# Deka Group
Interim Report 2022

2022

Finanzgruppe

# Deka Group at a glance

| BUSINESS DEVELOPMENT INDICATORS | | 30 Jun 2022 | 31 Dec 2021 | Change (%) |
|---|---|---|---|---|
| Total assets | €m | 101,900 | 88,865 | 14.7 |
| Total customer assets | €m | 366,775 | 395,148 | –7.2 |
| thereof retail customers | €m | 185,153 | 196,485 | –5.8 |
| thereof institutional customers | €m | 181,622 | 198,662 | –8.6 |
| Number of securities accounts | thousand | 5,231 | 5,123 | 2.1 |
| | | 1st half 2022 | 1st half 2021 | |
| Net sales | €m | 14,269 | 13,553 | 5.3 |
| thereof retail customers | €m | 11,583 | 11,050 | 4.8 |
| thereof institutional customers | €m | 2,686 | 2,503 | 7.3 |
| PERFORMANCE INDICATORS | | | | |
| Total income | €m | 1,573.8 | 928.3 | 69.5 |
| Total expenses | €m | 602.9 | 585.4 | 3.0 |
| Economic result | €m | 970.9 | 342.9 | 183.1 |
| Total of profit or loss before tax | €m | 914.5 | 333.9 | 173.9 |
| Balance sheet based return on equity (before tax) | % | 34.1 | 13.5 | 20.6 %-Points |
| Cost/income ratio | % | 39.5 | 64.6 | –25.1 %-Points |
| RISK INDICATORS – NORMATIVE PERSPECTIVE | | 30 Jun 2022 | 31 Dec 2021 | |
| Own funds (fully loaded) | €m | 6,439 | 6,075 | 6.0 |
| Risk-weighted assets | €m | 32,526 | 30,944 | 5.1 |
| Total capital ratio (fully loaded) | % | 19.8 | 19.6 | 0.2%-Points |
| Common Equity Tier 1 capital ratio (fully loaded) | % | 15.8 | 15.2 | 0.5%-Points |
| Leverage Ratio (fully loaded) | % | 6.1 | 6.2 | –0.2%-Points |
| MREL Ratio (risk-weighted assets based) | % | 46.8 | 59.7 | –12.9%-Points |
| MREL Ratio (leverage ratio exposure based) | % | 16.2 | 21.7 | –5.5%-Points |
| Subordinated MREL requirements (risk-weighted assets based) | % | 31.5 | 42.4 | –10.9%-Points |
| Subordinated MREL requirements (leverage ratio exposure based) | % | 11.8 | 16.4 | –4.6%-Points |
| Net Stable Funding Ratio (NSFR) | % | 123.0 | 118.9 | 4.1%-Points |
| Liquidity Coverage Ratio (LCR) | % | 184.4 | 160.3 | 24.2%-Points |
| RISK INDICATORS – ECONOMIC PERSPECTIVE | | | | |
| Risk appetite | €m | 4,100 | 4,000 | 2.5 |
| Total risk | €m | 2,095 | 1,731 | 21.0 |
| Utilisation of risk appetite | % | 51.1 | 43.3 | 7.8%-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 | AA | |
| ISS ESG | | C+ (Prime) | C+ (Prime) | |
| Sustainalytics | | 16.9 Low Risk | 17.4 Low Risk | |
| Moody's ESG Solutions | | 55/100 Robust | 55/100 Robust | |
| KEY EMPLOYEE FIGURES | | | | |
| Number of employees | | 4,964 | 4,854 | 2.3 |
| Number of active employees | | 4,281 | 4,243 | 0.9 |

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

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# Foreword

Dear Shareholders and Investors,

Despite the challenging environment and the major uncertainty associated with it, the Deka Group achieved an economic result that outstrips its expectations by far in the first half of 2022. At €971m, it is significantly up on the figure for the first half of 2021, also putting it ahead of the forecast for the financial year as a whole published in April. The result was driven by good business development and positive valuation effects due to market parameters. Without these valuation effects, the economic result would come to €556m.

In spite of the uncertainty triggered by the war in Ukraine, savers continued to invest in the first half of the year. Net sales came to €14.3bn in the first half of 2022, driven in particular by retail customers, who contributed €11.6bn to total sales. Equity funds and certificates were particularly sought-after. The number of investment savings plans rose by almost 280,000 to a total of 7.3 million.

Towards the end of the half-year point, concerns regarding rising inflation and energy prices were clearly translating into increased investment restraint. Nevertheless, securities saving remains popular even in this environment and with only slightly higher interest rates, meaning that we expect to see sustained demand in the second half. Regular securities saving, in particular, remains a popular way to build capital even in volatile times.

New technologies and platforms, New Work and sustainability will change the nature of competition and keep the Deka Group busy over the next few years. Deka has made progress in many areas and is increasingly being seen as an innovation driver within the *Sparkassen-Finanzgruppe* and in the financial sector as a whole. Deka is also extending its successful track record in terms of product quality, as is once again shown by numerous awards.

At the €uro FundAwards 2022, for example, our bank was successful across all asset classes with 44 awards for 19 funds and two ETFs. For the first time, €uro magazine awarded Deka a Golden Bull for its ETFs, crowning it ETF provider of the year and underscoring the high quality of the Deka Group's products in the ETF segment as well. At the Capital-Fonds-Kompass 2022 awards, Deka received the top score of five stars for the tenth time in a row. In June 2022, the rating agency 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 corporate sector and people in our country are concerned by the prospect of energy supply bottlenecks and price increases. They quite rightly expect policy-makers and businesses to tackle the issue of energy security head on. As legitimate and important as these efforts doubtfully are, however, we must not lose sight of the need for the sustainable transformation of our society, or allow this pressing need to take a back seat. This, too, is a responsibility we need to live up to together in these challenging times.

Sincerely,

Dr. Georg Stocker
CEO

# INTERIM MANAGEMENT REPORT

# Interim management report 2022

## At a glance

As a securities service provider (*Wertpapierhaus*), the Deka Group is a key part of the *SparkassenFinanzgruppe* (Savings Banks Association). The Management Agenda 2025 sets the strategic and operational direction to make the Deka Group an even more customer-focused, innovative and sustainable *Wertpapierhaus*. This agenda is focusing, among other things, on innovative processes and platforms for sales, products and distribution channels as well as the broader themes of digitalisation and sustainability.

The rise in inflation that began in 2021 continued unexpectedly strongly in the early months of 2022. While the after-effects of the pandemic were an important factor at the beginning of the year, the outbreak of the war in Ukraine at the end of February further exacerbated inflationary pressure as a result of the sanctions regime imposed by Western countries, the disruption to commodity supplies, especially gas, and the resulting price increases. This put central banks under pressure to rapidly adjust their highly expansionary monetary policy. These events hit the markets doubly hard, as similar market reactions were triggered by both the exit plans of the central banks and the Ukraine war. Interest rates and credit spreads subsequently rose very sharply, while share prices and the euro exchange rate fell significantly.

Given these overall conditions, business development and profit performance in the first half of 2022 significantly exceeded expectations. Thanks to the favourable development in operating activities and the positive valuation effects due to market parameters, the economic result of €970.9m was significantly up on the figure for the first half of 2021 (€342.9m). Excluding actuarial gains on pension provisions and the positive net income from own issues and other own credit quality effects in Treasury due to spread developments, the economic result came to €556m.

Income increased by 69.5% to €1,573.8m. Net commission income remained the main component of the Deka Group's income, accounting for €782.8m. Despite a moderate increase in other administrative expenses and a larger contribution to the deposit guarantee scheme, expenses of €602.9m were only 3.0% up on the figure for the first half of 2021.

The cost/income ratio was 39.5% (H1 2021: 64.6%). Balance sheet-based return on equity (before tax) stood at 34.1% (H1 2021: 13.5%) due to income-related factors. Excluding the positive valuation effects due to market parameters mentioned above, the cost/income ratio came to 54.3%. Return on equity (before tax) was 19.5%.

