

**Deka Group**

Interim Report 2023

**.iDeka**

23

# Deka Group at a glance

BUSINESS DEVELOPMENT INDICATORS		30 Jun 2023	31 Dec 2022	Change (%)
Total assets	€m	104,544	97,396	7.3
Asset management volume	€m	346,219	347,247	-0.3
Deka certificate volume	€m	27,132	24,506	10.7
Number of securities accounts	thousand	5,417	5,309	2.0
		1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	
Asset management net sales	€m	-14,618	8,605	-269.9
Retail customers	€m	3,519	6,428	-45.2
Institutional customers	€m	-18,138	2,177	(< -300)
Gross certificate sales	€m	11,106	6,160	80.3
PERFORMANCE INDICATORS				
Total income	€m	1,281.1	1,573.8	-18.6
Total expenses	€m	647.5	602.9	7.4
Economic result	€m	633.6	970.9	-34.7
Total of profit or loss before tax	€m	698.4	914.5	-23.6
Return on equity before tax (balance sheet)	%	21.2	34.1	-12.8 %-Points
Cost/income ratio	%	52.0	39.5	12.5 %-Points
RISK INDICATORS – NORMATIVE PERSPECTIVE		30 Jun 2023	31 Dec 2022	
Own funds	€m	6,787	6,751	0.5
Risk-weighted assets	€m	28,982	31,360	-7.6
Total capital ratio	%	23.4	21.5	1.9 %-Points
Common Equity Tier 1 capital ratio	%	18.8	17.4	1.3 %-Points
Leverage ratio	%	6.9	7.1	-0.2 %-Points
MREL Ratio (RWA based)	%	56.9	52.0	4.9 %-Points
MREL Ratio (leverage ratio exposure based)	%	18.8	19.1	-0.3 %-Points
Subordinated MREL requirements (risk-weighted assets based)	%	39.4	35.9	3.4 %-Points
Subordinated MREL requirements (leverage ratio exposure based)	%	14.1	14.2	-0.1 %-Points
Net Stable Funding Ratio (NSFR)	%	113.8	118.1	-4.3 %-Points
Liquidity Coverage Ratio (LCR)	%	149.9	159.1	-9.2 %-Points
RISK INDICATORS – ECONOMIC PERSPECTIVE				
Risk appetite	€m	4,200	4,150	1.2
Total risk	€m	2,544	2,488	2.3
Utilisation of risk appetite	%	60.6	59.9	0.7 %-Points
RATING LONG-TERM (SHORT-TERM)				
Moody's		Aa2 (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		16.5 Low Risk	16.5 Low Risk	
Moody's ESG Solutions		55/100 Robust	55/100 Robust	
KEY EMPLOYEE FIGURES				
Number of employees		5,298	5,084	4.2
Number of active employees		4,512	4,373	3.2

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

# CONTENTS

<b>INTERIM MANAGEMENT REPORT</b> _____	<b>4</b>	<b>ASSURANCE OF THE BOARD OF MANAGEMENT</b> _____	<b>102</b>
At a glance _____	5		
Information about the Deka Group _____	6		
Economic report _____	10		
Forecast report _____	29		
Risk report _____	35		
		<b>REVIEW REPORT</b> _____	<b>103</b>
<b>INTERIM FINANCIAL STATEMENTS</b> _____	<b>49</b>	<b>OTHER INFORMATION</b> _____	<b>104</b>
Statement of profit or loss and other comprehensive income _____	50	Administrative Board and Board of Management of DekaBank _____	105
Statement of financial position _____	51		
Condensed Statement of changes in equity _____	52		
Condensed Statement of cash flows _____	54		
Notes _____	55		

# INTERIM MANAGEMENT REPORT

At a glance	5
Information about the Deka Group	6
Economic report	10
Forecast report	29
Risk report	35



# Interim management report 2023

## At a glance

In the first half of 2023, attention came to focus at least temporarily on the regional banking crisis in the United States and the emergency sale of a major Swiss bank, which brought a period of market turbulence. Meanwhile, the risks from geopolitical tensions have not gone away and extend beyond the Russia-Ukraine war. The inflationary trend and monetary policy response by central banks remained particularly challenging for the capital markets. The European Central Bank continued its cycle of rate hikes, throwing all its might against inflation. In this environment and despite all the uncertainty, the stock markets performed encouragingly in the first half of 2023. Bond markets were volatile and supported by positive coupons.

For Deka, supporting savings banks and institutional customers remained the focus despite this changed environment. It was once again thanks particularly to the expert advice offered by the savings banks that customers continued to invest in the first half of 2023. Investors focused on short-term, fixed-income investments so as to keep an eye on where inflation and interest rates were heading.

In the retail customer segment, asset management net sales dropped by €2.9bn year-on-year to €3.5bn. The loss of a customer's high-volume mandate resulted in outflows of around €19bn in the first half of 2023. This had already been factored into the forecast for sales performance in the institutional business in 2023. Asset management net sales in the reporting period therefore stood at €-14.6bn. The gross certificate sales of €11.1bn were a significant increase on the equivalent prior-year figure (€6.2bn). The majority of these certificate sales (€11.0bn) were to retail customers (H1 2022: €5.7bn). Certificate sales to institutional customers in the reporting period came to €0.1bn (H1 2022: €0.5bn). In total the sales performance of Deka Group came to €-3.5bn (H1 2022: €14.8bn).

The positive performance due to market conditions was offset by negative sales performance following the loss of a major mandate. At €346.2bn, the asset management volume was thus almost unchanged from the end of 2022 (€347.2bn). The Deka certificate volume increased by €2.6bn compared with year-end 2022, rising to €27.1bn. At €373.4bn, the asset management and Deka certificate volume were up €1.6bn on the year-end figure.

Business development and profit performance were significantly better than forecast in the first half of 2023. The Deka Group achieved a good economic result of €633.6m. As expected, this meant it was below the 2022 first-half result of €970.9m, which was influenced by significant positive valuation effects.

Income fell by 18.6% to €1,281.1m, mainly as a result of valuation effects. Net commission income remained the main component of the Deka Group's income, accounting for €789.1m. At €647.5m, expenses were up 7.4% on the first half of 2022 (€602.9m) due to increased operating and personnel expenses, primarily as a result of greater investment in the business model.

The cost/income ratio was 52.0% (H1 2022: 39.5%). Return on equity before tax (balance sheet) was 21.2%, compared with 34.1% in the first half of 2022.

The Deka Group's financial position remains sound. DekaBank also has one of the best credit ratings among its peer group of German commercial banks. At the mid-point of the year, the Common Equity Tier 1 capital ratio stood at 18.8% (year-end 2022: 17.4%). The risk-bearing capacity analysis showed an utilisation of risk appetite of 60.6% (year-end 2022: 59.9%).

## Information about the Deka Group

Deka Group profile and strategy .....	6
Market position and awards .....	9

### Deka Group profile and strategy

The Deka Group is the securities service provider (the *Wertpapierhaus*) for the savings banks. The Group consists of DekaBank Deutsche Girozentrale (DekaBank) and its subsidiaries in Germany and other countries. 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.

### Organisational structure

The Deka Group divides its business into five business divisions that bring together 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.

The sales units – Savings Banks Sales, Private Banking & Wealth Management, and Institutional Customer Sales – serve as the interface with sales partners and customers. The corporate centres perform essential functions and support the business divisions and sales departments throughout the value chain.

### Management

DekaBank is managed collectively by the Board of Management. The Board of Management takes a holistic approach, always considering the entirety of the Deka Group and 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.

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

### **Positioning and role within the *Sparkassen-Finanzgruppe***

The historical development of the Deka Group's predecessor institutions, together with its ownership structure, make it a key part of the *Sparkassen-Finanzgruppe* (Savings Banks Association). Its strategy, which is described in detail in the annual report, provides a framework for the further development of the *Wertpapierhaus*.

The strategic action programme sets the direction of travel to enhance the Deka Group's position as a customer-oriented, innovative and sustainable *Wertpapierhaus*. It has a particular focus on the topics of digitalisation and sustainability.

### **Digitalisation**

Given the rapid development of digital business models and technologies, the Deka Group is steadily intensifying its activities in this area. As the *Wertpapierhaus*, it is also a key partner for the savings banks in this context when it comes to all aspects of securities services. It enables the savings banks and their customers to offer competitive digital customer journeys in the securities business and implements innovative products and services. It uses digital technologies to improve process quality and efficiency.

The digitalisation activities are focused on the following strategic thrusts:

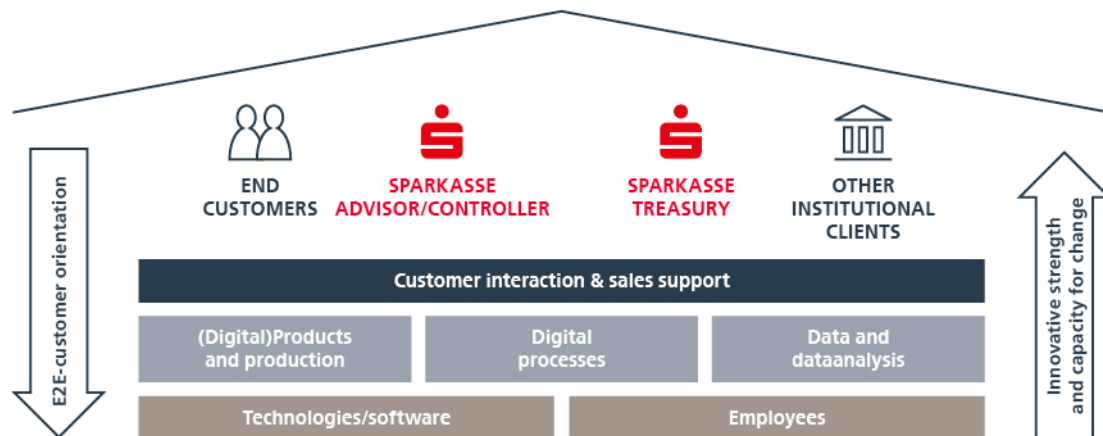
- **End-to-end customer orientation:** The Deka Group helps the savings banks provide and secure their customer interface in the securities business throughout the value chain. Central to its success here is making its services simpler and more user-friendly and enabling digital customer journeys that work across different devices and locations. This not only includes a modern customer front end but also the provision of seamless end-to-end processes – from customer onboarding to order placement and securities account management. The savings banks' services for their end customers are being constantly enhanced and particularly include the S-Invest app, the "internet branch" and other customer channels such as S Broker and bevestor. The new sales platform S-Invest Manager and its innovative solutions also support the savings banks with securities business, all the way from planning to sales and controlling. Similar digital services are provided for institutional customers, too.
- **Digitalising products and production:** Digital assets have the potential to make a wide range of investments easier and cheaper for customers to access, to substantially streamline value chains and to overcome the fragmentation of capital markets in Europe. The Deka Group therefore sees digital or "tokenised" assets as a growth market for the future. The focus is on the issue and custody of digital assets. For example, DekaBank has a licence to maintain a crypto securities register and will enable custody of crypto assets in future. The Deka Group is also working hard on the tokenisation of corporate loans as an ESG-, risk- and RWA-optimisation solution for savings banks. A tokenisation platform for other assets, not just loan receivables, is currently in development. This means that in future, the Deka Group will be able to issue new asset types on various blockchains quickly and in line with applicable standards.

The Deka Group had a major part in founding SWIAT (Secure Worldwide Interbank Asset Transfer), a new company that is developing a blockchain-based decentralised financial infrastructure. SWIAT aims to develop an international network for digital assets, traditional securities and digital services.

Alongside digital assets, the Deka Group is also exploring the use of artificial intelligence in the context of investment decisions. Deka is currently building the Dekaverse, its virtual presence in the Decentraland metaverse. The Deka Group's aim here is to strengthen its position and act as a point of contact within the *Sparkassen-Finanzgruppe* for the topics of the future.

- Digital processes: Process digitalisation is often useful initially to map out customer journeys. Digital technologies are also used to enhance process efficiency and resilience. The use of key digital technologies such as cloud computing is also creating more modern and efficient IT processes.

#### Digitalisation activities at a glance (Fig. 1)



#### Sustainability

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 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 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.

In its role as the *Wertpapierhaus* for the savings banks, the Deka Group puts customers' needs front and centre. Using a wide range of products with sustainability characteristics, from investments in securities and real estate 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 sustainable positioning enables it to respond to risks and opportunities. It identifies relevant ESG considerations and gradually integrates them into its organisational structures and processes, taking into account the relevant responsibilities. Potential sustainability risks in relevant business processes are systematically identified and managed. Regulatory requirements are reliably implemented with a long-term focus. The ESG governance structure also includes the involvement of the most senior management body, the full Board of Management, in current ESG issues and decision making with significant strategic and economic impact.

The Deka Group's sense of social responsibility is reflected in its actions. It is supporting the transformation to more climate-conscious and sustainable ways of doing business. As an active investor, it follows this through by engaging in dialogue with investors, businesses and issuers to help them with the steps to achieving their sustainability goals, closely following its own guidelines. Reflecting the tradition of the savings banks and their focus on the greater good, the Deka Group supports social, architectural, artistic, musical, sporting, educational and academic activities as part of its corporate citizenship.



The Deka Group's positioning in terms of sustainability, which Deka has been building on continuously since 2009, continues to be rated very highly by sustainability rating agencies.

#### Sustainability ratings at a glance (Fig. 2)



Status of sustainability ratings according to annual ESG ratings reports: MSCI ESG ratings: 10 June 2022; ISS-ESG: 22 June 2020; Sustainalytics: 20 December 2022; Moody's ESG Solutions (formerly V.E): May 2021  
 \* Copyright ©2022 MSCI, \*\* Copyright ©2021 Sustainalytics



See also:  
2022  
sustainability  
report

In accordance with the statutory disclosure deadlines under the CSR Directive Implementation Act, the 2022 Sustainability Report, including the non-financial report, which does not form part of the Group management report, was published on the website at <https://www.deka.de/deka-group/our-responsibility/how-we-practice-sustainability/sustainability-reports-and-ratings> by the relevant deadline in April 2023.

#### Market position and awards

With fund assets (according to the BVI, the German Investment Funds Association, as at 31 May 2023) of €149.9bn and a market share of 12.6%, 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 May 2023) of €41.4bn and a market share of 31.2%.

At the 2023 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 was named the best German investment fund business of the year. Deka also received a five-star rating for the eleventh time in a row. It bucked the trend by increasing its score to 84.2 points. In the management category, Deka again received the best result of all the companies tested with a score of 20 points.

The Euro FundAwards presented by the publishing house Finanzen Verlag together with the editors of "Euro", "Euro am Sonntag" and "Börse-Online" are presented to the best funds of the year. This year, 21 Deka funds and Deka ETFs won a total of 38 individual awards. Deka's most successful fund is once again a bond fund: the Multizins-INVEST took first place in the bond funds eastern Europe category in all five assessment periods. Among the equity funds, Deka-Schweiz took three awards, achieving first place in the "over one year" and "over 20 years" categories and second place in the "over ten years category". This year's most successful ETF is the Deka Euro iST ex Fin Divid+ with three awards.

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.

The Deka Group's certificates are sold through the German savings banks. According to statistics from the German Derivatives Association (DDV), Deka has confirmed its very good position as an issuer of structured products in Germany, with a 23.1% market share by market volume at the end of March 2023.

The Structured Retail Products (SRP) finance portal presents its SRP awards each year for the European certificates market in various categories. Deka won in three categories: "Best House Germany & Austria", "Best Distributor Germany" and "Best Distributor Germany & Austria".

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 most recently published study of robo-advisors by FondsConsult, bevestor achieved the top score of 1.7, putting it among the best providers in Germany. On top of this, bevestor was once again awarded the score of "very good" in the 2023 Robo-Advisor-Test by ETF Extra magazine. In the Focus Money study, it was classed as "recommended by investors" in the robo-advisory category.

## Economic report

Economic environment .....	10
Business development and profit performance in the Deka Group .....	15
Business development and profit performance by business division .....	20
Financial position of the Deka Group .....	27
Human resources report .....	29

### Economic environment

#### Macroeconomic conditions

The global economy revealed itself to be in better condition than expected in the first half of 2023. The extremely high inflation rates, the resulting significant rise in central bank interest rates, and the war in Ukraine, with its risks to energy supplies in Europe, all suggested at least a mild recession was likely. Eurozone gross domestic product did indeed contract in the two winter quarters, especially in Germany. In contrast, the US economy saw moderate expansion. Overall, the world economy proved sufficiently resilient to defy the various headwinds. Stable labour markets and high employment rates had a positive effect in boosting household spending, as did progressively higher wage rises and fiscal policy measures designed to cushion the inflation-induced loss of purchasing power. Mild winter weather helped too, preventing the gas shortages that had been feared particularly in Germany. In addition, the ending of the zero-COVID strategy in China also contributed to reducing the problems of broken supply chains.

Despite the circumstances, business activity was good overall. However, the tight monetary policy increasingly hit growth. Higher interest rates hindered investment activity, as was already evident in figures for both construction spending and business investment. The monetary tightening by central banks therefore gradually fed through to national economies. Survey indicators of consumer behaviour and growth expectations worsened significantly in the middle of the year. Most industrialised countries saw very low economic momentum in the first half of 2023 but no collapse in economic activity. This resilience was largely thanks to sufficient stability in the service sector. In industry, the picture was less positive. Here, structural factors played a role, too, such as the shift to climate-neutral production, digitalisation, the shortage of skilled labour and supply chain diversification.

### **Sector-related conditions**

Inflation in the industrialised countries was still high but falling at the beginning of the year. With prices on world markets for crude oil and natural gas having dropped back, the direct contribution made by energy prices to inflation gradually declined and even turned negative. However, food price inflation and core inflation (i.e. after stripping out energy and food prices) proved more stubborn. A major reason for this was the time taken for higher costs of energy and intermediate goods to feed through to prices of other products. Producer prices in the first half of 2023 signalled that this inflation driver will gradually decline in importance. However, rising wage costs were increasingly reflected by sharp increases in the price of services. While wage pressure eased at least slightly in the United States despite what remained strong job growth, the peak is likely still to come in the eurozone. This is due to the more centralised wage negotiations in Europe and the often longer-term nature of collective bargaining agreements.

The prospect of significantly overshooting their inflation targets for an extended period led the central banks in industrialised countries – with the exception of the Bank of Japan – to raise their key rates unusually quickly. With rates having reached a restrictive level, however, the central banks switched back to more typical rate hikes of 25 basis points, aiming to limit the risks to economic activity of a delayed effect of monetary policy tightening. The only surprise to the markets came from the Bank of England, which hiked rates by 50 basis points in June in light of the unfavourable inflation outlook. The US Federal Reserve (Fed), European Central Bank (ECB) and a number of other central banks communicated at mid-year that key interest rates had probably not yet quite reached their peak and that no rate cuts should be expected for some time.

Even the turbulence in the global banking system in the spring cast no more than temporary doubt on further monetary policy tightening. The collapse of several regional banks in the United States and the looming insolvency of a major Swiss bank, which was averted by a government-backed takeover, provoked fears of a financial crisis and resulting economic slump. Nevertheless, both the Fed and the ECB hiked rates as expected in March. The ECB in particular admitted that uncertainty had risen, but also made clear that further key rate rises would be necessary barring a major change in its macroeconomic baseline scenario. The ECB also communicated that it would prioritise targeted liquidity measures rather than lower key rates of interest to tackle potential problems in the banking system or on the financial markets. Such measures proved unnecessary, as the effects of the global banking turbulence on bank, corporate and sovereign financing costs in the eurozone remained manageable. This financial stability likely encouraged the ECB to accelerate the reduction in its balance sheet. In May, it announced that from mid-year, it would cease all reinvestments of the proceeds from maturing bonds in the asset purchase programme (APP), which had already been reduced in March. It also showed little willingness to adopt interim measures to smooth the high volume of maturities in its targeted longer-term refinancing operations III (TLTRO III) programme. A repayment of over €500bn at the end of June had no significant effect on money market rates.

With the start of the new year, the capital markets initially recovered from the negative market sentiment generated among market participants by the major international central banks and their surprisingly strong anti-inflationary rhetoric. In March, however, came the next shock, when multiple regional banks in the United States ran into balance sheet difficulties due to a significant loss in value of their Treasury holdings. This also had an indirect impact on Europe, as investors pulled out from business with a major Swiss bank that had fallen into disrepute following various supervisory law breaches. Yields on both US Treasuries and German Bunds subsequently climbed to their highest levels since the euro crisis. However, the decisive intervention by the Federal Reserve and Swiss National Bank, which involved extensive liquidity assistance and swiftly arranged takeovers of the ailing banks, succeeded in calming the capital markets. Yields quickly dropped back close to annual lows. Starting in the spring, concerns about structural problems combined with stubborn inflation increasingly weighed on bond markets, especially in Germany. Yields particularly for short maturities rose sharply in response to expectations of further key rate hikes and an extended period of very high key interest rates. This drove the yield curve to its most inverted level in decades. For corporates seeking debt capital funding, interest costs are higher than they are accustomed to. However, this is mainly due to the generally high level of interest rates. Risk premiums, on the other hand, have fallen significantly again since the shock in March. Investors are enjoying the high interest income and hoping for an economic recovery next year.

Stock markets around the world rose strongly in the first six months. In most countries, this made up for the majority of the losses seen in 2022. The MSCI World Developed Markets Index climbed significantly in the first half of the year but remained considerably down on the highs recorded in early 2022. Meanwhile, the DAX even hit a new all-time high in June. Equity investors, too, were briefly shaken by the banking turbulence in the spring. However, share prices recovered very quickly due to the decisive intervention by the central banks. The prices of technology stocks climbed particularly strongly, triggered by the very high expectations surrounding the potential uses of artificial intelligence. The scale of these price rises in the United States was extraordinary. The sharp falls in sentiment indicators for economic growth have so far barely hit the capital market. Investors are looking beyond the current weak period and already anticipating that a return to falling key interest rates in 2024 will bolster equity prices.

The real estate markets also continued to feel the effects of higher interest rates in the first half of 2023. Significantly increased financing costs reduced project developers' construction activity. Further rises in initial yields 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 largely moderate vacancy rates and 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 logistics market recorded high demand, with online retail and the safeguarding of supply chains needing large amounts of space. The global transaction volume declined significantly in the first half of 2023 versus the same period of the previous year.

The financial assets of private households rose by €146.0bn as against the end of 2022 to €7,392.6bn (31 March 2023). This was due to both inflows and valuation gains on securities investments. The monetary policy tightening, which brought key interest rate hikes and thus a return to interest payments on interest-bearing investments, was evident particularly in the sharp decline of €52.9bn in holdings of cash and sight deposits. Compared against 31 December 2022, the share of equities and investment funds in the total financial assets of private households rose by around 1 percentage point to approximately 19%.

The market performance seen in the first half of the year was also reflected in the investment statistics of the German Investment Funds Association BVI. Net assets in open-ended mutual funds increased slightly to €1,318.5bn as at 31 May 2023 (31 December 2022: €1,280.3bn). Net assets in open-ended special funds also rose moderately to €1,997.1bn (31 December 2022: €1,943.1bn). At €9.8bn, net inflows into open-ended mutual funds in the first five months of 2023 were significantly down on the equivalent prior-year figure (€14.7bn). Net inflows were particularly attributable to equity funds. At €16.1bn, the sales figure for open-ended special funds for institutional investors was significantly below the comparative figure for the previous year (€41.9bn).

### **Regulatory environment**

The regulatory environment presented in this section has changed only slightly compared with that described in the 2022 Group management report. 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 are described below.

#### **Regulatory topics**

In October 2021, the European Commission published its draft CRR III to implement the finalised Basel III rules (also known as Basel IV) in the EU. More specifically, the 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 significant rise in risk-weighted assets (RWA) going forward. 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.

***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 constantly being addressed through various legal standards for the financial sector. The key standards are described below.

Various regulatory initiatives in the context of sustainable reporting were relevant to DekaBank in the first half of 2023. These include the preparations for the taxonomy conformity review in accordance with the Taxonomy Regulation, which is geared towards the publication of additional quantitative and qualitative ESG information, including the Green Asset Ratio, in the sustainability report and CRR disclosure report, starting from the full-year reporting for 2023. In addition, in the 2022 reporting year, DekaBank published detailed quantitative and qualitative ESG information on the Bank's lending business in the disclosure report for the first time in accordance with Article 449a CRR II. In addition to this, DekaBank is preparing to comply with the provisions of the Corporate Sustainability Reporting Directive (CSRD) in future reporting years. Institutions covered by the Non-Financial Reporting Directive (NFRD), which include DekaBank, must adhere to these starting from the 2024 reporting year.

The provisions set out in the ECB guide on climate-related and environmental risks continue to be systematically implemented. Information on the implementation status is regularly gathered within the Bank and reported to the Board of Management. The content and timing of activities in this context are coordinated as part of the supervisory dialogue. The further management of climate and environmental risks at DekaBank will take into account the recommendations from the ECB's thematic review on climate-related and environmental risks 2022 and the findings of the ECB-organised industry outreach. Full implementation of the main expectations from the guide is anticipated by the end of 2024.

