to long-term investment or use.

Changes in equity and subordinated capital are shown in cash flow from financing activities.

The table below provides an overview of movements in financing liabilities.

		Cash changes	Non-cash change	
€m	Position as at 1 January 2023		Fair value changes	Position as at 31 December 2023
Subordinated capital	907.4	208.9	33.9	1,150.2

The statement of cash flows is of minor importance for banks as it does not provide any information about the actual liquidity position. For details of Deka Group's liquidity risk management, please see the risk report within the Group management report.

Notes

Accounting standards

1 Accounting principles

These financial statements are the consolidated financial statements of DekaBank Deutsche Girozentrale (parent company). DekaBank is a German institution incorporated under public law with registered offices in Frankfurt am Main and Berlin (Germany) and is entered in Commercial Register A of the Local Court (*Amtsgericht*) of Frankfurt am Main under the number HRA 16068.

The Deka Group is the fully-fledged securities service provider (the *Wertpapierhaus*) for the savings banks. DekaBank Deutsche Girozentrale (DekaBank) and its subsidiaries in Germany and other countries make up the Deka Group. Through its asset management and banking activities, it acts as a service provider for the investment, administration and management of assets, supporting its customers at every stage in the investment and advisory process within the securities business. It also offers comprehensive advice and solutions on investing, liquidity and risk management, and refinancing (see note [3] "Segmentation by operating business divisions"). The Deka Group's business is managed from the head office in Frankfurt am Main (Mainzer Landstraße 16, 60325 Frankfurt am Main).

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The applicable IFRS rules are those published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) into European law at the time the financial statements are prepared. Account is also taken of the national regulations contained in the German Commercial Code (*Handelsgesetzbuch,* HGB) under section 315e HGB. The management report was prepared in accordance with section 315 HGB.

These consolidated financial statements are reported in euros, the Bank's functional currency, and comprise the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows and the notes. All amounts are rounded in accordance with standard commercial practice. This may result in small discrepancies in the calculation of totals within tables.

2 Accounting standards applied for the first time and to be applied in future

The following new or amended standards and interpretations that are significant to the DekaBank consolidated financial statements were applied for the first time in the reporting year:

Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 "Making Materiality Judgements". The amendments are designed to help improve the disclosures regarding accounting policies, the aim being to reduce generic disclosures and replace them with company-specific disclosures. The amendments did not have any material effect on the consolidated financial statements.

Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The clarifying amendments are intended to help users of financial statements distinguish between changes in accounting policies and accounting estimates. This distinction is important, as it is relevant to how the effects of such changes are to be presented. Changes in accounting estimates are to be applied prospectively to future transactions and events, while changes in accounting policies are to be applied retrospectively to past transactions and events and the current period. Implementation of these amendments did not have any effect on the consolidated financial statements.

Amendments to IAS 12

In May 2021, the IASB published amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction". Among other things, the amendment is intended to eliminate existing uncertainty regarding how companies account for deferred tax in connection with leases. The initial recognition exemption provided in IAS 12.15, which previously applied subject to certain conditions, now no longer applies to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition, even if the other previously applicable conditions are fulfilled. This therefore constitutes an exception to the initial recognition exemption in narrowly defined cases. The amendment results in the recognition of deferred tax on leases accounted for at the level of the lessee. The amendment did not have any material effects on the consolidated financial statements.

In May 2023, the IASB published further amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules". The amendments provide a temporary, mandatory exception, to be applied with immediate effect, to the requirements regarding recognition of deferred taxes related to the introduction of global minimum tax; they also require targeted disclosures on an entity's exposure to the minimum tax. The mandatory exception is to be applied with retroactive effect. Implementation of these amendments did not have any retroactive effect on the consolidated financial statements. Further details can be found in note [24] "Income taxes".

New standards and interpretations and amendments to existing standards and interpretations published by the IASB and IFRIC which do not have to be applied until subsequent financial years were not applied early. Changes relevant to the Deka Group are presented below.

Standards and interpretations already adopted into European law

Amendments to IAS 1

On 31 October 2022, the IASB published the final amendments to IAS 1 "Non-current Liabilities with Covenants". According to the standard, liabilities are generally to be split into current or non-current liabilities in the balance sheet. The amendments also provide for additional disclosure requirements for non-current liabilities with covenants. The published amendments to IAS 1 supplement the amendments to IAS 1 published by the IASB back in January 2020 regarding classification of liabilities as current or non-current. All of the amendments to IAS 1 are to enter into force – as set out in the final version of the standard – for financial years beginning on or after 1 January 2024. The amendments do not have any material effect on the consolidated financial statements, as DekaBank's balance sheet is structured in order of liquidity, meaning that it contains more relevant information for users of financial statements.

Amendments to IFRS 16

On 22 September 2022, the IASB published amendments to IFRS 16 "Lease Liability in a Sale and Leaseback". The amendment clarifies how a seller-lessee subsequently measures lease liabilities. For the purposes of subsequent measurement, lease liabilities are to be measured in a way that does not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. The seller-lessee's choice of accounting policy must ensure compliance with the new requirement. While the IASB does not explicitly stipulate a specific method, IFRS 16 has been expanded to include an example of two possible methods in the Illustrative Examples. Application of the new rules is mandatory for financial years beginning on or after 1 January 2024. Implementation of these amendments will have no effect on the consolidated financial statements.

Standards and interpretations not yet adopted into European law

Amendments to IAS 21

On 15 August 2023, the IASB published amendments to IAS 21 "Lack of Exchangeability". The amendments to IAS 21 add provisions to be applied if a currency is not exchangeable into another currency. New disclosures have also been introduced to help users of financial statements evaluate how a currency's lack of exchangeability affects, or is expected to affect, an entity's financial performance, financial position and cash flows. Application of the new rules is mandatory for financial years beginning on or after 1 January 2025. Voluntary early application is permitted subject to an endorsement of the amendments, which is still outstanding. Implementation of these amendments will have no effect on the consolidated financial statements.

Segment reporting

3 Segmentation by operating business divisions

Segment reporting under IFRS 8 is based on the management approach. Segment information is presented in line with internal reporting as submitted to the Chief Operation Decision Maker on a regular basis for decision-making, resource allocation and performance assessment purposes. The Deka Group's management reporting is based on IFRS.

As total of profit or loss before tax is of limited suitability for the internal management of the business divisions, the economic result has been defined as the key management indicator. Due to the requirements of IFRS 8, the economic result has also been included in external reporting as material segment information.

In addition to total profit or loss before tax (IFRS), the economic result also includes results from scenarios that are recognised in other comprehensive income in IFRS accounting. These include the change in the revaluation reserve (before taxes) and the interest expense (accrued interest) associated with the AT1 bond recognised directly in equity (in retained earnings) in line with IAS 32.

In addition, the economic result also reflects scenarios that cannot be reflected in IFRS accounting. These include the interest rate-induced and currency-induced valuation result of financial instruments recognised at amortised cost that are economically hedged using derivatives. This allows economic hedges that do not meet the criteria for hedge accounting under the IFRS to be fully reflected for internal management purposes. Provisions for management-related effects are also recognised in the economic result for business management purposes. This general provision for potential charges serves to cover potential risks that could materialise in the future, but which may not yet be reported under IFRS because they are not sufficiently substantiated. The general provision is recognised in the segment reporting under "Other". It is not allocated to the individual reporting segments.

There are also differences in how income and expense items are recognised for management reporting purposes on the one hand, and are to be presented in the IFRS consolidated financial statements on the other. The measurement and presentation differences between the economic result and total profit or loss before tax (IFRS) are shown in the segment reporting in a separate "Reconciliation" column. For further information, please refer to the explanatory information on the reconciliation column provided in this note.

In addition to the economic result, return on equity and the cost/income ratio are fixed components of internal management. At Group level, return on equity is defined as the ratio of the economic result to balance sheet equity and shows the return on the capital that has been invested in the Deka Group. For the purposes of operational management at business division level, the figure used for return on equity is the ratio of the economic result to regulatory capital employed. The cost/income ratio is an indicator of cost efficiency. The two management indicators – return on equity and the cost/income ratio – lead to a focus on profitability and efficiency, meaning that they directly support the strategic targets.

In addition, the asset management volume and the Deka certificate volume represent other key ratios for the operating segments. The total of the asset management volume plus the Deka certificate volume primarily comprises the income-relevant assets of the mutual and special funds under management (including ETFs) in the Asset Management Securities and Asset Management Real Estate business divisions, as well as Deka certificates issued by the Deka Group. Other components are the volume of direct investments in cooperation partner funds, the cooperation partner, third-party fund and liquidity portions of fund-based asset management as well as advisory/management mandates and master funds. The asset management volume also includes fund units of €0.3bn held as part of the proprietary portfolio (31 December 2022: €0.3bn). These mainly relate to start-up financing for investment funds.

Based on the definition of section 19(1) of the German Banking Act (*Kreditwesengesetz*, KWG), gross loan volume includes additional risk exposures such as underlying risks from equity derivative transactions and transactions for the purposes of covering guarantee payments on guarantee funds, as well as the volume of off-balance sheet counterparty risks.

The following segments are essentially based on the business divisional structure of the Deka Group, as also used in internal reporting. The segments are defined by the different products and services of the Deka Group.

Asset Management Securities

The Asset Management Securities reporting segment focuses on the active fundamental and quantitative management of mutual securities funds and special funds, advisory mandates and asset management products and services, passive exchange-traded funds and combinations of these forms of investment. This offering is rounded off by services covering all aspects of the fund value chain. These include, in particular, asset servicing, which is used by institutional investors to pool various asset classes in master funds. The Deka Group’s investment funds cover all major asset classes: equity, bond, money market and mixed funds, capital protected funds and combinations of these funds. A wide range of solutions for sustainable investments and engagement services is also offered. These include mutual fund solutions and individual services for institutional mandates. The range of quantitative asset management services is supplemented and expanded by the products and services offered by the fund manufacturer IQAM Invest GmbH, primarily for institutional customers.

Asset Management Real Estate

The Asset Management Real Estate reporting segment provides fund products and advisory services relating to real estate, infrastructure or real estate financing for the savings banks’ and other institutional investors’ customer and proprietary business. The product range includes open-ended mutual property funds, special property funds with either an open-ended or closed-ended structure, real estate and infrastructure funds of funds, credit funds that invest in real estate, infrastructure or transport financing, and residential property funds offered together with external partners that are experienced in this segment. In order to meet environmental and social criteria and to respond to investor requirements, sustainability aspects are taken into account in the fund and investment processes. In addition to portfolio management, risk management and development of property-related products, the segment also covers the purchase and sale of real estate and the management of such assets, including all other property- and fund-related services (property and fund management).

Asset Management Services

The Asset Management Services reporting segment provides banking and other services that complement the offerings of the asset management divisions. These range from supporting the sales departments with multichannel solutions to managing custody accounts for customers and offering custodial services for investment funds.

Capital Markets

The Capital Markets reporting segment is the central product, solution and infrastructure provider and service provider in the Deka Group's customer-focused capital markets business. It offers investment solutions to both savings bank retail customers and institutional customers and helps them to put their asset and risk management decisions into practice. With its range of services relating to securities repurchase transactions, securities lending and foreign exchange trading, the segment also acts as the central securities and collateral platform for the Savings Banks Association. In addition to its function as a commission agent for all relevant asset classes, it serves as a centre of competence for trading and structuring capital market products, for structured issues (Deka certificates and cooperation certificates), the debt capital markets business (third-party issues) and the syndication and placement of the Group's own and third-party loans. Institutional customers are provided with clearing services and support with the efficient fulfilment of regulatory requirements.

Financing

The Financing reporting segment is made up of real estate financing and specialised financing, including financing of the savings banks. Lending is taken onto our own statement of financial position via the banking book, as well as being packaged as an investment product for other banks and savings banks or other institutional investors via club deals or syndications. Priority is given to placements within the *Sparkassen-Finanzgruppe*. The specialised financing business concentrates on selected core segments, such as infrastructure financing, transport financing, financing covered by ECAs, public sector financing and savings bank financing. The legacy portfolio that was not consistent with DekaBank's strategy was wound down almost entirely in 2021. The portfolio was dissolved on 1 January 2022. Real estate financing relates mainly to commercial real estate and is focused on marketable properties in the office, logistics, retail and hotel segments in liquid markets in Europe and North America.

Other

The Other segment primarily comprises income and expenses that are not attributable to the reporting segments. These essentially comprise overheads, actuarial gains and losses resulting from the measurement of pension obligations, the bank levy and the deposit guarantee scheme, as well as a general provision for potential losses that are not directly allocable to any operating segment. The income and expenses of the Treasury function are allocated to the other segments on a source-specific basis and are therefore shown in the presentation of the economic result of the respective segments.

	Asset Management Securities		Asset Management Real Estate		Asset Management Services		Capital Markets	
	Economic result							
€m	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Net interest income	– 4.9	2.7	– 0.0	0.4	12.9	10.1	2.1	0.9
Risk provisions	–	–	–	–	0.2	– 0.1	–	–
Net commission income	984.3	967.7	366.0	334.6	222.0	224.1	49.8	53.8
Net financial income[1]	5.1	– 2.3	– 0.6	– 0.6	0.1	– 5.5	315.7	337.8
Other operating profit[2]	1.5	– 2.0	2.4	– 1.8	11.0	8.8	1.8	– 38.4
Total income without income distribution from Treasury function	**986.0**	**966.1**	**367.8**	**332.6**	**246.2**	**237.3**	**369.3**	**354.1**
Administrative expenses (including depreciation and amortisation)	447.3	411.3	179.9	166.7	257.1	238.7	212.4	193.2
Restructuring expense[2]	–	0.0	–	0.0	–	–	–	–
Total expenses	**447.3**	**411.3**	**179.9**	**166.7**	**257.1**	**238.7**	**212.4**	**193.2**
(Economic) result before tax excluding income distribution Treasury function	**538.7**	**554.8**	**187.9**	**165.9**	**– 11.0**	**– 1.4**	**156.9**	**160.9**
Income distribution of Treasury function	28.7	– 4.6	12.9	0.1	17.3	0.4	134.6	15.5
(Economic) result before tax	**567.4**	**550.3**	**200.8**	**166.0**	**6.3**	**– 1.0**	**291.5**	**176.4**
Cost/income ratio[3] in %	45.4	42.6	48.9	50.1	104.5	100.5	57.5	54.6
Return on equity before tax (balance sheet)[4] in %	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Return on equity before tax (regulatory)[5] in %	97.7	101.6	103.1	99.9	– 4.2	– 0.6	12.9	12.0
Risk-weighted assets	4,956	4,099	1,613	1,409	2,232	1,987	8,739	10,839
Total risk[6]	570	623	175	174	302	280	504	414
Gross loan volume	8,054	7,606	57	56	945	947	60,218	64,006
Total of Asset Management and Deka certificates volume	302,227	293,533	55,503	53,714	–	–	23,216	24,506

1) This includes the result from assets held for trading (trading book portfolio), the result from non-trading assets (banking book portfolio), the result from other financial investments as well as the result from repurchased own issues.
2) Restructuring expense are disclosed in the Group financial statements under Other operating profit.
3) Calculation of the cost/income ratio does not take into account the restructuring expense or risk provisions
4) The return on equity before tax (balance sheet) is calculated as the annualised economic result divided by the average adjusted equity (excluding additional Tier 1 capital (AT1) and adjusted for intangible assets). The average is calculated on the basis of the previous year's end-of-year financial statements and the most recent quarterly financial statements. From 2022 onwards, all quarters will be taken into account when calculating the average denominator.
5) The return on equity before tax (regulatory) is calculated as the annualised economic result (before allocation of income to the treasury function) in relation to the average regulatory equity. The average is calculated using the monthly risk-weighted assets multiplied by 13 percent (as the strategic target level of regulatory capital) starting at the end of the previous year.
6) Value-at-risk for risk capacity with confidence level of 99.9% and holding period of one year. Due to the diversification within market price risk the risk for the Deka Group are not cumulative.
7) No cost/income ratio is presented for the segment Other because as this is deemed of limited economic informative value.

Financing		Other		Deka Group		Reconciliation		Deka Group	
Economic result								Total profit or loss before tax (IFRS)	
31 Dec 2023	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
138.2	150.2	339.3	85.2	487.5	249.4	–144.0	–33.4	343.5	216.0
–121.4	–35.0	–5.6	–5.8	–126.8	–41.0	–	–	–126.8	–41.0
17.9	15.6	–3.5	–3.9	1,636.5	1,591.8	1.1	1.4	1,637.6	1,593.2
–1.7	–0.4	21.6	–52.4	340.2	276.5	227.3	13.9	567.5	290.4
1.0	0.9	–72.1	191.9	–54.4	159.5	51.2	–165.9	–3.3	–6.4
33.9	**131.3**	**279.6**	**215.0**	**2,282.9**	**2,236.3**	**135.6**	**–184.1**	**2,418.5**	**2,052.2**
80.9	77.9	133.7	163.8	1,311.4	1,251.5	–	–	1,311.4	1,251.5
–	–	–0.0	–0.0	–0.0	0.0	–	–	–0.0	0.0
80.9	**77.9**	**133.7**	**163.8**	**1,311.3**	**1,251.5**	**–**	**–**	**1,311.3**	**1,251.5**
–47.0	**53.4**	**145.9**	**51.2**	**971.5**	**984.8**	**135.6**	**–184.1**	**1,107.2**	**800.7**
91.2	75.2	–284.7	–86.7	–	–	–	–	–	–
44.2	**128.6**	**–138.7**	**–35.5**	**971.5**	**984.8**	**135.6**	**–184.1**	**1,107.2**	**800.7**
52.1	46.8	– [7]	– [7]	54.4	55.0				
N/A	N/A	N/A	N/A	15.8	17.0				
–3.9	4.1	–	–	–	–				
9,865	9,390	3,082	3,636	30,486	31,360				
458	496	753	656	2,553	2,488				
27,171	27,145	24,287	29,642	120,731	129,403				
–	–	–	–	380,947	371,753				

Reconciliation of segment results to the IFRS result

In principle, income and expenses are allocated on a source-specific basis to the relevant segment. Segment expenditure comprises direct expenses plus expenses allocated on the basis of cost and service accounting.

At €971.5m, the Deka Group's economic result in the 2023 reporting year was €135.6m lower than the total profit or loss before tax (IFRS) of €1,107.2m.

This difference can be attributed to the recognition of the change in the revaluation reserve before taxes in the economic result in the amount of €–30.3m (previous year: €157.0m). Of this total, €–28.0m (previous year: €167.1m) was attributable to the change in the revaluation reserve in connection with defined benefit pension obligations. The provision to cover potential risks that could materialise in the coming months remained unchanged as against the previous year at €–335.0m. In the current reporting year, this had an effect on the economic result of € 0.0m (previous year: negative effect of €–100m). The economic result also reflects a valuation loss of €–70.6m (previous year: valuation gain of €150.3m) from the interest rate-induced and currency-induced valuation of financial instruments recognised at amortised cost that are economically hedged using derivatives. The interest expense (accrued interest) associated with the AT1 bond in the amount of €–25.8m (previous year: €–27.0m) was also recognised in the economic result (see note [65] "Equity").

The reconciliation column also shows the differences in the presentation of income items between management reporting and the IFRS consolidated financial statements, mainly between net interest income and net financial income.

4 Segmentation by geographical markets

Income from corporate activities by geographical markets is presented below. Allocation to a segment is carried out on the basis of the location of the branch or Group company. Right-of-use assets under leases are also reported under long-term segment assets (see note [14] "Lease accounting").

	Germany		Luxembourg		Other		Total Group	
€m	2023	2022	2023	2022	2023	2022	2023	2022
Income	2,225.3	1,860.1	179.6	177.4	13.6	14.7	2,418.5	2,052.2
Total of profit or loss before tax	998.3	690.7	109.7	108.7	–0.8	1.3	1,107.2	800.7
Long-term segment assets[1]	488.6	482.0	20.1	24.7	21.2	23.7	529.9	530.4

[1] Long-term segment assets excluding financial instruments and deferred income tax assets

Accounting policies

5 General information

The accounting policies described were applied in a uniform and consistent manner to the reporting periods presented, with the exception of the changes referred to in this note and new accounting standards which were applied for the first time in the 2023 reporting year (see note [2] "Accounting standards applied for the first time and to be applied in future").

Income and expenses are recognised on an accruals basis. They are recorded and reported in the period to which they may be assigned in economic terms. Premiums and discounts are accrued in accordance with the effective interest rate method and reported in the same way as accrued interest within the balance sheet item in which the underlying financial instrument is reported.

IFRS accounting and measurement require discretionary decisions and estimates regarding forward-looking assumptions that are reflected at various points in these consolidated financial statements. These are made in accordance with the relevant standards and are assessed on an ongoing basis. They are based on historical experience and other factors, including expectations regarding future events that appear appropriate under the given circumstances. Risks and uncertainties regarding the extent to which future developments and results can be forecast arise, in particular, from the unpredictable global macroeconomic environment (interest rate levels and the outlook for economic growth in a number of economies). Further uncertainties affecting estimates may arise from geopolitical tension and disputes, the impact of which cannot be estimated reliably. Further explanatory information on the associated risks, exposures and effects, for example on the impairment of financial instruments and acquired goodwill, are set out in the Group management report, notes [33] and [47] "Risk provisions in the lending and securities business" and note [51] "Intangible assets and goodwill".

Where discretionary management decisions or estimates have a material impact on items or scenarios, these are explained in detail either in the section on accounting policies or in the notes to the relevant items.

In the case of the scenarios listed below, discretionary decisions or estimates, or a combination of the two, were required for accounting purposes:

- recognition of risk provisions in the lending and securities business and provisions for credit risks from off-balance sheet commitments (see notes [17], [33] and [47] "Risk provisions in the lending and securities business");
- fair value measurement of financial instruments (see note [67] "Fair value disclosures");
- recognition of pension obligations (see notes [26] and [60] "Provisions for pensions and similar commitments");
- impairment test for goodwill (see note [51] "Intangible assets and goodwill");
- recognition of other provisions and other liabilities (see notes [27] and [61] "Other provisions" and note [76] "Contingent liabilities and other obligations");
- lease accounting (see note [14] "Lease accounting"); and
- recognition of deferred taxes (see note [24] "Income taxes").

Changes in estimates that were made prospectively in the reporting year are set out in note [67] "Fair value disclosures".

The disclosures in accordance with IFRS 7.31-42 "Financial Instruments: Disclosures" on the nature and extent of risks arising from financial instruments, which also form part of the notes to the consolidated financial statements, are presented in the risk report as part of the Group management report, with the exception of the qualitative and quantitative disclosures on default risk in accordance with IFRS 7.35A-36 and disclosures on the maturity analysis in accordance with IFRS 7.39(a) and (b). Information on default risk is disclosed in the notes to the consolidated financial statements in notes [17] and [47] "Risk provisions in the lending and securities business", while information on the maturity analysis is provided in note [71] "Breakdown by remaining maturity".

6 Consolidation principles

Subsidiaries are companies that are controlled by DekaBank, either directly or indirectly. Assessment of whether DekaBank, as the parent company, is able to exert control over an entity, and hence whether that entity must be consolidated, is carried out by considering the following three criteria, all of which must be fulfilled:

- DekaBank has power over the entity, directly or indirectly, by means of voting rights or other contractual rights and hence has the current ability to direct the entity's relevant activities.
- DekaBank is exposed, or has rights, to variable returns from its involvement with the entity.
- DekaBank is currently able to use its power over the entity to affect these variable returns.

If DekaBank holds more than half of the relevant voting rights of an entity, either directly or indirectly, and these voting rights currently enable it to direct the relevant activities of that entity, then control is assumed. Potential voting rights are also taken into account when determining whether the relationship involves control, provided such voting rights are deemed to be substantial.

Under certain circumstances it is possible for control over another company to exist even when the Group does not hold the majority of the relevant voting rights, for instance by virtue of one or more contractual arrangements or statutory provisions. In assessing whether or not an entity must be consolidated, it is therefore necessary to take account of all the facts and circumstances involved. This includes considering the purpose and the relevant activities of the entity concerned.

This is particularly true in the case of structured entities designed such that voting rights or comparable contractual rights are not the dominant factor in determining who controls the entity.

For this reason, the Deka Group also includes structured entities (investment funds, loan financing operations and securitisation entities when considering which entities must be consolidated.

In assessing whether or not control exists, it is also necessary to verify, where appropriate, whether a principal-agent relationship exists. This is where power over the entity is held by an additional contractual party (agent) which exercises it on behalf of a principal, such that the principal has *de facto* control.

The Deka Group has power over investment funds it sets up and administers, which it exercises as an agent for all investors in these investment funds. As part of the start-up financing process, DekaBank holds units in the Group's own investment funds in order to make liquidity available to them. In such cases, control may arise if a significant proportion of the variable returns flow to DekaBank as an investor in the investment fund.

An entity is consolidated from the point in time at which the Group obtains control through the relevant majority voting rights or other contractual agreements, and ceases to be consolidated when there is no longer any potential for it to be subject to the Group's control. Subsidiaries are not consolidated if they are of minor significance for the presentation of the Group's financial position and financial performance.

DekaBank reviews its consolidation decisions at the end of every financial year, as well as on other occasions if required. The requirement for the Group to consolidate an entity is reviewed if voting rights or other decision-making rights arise as a result of contractual agreements or changes in financing, ownership or capital structures.

Changes in the percentage ownership of a subsidiary that do not result in a loss of control should be regarded as transactions between shareholders and recognised within retained earnings accordingly.

If the Deka Group loses control of a subsidiary, the subsidiary's assets and liabilities, and the carrying value of any non-controlling interests in the subsidiary that may exist, are derecognised. Any consideration received and any shares in the subsidiary that are retained are recognised at fair value. If a difference arises as a result of this accounting treatment, and this difference is attributable to the parent company, it is presented as a profit or loss within consolidated profit or loss. Other changes in equity with no impact on profit or loss recorded in previous periods are transferred to consolidated net profit or, if required by other IFRS, to retained earnings.

An associate is a company over which DekaBank exercises a significant influence. As a rule, significant influence is presumed if DekaBank holds between 20.0% and 50.0% of the voting rights, either directly or indirectly. Potential voting rights – either currently exercisable or convertible – are also taken into account in assessing whether significant influence exists.

Where less than 20.0% of the voting rights are held, the assessment of whether or not significant influence exists includes other factors, such as whether the Deka Group has the option to be represented on the management or supervisory boards of the relevant company, or whether there are significant transactions between the Deka Group and the relevant company. Where such rights are held by other companies, it is possible that DekaBank may be unable to exercise significant influence, even if it holds 20.0% or more of the voting rights.

The only type of joint arrangements, as defined in IRFS 11, that exist at the Deka Group take the form of joint ventures. Joint ventures are defined as arrangements where the parties exercise joint control through voting rights held by each of them in equal proportion. Joint ventures and associates are included in the consolidated financial statements using the equity method, unless they are of minor significance for the presentation of the financial position and financial performance of the Group. Where a company valued under the equity method uses different accounting policies, appropriate adjustments are made in line with IFRS rules for consolidated financial statements by means of a separate calculation.

Subsidiaries are consolidated using the acquisition method, whereby all assets and liabilities of the subsidiary are recognised at fair value from the date of acquisition or the date the Group obtains a controlling interest. Any positive difference between the acquisition price and the fair value of the assets and liabilities acquired is reported under intangible assets as goodwill. Goodwill is tested for impairment at least once a year, or more frequently if there are indications of a possible decrease in value. If it is established that goodwill is impaired, the goodwill is written down to the lower value (see note [51] "Intangible assets and goodwill"). Where third parties hold minority interests in the equity or earnings of subsidiaries of the Bank, these are reported separately as minority interests under equity and as profit attributable to non-controlling interests in the statement of profit or loss and other comprehensive income. Where third parties hold immaterial minority interests in investment funds and partnerships, and those third parties have a right to return their holdings at any time, the minority interests constitute debt capital from the Group's perspective and are thus reported under other liabilities.

Intra-Group receivables and liabilities are eliminated on consolidation, as are expenses, income and intercompany profits or losses arising from intra-Group financial and services transactions.

DekaBank's consolidated financial statements have been prepared in accordance with standard accounting policies throughout the Group.

Subsidiaries (affiliated companies and structured entities) included in the consolidated financial statements, subsidiaries (affiliated companies and structured entities) not included in the consolidated financial statements on grounds of immateriality, joint ventures, and associates are shown in the List of Shareholdings (see note [83] "List of shareholdings").

7 Scope of consolidation

Composition of the Deka Group

In addition to DekaBank as the parent company, the consolidated financial statements include a total of 11 (previous year: 12) domestic companies and 6 (previous year: 6) foreign affiliated companies in which DekaBank directly or indirectly holds the majority of the voting rights. The scope of consolidation also includes one (previous year: 3) structured entity that is controlled by the Deka Group.

The changes in the 2023 reporting year result from the disposal of SWIAT GmbH, Frankfurt am Main, in which DekaBank's stake was reduced in July 2023. SWIAT GmbH, Frankfurt am Main, has since been measured using the equity method as a joint venture. The two structured entities (special funds) A-DGZ 2-Fonds and DDDD-Fonds were liquidated in November 2023.

A total of 9 (previous year: 9) affiliated companies controlled by the Deka Group were not consolidated, because, taken both in isolation and as a whole, they are of minor significance for the presentation of the financial position and financial performance of the Group. The interests held in these subsidiaries are reported under financial assets at fair value (see note [48] "Financial assets at fair value"). Where they are of minor significance to the consolidated financial statements, structured entities are also not consolidated (see note [83] "List of shareholdings"). To determine their significance for the presentation of the financial position and financial performance of the Group, investment funds are assessed using both qualitative and quantitative criteria. Units in unconsolidated investment funds are recognised at fair value through profit or loss. These are shown on the balance sheet under financial assets at fair value (see note [48] "Financial assets at fair value").

8 Financial instruments

Recognition and derecognition of financial instruments

All financial assets and liabilities, including all derivative financial instruments, are recognised in the statement of financial position in accordance with IFRS 9. Spot purchases and sales (regular way contracts) are recognised on the settlement date. Valuation effects from spot purchases and sales measured at fair value which have a settlement date after the reporting date are recognised in profit or loss and reported under other assets or other liabilities.

Financial assets are derecognised if the contractual rights arising from the asset lapse, have expired or have been transferred to parties outside of the Group, such that the risks and rewards have been substantially transferred.

If an existing asset in the AC and FVOCI categories is modified, a check has to be performed to determine whether the modification is significant enough to result in the derecognition of the asset. The assessment to determine whether a modification is classed as significant is based on both qualitative and quantitative criteria. Qualitative indicators for a significant modification of the contractual cash flows include a change in the debtor or adjustments to key collateral items. A modification is also classed as significant if the adjustment results in a net present value difference of at least 10% between the original and the new financial asset. In this case, the original financial asset is deemed to have been disposed of, and the modified financial asset is considered to have been newly acquired. The difference between the two carrying values is recognised in profit or loss in the income statement item "Risk provisions in the lending and securities business". Any risk provisions previously set up are utilised.

An insignificant modification, on the other hand, merely results in an adjustment to the gross carrying value of the modified financial asset. The difference between the original contractual cash flows and the modified cash flows, discounted at the original effective interest rate, is recognised in profit or loss as a modification gain/loss in the income statement item net interest income or risk provisions in the lending and securities business. In cases involving a creditworthiness-related insignificant contractual modification, the first step involves utilising any risk provisions previously set up. Any difference remaining thereafter is recognised in the income statement item "Risk provisions in the lending and securities business". If, on the other hand, the insignificant contractual modification is a market-induced adjustment, the result is recognised in net interest income. Further information on insignificant modifications can be found in note [47] "Risk provisions in the lending and securities business".

Financial liabilities are derecognised when the principal has been repaid in full.

If an existing financial liability in the AC category is exchanged for a liability with the same borrower subject to fundamentally different contractual conditions, or if a financial liability in the AC category is substantially modified, the original liability is derecognised and a new liability recognised. The difference between the two carrying values is recognised in profit or loss.

Categorisation of financial instruments

Financial instruments are measured at fair value at the date of acquisition. The subsequent measurement of financial assets and liabilities is governed by the IFRS 9 measurement category to which they are allocated at the date of acquisition.

The classification rules under IFRS 9 provide for a classification model for assets that is based on the underlying business model and contractual cash flows.

The business model reflects how financial assets are managed in order to generate cash flows.

For classification purposes in accordance with IFRS 9, the Deka Group makes a distinction between the following business models:

"Held to collect":	Financial assets are held with the aim of collecting the contractual cash flows.
"Held to collect and sell":	Financial assets are held with the aim of both collecting the contractual cash flows and selling the financial assets.
"Residual":	This business model is used for financial assets that cannot be classified as either "held to collect" or "held to collect and sell".

Allocation to a particular business model is based on groups of financial assets (portfolios). The division between business models is based on the actual circumstances at the time of assessment. The factors taken into account include the following:

- the Group-wide business and risk strategy;
- the way in which the performance of the business model in the individual business divisions (and the financial assets held in these divisions) is evaluated and reported to the key management personnel of the Deka Group;
- the frequency, volume and timing of sales in previous periods, the reasons for those sales and expectations regarding future sales activity.

In this respect, it is ultimately the key management personnel of the Deka Group who are responsible for defining the individual business models.

Sales from "Held to collect portfolios" are not considered detrimental to the "Held to collect" business model if they are executed for specific reasons or are infrequent or insignificant (both individually and in the aggregate). Within the Deka Group, checks to ensure that sales from "Held to collect portfolios" are not considered detrimental are performed for each portfolio group. Both qualitative criteria and quantitative thresholds (both portfolio-based and results-based) have been defined for this purpose. In the Deka Group, this means, for example, that a sale of financial instruments due to a deterioration in the debtor's credit risk, or a sale shortly before an instrument reaches maturity (generating proceeds from the sale that are almost equivalent to the outstanding contractual cash flows) is not considered detrimental to an existing intention to hold.

Where a financial asset is allocated to the "held to collect" or "held to collect and to sell" business model, it is necessary to check at initial recognition whether the SPPI (cash flow) condition is met, in order to determine its measurement category under IFRS 9. In determining whether the contractual cash flows relate exclusively to payments of principal and interest, the contractual terms are to be analysed at the time of initial recognition at the level of the individual financial asset. In particular, this involves analysing contractual provisions that can change the timing or amount of contractual cash flows, such as contract renewal and termination options, variable or conditional interest payment agreements and agreements with rights of recourse to certain assets (known as "non-recourse financing").

The cash flow condition for non-recourse financing is reviewed as part of a review process comprising several stages within the Deka Group. The first step involves examining whether the financing arrangement could include a side agreement that is detrimental with regard to SPPI. This check is carried out irrespective of the type of financing. The second step involves identifying non-recourse financing. This category largely comprises financing of special purpose vehicles in which the Deka Group has a right of recourse only to the assets of the special purpose vehicle or cash flows from these assets to satisfy its claim. The cash flow condition is always met for financing arrangements like these if, based on an economic assessment of all of the information available, it is the credit risk, and not the borrower's investment risk, that dominates the financing arrangement in question. Within the Deka Group, factors such as the minimum rating in accordance with the credit risk strategy, the loan-to-value (LTV) ratio, additional collateral furnished and the borrower's capital resources are usually taken into account in this regard. Financing arrangements where full repayment of the loan is substantially dependent on how the value of the financed asset develops run contrary to the nature of a simple loan agreement, meaning that they are to be measured at fair value through profit or loss.

For the SPPI condition to be met, all contractual cash flows from the financial assets must solely represent payments of principal and interest, where the interest essentially represents consideration for the time value of money and the credit risk. In addition, basic lending arrangements can also include fees for other credit risks (such as liquidity risk), as well as costs associated with holding the financial asset for a specified period of time (such as service fees or administrative costs).

If the cash flow condition is met, the asset is measured at amortised cost if classified in the "held to collect" business model, or at fair value through other comprehensive income if classified in the "held to collect and sell" business model. Financial assets that are held for trading or classified in the "residual" business model are measured at fair value through profit or loss.

Explanation of the individual IFRS 9 measurement categories

Assets measured at amortised cost (AC)

Financial assets are allocated to this category if they belong to a portfolio with a "held to collect" business model and their cash flows solely comprise payments of principal and interest.

Financial assets in this category are measured initially at fair value. In subsequent periods, they are measured at amortised cost using the effective interest method. Interest income, impairments, profits/losses on disposal and currency translation effects are recognised in profit or loss. Impairment losses are calculated using the expected credit loss model under IFRS 9.

In the Deka Group, loans and securities are usually allocated to this category, provided that they are not purchased with the intent to resell or are held for liquidity management purposes and meet the SPPI condition.

Assets measured at fair value through other comprehensive income (FVOCI)

Financial assets are allocated to this category if they belong to a portfolio with a "held to collect and sell" business model and their cash flows solely comprise payments of principal and interest.

Assets in this category are measured at fair value on both initial and subsequent measurement. Changes in value are generally recognised in other comprehensive income (OCI) until the asset is either derecognised or reclassified. Interest income, impairments and currency translation effects, on the other hand, are recognised in profit or loss. Impairments are determined in accordance with the expected credit loss model under IFRS 9, in the same way as for financial assets measured at amortised cost. On derecognition or reclassification, the cumulative gain or loss recognised in other comprehensive income (OCI) is reclassified to profit or loss.

In the Deka Group, securities (debt instruments) held for liquidity management purposes are classified in this category.

In addition, where an equity instrument is not held for trading, an irrevocable election may be made at initial recognition to measure it at fair value through other comprehensive income. This option is currently not exercised in the Deka Group. Equity instruments are thus always measured at fair value through profit or loss. Equity instruments that are held for trading must generally be measured at fair value.

Assets measured at fair value through profit or loss (FVTPL)
Financial assets held for trading are classified in this category.

Financial assets are also classified in this category if they are not held for trading but also do not fall under the "held to collect" or "held to collect and sell" business models. In addition, financial assets not held for trading are also measured at fair value through profit or loss as a mandatory requirement if they are held within the "held to collect" or "held to collect and sell" business model but do not meet the SPPI condition.

It is also possible to assign financial assets (excluding debt instruments) irrevocably to this category upon acquisition if doing so eliminates or significantly reduces a measurement or recognition inconsistency (an "accounting mismatch"). The Deka Group does not currently make use of this option under IFRS 9.

Such assets are measured at fair value through profit or loss both on initial recognition and in subsequent periods.

In the Deka Group, securities, receivables and all derivatives (which are not designated as hedges), holdings in unconsolidated subsidiaries, joint ventures and associated companies not included using the equity method, as well as other equity investments, are normally allocated to the FVTPL category.

Liabilities measured at fair value through profit or loss (LFV)
Within this category, a distinction is made between financial liabilities allocated to the trading portfolio upon acquisition and those which are irrevocably designated at fair value (provided that certain conditions are met) (fair value option). Financial liabilities in this category are generally measured at fair value through profit or loss.

Financial liabilities are classified as part of the trading portfolio if their focus is on generating a profit in the short term combined with customer-oriented product design.

Liabilities designated at fair value arise through the exercise of the fair value option under IFRS 9. Financial liabilities are designated at fair value if they are managed as a unit on a fair value basis in accordance with the Bank's documented risk management strategy. Both the risk and the results thereof are determined on the basis of fair values and reported to the Board of Management. Exercising the fair value option results in this case in the harmonisation of economic management with the presentation of the financial position and financial performance. In addition, the fair value option is exercised for financial liabilities in order to avoid the potential obligation to separate embedded derivatives and to eliminate or significantly reduce measurement or recognition inconsistencies (accounting mismatches).