The Deka Group generated net sales of €14.3bn in the first half of 2022. This was slightly up on the level for the first half of 2021 (€13.6bn). The Group increased net sales in the retail customer segment by €0.5bn year-on-year to €11.6bn. Fund sales accounted for €6.4bn, compared with €7.7bn in the same period of the previous year. In contrast, sales of certificates to retail customers increased to €5.2bn (H1 2021: €3.4bn). Net sales to institutional customers came to €2.7bn as against €2.5bn in the first six months of 2021. In the institutional investment fund business, net sales rose to €2.2bn (H1 2021: €1.4bn). Certificate sales to institutional customers in the reporting period came to €0.5bn (H1 2021: €1.1bn). The Deka Group's total customer assets of €366.8bn were slightly down on the figure for year-end 2021 (€395.1bn) due to market conditions. In particular, a positive sales performance was set against a negative investment performance.

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 15.8% (year-end 2021: 15.2%). The risk-bearing capacity analysis showed a utilisation of risk appetite of 51.1% (year-end 2021: 43.3%).

# Information about the Deka Group



## Deka Group profile and strategy

The Deka Group is the securities service provider (the *Wertpapierhaus*) for the savings banks. It is made up of DekaBank and its subsidiaries. Through its asset management and banking activities, it acts as a service provider for the investment, administration and management of assets, supporting savings banks, their customers and institutional investors at every stage in the investment and advisory process within the securities business. It also offers comprehensive advice and solutions both to the savings banks and to institutional customers outside the *SparkassenFinanzgruppe* on investing, liquidity and risk management, and refinancing.

The Deka Group sees itself as an all-round solution provider, meeting the needs of savings banks and their customers. 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.

### 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 and Institutional Customer Sales serve as the interface with sales partners and customers. The corporate centres support the business divisions and sales departments throughout the value chain.

### 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.

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

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

**Positioning and mission in the *SparkassenFinanzgruppe***

The Deka Group is a key part of the *SparkassenFinanzgruppe* with a stable business model as the *Wertpapierhaus* of the savings banks. Its strategy, which was described in detail in the 2021 Annual Report, provides a framework for the further development of the *Wertpapierhaus*.

The strategy puts a particular focus on digitalisation and sustainability, which are bringing radical and fundamental changes to the economy. It goes without saying that this also applies to the Deka Group, which is why both these topics are cornerstones of our strategy.

***Digitalisation***

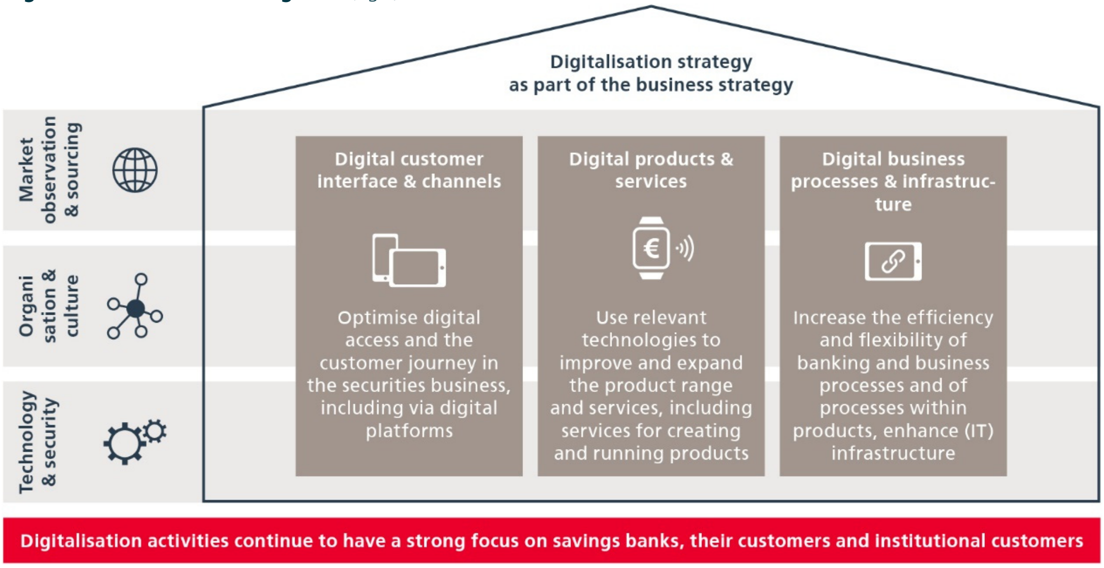
The Deka Group is becoming the digital *Wertpapierhaus* and innovation driver for the *SparkassenFinanzgruppe*, making it the key partner for the savings banks when it comes to all aspects of securities services in the context of digitalisation. For example, it enables savings banks to offer their customers competitive, digital customer journeys in the securities business, to implement products and services and to use digital technologies to boost process quality and efficiency.

The digitalisation strategy defines the following strategic thrusts:

- Digitalising the customer interface and channels: Digital solutions are exploited all along the value chain, beginning with the customer interface, and are thus reflected at every level of the Deka Group. The aim is to provide a barrier-free multichannel offering ranging from physical branches to telephone and internet banking and banking apps. With S-InvestManager, Deka also offers the savings banks a comprehensive portal for advising customers on investment matters.
- Digitalising products and services: Another major focus is on digitalising products and developing digital assets. With finledger and the Digital Collateral Protocol (DCP), DekaBank was quick to implement its first few projects capitalising on the opportunities of these technologies for the Bank and its customers. With DCP, Deka implemented a blockchain-based settlement system for national and international transactions in traditional securities and legally effective lending transactions. The next step was to expand the options for local securities settlement into further asset classes This gave rise to the blockchain-based platform SWIAT (Secure Worldwide Interbank Asset Transfer) with a host of potential applications, in-house developments and the option to connect third-party apps. The platform will be expanded as a market consortium and aims to replace the industry’s fragmented processes by setting a common standard for international securities settlement. SWIATGmbH began operations on 1 February 2022 as a wholly owned DekaBank subsidiary.

  DekaBank issued its first crypto securities in 2021, becoming the first bank in Germany to receive a provisional licence to maintain a crypto securities register. The Bank has continued this business activity and lodged an application for the final licence in the first half of 2022. DekaBank is also working on a custody solution for digital assets, especially digital securities. This is another move to make the advantages of digital assets easy to access for both institutional customers in asset management and retail customers.
- Digitalising business processes and infrastructure: The Deka Group is making use of key technologies in this area: Physical documents are being digitalised using optical character recognition (OCR), workflows are being automated via workflow tools and robotics, and machine learning is being used to process unstructured information.

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




***Sustainability***

As the *Wertpapierhaus* for the savings banks, the Deka Group is helping the *SparkassenFinanzgruppe* 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 roadmap for more sustainability. With a sustainable range of capital market- and real estate-based investment products and sustainable financing solutions, the Deka Group is acting as a partner for the switch to more climate-friendly and sustainable business practices during this transformation process.

The Deka Group has made sustainability a cornerstone of its business model and continues to proactively drive forward on this issue in keeping with regulatory requirements. It is focusing on developing a holistic approach in line with the ESG criteria. Social criteria and the climate and environment are just as much a part of this as strengthening governance for sustainability and systematically reviewing and enhancing products and services.

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: 10 June 2022; ISS-ESG: 22 June 2020; Sustainalytics: 10 August 2021, update 31 May 2022; Moody's ESG Solutions (rebranding following acquisition of V.E): May 2021



See also: 2021 sustainability report

In accordance with the statutory disclosure deadlines under the CSR Directive Implementation Act, the 2021 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 March 2022.

## Market position and awards

With fund assets (according to the BVI, the German Investment Funds Association, as at 31 May 2022) of €150.4bn and a market share of 12.1%, Deka is the fourth-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 2022) of €39.7bn and a market share of 30.7%.