Also of relevance in this context is the EU Sustainable Finance Disclosure Regulation (SFDR). This comprises a range of sustainability-related disclosure obligations at product and entity level. The aim is to improve transparency and comparability for investors regarding the sustainability of their investment. This will enable investors to make well-founded investment decisions that also take sustainability aspects into account. Detailed disclosure using standardised templates in accordance with the Level 2 requirements was implemented on schedule at the beginning of the year in the pre-contractual information for products with sustainability characteristics. In addition, the measures for managing negative impacts on sustainability factors (principal adverse impacts – PAI) were completed in the first half of the year. The PAI statements of the Deka investment management companies and of DekaBank, declaring that principal adverse impacts are considered in decision making, were also prepared and published as of 30 June 2023.

***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.

## Business development and profit performance in the Deka Group

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

In the first half of 2023, attention came to focus at least temporarily on the regional banking crisis in the United States and the emergency sale of a major Swiss bank, which brought a period of market turbulence. Meanwhile, the risks from geopolitical tensions have not gone away and extend beyond the Russia-Ukraine war. The inflationary trend and monetary policy response by central banks remained particularly challenging for the capital markets. The European Central Bank continued its cycle of rate hikes, throwing all its might against inflation. In this environment and despite all the uncertainty, the stock markets performed encouragingly in the first half of 2023. Bond markets were volatile and supported by positive coupons.

For Deka, supporting savings banks and institutional customers remained the focus despite this changed environment. It was once again thanks particularly to the expert advice offered by the savings banks that customers continued to invest in the first half of 2023. Investors focused on short-term, fixed-income investments so as to keep an eye on where inflation and interest rates were heading.

Business development and profit performance were significantly better than forecast in the first half of 2023. The Deka Group achieved a good economic result of €633.6m. As expected, this meant it was below the 2022 first-half result of €970.9m, which was influenced by significant positive valuation effects.

Income fell by 18.6% to €1,281.1m, mainly as a result of valuation effects. Net commission income remained the main component of the Deka Group's income, accounting for €789.1m. At €647.5m, expenses were up 7.4% on the first half of 2022 (€602.9m) due to increased operating and personnel expenses, primarily as a result of greater investment in the business model.

In the retail customer segment, asset management net sales dropped by €2.9bn year-on-year to €3.5bn. Equity funds (€2.5bn) and real estate funds (€1.0bn) accounted for a particularly significant share of the sales for the first half of 2023. Net sales to institutional customers came to €-18.1bn as against €2.2bn in the first six months of 2022. The loss of a customer's high-volume mandate resulted in outflows of around €19bn here in the first half of the year. This had already been factored into the forecast for 2023. Asset management net sales in the reporting period therefore stood at €-14.6bn.

The gross certificate sales of €11.1bn were a significant increase on the equivalent prior-year figure (€6.2bn). The majority (€11.0bn) of these sales were to retail customers (H1 2022: €5.7bn). Stepped coupon bonds (€5.4bn), money market bonds (€3.3bn) and express certificates (€1.8bn) were in particular demand. Certificate sales to institutional customers in the reporting period came to €0.1bn (H1 2022: €0.5bn). Sales of Deka certificates accounted for €5.2bn (H1 2022: €5.7bn) of the total figure. Cooperation certificates, which complement Deka's certificate range, accounted for €5.9bn, compared with €0.5bn in the first half of 2022.

In total the sales performance of Deka Group came to €-3.5bn (H1 2022: €14.8bn). In the retail segment, sales increased to €14.5bn (H1 2022: €12.1bn), driven partly by the sale of short-dated straight bonds. With a major customer (approximately €19bn) moving to another provider, as had been expected, overall net sales in the institutional customer business were negative (€-18.0bn).

Investors signed up to around 87 thousand (net figure) new Deka investment savings plans in the first half of 2023. The Deka Group now manages a total of around 7.5 million contracts, compared with approximately 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 108 thousand in total to 5.4 million (year-end 2022: 5.3 million). At 63.1 million, the number of transactions remained stable compared with the first half of 2022 (63.0 million).



**Deka Group sales** in €m (Fig. 3)

	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022
<b>Asset management net sales</b>	<b>-14,618</b>	<b>8,605</b>
<b>by customer segment</b>		
Retail customers	3,519	6,428
Institutional customers	-18,138	2,177
<b>by product category</b>		
Mutual funds and fund-based asset management	3,022	5,905
Special funds and mandates	-17,455	2,165
ETFs	-186	535
<b>Gross certificate sales<sup>1)</sup></b>	<b>11,106</b>	<b>6,160</b>
<b>by customer segment</b>		
Retail customers	10,970	5,651
Institutional customers	136	509
<b>Total of net sales asset management and certificates<sup>1)</sup></b>	<b>-3,512</b>	<b>14,765</b>

<sup>1)</sup> From 2022, gross certificate sales includes sales of cooperation certificates in addition to sales of Deka certificates.

The positive performance due to market conditions was offset by negative sales performance following the loss of a major mandate. At €346.2bn, the asset management volume was therefore almost unchanged from the end of 2022 (€347.2bn). This included distributions, from which customers benefited. The Deka certificate volume increased by €2.6bn compared with the end of the previous year, rising to €27.1bn.

At €373.4bn, the asset management volume combined with the Deka certificate volume was up €1.6bn overall on the year-end figure.

**Deka Group asset management volume and Deka certificate volume** in €m (Fig. 4)

	30 Jun 2023	31 Dec 2022	Change	
<b>Asset management volume</b>	<b>346,219</b>	<b>347,247</b>	-1,028	-0.3%
<b>by customer segment</b>				
Retail customers	178,086	169,378	8,708	5.1%
Institutional customers	168,134	177,869	-9,736	-5.5%
<b>by product category</b>				
Mutual funds and fund-based asset management	190,958	181,863	9,096	5.0%
Special funds and mandates	142,915	154,009	-11,094	-7.2%
ETFs	12,346	11,375	971	8.5%
<b>Deka certificate volume</b>	<b>27,132</b>	<b>24,506</b>	2,626	10.7%
<b>by customer segment</b>				
Retail customers	22,082	19,113	2,969	15.5%
Institutional customers	5,050	5,394	-343	-6.4%
<b>Total of asset management and Deka certificates volume</b>	<b>373,352</b>	<b>371,753</b>	1,599	0.4%



The Common Equity Tier 1 capital ratio amounted to 18.8% as at 30 June 2023, compared with 17.4% at year-end 2022. The figure increased because risk-weighted assets (RWAs) fell faster in percentage terms than Common Equity Tier 1 capital. Since the end of 2022 in accordance with Article 26 (2) CRR, the year-end profit less foreseeable charges and dividends has been recognised in Common Equity Tier 1 capital within the same period (dynamic approach).



See also:  
Capital  
adequacy in the  
first half of  
2023:  
page 36 ff.

Common Equity Tier 1 capital amounted to €5,436m (year-end 2022: €5,462m). The decline of 0.5% was mainly due to a larger shortfall of provisions and to a reduction in retained earnings caused by AT1 interest payments. Against this, there was a lower deduction of valuation adjustments under the regulatory requirements for prudent valuation (AVA).

RWAs fell by €2,377m from €31,360m at the end of 2022 to €28,982m. Credit risk fell by €864m to €20,129m. The decline was largely due to a lower volume in the Equity Financing & Lending and Derivatives Trading units as well as to a smaller loan portfolio and improved ratings in the Specialised Financing subdivision. Market risk declined by €1,472m to €4,173m. This reduction was mainly attributable to share price risk and interest rate risk. CVA risk and operational risk were slightly lower than at the end of 2022.

The leverage ratio as at 30 June 2023 stood at 6.9%, compared with 7.1% at year-end 2022. This was significantly above the minimum leverage ratio of 3.0%.

The MREL requirements as at mid-2023 were determined using an RWA- and leverage ratio exposure (LRE)-based calculation method in accordance with supervisory requirements. As at the reporting date, the MREL ratio in line with the RWA-based approach amounted to 56.9% (year-end 2022: 52.0%), while the figure under the LRE-based approach came to 18.8% (year-end 2022: 19.1%). Both ratios were well above the applicable minimum ratios.

The subordinated MREL requirements were also calculated using the RWA- and LRE-based method in accordance with supervisory requirements. As at 30 June 2023, the subordinated MREL requirements in line with the RWA-based approach came to 39.4% (year-end 2022: 35.9%), while the figure under the LRE-based approach was 14.1% (year-end 2022: 14.2%). Both ratios were well above the applicable minimum ratios.



See also:  
Liquidity  
adequacy in the  
first half of  
2023:  
page 40 ff.

The liquidity coverage ratio (LCR) at the mid-year point was 149.9% (year-end 2022: 159.1%), putting it above the minimum requirement of 100%. The net stable funding ratio (NSFR) came to 113.8% (year-end 2022: 118.1%) and, at the end of June, was thus also above the required 100%. The Deka Group therefore had ample liquidity, measured using the LCR and NSFR, throughout the first half of 2023.

Economic risk-bearing capacity was at a non-critical level overall at the end of June 2023. Utilisation of risk appetite (60.6%) rose marginally versus the end of the previous year (59.9%) due to a slight increase in total risk. At 46.5%, utilisation of risk capacity was below the level seen at the end of 2022 (47.6%).

### Profit performance of the Deka Group

As expected, the economic result of €633.6m was down on the figure for the first-half of 2022 (€970.9m), which had been influenced by significant positive valuation results. However, business development and profit performance in the first half of 2023 were better than forecast. The originally forecast full-year economic result of slightly above €500m was therefore already exceeded by the middle of 2023.

Income was down by 18.6% to €1,281.1m, mainly due to the above-mentioned valuation effects (H1 2022: €1,573.8m). Net commission income remained the main component of the Deka Group's income, accounting for €789.1m. At €647.5m, expenses were up 7.4% on the first half of 2022 (€602.9m) due to increased operating and personnel expenses, primarily as a result of investments in the business model.

As a result of higher interest rates, net interest income for the reporting period was significantly up on the figure for the first half of 2022 (€97.4m), reaching €233.4m. The increase resulted primarily from the Treasury function due to interest rate developments and interest on own funds. Other major components of net interest income came from the earnings contribution made by specialised financing and real estate financing. These were significantly down overall on the same period of the previous year due to a reduced level of new business in higher-margin financing.

In the lending and securities business, there was a net reversal of risk provisions in the amount of €35.4m in the first half of 2023 (H1 2022: €47.7m). There was a positive effect on risk provisioning in the reporting period from reversals of specific provisions and of the post-model adjustments for the corporates and international commercial real estate modules, which were set up due to energy prices and inflation. Against this, there was a new post-model adjustment due to the expert estimate of expected credit losses for borrowers in the international commercial real estate rating module. In the lending business, there was a net reversal of €39.3m (H1 2022: net reversal of €47.8m). The Specialised Financing subdivision largely accounted for this, with a net reversal in the amount of €41.4m, while the Real Estate Financing subdivision accounted for a net allocation of €2.4m. For the securities business, there was a net allocation of €3.9m (H1 2022: net allocation of €0.1m).

Net commission income remained the main component of the Deka Group's income, rising by 0.8% year-on-year to €789.1m. Commission from the investment fund business rose due to slightly higher portfolio-related commission. Sales-related commission was down on the prior-year figure. The lower level of market activity meant that purchasing and construction fees were also short of the figure for the first half of 2022. Commission from banking business was up, partly thanks to higher income in the Commission Business unit and in securities management. Overall commission from custody account business remained virtually stable year-on-year.

Net financial income was €239.9m, significantly below the figure for the first half of 2022 (€550.2m). 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.

Net financial income from trading book portfolios stood at €192.8m, partly based on high demand for certificates. The earnings contribution of the Trading & Structuring unit remained a key component. Overall, net financial income from trading book portfolios remained significantly below the prior-year figure of €318.0m due to reduced income from active risk management and valuation effects.

Net financial income from banking book portfolios fell to €47.1m (H1 2022: €232.2m). The first half of 2023 saw positive net income from own issues and other own credit quality effects in Treasury of around €48m. In the prior-year period, there were significantly higher positive valuation effects as a result of spread developments. There was no allocation in the reporting period to the general provision for potential risks (H1 2022: €115.0m). 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 was €-16.7m (H1 2022: €95.7m). This included actuarial losses of €-8.3m on provisions for pensions, partly due to the fall in the actuarial interest rate to 3.75% (year-end 2022: 3.95%). The lower actuarial interest rate was set against an increase in plan assets due to market conditions. Actuarial gains, amounting to €105.6m, were recognised on provisions for pensions in the same period of the previous year. 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 increased by 6.8% to €301.7m (H1 2022: €282.5m). Increases stemmed particularly from the moderate increase in headcount to take advantage of growth opportunities as well as from wage and salary rises under collective agreements.

Other administrative expenses including depreciation and amortisation rose significantly from €238.4m in the first half of 2022 to €270.5m. The increase resulted chiefly from higher investment in the business model (accompanied by higher consultancy expenses for projects) and increased expenditure on computer equipment and machinery.

The annual contribution to the deposit guarantee scheme of the *Landesbanken* and *Girozentralen* rose to €28.4m (H1 2022: €21.7m). At €46.9m, the bank levy was down on the previous year's figure of €60.3m).

There were no restructuring expenses in the reporting period (H1 2022: €0.0m).

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, i.e. the ratio of total expenses (excluding restructuring expenses) to total income (before risk provisions in the lending and securities business), was 52.0% (H1 2022: 39.5%). Return on equity before tax (balance sheet) was 21.2%, compared with 34.1% in the first half of 2022.

#### Deka Group performance in €m (Fig. 5)

	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	Change	
Net interest income	233.4	97.4	136.0	139.6%
Risk provisions in the lending and securities business	35.4	47.7	-12.3	-25.8%
Net commission income	789.1	782.8	6.2	0.8%
Net financial income	239.9	550.2	-310.3	-56.4%
Other operating profit	-16.7	95.7	-112.4	-117.5%
<b>Total income</b>	<b>1,281.1</b>	<b>1,573.8</b>	<b>-292.7</b>	<b>-18.6%</b>
Administrative expenses (including depreciation and amortisation)	647.5	602.9	44.6	7.4%
Restructuring expense	-	0.0	0.0	0.0%
<b>Total expenses</b>	<b>647.5</b>	<b>602.9</b>	<b>44.6</b>	<b>7.4%</b>
<b>Economic result</b>	<b>633.6</b>	<b>970.9</b>	<b>-337.3</b>	<b>-34.7%</b>

## Business development and profit performance by business division

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

The Asset Management Securities business division posted an economic result of €286.1m in the first half of 2023 (H1 2022: €287.1m). Net sales were negatively affected by a major customer (approximately €19bn) transferring their mandate to another provider. This meant that total net sales stood at €–15.6bn, compared with €6.9bn in the first half of 2022. In the retail customer segment, net sales came to €2.5bn (H1 2022: €5.0bn). The asset management volume stood at €291.2bn as at 30 June 2023 (year-end 2022: €293.5bn).

#### Sales and volume

Asset Management net sales in the Asset Management Securities business division were in negative territory at €–15.6bn in the first six months of the year (H1 2022: €6.9bn). Sales of mutual securities funds came to €2.2bn (H1 2022: €4.3bn). Equity funds remained in strong demand. Fund-based asset management saw small outflows of €0.1bn (H1 2022: inflows of €0.2bn). Business with institutional customers amounted to €–18.1bn versus €1.8bn in the same period of the previous year. Net sales of special funds and mandates came to €–17.6bn due to a major customer transferring their mandate to another provider. This compared to a positive sales figure of €1.8bn for the first half of 2022. ETFs also saw net redemptions and maturities (€0.2bn), compared with inflows of €0.5bn in the prior-year period.

#### Net sales performance in the Asset Management Securities business division in €m (Fig. 6)

	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022
<b>Asset management net sales</b>	<b>–15,645</b>	<b>6,854</b>
<b>by customer segment</b>		
Retail customers	2,502	5,033
Institutional customers	–18,147	1,820
<b>by product category</b>		
Mutual funds and fund-based asset management	2,111	4,531
ETFs	–186	535
Special funds and mandates	–17,570	1,788

Despite the loss of a major mandate, the market-induced positive performance of €291.2bn meant that the asset management volume was only €2.4bn down on the figure for year-end 2022.

#### Volume in the Asset Management Securities business division in €m (Fig. 7)

	30 Jun 2023	31 Dec 2022	Change	
<b>Asset management volume</b>	<b>291,169</b>	<b>293,533</b>	<b>–2,365</b>	<b>–0.8%</b>
<b>by customer segment</b>				
Retail customers	138,737	131,111	7,626	5.8%
Institutional customers	152,432	162,423	–9,991	–6.2%
<b>by product category</b>				
Mutual funds and fund-based asset management	148,122	140,086	8,036	5.7%
thereof: equity funds	63,050	55,585	7,465	13.4%
thereof: bond funds	21,467	22,510	–1,043	–4.6%
thereof: mixed funds	22,666	22,642	24	0.1%
ETFs	12,346	11,375	971	8.5%
Special funds and mandates	130,700	142,072	–11,372	–8.0%

### Profit performance in the Asset Management Securities business division

At €286.1m, the business division's economic result was on a level with the same period of the previous year (€287.1m). Net commission income of €486.4m was slightly up on the figure for the end of June 2022 (€473.8m). This increase only partially offset the rise in administrative expenses to €207.7m (H1 2022: €188.2m), which was also due to higher project costs and selling expenses. There was a positive earnings contribution from the income distribution of the Treasury function, which amounted to €9.6m compared with €0.7m in the prior-year period.

#### Profit performance in the Asset Management Securities business division in €m (Fig. 8)

	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	Change	
Net commission income	486.4	473.8	12.6	2.7%
Other income	-2.2	0.8	-3.0	(< -300%)
<b>Total income</b>	<b>484.2</b>	<b>474.6</b>	<b>9.6</b>	<b>2.0%</b>
Administrative expenses (including depreciation and amortisation)	207.7	188.2	19.6	10.4%
<b>Total expenses</b>	<b>207.7</b>	<b>188.2</b>	<b>19.6</b>	<b>10.4%</b>
<b>Economic result before income distribution of Treasury-function</b>	<b>276.5</b>	<b>286.4</b>	<b>-9.9</b>	<b>-3.5%</b>
Income distribution of Treasury function	9.6	0.7	8.9	(> 300%)
<b>Economic result</b>	<b>286.1</b>	<b>287.1</b>	<b>-1.0</b>	<b>-0.4%</b>

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

At €85.2m, the economic result in the Asset Management Real Estate business division was slightly up on the figure for the first half of 2022 (€79.8m). Asset management net sales came to €1.0bn (H1 2022: €1.8bn). With continued sound investment performance, the volume stood at €55.1bn, compared with €53.7bn at the end of 2022.

#### Net sales and volume

Partly due to investors' caution, asset management net sales of €1.0bn were unable to match the comparative figure for the previous year (€1.8bn). As in previous years, the tried-and-tested quota system for sales to retail customers was maintained. Utilisation of the quotas provided stood at around 40% at mid-year.

Mutual funds accounted for 89% of the division's asset management net sales. WestInvest InterSelect, which focuses on Europe, continued to register particularly high demand. Deka-ImmobilienEuropa and Deka-ImmobilienGlobal also achieved substantial sales in the first half of 2023.

The net inflow into special funds, individual real estate funds and mandates was €0.1bn, which was below the comparative figure for the previous year (€0.4bn) due to the current market situation.

**Net sales performance in the Asset Management Real Estate business division** in €m (Fig. 9)

	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022
<b>Asset management net sales</b>	<b>1,026</b>	<b>1,751</b>
<b>by customer segment</b>		
Retail customers	1,017	1,394
Institutional customers	9	357
<b>by product category</b>		
Mutual property funds	911	1,374
Special funds, individual property funds and mandates	115	377

Despite distributions of €0.6bn, the volume in the Asset Management Real Estate business division rose by 2.5% versus the end of 2022 to €55.1bn (year-end 2022: €53.7bn), of which €39.3bn related to products for retail customers. Euro-denominated mutual property funds achieved an average volume-weighted return of 3.2% (year-end 2022: 2.8%).

With pricing on national and international real estate markets still difficult following the strong rise in interest rates, the transaction volume of €0.4bn was below the figure for the first half of 2022 (€1.0bn). There were four property disposals but no contractually secured property purchases. Business activities continue to centre on properties in the office, retail, logistics and hotel asset classes.

**Volume in the Asset Management Real Estate business division** in €m (Fig. 10)

	30 Jun 2023	31 Dec 2022	Change	
<b>Asset management volume</b>	<b>55,051</b>	<b>53,714</b>	1,337	2.5%
<b>by customer segment</b>				
Retail customers	39,349	38,267	1,082	2.8%
Institutional customers	15,702	15,447	255	1.7%
<b>by product category</b>				
Mutual property funds	42,836	41,777	1,059	2.5%
Special funds, individual property funds and mandates	12,214	11,937	278	2.3%

**Profit performance in the Asset Management Real Estate business division**

The economic result in the Asset Management Real Estate business division stood at €85.2m in the first half of 2023 compared with €79.8m in the prior-year period. Income increased moderately year-on-year, but the noticeable increase in portfolio-related commission was unable to compensate for the strong decline in purchasing and construction fees. Expenses were up slightly in a year-on-year comparison. This was chiefly due to the rise in personnel and project expenses. The income distribution of the Treasury function had a positive impact.

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

	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	Change	
Net interest income	-0.7	-0.2	-0.5	-249.6%
Net commission income	158.8	160.7	-1.9	-1.2%
Net financial income	0.8	0.4	0.4	120.8%
Other operating profit	1.9	-3.7	5.6	150.3%
<b>Total income</b>	<b>160.8</b>	<b>157.2</b>	<b>3.6</b>	<b>2.3%</b>
Administrative expenses (including depreciation and amortisation)	82.6	76.6	6.1	8.0%
<b>Total expenses</b>	<b>82.6</b>	<b>76.6</b>	<b>6.1</b>	<b>8.0%</b>
<b>Economic result before income distribution of Treasury-function</b>	<b>78.1</b>	<b>80.6</b>	<b>-2.5</b>	<b>-3.1%</b>
Income distribution of Treasury function	7.1	-0.8	7.9	(> 300%)
<b>Economic result</b>	<b>85.2</b>	<b>79.8</b>	<b>5.4</b>	<b>6.7%</b>

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

The economic result as of the end of June 2023 was €5.4m (H1 2022: €16.7m). The number of securities accounts in Digital Multichannel Management increased to 5.4 million as at the halfway point of the year. Assets under custody grew to €188.2bn due to market conditions. Assets under custody in the Depository subdivision also saw a market-induced rise of around 4% versus the end of 2022.

**Business development in the Asset Management Services business division**

At mid-year, the number of custody accounts for which the division is the legal provider stood at 5.4 million (year-end 2022: 5.3 million) and the number of securities transactions came to 63.1 million (H1 2022: 63.0 million). Due to market developments in the first half of 2023, assets under custody in Digital Multichannel Management rose to €188.2bn (year-end 2022: €170.2bn).

S Broker, the Deka Group's online broker, manages around 198 thousand custody accounts (year-end 2022: around 194 thousand) with an investment volume of €14.6 bn. This meant that the investment volume was 15.6% higher than at the end of 2022.

As of mid-year, the robo-advisory service provided by bevestor GmbH has been integrated into the sales of 343 savings banks as part of a cooperation model (year-end 2022: 325 savings banks). bevestor has currently arranged an investment volume of €254.1m (year-end 2022: €207.4m) and manages around 50 thousand customer custody accounts. At year-end 2022, the number of customer custody accounts was approximately 34 thousand.

Assets under custody rose in line with the development in Asset Management to €280.4bn (year-end 2022: €269.0bn). This was particularly due to the positive investment performance of mutual funds and special funds and also to new business.

### Profit performance in the Asset Management Services business division

The economic result for the Asset Management Services business division was €5.4m in the first half of 2023 (H1 2022: €16.7m). Net commission income of €109.8m (H1 2022: €112.4m) remained the main component of income. Net interest income increased particularly due to higher income from S Broker's investments. Other operating profit came to €4.6m. The prior-year figure (€11.1m) included the partial reversal of a provision connected with the implementation of a ruling by the German Federal Court of Justice (BGH) on the mechanism for amending general terms and conditions of business. The lower profit for the first half of 2023 resulted particularly from higher expenses. At €126.4m, expenses were up on the prior-year figure of €106.6m due to the increased number of customer custody accounts and the higher cost of sending customer information, as well as to higher market prices for services. There was a positive earnings contribution from the income distribution of the Treasury function, which amounted to €9.5m compared with €-0.7m in the prior-year period.