Changes in the fair value of designated liabilities that result from changes in own credit risk are not to be recognised in profit or loss but should instead be recognised in other comprehensive income (OCI). However, this will not be the case if a measurement or recognition inconsistency would be created or enlarged as a result. Upon disposal, the cumulative changes in value recognised in other comprehensive income (OCI) cannot be reclassified to profit or loss (known as "recycling"). By contrast, reclassification from other comprehensive income (OCI) to retained earnings is possible. This means that effects from the Deka Group's own credit risk are generally not recognised in profit or loss.

The Bank calculates the change in value arising from changes in creditworthiness – irrespective of whether this is recognised in profit or loss or in other comprehensive income – as the difference between the result based on full fair value measurement and the result from measurement based on swap rates for the relevant issue currency, plus the spread which applied at the time of sale in the market for similar liabilities. The valuation result arising from changes in creditworthiness during the reporting period is calculated as the movement in this difference relative to the nominal value as at the reporting date. This calculation method takes into account all relevant available data for determining the change in value of the designated financial instruments arising from changes in creditworthiness and is therefore appropriate.

Liabilities measured at cost (LAC)
This category comprises those financial liabilities, including securitised liabilities, that are not measured at fair value through profit or loss. They are stated at amortised cost using the effective interest method. In cases involving liabilities that can be terminated, are not subject to mandatory separation and are measured at amortised cost, the probability of exercising the right of termination is taken into account when determining the amortised cost.

Other financial instruments
The guarantees issued by DekaBank are financial guarantees. In accordance with IFRS 9, liabilities from financial guarantees are recognised at DekaBank at their fair value at the time of commitment. At inception, recognition at fair value generally results in an amount of zero being recognised, as the net present value of the claim from the future premium payments matches the present value of the assumed performance obligation (any payment obligation) (this is known as net presentation). Net presentation means that the guarantor does not adjust the fair value from initial recognition; instead, the incoming premium payments are recognised as commission income in profit and loss. In the context of subsequent measurement, the obligation is measured at the amount from the valuation allowance or the amount originally recognised, whichever is higher. The nominal amount of the guarantees in place as at the reporting date was €120.6m (previous year: €119.8m).

9 Fair value measurement of financial instruments

Fair value is deemed to be the amount that would be received on the sale of an asset or paid for the transfer of a liability in an arm’s length transaction between market participants at the measurement date.

The fair value of financial instruments is determined on the basis of market prices or observable market data as at the reporting date and by using generally recognised valuation models.

Where no prices are available on an active market, valuation models are used that are considered appropriate for the financial instruments in question. Observable market data is always used as the basis where available. However, the availability of observable stock market prices, valid prices or market data varies depending on the financial instrument and can change over time. Furthermore, the valuation models are periodically readjusted and validated as required. Depending on the financial instrument and market situation, it may be necessary to include assumptions and estimates made by the Bank in the valuation. The Bank is also responsible for selecting suitable modelling techniques and appropriate parameters and assumptions. The assumptions underlying financial valuation models can have a considerable effect on the fair value determined. Where there are no prices from active markets, the fair value is therefore deemed to be the model value as at the reporting date, which reflects a realistic estimate of how the market would be likely to value the financial instrument.

The Deka Group uses significant unobservable inputs in the valuation model for less structured trading issues and in the corresponding economic hedging derivatives. In cases involving these financial instruments, the Deka Group recognises the difference between the fair value as at the reporting date and the transaction price in the carrying value of these financial instruments. Gains/losses are recognised over the average term of the financial instruments in question (see note [67] “Fair value disclosures”).

Where bid and ask prices are available for assets and liabilities, the provisions of IFRS 13 state that the price to be used to determine the fair value is that which best reflects the fair value within the bid-ask spread, with the use of mid-market pricing being an acceptable valuation convention. DekaBank generally measures financial instruments at mid-market prices. For illiquid financial instruments assigned to level three of the fair value hierarchy, bid-ask adjustments are taken into account.

Furthermore, the Bank takes credit valuation adjustments (CVAs) or debit valuation adjustments (DVAs) into consideration when measuring OTC derivatives in order to allow for its own credit risk or that of counterparties, unless these are already included elsewhere in the valuation model. If netting agreements exist for counterparties, the calculation is performed based on the net exposure at counterparty level. In other cases, the calculation is performed on the basis of the individual exposures. The Deka Group takes a funding valuation adjustment (FVA) into account, which represents the implicit market refinancing costs for uncollateralised derivative positions. The maturity structure of funding is thus considered to be an important component of fair value for uncollateralised derivatives.

Furthermore, the Deka Group recognised a margin valuation adjustment (MVA) at counterparty level when determining the fair value of derivatives for the first time in the reporting year. The MVA is used to reflect the expected future funding costs from initial margin payments in net present value terms. The MVA is taken into account in pricing and, as a result, also in the valuation carried out independently of trading activities. The MVA has the same form as the FVA, namely that of collateralisation costs over the entire term of the derivative for the initial margin.

10 Hedge accounting

The Deka Group enters into derivatives both for trading purposes and hedging purposes. Please refer to the risk report for a description of the overall risk management strategy. Derivatives entered into for hedging purposes can be treated, together with qualifying underlying transactions, as a hedge accounting item (hedge accounting) under certain conditions. The Group applies the general hedge accounting provisions set out in IFRS 9 to present hedges.

In the banking book, in line with its strategic orientation, the Deka Group mainly executes transactions involving interest-related products for which a significant part of the change in market value in the transaction currency results from the interest component. General interest rate risks are systematically hedged against market fluctuations. Interest rate swaps, in particular, are used to manage this risk.

General interest rate risks result from changes in currency-specific benchmark yield curves (usually swap curves) and their volatility. The fixed interest rate on a position may deviate from the relevant market interest rate due to future market developments, resulting in changes in the value of the financial product. For example, the value of a purchased fixed-rate bond decreases when the market interest rate rises. Changes in the risk profile of the banking book are monitored, as part of the risk management system, using sensitivity indicators and are hedged in line with the targeted interest rate position, unless the interest rate risks already offset each other within the primary banking business on the assets and liabilities side. The hedging instrument position used to manage the interest rate risk is continuously adjusted to reflect changes in the interest rate risk. In general, the Deka Group strives to ensure matching parameters such as maturity and repayment structure when using derivative hedging instruments to hedge underlying transactions. The risk of interest-rate induced market price changes for fixed-interest asset items is offset by concluding what are known as payer swaps (the Deka Group pays fixed interest and receives variable interest). In cases involving fixed-rate items on the liabilities side, the Deka Group uses receiver swaps to hedge the risk (the Deka Group pays variable interest and receives fixed interest).

In addition to interest rate risks, the Deka Group’s primary banking transactions also give rise to currency risks, namely when the currency transactions in a foreign currency on the assets side and liabilities side do not offset each other in terms of their amount and maturity. In these cases, derivative and primary currency hedging transactions are executed to limit the currency risks and maturity mismatches as part of the Deka Group’s macro management activities.

The currency risk arises from potential changes in exchange rates for those foreign currencies in which the Deka Group executes primary banking transactions. If the value of the foreign currency falls against the euro, this reduces the value of the foreign currency asset item in euros. If, in such cases, there are no, or only insufficient, primary financing funds available in the relevant foreign currency, the Deka Group uses cross-currency swaps, for example, in which the Bank receives euros and pays in a foreign currency, for hedging purposes as part of its macro management activities.

Fair value hedges for interest rate risks

In order to be able to reflect the interest rate risk management approach described above on the balance sheet, the Deka Group sets up targeted hedges on the face of the balance sheet. The main objective pursued by setting up and cancelling these hedge accounting relationships is to largely avoid the inconsistent interest-driven measurement of balance sheet assets and liabilities. In order to achieve this objective, there is no need to designate all risk positions as hedge accounting relationships, as some of the transactions offset each other with regard to the measurement of interest rate risk. The hedges to be designated are determined as part of a dynamic process. The hedges designated in the Deka Group as part of this process exclusively comprise micro fair value hedges of the swap curve risk.

Hedge accounting relationships have to be documented individually at the time they are established. The main items documented are the identification of the hedged item and the hedge, as well as the type of risk hedged. In addition, IFRS 9 requires prospective testing of hedge effectiveness on an ongoing basis, i.e. an assessment to determine whether changes in the value of the hedged item and the hedging instrument can be expected to substantially offset each other in the future. The Deka Group uses regression analysis to demonstrate prospective effectiveness. If, at any given point in time, a hedge is no longer classified as effective based on the prospective effectiveness test, it is reversed. Hedges also have to be reversed if the underlying or hedging transaction is derecognised in the balance sheet, if the risk management objective changes or if credit risk dominates the changes in value of the hedged item and hedging instrument. Ultimately, it is virtually impossible for the credit risk on the hedging transaction side to dominate the changes in value, as Deka only uses hedging transactions in hedge accounting that are either concluded with a central counterparty (CCP) or are secured bilaterally in the interbank business. The credit support annexes with partner banks are structured in such a way that the thresholds are zero and the collateral is provided as cash collateral in EUR.

For interest rate fair value hedges, changes in the value of the underlying transaction that are attributable to the hedged risk are included in the “Profit or loss from fair value hedges” along with the offsetting change in the fair value of the hedge. For those currencies that were switched over to risk-free rates as part of the LIBOR transition, the hedged interest component of the underlying transactions is calculated as the change in the fair value of the underlying transaction due to a change in the risk-free rate swap curve for the matching currency. For all other currencies, the hedged interest component of the underlying transactions is calculated as the change in the fair value of the underlying transaction due to a change in the currency-specific 3-month interbank offered rate-based swap curve. The valuation spread (compared with the swap rate) on the side of the underlying transaction at the time the hedge is established is kept constant over the entire term of the hedge. The change in value in relation to the hedged interest rate risk (swap curve) – where appropriate together with the gains or losses from currency translation in cases involving foreign currency transactions – generally accounts for the bulk of the change in the value of the underlying transaction due to market price risk.

There is a close economic relationship within the meaning of IFRS 9 between the designated hedged items and the hedging transactions, as the currency-specific swap rate or, for those interest rate benchmarks that have already been switched over, the currency-specific risk-free rate swap rate, is both an important component in the pricing of the originally valued hedged items and the underlying of the hedging transactions with matching maturities.

Since the hedging transactions are not associated with a basis risk, within the meaning of IFRS 9, that could be systematically counteracted by rebalancing the hedge ratio, one unit of a designated interest rate fair value hedge generally also hedges one unit of a hedged item.

Within the context of interest rate fair value hedge accounting, medium and long-term lending, securities and issuing transactions are designated as underlying transactions. The financial assets designated as underlying transactions have the measurement categories AC and FVOCI, while financial liabilities designated as underlying transactions have the measurement category LAC. The underlying transactions hedged using fair value hedges are shown in the same balance sheet item as non-hedged transactions. The carrying value of the interest rate-hedged underlying transactions in the AC and LAC measurement categories is adjusted to reflect the change in fair value attributable to the hedged risk (known as a hedge adjustment). The derivatives used in fair value hedges are shown on the balance sheet under "Positive market values of derivative hedging instruments" or "Negative market values of derivative hedging instruments".

For those currencies for which the hedged risk is not the risk-free rate (but rather a tenor-specific swap curve), the expected ineffectiveness in the interest rate fair value hedges results primarily from the difference in discounting between the underlying and hedging transactions. This arises because the derivative hedging transactions secured by cash collateral are measured on the basis of risk-free rate swap curves, whereas the underlying transactions are measured on the basis of tenor-specific swap curves (meaning that changes in the tenor basis spread between the tenor-specific swap curve and the risk-free rate swap curve result in hedge ineffectiveness). Another reason for expected ineffectiveness lies in the potential fair value of the reference interest rate component of the variable sides of the derivative hedging transactions on the reporting date. Where the hedged risk is the risk-free rate swap curve, the expected ineffectiveness is lower.

Fair value hedges for currency risks

The Deka Group recognises the macro currency hedging strategy described above by designating currency fair value hedges using what is known as a bottom layer hedge designation, which is one of the group hedges under IFRS 9. This type of designation involves designating the bottom layer of the underlying transactions as a whole, together with the associated cross-currency swaps, as a currency fair value hedge for each designated currency.

Within the Deka Group, the group of underlying transactions as a whole, in the meaning referred to above, comprises financial assets in the AC and FVOCI measurement categories. On the product side, loan receivables and securities are included. The cross-currency swaps concluded as part of the Deka Group's macro management activities are designated as hedging transactions, with their currency basis element being excluded in each case from designation as "hedge costs". The changes in the fair value of the cross-currency swaps that are attributable to the currency basis element are recognised in other comprehensive income (or on a cumulative basis in the revaluation reserve for currency fair value hedges, which forms part of cumulative OCI) for as long as hedge accounting continues to apply. The other changes in the value of the designated cross-currency swaps are recognised in the profit or loss from fair value hedges, together with the spot rate-related change in value of the underlying transactions. The changes due to the hedged risk (spot rate-related changes in value) of the underlying transactions – together with any interest-rate-related changes in the present value of fixed-interest transactions – account for the majority of the changes in value of the underlying transactions due to market price risk.

The Deka Group's currency management system does not currently involve hedging any currency using hedges in another, highly correlated currency. This means that the accounting hedges set up all share one feature: the currency of the underlying and hedging transactions are always identical (there are no basis risks within these hedges).

Consequently, there is always a close economic relationship, within the meaning of IFRS 9, between the designated underlying transactions and the hedging transactions. As a result, one hedged currency unit is always hedged by one currency unit derivative. This hedge ratio of 1:1 continues to apply over time, as the lack of basis risk means it does not need to be recalibrated in line with IFRS 9.

Within the Deka Group, the prospective effectiveness of currency fair value hedges is tested both initially and on an ongoing basis using the critical term match method, in which the critical terms of the underlying transaction and the hedging instrument (currency, nominal value and maturity) are compared against each other. As soon as the credit risk dominates the changes in value of a financial asset used as the underlying transaction, the asset is excluded from the group of underlying transactions as a whole. There are always bilateral collateral agreements in the interbank business for the CCY swaps included in currency fair value hedge accounting. As a result, a scenario in which the credit risk dominates on the hedging transaction side is virtually ruled out. A hedge is to be dissolved on a pro rata basis in the event of overhedging.

Even if the critical terms of the underlying transaction and the hedging transaction match, the currency fair value hedges can be expected to show a certain degree of ineffectiveness over time. This is because, even after separating the currency basis element, the two variable legs of a cross-currency swap used as a hedging instrument show an interest rate valuation result on the reporting date, whereas the underlying transaction is only measured at the spot rate. In cross-currency swaps that exchange risk-free rates for one another, the expected ineffectiveness from the interest rate measurement is close to zero.

The balance sheet presentation of the currency-hedged underlying transaction does not differ from that of non-hedged transactions. The hedging transactions are shown on the balance sheet under "Positive market values of derivative hedging instruments" or "Negative market values of derivative hedging instruments".

Apart from the two types of fair value hedges referred to above, the Deka Group does not use any other form of hedge accounting (in particular, there is no hedge accounting for anticipatory transactions at Deka). Note [39] "Profit or loss from fair value hedges", note [49] "Positive market values of derivative hedging instruments", note [59] "Negative market values of derivative hedging instruments", note [66] "Result by measurement category" and note [72] "Further information on hedge accounting" provide detailed quantitative information on fair value hedges for interest rate risks and currency risks.

11 Structured products

Structured products are financial instruments composed of a host contract and one or more derivative financial instruments (embedded derivatives), whereby the embedded derivatives constitute an integral part of the contract and cannot be traded separately. If the host contract is a financial asset under IFRS 9, the embedded derivative must be accounted for together with the host contract under IFRS 9. The assessment of the contractual cash flow characteristics criterion of a structured financial asset is applied accordingly to the entire financial asset, including the embedded derivative.

Embedded derivatives whose host contract is not a financial asset under IFRS 9 must be separated from the host contract subject to the following conditions and accounted for as standalone derivatives:

- the structured financial instrument is not already measured at fair value through profit or loss;
- the economic characteristics and risks of the embedded derivative do not show any close relationship with the economic characteristics and risks of the host contract, and

- the contractual standards of the embedded derivatives, if they were treated as independent financial instruments, would meet the criteria for a derivative.

There are two reasons why DekaBank does not recognise any structured instruments subject to mandatory separation (in the reporting year as in the previous year) at present. First, DekaBank issues structured financial instruments that have to be measured at fair value through profit or loss as a whole under the IFRS categorisation rules anyway, meaning that separation is not mandatory. Second, DekaBank issues structured financial instruments that are measured at amortised cost under the IFRS categorisation rules, but whose embedded derivatives have the close relationship with the economic characteristics and risks of the host contract that is required for uniform accounting (for example, termination rights in callable fixed-income bond liabilities), meaning that these transactions do not have to be separated either.

12 Currency translation

Currency translation in the Deka Group is carried out in accordance with IAS 21. All monetary foreign currency items and pending spot foreign-exchange transactions are converted using the mean spot rate as at the reporting date. Realised and unrealised gains and losses from currency translation are included in "Trading profit or loss" in the income statement to bring the gains and losses from currency translation into line with the amounts recognised resulting from the related currency-specific transactions (derivatives) that hedge these monetary assets and liabilities.

Non-monetary items are converted in accordance with their applicable valuation standard: Non-monetary items valued at amortised cost are converted at the rate applicable at the time of initial recognition (historical rate). Non-monetary items carried at fair value are converted at the year-end closing rate in the same way as monetary items.

Realised expenses and income are translated at the spot rate that applies at the time they are realised.

The financial statements of foreign subsidiaries prepared in a foreign currency are converted using the modified closing rate method. All assets and liabilities are converted at the rate prevailing on the reporting date. The items in the statement of profit or loss and other comprehensive income are converted using the arithmetic mean of the month-end exchange rates during the reporting year. With the exception of the revaluation reserve (converted using the rate prevailing on the reporting date) and the total profit or loss for the year (from the statement of profit or loss and other comprehensive income), equity is converted on the basis of historical exchange rates at the time of acquisition by the Group. The resulting translation differences are posted under equity in the currency translation reserve.

13 Genuine repurchase agreements and securities lending transactions

The Deka Group engages in both genuine securities repurchase agreements and securities lending transactions.

Genuine repurchase agreements are contracts transferring securities in return for consideration, in which it is agreed at the same time that the securities must subsequently be transferred back to the pledgor in return for payment of a sum agreed in advance. The pledgor continues to account for the transferred securities in the previous measurement category, as the principal risks and rewards of ownership are not transferred. A liability for the pledgor or a receivable for the pledgee is accounted for in the amount of the cash sum received or paid, respectively. Provided the IAS 32 netting criteria are met, receivables and liabilities from genuine repurchase agreements are offset against one another and recorded on the balance sheet on a net basis under assets due from banks or customers, or liabilities due to banks or customers.

The term "securities lending" means transactions where securities are transferred by the lender to the borrower with the obligation that the borrower, upon expiry of the agreed time, will transfer back securities of the same type, quality and quantity and will pay a consideration for the term of the loan. The securities loaned are treated for accounting purposes in the same way as genuine repurchase agreements. Collateral must generally be provided for securities lending transactions. Cash collateral is reported on the lender's balance sheet as a liability and in the balance sheet of the borrower as a receivable. Collateral provided by the borrower in the form of securities continues to be carried in the accounts of the borrower.

Lending and repurchase agreements are carried out under the conditions usual for the market. Transactions are either subject to the clearing conditions of the respective central counterparty, or are conducted using the standard German or international framework agreements. The securities transferred may in principle be resold or re-pledged by the recipient, provided no contractual agreement or regulation exists that would prevent this. In the event of the sale of borrowed securities or collateral, the resulting short position is reported under financial liabilities at fair value.

Income and expenses from repurchase agreements and securities lending transactions in the trading book are reported under trading profit or loss, while income and expenses from banking book portfolios are reported under net interest income.

Forward repos constitute forward contracts as per IFRS 9 and are treated as derivatives from the trading date until the settlement date. Changes in the fair value of forward repos are recognised accordingly in trading profit or loss.

14 Lease accounting

Under IFRS 16, leases are recognised in the lessee's balance sheet as a lease liability and a right-of-use asset at the time at which the underlying asset is made available to the lessee.

An agreement is, or contains, a lease if it gives Deka Group the right to control the use of an identified asset for a defined period of time in exchange for consideration. The Deka Group is considered to control the use of the asset if it has the power to decide on the nature and purpose of the asset's use throughout the term of the agreement.

The Deka Group as lessee
Lease liabilities are recognised at the present value of future lease payments. When determining the minimum lease payments, particular consideration must be given to variable lease payments that depend on an index or rate. The amounts expected to be payable under residual value guarantees also have to be estimated. Lease payments are divided into their lease and non-lease components (usage-based ancillary costs or service charges).

Discounting is based on the interest rate implicit in the lease, if this can be determined; otherwise, discounting is based on the lessee's incremental borrowing rate.

The term of the lease is determined by the non-cancellable period of the lease as defined in the contract, taking into account extension options or termination rights that are to be included in the assessment. Purchase options also have to be taken into account. This means that, for accounting purposes, the term of a contract is to be taken into account beyond the non-cancellable term if it is reasonably certain that an extension option will be exercised or that a termination or purchase option will not be exercised.

At the commencement of the lease, the right-of-use asset essentially corresponds to the lease liability. Recognition of the right-of-use asset must take into account directly attributable initial costs and lease payments made prior to the provision of the underlying asset; any lease incentives received must be deducted.

During the term of the lease, the lease liability is calculated as at each reporting date by discounting the outstanding lease payments, and the resulting interest expense is recognised in profit or loss. For the purposes of subsequent measurement within the Deka Group, the right-of-use asset is measured at amortised cost and is depreciated on a straight-line basis, through profit or loss, over the shorter of the useful life or the contractual lease term. Impairment losses in excess of amortised cost are immediately recognised as write-downs.

The right-of-use assets are shown in the balance sheet under property, plant and equipment and the lease liabilities are shown under other liabilities. Within the Deka Group, the interest expense resulting from the lease liability is shown under other operating profit and the depreciation and impairment expenses for the right-of-use asset are shown under administrative expenses.

In the case of short-term leases or leases of low-value assets, the lessee can opt not to recognise the right-of-use asset and the corresponding lease liability on the balance sheet. Lease payments for these contracts are recognised as expenses on a straight-line basis over the lease term as a general rule.

As at the reporting date of 31 December 2023, the Deka Group had rental and lease agreements for office properties, motor vehicles and plant and equipment. The rental agreements for office properties are generally concluded for fixed terms of five to twenty years. The lease term for motor vehicles is three to four years, while plant and equipment are leased for five years on average.

The Deka Group as lessor
As at the reporting date of 31 December 2023, there were no leases in place where companies in the Deka Group acted as lessor.

15 Revenue from contracts with customers

In the Deka Group, revenue is generally realised when the performance obligation is deemed to have been fulfilled. A performance obligation is normally considered to have been fulfilled when the service has been rendered.

If a service has already been rendered for which payment has not yet been made, a contract asset is recognised in the balance sheet. Conversely, a contract liability has to be recognised if the customer has already made the payment or if the Bank has an unconditional right to payment before the service has been rendered.

In the Deka Group, a receivable is recognised as and when the service is provided, as this is the point at which consideration becomes unconditional and the only thing standing in the way of performance is the period of time until the payment falls due. Fees and commission that arise over time in Asset Management are generally settled on a monthly or quarterly basis, meaning that the uncertainty with regard to the variable consideration is resolved at the end of each month or quarter. Contract assets and receivables are generally subject to the impairment provisions set out in IFRS 9.

As at the balance sheet date of 31 December 2023, the Deka Group had no contract assets or contract liabilities from contracts with customers in its portfolio.

In the Deka Group, there are no material contracts with customers in which the Deka Group is involved in the provision of services as an agent. As a rule, there are no contracts with more than one performance obligation either.

The contracts concluded with customers within the Deka Group do not contain any significant financing components, as the period between the provision of the service and payment does not generally exceed twelve months.

Costs incurred in initiating a contract are recognised as an immediate expense because the amortisation period does not exceed one year.

In the Deka Group, fees and commission falling within the scope of IFRS 15 arise, in particular, in connection with the asset management of investment funds and in connection with capital market and lending business activities. These are reported under net commission income (see note [34] "Net commission income").

16 Amounts due from banks and customers

The items due from banks and due from customers principally include loans granted, non-negotiable bearer and registered bonds, demand deposits, call money and time deposits. Paid cash sums and cash collateral from genuine repurchase agreements or securities lending transactions are also reported as receivables. Receivables are generally assigned to the IFRS 9 measurement category "Assets measured at amortised cost" if they meet the necessary classification criteria (see note [8] "Financial instruments"). Receivables in this category are measured at amortised cost using the effective interest rate method. In addition, the amortised cost has to be adjusted to reflect the expected losses calculated using the IFRS 9 expected credit loss model (see note [17] "Risk provisions in the lending and securities business").

Income from interest payments on amounts due from banks and customers is reported in net interest income. Income from the sale of receivables is recognised in the item "Net income from the derecognition of financial assets measured at amortised cost".

The measurement rules set out in note [10] "Hedge accounting" apply to receivables that are subject to fair value hedges.

17 Risk provisions in the lending and securities business

In the Deka Group, risk provisions are recognised in the amount of the expected losses (expected credit loss model) for financial instruments measured at amortised cost or at fair value in other comprehensive income. These also include loan commitments that fall within the scope of IFRS 9 and financial guarantee contracts, unless they are measured at fair value through profit or loss.

Tiered concept
Under the expected credit loss model, financial instruments have to be allocated to one of three "stages" depending on their credit quality in order to calculate the risk provisions for loan losses. The stage to which an asset is allocated affects the size of the risk provisions to be set up for that asset.

IFRS distinguishes between the following three stages:

Stage 1: Loss allowances are recognised in the amount of the expected loss for the next twelve months, unless the risk of default has significantly increased.
Stage 2: Loss allowances are recognised in the amount of the expected loss over the entire remaining life of the financial instrument if the risk of default has increased significantly.
Stage 3: Loss allowances are recognised based on the recoverable cash flows on the assumption that a loss event has already occurred.

Financial instruments that are not already impaired upon initial recognition are generally allocated to stage 1 and risk provisions are recognised in profit or loss in the amount of the expected loss for the next twelve months. If the default risk has significantly increased since the financial instrument was acquired, it is allocated to stage 2 and the lifetime expected credit loss is recognised in profit or loss. If indications exist that creditworthiness is impaired, the instrument is to be transferred to stage 3 and the expected loss for the remaining lifetime of the instrument is also recognised in profit or loss.

Within the Deka Group, significant increases in default risk since the addition of a financial instrument are assessed on the basis of quantitative and qualitative criteria, as well as based on the assessments performed by the units and committees responsible for early risk identification. A significant risk increase is assumed where the credit rating has dropped by a specified amount relative to the initial rating on the first balance sheet date, or where the exposure has been classified as requiring intensive support. A loan is classified as requiring intensive support, in particular, in cases involving non-compliance with contractual agreements providing concrete indications of an acute threat to debt servicing capabilities in the long term, as well as in the event of certain rating downgrades or repayment deferrals if the circumstances of the individual case call for intensive support.

The 12-month probability of default is used to assess the rating downgrade and adequately reflects the change in the risks expected over the remaining term of the asset. Adequacy was verified by performing a further analysis.

In addition, for financial instruments where payment is more than 30 days overdue, a check is also made as to whether the presumption of a significant increase in default risk can be rebutted. This involves an analysis of the individual case, which is submitted to the Monitoring Committee so that a decision can be made. If the assumption of a significant increase in default risk cannot be refuted, these transactions are also assigned to stage 2.

For securities measured at fair value through other comprehensive income (FVOCI), the Deka Group makes use of the relief provided under the standard, whereby a test for significant risk increase may be dispensed with for instruments with a low risk of default. These exclusively comprise securities held in the liquidity reserve, which must satisfy strict requirements as to credit quality and liquidity. These securities generally have at least an investment grade rating.

If there is objective evidence that a loss event has already occurred, the financial instrument should be allocated to stage 3. Indications of impaired creditworthiness are:

- significant financial difficulty of the issuer or debtor,
- an actual breach of contract, such as a default or past-due event,
- concessions granted by the lender to the debtor for economic or contractual reasons in connection with the debtor’s financial difficulties that the creditor would not otherwise consider,
- a high probability that the borrower will enter bankruptcy or other financial reorganisation,
- the disappearance of an active market for the financial asset because of financial difficulties, and
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

In the Deka Group, the definition of default applied for the purposes of allocation to stage 3 is based on the regulatory definition of default. Accordingly, financial assets are deemed to have defaulted if:

- it is considered unlikely that a debtor will settle its liability in full without recourse to the realisation of collateral, or
- a material liability of the debtor is more than 90 days past due.

Separate provisions apply to financial assets that already show indications of an impaired credit rating upon initial recognition (POCI). The classification of a financial instrument as a POCI asset upon initial recognition must be maintained until its disposal, irrespective of how its default risk develops. For these financial assets, risk provisions are not set up at the time of initial recognition, but rather in subsequent periods in the amount of the change in lifetime expected losses. When determining the expected credit losses, the expected cash flows are discounted using the credit risk-adjusted effective interest rate.

Transfers back from stage 2 to stage 1 or from stage 3 to stage 2 or 1 are made if the indicators of a significant increase in default risk or impaired creditworthiness no longer apply on the reporting date.

In stages 1 and 2 of the impairment model, interest income is recognised on the basis of the gross carrying value – i.e. the amortised carrying value before risk provisions. If the asset is transferred to stage 3, interest income is recognised in subsequent periods on the basis of the net carrying value – i.e. the gross carrying value less risk provisions.

If the contractual cash flows of a financial asset have been renegotiated or otherwise modified and that financial asset has not been derecognised because the modification is not significant, the stage allocation is still reviewed on the basis of the initial rating of the original asset on the first balance sheet date and is compared against the current default risk of the adjusted asset.

The derecognition of a financial asset already assigned to stage 3 is effected by utilising the risk provisions. A financial asset is derecognised upon its disposal (in particular due to waivers or sales of receivables) or if there is every likelihood that no further payments will be made. This is assumed to be the case, for example, if the business relationship and loans have been terminated, if all of the collateral has been realised, or if insolvency proceedings have been concluded in respect of the borrower’s assets or the opening of insolvency proceedings has been rejected due to insufficient assets. If there is insufficient risk provisioning for a financial instrument, it is written down directly in profit or loss (direct write-down). Recoveries on financial assets that were previously written off are recognised in the income statement under “Risk provisions in the lending and securities business”. Receivables that have been written down can still, however, be subject to enforcement measures.

Determining the ECL (Expected Credit Loss)
Under IFRS 9, the ECL is determined in different ways for the different stages of the impairment model. The ECL for stages 1 and 2 is determined on the basis of the probability of default (PD), the loss given default (LGD) and the exposure at default (EAD).

At stage 1, risk provisions are set up in the amount of the 12-month ECL. This corresponds to the expected net present value loss over the remaining life of the instrument resulting from a default event that is expected to occur within the twelve months following the reporting date, weighted by the probability of this default. The current gross carrying value as at the reporting date is thus multiplied by the customer’s 12-month probability of default and by the expected loss given default.

$$\text{12-month ECL} = \text{12-month probability of default (PD)} \times \text{loss given default (LGD)} \times \text{gross carrying value EAD}$$

In the Deka Group, a debtor’s default risk is measured by the probability of default (PD). The probability of default refers to all transactions entered into with this debtor. It is defined as the average probability that a debtor in a risk class to which it is assigned by means of a rating will default within a period of twelve months. The loss given default (LGD) is defined as the level of economic loss as a percentage of the exposure at the time of default. The EAD corresponds to the gross carrying value on the reporting date when calculating the ECL for stage 1.

For financial assets in stage 2, a provision is made in the amount of the present value of the lifetime expected credit loss, i.e. the total expected credit losses from all potential default events over the remaining lifetime of the financial asset. For each time period, the exposure at default is multiplied by the relevant probability of default and the amortised loss given default and then discounted to the reporting date; the results are then added together.

$$ECL := \sum_{i \geq Stichtag} EAD_i \cdot PD_i \cdot LGD_i \cdot DF_i$$

ECL	=	expected credit loss at calculation date
EAD_i	=	exposure at time i
PD_i	=	marginal probability of default during the period from i to i+1
LGD_i	=	loss given default at time i
DF_i	=	discount factor from time i to the reporting date
i	=	start of the i+1th time period (i=0 represents the start of the first time period)

The probabilities of default for calculating the ECL at stage 2 are derived from long-term rating histories. The LGD used to calculate the ECL at stage 2 is adjusted as at each potential time of default using models for collateral values over time. The EAD is applied over the remaining life on the basis of the future cash flows associated with the financial instrument.

At stage 3, risk provisions are determined using probability-weighted cash flows in at least three scenarios. The expected cash flows are estimated on a case-by-case basis, taking into account going concern or gone concern assumptions. The amount of the ECL is the difference between the gross carrying value under IFRS 9 and the probability-weighted present value of the expected cash flows, discounted at the effective interest rate.

The ECL is calculated using prospective information, including macroeconomic factors. Macroeconomic forecasts are produced based on the process used by the Macro Research department for the purposes of preparing the official research opinion (baseline scenario) of the Deka Group using a large volume of external information. The statements relate to the analysis and forecasting of fundamental economic data and financial market indicators. The baseline scenario represents the most probable event and is supplemented by a positive and a negative scenario to cover a wide range of possible macroeconomic developments. The probabilities of occurrence for the scenarios used to calculate risk provisions as at 31 December 2023 were as follows: baseline scenario = 70% (previous year: 65%, negative scenario = 20% (previous year: 30%) positive scenario = 10% (previous year: 5%). The forecast horizon spans a period of three years (2024-2026), and the forecast relates to those countries that account for the largest gross carrying amounts relevant to risk provisions.

	31 Dec 2023		
Inputs - Global	**Baseline scenario**	**Negative scenario**	**Positive scenario**
Oil price (USD per barrel)	86.0 to 88.0	108.3 to 135.0	48.0 to 65.1
Annual rate of change real GDP (%)	2.7 to 3.3	0.0 to 1.8	3.6 to 4.2

Inputs - Germany	31 Dec 2023 Baseline scenario	Negative scenario	Positive scenario
Unemployment rate (%)	5.1 to 5.6	5.6 to 7.2	3.8 to 4.3
Annual rate of change GDP (%)	0.7 to 1.3	– 1.3 to – 0.7	2.8 to 3.8
Annual rate of change Consumer Price Index (%)	2.2 to 2.9	1.6 to 2.0	2.8 to 4.3
Annual rate of change Leading Share Index (%)	4.6 to 8.8	– 16.6 to – 6.6	11.9 to 19.7
Short-term interest rates (3 months nominal) (%)	2.4 to 3.9	1.6 to 2.3	3.6 to 4.2
Long-term interest rates (10 years nominal) (%)	2.4 to 2.7	1.0 to 1.9	3.6 to 3.7
Annual rate of change in the exchange rate EUR/USD (%)	0.9 to 3.7	– 7.8 to 1.0	4.8 to 11.1

Inputs - France	31 Dec 2023 Baseline scenario	Negative scenario	Positive scenario
Unemployment rate (%)	7.8 to 7.9	8.3 to 8.8	6.8 to 6.9
Annual rate of change GDP (%)	1.1 to 1.5	– 1.1 to 0.7	2.3 to 3.2
Annual rate of change Consumer Price Index (%)	1.9 to 2.9	0.4 to 1.7	2.3 to 4.6
Annual rate of change Leading Share Index (%)	2.2 to 4.6	– 23.5 to 2.2	6.0 to 19.4
Short-term interest rates (3 months nominal) (%)	2.4 to 3.9	2.3 to 3.3	3.6 to 4.2
Long-term interest rates (10 years nominal) (%)	2.9 to 3.3	1.3 to 2.2	4.5 to 4.8
Annual rate of change in the exchange rate EUR/USD (%)	0.9 to 3.7	– 7.8 to 0.9	4.8 to 11.1

Inputs - Great Britain	31 Dec 2023 Baseline scenario	Negative scenario	Positive scenario
Unemployment rate (%)	3.9 to 4.5	4.8 to 5.6	2.8 to 3.6
Annual rate of change GDP (%)	0.4 to 1.2	– 2.2 to – 0.5	2.0 to 3.0
Annual rate of change Consumer Price Index (%)	2.0 to 3.0	0.3 to 1.2	3.0 to 6.1
Annual rate of change Leading Share Index (%)	2.2 to 4.6	– 19.5 to 4.8	4.9 to 10.4
Short-term interest rates (3 months nominal) (%)	3.0 to 4.9	2.1 to 4.4	3.9 to 5.4
Long-term interest rates (10 years nominal) (%)	3.4 to 3.9	2.7 to 3.5	4.0 to 4.3
Annual rate of change in the exchange rate GDP/USD (%)	2.1 to 4.4	– 6.0 to 0.2	8.1 to 10.2

Inputs - United States of America	31 Dec 2023 Baseline scenario	Negative scenario	Positive scenario
Unemployment rate (%)	4.4 to 4.6	5.4 to 7.0	3.3 to 3.9
Annual rate of change GDP (%)	1.3 to 2.2	– 1.5 to 0.6	3.3 to 3.9
Annual rate of change Consumer Price Index (%)	2.1 to 2.6	1.0 to 1.5	2.6 to 5.4
Annual rate of change Leading Share Index (%)	2.4 to 7.8	– 12.1 to – 8.9	4.1 to 16.7
Short-term interest rates (3 months nominal) (%)	2.6 to 5.1	0.5 to 3.4	4.8 to 6.8
Long-term interest rates (10 years nominal) (%)	3.1 to 4.0	1.7 to 2.9	4.5 to 5.0

Inputs - Canada	31 Dec 2023 Baseline scenario	 Negative scenario	 Positive scenario
Unemployment rate (%)	5.4 to 5.5	5.9 to 7.6	4.8 to 5.0
Annual rate of change GDP (%)	1.0 to 2.3	– 0,8 to 0.6	2.3 to 3.5
Annual rate of change Consumer Price Index (%)	2.0 to 2.4	1.1 to 1.5	3.3 to 4.6
Annual rate of change Leading Share Index (%)	2.4 to 7.8	– 12.1 to – 8.9	4.1 to 16.7
Short-term interest rates (3 months nominal) (%)	2.8 to 4.8	1.7 to 3.9	3.8 to 5.8
Long-term interest rates (10 years nominal) (%)	3.1 to 3.6	2.3 to 2.9	3.8 to 4.3

External sources of information include, for example, economic data and forecasts published by government and monetary authorities and by supranational organisations such as the OECD and International Monetary Fund.

The modules and processes employed in the Deka Group allow the PD and LGD to be determined in a manner that is consistent with IFRS 9 while taking account of all of the available and reliable information, including economic aspects. The methods and assumptions, including forecasts, are validated on a regular basis.

The Bank continued to apply its established process for calculating risk provisions as of the reporting date. As the current economic and geopolitical environment remains uncertain, the assumptions and parameters used to calculate risk provisions were once again reviewed and updated as part of the Bank’s risk management processes.

DekaBank recognises post-model adjustments to take account of developments that are not reflected in the calculation of model-based expected credit losses. The pronounced drop in market values in the real estate sector at the end of the year due to higher interest rates and yields hit the commercial real estate financing segment particularly hard. As a result, the decision was made to take a corresponding probability of default (PD) factor into account when determining the expected credit losses for borrowers in the International Commercial Real Estate (ICRE) rating module as at 31 December 2023. The post-model adjustment based on expert estimates and an analysis of observable historical data was applied in order to ensure the necessary consideration of all current customer-related and macroeconomic information available on the reporting date (see notes [17] and [47] “Risk provisions in the lending and securities business”).