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 26.9% market share at the end of June 2022.

Deka has received numerous awards since the beginning of 2022. At the €uro FundAwards 2022, it was successful across all asset classes with 44 awards for 19 funds and two ETFs. For the first time, €uro awarded Deka a Golden Bull for its ETFs, crowning it ETF provider of the year and underscoring the high quality of the Deka Group's products in the ETF segment.

At the Capital-Fonds-Kompass 2022 awards, Deka received the top score of five stars for the tenth time in a row. The awards organised by the business magazine saw Deka build on its result and improve its overall rating. The main improvement was in fund quality, where the jury awarded Deka the highest possible score.

In June 2022, Scope reaffirmed Deka ImmobilienGmbH's AA+ asset management rating in the real estate segment and rated its quality and expertise as very good.

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

The financial services provider ProVita issued its first ever Sustainable Performance Award for sustainable investment funds and ETFs in February 2022. Deka fared very well with three top places and one second place. Sustainability funds were examined in terms of performance, SRI and sustainability criteria, based on their results as at 30 September.

In the institutional customer satisfaction survey conducted by the independent Wiesbaden-based rating agency Telos, Deka achieved first place for its reporting and in the ranking of master KVGs over one- and three-year periods. In the separate ESG Company Check, the rating agency awarded Deka its highest "platinum" rating.

## Economic report



### Economic environment

#### Macroeconomic conditions

At the beginning of 2022, the coronavirus pandemic and the Omicron variant of COVID-19 remained a noticeable drag on the economy, with restrictions, primarily affecting the service sector, still in place. Before the easing of COVID measures at the end of the winter had time to boost the economy, Russia launched an attack on Ukraine on 24 February. The war substantially changed the macroeconomic environment. Sudden increases in commodity prices, major uncertainty among economic actors and heavy sanctions against Russia by Western industrialised nations had a significant economic impact. The resulting high inflation rates, followed by a turnaround in interest rate policy by the central banks, led to repeated downgrades in forecast global gross domestic product.

This overall economic situation differed considerably from region to region. Given their geographical proximity to Ukraine and major dependence on Russian energy supplies, European economies saw an especially severe hit to their growth. Germany managed only a slight increase in gross domestic product (GDP) in the first half of the year. In the United States, macroeconomic activity even shrank slightly in nominal terms in the first two quarters. This was partly due to the lack of fiscal stimulus in contrast to the previous year's large-scale recovery programme. It also reflected the economic impact of higher interest rates, particularly in the construction sector. In China, meanwhile, the zero-COVID strategy resulted in extensive lockdowns, for example in Shanghai and Beijing, causing a hit to production. The recovery from this did not begin until June, and the closure of the port in Shanghai once again meant disruption for global supply chains.

As a whole, economies were beset by continuing supply-side problems in the first half of 2022. Interrupted supply chains, production difficulties due to staff shortages and uncertainty around energy supply were set against an initially strong growth in demand based on the strength of the labour markets. Unemployment rates in Europe have dropped further, with job and wage growth creating a robust trend in household incomes. This has enabled high demand in the service sector to largely offset the pronounced weakness in manufacturing so far.

**Sector-related conditions**
The rise in inflation that began in 2021 continued unexpectedly strongly in the early months of this year. As before, this was driven principally by supply-side factors. Prices for energy commodities rose considerably, with not only oil but also gas and electricity prices playing a significantly larger role than in the past. The passing on of higher energy costs along with disruption to global supply chains as an after-effect of the pandemic caused upward price pressure in other areas, too, especially for industrial goods. In the eurozone, noticeable price hikes in the service sector were largely confined to tourism and other contact-intensive industries, which had had little opportunity to raise prices at the height of the pandemic. The United States, meanwhile, saw broader-based inflation, driven by above-average wage growth and, particularly at the start of the year, by still strong consumer demand.

The outbreak of the war in Ukraine further exacerbated inflationary pressure, affecting the eurozone to a greater degree than many other regions of the world. The continuing uncertainty around the extensive gas deliveries from Russia caused the gas price to soar once again. Supply shortages also worsened particularly for agricultural products – a major export for both Ukraine and Russia.

The spiralling inflation put central banks under pressure to rapidly adjust their highly expansionary monetary policy. The US Federal Reserve began to lift its key rate in March with a hike of 25 basis points before switching to larger increments for its subsequent rate rises. It also announced its intention to gradually reduce the securities holdings it has accumulated over recent years. At the ECB, normalisation of monetary policy in the first half of the year largely meant tapering away net asset purchases at a faster rate than initially announced. The ECB's strategy treats the winding-down of these purchases as a necessary precursor to beginning key rate hikes. The ECB also very clearly signalled its intention to gradually lift key interest rates starting from the summer until the medium-term inflation outlook had sufficiently improved. A 0.5 percentage point increase in the ECB's key interest rates – the first for 11 years – came in July.

With rising inflation and the change in rhetoric from the ECB, money market futures increasingly began from the start of the year to indicate the prospect of rate hikes. For a time, they thus reflected the expectation that the ECB would shift to a more restrictive monetary policy to bring inflation under control. However, these expectations subsided again somewhat by the middle of the year given the signs of a global economic slowdown. Meanwhile, the overnight rates on the money market (Euro Short-Term Rate (€STR)) remained tightly bound to the deposit rate of –0.50%. Banks made little use of the early repayment option on the ECB's longer-term refinancing operations (TLTRO III), meaning that the money market continued to offer a very extensive supply of liquidity. Nevertheless, the somewhat longer-term EURIBOR rates gradually increased in anticipation of upcoming key interest rate hikes.

Since the beginning of the year, capital markets have become increasingly convinced that the inflationary trend will be far stronger and more persistent than thought by central banks. The expectation of sharply rising yields has therefore been priced in from the money markets all the way up to long maturities. Russia's invasion of Ukraine and the further sharp rise in energy prices as a result have further accelerated this trend. It was only once the US Fed upped the pace of its rate adjustments with the second rate hike in April that long-term inflation expectations began to subside again. The sharply rising yields pulled back somewhat after June's even faster rate hike by the Fed. This also applied to the yields on European sovereign bonds, even though the ECB was very late to announce even a slow-paced interest rate turnaround.

Sentiment on credit markets has also increasingly deteriorated over the course of the year. Although many large companies posted surprisingly good results for the first and in some cases also the second quarter, risk premiums on corporate bonds have risen steadily. This development picked up speed in early summer as sentiment indicators plummeted and fears of a severe recession grew.

Despite the turbulence, businesses and governments are still able to raise satisfactory finance via the capital markets. While many companies have reduced borrowing somewhat – partly due to the ample liquidity obtained in the previous year and partly due to the sharp rise in interest costs – new issues are still in high demand among investors. However, new issue premiums have also risen sharply of late, including for sovereign bonds in the eurozone periphery. Partly as a result of the end to the ECB's net purchases, these countries are now facing significantly increased risk premiums compared to the core eurozone.

Global equity markets have suffered a series of problems and setbacks. They were particularly afflicted by rising inflation and the resulting concern about how major central banks would respond. The war in Ukraine has further accelerated the enormous increase in prices for energy and intermediate products. The recurring lockdown measures in China and the global supply chain disruption are also severely hitting global growth. This has caused major share indices around the world to fall since the start of the year, in some cases by more than 20%. Despite the sometimes sudden rise in costs and considerable supply problems, sales and profit growth at many businesses surprised on the upside in the first and in some cases even second quarter. Sharp falls in stock prices have caused valuation indicators, especially the P/E ratio, to fall to a significantly more moderate level. However, the concern that ongoing energy supply shortages could trigger a deep recession, especially in Europe, means that a significant downward correction in profit expectations must be feared in the second half of the year.