#### Profit performance in the Asset Management Services business division in €m (Fig. 12)

	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	Change	
Net interest income	5.8	2.8	3.1	110.9%
Risk provisions in the lending and securities business	0.1	0.0	0.2	(> 300%)
Net commission income	109.8	112.4	-2.6	-2.3%
Net financial income	2.0	-2.3	4.2	187.8%
Other operating profit	4.6	11.1	-6.6	-59.0%
<b>Total income</b>	<b>122.3</b>	<b>124.0</b>	<b>-1.6</b>	<b>-1.3%</b>
Administrative expenses (including depreciation and amortisation)	126.4	106.6	19.9	18.6%
<b>Total expenses</b>	<b>126.4</b>	<b>106.6</b>	<b>19.9</b>	<b>18.6%</b>
<b>Economic result before income distribution of Treasury-function</b>	<b>-4.1</b>	<b>17.4</b>	<b>-21.5</b>	<b>-123.4%</b>
Income distribution of Treasury function	9.5	-0.7	10.2	(> 300%)
<b>Economic result</b>	<b>5.4</b>	<b>16.7</b>	<b>-11.3</b>	<b>-67.8%</b>

### Business development and profit performance in the Capital Markets business division

At €201.3m, the economic result reported by the Capital Markets business division was down on the previous year's figure of €275.4m. The Capital Markets business division continues to fulfil its role as the Deka Group's product, solution and infrastructure provider, supported by the DEA and finledger platforms.

#### Business development in the Capital Markets business division

The Collateral Trading & Currency subdivision remains very well positioned in the repo/lending business, among other areas. In a challenging market environment, income only fell just short of the prior-year figure.

The Commission Business subdivision could not match the income generated in the first six months of 2022. This was due to reduced revenues from commission business with equities and supplementary services.

In terms of income, the Trading & Structuring subdivision can look back on very good performance in the first half of 2023, especially in the certificates business.

Gross sales of certificates increased to €11.1bn (H1 2022: €6.2bn). As in the previous year, business with retail customers made up the lion's share of demand. Deka certificates accounted for 47.2% of gross certificate sales in the first half of 2023 (H1 2022: 91.9%).



**Gross certificate sales Capital Markets business division in €m (Fig. 13)**

	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022
<b>Gross sales<sup>1)</sup></b>	<b>11,106</b>	<b>6,160</b>
<b>by customer segment</b>		
Retail customers	10,970	5,651
Institutional customers	136	509
<b>by issuer</b>		
Deka certificates	5,248	5,664
Cooperation certificates	5,859	496

<sup>1)</sup>From 2022, gross certificate sales includes sales of cooperation certificates in addition to sales of Deka certificates.

The volume of Deka certificates reported in the balance sheet amounted to €27.1bn (year-end 2022: €24.5bn). The volume of certificates for retail customers grew by 15.5% compared with the end of 2022, while the volume of certificates for institutional customers declined slightly.

**Deka certificate volume Capital Markets business division in €m (Fig. 14)**

	30 Jun 2023	31 Dec 2022	Change	
<b>Deka certificate volume</b>	<b>27,132</b>	<b>24,506</b>	2,626	10.7%
<b>by customer segment</b>				
Retail customers	22,082	19,113	2,969	15.5%
Institutional customers	5,050	5,394	-343	-6.4%

**Profit performance in the Capital Markets business division**

At €201.3m, the division's economic result in the reporting period was down on the comparative figure for the previous year (€275.4m). Despite the very positive figures in the certificates business, the division did not match the very good result for the first half of 2022. This was due to reduced income from active risk management and valuation effects in net financial income. Expenses increased to €98.5m (H1 2022: €81.5m) due to higher project and personnel expenses as well as the reversal of a provision in the 2022 comparison period. There was a positive earnings contribution from the income distribution of the Treasury function, which amounted to €73.7m compared with €6.6m in the prior-year period.

**Profit performance in the Capital Markets business division in €m (Fig. 15)**

	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	Change	
Net interest income	1.0	1.4	-0.4	-30.5%
Net commission income	29.2	28.7	0.5	1.7%
Net financial income	194.1	318.9	-124.8	-39.1%
Other operating profit	1.7	1.2	0.5	39.9%
<b>Total income</b>	<b>226.0</b>	<b>350.2</b>	-124.2	-35.5%
Administrative expenses (including depreciation and amortisation)	98.5	81.5	17.0	20.8%
<b>Total expenses</b>	<b>98.5</b>	<b>81.5</b>	17.0	20.8%
<b>Economic result before income distribution of Treasury-function</b>	<b>127.5</b>	<b>268.8</b>	-141.2	-52.6%
Income distribution of Treasury function	73.7	6.6	67.1	(> 300%)
<b>Economic result</b>	<b>201.3</b>	<b>275.4</b>	-74.1	-26.9%

**Business development and profit performance in the Financing business division**

The Financing business division achieved an economic result of €123.9m for the first six months of 2023 (H1 2022: €142.6m). Gross loan volume in the division posted a rise of 3.8% versus year-end 2022 to €28.2bn at the mid-point of the year.

***Business development in the Financing business division***

In the Specialised Financing subdivision, the gross loan volume increased from €15.7bn at year-end 2022 to €16.5bn. Infrastructure financing accounted for €4.1bn (year-end 2022: €4.0bn), of which €1.4bn pertained to renewable energy. Public sector financing amounted to €3.3bn (year-end 2022: €3.5bn), export financing to €1.1bn (year-end 2022: €1.2bn) and transport financing to €3.5bn (year-end 2022: €3.8bn). The transport financing segment largely comprised aircraft financing of €2.1bn (year-end 2022: €2.3bn) and ship financing of €1.3bn (year-end 2022: €1.3bn). Gross loan volume for savings bank financing increased from €3.1bn at the end of 2022 to €4.5bn.

At €11.7bn, the gross loan volume in the Real Estate Financing subdivision was roughly on a level with the end of 2022 (€11.5bn). The volume of commercial property loans rose to €8.7bn (year-end 2022: €8.4bn). Financing volume in open-ended real estate funds came to €3.0bn (year-end 2022: €3.0bn).

At 7, the average rating for the loan portfolio as a whole according to the DSGV master scale was unchanged from the end of 2022. This corresponds to a rating of BB on S&P's external rating scale (year-end 2022 S&P: BB). The average rating for Specialised Financing was also unchanged from the end of 2022 at 7 (S&P: BB). The rating for Real Estate Financing deteriorated by one notch from 5 to 6 (S&P: from BBB- to BB+). Taking account of collateralised assets, the average rating for Real Estate Financing at mid-year was 2 on the DSGV master scale (S&P: BBB+). The rating at year-end 2022 was A (S&P: A-).

The new business volume in the Financing business division was up in a year-on-year comparison at the end of the first half of 2023 and amounted to €3.1bn (H1 2022: €3.0bn). New business in Specialised Financing came to €2.0bn as at 30 June 2023 (H1 2022: €0.9bn). At €1.2bn, new Real Estate Financing business did not reach the prior-year figure (H1 2022: €2.0bn).

The total volume of placements increased compared to the value at the end of the first half of 2022 (approximately €259m) and came to around €309m.

Repayments reduced the portfolio by around €1.8bn.

***Profit performance in the Financing business division***

The Financing business division ended the first six months of 2023 with an economic result of €123.9m (H1 2022: €142.6m). A positive risk provisioning result of €39.3m at the end of the first half of 2023 (H1 2022: €48.9m) was again a key factor in this profit performance. There was a positive effect on risk provisioning in the reporting period from reversals of specific provisions and of the post-model adjustments for the corporates and international commercial real estate modules, which were set up due to energy prices and inflation. Against this, there was a new post-model adjustment due to the expert estimate of expected credit losses for borrowers in the international commercial real estate rating module. Due to a reduced level of new business in higher-margin financing, net interest income did not match the prior-year figure. Net commission income, which is mainly driven by new business, was below the figure for the first half of 2022.

Net financial income amounted to €-2.6m (H1 2022: €3.8m). Expenses showed a slight year-on-year increase to €37.9m. There was a positive earnings contribution from the income distribution of the Treasury function, which amounted to €49.9m compared with €36.0m in the prior-year period.

**Profit performance in the Financing business division in €m (Fig. 16)**

	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	Change	
Net interest income	67.8	78.8	-11.0	-14.0%
Risk provisions in the lending and securities business	39.3	48.9	-9.5	-19.5%
Net commission income	6.9	9.3	-2.5	-26.5%
Net financial income	-2.6	3.8	-6.5	-168.1%
Other operating profit	0.5	0.4	0.0	10.8%
<b>Total income</b>	<b>111.9</b>	<b>141.3</b>	<b>-29.4</b>	<b>-20.8%</b>
Administrative expenses (including depreciation and amortisation)	37.9	34.8	3.2	9.1%
<b>Total expenses</b>	<b>37.9</b>	<b>34.8</b>	<b>3.2</b>	<b>9.1%</b>
<b>Economic result before income distribution of Treasury-function</b>	<b>73.9</b>	<b>106.5</b>	<b>-32.6</b>	<b>-30.6%</b>
Income distribution of Treasury function	49.9	36.0	13.9	38.6%
<b>Economic result</b>	<b>123.9</b>	<b>142.6</b>	<b>-18.7</b>	<b>-13.1%</b>

**Financial position of the Deka Group****Changes in the Deka Group balance sheet**

The Deka Group's total assets increased by 7.3% as against the end of 2022 to €104.5bn (year-end 2022: €97.4bn). This was largely due to a customer-induced increase in repo and money market transactions and to increased issues of Deka certificates.

The amount due from banks and customers rose during the reporting period by a total of €5.2bn to €72.9bn, due in particular to newly concluded reverse repo transactions. There was a slight increase of €1.1bn in financial assets reported at fair value, taking them to €18.7bn. Financial investments of €10.7bn were moderately up on the end of the previous year.

Amounts due to banks and customers saw a significant overall rise of €4.5bn, taking the total to €46.8bn. The change resulted mainly from increased repo and money market transactions. Securitised liabilities also rose sharply in the reporting period, increasing by €4.4bn to €15.5bn. This was due to the issue of bearer bonds, reflecting higher customer demand for certificates as well as to the issue of commercial papers in the first half of 2023. Financial liabilities at fair value declined moderately to €32.4bn (year-end 2022: €34.4bn), due to market-driven falls in the value of interest rate and equity derivatives used for hedging purposes.

**Changes in the Deka Group balance sheet in €m (Fig. 17)**

	30 Jun 2023	31 Dec 2022	Change	
<b>Total assets</b>	<b>104,544</b>	<b>97,396</b>	<b>7,148</b>	<b>7.3%</b>
<b>Selected asset items</b>				
Due from banks and customers	72,868	67,629	5,239	7.7%
Financial assets at fair value	18,665	17,567	1,099	6.3%
Financial investments	10,728	10,073	655	6.5%
<b>Selected liability items</b>				
Due to banks and customers	46,768	42,318	4,450	10.5%
Securitised liabilities	15,530	11,169	4,360	39.0%
Financial liabilities at fair value	32,375	34,353	-1,978	-5.8%



See also:  
Risk report:  
page 35 ff.

## Capital and liquidity adequacy

Full details of capital and liquidity adequacy in the first half of 2023 are provided in the risk report section of the Interim management report.

## Ratings

DekaBank's ratings remained among the best in its peer group of German commercial banks at the 2023 mid-year point. This enables access to the money and capital markets on stable and competitive terms.

The rating assessments from S&P and Moody's reflect the high strategic importance of the Deka Group to the savings bank sector as well as the adequate capital and liquidity base for its business model.

### Ratings overview (Fig. 18)

	Standard & Poor's	Moody's
<b>Bank Ratings</b>		
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
<b>Issuance Ratings</b>		
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

S&P and Moody's include ESG factors in their credit ratings. With their respective credit indicators for ESG factors, the rating agencies aim chiefly to increase transparency around the rating criteria and highlight the potential impact of ESG factors on credit ratings.

S&P's ESG credit indicators for DekaBank are neutral. This means that S&P currently sees no impact of ESG factors on the credit rating. This is underlined by the E-2 (Environmental), S-2 (Social) and G-2 (Governance) scores.

The ESG Credit Impact Score (CIS) from Moody's for DekaBank is also neutral (CIS-2). Moody's therefore also currently sees no impact of ESG factors on the credit rating.

## Human resources report

The Deka Group employed a total of 5,298 people as of 30 June 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 4,512, the number of earnings-relevant full-time equivalents was 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.

## Forecast report

Forward-looking statements .....	29
Expected economic trends .....	30
Expected business development and profit performance .....	32
Expected financial and risk position .....	34

## 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 the second half of 2023 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 35 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 2023 financial year. Conversely, opportunities may result in expectations being exceeded. The Deka Group's opportunities are presented in the opportunities report in the Annual Report 2022; there have been no significant changes as of mid-year 2023.

Also for the second half of 2023, it is likely that, if the war in Ukraine worsens and spreads to other countries in the region, or if other geopolitical tensions escalate, this may be reflected in damage to economic growth and capital markets. The future inflationary trend and its implications for the monetary policy environment set by central banks will be particularly crucial. There is potential for setbacks on the equity and bond markets if the central banks feel forced to go significantly further with monetary tightening than is currently anticipated. Future market developments therefore remain uncertain, and the earnings, risk and capital situation, as well as the corresponding key management indicators, may show less favourable development than that presented.

## Expected economic trends

### Expected macroeconomic trends

The global economy is exposed to the restrictive monetary policy pursued by the central banks, who are seeking to reduce demand for goods and services in a bid to further push inflation down. In this environment, global gross domestic product is likely to grow by 2.8% in 2023. Growth momentum is not set to increase in the second half of the year. Slight recessionary tendencies are expected particularly in the United States. The hikes in key interest rates by the US central bank, the Fed, will slow growth in the world's largest economy. For Germany, DekaBank expects stagnation in the second half of the year, while the eurozone as a whole will see a slight rise in macroeconomic activity. Monetary policy tightening by the European Central Bank will lead to a further drop in inflation rates. This will help private households in Germany in terms of their real wage development and purchasing power. With appreciable increases in collectively agreed wages, a return to a somewhat stronger rise in consumer spending can be expected.

In the eurozone, and particularly in Germany, structural factors are increasingly hitting economic activity. The desired transition to climate neutrality, for example, along with digitalisation, the reshaping of supply chains, demographic trends and the increasing shortage of skilled labour mean at least short-term uncertainty for companies and considerable need for investment in the longer term. This is fuelling competition between the major economic blocks of America, Europe and Asia. Public and corporate investment will drive the structural transformation in the medium and long run. Meanwhile, in 2023, this will be outweighed by the challenges companies face in adjusting their business processes, resulting in feeble economic growth in Europe and only moderate further expansion of the global economy.

### Expected sector-related conditions

The rapid global decline in inflation rates in recent months was primarily attributable to the falling direct contribution of energy prices and is therefore unlikely to continue at the same pace in the second half of the year. However, inflation for food and non-energy industrial goods is expected to ease as the delayed impacts of higher energy costs and disrupted supply chains peter out. By contrast, inflation in the price of services, where rising wage costs have the heaviest impact, is likely to remain high. In the United States, there are signs that wage increases have already peaked. Even a slight rise in the extremely low unemployment rate should help to further ease pressure on wages and prices. In the eurozone, by comparison, the latest collective agreements indicate that wage rises still have some way to run and are set to remain at a high level for a while to come. The expectation that core inflation, which excludes energy and food prices, will nevertheless fall, is based on two key assumptions. Firstly, that corporate profit margins, which reached unusually high levels when economies reopened after the pandemic, will drop back to a degree and offset some of the wage pressure. Secondly, that future wage negotiations against the backdrop of somewhat lower inflation rates will result in slightly lower settlements, preventing a wage-price spiral.

Given the prospect of only a slow fall in the still high level of inflation, central banks in industrialised countries are aiming for a sufficiently restrictive monetary policy stance. Nevertheless, DekaBank anticipates that both the Fed and the ECB, having each raised interest rates by 25 basis points in July, will refrain from further key rate hikes in 2023. This is partly because DekaBank sees inflation on a downward trend, and partly because there are increasing indications of the restrictive effects on the real economy. However, both central banks are likely to emphasise that imminent key rate cuts are unlikely and that they will continue to reduce the securities holdings on their balance sheets. At the ECB, TLTRO III repayments (targeted longer-term refinancing operations) and the run-down of bond holdings under the APP (asset purchase programme) will reduce the central bank's total assets. However, this will not reduce surplus reserves in the banking system sufficiently to significantly affect money market rates in the second half of the year. Efforts to accelerate the balance sheet reduction through active sales of securities or a reduction in the holdings under the PEPP (pandemic emergency purchase programme) are not expected, at least not in the short term. Before taking such steps, the ECB plans in the coming months to conduct an extensive analysis of how it wants to steer money market conditions in future. The outcome is likely to indicate the extent to which central bank securities holdings and surplus reserves in the banking system are to be reduced in the long term.

Capital markets are pricing in up to two further ECB rate hikes for the second half of the year, which could take the rate on the deposit facility for banks to as high as 4.0%. This reflects the stubbornly high core inflation rates and corresponding stability-oriented remarks from central bank circles. Yields on short-dated Bunds are therefore set to fall only slightly in the coming months. DekaBank expects longer-dated Bunds to trend sideways. This is partly because the prospect of medium-term key rate cuts will have less of an impact here, and partly because the potential for higher yields is limited if long-term inflation expectations remain unchanged.

Risk premiums on the credit markets continued to decline into the summer. The economic outlook has increasingly worsened, and the ECB is putting greater emphasis on its anti-inflationary stance. Yet although risk premiums are relatively low, the high yields on corporate bonds in absolute terms are clearly sufficiently attractive for investors, who have already set their sights on potential key rate cuts in 2024 that should provide ample growth momentum again. New issues by corporates and financial institutions are likely to remain in high demand. However, weaker than expected economic data in the coming quarters could lead to a temporary widening in spreads. The already well advanced status of financing projects, the announcement by the European Union that it will be reducing its planned new issues for the second half of the year due to the low volume of funding drawn down from its NextGenerationEU recovery programme, and the significantly reduced borrowing by the German government for the 2024 budget year are all reducing pressure on the primary market.

Stock markets have performed well in the face of significantly higher interest rates around the world and the worsening growth outlook. Average eurozone shares are no longer favourably valued, but nor are they expensive, and returns are attractive in relation to bonds. Unlike in recent years, investors now have access to interest-bearing securities with solid yields. The very high commodity prices compared with other parts of the globe, the uncertainty about the future development of energy supplies and the strong rises in interest rates are increasingly hitting growth prospects in Europe. Small and medium-sized business in Germany that produce and sell locally are particularly heavily affected. Multinational corporations are also being hit by the weakness in the economy but are better able to absorb it with their more global orientation. While the upward momentum in corporate profits will slow and even reverse in some quarters, the medium-term profit trend remains intact due to the stable global economic picture expected. This is likely to bring moderate opportunities for price gains in the MSCI World Developed Markets Index. Though negative economic news may trigger stock market falls from time to time, medium-term share price performance should be positive.

Real estate asset management remains an appealing asset class. The construction cycle in office markets 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. Rents are likely to rise further. Nevertheless, given weak growth, strong price increases in some cases and falling inflation, DekaBank expects significantly lower growth momentum over the next few years. The restrictive monetary policy means that further adjustments in initial yields are expected in all segments of the real estate market in the second half of the year. As real interest rates are likely to be negative even over the long term, real estate is set to remain an attractive asset class.

## Expected business development and profit performance

The Management Agenda – the strategic action programme of the Board of Management – continues to set the direction of travel to make the Deka Group a customer-oriented, innovative and sustainable *Wertpapierhaus*. This agenda remains focused on the broad themes of digitalisation and sustainability.

Also for the second half of 2023, it is likely that, if the war in Ukraine worsens and spreads to other countries in the region, or if other geopolitical tensions escalate, this may be reflected in damage to economic growth and capital markets. The future inflationary trend and its implications for the monetary policy environment set by central banks will be particularly crucial. There is potential for setbacks on the equity and bond markets if the central banks feel forced to go significantly further with monetary tightening than is currently anticipated. Future market developments therefore remain 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 context of the geopolitical and economic risks on the one hand and the exceptionally high uncertainty in the planning assumptions for 2023 on the other hand, an economic result slightly above €500m was forecast in the 2022 Group management report for 2023 as a whole.

The updated forecast for the 2023 interim report takes the adjusted estimates into account. At €633.6m, the economic result at the reporting date was already higher than the original full-year forecast for 2023. The result achieved for the first half of 2023 cannot simply be extrapolated to the full year. We anticipate an economic result of over €800m for 2023 as a whole. This would be significantly above the original forecast. Given the still expected risk provisioning requirements in the second half of the year, however, it is lower than the exceptionally high figure posted at year-end 2022 (€984.8m).

In line with the improved profit performance, the Deka Group is aiming for a return on equity before tax (balance sheet) of over 10% and a cost/income ratio of below 65% for financial year 2023.

Sales activities for customers continue to focus particularly on expanding investment fund business that maintains lasting value (e.g. through regular securities saving) and on offers that enable participation in the higher interest rates (e.g. in the form of short-to-medium-term bonds). For 2023, the Deka Group still anticipates a slight increase in the total asset management and certificate volume versus year-end 2022 as a result of the current market development. The forecast for the retail customer business continues to anticipate sales (total of asset management and certificates) of between €20bn and €25bn. As was already included in the original forecast, the first half of 2023 saw outflows of around €19bn due to the loss of a customer's high-volume mandate. For business with institutional customers in 2023, sales (total of asset management and certificates) are still expected to be significantly down on the figure for year-end 2022 as a result.

The Asset Management Securities business division will continue its proven strategic direction in the second half of 2023 and concentrate on continuing to develop its range of high-quality products and services in close coordination with the sales departments. Digitalisation and sustainability, both in processes and the product range, remain important aspects. In the retail segment, we will concentrate on an investment fund business that maintains lasting value and on products for regular saving. The business division expects asset management net sales in this segment to exceed the 2022 level.

Asset management net sales in the institutional business will be down on the previous year due to one-off effects. An overall increase in the asset management volume is still expected.



Risks for the investment fund business in the Asset Management Securities business division may arise from a spread of the war between Russia and Ukraine, changing supply chains, and structural changes in energy prices with a knock-on effect on corporate profitability. Fundamental changes involving spiralling inflation and contractionary monetary policy may also adversely affect the securities markets and thus the investment fund business. In the medium term, other political and geopolitical conflicts and significantly more volatile economic development may also bring risks. These 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 remains to provide the savings banks with high-quality real estate- and real estate financing-based investment products with sustainable features for their customer business and proprietary investments. In open-ended real estate funds for retail customers, it aims for its sales to outperform the market so as to build on what is already an excellent market position without compromising on quality or stability. In the institutional business, it is seeking to improve its market position despite the current investment restraint among customers. However, asset management net sales will fall short of the 2022 figure. The business division expects a below-average transaction volume for 2023 but anticipates a recovery in the transaction market in the second half of the year.

There are risks to the performance of the Asset Management Real Estate business division from the consequences of the war between Russia and Ukraine. Persistent inflation and the resulting higher interest rates may result in a downward trend in property values. This effect will probably be only partially compensated by indexed rents. When interest rates increase, the appeal of real estate funds can diminish in comparison to possible substitute products, even when real estate portfolios are conservatively valued. The still incomplete pricing process on real estate markets currently means a difficult market environment for transaction planning. Risks are also expected from continued strong regulatory pressure.

For the second half of 2023, the Asset Management Services business division again aims to increase assets under custody in line with the targeted asset management growth. The Digital Multichannel Management subdivision will continue with its strategic direction. It will continue to ensure and expand access to the customer interface in the *Sparkassen-Finanzgruppe* through the robo-advisory service *bevestor GmbH* and the direct brokerage offered by *S-Broker*.

As in previous years, the Depository 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. As part of the digitalisation initiative, there are plans to implement custody particularly of digital securities in the Depository subdivision.

Risks to Digital Multichannel Management arise principally from a delayed implementation of the multichannel strategy due to an insufficiently developed multichannel offering. Risks may 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 Depository subdivision include rising pressure on margins as well as market-induced outflows of assets under custody. The consequences of the war between Russia and Ukraine may also trigger a pronounced correction on stock markets, negatively impacting assets under custody and thus the income achievable in this subdivision.

The Capital Markets business division will continue 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 in the second half of 2023. In the certificates business, gross sales for retail customers will remain front and centre and are expected to exceed the previous year's level in 2023.

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 the war between Russia and Ukraine, the energy crisis, global trade conflicts and supply chain difficulties are central to this. Additional risks may arise from further increased market pressure on commission. There is a possibility that regulatory or adverse monetary policy escalations may necessitate additional capital backing and adversely affect business performance.

For its business activities in the remainder of 2023, the Financing business division will concentrate on its defined and well-established segments: specialised financing and real estate financing in the familiar markets. The division will continue seeking to generate new business where this contributes to its objectives and to appropriate management of the balance sheet structure. The size of the financing portfolio is expected to slightly exceed the 2022 level.