18 Financial assets and financial liabilities at fair value

This item only includes financial assets and financial liabilities measured at fair value through profit or loss. For the purposes of presenting and recognising the results in the statement of profit or loss and other comprehensive income, this item is further divided into sub-categories. Financial assets include three sub-categories: trading portfolio, financial assets mandatorily measured at fair value and financial assets designated at fair value. Financial liabilities include two sub-categories: trading portfolio and financial liabilities designated at fair value.

Financial assets at fair value mainly comprise debt securities and other fixed-interest securities, shares and other non-fixed-interest securities, and receivables. This item also includes the positive market values of derivative financial instruments held for trading and the positive market values of hedging derivatives that are used as hedging instruments but do not meet the requirements of IFRS 9 for hedge accounting (economic hedging derivatives). In addition, this item includes holdings in unconsolidated subsidiaries, joint ventures and associated companies, as well as other equity investments.

Financial liabilities at fair value largely comprise trading issues and liabilities designated at fair value. This item also includes the negative market values of derivative financial instruments held for trading and the negative market values of hedging derivatives that are used as hedging instruments but do not meet the requirements of IFRS 9 for hedge accounting (economic hedging derivatives). Securities short portfolios are also reported in this line item.

Financial instruments reported under financial assets/liabilities are measured at fair value through profit or loss both on initial recognition and in subsequent periods.

19 Positive and negative market values of derivative hedging instruments

This item comprises hedging derivatives as defined in IFRS 9 (hedge accounting), with positive market values recorded as assets and negative market values recorded as liabilities on the balance sheet.

The hedging derivatives are measured at fair value. The valuation results for fair value hedges under hedge accounting rules are generally recorded through profit or loss under the item profit or loss from fair value hedges. Changes in the value of the foreign currency basis spread of currency fair value hedges, on the other hand, are recognised in other comprehensive income (OCI).

Current interest payments (payment and accrual) from derivatives recognised in line with the rules on hedge accounting are reported under net interest income.

A detailed description of the hedge accounting rules applied in the Deka Group is provided in note [10] "Hedge accounting".

20 Financial investments

Financial investments mainly comprise negotiable debt securities and other fixed-interest securities. The "Financial investments" item comprises both financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income.

Financial investments are generally reported at fair value upon initial recognition. They are subsequently measured either at amortised cost, using the effective interest rate method, or at fair value in other comprehensive income, in accordance with the rules that apply to the measurement category concerned.

In accordance with IFRS 9, risk provisions are set up for all securities allocated to financial investments (see note [17] "Risk provisions in the lending and securities business"). Impairment losses are recognised in the income statement under the item "Risk provisions in the lending and securities business". Risk provisions set up for securities measured at amortised cost are reported as a deduction under financial investments. By contrast, risk provisions set up for securities measured at fair value in other comprehensive income are reported under other comprehensive income (OCI) until the security is derecognised or reclassified. On derecognition or reclassification, the cumulative gain or loss recognised in other comprehensive income (OCI) is reclassified to profit or loss. Realised gains and losses are recognised in the item "Net income from the derecognition of financial assets measured at amortised cost" or in "Profit or loss on financial investments".

The measurement rules set out in note [10] "Hedge accounting" apply to securities that are subject to fair value hedges.

Current interest income from debt securities and other fixed-interest securities, including unwound premiums and discounts, is included in net interest income.

Shares in associated companies and joint ventures accounted for using the equity method are also reported under financial investments. These are recognised in the consolidated balance sheet at historical cost at the date of establishment or when significant influence was acquired. In subsequent years, the equity value shown in the balance sheet is adjusted by the proportionate changes in equity of the associated company.

The Group's share of the annual profit of the associate is reported in profit or loss on financial investments. Gains and losses on transactions with companies valued under the equity method are eliminated pro rata, based on the percentage shareholding, as part of the elimination of intercompany profits or losses. In the event of downstream delivery, i.e. if an asset ceases to be fully consolidated, the adjustment is carried out against the carrying value of the equity investment under the equity method.

If there are indications of an impairment to a holding in a company valued in accordance with the equity method, an impairment test is performed and, if necessary, the carrying value of the holding is written down. Impairment losses are reversed if the reasons for impairment no longer apply. In such a case, the carrying value is written back up to the recoverable amount, but capped at the amount of the carrying value that would have been applicable had the impairment losses not occurred in the previous periods. Impairment write-downs and write-backs are recognised through profit or loss under profit or loss on financial investments.

21 Intangible assets and goodwill

Intangible assets comprise goodwill acquired in business combinations, software that has been purchased or developed in-house, and other intangible assets.

Goodwill arises on the acquisition of subsidiaries if the cost of acquisition exceeds the Group's share of the acquired entity's net assets. Goodwill is recognised at cost at the date of acquisition and is not subject to regular amortisation. In subsequent years, it is valued at cost less all accumulated impairment losses. Goodwill is subject to an impairment test each year, or more frequently if there are indications of a possible loss of value. For the purposes of impairment testing, goodwill is allocated to a cash-generating unit. If an impairment is identified during the test, the goodwill is written down.

Intangible assets acquired in return for consideration are stated at amortised cost. Software developed in-house is capitalised at cost where it meets the recognition criteria under IAS 38. The capitalised costs primarily include personnel costs and expenses for external services. Software purchased is generally amortised on a straight-line basis over a period of four years. Software developed in-house is amortised on a straight-line basis over its expected useful life. The useful lives are between 4 and 10 years. Where there are signs that the expected benefit is no longer in evidence, the asset is written down.

Other intangible assets include other intangible assets acquired as part of a business combination that are amortised on a straight-line basis over their useful lives. Where there are signs that the expected benefit is no longer in evidence, the asset is written down.

Scheduled amortisation and impairment losses on intangible assets are recorded under administrative expenses in the statement of profit or loss and other comprehensive income. Impairment losses on goodwill are also reported under administrative expenses.

22 Property, plant and equipment and right-of-use assets for leases

In addition to plant and equipment, the property, plant and equipment line item includes technical equipment and machinery. Property, plant and equipment are stated at amortised cost. Subsequent expenditure on property, plant and equipment is capitalised if an increase in the future potential benefit can be assumed. All other subsequent expenditure is recorded as an expense.

Items of property, plant and equipment (excluding leasing) are depreciated on a straight-line basis over the following periods in accordance with their estimated useful economic lives:

	Useful life in years
Plant and equipment	2 to 15
Technical equipment and machines	2 to 10

For materiality reasons, capital assets coming under section 6(2) of the German Income Tax Act (*Einkommensteuergesetz*, EStG) are written off in the year of acquisition in accordance with tax regulations.

Impairment losses in excess of amortised cost are immediately recognised as write-downs. Scheduled depreciation and write-downs for impairment are recorded under administrative expenses, while gains and losses on the disposal of property, plant and equipment are recorded as other operating profit.

This item also includes right-of-use assets under leases. The accounting policies for right-of-use assets from leases reported under property, plant and equipment are presented in note [14] "Lease accounting".

23 Other assets

This balance sheet item includes assets which, when considered separately, are of minor importance and cannot be allocated to any other line item on the balance sheet. Receivables are measured at amortised cost. Positive valuation effects from regular way financial instruments measured at fair value with settlement dates after the reporting date are also reported under other assets.

Other assets also include assets from the offsetting of pension obligations and plan assets for defined benefit plans if the fair value of the plan assets exceeds the extent of the commitments (see note [26] "Provisions for pensions and similar commitments").

24 Income taxes

The applicable combined tax rate (trade tax plus 15.0% corporation tax and 5.5% solidarity surcharge) is unchanged at 31.9%.

Current income tax assets or liabilities are calculated at the current tax rates expected for payments to or refunds from the tax authorities.

The income tax assessment is generally considered at the level of the individual circumstances, taking into account any existing interactions. If it is probable that the tax treatment used will be accepted, current and deferred taxes should be recognised on this basis. If, by contrast, there is uncertainty regarding the acceptance of a tax treatment (not probable), the most likely amount to be accepted is generally used, unless the expected value of various scenarios provides better predictions. It is always assumed that the tax authority has full knowledge of the matter concerned. Finally, the assumptions and decisions made are reviewed at each reporting date and adjusted, if necessary, on the basis of new information.

Deferred income tax assets and liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities on the IFRS balance sheet and the tax base. They are calculated based on the tax rate projected for the date they will be reversed. Deferred tax liabilities are posted for temporary differences where a tax charge will arise on reversal. If tax savings are projected when temporary differences are reversed and it is probable that they will be utilised, deferred tax assets are recorded. Actual income tax assets and liabilities and deferred tax assets and liabilities are stated net in each case, without discounting.

Deferred taxes on temporary differences that have arisen with no effect on profit or loss are recorded in the revaluation reserve such that they also have no impact on profit or loss.

For tax loss carryforwards, deferred tax assets are recorded if it is probable that they will be utilised. Loss carryforwards in Germany can be carried forward for an unlimited period. Foreign loss carryforwards that cannot be carried forward for an unlimited period are disclosed according to their date of expiry. Deferred tax assets arising from temporary differences and loss carryforwards are tested for impairment at each reporting date.

The Pillar 2 income tax regulations (regulation on global minimum tax) are applicable in the EU for the first time for financial years beginning on or after 1 January 2024. In Germany, the Minimum Tax Implementation Act (*Mindeststeuerumsetzungsgesetz*, MinBestRL-UmsG) came into force on 28 December 2023 and already has to be applied, in qualitative terms, to these consolidated financial statements. Accordingly, amendments to IAS 12 became effective in the reporting year. These provide for an exception regarding the recognition and measurement of deferred tax assets and deferred tax liabilities in connection with Pillar 2 income taxes.

No actual tax expenses in connection with Pillar 2 income taxes were incurred in the reporting year in the context of the application of these rules. With regard to the recognition and measurement of the associated deferred tax assets and deferred tax liabilities, DekaBank has made use of the exception.

Based on an in-depth analysis, DekaBank does not currently expect application of the Pillar 2 income tax regulations to have any negative financial impact.

25 Liabilities

Financial liabilities – unless they are measured at fair value through profit or loss – must be allocated to the measurement category "Financial liabilities measured at amortised cost" and must be measured accordingly at amortised cost using the effective interest rate method. In cases involving liabilities that can be terminated and are measured at amortised cost, the probability of exercising the right of termination is taken into account when determining the amortised cost.

The valuation guidelines described in note [10] "Hedge accounting" apply to liabilities which have been designated as hedges in the context of hedge accounting.

Interest expenses for liabilities are also included in net interest income along with the distribution of any differences at a constant effective interest rate (premiums and discounts). The result from premature repayment, however, is shown under other operating profit.

26 Provisions for pensions and similar commitments

The Deka Group offers employees various types of retirement pension benefits. These include both defined contribution plans and defined benefit plans.

For defined contribution plans, a set amount is paid to an external provider (these include Sparkassen Pensionskasse, BVV and direct pension insurance policies). In accordance with IAS 19, the Deka Group does not recognise any provisions for such commitments.

For defined benefit plans, the extent of the obligation is calculated by independent actuaries. In these cases, at each closing date the present value of the pension entitlements earned (defined benefit obligation) is determined using the projected unit credit method and compared with the fair value of the plan assets. If the calculation results in a potential asset, recognition of the asset under "Other assets" is restricted to the present value of any economic benefit. The net interest expense (income) on the net liability (net asset) arising from defined benefit obligations to be recognised in profit or loss in the current reporting period is determined by applying the actuarial interest rate that was used to measure defined benefit obligations at the beginning of the period. Expected changes in the net liability (net asset) occurring during the year as a result of contribution and benefit payments are taken into account. Revaluations of the net liability (net asset) are recognised directly in other comprehensive income (OCI). The revaluation includes actuarial gains and losses, income from plan assets (excluding interest) and the effect of any asset ceiling (excluding interest).

As well as final salary plans and general contribution schemes, the defined benefit obligations of the Deka Group include unit-linked defined contribution plans. The final salary plans and general contribution schemes involve both individual commitments for members of the Board of Management and executive staff, and collective commitments for the general workforce. These guarantee lifelong retirement, survivors' and disability pensions. Under the unit-linked defined contribution pension commitments, contributions are made by both employer and employee and are invested mainly in the Deka Group's investment funds. When benefits become due, the employee is entitled either to a contractually agreed minimum benefit or to the market value of the underlying investment fund units, if higher.

Plan assets were created for the company retirement pensions of the Deka Group in the form of a contractual trust arrangement (CTA). These are held by a legally independent trustee – Deka Trust e.V. The plan assets for the unit-linked defined contribution plans consist primarily of fund assets allocated to each individual employee and other assets to cover the biometric risks arising from benefits becoming due early and the subsequent financing risk. In addition, commitments under final salary plans and general contribution schemes were funded through the creation of ring-fenced plan assets using a CTA. This section of the plan assets is invested in a special fund with an investment strategy based on an integrated asset-liability assessment.

Commitments similar to pensions include commitments in relation to early retirement, transitional payments and obligations to pay other allowances. These are also valued actuarially, and a provision is created in the amount of the present value of the commitment. When accounting for commitments similar to pensions, in principle no actuarial profits or losses arise, and the provision shown in the financial statements therefore corresponds to the present value of the commitment. Furthermore, employees of the Deka Group also have the option of paying into working hours accounts. These accounts are maintained in money and, like the defined benefit plans, are largely covered by plan assets in Deka Trust e.V. The amount carried in the statement of financial position is the difference between the extent of the commitments and the fair value of the plan assets.

27 Other provisions

Provisions represent liabilities that are uncertain in terms of their amount or maturity. They are set up for present obligations arising from past events if an outflow of resources embodying economic benefits is probable and the amount of the obligation can be estimated reliably.

Provisions are recognised on a best estimate basis in the amount of the net present value of the expected utilisation. Risks and uncertainties are taken into account when determining these provisions, as well as all relevant knowledge relating to the liability. The assumptions and discretionary decisions made in producing the best estimates are reviewed at every future balance sheet date and, if necessary, are adjusted based on more recent information.

This is also relevant to the sundry other provisions, which have been measured based on the most likely scenario. Accordingly, other scenarios could lead to a lower provision value.

Where the interest effect is material, non-current provisions are discounted at a market interest rate that is commensurate with the residual term to maturity and stated at the net present value of the liability. A pre-tax discount rate is used that reflects current market expectations relating to the interest effect and the risks specific to the liability.

Allocations and reversals are carried out via the line item in the statement of profit or loss and other comprehensive income that corresponds to the provision in terms of content. Provisions for creditworthiness risks in off-balance sheet lending business are charged to risk provisions in the lending business and reversed in the same line item.

28 Other liabilities

Other liabilities include liabilities and accruals which are not individually material and cannot be allocated to any other line item on the balance sheet. They are measured at amortised cost or at their settlement amount.

Other liabilities also include liabilities from leasing transactions (see note [14] "Lease accounting").

29 Subordinated capital

Subordinated capital comprises subordinated liabilities, profit-participation instruments and typical silent capital contributions. In the event that DekaBank becomes insolvent or is liquidated, subordinated capital may only be repaid after all non-subordinated creditors have been repaid. In accordance with the provisions of IAS 32, subordinated capital must be recognised as debt because of the contractual termination right associated with it, regardless of the likelihood that this right will be exercised. Subordinated capital is in principle shown at amortised cost.

For subordinated liabilities that are hedged against interest rate risks by a fair value hedge, changes in fair value attributable to interest rate risks must also be taken into consideration (see note [10] "Hedge accounting").

Interest expenses for subordinated capital are recognised in net interest income. The result from premature repayment, however, is shown under other operating profit.

30 Equity

Subscribed capital is the capital paid in by shareholders in accordance with the Bank's statutes. This item also includes the Bank's own shares, which reduce the subscribed capital. The amount of own shares held is reported separately in note [65] "Equity".

Capital reserves include premiums from the issue of shares in the company in accordance with the provisions of the Bank's statutes. This item also includes the atypical silent partnerships that were dissolved and contributed to DekaBank in 2021.

The sub-heading additional capital components comprises Additional Tier 1 bonds issued by the Bank. In accordance with the provisions of IAS 32, Additional Tier 1 bonds are recognised on the balance sheet as equity capital, since they have no maturity date, payments of interest can be totally or partially at the discretion of the issuer and the creditor has no cancellation entitlement.

Retained earnings are broken down into statutory reserves and other reserves from retained earnings. Other reserves from retained earnings include retained profits from previous years. In addition, the effects of applying IFRS for the first time are also shown in other reserves from retained earnings, with the exception of valuation effects for financial assets measured at fair value through other comprehensive income.

Revaluations of net liabilities (net assets) arising from defined benefit obligations are shown within the revaluation reserve. Revaluations consist mainly of actuarial gains and losses, and income from plan assets (excluding interest). The Deka Group does not exercise the option of transferring the cumulative gains or losses recognised in other comprehensive income to retained earnings.

The revaluation reserve also includes changes in the value of the currency basis element of derivatives designated as hedging instruments in currency fair value hedges. Upon the de-designation of a hedging derivative, the cumulative gains or losses on the derivative in OCI are transferred to the income statement.

The effects of fair value measurement, recognised in other comprehensive income, on financial instruments assigned to the "financial assets measured at fair value through other comprehensive income" category are also recognised in the revaluation reserve. Cumulative gains or losses are not recorded through profit or loss until the asset is sold or written down due to impairment.

The revaluation reserve also includes creditworthiness-related fair value changes to the financial liabilities designated at fair value that result from the Group's own credit risk. The cumulative gains or losses recognised in other comprehensive income are only reclassified to retained earnings when the liability is disposed of.

Differences arising on the conversion of the financial statements of foreign subsidiaries prepared in a foreign currency are also posted to the revaluation reserve.

All items in the revaluation reserve are reported before allowing for any related tax effects. Instead, the total income tax amount relating to all items in the revaluation reserve is disclosed as a combined amount in the revaluation reserve.

Minority interests, if any, are disclosed as a separate sub-item under equity.

31 Contingent liabilities and other obligations

Contingent liabilities are potential obligations resulting from past events and whose existence will only be confirmed by the materialisation, or otherwise, of one or more uncertain future events that are not completely within the Deka Group's control. Contingent liabilities also include present obligations arising from past events that are not, however, recognised as provisions because the outflow of resources embodying economic benefits is not probable, or the amount of the obligation cannot be estimated sufficiently reliably.

The amount of contingent liabilities is disclosed in the notes (see note [76] "Contingent liabilities and other obligations"). Contingent liabilities are measured based on the best possible estimate of possible future utilisation.

The main contingent liabilities within the Deka Group are irrevocable lending commitments. These are credit lines that have been granted for a fixed period of time but have not yet been used. The amounts stated in the notes reflect the potential liabilities if the credit lines granted were to be used in full. Irrevocable lending commitments are subject to the rules governing impairment testing set out in IFRS 9. Credit risk provisions set up for contingent liabilities are deducted from the relevant amounts.

Notes to the statement of profit or loss and other comprehensive income

32 Net interest income

In addition to interest income and expenses, this item includes the pro rata unwinding of premiums and discounts on financial instruments. This item also includes net interest income from economic hedging derivatives and net interest income from hedging derivatives that qualify for hedge accounting. Net interest income from items in the trading book is not included as it is reported in trading profit or loss.

€m	2023	2022	Change
Interest income from			
Financial assets measured at amortised cost	**2,011.8**	**725.0**	1,286.8
thereof: lending and money market transactions	1,849.8	625.3	1,224.5
thereof: fixed-interest securities	162.0	99.7	62.3
Financial assets measured at fair value through other comprehensive income	**45.9**	**4.7**	41.2
thereof: fixed-interest securities	45.9	4.7	41.2
Financial assets measured at fair value through profit or loss	**281.8**	**154.7**	127.1
Trading portfolio			
thereof: lending and money market transactions	–2.9	15.9	–18.8
thereof: interest rate derivatives (economic hedges)	240.6	119.3	121.4
Financial assets mandatorily measured at fair value through profit or loss			
thereof: lending and money market transactions	18.2	6.9	11.3
thereof: fixed-interest securities	16.9	2.9	14.0
thereof: current income from shares and other non-fixed-interest securities	7.7	8.2	–0.5
thereof: current income from equity investments	1.2	1.6	–0.4
hedge derivatives (hedge accounting)	**364.6**	**50.4**	314.3
Negative interest from liabilities	**1.7**	**76.5**	–74.8
Total interest income	**2,705.9**	**1,011.3**	1,694.6
Interest expenses for			
Financial liabilities measured at amortised cost	**1,612.5**	**284.9**	1,327.5
thereof: lending and money market transactions	1,334.5	187.3	1,147.2
thereof: securitised liabilities	235.8	64.5	171.3
thereof: subordinated liabilities	42.2	33.2	9.1
Financial liabilities measured at fair value through profit or loss	**662.3**	**410.6**	251.6
Trading portfolio			
thereof: lending and money market transactions	61.7	43.5	18.2
thereof: interest rate derivatives (economic hedges)	593.7	356.0	237.7
Financial liabilities designated at fair value			
thereof: lending and money market transactions	6.9	11.2	–4.3
thereof: securitised liabilities	–	–	–
hedge derivatives (hedge accounting)	**85.0**	**67.2**	17.8
Negative interest on money-market transactions and fixed-interest securities	**2.6**	**32.5**	–29.9
Total interest expenses	**2,362.4**	**795.3**	1,567.1
Net interest income	**343.5**	**216.0**	127.5

The increase in interest income and interest expenses is due primarily to the drastic rise in market interest rates in short maturity ranges, with the investment of liquidity from own funds in the context of the Treasury function responsible for the increase in net interest income.

33 Risk provisions in the lending and securities business

This item primarily includes expenses and income from changes in risk provisions for financial instruments in the measurement categories "Financial assets measured at amortised cost" (AC) and "Financial assets measured at fair value through other comprehensive income" (FVOCI), as well as the expenses and income resulting from the change in provisions for credit risks for loan commitments and financial guarantee contracts, insofar as they fall within the scope of the impairment rules set out in IFRS 9.

Risk provisions in the lending and securities business are recognised in the statement of profit or loss and other comprehensive income as follows:

€m	2023	2022	Change
Allocation to risk provisions/provisions for credit risks	–229.1	–112.8	–116.3
Reversal of risk provisions/provisions for credit risks	103.1	72.4	30.7
Direct write-downs on receivables	–0.1	–0.1	0.0
Income on written-down receivables	0.3	4.2	–3.9
Net income from modifications in the lending business (stage 3 or POCI)	2.7	0.0	2.7
Risk provisions in the lending business	**–123.0**	**–36.3**	–86.7
Allocation to risk provisions	–12.3	–8.0	–4.3
Reversal of risk provisions	8.4	3.3	5.2
Direct write-downs on securities	–	–	–
Net income from modifications in the securities business (stage 3 or POCI)	–	–	–
Risk provisions in the securities business	**–3.8**	**–4.7**	0.9
Risk provisions in the lending and securities business	**–126.8**	**–41.0**	–85.8

The net addition to risk provisions in the lending and securities business came to €126.8m in the reporting year (previous year: €41.0m). A gloomier environment in the real estate sector led to specific provisions and recognition of a post-model adjustment in the International Commercial Real Estate (ICRE) rating module. In the lending business, there was a net addition of €123.0m (previous year: net addition of €36.3m). In the securities business, there was a net addition of €3.8m (previous year: net addition of €4.7m). In the previous year, the application of post-model adjustments in the International Commercial Real Estate (ICRE) and Corporates (CRP) rating modules, in particular, resulted in a net addition of €41.0m due to energy prices and inflation, as well as rating downgrades.

34 Net commission income

Net commission income by type of service is as follows:

€m	2023	2022	Change
Commission income from			
Investment fund business	2,867.2	2,908.0	–40.9
Securities business	294.8	227.2	67.5
Lending business	24.5	17.1	7.4
Other	23.2	27.3	–4.1
Total commission income	**3,209.7**	**3,179.7**	30.0
Commission expenses for			
Investment fund business	1,378.1	1,448.9	–70.9
Securities business	183.1	131.7	51.4
Lending business	5.8	1.6	4.2
Other	5.0	4.2	0.8
Total commission expenses	**1,572.0**	**1,586.5**	–14.4
Net commission income	**1,637.6**	**1,593.2**	44.4

As part of its activities as an asset manager, the Deka Group receives commission from contracts with customers which varies according to product category (e.g. mutual or special funds) and asset category (e.g. shares, bonds or real estate). The income is calculated and collected as described in the corresponding sales prospectuses and investment conditions of the investment funds concerned. The main types of income are explained in more detail below.

Commission income from investment fund business arises in the Asset Management Securities and Asset Management Real Estate business divisions.

In the Asset Management Securities business division, the Deka Group generates income from management and administrative activities and from the asset management of fund-based products. For this service, the Deka Group receives (asset) management fees, sales commission, performance-related remuneration and income from lump-sum cost allowances. Additional commission income arises in the investment fund business as a result of brokerage services provided during the reporting period. The performance obligation is fulfilled on an ongoing basis and the consideration is settled on a monthly basis in the vast majority of cases. In addition to portfolio-related commission, the Deka Group also earns sales-related commission (front-end loads) when issuing certain units in investment funds, where appropriate. The amount of the front-end load is based on the unit value at the time of issue.

In the Asset Management Real Estate business division, management fees are collected for ongoing management activities in relation to the average investment fund holdings. In the case of retail products, the amount of the management fee varies, within specified ranges, depending on the performance of the investment fund's unit value over the fund financial year. These fees are settled on a monthly basis. Fees resulting from the management of the properties held in the real estate funds are collected to cover the ongoing management of these real estate funds. These fees are settled on a monthly basis. In addition, the Asset Management Real Estate business division collects front-end loads in cases involving the issue of certain units in investment funds. The Deka Group also collects purchase and sales fees from investment funds that invest in real estate. The service is deemed to have been rendered when the property in question is added to, or removed from, the investment fund. This is a one-time payment which is usually calculated based on the underlying transaction volume.

Part of the commission income from the investment fund business is passed on to the sales partners in accordance with the regulatory requirements. The corresponding expense is reported under commission expenses for the investment fund business.

In the Asset Management Services business division, the Deka Group provides various services for which income is reported under commission income from the securities business. These include, for example, the assumption of the role of custodian and the safekeeping of securities in securities accounts. As a custodian, the Deka Group receives a custodian fee for its ongoing activities and a securities account fee for the safekeeping of securities. The custodian fee is paid and collected monthly as a general rule and is based on the average values of the fund assets. The securities account fee also relates to a specific period. The annual fee to be paid is a fixed fee per securities account.

In the context of asset management for savings banks and institutional customers, the Deka Group receives commission fees for support services relating to the procurement and settlement of securities and financial derivatives. The fee is generally calculated for securities as a percentage of the transaction price, while for financial derivatives it is calculated depending on the number of contracts. Services are rendered and settled based on a point in time. These fees are allocated to the Capital Markets business division and are also reported under commission income from the securities business.

Commission income from the lending business relates almost exclusively to services in connection with the administration of loans and is not directly related to the origination of the loans. The fees are levied irrespective of the term and generally fall due at the beginning of the credit relationship (one-off amount). Commission income from the lending business is generally allocated to the Financing business division. Pro rata commission for syndication activities is passed on to the loan syndication desk (capital markets business).

Segment reporting in note [3] shows the net commission income for each business division pursuant to IFRS 8. Commission income and commission expenses are offset and reported in net terms, meaning that the figure shown includes revenue from contracts with customers pursuant to IFRS 15.

35 Net income from the derecognition of financial assets measured at amortised cost

This item comprises the net income from the early disposal of financial assets measured at amortised cost. The net income from derecognition is mainly due to sales of registered and bearer bonds with no detrimental impact on the business model, as well as to the unscheduled repayment of loans.

€m	2023	2022	Change
Gains arising from the derecognition of financial assets measured at amortised costs	10.3	9.0	1.3
Losses arising from the derecognition of financial assets measured at amortised costs	5.1	0.6	4.5
Net income from the derecognition of financial assets measured at amortised cost	**5.2**	**8.4**	–3.2

36 Trading profit or loss

This item comprises sale and valuation results, dividends as well as commission from financial instruments in the trading portfolio sub-category. It also includes all results from the currency translation of financial assets and liabilities, regardless of their measurement category. In general, the net interest income from derivative and non-derivative financial instruments in this sub-category is also reported under this item. However, net interest income from economic hedging derivatives (banking book portfolios) is reported under net interest income.

€m	2023	2022	Change
Sale and valuation results	277.9	516.3	–238.4
Net interest income and current income from trading transactions	285.2	–108.7	393.9
Foreign exchange profit or loss	5.1	–2.7	7.8
Commission	–14.1	–50.4	36.3
Trading profit or loss	**554.1**	**354.5**	199.6

The increase in trading profit or loss is mainly due to the measurement of hedging derivatives used to hedge banking book portfolios. The decline in sale and valuation results is offset by an increase in net interest income and current income from trading transactions.

37 Profit or loss on financial assets mandatorily measured at fair value

This item mainly comprises gains or losses on the disposal and measurement of financial instruments in the "financial assets mandatorily measured at fair value" sub-category. However, net interest income and dividend income from financial instruments in this sub-category are disclosed under net interest income.

€m	2023	2022	Change
Sale and valuation results	18.3	–68.6	86.9
Commission	0.7	0.1	0.6
Profit or loss on financial assets mandatorily measured at fair value	**19.0**	**–68.5**	87.5

The increase in the result from financial assets measured at fair value through profit or loss primarily resulted from interest rate-induced valuation effects due to the drop in interest rates in medium and long maturity ranges.

38 Profit or loss on financial instruments designated at fair value

This item mainly comprises gains or losses on the disposal and measurement of financial instruments in the "financial instruments designated at fair value" sub-category. By contrast, interest expenses and income on financial instruments in this sub-category are disclosed under net interest income.

€m	2023	2022	Change
Sale and valuation results	–1.3	27.2	–28.5
Commission	–	–	–
Profit or loss on financial instruments designated at fair value	**–1.3**	**27.2**	–28.5

The drop in profit or loss on financial instruments designated at fair value resulted from interest rate-induced valuation effects due to the drop in interest rates in medium and long maturity ranges, whereas in the previous year, interest rates had risen very sharply.

39 Profit or loss from fair value hedges

The profit or loss from fair value hedges shows the ineffectiveness of interest rate fair value hedges and currency fair value hedges. In interest rate fair value hedge accounting, changes in the value of the underlying hedged transactions that are attributable to the hedged risk, together with changes in the fair value of the hedges, are shown as the net valuation result. In the case of currency fair value hedges, the changes in the fair value of the hedging transactions attributable to the currency basis element are recognised in other comprehensive income over the period in which the hedge accounting continues to apply. The other changes in value of the designated hedging transactions are shown as the net valuation result together with the spot rate-related change in the value of the underlying transactions.

The net valuation result is composed as follows, grouped by the type of risk hedged:

€m	2023	2022	Change
Interest rate fair value hedges			
Net valuation result from hedging financial assets	– 14.1	35.0	– 49.1
Net valuation result from hedging financial liabilities	11.0	– 25.3	36.3
Currency fair value hedges			
Net valuation result from hedging financial assets	– 4.4	1.5	– 5.9
Profit or loss from fair value hedges	**– 7.5**	**11.3**	– 18.8

40 Profit or loss on financial investments

This item primarily comprises the gains or losses on the disposal of financial assets measured at fair value through other comprehensive income and the pro rata annual profit or loss from shares in associated companies and joint ventures accounted for using the equity method.

€m	2023	2022	Change
Sale results	– 1.7	– 2.5	0.8
Commission	–	–	–
Net income from equity-accounted companies	– 0.3	– 40.0	39.7
Profit or loss on financial investments	**– 2.0**	**– 42.5**	40.4

The change in the item is due to a capital-strengthening measure implemented at a company in the Bank's equity investment portfolio in the 2022 reporting year.

41 Administrative expenses

Administrative expenses comprise personnel expenses, other administrative expenses and depreciation and amortisation. The breakdown of the items is as follows:

€m	2023	2022	Change
Personnel expenses			
Wages and salaries	546.0	516.4	29.6
Social security contributions	69.8	61.7	8.1
Allocation to/reversals of provisions for pensions and similar commitments	17.3	25.7	–8.4
Expenses for defined contribution plans	8.0	7.2	0.9
Other expenses for retirement pensions and benefits	3.6	1.3	2.3
Total personnel expenses	**644.7**	**612.2**	32.5
Other administrative expenses			
Consultancy expenses	176.0	162.9	13.2
Computer equipment and machinery	119.5	102.3	17.1
Bank levy and deposit guarantee scheme	71.9	82.0	–10.1
IT information services	49.8	37.4	12.4
Marketing and sales expenses	45.2	41.5	3.7
Subscriptions and fees	34.3	38.2	–3.9
Lump sum fees for fund administration services	18.7	18.2	0.5
Rentals and expenses for buildings	18.6	17.7	0.9
Postage/telephone/office supplies	12.7	15.9	–3.2
Other administrative expenses	56.5	52.0	4.5
Total other administrative expenses	**603.2**	**568.1**	35.2
Depreciation of property, plant and equipment	48.9	57.1	–8.2
Depreciation and amortisation of intangible assets	14.5	14.1	0.4
Total depreciation and amortisation	**63.4**	**71.2**	–7.8
Administrative expenses	**1,311.4**	**1,251.5**	59.8

Personnel expenses increased to €644.7m (previous year: €612.2m). The increase in expenses was due primarily to the recruitment of staff to exploit growth opportunities, particularly to expand sales, multi-channel management and digitalisation activities, as well as to collectively agreed wage and salary increases.

Other administrative expenses increased compared with the previous year (€568.1m) to €603.2m. This was mainly due to more substantial investments in the business model and the associated increase in project expenses, first and foremost for the upgrading of the sales platform and the development of digital product offerings, the expansion of sales and digitalisation activities.

Other administrative expenses primarily include expenses for outsourced services, travel expenses, expenses for the annual accounts and auditing, and expenses for training and professional development. The increase in other administrative expenses is linked to higher expenses for employee training and professional development, increased travel expenses and higher expenses for external services.

The drop in depreciation and amortisation can be traced back to one-off effects in the previous year in connection with the implementation of the new location strategy.

Administrative expenses include expenses of €3.7m (previous year: €3.2m) from leases of low-value assets in non-short-term leases. As in the previous year, no expenses from short-term leases were incurred in the 2023 reporting year.

42 Other operating profit

The breakdown of other operating profit is as follows:

€m	2023	2022	Change
Income from repurchased debt instruments	**23.6**	**2.2**	21.4
Other operating income			
Reversal of other provisions	8.4	66.7	–58.3
Reversal of provisions for restructuring	0.0	0.0	–0.0
Other income	23.9	18.6	5.4
Total other operating income	**32.4**	**85.6**	–53.2
Other operating expenses			
VAT on provision of intra-Group services	16.4	14.9	1.6
Other taxes	0.8	0.3	0.5
Expenses for restructuring	–	0.0	–0.0
Other expenses	42.0	78.9	–36.9
Total other operating expenses	**59.2**	**94.1**	–34.9
Other operating profit	**–3.2**	**–6.4**	3.1

Repurchases of the Bank's own registered and bearer bonds as well as promissory note loans raised led to a reduction in the liability (net disclosure). Repurchases of own issues lead to the realisation of a gain or loss corresponding to the difference between the repurchase price and the book price.

In the previous year, other operating income included income from the partial reversal of a provision set up in the 2019 financial year for capital-strengthening measures in relation to a company in the equity investment portfolio in the amount of €53.9m. Other operating expenses in the previous year included settlement agreements with business partners in connection with past share trades around the dividend record date in the amount of €42.2m.

In the 2023 reporting year, other expenses included interest expenses from lease liabilities amounting to €4.1m (previous year: €4.1m).

43 Income taxes

This item includes all domestic and foreign taxes determined on the basis of the total profit for the year. Income tax expenses comprise the following:

€m	2023	2022	Change
Current tax expense in financial year	330.2	310.0	20.2
Current tax expense/income (–) in previous years	–0.6	–1.8	1.3
Current tax expense	**329.6**	**308.2**	21.4
Effect of origination and reversal of temporary differences	24.8	–46.5	71.3
Effect of origination and reversal of permanent differences	–	1.0	–1.0
Prior-year deferred tax income	–	4.7	–4.7
Prior-year deferred tax expense	–0.3	–	–0.3
Deferred tax expense	**24.4**	**–40.8**	65.2
Total income tax expense	**354.0**	**267.4**	86.6

DekaBank is subject to the applicable tax rates (corporation tax 15.0%, solidarity surcharge 5.5% and the relevant trade tax depending on the local tax factor) for its entire profit. Overall, as in the previous year, the combined tax rate for the companies in the DekaBank income tax group is 31.9%. The tax rate of 31.9% (previous year: 31.9%) is also applied for the measurement of deferred taxes. This tax rate is assumed as the expected tax rate in the reconciliation statement below. The other domestic companies determine their deferred taxes using tax rates of between 31.7% and 32.0%.

The foreign companies determine deferred taxes using the tax rate for the country in question. In the Deka Verwaltungsgesellschaft Luxembourg S.A. tax group, this tax rate remains unchanged at 24.94%.

The origination or reversal of temporary differences led to deferred tax expenses of €24.8m (previous year: tax income of €46.5m). The current tax income for previous years (€0.6m) is largely attributable to DekaBank's Luxembourg branch (previous year: €1.8m at DekaBank).

The following statement reconciles the result before tax with the tax expense:

€m	2023	2022	Change
Total of profit or loss before tax	1,107.2	800.7	306.5
x income tax rate	31.90%	31.90%	–
= Anticipated income tax expense in financial year	**353.2**	**255.4**	97.8
Increase from taxes due to non-deductible expenses	19.8	21.9	–2.1
Decrease from taxes on tax-exempt income	7.5	2.5	5.0
Withholding tax	2.9	1.6	1.3
Tax effect of special funds	0.0	–0.0	0.1
Effects of tax rate changes	–	–	–
Tax effect of holdings accounted for under the equity method	0.1	–0.0	0.1
Tax effects from past periods	–0.9	2.9	–3.8
Effect of the distribution of the AT1 bond	–8.2	–8.9	0.7
Effects of differing effective tax rates	–7.7	–7.4	–0.3
Other	2.4	4.5	–2.1
Tax expenses according to IFRS	**354.0**	**267.4**	86.6

As in the previous year, the taxes due to non-deductible expenses item is largely attributable to the bank levy.

The tax-free income is primarily attributable to price gains on plan assets (mutual funds focusing on equities and equity gains at the level of a special fund).

As in the previous year, the "Other" item includes, in particular, local tax effects at a foreign permanent establishment of DekaBank which, due to special features of the foreign tax legislation, do not result in an even remotely similar exemption in accordance with the applicable double taxation agreement.

Notes to the statement of financial position

44 Cash reserves

The breakdown in cash reserves is as follows:

€m	31 Dec 2023	31 Dec 2022	Change
Cash on hand	0.0	0.0	0.0
Balances with central banks	328.2	346.7	–18.5
Total	**328.2**	**346.7**	–18.5

The required minimum reserve was maintained at all times during the reporting year and amounted to €323.9m at the reporting date (previous year: €278.0m).