Real estate funds continued to offer an advantageous risk/reward ratio in the low interest rate environment. Given high real estate prices and limited availability of suitable properties, however, the investment opportunities open to them remained limited. Real estate markets were barely back on the path to recovery from the demand slump triggered by the coronavirus pandemic when the invasion of Ukraine in the first quarter provided another economic shock. Business have been unsettled by the geopolitical turmoil, energy supply implications and disrupted supply chains. However, this has not yet hit demand on the markets for office space. The rise in vacancies has further slowed and rents are increasing slightly. High inflation has exacerbated pressure on retail, which is in a process of continuing structural change. The hotel sector is seeing a trend for significant recovery thanks to the increase particularly in non-business travel. The logistics market continued to benefit from the growing trend towards online shopping and increased demand for space, which was needed to safeguard supply chains. There was a significant year-on-year rise in global transaction volume in the first half of 2022.

During the first three months of 2022, the financial assets of private households in Germany fell by €36.3bn to €7,588.4bn, mainly due to valuation losses on shares and units in investment funds. The proportion of listed shares and investment fund units in the total assets of private households declined from 19.4% at year-end 2021 to 18.8%. In contrast, liquid assets such as cash and demand deposits increased slightly, as in the previous year.

The market performance seen in the first five months of 2022 was also reflected in the investment statistics of the German Investment Funds Association BVI. Net assets in open-ended mutual funds amounted to €1,375.7bn as at 31 May 2022 (year-end 2021: €1,471.3bn), while the net assets of open-ended special funds stood at €2,036.0bn (year-end 2021: €2,187.5bn). At €14.7bn, net inflows into open-ended mutual funds as of the end of May 2022 were significantly below the previous year's figure (€46.8bn). Equity funds and bond funds were particularly instrumental in this decline. At €41.9bn, the sales figure for open-ended special funds for institutional investors was significantly down on the comparative figure for the previous year (€51.6bn).

### Regulatory environment

The regulatory environment changed only slightly compared with the situation presented in the 2021 Group management report. Changes to regulations, both those already initiated and those in the pipeline, influenced the business model and profitability of the Deka Group during the first half of the 2022 financial year. 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 implementation of the issues presented is associated with considerable costs and resource commitments. The key regulatory issues for the Deka Group are described below.

#### *Regulatory topics*

In response to the COVID-19 pandemic, supervisory authorities and regulators enacted the following relief measures, among others. However, DekaBank continues not to apply them.

- In 2020, the ECB permitted the institutions under its supervision to temporarily operate below the capital level defined by the capital conservation buffer, the Pillar 2 Guidance (P2G) and the liquidity coverage ratio (LCR). DekaBank has not adjusted its relevant internal thresholds for capital and liquidity management. The relief measures for the capital conservation buffer and P2G will run until the end of 2022; the relief measures for the LCR expired at the end of 2021.
- The Capital Requirements Regulation (CRR) has been amended in European law (CRR quick fix). This allows banks to temporarily adjust their regulatory capital for the effects of increased risk provisioning. Other relief measures relate to the measurement of unrealised losses on banks' holdings of public debt and to the capital deduction for capitalised software. Even if applied, the measures in the CRR quick fix would still not offer significant relief for DekaBank at the current time.
- The ECB announced in June 2021 that central bank deposits could be excluded from the leverage ratio exposure. The relief applied for a limited period until 31 March 2022.

As part of the reform of CRR II, the rules on applying credit risk mitigation techniques in the large exposure regime were also revised. Among other things, collateral recognised in the solvency regime must also be recognised in the large exposure regime when using credit risk mitigation techniques. The collateralised exposure is counted towards the large exposure limits for the collateral provider or issuer of the financial collateral (collateral substitution). More detail on the scope of collateral substitution was published in an EBA Q&A on 21 January 2022. This indicates that collateral substitution must continue to be implemented with master netting agreements, including for repo/lending transactions. Implementation is by 31 December 2022.

After exiting the 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. As a result, UK institutions are still considered to be institutions as defined by the CRR for the purposes of calculating risk-weighted assets (RWAs).

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 output floor will limit the benefit of internal models as compared to the standardised approach. DekaBank uses the IRB approach 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 RWAs going forward. In addition, the draft CRR III contains new rules on calculating RWAs for CVA risk and operational risk, which may also considerably increase RWAs. Initial application of the new rules is planned at EU level for the beginning of 2025.

The Fundamental Review of the Trading Book (FRTB) contains amended provisions on the calculation of market risk. At EU level, the reporting obligation for the FRTB standardised approach has already been in place since 30 September 2021, creating a relatively long parallel run with the current partial use. By 28 June 2023, the rules on internal risk transfers and reclassifications between the trading and banking book, which were already part of CRR II, must be implemented. The new regulations on the definition of the trading book, which were first contained in the draft CRR III, will apply from 1 January 2025. The new market risk capital requirements at EU level are expected to begin at the same time.

***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 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.

Various regulatory initiatives in the context of sustainable reporting were relevant to DekaBank in the first half of 2022. These concerned disclosure of the taxonomy eligibility of new and existing business (in accordance with Article 8 of the EU Taxonomy Regulation) and the associated preparations for the step-by-step publication of additional quantitative and qualitative ESG information including a taxonomy conformity review and the publication of the green asset ratio starting from the 2023 reporting year. DekaBank is currently working hard to fulfil the requirements of the EBA standards implementing Article 449a CRR II, which will also increase over time. Disclosures are required starting from the 2022 reporting year. DekaBank is also working on the integration of further elements of the Task Force on Climate-related Financial Disclosures (TCFD) requirements into the sustainability report. 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.

DekaBank took part in the 2022 ECB climate stress test in the reporting period. The ECB climate stress test seeks to evaluate how well prepared SSM (Single Supervisory Mechanism) banks are to deal with the financial and economic shocks arising from climate risks. The aggregated results of the stress test were published in July 2022. A total of 104 European banks participated in the stress testing, of which 41 underwent the complete stress test. The banks' results were divided into three categories: green (best score), yellow, orange and red (worst score). Fewer than 5% of participants received a green score, while over 35% scored yellow, a majority of over 50% were rated orange and just under 15% were in the red category. Overall, the ECB recognised the progress achieved by banks on integrating climate risk into their stress-testing frameworks and internal models. However, it concluded that further efforts to improve the management of climate risks were necessary. The results for individual institutions were not published; however, these should feed into the SREP process for the relevant banks.

DekaBank is continuing in 2022 to implement the expectations of the ECB guide on climate-related and environmental risks. The guide contains 13 expectations, including on strategic aspects, governance, risk management and internal and external reporting of climate and environmental risks. To meet these expectations, Deka has produced further details of the content and timing of the action plan it initiated in 2021. In the first half of 2022, the ECB used a self-assessment process and various discussions to gather information on the current implementation status and measures planned. The supervisory authority has announced that it will publish the SSM-wide analysis of this data in October 2022. It is intended that the management and disclosure of climate and environmental risks will become part of the SREP in future.

Of particular relevance from investors' perspective is the Sustainable Finance Disclosure Regulation (SFDR). This comprises a range of sustainability-related disclosure obligations at product and entity level with the aim of improving transparency and comparability for investors regarding the sustainability of their investments. The Level 1 requirements were already fulfilled at entity level by the deadline in 2021. These include disclosures for all Deka Group companies on the integration of sustainability risks and the consideration of adverse impacts on sustainability factors in the investment decision-making process and investment advice.

The additions required at Level 1 to pre-contractual information for sustainable products regarding the consideration of ESG criteria and sustainable investment objectives were also implemented as part of the investment policy. In the first half of 2022, regular reports on the financial products included, for the first time, information on how the environmental and social characteristics or sustainable investment objectives are being achieved. The Level 2 requirements will be implemented by the beginning of 2023. Along with qualitative information on the products' ESG strategy, these also call for extensive quantitative information on asset allocation in relation to sustainability aspects. In addition to this, arrangements are being made to prepare the quantitative PAI statements at entity level for the 2022 calendar year. These must be published by 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 been determined. No agreement among the European institutions is expected for the foreseeable future.