Risks for the Financing business division arise from the continuing war in Ukraine 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 loan loss provisions, or to increased capital adequacy requirements as a result of a downgrading of our credit ratings. A worsening of other existing global political crises or the emergence of new ones may have similar effects. Business performance may also be negatively affected by increasing competitive pressure for project and infrastructure financing due to institutional investors acting as direct lenders.

### **Expected financial and risk position**

For the remaining months of the year, the Deka Group is anticipating a continued sound financial position. The planning assumption is for total assets of around €90bn at year-end 2023.

The Deka Group expects to maintain an adequate capital and liquidity base in both the normative and economic perspective for the remaining six months of 2023. 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 well 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.

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

## Risk report

Risk policy and strategy .....	35
Capital adequacy in the first half of 2023 .....	36
Liquidity adequacy in the first half of 2023 .....	40
Individual risk types .....	41

### Risk policy and strategy

The basic principles underlying the Deka Group's risk policy remain largely unchanged from those described in the Group management report for 2022. 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. 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.

### Developments in risk management

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. In particular, the new modelling better reflects volatility shocks, stressed FX rates and the correlation effects between stress factors.

In counterparty risk determination at business division level, the method used for redistributing the credit value at risk calculated using the credit portfolio model was switched from unexpected loss to expected shortfall. This resulted in partly significant shifts within counterparty risk between the business divisions and the Treasury corporate centre.

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. The parameterised cause and effect scenarios are then used to calculate reputational risk. Since reputational risk is regarded as a Group-level issue whose causes cannot be allocated to an individual business division, it is integrated into the risk-bearing capacity calculation as a deduction from internal capital.

Implementation of the vision adopted by the Board of Management for the establishment of an integrated management system for non-financial risks (NFR) continued successfully. This initially involved 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. Building on this, the approaches to comprehensive NFR reporting were finalised. This reporting is being 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 newly identified material non-financial risks, which is to be implemented in the second half of 2023, as well as adding new features to the software solution used, including a connection to the existing risk type-specific systems.

The Deka Group continued targeted and very intensive activities in the reporting period to integrate ESG risks (formerly sustainability risks) into its business strategy, governance, risk management and disclosure. For the analysis of the significance of climate and environmental risks to be performed as part of the risk inventory, the existing methods are to be refined and a wider selection of data used. There are plans to systematically examine other climate and environmental risks in addition to the physical and transition risks. To evaluate the significance of climate and environmental risks, fully risk type-specific quantitative thresholds are also to be used for the first time. In order to evaluate the medium- and long-term impacts of climate and environmental risks, there are also plans to use the results of the climate stress scenarios in this context. In addition, those climate and environmental risk drivers classified as significant will continue to be gradually integrated into risk management and reporting tools.

As part of the implementation of the EBA Guidelines on PD estimation, LGD estimation and treatment of defaulted assets, further IRB reviews were carried out in 2021 and 2022 for a total of six modules in connection with the corresponding model change notifications. In the coming years, more of these reviews will be conducted until all IRB rating modules in use have been reviewed by the supervisory authority. The banks and corporates modules went live in the first quarter of 2023. Following the go-live, the counterparties in these portfolios were promptly subjected to a re-rating in accordance with the requirements. The revised methodology for the model estimate based on the new regulatory requirements resulted in what were, in some cases, significantly improved ratings, particularly for banks, and thus a moderate decrease in counterparty risk in both perspectives.

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 have already been implemented. Their implementation has been followed by the required quarterly reporting to the supervisory authority. The planned introduction of the Standardised Measurement Approach (SMA) for calculating operational risk capital, which could also affect Pillar II of the Basel framework under certain circumstances, is also being monitored. The expected effects for Basel IV have been taken into account in normative capital planning.

### Capital adequacy in the first half of 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 relative to the limits and early warning thresholds throughout.



See also:  
Economic  
report::  
page 10 ff.

The implementation of the benchmark reform initiated by the Financial Stability Board focused on the US dollar in the first half of 2023. With regard to lending, the term SOFR has become established as a basis for variable rate loans, whereas in the derivatives business, there are limited options available for using the term SOFR. A large part of the loans had been transitioned by the reporting date of 30 June 2023. The remaining loans are expected to transition within the current interest rate fixing phase. Fall-back provisions have also been agreed. The first half of 2023 also saw the transition of derivatives subject to mandatory clearing and bilateral derivatives. The final transition of US dollar/euro cross-currency swaps to standard SOFR/€ESTR contracts has closed out temporary, transition-related basis risks. The transition for the US dollar also had no significant impact on the risk ratios. The US dollar transition marks the end of the IBOR reform project. Any outstanding transition activities will be performed within the line organisation.

From the Deka Group's perspective, the market environment was favourable in the first half of 2023 despite the many global crises. On equity markets, this took the form of rising stock prices and declining volatility. Central bank interest rate hikes were reflected in rising market interest rates. The strong inversion of the yield curves in the major currencies was striking. This led to, among other things, increased demand for investment products with short to medium maturities. In contrast, a sideways movement overall was observed for credit spreads. These trends were overshadowed by the crisis at a major Swiss bank, which reached its peak in March. The uncertainty over its outcome led to rapid falls on stock markets and increases in credit spreads. However, the swiftly arranged takeover very quickly calmed markets.

In addition to the certificates business in the equities segment, interest rate linked products were again in greater demand as a result of the rise in interest rates. For the Deka Group, this led overall to greater diversification in the risk profile with virtually unchanged overall risk in the trading business. In non-trading book portfolios, market developments had barely any impact on risk, as interest rate risks are particularly closely managed. The risk from Riester products declined slightly in the positive market environment. The increase in total risk was largely based on changes in positions.

#### Economic perspective (current situation)

During the reporting period, 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. The Deka Group's total risk (value-at-risk, VaR; confidence level 99.9%; holding period one year) stood at €2,544m at the end of the first half of the year. As such, it showed a slight increase relative to the position at the end of 2022 (€2,488m). This was particularly due to higher counterparty and market price risks, while business risk declined.

#### Change in Deka Group risk over the course of the year in €m (Fig. 19)

	30 Jun 2023	31 Dec 2022	Change	
Counterparty risk	1,207	1,169	37	3.2%
Investment risk	24	23	1	3.5%
Market price risk	658	576	82	14.2%
Operational risk	331	331	-1	-0.2%
Business risk	325	388	-64	-16.4%
<b>Total risk</b>	<b>2,544</b>	<b>2,488</b>	<b>56</b>	<b>2.2%</b>

Over the same period, risk capacity rose to €5,468m (year-end 2022: €5,231m). This increase was driven mainly by the change in retained earnings and the overall positive development of earnings components, which were partly offset particularly by the first-time inclusion of a deduction for reputational risks. The utilisation of risk capacity was down slightly as against the end of 2022 (47.6%) to 46.5%, meaning that it remains at a non-critical level.

The increased risk appetite of €4,200m (year-end 2022: €4,150m) was 60.6% utilised as at 30 June 2023 (year-end 2022: 59.9%). This utilisation ratio was therefore also at a non-critical level.

#### **Normative perspective (current situation)**

Capital adequacy is determined in accordance with the CRR. Alongside counterparty risk, market risk and operational risk, the credit valuation adjustment (CVA) risk is also taken into account. Since the end of 2022 in accordance with Article 26 (2) CRR, the year-end profit less foreseeable charges and dividends has been recognised in Common Equity Tier 1 capital within the same period (dynamic approach).

The Deka Group's regulatory own funds as of 30 June 2023 stood at €6,787m (31 December 2022: €6,751m).

The decline of 0.5% in Common Equity Tier 1 capital to €5,436m was mainly due to a larger shortfall of provisions and to a reduction in retained earnings caused by AT1 interest payments. Against this, there was a lower deduction of valuation adjustments under the regulatory requirements for prudent valuation (AVA).

Additional Tier 1 (AT 1) capital was constant as against year-end 2022. Tier 2 capital at the reporting date amounted to €753m (year-end 2022: €690m). The increase was mainly due to newly issued subordinated capital.

RWAs fell by €2,377m from €31,360m at the end of 2022 to €28,982m. Credit risk fell by €864m to €20,129m. The decline was largely due to a lower volume in the Equity Financing & Lending and Derivatives Trading units as well as to a smaller loan portfolio and improved ratings in the Specialised Financing subdivision. Market risk declined by €1,472m to €4,173m. This reduction was mainly attributable to share price risk and interest rate risk. CVA risk and operational risk were slightly lower than at the end of 2022.

As of 30 June 2023, the Common Equity Tier 1 capital ratio stood at 18.8% (year-end 2022: 17.4%). The Tier 1 capital ratio as of the reporting date was 20.8% (year-end 2022: 19.3%). The total capital ratio rose from 21.5% as of 31 December 2022 to 23.4% at the reporting date.

Taking account of the requirements of the SREP (Supervisory Review and Evaluation Process), DekaBank had to comply at Group level with a Common Equity Tier 1 capital ratio of at least 8.67% as at 30 June 2023. This capital requirement is made up of the Pillar 1 minimum requirement (4.5%) plus the Pillar 2 requirement (1.5%, reduced to 1.125% for the Tier 1 capital ratio and 0.844% for the Common Equity Tier 1 capital ratio, taking into account partial coverage of P2R by Tier 2 capital), the capital conservation buffer (2.5%), the countercyclical capital buffer (approximately 0.58% as at the end of June 2023) and the capital buffer for other systemically important banks (0.25%). The capital requirement for the Tier 1 capital ratio was 10.45%. For the total capital ratio, it was 12.83%. These requirements were clearly exceeded at all times.

**Deka Group own funds in €m (Fig. 20)**

	30 Jun 2023	31 Dec 2022	Change	
Common Equity Tier 1 (CET 1) capital	5,436	5,462	-27	-0.5%
Additional Tier 1 (AT 1) capital	599	599	0	0.0%
<b>Tier 1 capital</b>	<b>6,034</b>	<b>6,061</b>	<b>-27</b>	<b>-0.4%</b>
Tier 2 (T2) capital	753	690	63	9.1%
<b>Own funds</b>	<b>6,787</b>	<b>6,751</b>	<b>36</b>	<b>0.5%</b>
Credit risk	20,129	20,993	-864	-4.1%
Market risk	4,173	5,645	-1,472	-26.1%
Operational risk	4,132	4,139	-7	-0.2%
CVA risk	548	583	-35	-6.0%
<b>Risk-weighted assets</b>	<b>28,982</b>	<b>31,360</b>	<b>-2,377</b>	<b>-7.6%</b>
%				
<b>Common Equity Tier 1 capital ratio</b>	<b>18.8</b>	<b>17.4</b>		<b>1.3%-points</b>
<b>Tier 1 capital ratio</b>	<b>20.8</b>	<b>19.3</b>		<b>1.5%-points</b>
<b>Total capital ratio</b>	<b>23.4</b>	<b>21.5</b>		<b>1.9%-points</b>

The leverage ratio, i.e. the ratio of Tier 1 capital to total assets adjusted in line with regulatory requirements (leverage ratio exposure, LRE), stood at 6.9% as at 30 June 2023 (year-end 2022: 7.1%). The decline was due to an increased leverage ratio exposure combined with slightly reduced Tier 1 capital. The applicable minimum leverage ratio of 3.0% was thus significantly exceeded at all times.

The MREL requirements are calculated using an RWA- and LRE-based calculation 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 56.9% (year-end 2022: 52.0%), while the figure under the LRE-based approach came to 18.8% (year-end 2022: 19.1%). Both ratios were well above the applicable minimum ratios. As at 30 June 2023, own funds and MREL-eligible liabilities came to €16.5bn (year-end 2022: €16.3bn). As of the reporting date, this figure was composed of own funds of €6.8bn, senior non-preferred issues of €5.9bn, senior preferred issues of €4.1bn and unsecured subordinated liabilities of €0.2bn. The repurchases recently approved in accordance with the CRR were deducted for the calculation of the MREL ratios.

The subordinated MREL requirements were also calculated using the RWA- and LRE-based method in accordance with supervisory requirements. The total of own funds and all subordinated liabilities eligible based on statutory requirements is expressed in relation to RWA and LRE. As at the reporting date, the subordinated MREL requirements in line with the RWA-based approach came to 39.4% (year-end 2022: 35.9%), while the figure under the LRE-based approach was 14.1% (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.

To look at the impacts of climate and environmental risks, two climate stress scenarios were also examined in the first quarter of 2023 as part of the stress tests. Their impacts were calculated as of 30 September 2022. The scenarios included both a delayed economic transition and a physical scenario (drought). The result showed that no immediate action was required in relation to capital adequacy.

### Liquidity adequacy in the first half of 2023

The situation on the refinancing markets in the first half of 2023 was marked by increased inflationary risks, which led to a significant rise in interest rates in the eurozone. In addition, the ongoing Ukraine war and the upheaval surrounding the emergency takeover of a major Swiss bank adversely affected investor confidence, leading to elevated uncertainty and volatile market conditions. DekaBank had access to ample liquidity on the money and capital markets. The higher interest rates boosted the investor appeal of interest rate products again. This particularly benefited sales of certificates. 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 first half of 2023. 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 and emergency triggers were complied with throughout the reporting period.

As at 30 June 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 €8.1bn (year-end 2022: €8.2bn). In the maturity band of up to one month, the liquidity surplus totalled €9.7bn (year-end 2022: €8.0bn), and in the medium range (three months) it was €10.1bn (year-end 2022: €10.5bn).

In relation to the net cash flows of approximately €4.6bn on day 1, the Deka Group has a high liquidity potential (around €4.2bn) that is readily convertible at short notice. The Group has access to a large portfolio of liquid securities which are eligible as collateral for central bank borrowings, as well as to the available surplus 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 30 June 2023 in €m (Fig. 21)

	D1	>D1 to D5	>D5 to 1M	>1M to 3M	>3M to 12M	>12M to 5Y	>5Y to 20Y	>20Y
Liquidity potential (accumulated)	4,163	3,837	5,587	4,314	-703	-949	150	300
Net cash flows from derivatives (accumulated) <sup>1)</sup>	-162	-159	112	881	1,584	2,844	2,684	2,679
Net cash flows from other products (accumulated)	4,758	4,437	4,020	4,947	9,188	10,752	1,577	-3,148
<b>Liquidity balance (accumulated)</b>	<b>8,758</b>	<b>8,116</b>	<b>9,720</b>	<b>10,143</b>	<b>10,068</b>	<b>12,647</b>	<b>4,411</b>	<b>-169</b>
For information purposes:								
Net cash flows from derivatives by legal maturity (accumulated) <sup>1)</sup>	-162	-161	-266	-255	-391	681	1,173	2,837
Net cash flows from other products by legal maturity (accumulated)	-13,962	-13,980	-14,925	-16,497	-21,496	-5,610	-4,324	-2,994
<b>Net cash flows by legal maturity (accumulated)</b>	<b>-14,124</b>	<b>-14,141</b>	<b>-15,191</b>	<b>-16,752</b>	<b>-21,888</b>	<b>-4,929</b>	<b>-3,151</b>	<b>-157</b>

<sup>1)</sup> Including lending substitute transactions and issued CLNs



As at 30 June 2023, repo transactions, overnight and term deposits and other money market products accounted for 56.3% of total refinancing (year-end 2022: also 56.3%). The remainder of the refinancing concerned capital market products, primarily with longer maturity profiles. The refinancing profile for lending business was well balanced, given the maturity structure.

#### **Normative perspective**

The regulatory requirements and internal thresholds in relation to the LCR and NSFR were met throughout the period under review.

The LCR as at 30 June 2023 stood at 149.9% (year-end 2022: 159.1%). Net cash outflows increased relative to holdings of high-quality, liquid assets. This resulted in a 9.2 percentage point reduction in the LCR at Deka Group level compared to 31 December 2022. The average during the first half of 2023 was 144.2% (average for H1 2022: 179.5%). The LCR fluctuated within a range from 130.2% to 149.9%. It was thus always significantly above the applicable minimum limit of 100%.

The NSFR came to 113.8% at the end of June (year-end 2022: 118.1%) and was thus above the minimum 100% required. The NSFR at Deka Group level declined by 4.3 percentage points compared with 31 December 2022. This resulted from a drop in available stable funding, while the amount of required stable funding remained almost unchanged from year-end 2022.

#### **Both perspectives (macroeconomic stress tests)**

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

#### **Individual risk types**

##### **Counterparty risk**

###### ***Current risk situation***

Counterparty risk, as 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, rose moderately in the first half of 2023 to €1,207m (year-end 2022: €1,169m). The development of risk was mainly attributable to increased migration risks. Risk capital allocated to counterparty risk stood at €1,415m (year-end 2022: €1,460m) and was 85.3% utilised (year-end 2022: 80.1%). The level of risk capacity utilisation therefore remained non-critical.

The risk position of the cluster portfolio was assessed using an expected shortfall redistribution. The result, in contrast to the overall portfolio, was a decrease in absolute terms compared with the end of 2022 to €116m (year-end 2022: €140m). The relative share of the cluster portfolio in the overall portfolio has thus fallen from 12% to 10%. Risk concentration remained in line with the Deka Group's credit risk strategy.

Gross loan volume increased slightly by 5.1% as against the end of 2022 (€129.4bn) to reach €136.0bn. The commercial banks and other financial institutions risk segments saw an increase of more than €1bn versus the end of 2022. In the case of commercial banks, the increase in gross loan volume was mainly due to higher repo volumes and an increased bond volume. The increase in the other financial institutions risk segment resulted primarily from repo lending transactions. The state-affiliated and supranational institutions risk segment saw a reduction of more than €1bn compared with the end of 2022. There was a decline in both repo volumes and deposits with Deutsche Bundesbank. The volume in the Financing business division (especially in the savings banks risk segment) was up on the figure for year-end 2022. The share of gross loan volume attributable to the shipping risk sub-segment fell slightly to 0.9% (year-end 2022: 1.0%). The share of the aviation risk sub-segment stood at 1.7% (year-end 2022: 1.9%), while the real estate financing portfolio fell to a 6.2% share (year-end 2022: 6.3%).

**Gross loan volume** in €m (Fig. 22)

	30 Jun 2023	31 Dec 2022
Commercial banks	25,543	20,878
Other financial institutions	30,008	26,050
Savings banks	13,693	12,742
Insurance companies	600	724
Industrial sector	4,808	4,779
Service sector	1,984	2,256
Public sector	7,036	6,839
State-affiliated and supranational institutions	17,043	19,453
Transport sector	3,820	4,031
Renewable energies	1,426	1,434
Conventional energies and infrastructure	4,439	4,483
Real estate sector (including real estate funds)	11,762	11,669
Retail sector	72	76
Funds (transactions and units)	13,719	13,988
<b>Total</b>	<b>135,953</b>	<b>129,403</b>

Net loan volume increased by 1.6% as against the end of 2022 (€72.2bn) to reach €73.4bn. Collateralisation meant that the changes in gross loan volume observed for repo lending transactions (especially in the commercial banks, other financial institutions and state-affiliated and supranational institutions segments) had relatively small effects on net loan volume. An increased volume of derivative hedging instruments in the other financial institutions risk segment and of bonds in the savings banks risk segment had a particular risk-increasing effect on net loan volume. In the state-affiliated and supranational institutions risk segment, there was a decline in net deposits with Deutsche Bundesbank.

**Net loan volume** in €m (Fig. 23)

	30 Jun 2023	31 Dec 2022
Commercial banks	10,410	10,311
Other financial institutions	7,048	5,438
Savings banks	13,369	12,624
Insurance companies	203	191
Industrial sector	2,373	2,376
Service sector	1,253	1,389
Public sector	4,986	4,976
State-affiliated and supranational institutions	16,252	17,153
Transport sector	516	536
Renewable energies	1,426	1,434
Conventional energies and infrastructure	3,391	3,420
Real estate sector (including real estate funds)	2,920	3,213
Retail sector	72	76
Funds (transactions and units)	9,138	9,064
<b>Total</b>	<b>73,359</b>	<b>72,199</b>

The gross loan volume in the eurozone rose by a total of €5.1bn. This was due to the increased securities volume with German counterparties and increased repo transactions with counterparties in France. A higher securities lending volume with counterparties in Luxembourg and Belgium also had a risk-increasing effect. As a result of this, together with a higher overall gross loan volume, the percentage of gross loan volume remained almost unchanged compared with the end of 2022 at 78.4%. The volume movements in Europe excluding the eurozone resulted primarily from increased exposure to repo lending business with British counterparties.

**Gross loan volume by region in €m (Fig. 24)**

	30 Jun 2023	31 Dec 2022
Eurozone	106,639	101,561
Europe excluding eurozone	14,324	13,579
America	11,251	10,870
Asia	2,849	2,864
Other countries	890	529
<b>Total</b>	<b>135,953</b>	<b>129,403</b>

The gross loan volume attributable to Germany increased by €0.6bn to €68.7bn and equated to 50.6% of the overall portfolio at the mid-year point. In the eurozone, €14.7bn or 10.8% of the gross loan volume was attributable to counterparties in Luxembourg. Counterparties in France accounted for 8.0% of the gross loan volume, and counterparties in Belgium accounted for 4.4%.

The gross loan volume relating to borrowers in Spain and Italy increased to €2.8bn, from €2.5bn at the end of 2022. Due to the collateralisation provided by repo lending transactions, the security provided for the bond portfolio using protection buyer CDS and the securing of loans, the net loan volume attributable to borrowers in Italy and Spain came to only around 2.0% of gross loan volume. The share of gross loan volume for counterparties in China totalled 0.2%. The figure for Hong Kong was 0.3%. In both 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 €39m. 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 €2m. There remained no gross loan volume attributable to counterparties in Ukraine or Belarus at the end of the first half of 2023 and no country limit.

**Gross loan volume by regional concentration in €m (Fig. 25)**

	30 Jun 2023	Percentage of Gross loan volume
Germany	68,725	50.6%
Luxembourg	14,722	10.8%
France	10,841	8.0%
United Kingdom	10,228	7.5%
Belgium	5,944	4.4%
Spain	2,390	1.8%
Netherlands	1,914	1.4%
Italy	383	0.3%
Other	20,806	15.3%
<b>Total</b>	<b>135,953</b>	<b>100.0%</b>

The gross loan volume remained focused primarily on the short-term segment at mid-year 2023. The proportion of transactions with a time to maturity of less than one year was 43.2% at the end of the first half of 2023 (year-end 2022: 44.1%). The proportion of maturities longer than ten years was 4.6%, compared with 4.5% at 31 December 2022. The average legal residual term of gross lending thus remains at 2.8 years (year-end 2022: 2.8 years).

The level of risk concentration in the loan portfolio rose slightly during the first half of 2023. As at 30 June, 16.4% (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 increased by 1 as against the end of 2022, taking the figure to 26.

Of the gross loan volume attributable to the cluster portfolio, 16.1% related to public sector counterparties, savings banks, and state-affiliated and supranational institutions. A total of 10.1% of net loan volume related to counterparty clusters (year-end 2022: 10.8%).

As it was already the case at the end of 2022, shadow banking entities under the principal approach (limit utilisation of total net risk position: 18%) accounted for less than 1% of the net loan volume as at the 30 June 2023 reporting date. For shadow banking entities revaluated by the fallback approach, there were only very small exposures as at the end of June 2023, which were attributable to third-party investment funds. The levels of utilisation are considered acceptable. The shadow banking entities had an average rating of 7 on the DSGV master scale.

The average rating for the gross loan volume remains at 4 on the DSGV master scale. The average probability of default dropped to 21 basis points (bps) (year-end 2022: 22 bps), which was partly attributable to improved ratings for various financing counterparties in the shipping and energy infrastructure segment. The average rating for the net loan volume remained stable at 2 with a virtually unchanged average probability of default of 11 bps (year-end 2022: 12 bps).

#### Net loan volume by risk segment and rating in €m (Fig. 26)

	Average PD in bps	Average rating 30 Jun 2023	30 Jun 2023	Average PD in bps	Average rating 31 Dec 2022	31 Dec 2022
Commercial banks	3	AA-	10,410	6	A	10,311
Other financial institutions	6	A	7,048	8	A	5,438
Savings banks	1	AAA	13,369	1	AAA	12,624
Insurance companies	13	2	203	14	3	191
Industrial sector	14	2	2,373	13	2	2,376
Service sector	15	3	1,253	13	2	1,389
Public sector	4	AA-	4,986	4	AA-	4,976
State-affiliated and supranational institutions	1	AAA	16,252	1	AAA	17,153
Transport sector	112	8	516	172	9	536
Renewable energies	209	9	1,426	211	9	1,434
Conventional energies and infrastructure	24	4	3,391	26	4	3,420
Real estate sector (including real estate funds)	21	3	2,920	13	2	3,213
Retail sector	N/A	N/A	72	N/A	N/A	76
Funds (transactions and units)	13	2	9,138	13	2	9,064
<b>Total</b>	<b>11</b>	<b>2</b>	<b>73,359</b>	<b>12</b>	<b>2</b>	<b>72,199</b>

The Bank continues to achieve its target rating of investment grade (5 or better) for the portfolio as a whole without difficulty, with regard to both its gross and net loan volume. 91% of net loan volume remained in the same grouping (determined by rating class) as at the end of 2022.