45 Due from banks

Amounts due from banks can be broken down by business type as follows:

€m	31 Dec 2023	31 Dec 2022	Change
Deposit facility with Deutsche Bundesbank	9,855.3	15,361.7	–5,506.4
Current accounts	503.2	308.6	194.6
Daily and time deposits	8,197.1	9,687.6	–1,490.5
Lending business	4,738.2	3,324.4	1,413.8
Genuine repurchase agreements and collateralised securities lending transactions	6,909.2	10,167.7	–3,258.5
Due from banks before risk provisions	**30,203.0**	**38,850.1**	–8,647.1
Risk provisions in the lending business	–0.3	–0.3	–0.0
Total	**30,202.6**	**38,849.8**	–8,647.2

The breakdown of amounts due from banks by region is as follows:

€m	31 Dec 2023	31 Dec 2022	Change
Domestic banks	24,821.2	32,097.4	–7,276.3
Foreign banks	5,381.8	6,752.6	–1,370.8
Due from banks before risk provisions	**30,203.0**	**38,850.1**	–8,647.1
Risk provisions in the lending business	–0.3	–0.3	–0.0
Total	**30,202.6**	**38,849.8**	–8,647.1

46 Due from customers

Amounts due from customers can be broken down by business type as follows:

€m	31 Dec 2023	31 Dec 2022	Change
Current accounts	208.6	566.6	–358.0
Daily and time deposits	700.5	1,081.4	–380.9
Lending business	21,184.6	21,537.9	–353.3
Genuine repurchase agreements and collateralised securities lending transactions	3,669.9	5,799.7	–2,129.8
Due from customers before risk provisions	**25,763.5**	**28,985.6**	–3,222.1
Risk provisions in the lending business	–339.6	–206.7	–132.9
Total	**25,424.0**	**28,778.9**	–3,354.9

The breakdown of amounts due from customers by region is as follows:

€m	31 Dec 2023	31 Dec 2022	Change
Domestic borrowers	7,421.2	10,584.4	–3,163.2
Foreign borrowers	18,342.4	18,401.2	–58.8
Due from customers before risk provisions	**25,763.5**	**28,985.6**	–3,222.0
Risk provisions in the lending business	–339.6	–206.7	–132.9
Total	**25,424.0**	**28,778.9**	–3,354.9

47 Risk provisions in the lending and securities business

Default risks in lending and securities business are recognised through provisions, including provisions for credit risks from off-balance sheet commitments. Risk provisions in 2023 were as follows:

€m	31 Dec 2023	31 Dec 2022	Change
Risk provisions in the lending business	**348.6**	**219.7**	128.9
Risk provisions for loan losses – due from banks	0.3	0.3	0.0
Risk provisions for loan losses – due from customers	339.6	206.7	132.8
Provisions for off-balance sheet commitments	8.7	12.6	–3.9
Risk provisions in the securities business	**14.0**	**10.2**	3.8
Risk provisions for securities[1]	14.0	10.2	3.8
Total	**362.6**	**229.9**	132.7

[1] Including risk provisons for financial assets measured at fair value through other comprehensive income

No risk provisions are attributable to counterparties in Russia (previous year: €0.3m). These exposures are secured through ECA guarantees.

Movements in risk provisions in 2023 were as follows:

Risk provisions for financial assets measured at amortised cost

€m	Stage 1	Stage 2	Stage 3	POCI	Total
Due from banks					
Position as at 1 January 2023	**0.3**	**–**	**–**	**–**	**0.3**
Transfer to other stages	–	–	–	–	–
Transfer from other stages	–	–	–	–	–
Change in position including new business	–0.2	–	–	–	–0.2
Allocation	0.2	–	–	–	0.2
Reversal	–0.0	–	–	–	–0.0
Utilisation	–	–	–	–	–
Changes due to model changes	–	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–	–
Exchange rate-related and other changes	–0.0	–	–	–	–0.0
Position as at 31 December 2023	**0.3**	**–**	**–**	**–**	**0.3**
Due from customers					
Position as at 1 January 2023	**13.6**	**84.6**	**108.5**	**–**	**206.7**
Transfer to other stages	–4.0	–1.2	–0.7	–	–5.9
Transfer from other stages	1.0	3.9	1.1	–	5.9
Change in position including new business	–2.8	–24.1	–29.8	0.1	–56.6
Allocation	4.9	133.4	97.4	–	235.7
Reversal	–3.3	–30.2	–11.8	–	–45.4
Utilisation	–	–	–1.8	–	–1.8
Changes due to model changes	–	–	–	–	–
Changes due to non-substantial modifications	–	–3.1	–2.7	–	–5.8
Changes in the scope of consolidation	–	–	–	–	–
Exchange rate-related and other changes	0.8	–1.6	7.7	–	6.9
Position as at 31 December 2023	**10.2**	**161.6**	**167.8**	**0.1**	**339.6**
Financial investments					
Position as at 1 January 2023	**4.7**	**5.1**	**–**	**–**	**9.9**
Transfer to other stages	–0.0	–0.2	–	–	–0.3
Transfer from other stages	0.2	0.0	–	–	0.3
Change in position including new business	–0.4	–1.8	–	–	–2.2
Allocation	0.5	11.6	–	–	12.1
Reversal	–2.8	–3.1	–	–	–5.9
Utilisation	–	–	–	–	–
Changes due to model changes	–	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–	–
Exchange rate-related and other changes	–0.0	–0.0	–	–	–0.0
Position as at 31 December 2023	**2.3**	**11.6**	**–**	**–**	**13.8**

€m	Stage 1	Stage 2	Stage 3	POCI	Total
Due from banks					
Position as at 1 January 2022	**0.1**	**–**	**–**	**–**	**0.1**
Transfer to other stages	–	–	–	–	–
Transfer from other stages	–	–	–	–	–
Change in position including new business	0.1	–	–	–	0.1
Allocation	0.1	–	–	–	0.1
Reversal	–0.0	–	–	–	–0.0
Utilisation	–	–	–	–	–
Changes due to model changes	–	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–	–
Exchange rate-related and other changes	–0.0	–	–	–	–0.0
Position as at 31 December 2022	**0.3**	**–**	**–**	**–**	**0.3**
Due from customers					
Position as at 1 January 2022	**10.9**	**75.6**	**86.4**	**–**	**172.9**
Transfer to other stages	–2.8	–0.4	–	–	–3.2
Transfer from other stages	0.3	2.8	0.1	–	3.2
Change in position including new business	–0.3	–11.1	–5.1	–	–16.5
Allocation	7.2	57.6	41.7	–	106.4
Reversal	–1.7	–42.1	–11.3	–	–55.1
Utilisation	–	–	–7.8	–	–7.8
Changes due to model changes	–	–	–	–	–
Changes due to non-substantial modifications	0.0	–0.8	–	–	–0.8
Changes in the scope of consolidation	–	–	–	–	–
Exchange rate-related and other changes	0.1	3.1	4.3	–	7.5
Position as at 31 December 2022	**13.6**	**84.6**	**108.5**	**–**	**206.7**
Financial investments					
Position as at 1 January 2022	**2.4**	**2.8**	**–**	**–**	**5.2**
Transfer to other stages	–0.1	–	–	–	–0.1
Transfer from other stages	–	0.1	–	–	0.1
Change in position including new business	–0.2	–2.8	–	–	–3.0
Allocation	2.7	5.1	–	–	7.8
Reversal	–0.2	–	–	–	–0.2
Utilisation	–	–	–	–	–
Changes due to model changes	–	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–	–
Exchange rate-related and other changes	0.0	–0.0	–	–	0.0
Position as at 31 December 2022	**4.7**	**5.1**	**–**	**–**	**9.9**

Risk provisions for financial assets measured at fair value through other comprehensive income

€m	Stage 1	Stage 2	Stage 3	POCI	Total
Financial investments					
Position as at 1 January 2023	**0.3**	**–**	**–**	**–**	**0.3**
Transfer to other stages	–	–	–	–	–
Transfer from other stages	–	–	–	–	–
Change in position including new business	−0.2	–	–	–	−0.2
Allocation	0.2	–	–	–	0.2
Reversal	−0.2	–	–	–	−0.2
Utilisation	–	–	–	–	–
Changes due to model changes	–	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–	–
Exchange rate-related and other changes	–	–	–	–	–
Position as at 31 December 2023	**0.2**	**–**	**–**	**–**	**0.2**

€m	Stage 1	Stage 2	Stage 3	POCI	Total
Financial investments					
Position as at 1 January 2022	**0.3**	**–**	**–**	**–**	**0.3**
Transfer to other stages	–	–	–	–	–
Transfer from other stages	–	–	–	–	–
Change in position including new business	−0.0	–	–	–	−0.0
Allocation	0.2	–	–	–	0.2
Reversal	−0.1	–	–	–	−0.1
Utilisation	–	–	–	–	–
Changes due to model changes	–	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–	–
Exchange rate-related and other changes	–	–	–	–	–
Position as at 31 December 2022	**0.3**	**–**	**–**	**–**	**0.3**

Provisions for credit risks from off-balance sheet commitments

€m	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments and financial guarantee contracts					
Position as at 1 January 2023	**0.7**	**11.8**	**0.0**	**–**	**12.6**
Transfer to other stages	−0.1	−0.0	–	–	−0.1
Transfer from other stages	0.0	0.1	–	–	0.1
Change in position including new business	−0.6	−6.8	−0.0	–	−7.4
Allocation	0.6	9.4	3.3	–	13.3
Reversal	−0.5	−9.0	–	–	−9.6
Utilisation	–	–	–	–	–
Changes due to model changes	–	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–	–
Exchange rate-related and other changes	0.1	−0.3	−0.1	–	−0.2
Position as at 31 December 2023	**0.4**	**5.1**	**3.2**	**–**	**8.7**

€m	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments and financial guarantee contracts					
Position as at 1 January 2022	**0.9**	**5.2**	**0.0**	**–**	**6.1**
Transfer to other stages	–0.1	–	–	–	–0.1
Transfer from other stages	–	0.1	–	–	0.1
Change in position including new business	–0.5	–0.4	–0.0	–	–0.9
Allocation	0.5	7.0	0.0	–	7.5
Reversal	–0.1	–0.3	–	–	–0.4
Utilisation	–	–	–	–	–
Changes due to model changes	–	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–	–
Exchange rate-related and other changes	0.0	0.3	–	–	0.3
Position as at 31 December 2022	**0.7**	**11.8**	**0.0**	**–**	**12.6**

The calculation of risk provisions is based on three probability-weighted macroeconomic scenarios (see note [17] "Risk provisions in the lending and securities business"). In order to examine the sensitivity of the ECL model to possible future developments, the Bank performed further calculations related to stages 1 and 2 of the impairment model. An extreme weighting of 100% for each of the scenarios on which the ECL calculation is based (baseline, negative and positive scenario) was applied. These simulations do not include the post-model adjustments. Instead, they apply the scenario-specific simulated probabilities of default. In the baseline scenario, risk provisions would be approximately 0.2% lower, while they would be approximately 2.0% higher in the negative scenario and around 1.3% lower in the positive scenario.

Movements in the gross carrying values relevant to risk provisions and committed/guaranteed amounts were as follows in 2023:

Gross carrying amount of financial assets measured at amortised cost

€m	Stage 1	Stage 2	Stage 3	POCI	Total
Due from banks					
Position as at 1 January 2023	**26,799.6**	**–**	**–**	**–**	**26,799.6**
Transfer to other stages	–	–	–	–	–
Transfer from other stages	–	–	–	–	–
Change in position including new business	– 14,728.9	–	–	–	– 14,728.9
Derecognition	–	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–	–
Currency effects	– 6.7	–	–	–	– 6.7
Position as at 31 December 2023	**12,064.1**	**–**	**–**	**–**	**12,064.1**
Due from customers					
Position as at 1 January 2023	**18,172.5**	**4,747.0**	**343.8**	**–**	**23,263.3**
Transfer to other stages	– 2,320.9	– 1,094.6	– 25.8	–	– 3,441.4
Transfer from other stages	1,052.0	2,102.3	287.0	–	3,441.4
Change in position including new business	– 445.0	– 526.5	23.4	97.2	– 850.9
Derecognition	–	–	– 1.9	–	– 1.9
Changes due to non-substantial modifications	–	2.7	3.1	–	5.8
Change in the scope of consolidation	–	–	–	–	–
Currency effects	– 122.1	– 52.5	– 1.0	–	– 175.6
Position as at 31 December 2023	**16,336.5**	**5,178.5**	**628.6**	**97.2**	**22,240.7**
Financial investments					
Position as at 1 January 2023	**7,691.7**	**414.5**	**–**	**–**	**8,106.2**
Transfer to other stages	– 65.3	– 380.6	–	–	– 445.9
Transfer from other stages	380.6	65.3	–	–	445.9
Change in position including new business	443.0	– 32.3	–	–	410.7
Derecognition	–	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–	–
Currency effects	– 29.2	– 1.4	–	–	– 30.6
Position as at 31 December 2023	**8,420.8**	**65.5**	**–**	**–**	**8,486.3**

€m	Stage 1	Stage 2	Stage 3	POCI	Total
Due from banks					
Position as at 1 January 2022	**4,745.2**	**–**	**–**	**–**	**4,745.2**
Transfer to other stages	–	–	–	–	–
Transfer from other stages	–	–	–	–	–
Change in position including new business	22,045.8	–	–	–	22,045.8
Derecognition	–	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–	–
Currency effects	8.6	–	–	–	8.6
Position as at 31 December 2022	**26,799.6**	**–**	**–**	**–**	**26,799.6**
Due from customers					
Position as at 1 January 2022	**19,733.4**	**3,152.8**	**330.2**	**–**	**23,216.4**
Transfer to other stages	–1,943.3	–872.4	–	–	–2,815.7
Transfer from other stages	857.3	1,943.3	15.1	–	2,815.7
Change in position including new business	–545.1	415.1	–0.8	–	–130.8
Derecognition	–	–	–7.8	–	–7.8
Changes due to non-substantial modifications	–0.1	–1.2	–0.0	–	–1.3
Change in the scope of consolidation	–	–	–	–	–
Currency effects	70.3	109.4	7.2	–	186.9
Position as at 31 December 2022	**18,172.5**	**4,747.0**	**343.8**	**–**	**23,263.3**
Financial investments					
Position as at 1 January 2022	**5,545.8**	**17.8**	**–**	**–**	**5,563.6**
Transfer to other stages	–125.1	–	–	–	–125.1
Transfer from other stages	–	125.1	–	–	125.1
Change in position including new business	2,211.2	271.5	–	–	2,482.7
Derecognition	–	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–	–
Currency effects	59.9	–	–	–	59.9
Position as at 31 December 2022	**7,691.7**	**414.5**	**–**	**–**	**8,106.2**

Gross carrying amount of financial assets measured at fair value through other comprehensive income

€m	Stage 1	Stage 2	Stage 3	POCI	Total
Financial investments					
Position as at 1 January 2023	**2,112.2**	**–**	**–**	**–**	**2,112.2**
Transfer to other stages	–	–	–	–	–
Transfer from other stages	–	–	–	–	–
Change in position including new business	–445.5	–	–	–	–445.5
Derecognition	–	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–	–
Currency effects	–	–	–	–	–
Position as at 31 December 2023	**1,666.7**	**–**	**–**	**–**	**1,666.7**

€m	Stage 1	Stage 2	Stage 3	POCI	Total
Financial investments					
Position as at 1 January 2022	**3,670.6**	**–**	**–**	**–**	**3,670.6**
Transfer to other stages	–	–	–	–	–
Transfer from other stages	–	–	–	–	–
Change in position including new business	–1,558.4	–	–	–	–1,558.4
Derecognition	–	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–	–
Currency effects	–	–	–	–	–
Position as at 31 December 2022	**2,112.2**	**–**	**–**	**–**	**2,112.2**

Gross carrying amount of off-balance sheet commitments

€m	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments and financial guarantee contracts					
Position as at 1 January 2023	**848.2**	**428.7**	**0.0**	**–**	**1,276.9**
Transfer to other stages	–38.4	–78.8	–	–	–117.2
Transfer from other stages	78.8	38.4	–	–	117.2
Change in position including new business	–266.7	–290.2	3.2	–	–553.7
Derecognition	–	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–	–
Currency effects	–6.3	–5.5	–	–	–11.8
Position as at 31 December 2023	**615.7**	**92.6**	**3.2**	**–**	**711.5**

€m	Stage 1	Stage 2	Stage 3	POCI	Total
Loan commitments and financial guarantee contracts					
Position as at 1 January 2022	**1,374.4**	**176.8**	**0.0**	**–**	**1,551.2**
Transfer to other stages	–135.6	–	–	–	–135.6
Transfer from other stages	–	135.6	–	–	135.6
Change in position including new business	–407.5	109.2	–	–	–298.3
Derecognition	–	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–	–
Currency effects	16.8	7.1	–	–	24.0
Position as at 31 December 2022	**848.2**	**428.7**	**0.0**	**–**	**1,276.9**

The gross loan volume for counterparties in Russia came to €33m (previous year: €43m). Due to the securing of loans through ECA guarantees for energy supply financing, the net loan volume attributable to Russia was significantly lower than the gross loan volume at around €1m. There remained no gross loan volume attributable to counterparties in Ukraine or Belarus at year-end 2023 and no country limit.

In the 2023 reporting year, no contract values of financial assets that are currently subject to enforcement measures were derecognised.

The expected cash flows for stage 3 assets as at the reporting date result primarily from collateral held and are based on expectations from going concern or gone concern scenarios relating to individual cases.

The following table contains information on the credit quality of financial assets, loan commitments and financial guarantee contracts measured at amortised cost or at fair value through other comprehensive income. The amounts stated for financial assets correspond to the gross carrying values. In the case of loan commitments and financial guarantee contracts, the amounts shown in the table represent the committed or guaranteed amounts.

31 Dec 2023	**Rating grades[1)]**						
€m	**1**	**2 to 5**	**6 to 8**	**9 to 10**	**11 to 15**	**16 to 18 (Default)**	**Retail portfolio**
Due from banks	**12,060.4**	**2.9**	**0.8**	**0.1**	**–**	**–**	**–**
Stage 1	12,060.4	2.9	0.8	0.1	–	–	–
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Due from customers	**8,059.6**	**7,669.9**	**2,135.8**	**1,570.6**	**2,065.9**	**725.7**	**13.1**
Stage 1	8,059.6	6,782.2	743.2	656.6	82.0	–	12.9
Stage 2	–	887.7	1,392.6	914.0	1,983.9	–	0.2
Stage 3	–	–	–	–	–	628.6	–
POCI	–	–	–	–	–	97.2	–
Financial investments	**8,572.1**	**1,515.3**	**–**	**–**	**65.5**	**–**	**–**
Stage 1	8,572.1	1,515.3	–	–	–	–	–
Stage 2	–	–	–	–	65.5	–	–
Stage 3	–	–	–	–	–	–	–
Off-balance sheet commitments	**146.4**	**322.3**	**135.8**	**13.2**	**84.1**	**3.2**	**6.5**
Stage 1	146.4	322.3	110.3	2.9	27.3	–	6.5
Stage 2	–	–	25.5	10.3	56.8	–	–
Stage 3	–	–	–	–	–	3.2	–

[1)] These are the rating grades according to DSGV master scale.

31 Dec 2022	**Rating grades[1)]**						
€m	**1**	**2 to 5**	**6 to 8**	**9 to 10**	**11 to 15**	**16 to 18 (Default)**	**Retail portfolio**
Due from banks	**26,747.5**	**50.9**	**0.2**	**1.0**	**–**	**–**	**–**
Stage 1	26,747.5	50.9	0.2	1.0	–	–	–
Stage 2	–	–	–	–	–	–	–
Stage 3	–	–	–	–	–	–	–
Due from customers	**8,682.6**	**8,939.3**	**2,948.3**	**1,344.9**	**993.4**	**343.9**	**10.9**
Stage 1	8,390.3	7,606.8	1,583.1	533.7	48.2	–	10.3
Stage 2	292.3	1,332.5	1,365.2	811.2	945.2	–	0.6
Stage 3	–	–	–	–	–	343.9	–
Financial investments	**6,344.9**	**3,857.7**	**1.9**	**–**	**13.9**	**–**	**–**
Stage 1	6,308.6	3,493.6	1.9	–	–	–	–
Stage 2	36.4	364.1	–	–	13.9	–	–
Stage 3	–	–	–	–	–	–	–
Off-balance sheet commitments	**317.1**	**650.4**	**49.1**	**76.1**	**175.7**	**–**	**8.5**
Stage 1	197.2	544.6	8.7	72.8	16.3	–	8.5
Stage 2	119.9	105.8	40.3	3.3	159.4	–	–
Stage 3	–	–	–	–	–	–	–

[1)] These are the rating grades according to DSGV master scale.

Further information on the current risk situation and concentration risks is provided in the risk report section of the management report.

The table below provides an overview of stage 1 and stage 2/3 financial assets to which minor modifications were made in the reporting year.

	2023		2022	
€m	**Stage 1**	**Stage 2/3**	**Stage 1**	**Stage 2/3**
Financial assets modified during the period				
Amortised cost before modification	–	729.6	343.0	336.3
Result from modifications	–	5.8	0.1	1.2
Financial assets modified since initial recognition				
Gross carrying amount at the end of the reporting period of financial assets for which the loss allowance has changed during the reporting period to an amount equal to 12-month expected credit losses.	–	–	–	–

As at 31 December 2023, the portfolio included one financial instrument with a gross carrying value of €32.7m (previous year: no financial instruments) for which no valuation allowance was recognised due to collateral.

Key ratios for provisions for loan losses:

%	**2023**	**2022**
Reversal/allocation ratio as at reporting date[1)]		
(Ratio of net allocation/-reversal to gross carrying values relevant for risk provisions)	−0.28	−0.07
Default rate as at reporting date		
(Ratio of defaults to gross carrying values relevant for risk provisions)	0.00	0.01
Average default rate		
(Ratio of defaults on a 5-year average to gross carrying values relevant for risk provisions)	0.05	0.08
Net provisioning ratio as at reporting date		
(Ratio of risk provisions to gross carrying values relevant for risk provisions)	0.80	0.37

[1)] Reversal ratio shown without negative lending sign

The calculations of the figures above are based on a gross carrying amount relevant for risk provisioning purposes of €45.2bn (previous year: €61.6bn).

Risk provisions by risk segment:

€m	Valuation allowances and provisions in the lending and securities business 31 Dec 2023	31.12.2022	Defaults[1] 2023	2022	Net allocations to[2]/reversals of valuation allowances and provisions for credit risk 2023	2022
Customers						
Real estate sector (including real estate funds)	271.2	120.7	0.9	7.8	–146.2	–33.7
Transport sector	18.1	55.5	0.7	–3.2	36.3	30.1
Renewable energies	50.8	24.9	–	–1.0	–25.9	–23.3
Conventional energies and infrastructure	4.4	13.1	–	–	8.7	–11.8
Public sector	1.3	1.9	–	–	0.7	0.2
Industrial sector	1.7	1.7	–	–	–0.1	–1.1
Other financial institutions	0.4	0.7	–	–	0.1	–0.2
Service sector	0.0	0.2	–	–	0.1	–0.0
Other	0.4	0.5	–0.0	0.0	0.2	–0.4
Total customers	**348.2**	**219.4**	**1.6**	**3.6**	**–126.0**	**–40.3**
Banks						
Commercial banks	0.0	0.1	–	–	0.0	–0.1
Savings banks	0.3	0.2	–	–	–0.1	–0.1
Other financial institutions	0.0	0.0	–	–	0.1	–0.0
Total banks	**0.3**	**0.3**	**–**	**–**	**0.0**	**–0.2**
Securities						
Renewable energies	–	1.9	–	–	1.9	0.8
Conventional energies and infrastructure	0.3	1.9	–	–	1.7	–1.6
Industrial sector	3.2	3.2	–	–	–0.1	–2.2
Service sector	0.4	1.6	–	–	1.2	–0.9
Commercial banks	9.8	1.0	–	–	–8.8	–0.4
Transport sector	0.0	0.0	–	–	–0.0	–0.0
Other	0.2	0.5	–	–	0.3	–0.3
Total securities	**14.0**	**10.2**	**–**	**–**	**–3.8**	**–4.7**
Total	**362.6**	**229.9**	**1.6**	**3.6**	**–129.8**	**–45.2**

[1] Includes utilisation, direct write-downs and income on written-down receivables and securities
[2] Excludes the result from modifications. Negative in the column

As at 31 December 2023, a post-model adjustment of €81.3m were recognised for the International Commercial Real Estate (ICRE) rating module. In the previous year, post-model adjustments came to €50.5m in total, with €29.9m attributable to the International Commercial Real Estate (ICRE) rating module and €20.6m to the Corporates (CRP) rating module.

48 Financial assets at fair value

Financial assets at fair value mainly comprise debt securities and other fixed-interest securities, shares and other non-fixed-interest securities, and receivables. This item also includes the positive market values of derivative financial instruments held for trading and the positive market values of hedging derivatives that are used as hedging instruments but do not meet the requirements of IFRS 9 for hedge accounting (economic hedging derivatives). In addition, this item includes holdings in unconsolidated subsidiaries, joint ventures and associated companies, as well as other equity investments.

€m	31 Dec 2023	31 Dec 2022	Change
Trading portfolio			
Debt securities and other fixed-interest securities	7,380.7	5,893.7	1,487.0
Bonds and debt securities	7,274.8	5,870.8	1,404.0
Money market securities	105.9	22.9	83.0
Shares and other non fixed-interest securities	453.4	1,211.1	–757.7
Shares	311.7	996.2	–684.5
Units in investment funds	141.7	214.9	–73.2
Positive market values of derivative financial instruments	7,723.4	8,565.4	–842.0
Positive market values of derivative financial instruments (trading)	7,662.5	8,496.4	–833.9
Positive market values of derivative financial instruments (economic hedging derivatives)	61.0	69.0	–8.1
Loan receivables	625.8	495.9	129.8
Total – trading portfolio	**16,183.3**	**16,166.1**	17.2
Financial assets mandatorily measured at fair value through profit or loss			
Debt securities and other fixed-interest securities	304.2	735.6	–431.4
Bonds and debt securities	304.2	735.6	–431.4
Money market securities	–	–	–
Shares and other non fixed-interest securities	262.0	252.9	9.1
Shares	4.0	3.6	0.4
Units in investment funds	257.7	249.2	8.6
Loan receivables	200.2	385.7	–185.6
Shareholdings	29.5	26.4	3.1
Equity investments	28.8	25.5	3.3
Shares in affiliated companies	0.6	0.6	–
Holdings in joint ventures	–	–	–
Shares in associated companies	0.1	0.3	–0.2
Total – financial assets mandatorily measured at fair value through profit or loss	**795.9**	**1,400.6**	–604.7
Total	**16,979.2**	**17,566.8**	–587.5

The following debt securities and other fixed-interest securities, and shares and other non-fixed-interest securities in financial assets measured at fair value, are listed on the stock exchange:

€m	31 Dec 2023	31 Dec 2022	Change
Debt securities and other fixed-interest securities	5,981.4	5,316.2	665.2
Shares and other non fixed-interest securities	437.3	1,066.0	–628.7

49 Positive market values of derivative hedging instruments

The positive market values of hedging instruments that meet the criteria for hedge accounting can be broken down by underlying hedged transaction as follows:

€m	31 Dec 2023			31 Dec 2022		
	Nominal of the hedging instruments	Carrying amount of the hedging instruments[1]	Valuation result of the hedging instruments for the reporting period[2]	Nominal of the hedging instruments	Carrying amount of the hedging instruments[1]	Valuation result of the hedging instruments for the reporting period[2]
Interest rate fair value hedges						
Financial assets measured at amortised cost						
Due from banks	268.6	2.0	–9.9	1,677.1	2.9	80.6
Due from customers	4,290.2	95.4	–70.9	8,622.1	132.8	1,009.6
Financial investments	27.0	0.1	–0.6	312.0	0.1	9.2
Financial assets measured at fair value through other comprehensive income						
Financial investments	695.4	0.0	4.5	2,255.2	3.4	151.3
Financial liabilities measured at amortised cost						
Due to banks	10.0	0.1	0.7	–	–	–
Due to customers	129.5	0.5	8.8	–	–	–
Securitised liabilities	75.0	0.3	3.6	92.0	0.3	16.4
Subordinated capital	219.0	1.0	15.1	–	–	–
Currency fair value hedges						
Bottom layer financial assets	4,480.8	151.5	104.9	3,238.4	131.6	146.9
Total	**10,195.5**	**250.7**	**56.1**	**16,196.8**	**271.1**	**1,414.0**

[1] The majority of interest rate swaps designated as hedging instruments are cleared via CCP.
[2] Includes the change in fair value of the hedging instruments used for recognising the ineffectiveness for the reporting period.

Only interest rate swaps were designated as hedging instruments for interest rate fair value hedges. Cross-currency swaps are used as hedging instruments for currency fair value hedges.

50 Financial investments

€m	31 Dec 2023	31 Dec 2022	Change
Financial assets measured at amortised cost			
Debt securities and other fixed-interest securities	8,488.9	7,992.3	496.5
Financial assets measured at fair value through other comprehensive income			
Debt securities and other fixed-interest securities	1,670.4	2,074.2	–403.8
Shareholdings			
Shares in at-equity accounted companies	19.8	16.5	3.3
Financial investments before risk provisions	**10,179.0**	**10,083.0**	96.1
Risk provisions for securities (AC)	–13.8	–9.9	–3.9
Total	**10,165.2**	**10,073.1**	92.1

Out of the debt securities and other fixed-interest securities recognised under financial assets measured at amortised cost or at fair value through other comprehensive income, the following are listed on the stock exchange:

€m	31 Dec 2023	31 Dec 2022	Change
Debt securities and other fixed-interest securities	8,962.9	8,629.6	333.3

51 Intangible assets and goodwill

€m	31 Dec 2023	31 Dec 2022	Change
Purchased goodwill	155.9	155.9	–
Software	56.1	19.2	36.9
Purchased	33.4	13.5	19.8
Developed in-house	22.8	5.7	17.1
Other intangible assets	16.9	19.5	–2.6
Total	**228.9**	**194.6**	34.3

Purchased goodwill includes goodwill arising on the acquisition of Deka Vermögensmanagement GmbH in the amount of €95.0m. The item also includes goodwill from the acquisition of IQAM Invest GmbH and IQAM Partner GmbH totalling €7.8m. For the purposes of impairment testing as at 31 December 2023, the goodwill resulting from the acquisition of Deka Vermögensmanagement GmbH, IQAM Invest GmbH and IQAM Partner GmbH was allocated to the Asset Management Securities business division as the cash-generating unit. Purchased goodwill also includes goodwill arising on the acquisition of WestInvest Gesellschaft für Investmentfonds mbH (WestInvest) in the amount of €53.1m. The impairment test for this was carried out at the level of the Asset Management Real Estate business division in the course of normal testing procedures as at 31 December 2023.

The recoverable amount of both cash-generating units, each taken individually, was determined on the basis of the value in use. The discount rate required for the income capitalisation approach used was derived using the capital asset pricing model (CAPM). The expected post-tax cash flows were calculated for a five-year period.

The performance of the Asset Management Securities business division's fund assets under management (asset management volume) was identified as a key value driver in its capacity as a cash-generating unit. The forecast was based on national economic data and past empirical values. Business and earnings trends are expected to rise steadily. The values taken for the perpetual annuity represent the forecast for 2028. The long-term growth rate is 0.00% (previous year: 0.00%). The discount rate was 11.36% (previous year: 11.6%). The value in use established using this approach was higher than the carrying value of the cash-generating unit. As a result, no impairment charge was required. As things currently stand, none of the possible changes in key assumptions used to determine the recoverable amount would result in the carrying value exceeding the value in use of the cash-generating unit.

Internal forecasts based on national economic data and specific competition and market analyses were used for the Asset Management Real Estate business division cash-generating unit. Account was taken of past empirical values, particularly with regard to the material value driver, which is the future development of the asset management volume. On the basis of planned net sales, the fund business is expected to see a further increase in the volume and to consolidate its successful market position in the retail business over the next three years. The planned sales are associated with considerable risks. Institutional business is expected to be subdued over the next two years, with a subsequent recovery in 2026. This is contingent on the successful completion of planned transactions and the raising of the planned own funds. For the years that follow, 2027 and 2028, we expect to see noticeably higher risks for net commission income due to the current market situation. This relates to cyclical sales trends, the transaction markets and performance development.

Net commission income is expected to be on a par with, or below, the level seen in 2026, depending on business developments in 2024/2025. A perpetual return based on the forecast for 2028 was also taken into account and a long-term growth rate of 0.00% (previous year: 0.00%) was assumed. The discount rate was 10.94% (previous year: 10.64%). The value in use established using this approach was higher than the carrying value of the cash-generating unit. As a result, no impairment charge was required. As things currently stand, none of the possible changes in key assumptions used to determine the recoverable amount would result in the carrying value exceeding the value in use of the cash-generating unit.

Other intangible assets primarily comprise sales partnerships and customer relationships from the acquisition of Deka Vermögensmanagement GmbH and IQAM Partner GmbH.

The following table shows the movement in intangible assets and goodwill:

€m	Purchased goodwill	Software purchased	Software developed in-house	Other intangible assets	Total
Historical cost					
As at 1 January 2022	246.5	101.4	94.0	45.5	487.4
Additions	–	7.1	2.1	–	9.2
Disposals	–	0.0	–	0.0	0.0
As at 31 December 2022	**246.5**	**108.5**	**96.1**	**45.5**	**496.6**
Additions	–	27.9	21.1	–	49.0
Disposals	–	0.2	–	–	0.2
Reclassifications and other changes	–	–0.2	0.2	–	–
As at 31 December 2023	**246.5**	**136.0**	**117.3**	**45.5**	**545.4**
Cumulative amortisation/impairment					
As at 1 January 2022	90.6	86.5	87.3	23.4	287.8
Amortisation/impairment	–	8.5	3.1	2.6	14.2
Disposals	–	0.0	–	–	0.0
As at 31 December 2022	**90.6**	**95.0**	**90.4**	**26.0**	**302.0**
Amortisation/impairment	–	7.8	4.2	2.6	14.6
Disposals	–	0.1	–	–	0.1
As at 31 December 2023	**90.6**	**102.7**	**94.5**	**28.6**	**316.5**
Carrying value as at 31 December 2022	**155.9**	**13.5**	**5.7**	**19.5**	**194.6**
Carrying value as at 31 December 2023	**155.9**	**33.4**	**22.8**	**16.9**	**228.9**

52 Property, plant and equipment and right-of-use assets for leases

€m	31 Dec 2023	31 Dec 2022	Change
Plant and equipment	23.0	20.9	2.0
Technical equipment and machines	9.0	8.8	0.2
Right-of-use assets for leases (leasing assets)	269.1	306.1	–37.0
Total	**301.1**	**335.8**	–34.7

Property, plant and equipment and right-of-use assets for leases developed as follows within the Deka Group:

	Property, plant and equipment		Property, plant and equipment (leasing assets)			
€m	Plant and equipment	Technical equipment and machines	Office properties	Motor vehicles	Plant and equipment	Total
Historical cost						
As at 1 January 2022	42.6	23.3	368.1	12.4	1.6	448.0
Additions	6.9	5.5	88.3	2.0	0.0	102.7
Disposals	0.0	1.7	–	0.0	–	1.7
Change in currency translation	0.0	0.0	–	–	–	0.0
As at 31 December 2022	**49.5**	**27.1**	**456.4**	**14.4**	**1.6**	**549.0**
Additions	3.8	4.3	2.9	3.0	–	14.0
Disposals	0.1	0.1	–	0.0	–	0.2
Change in currency translation	–0.0	–0.0	–	–	–	–0.0
As at 31 December 2023	**53.2**	**31.3**	**459.3**	**17.4**	**1.6**	**562.7**
Cumulative depreciation/impairment						
As at 1 January 2022	23.5	15.9	108.7	7.6	1.4	157.1
Amortisation/impairment	5.1	3.4	45.9	2.5	0.2	57.1
Disposals	–	1.0	–	–	–	1.0
Change in currency translation	–0.0	–0.0	–	–	–	–0.0
As at 31 December 2022	**28.6**	**18.3**	**154.6**	**10.1**	**1.6**	**213.2**
Amortisation/impairment	1.8	4.1	40.5	2.4	–0.0	48.7
Disposals	0.1	0.1	–	–	0.0	0.2
Change in currency translation	0.0	0.0	–	–	–	0.0
As at 31 December 2023	**30.3**	**22.3**	**195.1**	**12.5**	**1.6**	**261.7**
Carrying value as at 31 December 2022	**20.9**	**8.8**	**301.8**	**4.3**	**0.0**	**335.8**
Carrying value as at 31 December 2023	**23.0**	**9.0**	**264.2**	**4.9**	**0.0**	**301.1**

53 Income tax assets

€m	31 Dec 2023	31 Dec 2022	Change
Current income tax assets	191.2	201.4	–10.3
Deferred income tax assets	312.3	372.7	–60.4
Total	**503.5**	**574.1**	–70.6

Deferred income tax assets represent the potential income tax relief arising from temporary differences between the values of assets and liabilities in the IFRS balance sheet and the tax base.

In the year under review, deferred tax assets included €1.1m in relation to tax loss carryforwards at one Group company (previous year: €1.4m at one company).

Deferred tax assets were recognised in relation to the following line items:

€m	31 Dec 2023	31 Dec 2022	Change
Asset items			
Due from customers	267.8	371.9	–104.1
Financial assets at fair value	–	0.8	–0.8
Financial investments	0.8	35.8	–35.0
Intangible assets	38.0	45.1	–7.1
Other assets	84.2	1.3	82.9
Liability items			
Due to banks	–	–	–
Due to customers	–	–	–
Securitised liabilities	–	–	–
Financial liabilities at fair value	201.0	321.6	–120.6
Negative market values of derivative hedging instruments	141.6	167.3	–25.7
Provisions	25.9	87.6	–61.7
Other liabilities	89.0	98.3	–9.3
Subordinated capital	–	–	–
Loss carryforwards	**1.1**	**1.4**	**–0.3**
Sub-total	**849.5**	**1,131.1**	**–281.6**
Netting	–537.2	–758.4	221.2
Total	**312.3**	**372.7**	**–60.4**

Reported deferred tax assets include €312.3m (previous year: €372.6m) that are medium- or long-term in nature.

As at the balance sheet date, two Group companies had unrecognised loss carryforwards of €1.2m (previous year: three companies with unrecognised losses of €4.1m). There were still no other temporary differences for which deferred tax assets have not been recognised.

The netting of deferred tax assets and liabilities relates mainly to short-term deferred taxes arising from temporary differences in connection with financial assets and liabilities at fair value.

At the reporting date, as in the previous year, there were no outside basis differences that would have led to the recognition of deferred tax assets.

Deferred income tax assets amounting to €21.0m in connection with provisions for pensions (previous year: €2.3m) were offset against equity. In addition, deferred tax assets of €0.1m for creditworthiness-related fair value changes to financial liabilities designated at fair value were offset against equity (previous year: €0.4m). In the year under review, deferred income tax assets of €0.9m also had to be recognised in connection with the fair value measurement of financial investments in other comprehensive income (previous year: €9.0m). Finally, deferred tax assets of €9.3m were recognised for currency fair value hedges (previous year: €0.3m).

54 Other assets

€m	31 Dec 2023	31 Dec 2022	Change
Amounts due from investment funds	203.1	180.6	22.5
Amounts due from non-banking business	8.2	16.7	–8.5
Asset surplus from pension obligations	14.4	–	14.4
Amounts due or refunds from other taxes	9.9	1.1	8.9
Other assets	135.2	159.5	–24.4
Prepaid expenses	45.7	47.3	–1.6
Total	**416.6**	**405.2**	11.4

Since the 2023 reporting year, the surplus of assets over pension obligations has been recognised in a separate item instead of under other assets. The previous year's figures have not been restated. In the previous year, the surplus of assets over pension obligations totalled €26.8m.

Other assets include €0.6m (previous year: 0.1m) that are of a medium or long-term nature.