## Business development and profit performance in the Deka Group

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

At the beginning of 2022, the coronavirus pandemic and the Omicron variant of COVID-19 remained a noticeable drag on the economy, with restrictions, primarily affecting the service sector, still in place. Before the easing of COVID measures at the end of the winter had time to boost the economy, Russia launched an attack on Ukraine on 24 February. The war substantially changed the macroeconomic environment. Sudden increases in commodity prices, disrupted supply chains, major uncertainty among economic actors and heavy sanctions against Russia by Western industrialised nations had a significant economic impact. Forecasts for global gross domestic product were repeatedly downgraded. The very high inflation rates and the interest rate turnaround by central banks caused a very sudden and significant rise in corporate bond yields.

Given these overall conditions, business development and profit performance in the first half of 2022 significantly exceeded expectations. Thanks to the favourable development in operating activities and the positive valuation effects due to market parameters, the economic result of €970.9m was significantly up on the figure for the first half of 2021 (€342.9m). Excluding actuarial gains on pension provisions and the positive net income from own issues and other own credit quality effects in Treasury due to spread developments, the economic result came to €556m.

Income rose by 69.5% to €1,573.8m (H1 2021: €928.3m). Net commission income remained the main sustainable component of the Deka Group's income, accounting for €782.8m. Despite a moderate increase in other administrative expenses and a larger contribution to the deposit guarantee scheme, expenses were only 3.0% up on the figure for the first half of 2021 at €602.9m (H1 2021: €585.4m).

The Deka Group generated net sales of €14.3bn in the first half of 2022. This was slightly up on the level for the first half of 2021 (€13.6bn). The Group increased net sales in the retail customer segment by €0.5bn year-on-year to €11.6bn. Fund sales accounted for €6.4bn, compared with €7.7bn in the same period of the previous year. Equity funds (€3.7bn), real estate funds (€1.4bn) and mixed funds (€1.1bn) accounted for a particularly significant share of the investment fund business. Meanwhile, sales of certificates to retail customers increased to €5.2bn (H1 2021: €3.4bn). Net sales to institutional customers came to €2.7bn as against €2.5bn in the first six months of 2021. In the institutional investment fund business, net sales rose to €2.2bn (H1 2021: €1.4bn). Certificate sales to institutional customers in the reporting period came to €0.5bn (H1 2021: €1.1bn).

Investors signed up to around 277 thousand (net figure) new Deka investment savings plans in the first half of 2022. Deka now manages a total of 7.3million contracts, compared with approximately 7 million at the end of 2021.

The appeal of securities was also reflected in the number of DekaBank securities accounts, which came to 5.2 million (year-end 2021: 5.1 million). There was a significant positive trend in the number of transactions, which rose by around 26% as against the first half of 2021 to 63.0 million.

**Deka Group net sales** *in €m (Fig. 3)*

| | 1st half 2022 | 1st half 2021 |
|---|---|---|
| **Net sales** | **14,269** | **13,553** |
| **by customer segment** | | |
| Retail customers | 11,583 | 11,050 |
| Institutional customers | 2,686 | 2,503 |
| **by product category** | | |
| Mutual funds and fund-based asset management | 5,905 | 7,769 |
| Special funds and mandates | 2,165 | 872 |
| Certificates | 5,664 | 4,498 |
| ETFs | 535 | 414 |

The Deka Group's total customer assets of €366.8bn were slightly down on the figure for year-end 2021 (€395.1bn) due to market conditions. In particular, a positive sales performance was set against a negative investment performance.

**Deka Group total customer assets** *in €m (Fig. 4)*

| | 30 Jun 2022 | 31 Dec 2021 | Change | |
|---|---|---|---|---|
| **Total customer assets** | **366,775** | **395,148** | –28,373 | –7.2% |
| **by customer segment** | | | | |
| Retail customers | 185,153 | 196,485 | –11,333 | –5.8% |
| Institutional customers | 181,622 | 198,662 | –17,040 | –8.6% |
| **by product category** | | | | |
| Mutual funds and fund-based asset management | 181,538 | 195,877 | –14,339 | –7.3% |
| Special funds and mandates | 150,827 | 161,553 | –10,727 | –6.6% |
| Certificates | 23,718 | 24,498 | –780 | –3.2% |
| ETFs | 10,692 | 13,220 | –2,528 | –19.1% |

See also: Capital adequacy in the first half of 2022: page 38 ff.

The Common Equity Tier 1 capital ratio amounted to 15.8% as at 30 June 2022, compared with 15.2% at year-end 2021. The figure increased because Common Equity Tier 1 capital rose faster in percentage terms than risk-weighted assets (RWAs).

Common Equity Tier 1 capital amounted to €5,131m (year-end 2021: €4,716m). The increase was mainly due to the inclusion of year-end effects from 2021 (profit retention).

RWAs increased by 5.1% from €30,944m at year-end to €32,526m. Credit risk rose by €275m versus year-end to €21,774m, mainly due to increased receivables from funds. Market risk increased by €708m to €6,296m. This was chiefly due to market developments in the first six months of 2022. Operational risk increased slightly by €71m to €3,571m. The increase in CVA risk to €885m (year-end 2021: €358m) resulted from the higher volume of derivative transactions to be included.

At 6.1%, the leverage ratio (fully loaded) at mid-year 2022 was on a level with year-end 2021 (6.2%). This was significantly above the minimum leverage ratio of 3.0%.

European banks must hold a minimum volume of own funds and MREL-eligible liabilities in order to provide sufficient loss coverage and recapitalisation in the event of resolution. The MREL requirements were changed to an RWA- and leverage ratio exposure (LRE)-based calculation method in the middle of 2021 in accordance with supervisory requirements. This expresses the total of own funds and MREL-eligible liabilities in relation to RWAs and LRE. As at the reporting date, the MREL ratio in line with the RWA-based approach amounted to 46.8% (year-end 2021: 59.7%), while the figure under the LRE-based approach came to 16.2% (year-end 2021: 21.7%). Both ratios were well above the minimum ratios applicable since 1 January 2022.

The subordinated MREL requirements were also calculated using the RWA- and LRE-based method. The total of own funds and all subordinated liabilities eligible based on statutory requirements is expressed in relation to RWAs and LRE. As at the reporting date, the subordinated MREL requirements in line with the RWA-based approach came to 31.5% (year-end 2021: 42.4%), while the figure under the LRE-based approach was 11.8% (year-end 2021: 16.4%). Both ratios were well above the minimum ratios applicable since 1 January 2022.

See also: Liquidity adequacy in the first half of 2022: page 42 ff.

The Deka Group had ample liquidity, measured using the liquidity coverage ratio (LCR) and net stable funding ratio (NSFR), throughout the first half of 2022. The LCR at the mid-year point was 184.4% (year-end 2021: 160.3%), putting it above the minimum requirement of 100%. The NSFR stood at 123.0% (year-end 2021: 118.9%) at the end of June and was thus well above the minimum 100% required. The ratio expresses available stable funding in relation to required stable funding. The NSFR is thus designed to ensure stable long-term funding for assets in relation to their degree of liquidity. A period of one year forms the basis for the assessment.

Economic risk-bearing capacity was at an uncritical level overall at the end of June 2022. Utilisation of risk appetite (51.1%) increased versus the end of the previous year (43.3%) due to an increase in total risk. At 41.3%, utilisation of risk capacity was also above the level seen at the end of 2021 (32.6%).

**Profit performance of the Deka Group**

Thanks to the favourable development in operating activities and the positive valuation effects due to market parameters, the economic result of €970.9m was significantly up on the figure for the first half of 2021 (€342.9m).

Income rose by 69.5% to €1,573.8m (H1 2021: €928.3m). Net commission income remained the main component of the Deka Group's income, accounting for €782.8m. Despite a moderate increase in other administrative expenses and a larger contribution to the deposit guarantee scheme, expenses were only 3.0% up on the figure for the first half of 2021 at €602.9m (H1 2021: €585.4m).