## Market price risk

### Current risk situation

Market price risk at Deka Group level (measured using VaR with a confidence level of 99.9% and a holding period of one year) increased from €576m at the end of 2022 to €658m. This development was mainly due to an increase in exposures and to the current market situation with significantly higher interest rates, credit spreads and volatilities. Utilisation of the allocated risk capital for market price risk stood at €1,885m (year-end 2022: €1,800m). This represents a non-critical utilisation level of 34.9%.

Market price risk for the Deka Group (excluding risks on guarantee products) as at 30 June 2023 was €86.5m (year-end 2022: €73.3m), measured by the VaR with a confidence level of 99.0% and a holding period of ten days. Utilisation of the operational management limit at Deka Group level (excluding guarantees) stood at €117.5m as of the reporting date. This represented an utilisation level of 74% and was therefore non-critical.

### Deka Group value-at-risk excluding risks from guarantee products<sup>1)</sup> (confidence level 99%, holding period ten days) in €m (Fig. 27)

Category	30 Jun 2023						Change in risk vs 31 Dec 2022
	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	
Interest rate risk	2.2	0.0	10.7	16.3	83.1	89.4	18.6%
Interest rate (general)	0.1	0.0	11.3	9.1	26.5	16.6	-12.2%
Credit spread risk	2.2	0.0	7.3	16.7	65.9	84.4	20.7%
Share price risk	1.0	0.5	0.9	4.6	0.2	4.7	-55.2%
Currency risk	0.8	0.0	0.0	1.7	2.7	2.4	-7.7%
<b>Total risk</b>	<b>2.4</b>	<b>0.5</b>	<b>10.8</b>	<b>16.3</b>	<b>83.3</b>	<b>86.5</b>	<b>18.0%</b>

<sup>1)</sup> Risk ratios for interest rate risk and total risk, taking account of diversification. Includes issue-specific credit spread risk

The change in interest rate risk was associated in particular with the development of credit spread risk. Credit spread VaR (excluding risks on guarantee products) rose from €69.9m at year-end 2022 to €84.4m. Market developments (especially increased volatilities) and an increase in bond exposures in the Treasury corporate centre were the reasons for the increase in risk. In line with the business model, risk concentration in terms of spread risk was mainly attributable to European and US bonds issued by financial institutions, corporates and the public sector. General interest rate risk fell to €16.6m as at the reporting date (year-end 2022: €18.9m). The decline resulted from diversification effects in the Capital Markets business division and the Treasury corporate centre.

Share price risk fell from €10.5m the end of 2022 to €4.7m at the reporting date. Alongside current market developments, macro hedges in the Treasury corporate centre, which have a risk-reducing effect at Group level, were the cause of this significant decline. Share price risk remains of low significance at Group level.

Currency risk fell in the reporting period from €2.6m at the end of 2022 to €2.4m. Currency risk at the reporting date resulted principally from positions in Canadian dollars, pound sterling and US dollars.

## Operational risk

### Current risk situation

At €331m, the VaR for operational risk (confidence level of 99.9%, holding period of one year) remained virtually unchanged from the figure at year-end 2022 (€331m). In the ex-post perspective, there were slightly risk-reducing effects due to the recent decline in the number of new loss events and to reductions in losses already recorded in previous periods, for example in connection with the ruling by the German Federal Court of Justice (BGH) on the mechanism for amending general terms and conditions of business. By contrast, in the ex-ante perspective, the reassessment of loss scenarios as part of the quarterly self-assessment predominantly resulted in risk-increasing effects.

The OR loss potential identified in the Group-wide risk inventory increased slightly to €81m (year-end 2022: €79m). This resulted particularly from increased estimates of the likelihood of occurrence of fraud risk and newly included scenarios for the failure of individual service providers. Risk capital allocated to operational risk stood at €385m (year-end 2022: €385m). Utilisation of this amount was 85.9% and thus remains at a non-critical level.

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 the years 2013 to 2015. All matters are reported in the Group management report and consolidated financial statements as at 30 June 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. Such agreements may in principle be reached with other affected business partners, which may result in further payments of approximately €30m. This amount could not be reported in the interim financial statements as at 30 June 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*) 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 30 June 2023 or that a fine or confiscation of proceeds will apply. The official search of DekaBank's premises, 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**

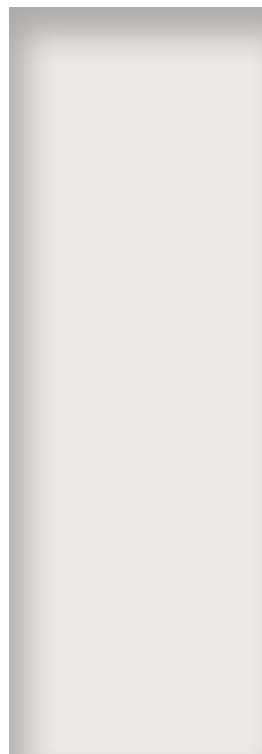
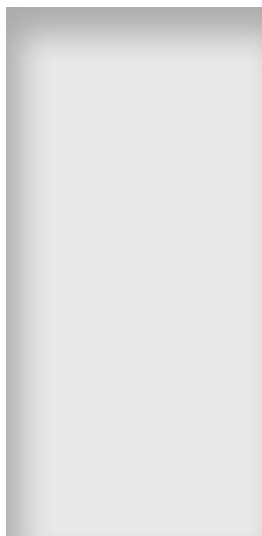
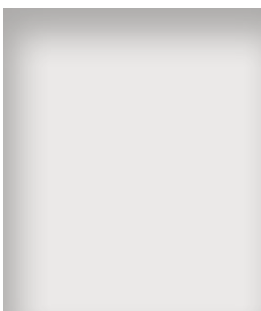
The VaR of business risk was €325m as at 30 June 2023, significantly lower than the level of €388m at the end of 2022. Overall, the reduction in risk resulted particularly from the increased asset management volume, which led to higher net commission income. This meant that the allocated risk capital, which was increased to €475m (year-end 2022: €460m), was 68.4% utilised.

**Reputational risk**

The VaR of reputational risk was calculated for the first time as at the end of March 2023 and stood at €199m as at 30 June 2023. The most relevant scenarios causing reputational risks are associated with the perception of reputational stakeholders in relation to management decisions, inadequate controls, lack of product appeal and shortcomings in sales.

**Other risks****Investment risk**

The VaR of investment risk was €24m at mid-year 2023, up slightly on the level at the end of the previous year (year-end 2022: €23m). This was due to increases in the IFRS carrying values of individual equity investments as part of the regular remeasurement of equity investments at mid-year. The risk capital allocated to investment risks was reduced to €40m, with utilisation of 60.3%.





# INTERIM FINANCIAL STATEMENTS

Statement of profit or loss and other comprehensive income .....	50
Statement of financial position .....	51
Condensed Statement of changes in equity .....	52
Condensed Statement of cash flows .....	54
Notes .....	55

<b>ASSURANCE OF THE BOARD OF MANAGEMENT .....</b>	<b>102</b>
<b>REVIEW REPORT .....</b>	<b>103</b>

# Interim financial statements

## Statement of profit or loss and other comprehensive income for the period from 1 January to 30 June 2023

€m	Notes	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	Change
Interest income		1,203.7	463.0	160.0%
(thereof calculated using the effective interest method)		921.7	199.9	(> 300%)
Interest expenses		1,078.5	361.5	198.3%
<b>Net interest income</b>	[6]	<b>125.1</b>	<b>101.5</b>	23.3%
<b>Risk provisions in the lending and securities business</b>	[7], [21]	<b>35.4</b>	<b>47.7</b>	-25.8%
<b>Net interest income after provisions</b>		<b>160.5</b>	<b>149.2</b>	7.6%
Commission income		1,580.8	1,673.1	-5.5%
Commission expenses		791.1	889.7	-11.1%
<b>Net commission income</b>	[8]	<b>789.7</b>	<b>783.4</b>	0.8%
<b>Net income from the derecognition of financial assets measured at amortised cost</b>	[9]	<b>-1.3</b>	<b>8.7</b>	-114.9%
<b>Trading profit or loss</b>	[10]	<b>390.8</b>	<b>584.9</b>	-33.2%
<b>Profit or loss on financial assets mandatorily measured at fair value</b>	[11]	<b>7.6</b>	<b>-33.0</b>	123.0%
<b>Profit or loss on financial instruments designated at fair value</b>	[12]	<b>1.7</b>	<b>17.1</b>	-90.1%
<b>Profit or loss from fair value hedges</b>	[13]	<b>-6.4</b>	<b>16.4</b>	-139.0%
<b>Profit or loss on financial investments</b>	[14]	<b>-1.7</b>	<b>-2.5</b>	32.0%
<b>Administrative expenses</b>	[15]	<b>647.5</b>	<b>602.9</b>	7.4%
(thereof expenses for the bank levy and deposit guarantee scheme)		75.2	82.0	-8.3%
<b>Other operating profit</b>	[16]	<b>5.0</b>	<b>-6.8</b>	173.5%
<b>Total of profit or loss before tax</b>		<b>698.4</b>	<b>914.5</b>	-23.6%
<b>Income taxes</b>	[17]	<b>223.6</b>	<b>306.2</b>	-27.0%
<b>Interest expenses for atypical silent capital contributions</b>		-	-	o.A.
<b>Total of profit or loss</b>		<b>474.9</b>	<b>608.3</b>	-21.9%
<b>Thereof:</b>				
Attributable to non-controlling interests		-	-	o.A.
Attributable to the shareholders of DekaBank		474.9	608.3	-21.9%
<b>Changes not recognised in profit or loss</b>	[31]			
<b>Items reclassified to profit or loss</b>				
Change in reserve for financial assets measured at fair value through other comprehensive income		2.4	-17.0	114.1%
Change of the foreign currency basis spread of hedging derivatives		-4.2	44.4	-109.5%
Change in currency translation reserve		-0.2	0.5	-140.0%
Deferred taxes on items reclassified to profit or loss		0.6	-8.7	106.9%
<b>Items not reclassified to profit or loss</b>				
Revaluation gains/losses on defined benefit pension obligations		-8.3	105.6	-107.9%
Change in valuation reserve for own credit risk of financial liabilities designated at fair value		0.8	2.2	-63.6%
Deferred taxes on items not reclassified to profit or loss		4.6	-54.4	108.5%
<b>Other comprehensive income</b>		<b>-4.3</b>	<b>72.6</b>	-105.9%
<b>Comprehensive income for the period under IFRS</b>		<b>470.6</b>	<b>680.9</b>	-30.9%
<b>Thereof:</b>				
Attributable to non-controlling interests		-	-	o.A.
Attributable to the shareholders of DekaBank		470.6	680.9	-30.9%

## Statement of financial position as at 30 June 2023

€m	Notes	30 Jun 2023	31 Dec 2022	Change
<b>Assets</b>				
<b>Cash reserves</b>	[18]	<b>441.6</b>	<b>346.7</b>	27.4%
<b>Due from banks</b>	[19]	<b>44,981.9</b>	<b>38,849.8</b>	15.8%
<b>Due from customers</b>	[20]	<b>27,886.1</b>	<b>28,778.9</b>	-3.1%
<b>Financial assets at fair value</b>	[22]	<b>18,665.4</b>	<b>17,566.8</b>	6.3%
(of which deposited as collateral)		3,416.4	2,621.1	30.3%
Trading portfolio		17,101.3	16,166.1	5.8%
Financial assets mandatorily measured at fair value and shareholdings		1,564.1	1,400.6	11.7%
Financial assets designated at fair value		-	-	o.A.
<b>Positive market values of derivative hedging instruments</b>		<b>240.4</b>	<b>271.1</b>	-11.3%
<b>Financial investments</b>	[23]	<b>10,727.9</b>	<b>10,073.1</b>	6.5%
(of which deposited as collateral)		2,659.4	2,534.3	4.9%
Financial assets measured at amortised cost		8,670.0	7,982.5	8.6%
Financial assets measured at fair value through other comprehensive income		2,041.4	2,074.2	-1.6%
Shares in at-equity accounted companies		16.5	16.5	0.0%
<b>Intangible assets and purchased Goodwill</b>	[24]	<b>195.0</b>	<b>194.6</b>	0.2%
<b>Property, plant and equipment and right-of-use assets for leases</b>	[25]	<b>317.1</b>	<b>335.8</b>	-5.6%
<b>Current income tax assets</b>		<b>197.6</b>	<b>201.4</b>	-1.9%
<b>Deferred income tax assets</b>		<b>385.7</b>	<b>372.7</b>	3.5%
<b>Other assets</b>		<b>505.1</b>	<b>405.2</b>	24.7%
<b>Total assets</b>		<b>104,543.8</b>	<b>97,395.9</b>	7.3%
<b>Liabilities</b>				
<b>Due to banks</b>	[26]	<b>18,423.2</b>	<b>17,211.7</b>	7.0%
<b>Due to customers</b>	[27]	<b>28,345.0</b>	<b>25,106.0</b>	12.9%
<b>Securitised liabilities</b>	[28]	<b>15,529.6</b>	<b>11,169.4</b>	39.0%
<b>Financial liabilities at fair value</b>	[29]	<b>32,375.0</b>	<b>34,353.0</b>	-5.8%
Trading portfolio		32,235.1	34,135.9	-5.6%
Financial liabilities designated at fair value		139.9	217.1	-35.6%
<b>Negative market values of derivative hedging instruments</b>		<b>402.5</b>	<b>555.1</b>	-27.5%
<b>Provisions</b>	[30]	<b>219.0</b>	<b>225.3</b>	-2.8%
<b>Current income tax liabilities</b>		<b>205.6</b>	<b>136.9</b>	50.2%
<b>Deferred income tax liabilities</b>		<b>181.3</b>	<b>147.2</b>	23.1%
<b>Other liabilities</b>		<b>804.5</b>	<b>847.1</b>	-5.0%
<b>Subordinated capital</b>		<b>1,076.8</b>	<b>907.4</b>	18.7%
<b>Equity</b>	[31]	<b>6,981.3</b>	<b>6,736.8</b>	3.6%
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		5,463.5	5,489.4	-0.5%
Revaluation reserve		13.1	17.4	-24.8%
Accumulated profit (consolidated profit)		474.9	200.2	137.2%
Minority interest		-	-	o.A.
<b>Total liabilities</b>		<b>104,543.8</b>	<b>97,395.9</b>	7.3%

**Condensed statement of changes in equity** for the period from 1 January to 30 June 2023

	Subscribed capital	Additional capital components	Capital reserve	Retained earnings	Consolidated profit	
€m						Provisions for pensions <sup>1)</sup>
<b>Equity as at 1 January 2022</b>	<b>191.7</b>	<b>598.6</b>	<b>239.5</b>	<b>5,187.0</b>	<b>200.2</b>	<b>-132.4</b>
Total of profit or loss	-	-	-	-	608.3	-
Other comprehensive income	-	-	-	-	-	105.6
<b>Comprehensive income for the period under IFRS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>608.3</b>	<b>105.6</b>
Changes in the scope of consolidation	-	-	-	-	-	-
Other changes <sup>2)</sup>	-	-	-	-30.9	-	-
Allocation to reserves from retained earnings	-	-	-	-	-	-
Distribution	-	-	-	-	-200.2	-
<b>Equity as at 30 June 2022</b>	<b>191.7</b>	<b>598.6</b>	<b>239.5</b>	<b>5,156.1</b>	<b>608.3</b>	<b>-26.7</b>
Total of profit or loss	-	-	-	-	-75.0	-
Other comprehensive income	-	-	-	-	-	61.4
<b>Comprehensive income for the period under IFRS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-75.0</b>	<b>61.4</b>
Changes in the scope of consolidation	-	-	-	-	-	-
Capital increase	-	-	-	-	-	-
Other changes <sup>2)</sup>	-	-	-	0.2	-	-
Allocation to reserves from retained earnings	-	-	-	333.1	-333.1	-
Distribution	-	-	-	-	-	-
<b>Equity as at 31 December 2022</b>	<b>191.7</b>	<b>598.6</b>	<b>239.5</b>	<b>5,489.4</b>	<b>200.2</b>	<b>34.7</b>
Total of profit or loss	-	-	-	-	474.9	-
Other comprehensive income	-	-	-	-	-	-8.3
<b>Comprehensive income for the period under IFRS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>474.9</b>	<b>-8.3</b>
Changes in the scope of consolidation	-	-	-	-	-	-
Other changes <sup>2)</sup>	-	-	-	-25.9	-	-
Allocation to reserves from retained earnings	-	-	-	-	-	-
Distribution	-	-	-	-	-200.2	-
<b>Equity as at 30 June 2023</b>	<b>191.7</b>	<b>598.6</b>	<b>239.5</b>	<b>5,463.5</b>	<b>474.9</b>	<b>26.4</b>

<sup>1)</sup> Revaluation gains/losses on defined benefit obligations

<sup>2)</sup> 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
-	-	-	-	-	608.3	-	608.3
44.4	-17.0	2.2	0.5	-63.2	72.6	-	72.6
44.4	-17.0	2.2	0.5	-63.2	680.9	-	680.9
-	-	-	-	-	-	-	-
-	-	-	-	-	-30.9	-	-30.9
-	-	-	-	-	-	-	-
-	-	-	-	-	-200.2	-	-200.2
24.4	-14.4	0.4	0.7	17.6	6,796.2	-	6,796.2
-	-	-	-	-	-75.0	-	-75.0
-25.3	-13.4	-1.6	-	-5.7	15.4	-	15.4
-25.3	-13.4	-1.6	-	-5.7	-59.6	-	-59.6
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	0.2	-	0.2
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-0.9	-27.8	-1.2	0.7	11.9	6,736.8	-	6,736.8
-	-	-	-	-	474.9	-	474.9
-4.2	2.4	0.8	-0.2	5.2	-4.3	-	-4.3
-4.2	2.4	0.8	-0.2	5.2	470.6	-	470.6
-	-	-	-	-	-	-	-
-	-	-	-	-	-25.9	-	-25.9
-	-	-	-	-	-	-	-
-	-	-	-	-	-200.2	-	-200.2
-5.1	-25.4	-0.4	0.5	17.1	6,981.3	-	6,981.3

**Condensed statement of cash flows** for the period from 1 January to 30 June 2023

<b>€m</b>	<b>1<sup>st</sup> half 2023</b>	<b>1<sup>st</sup> half 2022</b>
Cash and cash equivalents at the start of the period	346.7	15,982.4
Cash flow from operating activities	168.5	825.3
Cash flow from investing activities	–8.7	2.7
Cash flow from financing activities	–64.9	–254.9
<b>Cash and cash equivalents at the end of the period</b>	<b>441.6</b>	<b>16,555.5</b>

The definitions of the individual cash flow components are the same as those in the 2022 consolidated financial statements. 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 interim financial statements.

## Notes

<b>Segment reporting</b>	<b>56</b>	<b>Notes on financial instruments</b>	<b>86</b>
1 Segmentation by operating business divisions	56	32 Fair value disclosures for financial instruments	86
<b>General information</b>	<b>62</b>	33 Information on the quality of financial assets	95
2 Accounting principles	62	34 Derivative transactions	96
3 Accounting policies	63	35 Interest rate benchmark (IBOR) reform	96
4 Accounting standards applied for the first time and to be applied in future	63	<b>Other disclosures</b>	<b>96</b>
5 Scope of consolidation	64	36 Regulatory capital (own funds)	96
<b>Notes to the statement of profit or loss and other comprehensive income</b>	<b>65</b>	37 Contingent liabilities and other obligations	97
6 Net interest income	65	38 List of shareholdings	98
7 Risk provisions in the lending and securities business	66	39 Related party disclosures	100
8 Net commission income	67	40 Additional miscellaneous information	101
9 Net income from the derecognition of financial assets measured at amortised cost	68		
10 Trading profit or loss	69		
11 Profit or loss on financial assets mandatorily measured at fair value	69		
12 Profit or loss on financial instruments designated at fair value	70		
13 Profit or loss from fair value hedges	70		
14 Profit or loss on financial investments	70		
15 Administrative expenses	71		
16 Other operating profit	71		
17 Income taxes	71		
<b>Notes to the statement of financial position</b>	<b>72</b>		
18 Cash reserves	72		
19 Due from banks	72		
20 Due from customers	72		
21 Risk provisions in the lending and securities business	73		
22 Financial assets at fair value	79		
23 Financial investments	80		
24 Intangible assets and goodwill	81		
25 Property, plant and equipment and right-of-use assets for leases	81		
26 Due to banks	81		
27 Due to customers	82		
28 Securitised liabilities	82		
29 Financial liabilities at fair value	82		
30 Provisions	83		
31 Equity	85		

## Segment reporting

### 1 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 Operating 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 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 to the total of profit or loss before tax, the economic result includes changes in the revaluation reserve (before tax) as well as the interest- and currency-related valuation result from financial instruments recognised at amortised cost. This allows economic hedges that do not meet the IFRS criteria for hedge accounting to be fully reflected for internal management purposes. The economic result also includes the interest expense on Additional Tier 1 bonds, which is reported directly within equity, as well as effects relevant for management. The latter relate to a provision for potential charges where the probability of such charges arising in the future is assessed as possible, and which are taken into account within corporate management activities as a result of the use of the economic result for management purposes, but which may not yet be reported under IFRS because they are not sufficiently substantiated. The measurement and reporting differences versus the IFRS consolidated financial statements are shown in the reconciliation to the Group's total profit or loss before tax in the "reconciliation" column in the segment reporting.

In addition to the economic result, 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 €0.2bn 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. One particular focal point is the continuation of activities aimed at expanding sustainability in the range of products and services offered, as well as in the Deka Group's own investment and business risk processes. Group-wide coordination facilitates a consistent and demand-driven approach to meeting increased demand among customers and increasingly stringent regulatory requirements. The range of quantitative asset management services is supplemented and enhanced 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), as well as the debt capital markets business (third-party issues). 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. 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	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022
Net interest income	-1.0	0.9	-0.7	-0.2	5.8	2.8	1.0	1.4
Risk provisions	-	-	-	-	0.1	-0.0	-	-
Net commission income	486.4	473.8	158.8	160.7	109.8	112.4	29.2	28.7
Net financial income <sup>1)</sup>	2.1	3.0	0.8	0.4	2.0	-2.3	194.1	318.9
Other operating profit <sup>2)</sup>	-3.3	-3.2	1.9	-3.7	4.6	11.1	1.7	1.2
<b>Total income without income distribution from Treasury function</b>	<b>484.2</b>	<b>474.6</b>	<b>160.8</b>	<b>157.2</b>	<b>122.3</b>	<b>124.0</b>	<b>226.0</b>	<b>350.2</b>
Administrative expenses (including depreciation and amortisation)	207.7	188.2	82.6	76.6	126.4	106.6	98.5	81.5
Restructuring expense <sup>2)</sup>	-	0.0	-	-	-	-	-	-
<b>Total expenses</b>	<b>207.7</b>	<b>188.2</b>	<b>82.6</b>	<b>76.6</b>	<b>126.4</b>	<b>106.6</b>	<b>98.5</b>	<b>81.5</b>
<b>(Economic) result before tax excluding income distribution Treasury function</b>	<b>276.5</b>	<b>286.4</b>	<b>78.1</b>	<b>80.6</b>	<b>-4.1</b>	<b>17.4</b>	<b>127.5</b>	<b>268.8</b>
Income distribution of Treasury function	9.6	0.7	7.1	-0.8	9.5	-0.7	73.7	6.6
<b>(Economic) result before tax</b>	<b>286.1</b>	<b>287.1</b>	<b>85.2</b>	<b>79.8</b>	<b>5.4</b>	<b>16.7</b>	<b>201.3</b>	<b>275.4</b>
Cost/income ratio <sup>3)</sup> in %	42.9	39.6	51.4	48.7	103.5	85.9	43.6	23.3
	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>
Return on equity before tax (balance sheet) <sup>4)</sup> in %	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Return on equity before tax (regulatory) <sup>5)</sup> in %	103.2	101.6	85.6	99.9	-3.2	-0.6	19.8	12.0
Risk-weighted assets	4,049	4,099	1,391	1,409	1,996	1,987	8,682	10,839
Total risk <sup>6)</sup>	512	623	204	174	282	280	488	414
Gross loan volume	7,872	7,606	65	56	927	947	70,119	64,006
Total of Asset Management and Deka certificates volume	291,169	293,533	55,051	53,714	-	-	27,132	24,506

<sup>1)</sup> 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.

<sup>2)</sup> Restructuring expense are disclosed in the Group financial statements under Other operating profit.

<sup>3)</sup> Calculation of the cost/income ratio does not take into account the restructuring expense or risk provisions.

<sup>4)</sup> The return on equity before tax (balance sheet) is calculated as the annualized 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.

<sup>5)</sup> The return on equity before tax (regulatory) is calculated as the annualized 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.

<sup>6)</sup> 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.