55 Due to banks

Amounts due to banks can be broken down by business type as follows:

€m	31 Dec 2023	31 Dec 2022	Change
Overdrafts	824.5	802.6	21.9
Daily and time deposits	5,620.0	10,866.5	–5,246.5
Promissory note loans and registered bonds	1,650.0	1,779.8	–129.8
Collateralised registered bonds and promissory note loans	129.4	144.7	–15.3
Unsecured registered bonds and promissory note loans	1,520.6	1,635.1	–114.5
Genuine repurchase agreements and collateralised securities lending transactions	228.3	3,567.6	–3,339.3
Borrowings	291.1	195.2	95.9
Total	**8,613.9**	**17,211.7**	–8,597.8

The regional breakdown of amounts due to banks is as follows:

€m	31 Dec 2023	31 Dec 2022	Change
Domestic banks	8,033.8	14,735.0	–6,701.2
Foreign banks	580.0	2,476.7	–1,896.7
Total	**8,613.9**	**17,211.7**	–8,597.8

56 Due to customers

Amounts due to customers can be broken down by business type as follows:

€m	31 Dec 2023	31 Dec 2022	Change
Overdrafts	17,555.5	18,281.5	–726.0
Daily and time deposits	7,598.8	4,880.5	2,718.3
Promissory note loans and registered bonds	1,569.0	1,573.7	–4.7
Collateralised registered bonds and promissory note loans	247.1	375.8	–128.7
Unsecured registered bonds and promissory note loans	1,321.9	1,197.9	124.0
Genuine repurchase agreements and collateralised securities lending transactions	95.1	249.8	–154.7
Borrowings	132.1	120.5	11.6
Total	**26,950.5**	**25,106.0**	1,844.5

The regional breakdown of amounts due to customers is as follows:

€m	31 Dec 2023	31 Dec 2022	Change
Domestic customers	22,412.1	19,993.7	2,418.4
Foreign customers	4,538.4	5,112.3	–573.9
Total	**26,950.5**	**25,106.0**	1,844.5

57 Securitised liabilities

Securitised liabilities include bonds and other liabilities for which transferable certificates are issued. Own bonds held by the Deka Group with a nominal amount of €60.3m (previous year: €265.8m) were deducted from the issued bonds.

€m	31 Dec 2023	31 Dec 2022	Change
Uncovered debt securities issued	7,583.8	7,095.9	487.9
Covered debt securities issued	3,336.1	2,968.6	367.5
Money market securities issued	–	1,104.9	–1,104.9
Total	**10,919.9**	**11,169.4**	–249.5

58 Financial liabilities at fair value

Financial liabilities at fair value comprise trading issues and liabilities designated at fair value. This item also includes the negative market values of derivative financial instruments held for trading and the negative market values of hedging derivatives that are used as hedging instruments but do not meet the requirements of IFRS 9 for hedge accounting (economic hedging derivatives). Securities short portfolios are also reported in this line item.

€m	31 Dec 2023	31 Dec 2022	Change
Trading portfolio			
Trading issues	18,432.0	19,988.5	–1,556.5
Securities short portfolios	1,144.1	1,008.5	135.7
Negative market values of derivative financial instruments (trading)	8,648.8	13,085.4	–4,436.6
Negative market values of derivative financial instruments (economic hedging derivatives)	18.9	53.5	–34.6
Total – trading portfolio	**28,243.8**	**34,135.9**	–5,892.0
Financial liabilities designated at fair value			
Issues	145.5	217.1	–71.6
Financial liabilities designated at fair value - total	**145.5**	**217.1**	–71.6
Total	**28,389.3**	**34,353.0**	–5,963.6

Issues are broken down by product type as follows:

€m	31 Dec 2023	31 Dec 2022	Change
Trading portfolio			
Uncovered trading issues			
Bearer bonds issued	16,010.2	17,551.5	–1,541.3
Registered bonds issued	874.5	776.4	98.1
Promissory notes raised	1,547.3	1,660.6	–113.3
Total	**18,432.0**	**19,988.5**	–1,556.5
Financial liabilities designated at fair value			
Uncovered issues			
Registered bonds issued	110.9	110.6	0.3
Promissory notes raised	–	20.3	–20.3
Covered issues	34.6	86.2	–51.6
Total	**145.5**	**217.1**	–71.6

The fair value of issues in the designated at fair value category (fair value option) includes cumulative creditworthiness-related changes in value amounting to €0.3m (previous year: €1.3m) that are recognised in other comprehensive income.

The carrying amount of liabilities whose creditworthiness-related changes in value are recognised in other comprehensive income is €3.6m (previous year: €3.4m) higher than the repayment amount.

59 Negative market values of derivative hedging instruments

The negative market values of hedging instruments that meet the criteria for hedge accounting can be broken down by underlying hedged transaction as follows:

€m	31 Dec 2023			31 Dec 2022		
	Nominal of the hedging instruments	Carrying amount of the hedging instruments[1]	Valuation result of the hedging instruments for the reporting period[2]	Nominal of the hedging instruments	Carrying amount of the hedging instruments[1]	Valuation result of the hedging instruments for the reporting period[2]
Interest rate fair value hedges						
Financial assets measured at amortised cost						
Due from banks	2,530.5	0.1	–66.2	30.0	0.0	1.0
Due from customers	4,834.4	12.1	–206.0	910.5	6.3	24.2
Financial investments	2,599.2	0.1	–79.8	185.4	0.1	–4.4
Financial assets measured at fair value through other comprehensive income						
Financial investments	364.3	0.0	–6.8	77.0	0.0	0.9
Financial liabilities measured at amortised cost						
Due to banks	730.0	0.0	39.9	619.0	1.6	–107.4
Due to customers	457.7	0.0	22.9	550.0	2.1	–117.2
Securitised liabilities	2,640.9	0.1	110.7	1,670.9	5.0	–223.8
Subordinated capital	257.6	0.0	14.2	292.4	1.1	–61.2
Currency fair value hedges						
Bottom layer financial assets	5,441.7	180.0	22.0	8,892.9	538.9	–281.6
Total	**19,856.2**	**192.5**	**–149.2**	**13,228.1**	**555.1**	**–769.5**

[1] The majority of interest rate swaps designated as hedging instruments are cleared via CCP.
[2] Includes the change in fair value of the hedging instruments used for recognising the ineffectiveness for the reporting period.

Only interest rate swaps were designated as hedging instruments for interest rate fair value hedges. Cross-currency swaps are used as hedging instruments for currency fair value hedges.

60 Provisions for pensions and similar commitments

The following table shows the movement in provisions:

€m	Provisions for pensions	Provisions for similar commitments[1]	Total
As at 1 January 2022	**140.9**	**18.7**	**159.6**
Allocation	25.7	3.1	28.8
Utilisation	17.1	4.4	21.5
Reversals	–	3.1	3.1
Reclassifications	1.8	0.5	2.3
Change in plan assets	–8.5	–1.9	–10.4
Revaluations recognised in other comprehensive income	–167.2	–	–167.2
Reclassification due to net asset	26.0	–	26.0
As at 31 December 2022	**1.6**	**12.9**	**14.5**
Allocation	14.8	3.6	18.4
Utilisation	19.8	3.5	23.3
Reversals	1.0	0.1	1.1
Reclassifications	1.6	–	1.6
Change in plan assets	–6.8	–2.1	–8.9
Revaluations recognised in other comprehensive income	28.0	–	28.0
Reclassification due to net asset	–12.4	–	–12.4
As at 31 December 2023	**6.1**	**10.7**	**16.8**

[1] Including provision for working hours accounts

The pension provisions of €6.1m include defined benefit plans in the form of final salary plans and general contribution schemes, as well as unit-linked defined contribution plans. Provisions for similar commitments in the amount of €10.7m are associated with commitments in relation to early retirement, transitional payments, working hours accounts and obligations to pay other allowances. As commitments similar to pensions, the latter are to be differentiated from the defined benefit plans accordingly.

The present value of the defined benefit obligations can be reconciled to the provisions for pensions as follows:

€m	31 Dec 2023	31 Dec 2022	Change
Present value of fully or partially funded defined benefit obligations	799.8	693.5	106.3
Fair value of plan assets at reporting date	826.9	734.0	92.9
Funding status	**–27.1**	**–40.5**	13.4
Present value of unfunded defined benefit obligations	1.6	1.6	–
Cap due to limitation of net assets	17.2	13.7	3.5
Reclassification due to net asset	14.4	26.8	–12.4
Provisions for pensions	**6.1**	**1.6**	4.5

The movement in the net liability was as follows:

	Defined benefit obligations		Fair value of plan assets		Net obligation/(net asset)	
€m	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
As at 1 January	**695.2**	**966.8**	**734.0**	**826.7**	**1.6**	**140.9**
Current service cost	15.0	24.1	–	–	15.0	24.1
Interest expense or income	27.5	11.2	29.2	9.6	–1.7	1.7
Interest portion on capping due to net asset ceiling	–	–	–	–	0.5	–
Pension expenses (recognised in profit or loss)	**42.5**	**35.3**	**29.2**	**9.6**	**13.8**	**25.7**
Actuarial gains/losses from:						
Financial assumptions	29.6	–261.0	–	–	29.6	–261.0
Demographic assumptions	0.1	–	–	–	0.1	–
Experience adjustment	51.9	–30.5	–	–	51.9	–30.5
Income from plan assets excluding interest income	–	–	56.5	–110.7	–56.5	110.7
Cap due to net asset ceiling	–	–	–	–	2.9	13.7
Revaluation gains/losses (recognised in other comprehensive income)	**81.6**	**–291.6**	**56.5**	**–110.7**	**28.0**	**–167.2**
Transfers	2.0	1.8	–	–	2.0	1.8
Employer contributions	–	–	5.5	5.4	–5.5	–5.4
Employee contributions	–	–	5.7	6.1	–5.7	–6.1
Benefits paid	–19.8	–17.1	–3.9	–3.0	–15.8	–14.0
Other changes	–	–	–	–	–12.4	26.0
As at 31 December	**801.4**	**695.2**	**826.9**	**734.0**	**6.1**	**1.6**
Comprising:						
Final salary plans and general contribution schemes	417.8	371.3	426.9	397.1	6.1	1.6
Unit-linked defined contribution plans	383.7	323.8	400.0	336.9	–	–

The present value of the defined benefit obligation was calculated using the Heubeck 2018 G mortality tables based on the following actuarial parameters:

%	**31 Dec 2023**	**31 Dec 2022**	Change
Actuarial interest rate	3.50	3.95	–0.45
Pension trend for adjustments according to Section 16(2) Company Pension Funds Act (BetrAVG)[1]	2.20	2.20	–
Pension adjustment with overall trend updating[1]	2.00	2.00	–
Salary trend[1]	2.50	2.50	–

[1] Not relevant for the valuation of unit-linked pension commitments as these are not dependent on final salary

For non-vested projected benefits, staff turnover profiles published by Heubeck-Richttafeln-GmbH are also used in the calculation with a level parameter of 1.5. The discount factor for similar commitments was 3.11% (previous year: 2.92%).

This rate takes account of the shorter time to maturity compared to pension commitments as well as the rate of adjustment in early retirement and transitional payments not shown separately.

The sensitivity analysis presented below shows how a change in significant actuarial assumptions can affect the defined benefit obligations (DBO). This analysis considers the change in one assumption, leaving the other assumptions unchanged relative to the original calculation. This means that potential correlation effects between the individual assumptions are disregarded. The sensitivity analysis only applies to the present value of the DBO and not to the net obligation, as the latter is determined by a number of factors including both the actuarial assumptions and the fair value of the plan assets.

	Change in actuarial assumptions	Effect on defined benefit obligations	
€m		**31 Dec 2023**	**31 Dec 2022**
Actuarial interest rate	Increase of 1.0 percentage points	–55.5	–50.4
	Reduction of 1.0 percentage points	80.4	75.7
Salary trend	Increase of 0.25 percentage points	2.2	2.0
	Reduction of 0.25 percentage points	–2.1	–2.0
Pension trend	Increase of 0.25 percentage points	12.3	10.4
	Reduction of 0.25 percentage points	–10.1	–10.0
Life expectancy	Extended by 1 year	18.1	15.1

At the balance sheet date, plan assets were as follows:

€m	**31 Dec 2023**	**31 Dec 2022**	Change
Mutual funds	401.4	338.1	63.3
Equity funds	384.9	323.6	61.3
Bond funds	4.9	3.7	1.2
Mixed funds	11.6	10.8	0.8
Special funds	425.2	395.7	29.5
Insurance contracts	0.2	0.3	–0.1
Total	**826.9**	**734.0**	92.9

Apart from insurance contracts, the plan assets consist of assets for which quoted market prices are available on an active market. As at 31 December 2023, the plan assets included €826.7m of the Deka Group's own investment funds (previous year: €733.7m). They did not include properties used by the Deka Group or other assets.

The units in mutual funds are used to finance unit-linked commitments. For obligations under final salary plans and general contribution schemes, investments have been made in a special fund whose investment strategy is based on an integrated asset-liability approach. Insurance contracts relate mainly to term life assurance policies. The risks associated with defined benefit obligations include not only the usual actuarial risks, such as longevity risk and interest-rate risk, but also risks in connection with the plan assets. In particular, the plan assets may be subject to market price risks.

Income from the plan assets is assumed to match the actuarial interest rate, which is determined on the basis of corporate bonds with a credit rating of AA. If the actual return on the plan assets falls below the actuarial interest rate applied, the net obligation arising from the defined benefit commitments is increased. However, in view of the composition of the plan assets, it is assumed that the actual return over the medium to long term will exceed the yield on good-quality corporate bonds.

The amount of the net obligation is also affected in particular by the actuarial interest rate. The current high level of interest rates leads to a relatively lower net obligation.

The weighted average maturity of the defined benefit pension obligations was 8.7 years as at the reporting date (previous year: 9.3 years).

The present value of the defined benefit obligations is made up as follows:

€m	**31 Dec 2023**	**31 Dec 2022**	Change
Current scheme members	426.8	366.7	60.1
Former scheme members	160.4	151.7	8.7
Pensioners and surviving dependents	214.2	176.7	37.5
Present value of defined benefit obligation	**801.4**	**695.2**	106.2

For the 2024 financial year it is expected that contributions amounting to €11.4m (previous year: €11.8m) will have to be allocated to the defined benefit schemes.

61 Other provisions

€m	**31 Dec 2023**	**31 Dec 2022**	Change
Provisions in investment funds business	88.1	83.8	4.4
Provisions for credit risks	8.7	12.6	–3.9
Provisions for operational risks	8.1	8.6	–0.5
Provisions for legal risks	5.9	12.8	–6.9
Provisions in human resources	1.2	0.7	0.5
Provisions for restructuring measures	–	0.0	–0.0
Sundry other provisions	93.3	92.2	1.0
Total	**205.3**	**210.8**	–5.5

Provisions in investment funds business are created, among other things, for funds with formal guarantees and targeted returns, as described below.

The Deka Group’s range of products includes investment funds with guarantees of various types. Upon maturity of the fund or at the end of the investment period, the investment management company guarantees that the investor will receive either the capital originally invested or the unit value at the start of that investment period. The amount of the provision is the forecast shortfall at the guarantee date, which is the difference between the expected unit value and the unit value guaranteed. A short-term bond fund featuring a capital guarantee at the end of the guarantee period that is renewed every six months is also included. The redemption price on the last trading day of June and December is guaranteed.

As at the balance sheet date, provisions of €19.2m (previous year: €17.5m) had been made based on the performance of the relevant fund assets. As of the reporting date, the guarantees covered a maximum total volume of €2.0bn (previous year: €1.9bn) at the respective guarantee dates. The market value of the relevant funds totalled €2.3bn (previous year: €2.1bn).

For the fund-based Riester products offered as private pensions, DekaBank provides a capital guarantee at the start of the disbursement phase, for which a provision of €52.1m (previous year: €51.9m) was recognised. Potential obligations from fund-based pension products totalled €6.1bn at the reporting date (previous year: €5.7bn). The market value of the fund-based pension products totalled €8.1bn (previous year: €7.0bn).

The calculation of the provisions for Riester products is based on a Monte Carlo simulation and calculates the expected value of a potential shortfall at the guarantee date at individual contract level.

Provisions for credit risks are provisions set up for expected losses from loan commitments, guarantees and sureties (see note [47] "Risk provisions in the lending and securities business").

Provisions for legal and operational risks are established for potential losses that could result from the use of inadequate internal processes and systems or their failure, as well as from human error and external events. Operational risks can lead to claims from customers, counterparties and supervisory authorities or to legal action.

The drop in provisions for legal risks relates primarily to the full reversal of the provision for potential claims asserted by customers for the repayment of fees (previous year: €6.2m). This was connected to the ruling by the German Federal Court of Justice (BGH) on 27 April 2021, rendering amendments to the General Terms and Conditions of Business (GTCs) concerning fee adjustments partially ineffective.

DekaBank has undertaken voluntary investigations to ascertain whether its involvement enabled third parties to conduct share trades around the dividend record date and make use of abusive tax structures or whether it was otherwise involved in such structures. The possibility of a claim in the amount of €6.7m being asserted against DekaBank in this regard due to its function as custodian cannot be ruled out in all probability. As a result, a provision for operational risks was set up in the amount of €3.8m as at 31 December 2020. As at 31 December 2022, the amount of the provision was increased by €2.9m to €6.7m based on further analyses. No further risks in this regard were evident as at 31 December 2023.

The sundry other provisions were established in respect of liabilities arising from a range of issues. Sundry other provisions mainly comprise a provision set up in the 2019 financial year for a capital-strengthening measure in relation to a company in the equity investment portfolio, with DekaBank entering into a commitment to provide potential support (up to a maximum amount of €100.0m). This commitment is valued using a Monte Carlo simulation to forecast a possible capital shortfall at the level of the affiliated company depending on capital market developments. As at the reporting date, the average net present value of the payments amounts to €–88.3m (previous year €–86.1m).

The movement in other provisions is as follows:

€m	Opening balance 1 Jan 2023	Allocation	Utilisations	Reversal	Reclassi-fications	Accrued interest	Currency effects	Closing balance 31 Dec 2023
Provisions in investment funds business	83.8	9.7	0.4	5.0	–	–	–	88.1
Provisions for legal risks	12.8	1.3	0.2	6.4	–1.6	–	–	5.9
Provisions for credit risks	12.6	13.8	–	17.5	–	–	–0.2	8.7
Provisions for operational risks	8.6	0.7	0.3	1.0	–	–	–	8.1
Provisions in human resources	0.7	1.3	0.9	0.0	–	–	–0.0	1.2
Provisions for restructuring measures	0.0	–	–	0.0	–	–	–	–
Sundry other provisions	92.2	3.1	0.9	1.2	–	–	–	93.3
Other provisions	**210.8**	**30.0**	**2.6**	**31.1**	**–1.6**	**–**	**–0.2**	**205.3**

Some of the provisions for restructuring measures are reclassified as provisions for pensions and similar commitments in the subsequent year, in accordance with their underlying nature.

Other provisions include €64.3m (previous year: 64.5m) that are of a medium or long-term nature.

62 Income tax liabilities

€m	31 Dec 2023	31 Dec 2022	Change
Provisions for income taxes	5.4	6.5	–1.1
Current income tax liabilities	138.2	130.4	7.8
Deferred income tax liabilities	91.9	147.2	–55.3
Total	**235.5**	**284.1**	–48.6

The provisions for income taxes relate to corporation tax, the solidarity surcharge and trade tax in a total amount of €4.5m (previous year: €4.4m), as well as to a foreign tax liability in the amount of €0.9m (previous year: €2.1m).

The provisions for income taxes reported are of a short-term nature (previous year: €6.5m of a short-term nature).

Current income tax liabilities include payments for income taxes from the reporting year and earlier periods that were due but had not yet been paid as at the reporting date.

Deferred income tax liabilities represent the potential income tax charges from temporary differences between the values of assets and liabilities on the IFRS balance sheet and the tax base.

Deferred tax liabilities were recognised in relation to the following line items on the balance sheet:

€m	31 Dec 2023	31 Dec 2022	Change
Asset items			
Due from banks	5.3	–	5.3
Due from customers	–	–	–
Financial assets at fair value	161.2	264.5	–103.3
Positive market values of derivative hedging instruments	269.2	365.3	–96.1
Financial investments	4.0	–	4.0
Shares in at-equity accounted companies	0.1	0.1	0.0
Intangible assets	11.6	7.3	4.3
Property, plant and equipment	82.8	94.0	–11.2
Other assets	0.1	–	0.1
Liability items			
Due to banks	19.7	35.5	–15.8
Due to customers	9.9	19.2	–9.3
Securitised liabilities	52.4	97.8	–45.4
Provisions	0.1	2.2	–2.1
Subordinated capital	12.6	19.7	–7.1
Sub-total	**629.1**	**905.6**	–276.5
Netting	–537.2	–758.4	221.2
Total	**91.9**	**147.2**	–55.3

Reported deferred tax liabilities include €87.9m (previous year: €138.8m) that are of a short-term nature.

The netting of deferred tax assets and liabilities relates mainly to short-term deferred taxes arising from temporary differences in connection with financial assets and liabilities at fair value.

As at the reporting date, temporary differences existed in connection with outside basis differences at consolidated subsidiaries amounting to €129.5m (previous year: €125.8m), resulting in imputed deferred tax liabilities of €2.1m (previous year: €2.0m). €2.0m (previous year: €2.0m) of this amount was recognised as a liability due to the return of the banking licence by Deka Verwaltungsgesellschaft Luxembourg S.A. in the 2021 reporting year. The remainder (< €0.1m) is attributable to two other companies and was not recognised as a liability in accordance with IAS 12.39.

Deferred income tax liabilities of €0.1m had to be recognised for risk provisions in connection with the fair value measurement of financial assets in other comprehensive income (previous year: €0.1m).

63 Other liabilities

The breakdown of other liabilities is as follows:

€m	31 Dec 2023	31 Dec 2022	Change
Liabilities			
Liabilities from leasing transactions	279.6	315.7	–36.2
Commissions not yet paid to sales offices	117.2	114.4	2.8
Liabilities from current other taxes	81.7	38.6	43.1
Trade payables	72.8	77.3	–4.5
Other	78.9	47.9	31.0
Accruals			
Sales performance compensation	–	–	–
Personnel costs	190.8	189.1	1.7
Other accruals	44.2	54.6	–10.4
Year-end audit and other audit costs	7.3	9.2	–1.9
Prepaid expenses	0.6	0.3	0.3
Total	**872.9**	**847.1**	25.9

Other liabilities (excluding leases) include €0.6m (previous year: € 0.7m) that are of a medium or long-term nature.

Leases are broken down by residual term as follows:

€m	31 Dec 2023	31 Dec 2022
Up to 1 year	34.6	48.8
Between 1 and 5 years	77.4	94.4
More than 5 years	204.1	219.4
Total	**316.1**	**362.6**

64 Subordinated capital

€m	31 Dec 2023	31 Dec 2022	Change
Subordinated bearer bonds	385.1	277.7	107.4
Subordinated promissory note loans	94.7	94.7	–
Other subordinated liabilities	642.8	516.4	126.4
Prorated interest on subordinated liabilities	27.7	18.6	9.1
Total	**1,150.2**	**907.4**	242.9

There are no agreements or plans to convert these funds into equity or another form of debt. There is no early repayment obligation.

65 Equity

€m	31 Dec 2023	31 Dec 2022	Change
Subscribed capital	**286.3**	**286.3**	–
Own shares (deduction)	**–94.6**	**–94.6**	–
Additional capital components (AT1 bonds)	**598.6**	**598.6**	–
Capital reserve	**239.5**	**239.5**	–
Retained earnings	**5,916.6**	**5,489.4**	427.3
Statutory reserve	1.1	6.1	–5.0
Other retained earnings	5,915.5	5,483.3	432.3
Revaluation reserve	**6.6**	**17.4**	–10.9
For provisions for pensions	6.8	34.7	–28.0
For foreign currency basis spreads of hedging derivatives	–29.2	–0.9	–28.4
For financial assets measured at fair value through other comprehensive income	–2.5	–27.8	25.3
For own credit risk of financial liabilities designated at fair value	–0.3	–1.2	1.0
Currency translation reserve	0.6	0.7	–0.1
Deferred taxes	31.3	11.9	19.4
Accumulated profit (consolidated profit)	**300.1**	**200.2**	99.9
Total	**7,253.1**	**6,736.8**	516.3

Notes on financial instruments

66 Result by measurement category

The individual measurement categories resulted in the following contributions to net results:

€m	2023	2022	Change
Financial assets and liabilities measured at fair value through profit or loss	**192.3**	**56.5**	135.8
Trading portfolio	136.4	90.2	46.2
Financial assets mandatorily measured at fair value through profit or loss	63.0	–50.2	113.2
Financial assets designated at fair value	–	–	–
Financial liabilities designated at fair value	–7.1	16.5	–23.6
Thereof amounts recognised in profit or loss	–8.1	16.0	–24.1
Thereof amounts recognised in other comprehensive income (OCI)	1.0	0.5	0.5
Financial assets measured at fair value through other comprehensive income	**67.7**	**–32.7**	100.4
Thereof amounts transferred to profit or loss due to	–1.7	–2.5	0.8
Thereof amounts recognised in other comprehensive income (OCI)	25.3	–30.4	55.7
Financial assets measured at amortised cost	**1,885.6**	**671.8**	1,213.8
Financial liabilities measured at amortised cost	**–1,587.2**	**–206.3**	–1,380.9
Profit or loss from fair value hedges	**–35.9**	**30.6**	–66.5
Thereof amounts recognised in profit or loss	–7.5	11.3	–18.8
Thereof amounts recognised in other comprehensive income (OCI)	–28.4	19.2	–47.6
Thereof amounts transferred to profit or loss due to	–	–	–

Income and expense contributions are presented in line with their allocation to measurement categories in accordance with IFRS 9. All earnings components, i.e. sale and valuation results, as well as interest, current income and commission are included. The net income from equity-accounted companies is excluded.

As in the previous year, no financial assets were reclassified in the year under review.

67 Fair value disclosures

The carrying values and fair values of financial assets and financial liabilities are divided among the measurement categories and classes of financial instruments as shown in the following table.

	31 Dec 2023		31 Dec 2022	
€m	**Fair value**	**Carrying value**	**Fair value**	**Carrying value**
Assets				
Financial assets measured at amortised cost				
Cash reserves	328.2	328.2	346.7	346.7
Due from banks	30,145.3	30,202.6	38,736.3	38,849.8
Due from customers	24,679.8	25,424.0	28,324.3	28,778.,9
Financial investments	8,211.8	8,475.0	7,539.8	7,982.5
Other assets	213.8	213.8	199.3	199.3
Financial assets measured at fair value through other comprehensive income				
Financial investments	1,670.4	1,670.4	2,074.2	2,074.2
Financial assets measured at fair value through profit or loss				
Trading portfolio				
Financial assets at fair value	16,183.3	16,183.3	16,166.1	16,166.1
Financial assets mandatorily measured at fair value through profit or loss				
Financial assets at fair value	795.9	795.9	1,400.6	1,400.6
Other assets	8.3	8.3	1.7	1.7
Positive market values of derivative hedging instruments	250.7	250.7	271.1	271.1
Total asset items	**82,487.5**	**83,552.2**	**95,060.1**	**96,070.9**
Liabilities				
Financial liabilities measured at amortised cost				
Due to banks	8,557.1	8,613.9	17,044.8	17,211.7
Due to customers	26,883.8	26,950.5	25,021.9	25,106.0
Securitised liabilities	10,434.0	10,919.9	10,413.5	11,169.4
Subordinated capital	1,146.5	1,150.2	888.9	907.4
Other liabilities	490.0	490.0	520.7	520.7
Financial liabilities measured at fair value through profit or loss				
Trading portfolio				
Financial liabilities at fair value	28,243.8	28,243.8	34,135.9	34,135.9
Other liabilities	7.0	7.0	1.4	1.4
Financial liabilities designated at fair value				
Financial liabilities at fair value	145.5	145.5	217.1	217.1
Negative market values of derivative hedging instruments	192.6	192.6	555.1	555.1
Total liability items	**76,100.3**	**76,713.4**	**88,799.3**	**89,824.8**

For financial instruments due on demand or short-term financial instruments, fair value is the amount payable as at the reporting date. The carrying value therefore represents a reasonable approximation to the fair value. These include, *inter alia*, the cash reserve, overdraft facilities and demand deposits due from or owed to banks and customers, and the financial instruments included in other assets or other liabilities. Other liabilities include lease liabilities totalling €279.6m (previous year: €315.7m).

In the following description of the fair value hierarchy, financial assets amounting to €10,957.7m (previous year: €16,768.9m) and financial liabilities amounting to €18,877.1m (previous year: €19,606.8m) are not allocated to any level of the fair value hierarchy.

Fair value hierarchy

Financial instruments carried at fair value on the statement of financial position, as well as financial instruments that are not measured at fair value but whose fair value must be stated, must be allocated to the following three fair value hierarchy levels specified in IFRS 13, depending on the input factors influencing their valuation:

Level 1 (Prices quoted in active markets): Financial instruments whose fair value can be derived directly from prices on active, liquid markets are allocated to this level.

Level 2 (Valuation method based on observable market data): Financial instruments whose fair value can be determined either from similar financial instruments traded on active and liquid markets, from similar or identical financial instruments traded on less liquid markets, or based on valuation methods with directly or indirectly observable input factors, are allocated to this level.

Level 3 (Valuation method not based on observable market data): Financial instruments whose fair value is determined based on valuation models using, among other things, input factors not observable in the market, provided they are significant for the valuation, are allocated to this level.

Within the Deka Group, reclassifications between the different levels of the fair value hierarchy are deemed to have taken place at the end of the relevant reporting period.

The tables below show the fair values of the financial instruments recognised on the statement of financial position, according to their level in the fair value hierarchy.

	Prices listed on active markets (level 1)		Valuation method based on observable market data (level 2)		Valuation method based on observable market data (level 3)	
€m	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Financial assets measured at fair value through profit or loss						
Debt securities, other fixed-interest securities and loan receivables	3,525.3	2,282.9	4,511.4	4,299.1	474.2	929.0
Shares and other non fixed-interest securities	569.1	1,316.6	94.5	95.2	51.8	52.1
Derivative financial instruments	81.8	125.2	7,589.6	8,303.3	52.1	137.0
Interest-rate-related derivatives	–	–	4,771.7	5,997.4	45.0	104.2
Currency-related derivatives	–	–	126.3	156.5	–	–
Share and other price-related derivatives	81.8	125.2	2,691.6	2,149.3	7.1	32.8
Shareholdings	–	–	–	–	29.5	26.4
Positive market values of derivative hedging instruments	–	–	250.7	271.1	–	–
Financial assets measured at fair value through other comprehensive income						
Debt securities and other fixed-interest securities	1,238.8	528.7	406.5	1,545.5	25.1	–
Shares and other non fixed-interest securities	–	–	–	–	–	–
Financial assets measured at amortised cost						
Due from banks	102.4	–	14,900.6	20,741.4	4,943.0	2,339.7
thereof: assets from genuine repurchase agreements and collateralised securities lending transactions	–	–	2,511.5	8,435.1	2,976.8	1,730.8
Due from customers	–	–	872.5	5,984.9	23,599.1	21,773.2
thereof: assets from genuine repurchase agreements and collateralised securities lending transactions	–	–	211.7	4,903.9	4,779.4	896.2
Debt securities and other fixed-interest securities	5,668.3	4,323.9	2,374.5	2,964.0	169.0	251.9
Total	**11,185.7**	**8,577.3**	**31,000.3**	**44,204.5**	**29,343.8**	**25,509.3**

As at 31 December 2023, 100% of debt securities and other fixed-interest securities allocated to level 3 for which an external rating was available were rated as investment grade.

	Prices listed on active markets (level 1)		Valuation method based on observable market data (level 2)		Valuation method based on observable market data (level 3)	
€m	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Financial liabilities measured at fair value through profit or loss						
Securities short portfolios	803.9	609.0	340.3	399.5	–	–
Derivative financial instruments	78.2	160.5	8,547.8	12,504.9	41.6	473.5
Interest-rate-related derivatives	–	–	6,826.3	9,955.5	–	447.1
Currency-related derivatives	–	–	96.6	146.0	–	–
Share and other price-related derivatives	78.2	160.5	1,624.9	2,403.3	41.6	26.4
Issues	–	–	18,564.0	17,848.0	13.5	2,357.6
Negative market values of derivative hedging instruments	–	–	192.6	555.1	–	–
Financial liabilities measured at amortised cost						
Due to banks	–	–	7,457.5	16,069.8	275.0	171.8
thereof: liabilities from genuine repurchase agreements and collateralised securities lending transactions	–	–	214.8	3,562.6		–
Due to customers	–	–	9,200.6	6,621.5	127.7	119.0
thereof: liabilities from genuine repurchase agreements and collateralised securities lending transactions	–	–	108.5	250.0	–	71.5
Securitised liabilities	505.2	–	9,928.8	10,413.5	–	–
Subordinated capital	–	–	–	–	1,146.5	888.9
Total	**1,387.3**	**769.5**	**54,231.6**	**64,412.3**	**1,604.3**	**4,010.8**

Level reclassifications

The following reclassifications between level 1 and level 2 of the fair value hierarchy took place in respect of assets and liabilities measured at fair value and held in the portfolio at the reporting date:

	Reclassifications from level 1 to level 2		Reclassifications from level 2 to level 1	
€m	2023	2022	2023	2022
Financial assets measured at fair value through profit or loss				
Debt securities, other fixed-interest securities and loan receivables	107.2	919.9	1,084.3	217.9
Derivative financial instruments	3.9	17.2	4.8	73.8
Share and other price-related derivatives	3.9	17.2	4.8	73.8
Financial liabilities measured at fair value through profit or loss				
Securities short portfolios	21.2	16.3	114.0	8.6
Derivative financial instruments	7.9	0.8	23.9	110.9
Interest-rate-related derivatives	–	–	–	–
Share and other price-related derivatives	7.9	0.8	23.9	110.9

Financial instruments were transferred from level 1 to level 2 during the year under review because prices on an active market could no longer be demonstrated for these financial instruments. Financial instruments were also transferred from level 2 to level 1 because, at the reporting date, prices were available for these financial instruments on an active market which could be used unchanged for valuation purposes.

Fair value hierarchy level 1

Where securities and derivatives are traded on active markets with sufficient liquidity, and hence where stock market prices or executable broker quotations are available, these prices are used to determine the fair value.

The fair value of units in unconsolidated investment funds is generally determined from the redemption price published by the investment management company.

Fair value hierarchy level 2

Fair values for insufficiently liquid bearer bonds are determined on the basis of discounted future cash flows. Instrument-specific and issuer-specific interest rates are used for discounting. Discount rates are determined from market prices of similar liquid securities, selected according to criteria in the categories of issuer, sector, rating, rank and maturity.

Derivative financial instruments are measured using standard valuation models, such as the Black-Scholes model, the Black-76 model, the SABR model, the Bachelier model, the G1PP model, the G2PP model or the local volatility model. The models are always calibrated using observable market data.

Interest rate and interest rate/currency swaps and unlisted interest rate futures are measured on the basis of the discounted cash flow model using the market interest rates applying to the remainder of the term of the financial instruments. The tenor structures of the individual interest rates are taken into account by means of separate forward yield curves. Interest rate swaps are discounted using the currency-specific yield curve. This is used for bootstrapping the forward yield curves. For the foreign currency cash flows in interest rate/currency swaps, discounting is carried out taking into account the cross-currency basis.

Fair values for forward currency contracts are determined at the reporting date on the basis of the forward rates, which in turn are quoted by FX swap points in the market.

Fair values of single name and index credit default swaps are determined using a standard hazard rate model calibrated to the respective par CDS spreads.

The fair value of deposits and borrowings is determined by discounting future cash flows using discount rates that are customary for comparable financial transactions with similar terms on liquid or less liquid markets.

The fair value of receivables and liabilities from genuine repurchase agreements is calculated by discounting future cash flows using the corresponding credit risk-adjusted discount rate. The discount rate applied takes into account the collateral criteria agreed at the time of concluding the genuine repurchase agreement.

If no price is observable on an active market for financial liabilities, fair value is determined by discounting the contractually agreed cash flows using an interest rate at which comparable liabilities could have been issued. Any existing collateralisation structure is taken into account, such as that used for covered bonds (*Pfandbriefe*), for example.

In the reporting year, there was a one-off effect in the income statement totalling €–10.3m from the introduction of the margin valuation adjustment (MVA). Further details can be found in note [8] "Financial instruments".

Fair value hierarchy level 3

Fair values of amounts due from banks or due from customers relating to lending business are determined using the present value method. The fair value of loans takes into account various spread components, e.g. refinancing and foreign currency costs, credit default risks, additional equity costs and any residual risks. Option components, such as the borrower's rights of termination or caps/floors, are also taken into account. These option components are each taken into account using suitable, recognised valuation procedures. Loans are allocated to level 3 irrespective of their IFRS category.

The debt securities, other fixed-interest securities and loan receivables disclosed under financial assets measured at fair value through profit or loss are bonds, promissory note loans and originated loans.

The fair value of the bonds is calculated either using the discounted cash flow model based on credit spreads that cannot be observed on the market or on the basis of indicative quotations that implicitly result in a valuation spread. The promissory note loans are also measured using the discounted cash flow model based on credit spreads that cannot be observed on the market. Assuming an average uncertainty of five basis points relating to the credit spreads, the fair value of the bonds and promissory note loans could have been €0.5m higher or lower.

Determining the fair value of loan receivables also involves the use of spreads that are not observable in the market. Assuming an average uncertainty of fifty basis points relating to the credit spreads, the fair value of the loan receivables could have been €0.6m higher or lower.

The Bank also allocates to level 3 a limited number of equity, credit and interest rate derivatives or issues with embedded equity, credit and interest rate derivatives, for example if unobservable valuation parameters are used which are significant for their valuation. For equity and interest rate derivatives whose valuation requires correlations, the Bank typically uses historical correlations with the relevant share prices or interest rate fixings, or changes to these. The sensitivity of the equity option positions concerned was around €–0.5m as at 31 December 2023. For interest rate derivatives based on an index spread, the sensitivity in terms of the correlation between the relevant reference indices is mapped via shifts in the model parameters. The resulting change in the correlation is approximately +1.8%, giving rise to a measurement difference of €+0.2m. There are also equity derivatives with a maturity that is longer than the equivalent (based on the underlying) exchange-traded equity (index) options. The temporal extrapolation uncertainty as at 31 December 2023 is approximately €–15.9m. For credit default swaps (CDS) and credit linked notes with a longer maturity than CDS spreads quoted on the market, a temporal extrapolation uncertainty of five basis points is assumed. As at 31 December 2023, this results in a value of €0.1m.

There are no publicly quoted market prices for the company shares listed as shareholdings. The fair value of company shares is determined using the dividend discount model, provided that the company pays dividends on a sustained basis. Other company shares are measured on the basis of the net asset value approach.

Under subordinated liabilities, DekaBank essentially reports positions of a hybrid capital nature which are allocated to level 3 due to the absence of indications of spreads tradable on the market. They are valued using the discounted cash flow model based on an interest rate which is checked at the relevant reporting date.

The fair values of liabilities in relation to issuing business are determined using the present value method. The future cash flows of the liabilities are discounted at a risk-adjusted market rate that is based on DekaBank's credit risk. For the valuation of collateralised issues, the collateral structure is also taken into account. The interest rate for a comparable unsecured issue is adjusted according to the collateralisation category and percentage.