Net interest income increased year-on-year in the reporting period to €97.4m (H1 2021: €74.9m). The increase resulted from the Treasury function. The main components of net interest income were earnings from specialised and real estate financing, which were slightly up on the same period of the previous year. Net interest income includes refinancing gains totalling €8.5m from the ECB's TLTRO III programme.

There was a net reversal of risk provisions in the lending and securities business in the amount of €47.7m in the first half of 2022 (H1 2021: €18.4m). This was due to rating improvements and the reversal of the additional provisions, beyond those required by the ratings-based approach, that had been recognised for the aviation, hotel real estate and shopping centre lending segments. Risk provisions of €47.8m were attributable to the lending business (H1 2021: €–0.1m). The Specialised Financing subdivision accounted for a net reversal in the amount of €35.0m and the Real Estate Financing subdivision for a net reversal of €13.4m. For the securities business, the reversal of provisions that were no longer required led to a risk provisioning result of €–0.1m (H1 2021: €18.5m).

Net commission income rose to €782.8m (H1 2021: €738.3m) and remained the primary sustainable income component. Commission from the investment fund business increased due to higher portfolio-related commission as a result of higher average total customer assets. Commission from banking business was up, partly thanks to higher income in the Commission Business unit and in securities management. Commission from the custody account business was slightly down overall on the equivalent figure for the previous year.

Net financial income was €550.2m, significantly above the figure for the first half of 2021 (€25.0m). This figure includes all income and expense items from the trading book as well as the valuation and sale results from the banking book portfolios.

At €318.0m, net financial income from the trading book was significantly higher than the prior-year value (€134.2m). A key component was income from the Trading & Structuring unit (€5.2bn compared with €3.4bn in 2021), which increased strongly year-on-year, primarily due to improved certificate sales to retail customers. The earnings contribution from the Collateral Trading & Currency unit was also up on the comparative figure for the previous year.

Net financial income from the banking book rose to €232.2m (H1 2021: €–109.3m). This increase was mainly attributable to positive net income from own issues and other own credit quality effects in Treasury due to spread developments. An amount of €115.0m was also added to the general provision for potential risks (H1 2021: €105.0m). 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 €95.7m (H1 2021: €71.8m). Actuarial gains of €105.6m on provisions for pensions were among the positive effects and resulted from the increase in the actuarial interest rate to 3.45% (year-end 2021: 1.15%). The higher actuarial interest rate was set against a decline in plan assets due to market conditions. Actuarial gains, amounting to €104.7m, were also 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 remained almost unchanged at €282.5m (H1 2021: €285.1m). Other administrative expenses including depreciation and amortisation rose moderately year-on-year from €223.2m in the first half of 2021 to €238.4m. The increase resulted chiefly from higher consultancy expenses and higher expenditure for computer equipment and machinery as well as from depreciation of property, plant and equipment.

The annual contribution to the deposit guarantee scheme of the *Landesbanken* and *Girozentralen* amounted to €21.7m (H1 2021: €18.5m). At €60.3m, the bank levy was on a par with the previous year's figure of €61.0m.

There were no restructuring expenses in the reporting period. The previous year's figure included a net reversal of restructuring provisions in the amount of €2.4m.

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 39.5% (H1 2021: 64.6%). Balance sheet-based return on equity (before tax) stood at 34.1% (H1 2021: 13.5%) due to income-related factors. Excluding actuarial gains on pension provisions and the positive net income from own issues and other own credit quality effects in Treasury due to spread developments, the cost/income ratio came to 54.3%. The corresponding return on equity (before tax) was 19.5%.

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

| | 1st half 2022 | 1st half 2021 | Change | |
|---|---|---|---|---|
| Net interest income | 97.4 | 74.9 | 22.5 | 30.1% |
| Risk provisions in the lending and securities business | 47.7 | 18.4 | 29.3 | 159.5% |
| Net commission income | 782.8 | 738.3 | 44.6 | 6.0% |
| Net financial income | 550.2 | 25.0 | 525.3 | (> 300%) |
| Other operating profit | 95.7 | 71.8 | 23.8 | 33.2% |
| **Total income** | **1,573.8** | **928.3** | 645.5 | 69.5% |
| | | | | |
| Administrative expenses (including depreciation and amortisation) | 602.9 | 587.8 | 15.1 | 2.6% |
| Restructuring expense | 0.0 | –2.4 | 2.4 | 100.5% |
| **Total expenses** | **602.9** | **585.4** | 17.5 | 3.0% |
| | | | | |
| **Economic result** | **970.9** | **342.9** | 627.9 | 183.1% |

## 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 generated an economic result of €287.1m in the first half of 2022 (H1 2021: €263.1m). Net sales stood at €6.9bn, compared with €7.2bn in the first half of 2021. The figure for retail customers was down on the previous year, while growth was achieved for institutional customers. A negative investment performance as a result of market developments caused total customer assets to fall to €290.6bn at mid-year (year-end 2021: €320.4bn).

#### *Net sales and total customer assets*

Net sales in the Asset Management Securities business division totalled €6.9bn in the first six months of the year (H1 2021: €7.2bn). Sales of mutual securities funds came to €4.3bn (H1 2021: €7.2bn). Sales of equity and mixed funds were particularly positive again. Fund-based asset management accounted for net sales of €0.2bn (H1 2021: €–1.0bn). Business with institutional customers amounted to €1.8bn versus €1.0bn in the same period of the previous year. Net sales in the institutional fund business were significantly up year-on-year. However, the prior- and current-year figures were both affected by individual major clients changing investment management company. Special funds and mandates accounted for €1.8bn, compared with €0.5bn in the first half of 2021. With net sales totalling €0.5bn, ETFs exceeded the previous year's figure of €0.4bn. Virtually unchanged figures for ETF equity funds were set against inflows relating to ETF bond funds.

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

| | 1st half 2022 | 1st half 2021 |
|---|---|---|
| **Net sales** | **6,854** | **7,153** |
| **by customer segment** | | |
| Retail customers | 5,033 | 6,192 |
| Institutional customers | 1,820 | 961 |
| **by product category** | | |
| Mutual funds and fund-based asset management | 4,531 | 6,205 |
| ETFs | 535 | 414 |
| Special funds and mandates | 1,788 | 535 |

At €290.6bn, the business division's total customer assets at mid-year 2022 were €29.8bn down on the figure for year-end 2021 due to market conditions. This was despite a positive sales performance.

**Total customer assets in the Asset Management Securities business division** *in €m (Fig. 7)*

| | 30 Jun 2022 | 31 Dec 2021 | Change | |
|---|---|---|---|---|
| **Total customer assets** | **290,581** | **320,419** | –29,838 | –9.3% |
| **by customer segment** | | | | |
| Retail customers | 130,751 | 143,952 | –13,201 | –9.2% |
| Institutional customers | 159,830 | 176,467 | –16,637 | –9.4% |
| **by product category** | | | | |
| Mutual funds and fund-based asset management | 140,600 | 156,369 | –15,770 | –10.1% |
| thereof: equity funds | 52,789 | 59,409 | –6,620 | –11.1% |
| thereof: bond funds | 24,906 | 29,072 | –4,166 | –14.3% |
| thereof: mixed funds | 22,900 | 24,726 | –1,825 | –7.4% |
| ETFs | 10,692 | 13,220 | –2,528 | –19.1% |
| Special funds and mandates | 139,290 | 150,830 | –11,540 | –7.7% |

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

At €287.1m, the business division’s economic result was slightly up on the same period of the previous year (€263.1m). This was mainly attributable to increased net commission income, primarily as a result of higher portfolio-related commission due to a higher average fund volume. Expenses of €188.2m were moderately up on the previous year’s level of €176.5m. Operating expenses including project expenses saw a particular year-on-year rise.