<sup>7)</sup> 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)	
1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022
67.8	78.8	160.4	13.7	233.4	97.4	-108.3	4.1	125.1	101.5
39.3	48.9	-4.1	-1.1	35.4	47.7	-	-	35.4	47.7
6.9	9.3	-1.9	-2.1	789.1	782.8	0.6	0.6	789.7	783.4
-2.6	3.8	43.5	226.3	239.9	550.2	150.8	41.4	390.7	591.6
0.5	0.4	-22.0	89.7	-16.7	95.7	21.7	-102.5	5.0	-6.8
<b>111.9</b>	<b>141.3</b>	<b>175.8</b>	<b>326.5</b>	<b>1,281.1</b>	<b>1,573.8</b>	<b>64.8</b>	<b>-56.4</b>	<b>1,345.9</b>	<b>1,517.4</b>
37.9	34.8	94.2	115.4	647.5	602.9	-	-	647.5	602.9
-	-	-	-0.0	-	0.0	-	-	-	0.0
<b>37.9</b>	<b>34.8</b>	<b>94.2</b>	<b>115.3</b>	<b>647.5</b>	<b>602.9</b>	<b>-</b>	<b>-</b>	<b>647.5</b>	<b>602.9</b>
<b>73.9</b>	<b>106.5</b>	<b>81.6</b>	<b>211.1</b>	<b>633.6</b>	<b>970.9</b>	<b>64.8</b>	<b>-56.4</b>	<b>698.4</b>	<b>914.5</b>
49.9	36.0	-149.8	-41.8	-	-	-	-	-	-
<b>123.9</b>	<b>142.6</b>	<b>-68.2</b>	<b>169.3</b>	<b>633.6</b>	<b>970.9</b>	<b>64.8</b>	<b>-56.4</b>	<b>698.4</b>	<b>914.5</b>
52.3	37.6	- <sup>7)</sup>	- <sup>7)</sup>	52.0	39.5				
<b>30 Jun 2023</b>	<b>31 Dec 2022</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>	<b>30 Jun 2023</b>	<b>31 Dec 2022</b>				
N/A	N/A	N/A	N/A	21.2	17.0				
12.3	4.1	-	-	-	-				
9,159	9,390	3,705	3,636	28,982	31,360				
425	496	810	656	2,544	2,488				
28,174	27,145	28,796	29,642	135,953	129,403				
-	-	-	-	373,352	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.

During the reporting period, the reporting and measurement differences between internal reporting and the total profit or loss before tax under IFRS amounted to €-64.8m (H1 2022: €56.4m) and arose mainly from the result not recognised in profit or loss and the change in the revaluation reserve before tax.

The result not recognised in profit or loss was €-58.3m during the reporting period (H1 2022: €-79.7m). Of this total, €-45.5m (H1 2022: €49.2m) was attributable primarily to the interest- and currency-related valuation result in respect of financial instruments recognised at amortised cost. The result not recognised in profit or loss also includes the total interest expense (including accrued interest) of €-12.8m on the AT1 bonds (H1 2022: €-14.0m). Distributions made were recorded directly in equity, in accordance with IAS 32. In addition, a general provision to cover potential risks that could materialise in the coming months was recognised for the first time in the 2012 financial year. At the end of the first half of 2023, the provision for these effects in the management accounts was €-335.0m (31 December 2022: €-335.0m). The effect on the economic result, reported in net financial income in the Other segment, in the first half of 2023 was €0.0m (H1 2022: €-115.0m).

The change of €-9.5m in the revaluation reserve before tax (H1 2022: €135.8m) was also included in the economic result. Of this, €-8.3m (H1 2022: €105.6m) was attributable to the change in the revaluation reserve for provisions for pensions.

The other amounts shown in the reconciliation column concern differences in presentation between management reporting and the consolidated financial statements. Of these, €120.1m (H1 2022: €8.1m) relates to internal transactions that are reported in the economic result. The majority of these are included within net interest income, while the corresponding offsetting income effects are reported under net financial income. There are also reporting differences in net financial income and other operating profit due to the different allocation of income effects from the repurchases of own issues.

## General information

### 2 Accounting principles

Pursuant to section 115 of the Securities Trading Act (*Wertpapierhandelsgesetz – WpHG*) in conjunction with section 117 of the WpHG, these condensed consolidated interim financial statements have been 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. In preparing the financial statements, particular attention was paid to the requirements of IAS 34 "Interim Financial Reporting".

The condensed consolidated interim financial statements, which are reported in euros, comprise a statement of profit or loss and other comprehensive income, statement of financial position, condensed statement of changes in equity, condensed statement of cash flows and selected explanatory notes. All amounts are rounded in accordance with standard commercial practice. This may result in small discrepancies in the calculation of totals within tables.

The present consolidated interim report has been reviewed by our year-end auditor and should be read in conjunction with our audited 2022 consolidated financial statements. The majority of disclosures on risks relating to financial instruments are presented in the risk report section of the interim management report.

### 3 Accounting policies

The interim consolidated financial statements are based on the same accounting policies as those in the consolidated financial statements for 2022, with the exception of accounting standards applied for the first time as set out in note [4], "Accounting standards applied for the first time and to be applied in future". In accordance with IAS 34, the accounting recognition of a transaction is based on an independent evaluation as at the current reporting date and not in anticipation of the consolidated financial statements.

In principle, income and expenses are recognised in the period to which they may be assigned in economic terms. Items allocable evenly over several periods are accrued or deferred on a pro rata basis.

Both discretionary decisions and estimates are necessary as part of IFRS accounting. These are made in accordance with the relevant standards and reviewed on an ongoing basis. They are based on experience and other factors, including expectations regarding future events that appear reasonable under the given circumstances. The first half of 2023 was characterised by sustained high inflation and the resulting high interest rates, whose development and impact on the economy and capital markets are impossible to predict in full. Consequently, the results published in this report cannot necessarily be viewed as indicators of the overall results expected to be achieved in the 2023 financial year. The ongoing war in Ukraine and its impact on the consolidated interim financial statements have also been taken into account accordingly in this report. In addition, it is very difficult to assess how, for example, new supply chain structures and structural uncertainty with regard to energy prices will affect corporate profitability. Further explanatory information on the macroeconomic environment and information on the exposure to Ukraine, Russia and Belarus can be found in the interim management report and in note [21] "Risk provisions in the lending and securities business".

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.

Discretionary decisions, estimates or a combination of the two arise in connection with, inter alia, the recognition of risk provisions in the lending and securities business (see note [7] and note [21] "Risk provisions in the lending and securities business"), the recognition of provisions (see note [30] "Provisions"), the recognition of contingent liabilities (see note [37] "Contingent liabilities and other obligations") and the fair value measurement of financial instruments (see note [32] "Fair value disclosures for financial instruments").

### 4 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 first half of 2023:

#### ***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.

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.

## 5 Scope of consolidation

In addition to DekaBank as the parent company, the consolidated interim financial statements include a total of 12 (31 December 2022: 12) domestic companies and 6 (31 December 2022: 6) foreign companies in which DekaBank directly or indirectly holds the majority of the voting rights. The scope of consolidation also includes 3 (31 December 2022: 3) structured entities.

A total of 9 (31 December 2022: 9) affiliated companies controlled by the Deka Group were not consolidated because they are of minor significance for the presentation of the Group’s financial position and financial performance. The interests held in these subsidiaries are reported under financial assets at fair value. Likewise, structured entities are not consolidated if they are of minor significance to the consolidated interim financial statements. Units in unconsolidated investment funds are measured at fair value through profit or loss. These are shown in the statement of financial position under financial assets at fair value.

The consolidated subsidiaries (affiliated companies and structured entities), joint ventures and associated companies, as well as the companies (affiliated companies and structured entities) and equity investments not included in the scope of consolidation on materiality grounds, are shown in the list of shareholdings (note [38], “List of shareholdings”).



## Notes to the statement of profit or loss and other comprehensive income

### 6 Net interest income

In addition to interest income and expenses, this item includes the pro rata unwinding of premiums and discounts on financial instruments. Net interest income from items in the trading book and the associated refinancing expenses are not included as they are reported in trading profit or loss.

€m	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	Change
<b>Interest income from</b>			
<b>Financial assets measured at amortised cost</b>	<b>905.5</b>	<b>266.4</b>	639.2
thereof: lending and money market transactions	830.0	222.6	607.4
thereof: fixed-interest securities	75.6	43.8	31.8
<b>Financial assets measured at fair value through other comprehensive income</b>	<b>18.1</b>	<b>1.1</b>	17.0
thereof: fixed-interest securities	18.1	1.1	17.0
<b>Financial assets measured at fair value through profit or loss</b>	<b>128.8</b>	<b>82.7</b>	46.1
Trading portfolio			
thereof: lending and money market transactions	3.9	6.5	-2.6
thereof: interest rate derivatives (economic hedges)	108.2	68.6	39.5
Financial assets mandatorily measured at fair value through profit or loss			
thereof: lending and money market transactions	7.2	4.1	3.1
thereof: fixed-interest securities	7.8	1.1	6.7
thereof: current income from shares and other non-fixed-interest securities	0.5	0.9	-0.3
thereof: current income from equity investments	1.2	1.6	-0.4
<b>hedge derivatives (hedge accounting)</b>	<b>149.8</b>	<b>19.4</b>	130.4
<b>Negative interest from liabilities</b>	<b>1.4</b>	<b>93.4</b>	-92.0
<b>Total interest income</b>	<b>1,203.7</b>	<b>463.0</b>	740.7
<b>Interest expenses for</b>			
<b>Financial liabilities measured at amortised cost</b>	<b>701.2</b>	<b>79.6</b>	621.6
thereof: lending and money market transactions	572.8	44.1	528.8
thereof: securitised liabilities	108.3	19.1	89.2
thereof: subordinated liabilities	20.1	16.5	3.6
<b>Financial liabilities measured at fair value through profit or loss</b>	<b>342.1</b>	<b>144.7</b>	197.4
Trading portfolio			
thereof: lending and money market transactions	38.6	8.7	29.9
thereof: interest rate derivatives (economic hedges)	299.5	129.6	169.9
Financial liabilities designated at fair value			
thereof: lending and money market transactions	4.0	6.5	-2.5
thereof: securitised liabilities	-	-	-
<b>hedge derivatives (hedge accounting)</b>	<b>33.6</b>	<b>67.8</b>	-34.2
<b>Negative interest on money-market transactions and fixed-interest securities</b>	<b>1.6</b>	<b>69.4</b>	-67.7
<b>Total interest expenses</b>	<b>1,078.5</b>	<b>361.5</b>	717.0
<b>Net interest income</b>	<b>125.1</b>	<b>101.5</b>	23.7

The increase in interest income and interest expense is attributable primarily to the marked rise in market interest rates, with the liquidity position of own funds playing a decisive role in the positive year-on-year change in net interest income.

## 7 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 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	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	Change
Allocation to risk provisions/provisions for credit risks	-44.2	-18.6	-25.5
Reversal of risk provisions/provisions for credit risks	83.6	65.8	17.8
Direct write-downs on receivables	-0.1	-0.0	-0.0
Income on written-down receivables	0.0	0.6	-0.5
Net income from modifications in the lending business (stage 3 or POCI)	-0.1	0.0	-0.2
<b>Risk provisions in the lending business</b>	<b>39.3</b>	<b>47.8</b>	<b>-8.5</b>
Allocation to risk provisions	-10.1	-3.4	-6.7
Reversal of risk provisions	6.2	3.3	2.9
Direct write-downs on securities	-	-	-
Net income from modifications in the securities business (stage 3 or POCI)	-	-	-
<b>Risk provisions in the securities business</b>	<b>-3.9</b>	<b>-0.1</b>	<b>-3.8</b>
<b>Risk provisions in the lending and securities business</b>	<b>35.4</b>	<b>47.7</b>	<b>-12.3</b>

In the first half of 2023, net risk provisions in the lending and securities business in the amount of €35.4m were reversed (H1 2022: €47.7m). Reversals of specific provisions and post-model adjustments for the corporates and international commercial real estate modules that had been set up in connection with energy prices and inflation had a positive impact on risk provisions in the reporting period. By contrast, a post-model adjustment was set up due to expected credit losses, based on expert estimates, associated with borrowers in the international commercial real estate rating module (see note [21] “Risk provisions in the lending and securities business”).

## 8 Net commission income

Net commission income by type of service is as follows:

€m	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	Change
<b>Commission income from</b>			
Investment fund business	1,408.6	1,525.6	-117.0
Securities business	151.5	124.6	26.9
Lending business	8.6	10.4	-1.8
Other	12.1	12.5	-0.4
<b>Total commission income</b>	<b>1,580.8</b>	<b>1,673.1</b>	<b>-92.3</b>
<b>Commission expenses for</b>			
Investment fund business	689.8	814.5	-124.7
Securities business	97.7	72.3	25.3
Lending business	1.3	1.0	0.3
Other	2.3	1.9	0.4
<b>Total commission expenses</b>	<b>791.1</b>	<b>889.7</b>	<b>-98.6</b>
<b>Net commission income</b>	<b>789.7</b>	<b>783.4</b>	<b>6.3</b>

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 collected and recognised in income on a monthly basis. 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 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 when the securities are delivered (value date). 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 allocated to the Financing business division.

Segment reporting in note [1] 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.

## 9 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. In the first half of 2023, receivables and loans have been derecognised due to early repayments made by debtors.

€m	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	Change
Gains arising from the derecognition of financial assets measured at amortised costs	3.6	8.9	-5.3
Losses arising from the derecognition of financial assets measured at amortised costs	5.0	0.2	4.8
<b>Net income from the derecognition of financial assets measured at amortised cost</b>	<b>-1.3</b>	<b>8.7</b>	<b>-10.1</b>

## 10 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, together with any related refinancing expenses, is also reported under this item. However, net interest income from economic hedging derivatives (banking book portfolios) is reported under net interest income.

€m	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	Change
Sale and valuation results	251.9	697.5	-445.6
Net interest income and current income from trading transactions	143.3	-106.3	249.6
Foreign exchange profit or loss	2.5	2.8	-0.3
Commission	-6.9	-9.2	2.3
<b>Trading profit or loss</b>	<b>390.8</b>	<b>584.9</b>	<b>-194.0</b>

Trading profit or loss fell considerably year-on-year due to lower valuation effects from the credit spread development of own issues.

## 11 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	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	Change
Sale and valuation results	7.0	-32.9	39.9
Commission	0.5	-0.0	0.6
<b>Profit or loss on financial assets mandatorily measured at fair value</b>	<b>7.6</b>	<b>-33.0</b>	<b>40.5</b>

Profit or loss on financial assets mandatorily measured at fair value changed in a year-on-year comparison, due primarily to interest rate-induced valuation effects from securities portfolios.

## 15 Administrative expenses

Administrative expenses comprise personnel expenses, other administrative expenses and depreciation and amortisation:

€m	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	Change
Personnel expenses	301.7	282.5	19.2
Other administrative expenses	313.9	287.5	26.4
Amortisation	31.9	32.9	-1.0
Property, plant and equipment	2.8	4.5	-1.7
Intangible assets	7.4	7.2	0.2
Rights-of-use assets for leases	21.7	21.2	0.5
<b>Administrative expenses</b>	<b>647.5</b>	<b>602.9</b>	<b>44.6</b>

Other administrative expenses include the full-year contribution to the European Union's Single Resolution Fund of €46.9m (H1 2022: €60.3m) and the annual contribution to the deposit guarantee scheme of the *Landesbanken* and *Girozentralen* amounting to €28.4m (H1 2022: €21.7m).

## 16 Other operating profit

The breakdown of other operating profit is as follows:

€m	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	Change
<b>Income from repurchased debt instruments</b>	<b>13.1</b>	<b>2.0</b>	<b>11.1</b>
Other operating income	9.7	15.8	-6.1
Other operating expenses	17.8	24.6	-6.8
<b>Other operating profit</b>	<b>5.0</b>	<b>-6.8</b>	<b>11.8</b>

## 17 Income taxes

The combined tax rate applied was unchanged at 31.9% (trade tax plus corporation tax of 15.0% and a solidarity surcharge of 5.5%).

## Notes to the statement of financial position

### 18 Cash reserves

€m	30 Jun 2023	31 Dec 2022	Change
Cash on hand	0.0	0.0	0.0
Balances with central banks	441.6	346.7	94.9
<b>Total</b>	<b>441.6</b>	<b>346.7</b>	<b>94.9</b>

### 19 Due from banks

Amounts due from banks can be broken down by business type as follows:

€m	30 Jun 2023	31 Dec 2022	Change
Deposit facility with Deutsche Bundesbank	14,403.4	15,361.7	-958.3
Current accounts	1,257.9	308.6	949.3
Daily and time deposits	8,815.9	9,687.6	-871.7
Lending business	4,697.4	3,324.4	1,373.0
Genuine repurchase agreements and collateralised securities lending transactions	15,807.8	10,167.7	5,640.1
<b>Due from banks before risk provisions</b>	<b>44,982.3</b>	<b>38,850.1</b>	<b>6,132.2</b>
Risk provisions in the lending business	-0.4	-0.3	-0.1
<b>Total</b>	<b>44,981.9</b>	<b>38,849.8</b>	<b>6,132.1</b>

The breakdown of amounts due from banks by region is as follows:

€m	30 Jun 2023	31 Dec 2022	Change
Domestic banks	33,275.4	32,097.4	1,177.9
Foreign banks	11,707.0	6,752.6	4,954.3
<b>Due from banks before risk provisions</b>	<b>44,982.3</b>	<b>38,850.1</b>	<b>6,132.2</b>
Risk provisions in the lending business	-0.4	-0.3	-0.1
<b>Total</b>	<b>44,981.9</b>	<b>38,849.8</b>	<b>6,132.1</b>

### 20 Due from customers

Amounts due from customers can be broken down by business type as follows:

€m	30 Jun 2023	31 Dec 2022	Change
Current accounts	405.1	566.6	-161.5
Daily and time deposits	928.7	1,081.4	-152.7
Lending business	21,283.5	21,537.9	-254.4
Genuine repurchase agreements and collateralised securities lending transactions	5,447.0	5,799.7	-352.7
<b>Due from customers before risk provisions</b>	<b>28,064.4</b>	<b>28,985.6</b>	<b>-921.2</b>
Risk provisions in the lending business	-178.3	-206.7	28.4
<b>Total</b>	<b>27,886.1</b>	<b>28,778.9</b>	<b>-892.8</b>

The breakdown of amounts due from customers by region is as follows:

€m	30 Jun 2023	31 Dec 2022	Change
Domestic borrowers	11,090.1	10,584.4	505.7
Foreign borrowers	16,974.3	18,401.2	-1,426.9
<b>Due from customers before risk provisions</b>	<b>28,064.4</b>	<b>28,985.6</b>	-921.2
Risk provisions in the lending business	-178.3	-206.7	28.4
<b>Total</b>	<b>27,886.1</b>	<b>28,778.9</b>	-892.8

## 21 Risk provisions in the lending and securities business

Default risks in lending and securities business are recognised through provisions, including provisions for off-balance sheet commitments. The accumulated provisions for debt instruments in the AC measurement category are offset against the gross carrying amounts on the asset side. For debt instruments in the FVOCI measurement category, the provisions are reported on the liabilities side in other comprehensive income (OCI). Risk provisions for credit risks from off-balance sheet commitments are reported on the liabilities side under provisions. Risk provisions in the first half of 2023 were as follows:

€m	30 Jun 2023	31 Dec 2022	Change
<b>Risk provisions in the lending business</b>	<b>182.5</b>	<b>219.7</b>	-37.2
Risk provisions for loan losses – due from banks	0.4	0.3	0.1
Risk provisions for loan losses – due from customers	178.3	206.7	-28.5
Provisions for off-balance sheet commitments	3.8	12.6	-8.8
<b>Risk provisions in the securities business</b>	<b>14.1</b>	<b>10.2</b>	3.9
Risk provisions for securities <sup>1)</sup>	14.1	10.2	3.9
<b>Total</b>	<b>196.6</b>	<b>229.9</b>	-33.3

<sup>1)</sup> Including risk provisions for financial assets measured at fair value through other comprehensive income

Compared to 31 December 2022, there has been no change in the methods and processes used to calculate risk provisions. The key assumptions and parameters used in determining risk provisions are reviewed and updated on a regular basis as part of the risk management processes.

Risk provisions of €0.7m were attributable to counterparties in Russia (31 December 2022: €0.3m). These exposures are secured through ECA guarantees.



Expected credit loss (ECL) is calculated based on historical observations of calibrated probability of default profiles. Every six months, the default profiles are validated in terms of their forecast quality with regard to potential future macroeconomic developments. If the historically calibrated default profiles turn out to be partly unsuitable for reflecting potential future developments in sufficient quality, recalibration is also performed, for certain rating modules, based on the macroeconomic review (special scenario). The relevant 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 probability of occurrence for the baseline scenario in the first half of 2023 was 65.0% (31 December 2022: 65.0%), with a figure of 25.0% for the negative scenario (31 December 2022: 30.0%) and 10.0% for the positive scenario (31 December 2022: 5.0%). The forecast horizon is three years and the forecast covers those countries in which the Deka Group is primarily active. Eight predefined macroeconomic factors are taken into account for each country and scenario over the forecast period. The factors for Germany for the forecast period 2023-2025 are shown in the table below:

<b>Inputs</b>	<b>Baseline scenario</b>	<b>Negative scenario</b>	<b>Positive scenario</b>
Unemployment rate (%)	5.2 to 5.6	5.6 to 7.1	3.7 to 5.6
Annual rate of change in GDP (%)	-0.4 to 1.7	-1.0 to -0.2	-0.4 to 4.2
Annual rate of change Consumer Price Index (%)	2.2 to 6.1	1.5 to 6.1	4.0 to 6.1
Annual rate of change Leading Share Index (%)	5.7 to 18.5	-11.7 to 18.5	13.0 to 18.5
Short-term interest rates (%)	3.0 to 3.6	2.0 to 3.3	3.3 to 4.2
Long-term interest rates (%)	2.3 to 2.4	1.2 to 2.4	2.4 to 3.3
Annual rate of change in the exchange rate EUR/USD (%)	2.16 to 3.31	-7.94 to 2.56	2.56 to 11.78
Brent oil price (USD per barrel)	81 to 86	81 to 134.3	55.8 to 81.0

The multiple, mutually reinforcing risk drivers observed in the first half of 2023 are hitting the real estate sector particularly hard. As a result, the decision was made to multiply the probability of default (PD) used to calculate expected credit losses for borrowers in the international commercial real estate rating module by a factor of 8.85 for the first year, and by a factor of 1.83 and 1.87 respectively for the second and third year, as at 30 June 2023. This post-model adjustment, which was based on expert estimates and the analysis of observable historical data, was applied to reflect the need to consider all available, up-to-date customer and macroeconomic data as at the reporting date. A post-model adjustment set up for corporates in the previous year was reversed. As at 30 June 2023, there were post-model adjustments (including effects from the special scenario) of €44.9m (31 December 2022: €50.5m).