Day one gains and losses

The table below shows the total unrealised day one gains at the beginning and end of the reporting year. The day one gains result from the difference between the transaction price and the fair value calculated using standard measurement techniques. The transaction price is not used as the fair value, as it includes both hedge costs and the margin. Furthermore, the transaction price is not calculated using market data verified independently of trading operations – in contrast to the fair value, which is measured daily as part of a process that is independent of trading operations.

€m	2023	2022	Change
Balance at 1 January (unrecognised gains)	**2.7**	**1.1**	1.6
Increase due to new trades	–2.1	2.3	–4.4
Reduction due to passage of time	–2.0	0.7	–2.7
Balance at 31 December (unrecognised gains)	**–1.4**	**2.7**	–4.1

Performance of financial instruments in fair value hierarchy level 3

The movement in level 3 assets carried at fair value is shown in the table below.

€m	Debt securities, other fixed-interest securities and loan receivables	Shares and other non fixed-interest securities	Interest-rate-related derivatives	Share and other price-related derivatives	Shareholdings	Positive market values of derivative hedging instruments	Total
As at 1 January 2022	**605.2**	**17.5**	**19.4**	**5.5**	**30.4**	**0.0**	**678.0**
Additions through purchase	2,328.6	57.0	–	11.0	–	–	2,396.6
Disposals through sale	1,803.1	22.3	–	5.4	7.3	–	1,838.1
Maturity/repayments	74.6	–	–	–	–	–	74.6
Transfers							
To Level 3	100.8	–	–	–	–	–	100.8
From Level 3	122.4	–	–	0.2	–	–	122.6
Changes arising from measurement/disposal							
Recognised in profit or loss[1]	–105.5	–0.1	84.8	21.9	3.3	–	4.4
Recognised in other comprehensive income[2]	–	–	–	–	–	–	–
As at 31 December 2022	**929.0**	**52.1**	**104.2**	**32.8**	**26.4**	**0.0**	**1,144.5**
Movement in unrealised gains or losses in respect of assets in the portfolio at the balance sheet date[3]	**–77.0**	**–**	**84.8**	**21.8**	**0.5**	**–**	**30.1**
As at 1 January 2023	**929.0**	**52.1**	**104.2**	**32.8**	**26.4**	**–**	**1,144.5**
Additions through purchase	3,857.7	–	–	3.0	–	–	3,860.7
Disposals through sale	3,889.5	–	–	–0.1	–	–	3,889.4
Maturity/repayments	106.4	–	–	11.0	–	–	117.4
Transfers							
To Level 3	0.9	–	–	2.9	–	–	3.8
From Level 3	307.9	–	55.0	12.9	–	–	375.8
Changes arising from measurement/disposal							
Recognised in profit or loss[1]	–9.6	–0.3	–4.2	–7.8	3.1	–	–18.8
Recognised in other comprehensive income[2]	–	–	–	–	–	–	–
As at 31 December 2023	**474.2**	**51.8**	**45.0**	**7.1**	**29.5**	**–**	**607.6**
Movement in unrealised gains or losses in respect of assets in the portfolio at the balance sheet date[3]	**8.4**	**–0.3**	**–4.2**	**–6.4**	**3.1**	**–**	**0.6**

[1] Gains and losses recognised in profit or loss from the measurement/disposal of level 3 financial instruments are included in net interest income, trading profit or loss, profit or loss on financial instruments mandatorily measured at fair value and profit or loss on financial instruments designated at fair value.

[2] Gains and losses recognised in other comprehensive income from the measurement of level 3 financial instruments are included in the revaluation reserve.

[3] Unrealised profits or losses from level 3 financial instruments are presented within net interest income, trading profit or loss, profit or loss on financial instruments required to be measured at fair value, profit or loss on financial instruments designated at fair value as well as revaluation reserve. In the reporting period, the mirror "performance of financial instruments in fair value hierarchy level 3" was standardised with regard to the presentation of the different financial instruments for reasons of better readability. In the case of disposals of derivative financial instruments, for example, the value in the opening balance is now also divided into disposal value and realised profit and loss for the period.

The movement in level 3 liabilities carried at fair value is shown in the table below

€m	Interest-rate-related derivatives	Share and other price-related derivatives	Issues	Total
As at 1 January 2022	**53.8**	**19.2**	**1,896.9**	**1,969.9**
Additions through purchase	–	1.0	–	1.0
Disposals through sale	0.2	–2.5	–	–2.3
Additions through issues	–	–	481.6	481.6
Maturity/repayments	–	0.2	98.0	98.2
Transfers				
To Level 3	–	6.4	578.0	584.4
From Level 3	–	5.9	30.7	36.6
Changes arising from measurement/disposal				
Recognised in profit or loss[1]	–393.5	–3.4	470.2	73.3
Recognised in other comprehensive income[2]	–	–	–	–
As at 31 December 2022	**447.1**	**26.4**	**2,357.6**	**2,831.1**
Movement in unrealised gains or losses in respect of liabilities in the portfolio at the balance sheet date[3]	**–394.2**	**–8.7**	**445.3**	**42.4**
As at 1 January 2023	**447.1**	**26.4**	**2,357.6**	**2,831.1**
Additions through purchase	–	17.8	3.1	20.9
Disposals through sale	–	–0.7	–	–0.7
Additions through issues	–	–	8.4	8.4
Maturity/repayments	–	0.9	441.7	442.6
Transfers				
To Level 3	–	22.1	–	22.1
From Level 3	447.1	2.1	1,920.2	2,369.4
Changes arising from measurement/disposal				
Recognised in profit or loss[1]	–	22.4	–6.3	16.1
Recognised in other comprehensive income[2]	–	–	–	–
As at 31 December 2023	**–**	**41.6**	**13.5**	**55.1**
Movement in unrealised gains or losses in respect of liabilities in the portfolio at the balance sheet date[3]	**–**	**18.5**	**7.5**	**26.0**

[1] Gains and losses recognised in profit or loss from the measurement/disposal of level 3 financial instruments are included in net interest income, trading profit or loss, profit or loss on financial instruments mandatorily measured at fair value and profit or loss on financial instruments designated at fair value.
[2] Gains and losses recognised in other comprehensive income from the measurement of level 3 financial instruments are included in the revaluation reserve.
[3] Unrealised gains and losses on level 3 financial instruments are included in net interest income, trading profit or loss, profit or loss on financial instruments mandatorily measured at fair value, profit or loss on financial instruments designated at fair value and the revaluation reserve. In the reporting period, the overview of "Performance of financial instruments in fair value hierarchy level 3" was standardised to improve legibility regarding the presentation of the different financial instruments. In cases involving disposals of derivative financial instruments, for example, the value in the opening balance is now broken down into the disposal value and realised profit and loss for the period.

Debt securities, other fixed-interest securities and loan receivables amounting to €307.9m and €0.9m were transferred from, and to, level 3 respectively in the reporting period. Positive market values of interest rate-related derivatives amounting to €55.0m were transferred from level 3. Furthermore, positive market values of share and other price-related derivatives amounting to €12.9m and €2.9m were transferred from, and to, level 3 respectively. Negative market values of interest rate-related derivatives amounting to €447.1m were also reclassified from level 3. In addition, negative market values of share and other price-related derivatives amounting to €2.1m and €22.1m were transferred from, and to, level 3 respectively. Issues amounting to €1,920.2m were also transferred from level 3. This was due to a more detailed analysis of the market data used for valuation.

Level 3 financial instruments are analysed with regard to the materiality of spread curves and correlation matrices as at the reporting date. In the case of spread curves, the valuation is performed without a spread or with a spread of zero. If the resulting change in present value is insignificant (≤5%), the product can be assigned to level 2. For financial instruments whose valuation involves the use of a correlation matrix (historical 250-day correlations), sensitivity to a change in the correlation matrix is a relevant factor. This sensitivity is expressed in relation to the present value of the financial instrument. If the sensitivity is insignificant (≤0.5% of the present value), the product can be assigned to level 2. As a result, positions with a market value of €–6,662.2m were transferred from level 3 to level 2 on the reporting date.

Measurement processes for financial instruments in fair value hierarchy level 3

For all transactions in the trading book and the banking book, DekaBank generally performs a daily valuation independent of trading operations, which provides the basis for the calculation of results. Responsibility for the valuation process lies with Risk Control, the different tasks being assigned to various specialist teams as part of the valuation process. The models used for theoretical valuation of transactions must undergo validation and initial acceptance before they can be employed in the valuation process. Adequacy checks are carried out on a regular basis as part of normal operations. The main steps in the process are the provision of market data that is independent of trading activities, parametrisation, performance of the valuation and quality assurance. Each of these steps and processes has a team responsible for design and implementation.

Finance and Risk Control analyse and provide commentary on any notable changes in the valuation carried out independently of trading activities. The economic profits and losses determined on the basis of this independent valuation are made available to the trading units on a daily basis for the trading book and on at least a weekly basis for the banking book. To support the process, a committee has been established within Risk Control which plans and coordinates the medium to long-term development of the valuation process.

Valuation models are always used where no reliable external prices are available. External price quotations are obtained from established providers such as stock exchanges and brokers. Every price is subject to a monitoring process which assesses its quality and establishes whether it is appropriate for use in the valuation process. Unless the level of quality is assessed as inadequate, a theoretical valuation is carried out.

For financial instruments whose present value is determined using a valuation model, the prices needed to calibrate the model are either found directly, independently of trading, or are checked via an independent price verification process (IPV) to ensure they are consistent with the market, and are corrected if necessary. The valuation models used are either validated by Risk Control or implemented in Risk Control independently of trading. The appropriateness of the models is examined by Risk Control on a regular basis, and at least once a year. The results of the examination form the basis for a joint recommendation agreed between Risk Control, Finance and the trading units on whether the valuation models should continue to be used or require further development.

When new financial instruments are introduced, existing valuation processes are examined to determine whether they can be applied to the new instrument and modified or expanded if necessary. Valuation processes may be expanded to include new price sources or apply new valuation models. Where new models are introduced, Risk Control checks for model risks as part of the implementation and validation process.

68 Offsetting financial assets and liabilities

The following table contains disclosures concerning the effects of offsetting on the Deka Group's consolidated balance sheet. Offsetting is currently only carried out for receivables and liabilities from genuine repurchase agreements and derivative transactions (see also note [13] "Genuine repurchase agreements and securities lending transactions" and note [70] "Derivative transactions").

31 Dec 2023				Associated amounts not offset in the statement of financial position		
€m	Financial assets/ liabilities (gross)	Offset financial assets/ liabilities	Amount disclosed in the statement of financial position (net)	Collateral – securities	Cash – collateral	Net amount
Assets						
Receivables arising from securities repurchase agreements (eligible for offsetting)	3,384.0	2,616.1	767.9	767.9	–	–
Receivables arising from securities repurchase agreements (not eligible for offsetting)	9,397.5	–	9,397.5	9,397.5	–	–
Derivatives (eligible for offsetting)	17,986.6	17,526.2	460.4	–	460.4	–
Derivatives (not eligible for offsetting)	7,513.8	–	7,513.8	279.5	2,386.9	4,847.4
Total	**38,281.9**	**20,142.3**	**18,139.6**	**10,444.9**	**2,847.3**	**4,847.4**
Liabilities						
Liabilities arising from securities repurchase agreements (eligible for offsetting)	2,619.5	2,616.1	3.4	3.4	–	–
Liabilities arising from securities repurchase agreements (not eligible for offsetting)	145.8	–	145.8	145.8	–	–
Derivatives (eligible for offsetting)	15,621.7	15,312.4	309.3	309.3	–	–
Derivatives (not eligible for offsetting)	8,553.0	–	8,553.0	453.1	1,240.6	6,859.3
Total	**26,940.0**	**17,928.5**	**9,011.5**	**911.6**	**1,240.6**	**6,859.3**

31 Dec 2022				Associated amounts not offset in the statement of financial position		
€m	Financial assets/ liabilities (gross)	Offset financial assets/ liabilities	Amount disclosed in the statement of financial position (net)	Collateral – securities	Cash – collateral	Net amount
Assets						
Receivables arising from securities repurchase agreements (eligible for offsetting)	3,115.5	2,385.7	729.8	729.8	–	–
Receivables arising from securities repurchase agreements (not eligible for offsetting)	15,126.8	–	15,126.8	15,126.8	–	–
Derivatives (eligible for offsetting)	26,600.2	25,940.7	659.5	–	659.5	–
Derivatives (not eligible for offsetting)	8,177.0	–	8,177.0	331.6	6,706.0	1,139.4
Total	**53,019.5**	**28,326.4**	**24,693.1**	**16,188.2**	**7,365.5**	**1,139.4**
Liabilities						
Liabilities arising from securities repurchase agreements (eligible for offsetting)	3,148.3	2,385.7	762.6	762.6	–	–
Liabilities arising from securities repurchase agreements (not eligible for offsetting)	2,345.4	–	2,345.4	2,345.4	–	–
Derivatives (eligible for offsetting)	22,736.7	22,228.7	508.0	508.0	–	–
Derivatives (not eligible for offsetting)	13,186.0	–	13,186.0	470.1	5,666.3	7,049.6
Total	**41,416.4**	**24,614.4**	**16,802.0**	**4,086.1**	**5,666.3**	**7,049.6**

In principle, the Deka Group enters into repurchase agreements and derivative transactions eligible for offsetting on the basis of standardised framework contracts with central counterparties. Offsetting is carried out provided the offsetting agreements defined in the contracts are in accordance with the offsetting criteria under IAS 32.42. The contractual agreements generally provide for the right to offset receivables and liabilities both in the course of ordinary business and in the event of default.

Depending on the fair value of the underlying derivative, collateral (variation margins) is provided or received, and thus accounted for either as a receivable or as a liability. The fair values and associated receivables or liabilities from variation margins are used in offsetting.

Transactions that are subject to offsetting agreements but which do not meet the offsetting criteria under IAS 32.42, or which are carried out on a gross basis as part of normal business activities, are reported gross. In such cases, all claims and obligations are essentially only offset and settled on a net basis if the counterparty does not meet its payment obligations (liquidation netting).

69 Information on the quality of financial assets

Non-performing exposures

The Deka Group uses the definition of non-performing exposures introduced by the EBA for regulatory reporting (FINREP). This relates to exposures that are more than 90 days overdue or for which the Bank expects that the borrower will not satisfy its loan obligations in full. It is also mandatory to classify exposures as non-performing where the CRR regulations (Article 178) require them to be classified as in default or where they have been allocated to stage 3 of the general impairment model pursuant to IFRS 9. In addition, exposures subject to successful restructuring measures may only be classified as performing after a recovery period of at least one year has elapsed.

The following table shows the breakdown of non-performing exposures by risk segment.

€m	Transport sector	Renewable energies	Real estate sector	Conventional energies and infrastructure	Total 31 Dec 2023	Total 31 Dec 2022
Non-performing exposures[1]	37.2	–	659.1	32.6	728.9	343.9
Collateral[2]	26.9	–	498.3	32.6	557.8	235.3
Provisions for loan losses/credit rating-related changes in fair value	10.3	–	160.8	–	171.1	108.5

[1] The figures shown represent the cross carrying value of the credit risk-bearing financial asset classified as non-performing.

[2] Recognition of measurable collateral. Indication of market or fair value not exceeding the underlying exposure.

The increase in the non-performing exposure volume is mainly attributable to commercial real estate financing.

The collateral which the Deka Group considers to reduce credit risk is stated. The carrying amount of the physical collateral corresponds, in general, to the market or fair value. The amounts stated for guarantees or sureties are primarily based on the creditworthiness of the party providing the collateral. The table shows the maximum collateral or guarantee amount eligible for consideration, i.e. the maximum collateral stated is the carrying amount, taking into account any risk provisions that have already been set up.

Exposures with forbearance measures

The Deka Group concludes extension or restructuring agreements with borrowers experiencing financial difficulties if there is a prospect of recovery. Responsibility for the monitoring and management of such deferred or restructured exposures rests with the Monitoring Committee/Risk Provisioning Committee, in accordance with the general rules on default monitoring (see the risk report). Furthermore, creditworthiness-related restructuring measures or deferral agreements are indicators of impaired creditworthiness (see note [17] “Risk provisions in the lending and securities business”).

Exposures are no longer classified as forborne if all of the following conditions are met:

- More than two years (probation period) have elapsed since the exposure ceased to be classified as non-performing.
- Regular payments for a significant amount of the interest and principal due have been made during the probation period.
- None of the exposures is more than 30 days overdue.

The following table shows the breakdown of forborne exposures by risk segment.

€m	Transport sector	Renewable energies	Real estate sector	Conventional energies and infrastructure	Total 31 Dec 2023	Total 31 Dec 2022
Forborne exposures[1]	209.0	126.8	1,126.4	–	1,462.2	860.0
thereof: Performing	183.1	126.8	617.3	–	927.2	688.6
thereof: Non-Performing	25.9	–	509.1	–	535.0	171.4
Collateral[2]	197.0	–	1,007.0	–	1,204.0	715.7
Provisions for loan losses/credit rating-related changes in fair value	11.2	17.1	100.9	–	129.2	105.1

[1] The figures shown represent the cross carrying value of the credit risk-bearing financial asset classified as forborne.
[2] Recognition of measurable collateral. Indication of market or fair value not exceeding the underlying exposure.

Key ratios for non-performing and forborne exposures

%	31 Dec 2023	31 Dec 2022
NPE ratio at the reporting date (Ratio of non-performing exposures to maximum credit risk)	0.87	0.36
NPE coverage ratio, including collateral, at the reporting date (Ratio of risk provisions, including collateral, to non-performing exposures)	99.99	99.99
NPE coverage ratio, excluding collateral, at the reporting date (Ratio of risk provisions, excluding collateral, to non-performing exposures)	23.47	31.55
Forborne exposure ratio, at the reporting date (Ratio of forborne exposures to maximum credit risk)	1.75	0.90

The maximum credit risk underlying the ratio of non-performing and forborne exposures is determined based on IFRS 7.35K(a)/IFRS 7.36(a) using credit risk-bearing financial assets and the corresponding off-balance sheet liabilities. Financial instruments measured at amortised cost are stated at gross carrying value, credit-risk-bearing financial instruments measured at fair value are stated at fair value, irrevocable lending commitments are stated at the respective amount of the commitment and sureties and guarantees are stated at nominal value. On this basis, as at the reporting date the maximum credit risk was €83.7bn (previous year: €95.9bn).

70 Derivative transactions

The Deka Group uses derivative financial instruments for trading purposes and to hedge interest rate risks, currency risks, and share and other price risks. The following table shows the portfolio of derivative financial instruments by type of risk hedged and by contract type:

	Nominal value		Positive fair values		Negative fair values	
€m	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Interest rate risks						
OTC products						
Interest rate swaps	562,813.0	551,197.3	21,269.7	30,724.4	21,122.5	30,882.2
Forward rate agreements	98,657.0	80,186.0	81.3	81.9	80.5	75.5
Interest rate options						
Purchases	24,750.9	26,344.9	339.0	595.8	162.8	191.8
Sales	30,166.3	30,332.8	346.8	320.5	379.1	937.1
Caps, floors	23,011.7	25,763.6	165.1	226.0	277.0	470.1
Other interest rate contracts	4,859.7	3,376.4	228.1	247.1	15.8	8.8
Exchange traded products						
Interest rate futures/options	46,434.9	45,635.6	47.1	22.5	9.6	53.8
Total interest rate risks	**790,693.5**	**762,836.6**	**22,477.1**	**32,218.2**	**22,047.3**	**32,619.3**
Currency risks						
OTC products						
Foreign exchange future contracts	10,966.4	17,639.6	126.2	156.5	96.7	146.0
(Interest rate) currency swaps	11,590.5	13,505.3	179.9	154.2	216.0	584.5
Total currency risks	**22,556.9**	**31,144.9**	**306.1**	**310.7**	**312.7**	**730.5**
Share and other price risks						
OTC products						
Share options						
Purchases	2,247.8	2,714.0	681.7	468.2	–	–
Sales	2,949.9	2,538.7	–	–	390.7	466.0
Credit derivatives	12,409.4	12,337.3	174.6	261.3	138.1	66.0
Other forward contracts	6,624.7	5,717.0	42.1	46.8	69.8	363.3
Exchange traded products						
Share options	40,916.4	35,771.6	1,865.6	1,493.2	1,225.7	1,731.4
Share futures	393.4	287.0	4.0	10.2	7.4	7.0
Total share and other price risks	**65,541.6**	**59,365.6**	**2,768.0**	**2,279.7**	**1,831.7**	**2,633.7**
Total	**878,792.0**	**853,347.1**	**25,551.2**	**34,808.6**	**24,191.7**	**35,983.5**
Net amount disclosed in the statement of financial position[1]			**7,974.2**	**8,836.5**	**8,862.3**	**13,694.0**

[1] The lower balance sheet value of the derivatives in the trading portfolio compared to the market values is due to the offsetting of the market values against the variation margin.

The following table shows nominal values and positive and negative fair values for derivative transactions by counterparty:

	Nominal value		Positive fair values		Negative fair values	
€m	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Banks in the OECD	691,714.0	673,119.9	16,871.4	22,862.6	18,303.5	28,337.4
Public sector entities in the OECD	16,234.9	17,484.1	1,225.0	1,599.7	194.0	260.3
Other counterparties	170,843.1	162,743.1	7,454.8	10,346.3	5,694.2	7,385.8
Total	**878,792.0**	**853,347.1**	**25,551.2**	**34,808.6**	**24,191.7**	**35,983.5**

71 Breakdown by remaining maturity

Remaining maturity is the time between the reporting date and the contractually agreed maturity of the receivable or liability or the time at which part-payments fall due. Financial assets and liabilities measured at fair value are generally taken into account based on their contractual maturity, whereas financial instruments in the "trading portfolio" sub-category are included with a maximum remaining life of one year (with the exception of economic hedging derivatives). Equity instruments were allocated to the "due on demand and indefinite term" maturity range. Shareholdings that serve business operations on an ongoing basis as part of ordinary business activity but do not have a contractually agreed maturity are included in the "due on demand and indefinite term" maturity range.

€m	31 Dec 2023	31 Dec 2022	Change
Asset items			
Due from banks			
Due on demand and indefinite term	12,799.0	22,546.4	–9,747.4
Up to 3 months	6,385.5	5,028.9	1,356.6
Between 3 months and 1 year	4,535.8	4,065.4	470.4
Between 1 year and 5 years	5,831.5	6,815.1	–983.6
More than 5 years	650.8	393.9	256.9
Due from customers			
Due on demand and indefinite term	1,042.6	1,688.4	–645.8
Up to 3 months	1,096.9	1,416.7	–319.8
Between 3 months and 1 year	4,487.2	4,777.8	–290.6
Between 1 year and 5 years	12,541.9	13,800.6	–1,258.7
More than 5 years	6,255.4	7,095.3	–839.9
Financial assets at fair value			
Thereof: non-derivative financial assets			
Due on demand and indefinite term	553.5	1,327.2	–773.7
Up to 3 months	323.5	484.5	–161.0
Between 3 months and 1 year	7,858.2	6,292.4	1,565.8
Between 1 year and 5 years	350.2	711.1	–360.9
More than 5 years	170.4	186.2	–15.8
Thereof: Derivative financial assets			
Due on demand and indefinite term	0.8	1.0	–0.3
Up to 3 months	461.8	293.5	168.3
Between 3 months and 1 year	7,245.8	8,226.3	–980.5
Between 1 year and 5 years	11.1	32.7	–21.6
More than 5 years	4.0	11.8	–7.9
Positive market values of derivative hedging instruments			
Due on demand and indefinite term	–	–	–
Up to 3 months	31.2	12.9	18.3
Between 3 months and 1 year	40.3	8.1	32.2
Between 1 year and 5 years	118.6	155.6	–37.0
More than 5 years	60.7	94.4	–33.7
Financial investments			
Due on demand and indefinite term	19.8	16.5	3.2
Up to 3 months	641.4	670.9	–29.5
Between 3 months and 1 year	996.3	1,640.6	–644.3
Between 1 year and 5 years	7,165.5	6,384.7	780.8
More than 5 years	1,342.2	1,360.5	–18.3

€m	31 Dec 2023	31 Dec 2022	Change
Liability items			
Due to banks			
Due on demand and indefinite term	3,090.9	5,275.9	–2,185.0
Up to 3 months	1,655.2	3,229.1	–1,573.9
Between 3 months and 1 year	2,160.5	2,993.2	–832.7
Between 1 year and 5 years	783.3	4,985.8	–4,202.5
More than 5 years	924.1	727.8	196.3
Due to customers			
Due on demand and indefinite term	20,598.1	20,371.9	226.2
Up to 3 months	2,263.7	1,883.5	380.2
Between 3 months and 1 year	2,832.4	1,382.2	1,450.2
Between 1 year and 5 years	702.8	743.7	–40.9
More than 5 years	553.6	724.7	–171.1
Securitised liabilities			
Due on demand and indefinite term	–	–	–
Up to 3 months	458.2	1,424.6	–966.5
Between 3 months and 1 year	1,952.8	1,270.9	681.9
Between 1 year and 5 years	5,960.5	5,699.2	261.2
More than 5 years	2,548.5	2,774.7	–226.1
Financial liabilities at fair value			
Thereof: non-derivative financial liabilities			
Due on demand and indefinite term	75.8	74.2	1.6
Up to 3 months	323.6	217.7	105.9
Between 3 months and 1 year	19,195.9	20,782.4	–1,586.5
Between 1 year and 5 years	92.9	106.8	–13.9
More than 5 years	33.5	33.0	0.5
Thereof: Derivative financial liabilities			
Due on demand and indefinite term	0.0	2.4	–2.3
Up to 3 months	512.9	273.1	239.9
Between 3 months and 1 year	8,144.4	12,827.1	–4,682.7
Between 1 year and 5 years	5.1	23.4	–18.3
More than 5 years	5.3	13.0	–7.7
Negative market values of derivative hedging instruments			
Due on demand and indefinite term	–	–	–
Up to 3 months	11.6	69.8	–58.3
Between 3 months and 1 year	13.4	37.7	–24.3
Between 1 year and 5 years	102.4	307.1	–204.7
More than 5 years	65.0	140.5	–75.4
Subordinated capital			
Due on demand and indefinite term	10.0	–	10.0
Up to 3 months	120.5	18.6	101.9
Between 3 months and 1 year	15.7	25.0	–9.3
Between 1 year and 5 years	447.5	507.4	–59.9
More than 5 years	556.6	356.4	200.2

72 Further information on hedge accounting

The interest rate swaps from interest rate fair value hedges and the cross-currency swaps from currency fair value hedges have the following structure.

	31 Dec 2023			31 Dec 2022		
	Up to 1 year	Between 1 year and 5 years	More than 5 years	Up to 1 year	Between 1 year and 5 years	More than 5 years
Interest rate fair value hedges of financial assets						
Interest rate swaps LIBOR/CORRA (CAD)						
Nominal (C$m)	57.8	887.7	831.8	129.2	956.3	706.8
Nominal (€m)[1]	39.7	609.4	571.1	89.4	661.3	488.8
Average fixed rate (%)	4.1	1.6	2.2	1.5	1.7	1.9
Interest rate swaps EURIBOR/ESTR (EUR)						
Nominal (€m)	412.5	7,094.3	3,172.4	625.8	3,774.7	3,257.3
Average fixed rate (%)	0.2	1.6	1.4	0.4	1.1	1.0
Interest rate swaps SONIA (GBP)						
Nominal (£m)	148.7	771.3	87.0	637.7	602.4	473.0
Nominal (€m)[1]	171.6	890.0	100.4	718.7	678.9	533.1
Average fixed rate (%)	3.0	1.4	1.8	1.3	2.0	1.1
Interest rate swaps TONAR (JPY)						
Nominal (¥m)	23,400.0	–	–	–	23,400.0	–
Nominal (€m)[1]	150.2	–	–	–	166.2	–
Average fixed rate (%)	−0.1	–	–	–	−0.1	–
Interest rate swaps LIBOR/SOFR (USD)						
Nominal ($m)	290.5	1,682.6	547.2	230.3	2,287.2	638.8
Nominal (€m)[1]	263.0	1,523.1	495.3	215.8	2,143.2	598.6
Average fixed rate (%)	2.1	2.5	1.9	1.5	2.4	1.7
Interest rate swaps other benchmark interest rates (Other currencies)						
Nominal (€m)[1]	18.0	27.9	70.7	–	46.4	71.1
Interest rate fair value hedges of financial liabilities						
Interest rate swaps EURIBOR (EUR)						
Nominal (€m)	52.7	1,570.0	2,873.9	–	295.0	2,929.2
Average fixed rate (%)	1.5	2.4	1.0	–	0.9	1.0
Interest rate swaps SONIA (GBP)						
Nominal (£m)	–	–	20.0	–	–	–
Nominal (€m)[1]	–	–	23.1	–	–	–
Average fixed rate (%)	–	–	4.0	–	–	–

[1] The conversion is made at the exchange rate on the balance sheet date.

	31 Dec 2023			31 Dec 2022		
	Up to 1 year	Between 1 year and 5 years	More than 5 years	Up to 1 year	Between 1 year and 5 years	More than 5 years
Currency fair value hedges of financial assets						
Cross-currency base swaps (CAD/EUR)						
Nominal (C$m)	80.0	844.0	941.5	129.2	908.8	906.5
Nominal (€m)[1]	54.9	579.4	646.3	89.4	628.5	626.9
Average contract rate (EUR/CAD)[2]	1.43	1.48	1.49	1.45	1.46	1.49
Cross-currency base swaps (CHF/EUR)						
Nominal (CHFm)	–	–	65.6	–	–	70.0
Nominal (€m)[1]	–	–	70.5	–	–	70.8
Average contract rate (EUR/CHF)[2]	–	–	1.15	–	–	1.15
Cross-currency base swaps (GBP/EUR)						
Nominal (£m)	513.9	1,361.6	273.3	626.8	1,432.7	602.6
Nominal (€m)[1]	592.9	1,571.1	315.3	706.5	1,614.6	679.1
Average contract rate (EUR/GBP)[2]	0.86	0.86	0.86	0.87	0.87	0.86
Cross-currency base swaps (JPY/EUR)						
Nominal (¥m)	23,400.0	–	–	–	23,400.0	–
Nominal (€m)[1]	150.2	–	–	–	166.2	–
Average contract rate (EUR/JPY)[2]	124.79	–	–	–	124.79	–
Cross-currency base swaps (USD/EUR)						
Nominal ($m)	1,067.7	4,411.4	1,005.8	1,122.0	4,945.9	1,911.8
Nominal (€m)[1]	966.5	3,993.3	910.5	1,051.3	4,634.5	1,791.5
Average contract rate (EUR/USD)[2]	1.09	1.10	1.10	1.14	1.13	1.13
Cross-currency base swaps (other currencies)						
Nominal (€m)[1]	18.0	53.5	–	25.6	46.4	–

[1] The conversion is made at the exchange rate on the balance sheet date.
[2] The conversation rate is quoted in quantity. If several swaps are included in a maturity band, a weighted nominal is used to determine the average price.

The carrying value adjustments are broken down according to the hedged underlying transactions as follows:

€m	31 Dec 2023 Carrying amount of the hedged items	31 Dec 2023 Accumulated valuation result of the hedged items[1)2)]	31 Dec 2023 Valuation result of the hedged items for the reporting period[3)]	31 Dec 2022 Carrying amount of the hedged items	31 Dec 2022 Accumulated valuation result of the hedged items[1)2)]	31 Dec 2022 Valuation result of the hedged items for the reporting period[3)]
Interest rate fair value hedges						
Financial assets measured at amortised cost						
Due from banks	2,844.9	11.7	7.5	1,650.5	−67.4	−7.7
Due from customers	8,540.4	−599.1	307.2	8,583.0	−1,004.9	−968.1
Financial investments	3,287.5	2.6	82.6	2,130.6	−113.9	−147.9
Financial assets measured at fair value through other comprehensive income						
Financial investments	390.2	6.5	7.5	361.6	−9.9	−10.0
Financial liabilities measured at amortised cost						
Due to banks	689.8	−59.1	−37.2	502.8	−118.9	101.2
Due to customers	571.1	−45.5	−30.1	475.6	−127.7	112.1
Securitised liabilities	2,392.4	−94.6	−118.2	1,323.8	−215.9	258.1
Subordinated capital	447.3	−38.1	−25.9	234.2	−64.2	55.6
Currency fair value hedges						
Bottom layer financial assets	9,812.5	–	−131.5	11,961.3	–	136.5
Total	**9,812.5**	**–**	**−131.5**	**27,223.4**	**−1,722.6**	**−470.1**

1) The accumulated hedge adjustment is the accumulated amount included in the carrying amount of the hedged item of interest rate related adjustments from current hedging relationships.
2) Amounts with a positive leading sign represent an increase of value and amounts with a negative leading sign a decrease of value.
3) Includes the change in value of the hedged items used to measure ineffectiveness during the reporting period. In the case of interest rate fair value hedges, these are interest-related changes in value, and in the case of currency fair value hedges, these are spot exchange rate differences in relation to the nominal value of the hedged item.

In the case of currency fair value hedges, the designation of a layer component first of all involves specifying the group of underlying transactions as a whole from which the layer component is defined. This means that existing financial assets which are of the same type in terms of the hedged risk are identified along with their nominal amounts. At the Deka Group, the hedged layer component is a bottom layer of this defined nominal amount.

The following table shows the composition of the bottom layers for currency fair value hedges on the balance sheet date:

€m	2023	2022	Change
Financial assets measured at amortised cost			
Due from banks	24.6	32.4	−7.8
Due from customers	9,151.9	10,912.3	−1,760.4
Financial investments	636.0	1,016.6	−380.6
Financial assets measured at fair value through other comprehensive income			
Financial investments	–	–	–

73 Interest rate benchmark reform

DekaBank opted for a project-based approach to implementing the IBOR reform and introducing the new risk-free rates (RFRs). This involved all affected areas at every step of the process chain, from front office units to the corporate centres. The necessary adjustments to internal systems, processes and methods were managed through the new product process. Management was regularly updated on the progress of these activities through the established committees. The project was completed with the transition of the USD LIBOR in the 2023 reporting year. The remaining transitions, such as the transition for CAD, will be implemented via the existing line organisation.

Other disclosures

74 Equity management

The objectives of equity management are to ensure adequate capital to carry out the business strategy determined by the Board of Management, to achieve an appropriate return on equity and to comply with regulatory capital requirements (for more information, see note [75] "Regulatory capital (own funds)").

In the economic perspective, internal capital in the risk-bearing capacity analysis means the risk capacity as defined in the risk strategy. In principle, the Deka Group determines the overall risk across all significant risk types that impact profit or loss and also includes those risks not taken into consideration for regulatory purposes, for example business risk. Total risk is measured as the amount of capital that is highly likely to be sufficient to cover losses from all main risk exposures in a one-year period at any time. The Deka Group uses the value-at-risk approach (VaR) in order to quantify individual risks on a uniform basis and to aggregate them as an indicator for overall risk.

To assess risk-bearing capacity on a differentiated basis, the Deka Group distinguishes between the risk capacity and the risk appetite. In the risk-bearing capacity analysis, risk capacity essentially consists of equity under IFRS and income components. Corresponding adjustment items are used to take into account balance sheet items whose value does not reflect the concept of economic value. Deduction items for risks from pension obligations and for reputational risk also reduce internal capital directly. As a formal overall risk limit, risk capacity serves to guarantee the Bank's risk-bearing capacity as a whole. Risk appetite is the primary control parameter. The maximum permissible risk appetite is equal to risk capacity less a management buffer.

In the normative perspective, the Common Equity Tier 1 capital ratio is the key management indicator. The Common Equity Tier 1 capital ratio is defined as the ratio of Common Equity Tier 1 capital to risk-weighted assets (RWAs) for all relevant credit, market and operational risk positions plus the credit valuation adjustment (CVA) risk. Other key figures that are relevant for management purposes include own funds, risk-weighted assets and leverage ratio exposure along with the corresponding capital ratios, the Minimum Requirement for Own Funds and Eligible Liabilities (MREL) ratio, the subordinated MREL requirements and the utilisation of the large exposure limit. Risk-weighted assets are managed in line with the Deka Group's strategy, the targeted balance sheet structure and the capital market environment.

The regulatory ratios are calculated on a monthly or quarterly basis and are reported to the Board of Management and the Administrative Board. Compliance with the internal thresholds is ensured by means of an ongoing monitoring process, which additionally includes a monthly comparison between the target and actual figures and a quarterly forecast process.

In normative risk and capital planning, the regulatory ratios are calculated for each budget year. In the course of the annual planning process, the guidelines for the next three years are defined for the Group, the individual business divisions and the Treasury corporate centre. Within the framework of this overall plan, in principle the business divisions and the Treasury corporate centre must not exceed the target RWAs specified in the medium-term planning. Starting from 2024, the allocation of RWAs to the business divisions and Treasury corporate centre can be adjusted throughout the year as required while adhering to the planned capital ratios. In the event that individual business divisions or the Treasury corporate centre may conceivably exceed these targets, the affected business divisions and the Treasury and Finance corporate centres examine whether measures to reduce RWAs are required.

When managing regulatory capital requirements, particular attention is also paid to assessing future regulatory developments. This includes analysing current recommendations from supervisory committees and proposed legislation on an ongoing basis, and assessing the impact of such proposals on capital adequacy. The findings from the analysis are incorporated into the annual planning process.

75 Regulatory capital (own funds)

Regulatory capital and the capital ratios were calculated as at 31 December 2023 on the basis of the capital requirements currently applicable under the Capital Requirements Regulation (CRR), which is subject to certain transitional provisions. Own funds are calculated based on the figures from the IFRS consolidated financial statements. Pursuant to Article 26(2) CRR, the year-end profit less foreseeable charges and dividends was recognised in Common Equity Tier 1 capital within the same period as at 31 December 2023 (dynamic approach). As the United Kingdom continues to apply the CRR even after leaving the EU, at least until the initial application date of Basel IV of 1 January 2025, the United Kingdom still has an equivalent supervisory regime in this respect. As a result, UK institutions are still considered to be institutions as defined by the CRR for the purposes of calculating RWA.

The composition of own funds is shown in the following table:

€m	31 Dec 2023	31 Dec 2022	Change
Subscribed capital	286	286	–
Less repurchased Common Equity Tier 1 items	95	95	–
Open reserves	6,155	5,743	412
Other comprehensive income	–5	–16	11
Prudential filters	272	277	–4
Deductions from Common Equity Tier 1 items	232	212	20
Common Equity Tier 1 (CET 1) capital	**5,848**	**5,462**	**385**
Additional Tier 1 capital instruments	599	599	–
Silent capital contributions	–	–	–
Deductions from Additional Tier 1 items	–	–	–
Additional Tier 1 (AT 1) capital	**599**	**599**	**–**
Tier 1 capital	**6,446**	**6,061**	**385**
Subordinated liabilities	784	657	127
Other items	–	33	–33
Deductions from Tier 2 items	–	–	–
Tier 2 (T2) capital	**784**	**690**	**94**
Own funds	**7,230**	**6,751**	**479**

Compared with the previous year, Common Equity Tier 1 capital increased by €385m from €5,462m to €5,848m. The increase was due to the inclusion of year-end effects from 2023 (mainly profit retention). Additional Tier 1 (AT 1) capital was constant as against the previous year. Compared with the previous year, Tier 2 capital was up by €94m to €784m. This was due to newly issued subordinated capital of around €235m. The reduced eligibility of Tier 2 capital under the CRR in the last five years before maturity had the opposite effect.

The credit risk is essentially determined according to the IRB approach based on internal ratings. The capital charges for specific market risk and CVA risk are determined using standard methods. General market risk is determined using an internal model. Operational risk is measured using the advanced measurement approach (AMA).