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

| | 1st half 2022 | 1st half 2021 | Change | |
|---|---|---|---|---|
| Net commission income | 473.8 | 450.7 | 23.1 | 5.1% |
| Other income | 0.8 | –8.5 | 9.3 | 109.1% |
| **Total income** | **474.6** | **442.1** | 32.5 | 7.3% |
| | | | | |
| Administrative expenses (including depreciation and amortisation) | 188.2 | 175.7 | 12.5 | 7.1% |
| Restructuring expense | 0.0 | 0.8 | –0.8 | –94.6% |
| **Total expenses** | **188.2** | **176.5** | 11.7 | 6.6% |
| | | | | |
| **Economic result before income distribution of Treasury-function** | **286.4** | **265.7** | 20.7 | 7.8% |
| Income distribution of Treasury function | 0.7 | –2.5 | 3.2 | 128.2% |
| **Economic result** | **287.1** | **263.1** | 24.0 | 9.1% |

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

At €79.8m, the economic result in the Asset Management Real Estate business division fell slightly short of the figure for the first half of 2021 (€81.7m). Net sales came to €1.8bn (H1 2021: €1.9bn). With continued sound investment performance, total customer assets stood at €52.5bn, compared with €50.2bn at the end of 2021.

### *Net sales and total customer assets*

Given the caution of institutional investors, net sales at €1.8bn were unable to quite match the previous year’s €1.9bn. As in previous years, the tried-and-tested quota system for sales to retail customers was maintained. This allows the inflow of funds into the products to be managed efficiently, even in the face of high demand, and the funds’ liquidity resources to be limited. This also helps to prevent excessive investment pressure arising in view of the continuing high real estate prices.

Mutual funds accounted for 78% of the division's net sales. WestInvest InterSelect, which focuses on Europe, continued to register particularly high demand. The Deka-ImmobilienMetropolen, Deka-ImmobilienGlobal and Swiss Life REF (DE) European Living funds also proved very popular in the first half of 2022.

The net inflow into special funds, individual property funds and mandates was €0.4bn, which was higher than the comparative figure for the previous year (€0.3bn).

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

| | 1st half 2022 | 1st half 2021 |
|---|---|---|
| **Net sales** | **1,751** | **1,902** |
| **by customer segment** | | |
| Retail customers | 1,394 | 1,460 |
| Institutional customers | 357 | 442 |
| **by product category** | | |
| Mutual property funds | 1,374 | 1,565 |
| Special funds, individual property funds and mandates | 377 | 337 |

Despite distributions of around €0.6bn, total customer assets in the Asset Management Real Estate business division rose by 4.5% compared with year-end 2021 (€50.2bn) to €52.5bn, of which €37.4bn related to products for retail customers. A yield-focused cash management policy and sales by the Deka-Immobilien Fokus Büro Wien closed-ended real estate fund, launched with the external partner 2IP, contributed to the growth in total customer assets. Euro-denominated mutual property funds achieved an average volume-weighted return of 2.3% (year-end 2021: 2.1%).

The effects of the COVID-19 pandemic, which were still noticeable in the first quarter of 2022, and geopolitical tensions prevented an increase in the volume of real estate purchase and sale transactions, which came to around €1.0bn (H1 2021: €1.5bn). Around 92% of the overall transaction volume concerned a total of nine contractually secured property purchases. There were three disposals, representing around 8% of the transaction volume. Business activities continue to centre on properties in the office, retail, logistics and hotel asset classes.

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

| | 30 Jun 2022 | 31 Dec 2021 | Change | |
|---|---|---|---|---|
| **Total customer assets** | **52,475** | **50,231** | 2,244 | 4.5% |
| **by customer segment** | | | | |
| Retail customers | 37,375 | 35,986 | 1,390 | 3.9% |
| Institutional customers | 15,100 | 14,246 | 855 | 6.0% |
| **by product category** | | | | |
| Mutual property funds | 40,938 | 39,507 | 1,431 | 3.6% |
| Special funds, individual property funds and mandates | 11,537 | 10,724 | 813 | 7.6% |

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

The economic result in the Asset Management Real Estate business division stood at €79.8m in the first half of 2022 compared with €81.7m in the prior-year period. The rise in income was attributable to higher net commission income from a year-on-year increase in portfolio-related commission. Expenses were up slightly in a year-on-year comparison. This was chiefly due to a sharp rise in other administrative expenses, particularly from catch-up effects after the easing of COVID rules along with increased consultancy expenses.

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

| | 1st half 2022 | 1st half 2021 | Change | |
|---|---|---|---|---|
| Net interest income | −0.2 | 0.3 | −0.5 | −160.7% |
| Net commission income | 160.7 | 150.4 | 10.3 | 6.9% |
| Net financial income | 0.4 | 0.7 | −0.4 | −49.8% |
| Other operating profit | −3.7 | 2.4 | −6.1 | −252.0% |
| **Total income** | **157.2** | **153.9** | 3.3 | 2.1% |
| | | | | |
| Administrative expenses (including depreciation and amortisation) | 76.6 | 71.9 | 4.6 | 6.5% |
| **Total expenses** | **76.6** | **71.9** | 4.6 | 6.5% |
| | | | | |
| **Economic result before income distribution of Treasury-function** | **80.6** | **82.0** | −1.3 | −1.6% |
| Income distribution of Treasury function | −0.8 | −0.2 | −0.6 | −252.5% |
| **Economic result** | **79.8** | **81.7** | −1.9 | −2.4% |

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

The economic result as at the end of the first six months of 2022 stood at €16.7m (H1 2021: €2.7m). The number of securities accounts in Digital Multichannel Management came to 5.2 million at the halfway point of the year. Assets under custody fell to €163.8bn due to market conditions. Assets under custody in the Depositary subdivision also saw a market-induced decline of around 6% versus the end of 2021.

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

Market developments in the first half of 2022 caused assets under custody in Digital Multichannel Management to fall to €163.8bn (year-end 2021: €174.5bn). The number of securities accounts for which the division is the legal provider stood at 5.2 million at mid-year (year-end 2021: 5.1 million). The number of securities transactions was up strongly at 63.0 million (H1 2021: 50.1 million), mainly due to the continued high sales figures for savings agreements. S Broker, the Deka Group's online broker, manages around 191 thousand custody accounts with an investment volume of €11.9bn. The robo-advisory service provided by bevestor GmbH has now been integrated into the sales of virtually all savings banks as part of a cooperation model. bevestor has currently arranged an investment volume of around €180m and manages around 28 thousand customer custody accounts.

Assets under custody fell in line with the development in asset management to €254.5bn (year-end 2021: €270.3bn). This was primarily due to negative market developments in the year to date.

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

The economic result for the Asset Management Services business division in the first half of 2022 was €16.7m (H1 2021: €2.7m). The largest income component was net commission income of €112.4m (H1 2021: €103.2m). The increase compared with the first half of the previous year was due particularly to higher commission from banking business. The change in other operating profit was mainly based on the adjustment to a provision recognised in the previous year for the implementation of a ruling by the German Federal Court of Justice (BGH) on the mechanism for amending general terms and conditions of business. Expenses came to €106.6m, up on the first half of 2021 (€94.0m) due to higher custody account management requirements following higher sales and also due to higher market prices.