Movements in risk provisions in the first half of 2023 were as follows:

*Risk provisions for assets measured at amortised cost*

€m	Stage 1	Stage 2	Stage 3	Total
<b>Due from banks</b>				
<b>Position as at 1 January 2023</b>	<b>0.3</b>	<b>–</b>	<b>–</b>	<b>0.3</b>
Transfer to other stages	–	–	–	–
Transfer from other stages	–	–	–	–
Change in position including new business	–0.1	–	–	–0.1
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	–0.0	–	–	–0.0
<b>Position as at 30 June 2023</b>	<b>0.4</b>	<b>–</b>	<b>–</b>	<b>0.4</b>
<b>Due from customers</b>				
<b>Position as at 1 January 2023</b>	<b>13.6</b>	<b>84.6</b>	<b>108.5</b>	<b>206.7</b>
Transfer to other stages	–3.4	–0.9	–	–4.3
Transfer from other stages	0.9	3.4	0.0	4.3
Change in position including new business	1.1	–2.8	–29.8	–31.5
Allocation	2.5	27.1	21.3	50.9
Reversal	–3.2	–27.8	–18.7	–49.7
Utilisation	–	–	–1.8	–1.8
Changes due to model changes	–	–	–	–
Changes due to non-substantial modifications	–	–1.7	1.1	–0.6
Changes in the scope of consolidation	–	–	–	–
Exchange rate-related and other changes	–0.1	–0.6	4.9	4.2
<b>Position as at 30 June 2023</b>	<b>11.5</b>	<b>81.3</b>	<b>85.5</b>	<b>178.3</b>
<b>Financial investments</b>				
<b>Position as at 1 January 2023</b>	<b>4.7</b>	<b>5.1</b>	<b>–</b>	<b>9.9</b>
Transfer to other stages	–0.0	–0.3	–	–0.3
Transfer from other stages	0.3	0.0	–	0.3
Change in position including new business	–0.2	–0.2	–	–0.3
Allocation	0.3	9.6	–	10.0
Reversal	–2.6	–2.9	–	–5.6
Utilisation	–	–	–	–
Changes due to model changes	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–
Exchange rate-related and other changes	–0.0	–0.0	–	–0.0
<b>Position as at 30 June 2023</b>	<b>2.5</b>	<b>11.4</b>	<b>–</b>	<b>14.0</b>

€m	Stage 1	Stage 2	Stage 3	Total
<b>Due from banks</b>				
<b>Position as at 1 January 2022</b>	<b>0.1</b>	<b>–</b>	<b>–</b>	<b>0.1</b>
Transfer to other stages	–	–	–	–
Transfer from other stages	–	–	–	–
Change in position including new business	0.0	–	–	0.0
Allocation	0.0	–	–	0.0
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
<b>Position as at 30 June 2022</b>	<b>0.1</b>	<b>–</b>	<b>–</b>	<b>0.1</b>
<b>Due from customers</b>				
<b>Position as at 1 January 2022</b>	<b>10.9</b>	<b>75.6</b>	<b>86.4</b>	<b>172.9</b>
Transfer to other stages	–0.1	–0.4	–	–0.5
Transfer from other stages	0.4	0.1	–	0.5
Change in position including new business	–0.1	–10.4	–6.7	–17.2
Allocation	2.4	8.9	5.2	16.5
Reversal	–1.8	–40.5	–5.3	–47.6
Utilisation	–	–	–0.0	–0.0
Changes due to model changes	–	–	–	–
Changes due to non-substantial modifications	0.0	–0.3	–	–0.3
Changes in the scope of consolidation	–	–	–	–
Exchange rate-related and other changes	0.3	3.5	4.3	8.1
<b>Position as at 30 June 2022</b>	<b>12.0</b>	<b>36.5</b>	<b>83.9</b>	<b>132.4</b>
<b>Financial investments</b>				
<b>Position as at 1 January 2022</b>	<b>2.4</b>	<b>2.8</b>	<b>–</b>	<b>5.2</b>
Transfer to other stages	–0.0	–	–	–0.0
Transfer from other stages	–	0.0	–	0.0
Change in position including new business	0.1	–2.8	–	–2.7
Allocation	0.6	2.5	–	3.1
Reversal	–0.3	–0.0	–	–0.3
Utilisation	–	–	–	–
Changes due to model changes	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–
Exchange rate-related and other changes	0.0	0.0	–	0.0
<b>Position as at 30 June 2022</b>	<b>2.8</b>	<b>2.5</b>	<b>–</b>	<b>5.3</b>

*Risk provisions for financial assets measured at fair value through other comprehensive income*

€m	Stage 1	Stage 2	Stage 3	Total
<b>Financial investments</b>				
<b>Position as at 1 January 2023</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>0.3</b>
Transfer to other stages	-	-	-	-
Transfer from other stages	-	-	-	-
Change in position including new business	-0.1	-	-	-0.1
Allocation	0.1	-	-	0.1
Reversal	-0.2	-	-	-0.2
Utilisation	-	-	-	-
Changes due to model changes	-	-	-	-
Changes due to non-substantial modifications	-	-	-	-
Exchange rate-related and other changes	-	-	-	-
<b>Position as at 30 June 2023</b>	<b>0.1</b>	<b>-</b>	<b>-</b>	<b>0.1</b>

€m	Stage 1	Stage 2	Stage 3	Total
<b>Financial investments</b>				
<b>Position as at 1 January 2022</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>0.3</b>
Transfer to other stages	-	-	-	-
Transfer from other stages	-	-	-	-
Change in position including new business	-0.0	-	-	-0.0
Allocation	0.1	-	-	0.1
Reversal	-0.1	-	-	-0.1
Utilisation	-	-	-	-
Changes due to model changes	-	-	-	-
Changes due to non-substantial modifications	-	-	-	-
Exchange rate-related and other changes	-	-	-	-
<b>Position as at 30 June 2022</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>0.3</b>

*Provisions for credit risks from off-balance sheet commitments*

€m	Stage 1	Stage 2	Stage 3	Total
<b>Loan commitments and financial guarantee contracts</b>				
<b>Position as at 1 January 2023</b>	<b>0.7</b>	<b>11.8</b>	<b>0.0</b>	<b>12.6</b>
Transfer to other stages	-0.0	-0.1	-	-0.1
Transfer from other stages	0.1	0.0	-	0.1
Change in position including new business	0.7	-4.9	-0.0	-4.2
Allocation	0.5	5.0	-	5.5
Reversal	-0.1	-9.8	-	-10.0
Utilisation	-	-	-	-
Changes due to model changes	-	-	-	-
Changes due to non-substantial modifications	-	-	-	-
Exchange rate-related and other changes	-0.0	-0.2	-	-0.2
<b>Position as at 30 June 2023</b>	<b>1.8</b>	<b>1.9</b>	<b>0.0</b>	<b>3.8</b>

€m	Stage 1	Stage 2	Stage 3	Total
<b>Loan commitments and financial guarantee contracts</b>				
<b>Position as at 1 January 2022</b>	<b>0.9</b>	<b>5.2</b>	<b>0.0</b>	<b>6.1</b>
Transfer to other stages	–	–	–	–
Transfer from other stages	–	–	–	–
Change in position including new business	–0.7	–0.0	–0.0	–0.7
Allocation	0.4	2.0	0.0	2.4
Reversal	–0.2	–0.2	–	–0.4
Utilisation	–	–	–	–
Changes due to model changes	–	–	–	–
Changes due to non-substantial modifications	–	–	–	–
Exchange rate-related and other changes	0.1	0.4	–	0.5
<b>Position as at 30 June 2022</b>	<b>0.5</b>	<b>7.4</b>	<b>0.0</b>	<b>7.9</b>

In order to examine the sensitivity of the ECL model to possible future developments, the Bank performed further calculations related to the changes at stages 1 and 2 of the impairment model. An extreme weighting of 100% for each of the scenarios on which the ECL plausibility check is based (baseline, negative and positive scenario) was applied. These simulations do not include the post-model adjustments or special scenarios that have been adopted. Instead, they apply the scenario-specific simulated probability of default profiles. In the baseline scenario, risk provisions would be approximately 1% lower, while they would be approximately 1% higher in the negative scenario and around 4% lower in the positive scenario.

Key ratios for provisions for loan losses:

%	2023	2022
<b>Reversal/allocation ratio as at reporting date<sup>1)</sup></b>		
(Ratio of net allocation/-reversal to gross carrying values relevant for risk provisions)	0.07	–0.07
<b>Default rate as at reporting date</b>		
(Ratio of defaults to gross carrying values relevant for risk provisions)	0.00	0.01
<b>Average default rate</b>		
(Ratio of defaults on a 5-year average to gross carrying values relevant for risk provisions)	0.05	0.08
<b>Net provisioning ratio as at reporting date</b>		
(Ratio of risk provisions to gross carrying values relevant for risk provisions)	0.41	0.37

<sup>1)</sup> 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 €48.0bn (31 December 2022: €61.6bn). It was still the case that no gross carrying amount was attributable to counterparties in Ukraine and Belarus at the end of the first half of 2023. A gross loan volume of €39m was attributable to Russia (31 December 2022: €43m). This is secured through ECA guarantees.

Risk provisions by risk segment:

€m	Valuation allowances and provisions in the lending and securities business		Defaults <sup>1)</sup>		Net allocations to <sup>2)</sup> /reversals of valuation allowances and provisions for credit risk	
	30 Jun 2023	31.12.2022	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022	1 <sup>st</sup> half 2023	1 <sup>st</sup> half 2022
<b>Customers</b>						
Real estate sector (including real estate funds)	126.7	120.7	0.9	-0.3	-2.4	13.1
Transport sector	25.9	55.5	0.9	-0.2	28.5	35.4
Renewable energies	22.7	24.9	-	-	2.2	0.1
Conventional energies and infrastructure	3.5	13.1	-	-	9.7	-0.8
Public sector	1.3	1.9	-	-	0.7	0.2
Industrial sector	1.2	1.7	-	-	0.4	0.1
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	-	-	0.2	-0.7
<b>Total customers</b>	<b>182.1</b>	<b>219.4</b>	<b>1.8</b>	<b>-0.5</b>	<b>39.5</b>	<b>47.2</b>
<b>Banks</b>						
Commercial banks	0.0	0.1	-	-	0.1	-0.0
Savings banks	0.4	0.2	-	-	-0.1	-0.0
Other financial institutions	0.1	0.0	-	-	0.0	-0.0
<b>Total banks</b>	<b>0.4</b>	<b>0.3</b>	<b>-</b>	<b>-</b>	<b>-0.0</b>	<b>-0.0</b>
<b>Securities</b>						
Renewable energies	1.7	1.9	-	-	0.3	0.4
Conventional energies and infrastructure	0.4	1.9	-	-	1.6	-0.1
Industrial sector	0.9	3.2	-	-	2.3	-0.0
Service sector	0.5	1.6	-	-	1.2	0.0
Commercial banks	10.5	1.0	-	-	-9.5	-0.4
Transport sector	0.0	0.0	-	-	0.0	-0.0
Other	0.2	0.5	-	-	0.3	-0.0
<b>Total securities</b>	<b>14.1</b>	<b>10.2</b>	<b>-</b>	<b>-</b>	<b>-3.9</b>	<b>-0.1</b>
<b>Total</b>	<b>196.6</b>	<b>229.9</b>	<b>1.8</b>	<b>-0.5</b>	<b>35.5</b>	<b>47.1</b>

<sup>1)</sup> Includes utilisation, direct write-downs and income on written-down receivables and securities

<sup>2)</sup> Negative in the column

## 22 Financial assets at fair value

This item includes debt securities, equities, units in investment funds and derivatives held for trading purposes. Derivatives forming part of economic hedging relationships that do not meet the requirements for hedge accounting under IFRS 9 (economic hedging derivatives) are also disclosed here. In addition, this item includes holdings in unconsolidated subsidiaries, joint ventures and associated companies, as well as other equity investments.

€m	30 Jun 2023	31 Dec 2022	Change
<b>Trading portfolio</b>			
Debt securities and other fixed-interest securities	6,931.6	5,893.7	1,037.9
Bonds and debt securities	6,876.9	5,870.8	1,006.1
Money market securities	54.7	22.9	31.8
Shares and other non fixed-interest securities	1,422.5	1,211.1	211.4
Shares	1,295.4	996.2	299.2
Units in investment funds	127.0	214.9	-87.9
Positive market values of derivative financial instruments	8,374.0	8,565.4	-191.4
Positive market values of derivative financial instruments (trading)	8,331.7	8,496.4	-164.7
Positive market values of derivative financial instruments (economic hedging derivatives)	42.3	69.0	-26.8
Loan receivables	373.2	495.9	-122.7
<b>Total – trading portfolio</b>	<b>17,101.3</b>	<b>16,166.1</b>	<b>935.2</b>
<b>Financial assets mandatorily measured at fair value through profit or loss</b>			
Debt securities and other fixed-interest securities	841.3	735.6	105.6
Bonds and debt securities	841.3	735.6	105.6
Money market securities	-	-	-
Shares and other non fixed-interest securities	238.7	252.9	-14.2
Shares	3.9	3.6	0.3
Units in investment funds	234.6	249.2	-14.6
Loan receivables	455.7	385.7	70.0
Shareholdings	28.4	26.4	2.0
Equity investments	27.5	25.5	2.0
Shares in affiliated companies	0.6	0.6	-
Holdings in joint ventures	-	-	-
Shares in associated companies	0.4	0.3	0.0
<b>Total – financial assets mandatorily measured at fair value through profit or loss</b>	<b>1,564.1</b>	<b>1,400.6</b>	<b>163.5</b>
<b>Total</b>	<b>18,665.4</b>	<b>17,566.8</b>	<b>1,098.6</b>

## 23 Financial investments

€m	30 Jun 2023	31 Dec 2022	Change
<b>Financial assets measured at amortised cost</b>			
Debt securities and other fixed-interest securities	8,684.0	7,992.3	691.6
<b>Financial assets measured at fair value through other comprehensive income</b>			
Debt securities and other fixed-interest securities	2,041.4	2,074.2	-32.8
<b>Shareholdings</b>			
Shares in at-equity accounted companies	16.5	16.5	0.0
<b>Financial investments before risk provisions</b>	<b>10,741.8</b>	<b>10,083.0</b>	<b>658.8</b>
Risk provisions for securities (AC)	-13.9	-9.9	-4.1
<b>Total</b>	<b>10,727.9</b>	<b>10,073.1</b>	<b>654.7</b>

## 24 Intangible assets and goodwill

€m	30 Jun 2023	31 Dec 2022	Change
Purchased goodwill	155.9	155.9	–
Software	20.9	19.2	1.7
Purchased	16.3	13.5	2.8
Developed in-house	4.6	5.7	–1.0
Other intangible assets	18.2	19.5	–1.3
<b>Total</b>	<b>195.0</b>	<b>194.6</b>	<b>0.4</b>

Purchased goodwill includes €95.0m in goodwill from the acquisition of Deka Vermögensmanagement GmbH, €53.1m in goodwill from the acquisition of WestInvest Gesellschaft für Investmentfonds mbH and €7.8m in goodwill from the acquisition of IQAM Invest GmbH and IQAM Partner GmbH.

## 25 Property, plant and equipment and right-of-use assets for leases

€m	30 Jun 2023	31 Dec 2022	Change
Plant and equipment	20.8	20.9	–0.1
Technical equipment and machines	8.2	8.8	–0.6
Right-of-use assets for leases (leasing assets)	288.0	306.1	–18.1
<b>Total</b>	<b>317.1</b>	<b>335.8</b>	<b>–18.8</b>

## 26 Due to banks

Amounts due to banks can be broken down by business type as follows:

€m	30 Jun 2023	31 Dec 2022	Change
Overdrafts	1,673.6	802.6	
Daily and time deposits	7,956.5	10,866.5	–2,910.0
Promissory note loans and registered bonds	1,677.4	1,779.8	–102.4
Collateralised registered bonds and promissory note loans	145.4	144.7	0.7
Unsecured registered bonds and promissory note loans	1,532.1	1,635.1	–103.0
Genuine repurchase agreements and collateralised securities lending transactions	6,871.3	3,567.6	3,303.7
Borrowings	244.3	195.2	49.1
<b>Total</b>	<b>18,423.2</b>	<b>17,211.7</b>	<b>1,211.5</b>

The regional breakdown of amounts due to banks is as follows:

€m	30 Jun 2023	31 Dec 2022	Change
Domestic banks	12,495.9	14,735.0	–2,239.1
Foreign banks	5,927.3	2,476.7	3,450.6
<b>Total</b>	<b>18,423.2</b>	<b>17,211.7</b>	<b>1,211.5</b>



## 27 Due to customers

Amounts due to customers can be broken down by business type as follows:

€m	30 Jun 2023	31 Dec 2022	Change
Overdrafts	16,368.6	18,281.5	-1,912.9
Daily and time deposits	10,005.2	4,880.5	5,124.7
Promissory note loans and registered bonds	1,472.0	1,573.7	-101.7
Collateralised registered bonds and promissory note loans	357.8	375.8	-18.0
Unsecured registered bonds and promissory note loans	1,114.2	1,197.9	-83.7
Genuine repurchase agreements and collateralised securities lending transactions	350.2	249.8	100.4
Borrowings	149.0	120.5	28.5
<b>Total</b>	<b>28,345.0</b>	<b>25,106.0</b>	<b>3,239.0</b>

The regional breakdown of amounts due to customers is as follows:

€m	30 Jun 2023	31 Dec 2022	Change
Domestic customers	23,691.5	19,993.7	3,697.8
Foreign customers	4,653.5	5,112.3	-458.8
<b>Total</b>	<b>28,345.0</b>	<b>25,106.0</b>	<b>3,239.0</b>

## 28 Securitised liabilities

Securitised liabilities include bonds and other liabilities for which transferable certificates are issued. Under IFRS 9, own bonds held by the Deka Group with a nominal amount of €264.8m (31 December 2022: €265.8m) were deducted from the issued bonds.

€m	30 Jun 2023	31 Dec 2022	Change
Uncovered debt securities issued	9,903.7	7,095.9	2,807.8
Covered debt securities issued	2,990.5	2,968.6	21.9
Money market securities issued	2,635.4	1,104.9	1,530.5
<b>Total</b>	<b>15,529.6</b>	<b>11,169.4</b>	<b>4,360.2</b>

## 29 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	30 Jun 2023	31 Dec 2022	Change
<b>Trading portfolio</b>			
Trading issues	19,822.2	19,988.5	-166.3
Securities short portfolios	924.6	1,008.5	-83.9
Negative market values of derivative financial instruments (trading)	11,463.7	13,085.4	-1,621.7
Negative market values of derivative financial instruments (economic hedging derivatives)	24.7	53.5	-28.8
<b>Total – trading portfolio</b>	<b>32,235.1</b>	<b>34,135.9</b>	<b>-1,900.8</b>
<b>Financial liabilities designated at fair value</b>			
Issues	139.9	217.1	-77.2
<b>Financial liabilities designated at fair value - total</b>	<b>139.9</b>	<b>217.1</b>	<b>-77.2</b>
<b>Total</b>	<b>32,375.0</b>	<b>34,353.0</b>	<b>-1,978.0</b>

Issues are broken down by product type as follows:

€m	30 Jun 2023	31 Dec 2022	Change
<b>Trading portfolio</b>			
Uncovered trading issues			
Bearer bonds issued	17,494.4	17,551.5	-57.2
Registered bonds issued	792.3	776.4	15.9
Promissory notes raised	1,535.5	1,660.6	-125.0
<b>Total</b>	<b>19,822.2</b>	<b>19,988.5</b>	<b>-166.3</b>
<b>Financial liabilities designated at fair value</b>			
Uncovered issues			
Registered bonds issued	106.8	110.6	-3.8
Promissory notes raised	-	20.3	-20.3
Covered issues	33.1	86.2	-53.1
<b>Total</b>	<b>139.9</b>	<b>217.1</b>	<b>-77.2</b>

## 30 Provisions

€m	30 Jun 2023	31 Dec 2022	Change
Provisions in investment funds business	86.2	83.8	2.4
Provisions for pensions and similar commitments	19.3	14.5	4.8
Provisions for legal risks	10.1	12.8	-2.7
Provisions for operational risks	7.6	8.6	-1.1
Provisions for credit risks	3.8	12.6	-8.8
Provisions in human resources	0.7	0.7	0.0
Provisions for restructuring measures	0.0	0.0	-
Sundry other provisions	91.3	92.2	-1.0
<b>Total</b>	<b>219.0</b>	<b>225.3</b>	<b>-6.3</b>

The actuarial interest rate underlying the measurement of pension provisions as at 30 June 2023 was 3.75%, 0.2 percentage points below the actuarial interest rate applied at 31 December 2022. Based on actuarial valuations, a pre-tax revaluation loss of €8.3m (31 December 2022: revaluation gain of €167.1m) was recognised in other comprehensive income.

Provisions in investment funds business are created, among other things, for the funds with formal guarantees described below.

The Deka Group's range of products includes investment funds with guarantees of various types. The investment management company undertakes to adhere to the guaranteed fund price on the relevant guarantee date. The amount of the provision for guarantee funds is the forecast shortfall at the guarantee date, which is the difference between the expected unit value and the unit value guaranteed. There is also a guarantee fund for which the amount of provisions is calculated using various loss scenarios. As at the reporting date, €16.7m (31 December 2022: €17.5m) was set aside based on the changes in the respective fund assets. The guarantees as at the reporting date covered a maximum volume of €2.0bn (31 December 2022: €1.9bn) at the respective guarantee dates. The market value of the corresponding fund assets totalled €2.2bn (31 December 2022: €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 €54.1m (31 December 2022: €51.9m) was recognised. Potential obligations from fund-based pension products totalled €5.9bn (31 December 2022: €5.7bn). The market value of the fund-based pension products totalled €7.6bn (31 December 2022: €7.0bn).

In its ruling of 27 April 2021, the German Federal Court of Justice (BGH) ruled that amendments to the general terms and conditions of business concerning adjustments to fees were partially invalid. The Deka Group has reviewed the relevant customer agreements and recognised a provision for legal risks in the amount of €4.5m for potential claims for the repayment of fees (31 December 2022: €6.2m).

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 30 June 2023.

The official search of DekaBank's premises, 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.

The sundry other provisions were established in respect of liabilities arising from a range of issues. Sundry other provisions chiefly comprise a provision of €86.1m, created in the 2019 financial year, for a capital-strengthening measure in relation to a company in the equity investment portfolio (31 December 2022: €86.1m).

## 31 Equity

€m	30 Jun 2023	31 Dec 2022	Change
<b>Subscribed capital</b>	<b>286.3</b>	<b>286.3</b>	–
<b>Own shares (deduction)</b>	<b>94.6</b>	<b>94.6</b>	–
<b>Additional capital components (AT1 bonds)</b>	<b>598.6</b>	<b>598.6</b>	–
<b>Capital reserve</b>	<b>239.5</b>	<b>239.5</b>	–
<b>Retained earnings</b>	<b>5,463.5</b>	<b>5,489.4</b>	–25.9
Statutory reserve	1.1	6.1	–5.0
Other retained earnings	5,462.4	5,483.3	–20.9
<b>Revaluation reserve</b>	<b>13.1</b>	<b>17.4</b>	–4.3
For provisions for pensions	26.4	34.7	–8.3
For foreign currency basis spreads of hedging derivatives	–5.1	–0.9	–4.2
For financial assets measured at fair value through other comprehensive income	–25.4	–27.8	2.4
For own credit risk of financial liabilities designated at fair value	–0.4	–1.2	0.8
Currency translation reserve	0.5	0.7	–0.2
Deferred taxes	17.1	11.9	5.2
<b>Accumulated profit (consolidated profit)</b>	<b>474.9</b>	<b>200.2</b>	274.7
<b>Total</b>	<b>6,981.3</b>	<b>6,736.8</b>	244.5

## Notes on financial instruments

### 32 Fair value disclosures for 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.

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 a netting agreement exists for counterparties, the calculation is performed at the level of the counterparty based on the net position. In other cases, the calculation is performed using the individual positions. 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.

In the Deka Group, financial instruments are classified as per IFRS 7 by balance sheet line item and IFRS measurement category. The carrying values and fair values of financial assets and financial liabilities are divided among the measurement categories and classes of financial instruments as follows:

€m	30 Jun 2023		31 Dec 2022	
	Fair value	Carrying value	Fair value	Carrying value
<b>Assets</b>				
<b>Financial assets measured at amortised cost</b>				
Cash reserves	441.6	441.6	346.7	346.7
Due from banks	44,860.7	44,981.9	38,736.3	38,849.8
Due from customers	27,295.0	27,886.1	28,324.3	28,778.9
Financial investments	8,250.8	8,670.0	7,539.8	7,982.5
Other assets	189.9	189.9	199.3	199.3
<b>Financial assets measured at fair value through other comprehensive income</b>				
Financial investments	2,041.4	2,041.4	2,074.2	2,074.2
<b>Financial assets measured at fair value through profit or loss</b>				
Trading portfolio				
Financial assets at fair value	17,101.3	17,101.3	16,166.1	16,166.1
Financial assets mandatorily measured at fair value through profit or loss				
Financial assets at fair value	1,564.1	1,564.1	1,400.6	1,400.6
Other assets	13.1	13.1	1.7	1.7
<b>Positive market values of derivative hedging instruments</b>	240.4	240.4	271.1	271.1
<b>Total asset items</b>	<b>101,998.3</b>	<b>103,129.8</b>	<b>95,060.1</b>	<b>96,070.9</b>
<b>Liabilities</b>				
<b>Financial liabilities measured at amortised cost</b>				
Due to banks	18,281.9	18,423.2	17,044.8	17,211.7
Due to customers	28,259.4	28,345.0	25,021.9	25,106.0
Securitised liabilities	14,786.9	15,529.6	10,413.5	11,169.4
Subordinated capital	1,047.5	1,076.8	888.9	907.4
Other liabilities	511.6	511.6	520.7	520.7
<b>Financial liabilities measured at fair value through profit or loss</b>				
Trading portfolio				
Financial liabilities at fair value	32,235.1	32,235.1	34,135.9	34,135.9
Other liabilities	4.8	4.8	1.4	1.4
Financial liabilities designated at fair value				
Financial liabilities at fair value	139.9	139.9	217.1	217.1
<b>Negative market values of derivative hedging instruments</b>	402.5	402.5	555.1	555.1
<b>Total liability items</b>	<b>95,669.6</b>	<b>96,668.5</b>	<b>88,799.3</b>	<b>89,824.8</b>

### Fair value hierarchy

Financial instruments carried at fair value in the balance sheet are to be allocated to the following three fair value hierarchy levels specified in IFRS 13 depending on the inputs influencing their valuation:

Level 1: (Prices listed on 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 inputs, 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, inputs not observable in the market, provided they are significant for the valuation, are allocated to this level.