Each of the aforementioned risk factors must be backed by own funds. The following table shows the items that have to be included:

€m	31 Dec 2023	31 Dec 2022	Change
Credit risk	19,884	20,993	–1,109
Market risk	4,347	5,645	–1,298
Operational risk	5,727	4,139	1,588
CVA risk	528	583	–54
Risk-weighted assets	**30,486**	**31,360**	**–874**

The adequacy of the capital and reserves is to be calculated by expressing Common Equity Tier 1 capital (Common Equity Tier 1 capital ratio), Tier 1 capital (Tier 1 capital ratio) and own funds (Total capital ratio) as a percentage of the total risk exposure amount. The table below shows the key ratios for the Deka Group:

%	31 Dec 2023	31 Dec 2022
Common Equity Tier 1 capital ratio	19.2	17.4
Tier 1 capital ratio	21.1	19.3
Total capital ratio	23.7	21.5

Regulatory own funds requirements were met at all times during the reporting period. The ratios for the Deka Group are significantly higher than the statutory minimum ratios.

76 Contingent liabilities and other obligations

€m	31 Dec 2023	31 Dec 2022	Change
Irrevocable lending commitments	590.4	1,149.9	–559.5
Other liabilities	383.8	70.3	313.5
Total	**974.2**	**1,220.2**	–246.0

Other financial liabilities include payment obligations of €0.1m to unconsolidated companies or companies outside the Group. There is an additional funding obligation for the deposit guarantee scheme of the *Landesbanken* and *Girozentralen* of €27.4m (previous year: €41.2m). By 2024, the assets held in the guarantee scheme must be built up to the statutory target level of 0.8% of the covered deposits held by members of the guarantee scheme. Each year, the guarantee scheme collects contributions from its members for this purpose.

In a circular dated 9 July 2021, the Federal Ministry of Finance (BMF) presented revised rules for the tax treatment of share trades around the dividend record date, and noted, *inter alia*, that certain transaction types may fall under the scope of section 42 of the German Tax Code (*Abgabenordnung*, AO) and that, in certain cases, beneficial ownership pursuant to section 39 AO does not pass to the recipient of the shares. In December 2023, the tax authorities issued tax assessment notices for the years from 2013 onwards that refused to allow any relief from capital yields tax (*Kapitalertragsteuer*) relating to share trades around the dividend record date for these years. In the context of these assessment notices, the tax authorities pointed out that the content of the share trades could not be reviewed, and that changes to the tax relief amounts could be made in the future (subject to a review). An appeal has been lodged in each case. DekaBank paid the stipulated amounts, including interest, in January 2024. DekaBank's risk assessment with regard to ultimate victory in fiscal court proceedings has not changed and continues to match the view taken by its tax advisor.

Also in light of the above, DekaBank therefore still sees no convincing reason to believe that the share trades it transacted around the dividend record date will fall under the scope of section 42 AO. In the case of its share trades, DekaBank also believes that there was a transfer of beneficial ownership and therefore considers it more unlikely than not that a final claim will be made in this regard. Consequently, there are no grounds to create provisions for financial burdens arising from the refusal by tax authorities to allow relief from capital yields tax. Since a degree of uncertainty remains as to how the tax authorities and fiscal courts will ultimately assess the share trades concerned, it cannot be definitively ruled out that an adverse financial impact of €355.4m may arise in this regard (of which with an outflow in January 2024: €308.0m). As DekaBank continues to assume that its legal view will be confirmed in the final instance of fiscal court proceedings, tax refund claims of €201.1m are recognised in this context.

77 Assets transferred as collateral

Assets transferred as collateral for the Group's liabilities are shown in the following table:

€m	31 Dec 2023	31 Dec 2022	Change
Carrying value of transferred collateral			
Under Pfandbrief Act (*Pfandbriefgesetz*, PfandBG)	5,180.7	5,336.2	– 155.5
For refinancing purposes with Deutsche Bundesbank	–	962.9	– 962.9
From transactions on German and foreign futures exchanges	408.5	828.8	– 420.3
From repurchase agreements	44.8	306.7	– 261.9
From securities lending agreements	3,768.8	4,993.0	– 1,224.2
From tri-party transactions	2,832.3	1,320.9	1,511.4
From other transactions	349.9	482.6	– 132.7
Loan and securities collateral	**12,585.0**	**14,231.1**	– 1,646.1
Cash collateral relating to securities lending and repurchase agreements	314.1	114.8	199.3
Cash collateral relating to derivative transactions	3,458.6	5,733.3	– 2,274.7
Cash collateral	**3,772.7**	**5,848.1**	– 2,075.4
Total	**16,357.7**	**20,079.2**	– 3,721.5

78 Assets received as collateral

In the Deka Group, collateral is accepted to reduce default risks resulting from lending and trading transactions. In the Deka Group's lending business, the collateral currently used includes, depending on the type of financing, the following in particular: guarantees and sureties from domestic local authorities or recognised export credit insurers, charges on commercial and residential property and registered liens on ships and aircraft, as well as assignments of receivables and cash collateral. Valuation of collateral and of any discounts applied is primarily based on the creditworthiness of the party providing the guarantee, or in the case of physical collateral, on the market value, fair value or lending value of the financed property. The collateral received in the lending business is tested for impairment on a regular basis, at least once a year. Each type of collateral is subject to a risk-oriented review cycle, in both formal and substantive terms. Internally, deductions are generally made to take account of fluctuations in value and realisation risks. Credit balances maintained in the Deka Group are counted in full.

Credit derivatives and netting agreements for derivatives and repo lending transactions are used in the Deka Group to reduce credit risks. In addition, financial collateral in the form of securities (shares and bonds) and/or cash collateral is received for derivatives and repo lending transactions. The securities collateral permitted in derivatives and repo lending transactions is defined in a DekaBank-specific Collateral Policy. Compliance is monitored daily by the Risk Control unit. In order to reduce the risks resulting from fluctuations in the market price of the collateral accepted, collateral discounts or overcollateralisation and a daily additional contribution obligation to maintain the overcollateralisation are agreed with the counterparty.

Collateral received for repurchase agreements, securities lending transactions and other securities transactions that may be re-pledged or resold even if the party providing the collateral does not default amounted to €42.8bn (previous year: €45.8bn). Of this total, €28.2bn (previous year: €31.8bn) was resold or re-pledged.

79 Financial instruments transferred but not derecognised

The Deka Group transfers financial assets while retaining the material risks and rewards arising from these assets. Such transfers take place mainly in the context of genuine repurchase agreements and securities lending transactions. The assets continue to be reported in the consolidated balance sheet.

	Carrying amount of financial assets not derecognised		Carrying amount of the associated financial liabilities		Net position	
€m	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Genuine repurchase agreements						
thereof financial assets measured at amortised cost	1.7	182.5	1.7	180.8	–	1.7
thereof financial assets measured at fair value through other comprehensive income	–	1.3	–	1.3	–	–
thereof financial assets measured at fair value through profit or loss	43.0	89.9	42.6	89.1	0.4	0.8
Securities lending transactions						
thereof financial assets measured at amortised cost	203.4	118.0	–	–	203.4	118.0
thereof financial assets measured at fair value through other comprehensive income	3.0	19.1	–	–	3.0	19.1
thereof financial assets measured at fair value through profit or loss	930.2	865.8	54.2	34.1	876.0	831.7
Other transfers not constituting economical disposal						
thereof financial assets measured at amortised cost	71.9	95.4	71.4	94.9	0.5	0.5
thereof financial assets measured at fair value through other comprehensive income	–	0.1	–	0.1	–	–
thereof financial assets measured at fair value through profit or loss	76.7	42.4	76.5	42.4	0.2	–
Total	**1,329.9**	**1,414.5**	**246.4**	**442.7**	**1,083.5**	**971.8**

80 Letter of comfort

Except in the case of political risk, DekaBank shall ensure that Deka Verwaltungsgesellschaft Luxembourg S.A. can meet its obligations. Deka Verwaltungsgesellschaft Luxembourg S.A. has in turn issued a letter of comfort in favour of Deka International S.A., Luxembourg.

81 Information on holdings in subsidiaries, joint ventures and associated companies

Significant restrictions

Significant restrictions on the Group’s ability to access or use assets and settle liabilities arise in particular as a result of the contractual, legal and regulatory requirements that apply to financial institutions (see note [75] “Regulatory capital (own funds)” and note [77] “Assets transferred as collateral” with regard to restrictions associated with the pledging of cash, loans or securities as collateral to cover Group liabilities under, for example, genuine repurchase agreements, securities lending transactions and over-the-counter derivatives transactions.

Banks are also obliged to maintain mandatory deposits in accounts held with their national central banks (minimum reserve requirement). The extent of the mandatory minimum reserve is determined by the central banks (see note [44] “Cash reserves”).

Interests in joint arrangements and associates

DekaBank has interests in three jointly controlled entities and one associated company. Equity investments in the joint ventures S-PensionsManagement GmbH, SWIAT GmbH and Dealis Fund Operations GmbH i.L. are included in the consolidated financial statements using the equity method. One affiliated company was not consolidated despite the fact that DekaBank exercises significant influence over it, because it is of minor significance for the presentation of the financial position and financial performance of the Group.

Joint ventures and associated companies which have been accounted for using the equity method can be found in the list of shareholdings (see note [83]).

82 Information on holdings in unconsolidated structured entities

According to the definition in IFRS 12, an entity is classified as structured if it has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

The Deka Group engages in business relationships with structured entities as part of its ordinary business activities. Structured entities are often characterised by their restricted activities and a narrow and well-defined business objective. Furthermore, a structured entity may also be characterised by the absence of sufficient equity to finance its activities without subordinated financial support.

The Deka Group is deemed to have an interest in an unconsolidated structured entity if companies in the Deka Group are exposed to variable returns from a structured entity’s activities as a result of either contractual or non-contractual involvement with that entity, but where the entity concerned does not require consolidation under the provisions of IFRS 10. An interest can be evidenced by the holding of debt or equity instruments, liquidity arrangements, guarantees and various derivative financial instruments via which the Bank takes on risks arising from the structured entity. For the purposes of IFRS 12, an interest in an unconsolidated structured entity does not generally exist solely because of a typical customer-supplier relationship between Deka Group companies and a structured entity.

The Deka Group has relationships with entities that were classified as unconsolidated structured entities based on the definition under IFRS 12 and according to criteria set internally by the Group. Unconsolidated structured entities involved in the following business activities were identified:

Investment funds

Part of the Deka Group’s core business involves providing securities and real estate investments to private and institutional investors. As a result, companies in the Deka Group play a role, directly or indirectly, in setting up fund structures as part of their ordinary business activities, and are involved in determining the purpose and design of such structures. In addition, the Group’s activities cover the whole of the usual value chain for fund business. In return, the Group receives appropriate commission, for example in the form of management and custodial fees. The Group also invests in holdings in investment funds owned by the Group in the context of start-up financing, thereby providing those funds with liquidity. Investment funds are therefore considered to be structured entities within the meaning of IFRS 12. Funds are primarily financed by issuing unit certificates (equity). To a limited extent, funds can also take up loans. Borrowings are generally secured against the assets held within the fund. Fund assets held in Group-owned and external investment funds amount to €394.1bn (previous year: €370.3bn). This amount includes all fund assets and also the fund assets of third parties in which the Deka Group has an interest within the meaning of IFRS 12, irrespective of the percentage of the Deka Group's unit holding. Fund assets calculated exclusively for the purposes of the IFRS 12 disclosures do not correspond to the relevant indicator total of asset management and Deka certificates volume.

Lending business

According to the definition, if a company is founded specifically to finance or operate the assets for which a loan is made, and the design of that company is such that it is not controlled by means of voting or similar rights, then this constitutes a structured entity for DekaBank. A holding in a structured entity may also exist if rights that are contractually agreed as part of the loan agreement (for example intellectual property or trademark rights) are converted into co-determination rights in the event of deteriorating creditworthiness. An operating company can, for example, become a structured entity if relevant business activities start to be governed predominantly by the provisions of the loan agreement. As part of the classification performed in accordance with IFRS 12, structured entities were identified within the transport sector (aviation and shipping), real estate sector (including real estate funds) and retail risk segments. The financing concerned is generally collateralised by charges on property, aircraft mortgages, ship mortgages, and sureties and guarantees. In addition, and as in the previous year, there was an unsecured financing arrangement in the form of a promissory note loan in the reporting year, some of which was also assigned to third parties. To secure the claims, the financed asset (consumer loan portfolio) was transferred by a structured entity to a security trustee.

When determining the size of the financing classified as structured, the total assets shown in the current available financial statements or the market value of the financed asset were used. This figure amounts to €858.3m (previous year: €2.5bn). Amounts in foreign currencies were translated at the mean spot rate as at the reporting date.

The table below shows the carrying values of assets and liabilities recognised on the balance sheet that are related to interests in unconsolidated structured entities. The table also includes the maximum possible exposure to loss associated with these interests.

	Investment funds		Lending business[1]	
€m	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Asset items				
Due from customers	1,671.5	1,969.2	333.9	755.8
Financial assets at fair value	603.6	782.2	47.1	60.3
Other assets	2.3	0.0	–	–
Total asset items	**2,277.4**	**2,751.4**	**380.9**	**816.1**
Liability items				
Due to customers	15,665.6	16,466.9	0.2	4.4
Financial liabilities at fair value	232.1	398.9	–	–
Other liabilities	2.3	2.8	–	–
Total liability items	**15,900.0**	**16,868.6**	**0.2**	**4.4**
Contingent liabilities and other obligations				
Irrevocable lending commitments	–	–	–	–
Other liabilities	–	–	–	–
Total contingent liabilities and other obligations	**–**	**–**	**–**	**–**
Maximum exposure to loss	**2,277.4**	**2,751.4**	**380.9**	**816.1**

[1] Including risk provisions

The maximum exposure to loss sets out the highest possible loss that the Bank could sustain in connection with its interests in unconsolidated structured entities. The figure presented does not take into account the probability of such a loss being incurred.

- The maximum possible exposure to loss from interests in unconsolidated structured entities that arise as a result of on-balance-sheet transactions corresponds to the carrying value or fair value of the respective balance sheet item.
- According to the definition, the maximum possible exposure to loss from interests in unconsolidated structured entities that arise from off-balance-sheet transactions, for example from guarantees or lending commitments, corresponds to the maximum guaranteed amount, or the amount of the potential liability that would arise if the credit line that is extended were to be fully utilised.

In addition, provisions are established for investment funds with formal guarantees and targeted returns (see note [61] "Other provisions").

The maximum exposure to loss is a gross figure, i.e. it does not take into account the effects of collateral received or hedging transactions.

As at the reporting date, and as in the previous year, one borrower classified as an unconsolidated structured entity is classified as forborne. The carrying value of the exposures classified as forborne comes to €26.7m (previous year: €23.8m). As at 31 December 2023, no exposures to unconsolidated structured entities were classified as non-performing.

In connection with interests in unconsolidated structured entities, the Deka Group received interest income, commission income and income from the revaluation and disposal of interests in unconsolidated structured entities during the year under review.

Sponsored unconsolidated structured entities
All circumstances must be considered when determining whether a company from the Deka Group should be categorised as the sponsor of a structured entity. An unconsolidated structured entity in which DekaBank has no interest as defined by IFRS 12 is regarded as sponsored if it was established for the benefit of a company in the Deka Group, and the Group has played an active role in determining the purpose and design of the unconsolidated structured entity. The Group is also considered to be a sponsor if a name used by the unconsolidated structured entity – for example its company name or the name of a product – is connected to a company in the Deka Group.

No relationships with sponsored unconsolidated structured entities existed during the year under review. As at 31 December 2023, there were no sponsored unconsolidated structured entities.

83 List of shareholdings

The following information on shareholdings is a supplementary disclosure required under section 315e HGB. No comparative information is therefore presented in respect of the previous period.

Consolidated subsidiaries (affiliated companies):

Name, registered office	Share of equity % 31 Dec 2023
bevestor GmbH, Frankfurt/Main	100.00
Deka Beteiligungs GmbH, Frankfurt/Main	100.00
Deka Far East Pte. Ltd., Singapore	100.00
Deka Immobilien Investment GmbH, Frankfurt/Main	100.00
Deka International S.A., Luxembourg	100.00
Deka Investment GmbH, Frankfurt/Main	100.00
Deka Real Estate International GmbH, Frankfurt/Main	100.00
Deka Real Estate Services USA Inc., New York	100.00
Deka Vermögensmanagement GmbH, Frankfurt/Main	100.00
Deka Vermögensverwaltungs GmbH, Frankfurt/Main	100.00
Deka Verwaltungsgesellschaft Luxembourg S.A., Luxembourg	100.00
IQAM Invest GmbH, Salzburg	100.00[1)]
IQAM Partner GmbH, Vienna	100.00
S Broker Management AG, Wiesbaden	100.00
S Broker AG & Co. KG, Wiesbaden	100.00
WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf	99.74[2)]
WIV GmbH & Co. Beteiligungs KG, Frankfurt/Main	94.90

[1)] 25.5% is held by IQAM Partner GmbH.
[2)] 5.1% is held by WIV GmbH & Co. Beteiligungs KG.

Consolidated subsidiaries (structured entities):

Name, registered office	Share in fund assets % 31 Dec 2023
S Broker 1 Fonds, Frankfurt/Main	100.00

Joint ventures accounted for under the equity method:

Name, registered office	Share of equity % 31 Dec 2023	Equity €'000 31 Dec 2023	Total of profit or loss €'000 2023
S-PensionsManagement GmbH, Cologne[1)]	50.00	42,774.2	–65,390.6
Dealis Fund Operations GmbH i.L., Frankfurt/Main[1)]	50.00	32,955.1	–89.7
SWIAT GmbH, Frankfurt/Main	30.00	1,991.6	–3,138.4

1) Amounts reported in financial statements for the year ended 31 December 2022

Associated companies not accounted for under the equity method:

Name, registered office	Share of equity % 31 Dec 2023
DPG Deutsche Performancemessungs-Gesellschaft für Wertpapierportfolios mbH, Frankfurt/Main	22.20
Merry Hill NewCo Limited, Jersey	21.37

Unconsolidated subsidiaries (affiliated companies):

Name, registered office	Share of equity % 31 Dec 2023
Deka Investors Spezial InvAG m.v.K. und TGV, Frankfurt/Main	
Teilgesellschaftsvermögen Deka Investors Unternehmensaktien, Frankfurt/Main	100.00
Deka Treuhand Erwerbsgesellschaft mbH, Frankfurt/Main	100.00
Deka Treuhand GmbH, Frankfurt/Main	100.00
Deka Vorratsgesellschaft 03 mbH, Frankfurt/Main	100.00
Deka Vorratsgesellschaft 04 mbH, Frankfurt/Main	100.00
Deka Vorratsgesellschaft 05 mbH, Frankfurt/Main	100.00
LBG Leasing Beteiligungs-GmbH, Frankfurt/Main	100.00
IQAM Research der DekaBank GmbH, Frankfurt/Main	100.00
WIV Verwaltungs GmbH, Frankfurt/Main	94.90

Unconsolidated structured entities:

Name, registered office	Fund assets €m 31 Dec 2023	Share of equity/fund assets % 31 Dec 2023
Private Banking Premium Chance Nachhaltigkeit, Frankfurt/Main	0.21	100.00%
Connect-Aktien Gesundheit, Frankfurt/Main	1.05	99.75%
Connect-Aktien Gesellschaftlicher Wandel, Frankfurt/Main	1.04	99.62%
Private Banking Premium Ertrag Nachhaltigkeit, Frankfurt/Main	0.21	99.44%
Connect-Aktien Technologie, Frankfurt/Main	1.12	99.35%
Connect-ESG Aktien Gesundheit, Frankfurt/Main	1.06	99.21%
Connect-ESG Aktien Gesellschaftlicher Wandel, Frankfurt/Main	1.06	98.51%
Connect-ESG Aktien Technologie, Frankfurt/Main	1.12	98.36%
Connect-Aktien, Frankfurt/Main	5.33	97.99%
Connect-ESG Aktien, Frankfurt/Main	5.50	95.82%
Deka-MultiFactor Global Corporates, Luxembourg	30.88	93.97%
Deka-Globale Aktien Value, Luxembourg	12.78	88.11%
Deka-BoutiqueSelect, Frankfurt/Main	2.09	85.19%
Deka Nasdaq-100® UCITS ETF, Frankfurt/Main	25.68	84.36%
Deka iBoxx MSCI ESG EUR Corporates Green Bond UCITS ETF, Frankfurt/Main	28.66	76.55%
Connect-ESG Renten, Frankfurt/Main	6.12	59.59%
Connect-ESG Aktien Komfort, Frankfurt/Main	7.03	52.19%
Deka-MultiFactor Emerging Markets Corporates, Luxembourg	29.60	44.70%
Deka-MultiFactor Global Corporates HY, Luxembourg	35.08	38.70%
SK UnnaKamen Impact Invest, Luxembourg	17.31	29.76%
Connect-Renten, Frankfurt/Main	9.00	28.94%
Deka Investors Spezial InvAG m.v.K. und TGV, Frankfurt/Main		
Teilgesellschaftsvermögen Mittelstandskreditfonds I, Frankfurt/Main	11.27	23.00%

84 Related party disclosures

The Deka Group has business dealings with related parties. These include DekaBank's shareholders, subsidiaries that are not consolidated on materiality grounds, joint ventures, associates and their respective subsidiaries, individuals in key positions and their relatives, and companies controlled by these individuals. For the purposes of this disclosure, unconsolidated own mutual funds and special funds where the Deka Group's holding exceeds 10.0% as at the reporting date are shown as subsidiaries, associates or other related parties in accordance with their equity holding.

Natural persons in key positions deemed to be related parties under IAS 24 are the members of the Board of Management and Administrative Board of DekaBank as the parent company. Remuneration to employees' representatives on the Administrative Board made separately from their Administrative Board activities was at current market terms. Personnel expenses in respect of the persons concerned are shown in the table below:

	Board of Management		Administrative Board	
€m	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Short-term benefits	4.1	4.1	1.1	1.0
Post-employment benefits	0.6	0.9	–	–
Other long-term benefits	3.6	3.1	–	–
Total	**8.3**	**8.2**	**1.1**	**1.0**

Related parties have the option of making use of DekaBank's financial services. These include the acquisition of mutual funds and the safekeeping of fund units in a DekaBank securities account. Where this option was used, these services were provided on the terms that applied in the financial year.

Transactions are carried out with related parties under arm's length terms and conditions as part of the ordinary business activities of the Deka Group. These relate, *inter alia*, to loans, call money, time deposits and derivatives. The unconsolidated subsidiaries receive services from the Deka Group free of charge as part of general day-to-day business. This also applies to three subsidiaries included in the consolidated financial statements that do not have any employees of their own. The liabilities of the Deka Group to mutual funds and special funds essentially comprise bank balances from the temporary investment of liquid funds. The tables below show the extent of these transactions.

Business dealings with shareholders of DekaBank and unconsolidated subsidiaries:

	Shareholders		Subsidiaries	
€m	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Asset items				
Due from customers	–	–	0.5	–
Financial assets at fair value	–	–	–	0.3
Other assets	–	–	0.1	0.1
Total asset items	**–**	**–**	**0.6**	**0.4**
Liability items				
Due to customers	107.3	48.5	4.0	3.4
Financial liabilities at fair value	–	–	–	–
Other liabilities	–	–	0.0	0.0
Total liability items	**107.3**	**48.5**	**4.0**	**3.4**

Business dealings with joint ventures, associated companies and other related parties:

€m	Joint ventures/ associated companies 31 Dec 2023	Joint ventures/ associated companies 31 Dec 2022	Other related parties 31 Dec 2023	Other related parties 31 Dec 2022
Asset items				
Due from customers	116.7	110.2	5.8	–
Financial assets at fair value	2.0	1.9	2.6	–
Other assets	0.0	0.0	0.1	–
Total asset items	**118.8**	**112.1**	**8.5**	**–**
Liability items				
Due to customers	117.1	9.3	136.2	–
Financial liabilities at fair value	15.1	13.9	9.4	–
Other liabilities	0.5	0.5	–	–
Total liability items	**132.6**	**23.7**	**145.6**	**–**

There are risk provisions of €70.6m for amounts due from customers (previous year: €65.3m).

85 Average number of staff

	2023			2022		
	Male	Female	Total	Male	Female	Total
Full-time employees	2,724	1,138	3,862	2,606	1,039	3,645
Part-time and temporary employees	414	871	1,285	338	842	1,180
Total	**3,138**	**2,009**	**5,147**	**2,944**	**1,881**	**4,825**

86 Remuneration of Board members

€	31 Dec 2023	31 Dec 2022
Total remuneration of active Board members		
Board of Management	6,652,486	6,128,559
Administrative Board	1,142,774	1,046,186
Total remuneration of former Board members and their surviving dependents		
Board of Management	3,822,494	3,963,624
Provisions for pensions for former Board members and their dependents	51,231,228	45,690,596

The remuneration to active members of the Board of Management presented above includes all remuneration and benefits in kind paid in the respective financial year. This also includes variable components that are attributable to previous years and are thus dependent on business performance in earlier periods.

No loans or advances were granted to members of the Board of Management or Administrative Board. No guarantees or other commitments were entered into in favour of such persons.

In the 2023 financial year, variable remuneration components amounting to €3.9m (previous year: €3.5m) were committed to current members of the Board of Management, which are dependent on future performance. Half of the variable remuneration components to which an entitlement does not already arise in the year of commitment and which are paid out at a later date (deferred variable remuneration components) are granted in cash, with the other half being granted in the form of sustainable instruments (performance units). All deferred variable remuneration components are subject to a waiting period of up to five years, during which they can be reduced or forfeited altogether in accordance with the statutory provisions in the event of failure to meet targets at individual, company or Group level.

The value of the sustainable instruments (performance units) depends on the sustainable performance of the Deka Group. The sustainable instruments (performance units) are subject to a one-year holding period after the end of the waiting period, and are paid out after that period has elapsed. In the event of serious misconduct or breaches of duty, variable remuneration components that have already been paid out can still be clawed back for a period of up to two years following the end of the last waiting period for the financial year in question.

Total emoluments include deferred variable remuneration components from previous years payable to active members of the Board of Management amounting to €2.4m and to former members of the Board of Management amounting to €0.4m. The entitlement of active board members comprises €0.8m for the 2022 financial year, €0.9m for the 2021 financial year, €0.2m for the 2020 financial year, €0.2m for the 2019 financial year, €0.2m for the 2018 financial year and €0.1m for the 2017 financial year.

87 Fees for auditors

The following fees for the auditors of the consolidated financial statements were recorded as expenses in the reporting year:

€m	2023	2022	Change
Fees for			
Year-end audit services	4.0	4.5	–0.5
Non-audit services			
Other assurance services	1.0	0.8	0.2
Tax advisory services	–	0.0	–0.0
Other services	1.4	–	1.4
Total	**6.4**	**5.3**	1.1

88 Additional miscellaneous information

Events after the reporting period
No major developments of particular significance occurred after the 2023 reporting date.

Recommendation regarding appropriation of net profit
The proposed appropriation of the net profit for the 2023 financial year of €300,073,100.00 is as follows:

- Distribution of a dividend amounting to €300,073,100.00, i.e. 156.5% on existing shares in the Bank's subscribed capital (€191,740,000.00) that are entitled to dividends as at 31 December 2023.

The consolidated financial statements were approved for publication on 4 March 2024 by the Board of Management of DekaBank.

Assurance of the Board of Management

We declare that, to the best of our knowledge, the consolidated financial statements prepared in accordance with the applicable reporting standards convey a true and fair view of the financial position and financial performance of the Group and that the management report conveys a true and fair view of the business performance including the business results and position of the Group and suitably presents the material risks and opportunities and likely development of the Group.

Frankfurt/Main, 4 March 2024

DekaBank
Deutsche Girozentrale

The Board of Management

Dr. Stocker	Dr. Danne	Dietl-Benzin
Kapffer	Knapmeyer	Müller

INDEPENDENT AUDITOR'S REPORT

To DekaBank Deutsche Girozentrale AöR, Berlin and Frankfurt am Main/Germany

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of DekaBank Deutsche Girozentrale AöR, Berlin and Frankfurt am Main, and its subsidiaries (the Group; hereafter also referred to as "Deka Group") which comprise the statement of profit or loss and other comprehensive income, the statement of financial position as at 31 December 2023, the statement of changes in equity and the statement of cash flows for the financial year from 1 January to 31 December 2023, and notes to the consolidated financial statements for 2023, including a summary of significant accounting policies. In addition, we have audited the group management report of DekaBank Deutsche Girozentrale AöR, Berlin and Frankfurt am Main, for the financial year from 1 January to 31 December 2023. In accordance with German legal requirements, we have neither audited the content of the separate non-financial report referenced in section "Reference to the non-financial report" of the group management report, nor have we audited the content of the "Human resources report" which is part of the Economic report included in the group management report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB and, in compliance with these requirements, give a true and fair view of the assets, liabilities and financial position of the Group as at 31 December 2023 and of its financial performance for the financial year from 1 January to 31 December 2023, and
- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion does neither cover the content of the afore-mentioned non-financial report, referenced in the section "Reference to the non-financial report" of the group management report, nor does it cover the content of the afore-mentioned "Human resources" report, which is part of the Economic report included in the group management report.

Pursuant to Section 322 (3) sentence 1 German Commercial Code (HGB), we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with Section 317 HGB and the EU Audit Regulation (No. 537/2014; referred to subsequently as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In the following we present the key audit matters we have determined in the course of our audit:

1 Measurement of financial assets and derivative liabilities reported at fair value for which significant measurement parameters cannot be derived from observable market data
2 Measurement of financial liabilities (issuance of certificates) measured at fair value
3 Net commission income from fund business

Our presentation of these key audit matters has been structured as follows:

a description (including reference to corresponding information in the consolidated financial statements)
b auditor's response

1 Measurement of financial assets and derivative liabilities reported at fair value for which significant measurement parameters cannot be measured by observation

a) Customer-led trading of financial instruments is part of the core business activities of Deka Group. The financial assets (bEUR 17.0) and derivative liabilities (bEUR 8.7) resulting from this business activity give a netted amount of bEUR 8.3 as at 31 December 2023 and are recognised as line item "financial assets reported at fair value" on the assets side and as line item "financial liabilities reported at fair value" on the liabilities side. Significant measurement parameters cannot be derived from observable market data (level 3) for a proportion of these assets and liabilities (mEUR 0.7).

The fair value of financial instruments for which there is no active market and therefore there are no observable price-determining parameters for is being determined by means of model non-observable parameters. In this respect, the characteristics used for the non-observable parameters represent management's assumptions as regards the measurement premises used as a basis by market participants to determine the pricing of these assets and derivative liabilities.

In our opinion, the determination of the fair values for financial instruments of level 3 is of particular significance as the assumptions and estimates are based on the bank management's judgement and are prone to inherent estimate uncertainties for accounting. For this reason, we identified the determination of fair values to be a key audit matter.

Corresponding information on the determination of financial assets reported at fair value have been presented in note 18 "financial assets and financial liabilities reported at fair value", in note 48 "financial assets reported at fair value" as well as in note 58 "financial liabilities reported at fair value".

b) As part of our risk-based audit approach, we audited the relevant internal control system and also performed substantive audit procedures based on our risk assessment. In so doing, we analysed the trading transactions measured using models. For this purpose, we gained an understanding of the underlying processes and assessed the appropriateness and effectiveness of the relevant internal control for the measurement of these trading transactions, particularly regarding the controls in respect of the verification process for prices and market data independent of trading as well as of the model validation. We assessed the suitability of the used measurement models for products selected according to risk-based criteria by involving our internal evaluation specialists, who are part of the audit team. In addition, we audited the effectiveness of the general and application-specific IT controls of the IT systems used.

We identified Deka Group's implemented controls for the determination of fair values and assessed the appropriateness and effectiveness of the controls relevant to the audit. Controls in the verification process for prices and market data independent of trading and model validation were focal points in this respect. For this purpose, we assessed the appropriateness of the models and measurement parameters used as well as their stringent and proper processing.

Our evaluation specialists performed independent subsequent measurements of the fair values on the basis of a sample test and independent of the determined values as at the balance sheet date determined by Deka Group's valuation models. The results of these subsequent measurements were then compared with the measurement results provided by Deka Group.

In addition, we checked the disclosures in the notes for completeness and accuracy.

2 Measurement of financial liabilities (issuance of certificates) measured at fair value

a) Deka Group issues structure financial instruments (so-called certificates), which are subscribed by private customers and institutional investors and which are disclosed as trading portfolio on the liabilities side in the amount of bEUR 18.4. The measurement of certificate issuance is based on observable and non-observable input parameters.

The risk for the financial statements are particularly see in appropriate market prices, measurement methods and models as well as parameters not being used for the determination of the fair values. Hence, we identified the measurement of certificate issuance to be a key audit matter.

Corresponding information on the determination of financial assets reported at fair value have been presented in note 18 "financial assets and financial liabilities reported at fair value" as well as in note 58 "financial liabilities reported at fair value".

b) In the context of our risk-based audit approach, we audited the relevant internal control system and also performed substantive audit procedures based on our risk assessment. In so doing, we analysed the trading transactions measured using models. For this purpose, we gained an understanding of the underlying processes and assessed the appropriateness and effectiveness of the relevant internal control for the measurement of these trading transactions, particularly regarding the controls in respect of the verification process for prices and market data independent of trading as well as of the model validation. We assessed the suitability of the used measurement models for products selected according to risk-based criteria by involving our internal evaluation specialists. In addition, we audited the effectiveness of the general and application-specific IT controls of the IT systems used.

As at 31 December 2023, we, with the help of internal evaluation specialists, have audited the subsequent measurement in application of independent measurement procedures, parameters and models in a risk-oriented manner by means of substantive procedures. In this respect, we covered the main product/model combinations used by Deka Group. Furthermore, we verified the discount curves used for the measurement of certificate issuance by means of external market data.

In addition, we checked the disclosures in the notes for completeness and accuracy.

3 Net commission income from fund business

a) Deka Group's net commission income from fund business represents the main component of the total commission income and is thus also significant for the consolidated result for the year. In the financial year 2023, commission income amounts to bEUR 3.2 while commission expenses amount to bEUR 1.6 of which bEUR 2.9 and bEUR 1.4 relate to income and expenses from the fund business, respectively.

Deka Group generates revenue from management and administrative activities for investment funds as well as from fund-based asset management products. These services are remunerated with administrative/asset management fees, commissions, performance-related remuneration and in the form of flat rate fees. Additional commission income from the fund business results from intermediary services rendered during the service period. Deka Group continuously renders these services and predominantly invoices them on a monthly basis. In addition to portfolio-related commissions, Deka Group also sometimes levies sales-related commissions (front-end loads) for issuing units in investment funds. The amount of the front-end load is based on the unit value at the time of issue. Furthermore, transaction fees are incurred when real estate is added to or disposed of from the administered investment fund.

Commission expenses from the fund business are connected to commission income and mainly comprise sales-related and portfolio-related commissions that predominantly result from remuneration to Sparkassen as sales partners.

Net commission income from fund business represents a key audit matter particularly due to the financial significance for Deka Group and the diversity of the invoicing system and posting logic.

Disclosures on the determination of the net commission income from fund business is presented in note 15 “Revenue from contracts with customers” and in note 34 “Net commission income”.

b) We gained an understanding of the processes within the Group based on our risk assessment and on the analysis of the inherent risk of the net commission income from fund business. This includes the invoicing system and the general and application-specific IT controls set up for this purpose as well as manual controls. On this basis, we conducted an audit of the appropriateness and effectiveness of the material accounting-related controls and additionally performed substantive procedures. This audit of controls primarily related to the proper order entry, the recognition and maintenance of fund and custodial account master data as well as the presentation for accounting purposes of commission income and expenses from the fund business. In addition, we audited the effectiveness of the general and application-specific IT controls of the IT systems used.

The focal point of our audit during the substantive procedures was the accounting entry of commission income and expenses. In this respect, we compared the invoices for individual business transactions with the underlying documents that served as the basis for the determination and recognition of commission income and expenses. In addition we performed analytical audit procedures by means of regression and comparative analyses. We substantiated calculated and transferred administrative remuneration at the investment funds level in terms of figures used by means of the respective applicable administrative cost rates and the average net inventory figures. In this respect, we examined whether the generation of commission income on the level of the capital management companies was properly recorded based on the invoicing of the fund accounting by applying sampling methods and by means of analytical audit procedures whether the provisions pursuant to IFRS 15 with regard to the realisation of income were adhered to.

In addition, we checked the disclosures in the notes for completeness and accuracy.

Other Information

Management and/or the administrative board are responsible for the other information. The other information comprises

- The foreword by the board of management,
- the report of the administrative board,
- the separate non-financial report according to Sec. 315b (3) HGB referenced in the group management report,
- the “human resources report” included in the economic report of the group management report,

- management's confirmation regarding the consolidated financial statements and the group management report pursuant to Section 297 (2) sentence 4 and Section 315 (1) sentence 5 HGB, and
- all other parts of the annual report which are expected to be presented to us after the date of this independent auditor's report,
- but not the consolidated financial statements, not the audited content of the combined management report and not our independent auditor's report thereon.

The administrative board is responsible for the report of the administrative board. Otherwise management is responsible for the other information.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information identified above and, in doing so, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the audited content of the combined management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of Management and the Administrative Board for the Consolidated Financial Statements and the Group Management Report

Management is responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRS as adopted by the EU and the additional requirements of German commercial law pursuant to Section 315e (1) HGB, and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position and financial performance of the Group. In addition, management responsible for such internal control as it has determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, management is responsible for the preparation of the group management report that as a whole provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as it has considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The administrative board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor’s report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor’s report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRS as adopted by the EU and with the additional requirements of German commercial law pursuant to Section 315e (1) HGB.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group’s position it provides.
- perform audit procedures on the prospective information presented by management in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the actions taken or safeguards applied to eliminate independence threats.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Audit of the Electronic Reproductions of the Consolidated Financial Statements and of the Group Management Report Prepared for Publication Pursuant to Section 317 (3a) HGB

Audit Opinion

We have performed an audit in accordance with Section 317 (3a) HGB to obtain reasonable assurance whether the electronic reproductions of the consolidated financial statements and of the group management report (hereinafter referred to as "ESEF documents") prepared for publication, contained in the file, which has the SHA-256 value 306b6838e1eac579dbb4a5d546c2fc8a4d5207d84908c6ed22dc7198e37985a6, meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB ("ESEF format"). In accordance with the German legal requirements, this audit only covers the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format, and therefore covers neither the information contained in these electronic reproductions nor any other information contained in the file identified above.

In our opinion, the electronic reproductions of the consolidated financial statements and of the group management report prepared for publication contained in the file identified above meet, in all material respects, the requirements for the electronic reporting format pursuant to Section 328 (1) HGB. Beyond this audit opinion and our audit opinions on the accompanying consolidated financial statements and on the accompanying group management report for the financial year from 1 January to 31 December 2023 contained in the "Report on the Audit of the Consolidated Financial Statements and of the Group Management Report" above, we do not express any assurance opinion on the information contained within these electronic reproductions or on any other information contained in the file identified above.

Basis for the Audit Opinion

We conducted our audit of the electronic reproductions of the consolidated financial statements and of the group management report contained in the file identified above in accordance with Section 317 (3a) HGB and on the basis of the IDW Auditing Standard: Audit of the Electronic Reproductions of Financial Statements and Management Reports Prepared for Publication Purposes Pursuant to Section 317 (3a) HGB (IDW AuS 410 (06.2022)). Our responsibilities in this context are further described in the "Group Auditor's Responsibilities for the Audit of the ESEF Documents" section. Our audit firm has applied the requirements of the IDW Quality Management Standards.