The tables below show the fair values of the financial instruments carried in the balance sheet at fair value according to their level in the fair value hierarchy:

€m	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)	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
<b>Financial assets measured at fair value through profit or loss</b>						
Debt securities, other fixed-interest securities and loan receivables	4,198.3	2,282.9	3,600.4	4,299.1	803.1	929.0
Shares and other non fixed-interest securities	1,496.8	1,316.6	111.4	95.2	53.0	52.1
Derivative financial instruments	244.6	125.2	7,945.5	8,303.3	183.9	137.0
Interest-rate-related derivatives	–	–	5,189.9	5,997.4	80.3	104.2
Currency-related derivatives	–	–	166.6	156.5	–	–
Share and other price-related derivatives	244.6	125.2	2,589.0	2,149.3	103.6	32.8
Shareholdings	–	–	–	–	28.4	26.4
Positive market values of derivative hedging instruments	–	–	240.4	271.1	–	–
<b>Financial assets measured at fair value through other comprehensive income</b>						
Debt securities and other fixed-interest securities	1,433.9	528.7	607.5	1,545.5	–	–
<b>Total</b>	<b>7,373.6</b>	<b>4,253.4</b>	<b>12,505.2</b>	<b>14,514.2</b>	<b>1,068.4</b>	<b>1,144.5</b>

€m	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)	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
<b>Financial liabilities measured at fair value through profit or loss</b>						
Securities short portfolios	852.9	609.0	71.7	399.5	–	–
Derivative financial instruments	173.7	160.5	11,304.3	12,504.9	10.4	473.5
Interest-rate-related derivatives	–	–	9,211.5	9,955.5	2.0	447.1
Currency-related derivatives	–	–	135.7	146.0	–	–
Share and other price-related derivatives	173.7	160.5	1,957.1	2,403.3	8.4	26.4
Issues	–	–	19,947.6	17,848.0	14.5	2,357.6
<b>Negative market values of derivative hedging instruments</b>	–	–	402.5	555.1	–	–
<b>Total</b>	<b>1,026.6</b>	<b>769.5</b>	<b>31,726.1</b>	<b>31,307.5</b>	<b>24.9</b>	<b>2,831.1</b>

### 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 balance sheet date:

€m	Reclassifications from level 1 to level 2		Reclassifications from level 2 to level 1	
	2023	2022	2023	2022
<b>Financial assets measured at fair value through profit or loss</b>				
Debt securities, other fixed-interest securities and loan receivables	135.9	919.9	1,794.9	217.9
Derivative financial instruments	59.1	17.2	179.2	73.8
Share and other price-related derivatives	59.1	17.2	179.2	73.8
<b>Financial liabilities measured at fair value through profit or loss</b>				
Securities short portfolios	1.0	16.3	201.2	8.6
Derivative financial instruments	50.9	0.8	101.5	110.9
Interest-rate-related derivatives	–	–	–	–
Share and other price-related derivatives	50.9	0.8	101.5	110.9

Financial instruments were transferred from level 1 to level 2 during the period 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.

Within the Deka Group, reclassifications between the different levels of the fair value hierarchy are deemed to have taken place as at the end of the relevant reporting period.

### 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 (the discounted cash flow model). 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 interest rate 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.

If no price is observable on an active market for financial liabilities in relation to issuing business, the fair value is calculated by discounting the contractually agreed cash flows. Discounting uses a risk-adjusted market interest rate corresponding to the liability category. This is based on DekaBank's credit risk and is derived from market information. Any existing collateralisation structure is taken into account, such as that used for covered bonds (*Pfandbriefe*), for example.

#### **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. Future cash flows from receivables are discounted at a risk-adjusted market rate based on the categories of borrower, sector, rating, rank and maturity.

If loan receivables are recognised at fair value, a granular analysis is carried out when determining the first spread component. In particular, side agreements such as the borrower's rights of termination or floors are taken into account. These side agreements 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 €-0.4m lower or higher.

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 50 basis points relating to the credit spreads, the fair value of the loan receivables measured at fair value could have been €-7.8m lower or higher.

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 share option positions concerned was around €-0.8m as at 30 June 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 1.13%, giving rise to a measurement difference of €+0.1m. 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 30 June 2023 is approximately €-66.2m. 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 30 June 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.

For transactions assigned to fair value hierarchy level 2 or 3 on the reporting date, a day-one profit of €0.1m was accrued on the reporting date (previous year: day-one loss of €1.0m). This accrual item will be reversed over the residual term to maturity of the financial instruments concerned over the coming financial years.

As at 30 June 2023, 100.0% of bonds and other fixed-income securities allocated to level 3 for which an external rating was available were rated as investment grade.

### 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	Share- holdings	Positive market values of derivative hedging instruments	Total
<b>As at 1 January 2022</b>	<b>605.2</b>	<b>17.5</b>	<b>19.4</b>	<b>5.5</b>	<b>30.4</b>	<b>0.0</b>	<b>678.0</b>
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 <sup>1)</sup>	–105.5	–0.1	84.8	21.9	3.3	–	4.4
Recognised in other comprehensive income <sup>2)</sup>	–	–	–	–	–	–	–
<b>As at 31 December 2022</b>	<b>929.0</b>	<b>52.1</b>	<b>104.2</b>	<b>32.8</b>	<b>26.4</b>	<b>–</b>	<b>1,144.5</b>
<b>Movement in unrealised gains or losses in respect of assets in the portfolio at the balance sheet date<sup>3)</sup></b>	<b>–77.0</b>	<b>–</b>	<b>84.8</b>	<b>21.8</b>	<b>0.5</b>	<b>–</b>	<b>30.1</b>
<b>As at 1 January 2023</b>	<b>929.0</b>	<b>52.1</b>	<b>104.2</b>	<b>32.8</b>	<b>26.4</b>	<b>–</b>	<b>1,144.5</b>
Additions through purchase	4,112.2	–	–	–1.8	–	–	4,110.4
Disposals through sale	4,001.0	–	–	–0.1	–	–	4,000.9
Maturity/repayments	88.2	–	–	–	–	–	88.2
Transfers							
To Level 3	37.1	–	–	96.1	–	–	133.2
From Level 3	216.7	–	26.0	32.4	–	–	275.1
Changes arising from measurement/disposal							
Recognised in profit or loss <sup>1)</sup>	30.7	0.9	2.1	8.8	2.0	–	44.5
Recognised in other comprehensive income <sup>2)</sup>	–	–	–	–	–	–	–
<b>As at 30 June 2023</b>	<b>803.1</b>	<b>53.0</b>	<b>80.3</b>	<b>103.6</b>	<b>28.4</b>	<b>–</b>	<b>1,068.4</b>
<b>Movement in unrealised gains or losses in respect of assets in the portfolio at the balance sheet date<sup>3)</sup></b>	<b>–6.1</b>	<b>0.9</b>	<b>2.1</b>	<b>9.2</b>	<b>2.0</b>	<b>–</b>	<b>8.1</b>

<sup>1)</sup> 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.

<sup>2)</sup> Gains and losses recognised in other comprehensive income from the measurement of level 3 financial instruments are included in the revaluation reserve.

<sup>3)</sup> 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
<b>As at 1 January 2022</b>	<b>53.8</b>	<b>19.2</b>	<b>1,896.9</b>	<b>1,969.9</b>
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 <sup>1)</sup>	–393.5	–3.4	470.2	73.3
Recognised in other comprehensive income <sup>2)</sup>	–	–	–	–
<b>As at 31 December 2022</b>	<b>447.1</b>	<b>26.4</b>	<b>2,357.6</b>	<b>2,831.1</b>
<b>Movement in unrealised gains or losses in respect of liabilities in the portfolio at the balance sheet date<sup>3)</sup></b>	<b>–394.2</b>	<b>–8.7</b>	<b>445.3</b>	<b>42.4</b>
<b>As at 1 January 2023</b>	<b>447.1</b>	<b>26.4</b>	<b>2,357.6</b>	<b>2,831.1</b>
Additions through purchase	–	0.4	8.0	8.4
Disposals through sale	–	–0.3	–	–0.3
Additions through issues	–	–	1.3	1.3
Maturity/repayments	–	–	221.7	221.7
Transfers				
To Level 3	–	0.5	6.9	7.4
From Level 3	445.0	20.1	2,133.3	2,598.4
Changes arising from measurement/disposal				
Recognised in profit or loss <sup>1)</sup>	0.1	–0.9	4.3	3.5
Recognised in other comprehensive income <sup>2)</sup>	–	–	–	–
<b>As at 30 June 2023</b>	<b>2.0</b>	<b>8.4</b>	<b>14.5</b>	<b>24.9</b>
<b>Movement in unrealised gains or losses in respect of liabilities in the portfolio at the balance sheet date<sup>3)</sup></b>	<b>0.1</b>	<b>–4.7</b>	<b>8.6</b>	<b>4.0</b>

<sup>1)</sup> 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.

<sup>2)</sup> Gains and losses recognised in other comprehensive income from the measurement of level 3 financial instruments are included in the revaluation reserve.

<sup>3)</sup> 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.

During the reporting period, positive market values of debt securities, other fixed-interest securities and loan receivables amounting to €216.7m were transferred from level 3, with €37.1m being transferred to level 3. Positive market values of share- and other price-related derivatives amounting to €32.4m were transferred from level 3, with €96.1m being transferred to level 3. Interest rate-related derivatives amounting to €26.0m were also transferred from level 3. In addition, negative market values of issues amounting to €2,133.3m were transferred from level 3, with €6.9m being transferred to level 3. Negative market values of interest rate-related derivatives amounting to €445.0m were also transferred from level 3. Additionally, negative market values of share- or price-related derivatives amounting to €20.1m were transferred from level 3, with €0.5m being transferred to level 3. This was due to a more detailed analysis of the market data used for valuation.

As at 30 June 2023, analyses for level 3 financial instruments were performed with regard to the materiality of spread curves, correlation matrices, volatility surfaces and dividend expectations. 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, 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. For interest rate correlations, sensitivity is mapped via shifts in the model parameters for the relevant reference indices. This sensitivity is expressed in relation to the present value of the financial instrument. If the sensitivity is insignificant, the product can be assigned to level 2. For volatility surfaces and dividend expectations, the materiality of the unobservable area is determined via shifts. If the resulting change in present value is insignificant, the products can be assigned to level 2. When it comes to credit default swaps, materiality is determined using various extrapolation methods. In a year-on-year comparison, a volume of €-2,532.90m was transferred from level 3 to level 2 based on additional materiality analyses.

### **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, parameterisation, 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.

## 33 Information on the quality of financial assets

### Non-performing exposures

The following table shows the breakdown of non-performing exposures by risk segment.

€m	Transport sector	Renewable energies	Real estate sector	Total 30 Jun 2023	Total 31 Dec 2022
Non-performing exposures <sup>1)</sup>	100.1	–	315.2	415.3	343.9
Collateral <sup>2)</sup>	87.2	–	242.1	329.3	235.3
Provisions for loan losses/credit rating-related changes in fair value	12.4	–	73.1	85.5	108.5

<sup>1)</sup> The figures shown represent the cross carrying value of the credit risk-bearing financial asset classified as non-performing.

<sup>2)</sup> Recognition of measurable collateral. Indication of market or fair value not exceeding the underlying exposure.

### Exposures with forbearance measures

The table below shows the breakdown of forborne exposures by risk segment.

€m	Transport sector	Renewable energies	Real estate sector	Total 30 Jun 2023	Total 31 Dec 2022
Forborne exposures <sup>1)</sup>	225.4	57.7	889.4	1,172.5	860.0
thereof: Performing	169.5	57.7	675.1	902.3	688.6
thereof: Non-Performing	55.9	–	214.3	270.2	171.4
Collateral <sup>2)</sup>	212.5	–	789.1	1,001.6	715.7
Provisions for loan losses/credit rating-related changes in fair value	12.5	2.1	81.9	96.5	105.1

<sup>1)</sup> The figures shown represent the cross carrying value of the credit risk-bearing financial asset classified as forborne.

<sup>2)</sup> Recognition of measurable collateral. Indication of market or fair value not exceeding the underlying exposure.

Key ratios for non-performing and forborne exposures:

%	30 Jun 2023	31 Dec 2022
<b>NPE ratio at the reporting date</b>		
(Ratio of non-performing exposures to maximum credit risk)	0.41	0.36
<b>NPE coverage ratio, including collateral, at the reporting date</b>		
(Ratio of risk provisions, including collateral, to non-performing exposures)	99.87	99.99
<b>NPE coverage ratio, excluding collateral, at the reporting date</b>		
(Ratio of risk provisions, excluding collateral, to non-performing exposures)	20.59	31.55
<b>Forborne exposure ratio, at the reporting date</b>		
(Ratio of forborne exposures to maximum credit risk)	1.14	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 commitments. As at the reporting date, it amounted to €102.5bn (31 December 2022: €95.9bn).

## 34 Derivative transactions

The derivative financial instruments used in the Deka Group can be broken down by the type of risk hedged as follows:

€m	Nominal value		Positive fair values <sup>1)</sup>		Negative fair values <sup>1)</sup>	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
Interest rate risks	891,332.6	762,836.6	30,782.9	32,218.2	30,804.8	32,619.3
Currency risks	27,554.1	31,144.9	290.1	310.7	568.5	730.5
Share and other price risks	68,829.4	59,365.6	2,924.4	2,279.7	2,202.4	2,633.7
<b>Total</b>	<b>987,716.1</b>	<b>853,347.1</b>	<b>33,997.4</b>	<b>34,808.6</b>	<b>33,575.7</b>	<b>35,983.5</b>
<b>Net amount disclosed in the statement of financial position</b>			<b>8,614.4</b>	<b>8,836.5</b>	<b>11,890.8</b>	<b>13,694.0</b>

<sup>1)</sup> Fair values are shown before offsetting against variation margin paid or received

## 35 Interest rate benchmark (IBOR) reform

DekaBank has opted for a project-based approach to implementing the IBOR reform and introducing the new risk-free rates (RFRs), involving 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 are being managed through the new product process. Management is regularly updated on the progress of these activities through the established committees.

The first half of 2023 was dominated by USD-related transitions. With regard to lending, Term SOFR has become established as a basis for variable rate loans, whereas in the derivatives business, there are limited options available for using Term SOFR. A large part of the loans had been transitioned by the reporting date of 30 June 2023. The remaining loans are expected to transition within the current interest rate fixing phase. Fall-back provisions have also been agreed. Derivatives subject to a clearing obligation and bilateral derivatives were also transitioned in the first half of 2023. The final transition of USD/EUR cross-currency swaps to standard SOFR/€STR contracts has closed out temporary basis risks related to the transition process.

The USD transition process brings the IBOR reform project to an end. Any outstanding transition activities will be performed within the line organisation.

## Other disclosures

## 36 Regulatory capital (own funds)

Regulatory capital and the capital ratios were calculated as at 30 June 2023 on the basis of the capital requirements currently applicable under the Capital Requirements Regulation (CRR), which is subject to certain transitional provisions.

The figures presented below are shown in accordance with the transitional provisions set out in the CRR as well as pursuant to full application of the regulations. Own funds are calculated based on the figures from the IFRS consolidated financial statements.

The composition of own funds is shown in the following table:

€m	30 Jun 2023	31 Dec 2022
Common Equity Tier 1 (CET 1) capital	5,436	5,462
Additional Tier 1 (AT 1) capital	599	599
<b>Tier 1 capital</b>	<b>6,034</b>	<b>6,061</b>
Tier 2 (T2) capital	753	690
<b>Own funds</b>	<b>6,787</b>	<b>6,751</b>

The drop in Common Equity Tier 1 capital can be attributed primarily to an increase in the shortfall of provisions and a drop in retained earnings due to AT1 interest payments. By contrast, there was a lower deduction for “additional valuation adjustments based on the requirements for prudent valuation” (AVAs).

The items subject to a capital charge are shown in the following table:

€m	30 Jun 2023	31 Dec 2022	Change
Credit risk	20,129	20,993	-864
Market risk	4,173	5,645	-1,472
Operational risk	4,132	4,139	-7
CVA risk	548	583	-35
<b>Risk-weighted assets</b>	<b>28,982</b>	<b>31,360</b>	<b>-2,377</b>

As at the reporting date, the ratios for the Deka Group were as follows:

%	30 Jun 2023	31 Dec 2022
Common Equity Tier 1 capital ratio	18.8	17.4
Tier 1 capital ratio	20.8	19.3
Total capital ratio	23.4	21.5

Regulatory own funds requirements were met at all times during the reporting period.

## 37 Contingent liabilities and other obligations

€m	30 Jun 2023	31 Dec 2022	Change
Irrevocable lending commitments	991.0	1,149.9	-158.9
Other liabilities	70.3	70.3	-
<b>Total</b>	<b>1,061.3</b>	<b>1,220.2</b>	<b>-158.9</b>

The bank guarantees provided by DekaBank are financial guarantees under IFRS and are stated net. The nominal amount of the guarantees in place as at the reporting date was €114.7m (31 December 2022: €119.8m).



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 of the German Tax Code does not pass to the recipient of the shares. Even in light of the above, DekaBank still sees no convincing reason to believe that the share trades it transacted around the dividend record date prior to 2016 will fall under the scope of section 42 of the German Tax Code. 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 €28.0m may arise in this regard. As DekaBank continues to assume that its legal view will be confirmed in the final instance of fiscal court proceedings, tax refund claims of €149.5m are recognised in this context.

## 38 List of shareholdings

DekaBank Deutsche Girozentrale, Frankfurt/Berlin, is entered in Commercial Register A of the Local Court (*Amtsgericht*) of Frankfurt am Main under the number HRA 16068. The following information on shareholdings is a supplementary disclosure required under section 315e of the German Commercial Code (*Handelsgesetzbuch*). No comparative information is therefore presented in respect of the previous period.

Consolidated subsidiaries (affiliated companies):

Name, registered office	Share of equity
	%
	<b>30 Jun 2023</b>
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 <sup>1)</sup>
IQAM Partner GmbH, Vienna	100.00
S Broker Management AG, Wiesbaden	100.00
S Broker AG & Co. KG, Wiesbaden	100.00
SWIAT GmbH, Frankfurt/Main	100.00
WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf	99.74 <sup>2)</sup>
WIV GmbH & Co. Beteiligungs KG, Frankfurt/Main	94.90

<sup>1)</sup> 25.5% is held by IQAM Partner GmbH.

<sup>2)</sup> 5.1% is held by WIV GmbH & Co. Beteiligungs KG.

## Consolidated subsidiaries (structured entities):

Name, registered office	Share in fund assets %
	30 Jun 2023
A-DGZ 2-FONDS, Frankfurt/Main	100.00
DDDD-FONDS, Frankfurt/Main	100.00
S Broker 1 Fonds, Frankfurt/Main	100.00

## Joint ventures accounted for under the equity method:

Name, registered office	Share of equity %	Equity €'000	Total of profit or loss €'000
	30 Jun 2023	30 Jun 2023	2023
S-PensionsManagement GmbH, Cologne <sup>1)</sup>	50.00	28,164.8	857.5
Dealis Fund Operations GmbH i.L., Frankfurt/Main <sup>2)</sup>	50.00	32,955.1	-89.7

<sup>1)</sup> Amounts reported in financial statements for the year ended 31 December 2021

<sup>2)</sup> 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 %
	30 Jun 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 %
	30 Jun 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	Share of equity/fund
	€m	assets
	30 Jun 2023	30 Jun 2023
		%
Private Banking Premium Chance Nachhaltigkeit, Frankfurt/Main	0.20	100.00%
Private Banking Premium Ertrag Nachhaltigkeit, Frankfurt/Main	0.21	99.44%
Deka-Immobilien PremiumPlus-Private Banking CF (T), Luxembourg	0.30	96.85%
Deka-MultiFactor Global Corporates, Luxembourg	30.42	93.82%
Deka-Globale Aktien Value, Luxembourg	12.28	89.17%
Deka-BoutiqueSelect, Frankfurt/Main	2.10	82.84%
Deka-MultiFactor Emerging Markets Corporates, Luxembourg	29.47	44.36%
Deka-MultiFactor Global Corporates HY, Luxembourg	35.35	39.03%
Deka Investors Spezial InvAG m.v.K. und TGV, Frankfurt/Main		
Teilgesellschaftsvermögen Mittelstandskreditfonds I, Frankfurt/Main	11.29	23.00%

## 39 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, associated companies and their respective subsidiaries as well as individuals in key positions and their relatives, and companies controlled by these individuals. Individuals in key positions exclusively comprise the members of the Board of Management and Administrative Board of DekaBank. Unconsolidated own mutual funds and special funds where the Deka Group's holding exceeds 10% as at the reporting date are shown as subsidiaries, associated companies or other related parties in accordance with their equity holding.

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, daily and time deposits and derivatives. 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:

€m	Shareholders		Subsidiaries	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
<b>Asset items</b>				
Due from customers	–	–	0.3	–
Financial assets at fair value	–	–	0.3	0.3
Other assets	–	–	0.1	0.1
<b>Total asset items</b>	<b>–</b>	<b>–</b>	<b>0.6</b>	<b>0.4</b>
<b>Liability items</b>				
Due to customers	138.5	48.5	2.8	3.4
Financial liabilities at fair value	–	–	–	–
Other liabilities	–	–	0.0	0.0
<b>Total liability items</b>	<b>138.5</b>	<b>48.5</b>	<b>2.8</b>	<b>3.4</b>

Business relationships with joint ventures, associated companies and other related parties:

€m	Joint ventures/ associated companies		Other related parties	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
<b>Asset items</b>				
Due from customers	115.7	110.2	9.6	–
Financial assets at fair value	2.0	1.9	3.9	–
Other assets	0.0	0.0	0.1	–
<b>Total asset items</b>	<b>117.7</b>	<b>112.1</b>	<b>13.6</b>	<b>–</b>
<b>Liability items</b>				
Due to customers	13.8	9.3	138.5	–
Financial liabilities at fair value	14.7	13.9	15.4	–
Other liabilities	0.1	0.5	–	–
<b>Total liability items</b>	<b>28.5</b>	<b>23.7</b>	<b>153.9</b>	<b>–</b>

## 40 Additional miscellaneous information

### Events after the reporting period

No major developments of particular significance occurred between the reporting date of 30 June 2023 and the time at which these interim financial statements were prepared.

The consolidated interim financial statements were approved for publication on 14 August 2023 by DekaBank's Board of Management.

## Assurance of the Board of Management

We declare that, to the best of our knowledge, the consolidated interim financial statements prepared in accordance with the reporting standards applicable to interim financial reporting convey a true and fair view of the financial position and financial performance of the Group and that the interim 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 over the remainder of the financial year.

Frankfurt/Main, 14 August 2023

DekaBank  
Deutsche Girozentrale

The Board of Management



Dr. Stocker



Dr. Danne



Dietl-Benzin



Kapffer



Knapmeyer



Müller

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

## Review Report

To DekaBank Deutsche Girozentrale AöR, Berlin/Frankfurt am Main

We have reviewed the condensed interim consolidated financial statements of DekaBank Deutsche Girozentrale AöR, Berlin/Frankfurt am Main, which comprise the statement of financial position as at 30 June 2023, the statement of profit and loss and other comprehensive income for the period from 1 January 2023 to 30 June 2023, the condensed statement of cash flows, the condensed statement of changes in equity as well as selected explanatory notes to the consolidated financial statements, and the interim group management report for the period from 1 January 2023 to 30 June 2023, that are part of the half-year financial information under Section 115 German Securities Trading Act (WpHG). The preparation of the interim consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the executive directors of the Company. Our responsibility is to issue a review report on the interim consolidated financial statements and on the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and of the interim group management report in compliance with the German Generally Accepted Standards for Reviews of Financial Statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review to obtain a certain level of assurance to preclude through critical evaluation that the interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and to analytical procedures applied to financial data and thus provides less assurance than an audit. Since, in accordance with our engagement, we have not performed an audit, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of DekaBank Deutsche Girozentrale AöR, Berlin/Frankfurt am Main, have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt am Main, 15 August 2023

Deloitte GmbH  
Wirtschaftsprüfungsgesellschaft

(Klaus Löffler)  
Wirtschaftsprüfer  
(German Public Auditor)

(Stephanie Fischer)  
Wirtschaftsprüferin  
(German Public Auditor)

# OTHER INFORMATION



# Administrative Board and Board of Management of DekaBank

(as of 1 August 2023)

## Administrative Board

### Helmut Schleweis

*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*

### 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*

### Ralf Fleischer

Chairman of the Management Board of Stadtparkasse München, Munich

### Michael Fröhlich

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

(since 1 January 2023)

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)

Chief Representative 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*



**Prof. Dr. Ulrich Reuter**

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*

**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*

**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. jur. 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**

Mayor of the City of Abensberg and 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*

**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**

**Internet website**

The 2023 Interim Report can be found at [www.deka.de/deka-gruppe](http://www.deka.de/deka-gruppe) 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.

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**Concept and design**

SILVESTER GROUP,  
Hamburg

**Translation**

BBi (Scotland) Ltd.

**Gender clause**

In this 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 interim management report and other parts of the Interim 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 Interim Report is provided for convenience only. The German original is definitive.

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

**„Deka**

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Deutsche Girozentrale**

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 **Finanzgruppe**