Responsibilities of Management and the Administrative Board for the ESEF Documents

Company's management is responsible for the preparation of the ESEF documents based on the electronic files of the consolidated financial statements and of the group management report according to Section 328 (1) sentence 4 no. 1 HGB and for the tagging of the consolidated financial statements according to Section 328 (1) sentence 4 no. 2 HGB.

In addition, the Company's management is responsible for such internal controls that it has considered necessary to enable the preparation of ESEF documents that are free from material intentional or unintentional non-compliance with the requirements for the electronic reporting format pursuant to Section 328 (1) HGB.

The administrative board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Audit of the ESEF Documents
Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB. We exercise professional judgement and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material intentional or unintentional non-compliance with the requirements of Section 328 (1) HGB, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinion.
- obtain an understanding of internal control relevant to the audit on the ESEF documents in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- evaluate the technical validity of the ESEF documents, i.e. whether the file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, on the technical specification for this electronic file.
- evaluate whether the ESEF documents enable a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.
- evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the balance sheet date, enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further information pursuant to Article 10 of the EU Audit Regulation
We were elected as Group auditor by the shareholders' meeting on 20 July 2021. We were engaged by the administrative board on 17 October and 17 November 2022. We have been the group auditor of DekaBank Deutsche Girozentrale AöR, Berlin and Frankfurt am Main/Germany, since the financial year 2023.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the group entities the following services that are not disclosed in the consolidated financial statements or in the group management report:

- review of the interim financial report
- voluntary annual financial statements audits of subsidiaries
- securities accounts audit and German Securities Act (WpHG) audits pursuant to Sec. 89 WpHG and Sec. 68 (7) German Investment Code (KAGB)
- limited assurance engagements pursuant to ISAE 3402 / ISAE 3000
- supporting services within the scope of the determination of a matter
- assurance services under supervisory law

OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as with the audited ESEF documents. The consolidated financial statements and the group management report converted into the ESEF format – including the versions to be submitted for inclusion in the Company Register – are merely electronic reproductions of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the ESEF report and our audit opinion contained therein are to be used solely together with the audited ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Stephanie Fischer.

Frankfurt am Main/Germany, 7 March 2024

Deloitte GmbH
Wirtschaftsprüfungsgesellschaft

Signed:
Klaus Löffler
Wirtschaftsprüfer
(German Public Auditor)

Signed:
Stephanie Fischer
Wirtschaftsprüferin
(German Public Auditor)

TRANSLATION
– German version prevails –

OTHER INFORMATION

Shareholders, subsidiaries and associated companies

Shareholders of DekaBank *(as of 1 March 2024)*

DSGV ö. K.[1]	**50%**
thereof:	
Sparkassenverband Baden-Württemberg	7.70%
Rheinischer Sparkassen- und Giroverband	6.56%
Sparkassenverband Niedersachsen	6.46%
Sparkassenverband Bayern	6.31%
Sparkassenverband Westfalen-Lippe	6.17%
Sparkassen- und Giroverband Hessen-Thüringen	5.81%
Sparkassenverband Rheinland-Pfalz	3.21%
Sparkassenverband Berlin / Landesbank Berlin	1.90%
Ostdeutscher Sparkassenverband	1.83%
Sparkassen- und Giroverband für Schleswig-Holstein	1.78%
Sparkassenverband Saar	1.37%
Hanseatischer Sparkassen- und Giroverband	0.90%
Deka Erwerbsgesellschaft mbH & Co. KG	**50%**
thereof:	
Sparkassenverband Bayern	8.40%
Sparkassenverband Baden-Württemberg	8.14%
Ostdeutscher Sparkassenverband	8.00%
Rheinischer Sparkassen- und Giroverband	7.66%
Sparkassen- und Giroverband Hessen-Thüringen	5.47%
Sparkassenverband Westfalen-Lippe	3.68%
Sparkassenverband Niedersachsen	2.04%
Sparkassenverband Rheinland-Pfalz	1.87%
Sparkassenverband Berlin / Landesbank Berlin	1.56%
Sparkassen- und Giroverband für Schleswig-Holstein	1.48%
Hanseatischer Sparkassen- und Giroverband	1.26%
Sparkassenverband Saar	0.43%

[1] in relation to voting stake (subject to rounding differences)

Subsidiaries and associated companies of DekaBank[2] *(as of 1 March 2024)*

Asset Management Securities business division	
Deka Investment GmbH, Frankfurt/Main	100.0%
Deka International S.A., Luxembourg	100.0%
DekaTreuhand GmbH, Frankfurt/Main	100.0%
Deka Vermögensmanagement GmbH, Frankfurt/Main	100.0%
Deka Verwaltungsgesellschaft Luxembourg S.A., Luxembourg	100.0%
IQAM Invest GmbH, Salzburg	100.0%
IQAM Partner GmbH, Vienna	100.0%
IQAM Research der DekaBank GmbH, Frankfurt/Main	100.0%
S-PensionsManagement GmbH, Cologne	50.0%
Sparkassen Pensionsfonds AG, Cologne	50.0%
Sparkassen Pensionskasse AG, Cologne	50.0%
Dealis Fund Operations GmbH i.L., Frankfurt/Main	50.0%
Heubeck AG, Cologne	30.0%
DPG Deutsche Performancemessungs-Gesellschaft für Wertpapierportfolios mbH, Frankfurt/Main	22.2%
Erste Asset Management GmbH, Vienna	1.7%
Asset Management Services business division	
bevestor GmbH, Frankfurt/Main	100.0%
S Broker AG & Co. KG, Wiesbaden	100.0%
S Broker Management AG, Wiesbaden	100.0%
SWIAT GmbH, Frankfurt/Main	30.0%
Deutsche WertpapierService Bank AG, Frankfurt/Main	2.5%
Asset Management Real Estate business division	
Deka Immobilien Investment GmbH, Frankfurt/Main	100.0%
Deka Vermögensverwaltungs GmbH, Frankfurt/Main	100.0%
Deka Real Estate International GmbH, Frankfurt/Main	100.0%
Deka Investors Spezialinvestmentaktiengesellschaft mit veränderlichem Kapital und Teilgesellschaftsvermögen, Frankfurt/Main	100.0%
WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf	99.7%
WIV GmbH & Co. Beteiligungs KG, Frankfurt/Main	94.9%
Architrave GmbH, Berlin	11.6%
Deka-S-PropertyFund No. 1 Beteiligungs GmbH & Co. KG, Frankfurt/Main	11.6%
Financing business division	
Global Format GmbH & Co. KG, Munich	18.8%
RSU GmbH & Co. KG, Munich	6.5%
SIZ GmbH, Bonn	5.0%
True Sale International GmbH, Frankfurt/Main	7.7%
Corporate Centre Corporate Development	
Deka Beteiligungs GmbH, Frankfurt/Main	100.0%
Deka Treuhand Erwerbsgesellschaft mbH, Frankfurt/Main	100.0%

[2] Held directly or indirectly. The Group has further holdings which are, however, of minor significance.

Administrative Board and Board of Management of DekaBank

(as of 1 March 2024)

Administrative Board

Helmut Schleweis
(until 31 December 2023)
Chairman
President of the German Savings Banks and Giro Association e.V., Berlin
President of the German Savings Banks and Giro Association – public law entity, Berlin
Chairman of the General and Nominating Committee
Chairman of the Remuneration Supervision Committee

Prof. Dr. Ulrich Reuter
(since 1 January 2024)
Chairman
President of the German Savings Banks and Giro Association e.V., Berlin
President of the German Savings Banks and Giro Association – public law entity, Berlin
Chairman of the General and Nominating Committee
Chairman of the Remuneration Supervision Committee

(until 31 December 2023)
President of the Savings Banks Association Bavaria, Munich
Member of the General and Nominating Committee
Member of the Remuneration Supervision Committee
Member of the Audit Committee

Walter Strohmaier
First Deputy Chairman
Chairman of the Management Board of Sparkasse Niederbayern-Mitte, Straubing
First Deputy Chairman of the General and Nominating Committee
First Deputy Chairman of the Remuneration Supervision Committee
Member of the Audit Committee

Thomas Mang
Second Deputy Chairman
President of the Savings Banks Association Lower Saxony, Hanover
Chairman of the Risk and Credit Committee
Second Deputy Chairman of the General and Nominating Committee
Second Deputy Chairman of the Remuneration Supervision Committee

Further representatives selected by the Shareholders' Meeting:

Michael Bräuer
Chairman of the Management Board of Sparkasse Oberlausitz-Niederschlesien, Zittau
Member of the General and Nominating Committee
Member of the Risk and Credit Committee
Member of the Remuneration Supervision Committee

Michael Breuer
President of the Rhineland Savings Banks and Giro Association, Düsseldorf
Chairman of the Audit Committee
Member of the General and Nominating Committee

Ingo Buchholz
Chairman of the Management Board of Kasseler Sparkasse, Kassel
Deputy Chairman of the Audit Committee

Prof. Dr. Liane Buchholz
President of the Savings Banks Association Westfalen-Lippe, Münster
Member of the General and Nominating Committee
Member of the Remuneration Supervision Committee
Member of the Audit Committee
Member of the Risk and Credit Committee

Matthias Dießl
(since 1 January 2024)
President of the Savings Banks Association Bavaria, Munich
Member of the General and Nominating Committee
Member of the Remuneration Supervision Committee
Member of the Audit Committee

Ralf Fleischer
(until 31 December 2023)
Chairman of the Management Board of Stadtsparkasse München, Munich

Michael Fröhlich
(until 31 December 2023)
Chairman of the Management Board of Sparkasse Bielefeld, Bielefeld
Member of the Risk and Credit Committee

Johannes Hartig
(since 1 April 2023)
Chairman of the Management Board of Sparkasse Osnabrück, Osnabrück
Member of the Risk and Credit Committee

Thomas Hirsch
President of the Savings Banks Association Rhineland-Palatinate, Mainz

Melanie Kehr
Member of the Management Board of Kreditanstalt für Wiederaufbau, Frankfurt/Main
Member of the Risk and Credit Committee

Dr. Stefan Kram
Chairman of the Management Board of Kreissparkasse Duchy of Lauenburg, Mölln

Ludwig Momann
(until 31 March 2023)
Chairman of the Management Board of Sparkasse Emsland, Meppen
Member of the Risk and Credit Committee

Nancy Plaßmann
(since 1 April 2023)
Member of the Management Board of Sparkasse Osnabrück, Osnabrück
Member of the Risk and Credit Committee

(since 1 July 2023)
Executive Manager of Berliner Sparkasse, Berlin
Member of the Risk and Credit Committee

(since 1 October 2023)
Member of the Management Board of Berliner Sparkasse, Berlin
Member of the Risk and Credit Committee

Stefan G. Reuß
Managing President of the Savings Banks and Giro Association Hesse-Thuringia, Frankfurt/Main
Member of the General and Nominating Committee
Member of the Remuneration Supervision Committee

Klaus Richter
(since 1 January 2024)
Chairman of the Management Board of Sparkasse Münsterland Ost, Münster

Katrin Rohmann
Freelance Auditor, Birkenwerder
Member of the Audit Committee

Frank Saar
Chairman of the Management Board of Sparkasse Saarbrücken, Saarbrücken
Deputy Chairman of the Risk and Credit Committee

Jürgen Schäfer
(since 1 January 2024)
Chairman of the Management Board of Sparkasse Aschaffenburg-Alzenau, Aschaffenburg

Peter Schneider
President of the Savings Banks Association Baden-Württemberg, Stuttgart
Member of the General and Nominating Committee
Member of the Remuneration Supervision Committee

Dr. Harald Vogelsang
Spokesman of the Management Board of Hamburger Sparkasse AG, Hamburg
President of the Hanseatic Savings Banks and Giro Association, Hamburg

Ludger Weskamp
Managing President of the East German Savings Banks Association, Berlin

Burkhard Wittmacher
Chairman of the Management Board of Kreissparkasse Esslingen-Nürtingen, Esslingen
Member of the Audit Committee

Alexander Wüerst
Chairman of the Management Board of Kreissparkasse Köln, Cologne
Member of the General and Nominating Committee
Member of the Remuneration Supervision Committee

Employee Representatives appointed by the Staff Committee:

Edwin Quast
(until 28 February 2023)
Chairman of the Staff Committee, DekaBank Deutsche Girozentrale, Frankfurt/Main

(since 1 March 2023)
Member of the Staff Committee, DekaBank Deutsche Girozentrale, Frankfurt/Main

Barbara Wörfel
(until 28 February 2023)
Second Deputy Chairwoman of the Staff Committee, DekaBank Deutsche Girozentrale, Frankfurt/Main

(since 1 March 2023)
First Deputy Chairwoman of the Staff Committee, DekaBank Deutsche Girozentrale, Frankfurt/Main

Representatives appointed by the Federal Organisation of Central Municipal Organisations (in an advisory capacity):

Dr. Uwe Brandl
(until 31 December 2023)
President of the German Association of Towns and Municipalities, Berlin

Helmut Dedy
Chief Executive Officer of the German Association of Cities, Berlin

Prof. Dr. Hans-Günter Henneke
Managing Member of the Presiding Board of the German County Association, Berlin
Member of the General and Nominating Committee
Member of the Remuneration Supervision Committee

Ralph Spiegler
(since 1 January 2024)
Mayor of the Association of Municipalities of Nieder-Olm, Nieder-Olm

Board of Management

Dr. Georg Stocker
Chairman of the Board of Management

Dr. Matthias Danne
Deputy Chairman of the Board of Management

Birgit Dietl-Benzin
Member of the Board of Management

Daniel Kapffer
Member of the Board of Management

Torsten Knapmeyer
Member of the Board of Management

Martin K. Müller
Member of the Board of Management

Executive Manager

Manfred Karg

Seats on supervisory bodies

Dr. Matthias Danne
Deka Investment GmbH, Frankfurt/Main:
Chairman of the Supervisory Board

Deka Vermögensmanagement GmbH, Frankfurt/Main:
Chairman of the Supervisory Board

Deka Immobilien Investment GmbH, Frankfurt/Main:
Chairman of the Supervisory Board

WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf:
Chairman of the Supervisory Board

Deka Treuhand Erwerbsgesellschaft mbH, Frankfurt/Main:
Managing Director

Birgit Dietl-Benzin
Deka Investment GmbH, Frankfurt/Main:
Deputy Chairwoman of the Supervisory Board

Deka Vermögensmanagement GmbH, Frankfurt/Main:
Deputy Chairwoman of the Supervisory Board

Deka Immobilien Investment GmbH, Frankfurt/Main:
Deputy Chairwoman of the Supervisory Board

WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf:
Deputy Chairwoman of the Supervisory Board

S Broker AG & Co. KG, Wiesbaden:
Deputy Chairwoman of the Supervisory Board

S Broker Management AG, Wiesbaden:
Member of the Supervisory Board

FMS Wertmanagement AöR, Munich:
Member of the Administrative Board

Daniel Kapffer
S Broker AG & Co. KG, Wiesbaden:
Deputy Chairman of the Supervisory Board

S Broker Management AG, Wiesbaden:
Deputy Chairman of the Supervisory Board

bevestor GmbH, Frankfurt/Main:
Deputy Chairman of the Supervisory Board

S-PensionsManagement GmbH, Cologne:
Deputy Chairman of the Supervisory Board

Sparkassen Pensionskasse AG, Cologne:
Deputy Chairman of the Supervisory Board

Sparkassen Pensionsfonds AG, Cologne:
Chairman of the Supervisory Board

Deka Verwaltungsgesellschaft Luxembourg S.A., Luxembourg:
Deputy Chairman of the Administrative Board

Torsten Knapmeyer
S Broker AG & Co. KG, Wiesbaden:
Chairman of the Supervisory Board

S Broker Management AG, Wiesbaden:
Chairman of the Supervisory Board

Martin K. Müller
Deka Verwaltungsgesellschaft Luxembourg S.A., Luxembourg:
Chairman of the Administrative Board

Deka Treuhand Erwerbsgesellschaft mbH, Frankfurt/Main:
Managing Director

Fund-related committees

Asset Management Securities business division

Advisory Board Retail
(as of 1 March 2024)

Chairman

Dr. Harald Langenfeld
Chairman of the Management Board of Stadt- und Kreissparkasse Leipzig, Leipzig

Deputy Chairman

Matthias Nester
Chairman of the Management Board of Sparkasse Koblenz, Koblenz

Members

Antonius Bergmann
Chairman of the Management Board of Stadtsparkasse Mönchengladbach, Mönchengladbach

Jochen Brachs
Chairman of the Management Board of Sparkasse Hochschwarzwald, Titisee-Neustadt

Martin Bücher
Chairman of the Management Board of Kreissparkasse Biberach, Biberach

Martin Deertz
Deputy Chairman of the Management Board of Sparkasse Südholstein, Neumünster

Jennifer Erdmann
Member of the Management Board of Sparkasse Bielefeld, Bielefeld

Andreas Frühschütz
Chairman of the Management Board of Kreissparkasse München Starnberg Ebersberg, Munich

Andreas Götz
Member of the Management Board of Landesbank Baden-Württemberg, Stuttgart

Arendt Gruben
Chairman of the Management Board of Sparkasse Schwarzwald-Baar, Villingen-Schwenningen

Stefan Grunwald
Chairman of the Management Board of Stadt-Sparkasse Solingen, Solingen

Oliver Klink
Chairman of the Management Board of Taunus Sparkasse, Bad Homburg v. d. H.

Walter Paulus-Rohmer
Member of the Management Board of Stadt- und Kreissparkasse Erlangen Höchstadt Herzogenaurach, Erlangen

Nancy Plaßmann
Member of the Management Board of Berliner Sparkasse, Berlin

Birte Quitt
Member of the Management Board of Hamburger Sparkasse, Hamburg

Klaus Richter
Chairman of the Management Board of Sparkasse Münsterland Ost, Münster

Michael Thanheiser
Chairman of the Management Board of Landessparkasse zu Oldenburg, Oldenburg

Jörg Welter
Chairman of the Management Board of Sparkasse Neunkirchen, Neunkirchen

Advisory Board Institutional
(as of 1 March 2024)

Chairman

Peter Orth
Member of the Management Board of Sparkasse Dortmund, Dortmund

Deputy Chairman

Steffen-Peter Horn
Chairman of the Management Board of Kreissparkasse Eichsfeld, Leinefelde-Worbis

Members

Peter Becker
Chairman of the Management Board of Sparkasse Herford, Herford

Christian Bonnen
Member of the Management Board of Kreissparkasse Köln, Cologne

Lars Dannheim
Member of the Management Board of Braunschweigische Landessparkasse, Braunschweig

Andreas Fohrmann
Chairman of the Management Board of Sparkasse Zwickau, Zwickau

Markus Frei
Chairman of the Management Board of Kreissparkasse Ostalb, Aalen

Timo Kluge
Member of the Management Board of Sparkasse Essen, Essen

Thomas Lützelberger
Chairman of the Management Board of Sparkasse Schwäbisch Hall-Crailsheim, Schwäbisch Hall

Heiko Nebel
Chairman of the Management Board of Stadtsparkasse Burgdorf, Burgdorf

Hans Neuweiler
Chairman of the Management Board of Sparkasse Pforzheim Calw, Pforzheim

Dr. Olaf Oesterhelweg
Member of the Management Board of Hamburger Sparkasse AG, Hamburg

Frank Opitz
Chairman of the Management Board of Sparkasse Fürstenfeldbruck, Fürstenfeldbruck

Thomas Roß
Member of the Management Board of Kreissparkasse Schwalm-Eder, Melsungen

Heribert Schwarz
Member of the Management Board of Sparkasse Allgäu, Kempten

Petra von Crailsheim
Member of the Management Board of Ostsächsische Sparkasse Dresden, Dresden

Franz Wittmann
Chairman of the Management Board of Sparkasse im Landkreis Cham, Cham

Corporate bodies of subsidiaries – Asset Management Securities business division

Deka Investment GmbH

Members of the Supervisory Board
(as of 1 March 2024)

Chairman

Dr. Matthias Danne
Deputy Chairman of the Board of Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Deputy Chairwoman

Birgit Dietl-Benzin
Member of the Board of Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Members

Dr. Fritz Becker
Wehrheim

Joachim Hoof
Chairman of the Management Board of Ostsächsische Sparkasse Dresden, Dresden

Jörg Münning
Chairman of the Management Board of LBS Landesbausparkasse NordWest, Münster

Peter Scherkamp
Munich

Board of Management

Spokesman

Dr. Ulrich Neugebauer

Members

Jörg Boysen
Thomas Ketter
Thomas Schneider

Deka Vermögensmanagement GmbH

Members of the Supervisory Board
(as of 1 March 2024)

Chairman

Dr. Matthias Danne
Deputy Chairman of the Board of Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Deputy Chairwoman

Birgit Dietl-Benzin
Member of the Board of Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Members

Wolfgang Dürr
Trier

Rita Geyermann
Director of KfW-Bankengruppe, Frankfurt/Main

Victor Moftakhar
Bad Nauheim

Sabine Schmittroth
Managing Partner of sajos GmbH, Frankfurt/Main

Board of Management

Chairman

Dirk Degenhardt

Members

Dirk Heuser
Thomas Ketter
Thomas Schneider

S Broker AG & Co. KG

Members of the Supervisory Board
(as of 1 March 2024)

Chairman

Torsten Knapmeyer
Member of the Board of Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Deputy Chairpersons

Birgit Dietl-Benzin
Member of the Board of Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Daniel Kapffer
Member of the Board of Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Members

Dr. Olaf Heinrich
Head of Digital Multichannel Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Dr. Hans-Jürgen Plewan
Head of IT, DekaBank Deutsche Girozentrale, Frankfurt/Main

Board of Management

S Broker Management AG

S Broker Management AG

Members of the Supervisory Board
(as of 1 March 2024)

Chairman

Torsten Knapmeyer
Member of the Board of Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Deputy Chairman

Daniel Kapffer
Member of the Board of Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Member

Birgit Dietl-Benzin
Member of the Board of Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Board of Management

Spokesman

Gregor Surges

Member

Marcus Brinker

bevestor GmbH

Members of the Supervisory Board
(as of 1 March 2024)

Chairman

Dr. Olaf Heinrich
Head of Digital Multichannel Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Deputy Chairman

Daniel Kapffer
Member of the Board of Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Member

Dirk Degenhardt
Chairman of the Board of Management of Deka Vermögensmanagement GmbH, Frankfurt/Main

Board of Management

Members

Marco Lorenz
Carsten Kroeber

Asset Management Real Estate business division

Advisory Board Real Estate
(as of 1 March 2024)

Chairman

Jürgen Wagenländer
Member of the Management Board of Sparkasse Mainfranken Würzburg, Würzburg

Deputy Chairman

Toni Domani
Chairman of the Management Board of Sparkasse Regen-Viechtach, Regen

Members

Andrea Binkowski
Chairwoman of the Management Board of Sparkasse Mecklenburg-Strelitz, Neustrelitz

Dr. Alexander Endlich
Chairman of the Management Board of Sparkasse Hegau-Bodensee, Singen

Dr. Jürgen Fox
Chairman of the Management Board of Saalesparkasse, Halle (Saale)

Andreas Götz
Member of the Management Board of Landesbank Baden-Württemberg, Stuttgart

Stefan Gratzfeld
Chairman of the Management Board of Sparkasse Celle-Gifhorn-Wolfsburg, Gifhorn

Markus Hacke
Deputy Chairman of the Management Board of Sparkasse an Volme und Ruhr, Lüdenscheid

Ulrich Kistner
Chairman of the Management Board of Sparkasse Rastatt-Gernsbach, Rastatt

Volker Knotte
Member of the Management Board of Sparkasse Mittelmosel – Eifel Mosel Hunsrück, Bernkastel-Kues

Heinrich-Georg Krumme
Chairman of the Management Board of Sparkasse Westmünsterland, Dülmen

Oliver Löseke
Chairman of the Management Board of Sparkasse Aurich-Norden in Ostfriesland, Norden

Thomas Schmidt
Member of the Management Board of Sparkasse Bamberg, Bamberg

Mike Stieler
Chairman of the Management Board of Sparkasse Sonneberg, Sonneberg

Dr. Hariolf Teufel
Chairman of the Management Board of Kreissparkasse Göppingen, Göppingen

Jürgen Thomas
Deputy Chairman of the Management Board of Stadt- und Kreis-Sparkasse Darmstadt, Darmstadt

Rainer Virnich
Member of the Management Board of Sparkasse KölnBonn, Cologne

Bernd Zibell
Member of the Management Board of Sparkasse am Niederrhein, Moers

Corporate bodies of subsidiaries – Asset Management Real Estate business division

Deka Immobilien Investment GmbH

Members of the Supervisory Board
(as of 1 March 2024)

Chairman

Dr. Matthias Danne
Deputy Chairman of the Board of Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Deputy Chairwoman

Birgit Dietl-Benzin
Member of the Board of Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Members

Prof. Dr. Wolfgang Schäfers
C4 Professor at the University of Regensburg, Chair of Real Estate Management, Bad Abbach

Dirk Schleif
Fund management officer DekaImmobilien Domus Fonds of Deka Immobilien Investment GmbH, Frankfurt/Main

Thomas Schmengler
Nackenheim

Magnus Schmidt
Real estate fund reporting advisor of Deka Immobilien Investment GmbH, Düsseldorf

Board of Management

Members

Burkhard Dallosch
Esteban de Lope Fend
Johannes Hermanns
Victor Stoltenburg

WestInvest Gesellschaft für Investmentfonds mbH

Members of the Supervisory Board
(as of 1 March 2024)

Chairman

Dr. Matthias Danne
Deputy Chairman of the Board of Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Deputy Chairwoman

Birgit Dietl-Benzin
Member of the Board of Management of DekaBank Deutsche Girozentrale, Frankfurt/Main

Members

Prof. Dr. Wolfgang Schäfers
C4 Professor at the University of Regensburg, Chair of Real Estate Management, Bad Abbach

Dirk Schleif
Fund management officer DekaImmobilien Domus Fonds of Deka Immobilien Investment GmbH, Frankfurt/Main

Thomas Schmengler
Nackenheim

Magnus Schmidt
Real estate fund reporting advisor of Deka Immobilien Investment GmbH, Düsseldorf

Board of Management

Members

Burkhard Dallosch
Esteban de Lope Fend
Marcus Rösch
Victor Stoltenburg

Glossary

Additional Tier 1 bond (AT1 bond)
Non-cumulative, fixed-interest bearer bond issued by DekaBank as Additional Tier 1 capital with subsequent adjustment of its interest rate and an unlimited term. If the Common Equity Tier 1 capital ratio falls below a set minimum, the nominal and redemption values of the bearer bond may be reduced in specific circumstances. DekaBank's issued AT1 bonds are fully eligible as core capital and thus help improve the regulatory ratios.

Advisory-/management mandate
External funds which are managed by a Deka Group investment management company (Kapitalverwaltungsgesellschaft – KVG). For advisory mandates, the Deka Group company acts only as an adviser, i.e. it is up to the external management company to verify compliance with investment regulations and contractual restrictions before placing orders. For management mandates, by contrast, investment decisions are taken, reviewed and carried out by a Deka Group investment management company.

Asset management net sales
Asset management net sales is an indicator of sales performance and customer acceptance in asset management. This figure essentially consists of total direct sales of mutual and special funds, fund-based asset management, funds of cooperation partners, master funds, advisory/management mandates and ETFs. Sales generated through proprietary investment activities are not included.

Asset management volume
The management volume essentially comprises the income-relevant volume of mutual and special fund products (including ETFs), direct investments in cooperation partner funds, the portion of fund-based asset management activities attributable to cooperation partners, third-party funds and liquidity, master funds and advisory/management mandates.

Assets under custody
All assets held in custody by the Deka Group as depositary.

Certificate volume
The certificate volume comprises only the certificates issued by Deka. It does not include cooperation certificates.

Cost/income ratio (CIR)
In the Deka Group, this indicator is calculated from the ratio of total expense (excluding restructuring expense) to total income (excluding risk provisions in the lending and securities business) in the financial year.

Economic perspective
The economic perspective is one of two approaches on which the internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP) are based. In the context of the ICAAP, the economic perspective is implemented via the concept of risk-bearing capacity. It serves to secure the capital of the Deka Group in the long term, thus making a key contribution to ensuring the institution's survival. The aim is also to protect creditors against losses from an economic view. In the context of the integrated quantification, management and monitoring of liquidity risk (ILAAP), the key risk measure in the economic perspective is the "combined stress scenario" funding matrix defined by the Board of Management as being relevant for management purposes.

Economic result
As a key management indicator, together with the risk in the economic and normative perspective, the economic result forms the basis for risk/return management at the Deka Group and is, in principle, determined in accordance with accounting and measurement policies of IFRS. As well as the total of profit or loss before tax, the economic result also includes changes in the revaluation reserve before tax as well as the interest rate- and currency-related valuation result from financial instruments recognised at amortised cost, which are not recognised in the income statement under IFRS but are relevant for assessing financial performance. The interest expense in respect of AT1 bonds (Additional Tier 1 capital), which is recognised directly in equity, is also included in the economic result. Furthermore, the economic result takes into account potential future charges that are considered possible in the future but that are not yet permitted to be recognised under IFRS due to the fact that accurate details are not yet available. The economic result is therefore a control variable on an accrual basis, whose high level of transparency enables recipients of the external financial reporting to consider the company from the management perspective.

Fund assets according to BVI
Fund assets according to BVI comprise the fund assets of the mutual funds, special funds, funds-of-funds and the master fund. In contrast to the method for determining the asset management volume of the Deka Group, direct investments in cooperation partner funds, the proportion of unit-linked asset management products attributable to cooperation partner funds, third-party funds and liquidity, and advisory/management and asset management mandates are not attributed to the Deka Group fund volume according to BVI.

Gross certificate sales
Gross certificate sales are an indicator of certificate sales performance. Redemptions and maturities are not taken into account, since the impact on earnings primarily occurs at the time of issue. Gross certificate sales include both certificates issued by Deka and cooperation certificates issued by other institutions and sold via sales support platforms.

Gross loan volume
In accordance with the definition set out in section 19 (1) of the German Banking Act (Kreditwesengesetz), the gross loan volume includes debt instruments issued by public authorities and bills of exchange, amounts due from banks and customers, bonds and other fixed-interest securities, shares and other non-fixed-interest securities including fund units, equity investments and shares in affiliated companies, equalisation claims against the public sector, items for which lease agreements have been concluded as the lessor, irrespective of their recognition in the balance sheet, other assets where they are subject to counterparty risk, sureties and guarantees, irrevocable lending commitments as well as market values of derivatives. In addition, the gross loan volume includes underlying risks from derivative transactions, transactions for the purposes of covering guarantee payments on guarantee funds, as well as the volume of off-balance sheet counterparty risks.

Net funds inflow according to BVI
Net funds inflow according to BVI is the difference between funds inflow from unit certificate sales and funds outflow from unit certificate redemptions. In contrast to the method for determining the Deka Group's net sales, cooperation partner funds and advisory/management and asset management mandates are not attributed to the Deka Group's net funds inflow according to BVI. Net sales from proprietary investments are included in net funds inflow according to BVI only.

Normative perspective
The normative perspective is one of two approaches on which the internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP) are based. In the context of the ICAAP, the normative perspective includes all internal instruments, regulations, controls and processes aimed at ensuring that regulatory and supervisory capital requirements are met on an ongoing basis, i.e. also prospectively, over the next few years. This means that it directly pursues the objective of ensuring that the institution can continue as a going concern. In the context of the integrated quantification, management and monitoring of liquidity risk (ILAAP), the key risk measure in the normative perspective is the LCR in accordance with the CRR in conjunction with Commission Delegated Regulation (EU) 2015/61 as well as 2018/1620 and the NSFR in accordance with the requirements of the CRR.

Number of (active) employees
The number of employees is the effective number of active full-time employees at the reporting date, with part-timers being counted in proportion to their working hours. Active employees means staff members who are actively involved in DekaBank's work processes. This includes the Board of Management, other managers, core staff members, contract staff and temporary staff. Vocational and other trainees, interns and employees on long-term leave are not included.

Payments to the alliance partners
Payments made to the alliance partners (savings banks and Landesbanks) by the Asset Management divisions are made up of the partners' portions of investment fund entry charges, sales commissions, sales performance fees, asset management fees and other payments from asset management. The payments to alliance partners have also included commissions on certificates.

Return on equity (RoE)
Return on equity before tax at the Deka Group is calculated as the return on balance sheet equity. The annualised economic result is expressed relative to the average balance sheet equity excluding Additional Tier 1 (AT1) capital and adjusted for intangible assets. Average balance sheet equity is calculated based on the capital at the previous year-end and the last quarterly financial statements. At business division level, return on equity before tax is calculated as regulatory return on equity. This involves expressing the annualised economic result (before income distribution of the Treasury function) relative to the average regulatory capital employed. The average is calculated using monthly risk-weighted assets multiplied by 13% (the strategic target for regulatory capital employed), starting with the figure at the previous year-end.

Risk appetite
Risk appetite refers to the overall aggregate risk of individual risk types that the Deka Group is prepared to enter into, within the limits of its risk capacity, in order to achieve its strategic objectives and business plan. In the economic perspective, the risk appetite for risks affecting profit and loss is defined in the risk-bearing capacity analysis as the allocated risk capital (allocation) for overall risk at Group level. The maximum permissible risk appetite is equal to risk capacity less a management buffer. With regard to liquidity risk, the Deka Group has defined its risk appetite in the economic perspective as the scenario that gives it an indefinite survival period in an extreme hypothetical stress scenario involving a simultaneous institution-specific and market-wide stress event. This hypothetical stress scenario is illustrated in the "combined stress scenario" funding matrix. Permanent solvency and an unlimited survival horizon are achieved by setting a limit of 0 on the liquidity balances of all relevant maturity bands for periods of up to 20 years.

Risk-bearing capacity
The aim of the risk-bearing capacity analysis is to ensure the adequacy of capital resources from an economic view. Sufficient assets must be available to cover risk events, even those which materialise extremely rarely. This involves combining all risk types with a holding period of one year and a correspondingly high confidence level of 99.9%, which is consistent with DekaBank's target rating. The overall risk is then compared against the internal capital, which corresponds to the risk capacity, and the risk appetite defined by the Board of Management.

Headquarters and addresses

DekaBank
Deutsche Girozentrale
Head Office Frankfurt/Main and Berlin
Mainzer Landstraße 16
60325 Frankfurt/Main
Postfach 11 05 23
60040 Frankfurt/Main
Phone: +49 (0) 69 71 47-0
Fax: +49 (0) 69 71 47-13 76
e-mail: konzerninfo@deka.de
Internet: www.dekabank.de

Branch Offices

DekaBank Deutsche Girozentrale
Succursale de Luxembourg
6, rue Lou Hemmer
1748 Luxembourg-Findel
Boîte Postale 5 04
2015 Luxembourg
Phone: (+352) 34 09-60 01
Fax: (+352) 34 09-30 90
e-mail: mail@deka.lu

DekaBank Deutsche Girozentrale
London Branch
Fifth Floor
Nash House
13a St. George Street
London W1S 2FQ
Phone: (+44) 20 76 45 90 70

DekaBank Deutsche Girozentrale
Paris Branch
34, rue Tronchet
75009 Paris
Phone: (+33) 1 44 43 98 02

Representative Office

Representative Office New York
1330 Avenue of the Americas
21st Floor
New York, NY 10019
Phone: (+1) 21 22 47 65 15

Deka Investment GmbH
Lyoner Straße 13
60528 Frankfurt/Main
Postfach 11 05 23
60040 Frankfurt/Main
Phone: +49 (0) 69 71 47-0
Fax: +49 (0) 69 71 47-19 39
e-mail: service@deka.de
Internet: www.deka.de

Deka Vermögensmanagement GmbH
Lyoner Straße 13
60528 Frankfurt/Main
Postfach 11 05 23
60040 Frankfurt/Main
Phone: +49 (0) 69 71 47-0
Internet: www.deka.de

Deka Vermögensmanagement GmbH
Niederlassung Luxemburg
6, rue Lou Hemmer
1748 Luxembourg-Findel
Boîte Postale 5 04
2015 Luxembourg

Deka Immobilien Investment GmbH
Lyoner Straße 13
60528 Frankfurt/Main
Postfach 11 05 23
60040 Frankfurt/Main
Phone: +49 (0) 69 71 47-0
Fax: +49 (0) 69 71 47-35 29
e-mail: immobilien@deka.de
Internet: www.deka-immobilien.de

WestInvest Gesellschaft für Investmentfonds mbH
Königshof
Hamborner Straße 55
40472 Düsseldorf
Postfach 10 42 39
40033 Düsseldorf
Phone: +49 (0) 2 11 8 82 88-5 66
e-mail: vertriebsservice-duesseldorf@deka.de
Internet: www.westinvest.de

bevestor GmbH
Lyoner Straße 13
60528 Frankfurt/Main
Postfach 11 11 28
60046 Frankfurt/Main
Phone: +49 (0) 69 4 00 50 15-0
Fax: +49 (0) 69 4 00 50 15-99
e-mail: kontakt@bevestor.de
Internet: www.bevestor.de

S Broker AG & Co. KG
Carl-Bosch-Str. 10
65203 Wiesbaden
Phone: +49 (0) 6 11 20 44-19 00
Fax: +49 (0) 6 11 20 44-24 99
e-mail: service@sbroker.de
Internet: www.sbroker.de

IQAM Invest GmbH
Franz-Josef-Straße 22
5020 Salzburg
Phone: (+43) 5 05 86 86-0
Fax: (+43) 5 05 86 86-8 69
e-mail: office@iqam.com
Internet: www.iqam.com

Internet website
The 2023 Annual Report can be found at www.deka.de/deka-group under the heading "Investor Relations/Reports and presentations" and as an online version in German and English.
The financial reports, presentations and other publications are also available for download.

Contact
External Reporting & Rating
e-mail: investor.relations@deka.de
Phone: +49 (0) 69 71 47-0

This report was prepared in March 2024

Produced in-house with firesys

Concept and design
SILVESTER GROUP,
Hamburg

Translation
BBi (Scotland) Ltd.

Financial calendar

27 August 2024: Interim Report as at 30 June 2024

19. November 2024: Press release on the nine-month-figures for 2024

The publication date is preliminary and subject to change.

Gender clause
In this annual report, words in the masculine include words in the feminine; in parts of the report, the masculine form has solely been used to make the document easier to read.

Disclaimer
The Group management report and other parts of the Annual Report contain forward-looking statements as well as expectations and forecasts. These are based on the information available to us at this time, which we have deemed to be reliable after careful consideration. We do not assume an obligation to update based on new information and future events after the publication of this information. We have derived our estimations and conclusions from these forward-looking statements, expectations and forecasts. We expressly point out that all of our future-oriented statements are associated with known or unknown risks or imponderables and are based on conclusions relating to future events, which depend on risks, uncertainties and other factors that are outside of our area of influence. Such developments can result from, among other things, a change in the general economic situation, the competitive situation, the development of the capital markets, changes in the tax law and legal framework as well as from other risks. The events actually occurring in the future may thus turn out to be considerably different from our forward-looking statements, expectations, forecasts and conclusions. We can therefore assume no liability for their correctness and completeness or for the actual occurrence of the events predicted. The English translation of the Annual Report is provided for convenience only. The German original is definitive.

Due to roundings, numbers and percentages may not add up precisely to the totals provided.

DekaBank
Deutsche Girozentrale
Mainzer Landstraße 16
60325 Frankfurt/Main
P.O. Box 11 05 23
60040 Frankfurt/Main

Phone: +49 (0) 69 71 47 - 0
Fax: +49 (0) 69 71 47 - 13 76
www.dekabank.de

Finanzgruppe