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

| | 1st half 2022 | 1st half 2021 | Change | |
|---|---|---|---|---|
| Net interest income | 2.8 | 1.8 | 1.0 | 57.1% |
| Risk provisions in the lending and securities business | –0.0 | 1.1 | –1.1 | –104.3% |
| Net commission income | 112.4 | 103.2 | 9.2 | 8.9% |
| Net financial income | –2.3 | 0.8 | –3.1 | (< –300%) |
| Other operating profit | 11.1 | –9.9 | 21.0 | 212.8% |
| **Total income** | **124.0** | **97.0** | 27.0 | 27.8% |
| | | | | |
| Administrative expenses (including depreciation and amortisation) | 106.6 | 94.0 | 12.6 | 13.4% |
| **Total expenses** | **106.6** | **94.0** | 12.6 | 13.4% |
| | | | | |
| **Economic result before income distribution of Treasury-function** | **17.4** | **3.0** | 14.4 | (> 300%) |
| Income distribution of Treasury function | –0.7 | –0.3 | –0.4 | –140.3% |
| **Economic result** | **16.7** | **2.7** | 14.0 | (> 300%) |

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

At €275.4m, the economic result reported by the Capital Markets business significantly exceeded the previous year's figure of €75.0m. The business division continued to fulfil its important role as the Deka Group's provider of products, solutions and infrastructure. It was supported in this 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. A high trading volume lifted income in a market environment of slowly rising interest rates.

The Commission Business unit strongly exceeded the prior-year figure. This was driven by income from commission business with shares, bonds, exchange-traded derivatives and supplementary services.

The Trading & Structuring subdivision can look back on a very good performance in the first half of 2022, especially in the certificates business. Net sales of certificates increased to €5.7bn (H1 2021: €4.5bn). At €5.2bn, the lion's share of demand was attributable to retail customers (H1 2021: €3.4bn). Certificate sales to institutional customers came to €0.5bn (H1 2021: €1.1bn). The high level of volatility in the first half of 2022 boosted sales.

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

At €275.4m, the division's economic result in the reporting period was significantly up on the comparative figure for the previous year (€75.0m). Net financial income more than doubled year-on-year, mainly due to very good certificates business combined with active risk management. At €81.5m, expenses were slightly below the equivalent figure for the previous year.

**Profit performance in the Capital Markets business division** *in €m (Fig. 13)*

| | 1st half 2022 | 1st half 2021 | Change | |
|---|---|---|---|---|
| Net interest income | 1.4 | 2.2 | –0.8 | –36.8% |
| Net commission income | 28.7 | 28.9 | –0.2 | –0.8% |
| Net financial income | 318.9 | 134.6 | 184.3 | 136.9% |
| Other operating profit | 1.2 | 1.1 | 0.1 | 10.4% |
| **Total income** | **350.2** | **166.8** | 183.4 | 109.9% |
| | | | | |
| Administrative expenses (including depreciation and amortisation) | 81.5 | 88.3 | –6.8 | –7.7% |
| **Total expenses** | **81.5** | **88.3** | –6.8 | –7.7% |
| | | | | |
| **Economic result before income distribution of Treasury-function** | **268.8** | **78.5** | 190.2 | 242.2% |
| Income distribution of Treasury function | 6.6 | –3.5 | 10.1 | 290.2% |
| **Economic result** | **275.4** | **75.0** | 200.4 | 267.0% |

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

The Financing business division generated an economic result of €142.6m in the first half of 2022 (H1 2021: €50.3m). Gross loan volume in the division posted a rise of 4.1% versus year-end 2021 to €26.7bn at the mid-point of the year.

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

The gross loan volume in the Specialised Financing subdivision was virtually unchanged from year-end 2021 at €14.4bn. Infrastructure financing accounted for €3.9bn (year-end 2021: €4.1bn), of which €1.5bn pertained to renewable energy. Export financing stood at €1.3bn (year-end 2021: €1.4bn), transport financing at €3.9bn (year-end 2021: €3.7bn) and public sector financing at €3.6bn (year-end 2021: €3.5bn). Transport financing comprised aircraft financing of €2.4bn (year-end 2021: €2.4bn), ship financing of €1.4bn (year-end 2021: €1.3bn) and railway financing of €0.1bn (year-end 2021: none). Gross loan volume for savings bank financing fell from €1.8bn at year-end to €1.7bn.

Gross loan volume in the Real Estate Financing subdivision increased moderately during the first half of 2022 to €12.3bn (year-end 2021: €11.3bn). The volume of commercial property loans rose to €9.2bn (year-end 2021: €8.6bn). In relation to the gross loan volume in the Real Estate Financing subdivision, around 7% was attributable to the retail use type, compared with 8% at the end of 2021, and around 3% to the hotel use type (year-end 2021: 4%). Financing volume in open-ended real estate funds increased to €3.2bn (year-end 2021: €2.7bn).

Compared to year-end 2021, the average rating for the loan portfolio as a whole according to the DSGV master scale improved by one notch to 6. This corresponds to a rating of BB+ on S&P's external rating scale (year-end 2021 S&P: BB). The average rating for Specialised Financing was unchanged from the end of 2021 at 7 (S&P: BB). The rating for Real Estate Financing improved by one notch from 6 to 5 (S&P: from BB+ to BBB–). Taking account of collateralised assets, the average rating for Real Estate Financing at mid-year was A on the DSGV master scale (S&P:A–). The rating at year-end 2021 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 2022 and amounted to €3.0bn (H1 2021: €2.1bn). New business in Specialised Financing amounted to €0.9bn as at 30 June 2022 (H1 2021: €0.9bn). New real estate financing business increased year-on-year to €2.0bn (H1 2021: €1.1bn).

The total volume of placements increased compared to the value at the end of the first half of 2021 (€153m) and came to around €259m.

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

In the first half of 2022, the Financing business division achieved an economic result of €142.6m (H1 2021: €50.3m). A positive risk provisioning result of €48.9m at the end of the first half of the year (H1 2021: €2.7m) was a key factor in this profit performance and was attributable to rating improvements and the reversal of the additional provisions, beyond those required by the ratings-based approach, that had been recognised for the aviation, hotel real estate and shopping centre lending segments. Net interest income exceeded the comparative figure for the previous year, partly due to refinancing gains (tenders). Net commission income, which was mainly driven by new business, was significantly higher than at the end of June 2021. Net financial income stood at €3.8m (H1 2021: €1.2m). Expenses showed a slight year-on-year increase to €34.8m.

**Profit performance in the Financing business division** *in €m (Fig. 14)*

| | 1st half 2022 | 1st half 2021 | Change | |
|---|---|---|---|---|
| Net interest income | 78.8 | 74.4 | 4.5 | 6.0% |
| Risk provisions in the lending and securities business | 48.9 | 2.7 | 46.2 | (> 300%) |
| Net commission income | 9.3 | 6.7 | 2.6 | 39.4% |
| Net financial income | 3.8 | 1.2 | 2.6 | 208.9% |
| Other operating profit | 0.4 | 0.3 | 0.1 | 37.4% |
| **Total income** | **141.3** | **85.3** | 56.0 | 65.7% |
| | | | | |
| Administrative expenses (including depreciation and amortisation) | 34.8 | 33.6 | 1.1 | 3.4% |
| **Total expenses** | **34.8** | **33.6** | 1.1 | 3.4% |
| | | | | |
| **Economic result before income distribution of Treasury-function** | **106.5** | **51.6** | 54.9 | 106.3% |
| Income distribution of Treasury function | 36.0 | – 1.4 | 37.4 | (> 300%) |
| **Economic result** | **142.6** | **50.3** | 92.3 | 183.6% |

## Financial position of the Deka Group

### Changes in the Deka Group balance sheet

The Deka Group's total assets increased by 14.7% as against the end of 2021 to €101.9bn (year-end 2021: €88.9bn). This was mainly due to a customer-driven increase in financial transactions, current account deposits and repo transactions on the liabilities side.

The amount due from banks and customers rose during the reporting period by a total of €11.5bn to €55.9bn due to newly concluded reverse repo transactions and equated to around half of total assets (55%). Financial assets reported at fair value declined by €0.2bn to €17.9bn. Financial investments of €9.8bn were slightly up on the end of the previous year.

Amounts due to banks and customers rose significantly by €8.3bn in total to €48.8bn, and thus also accounted for around half of total assets (48%). This change resulted mainly from increased financial transactions and from higher current account deposits driven by customer-induced deposits by investment funds. There were also increased repo transactions with banks in the first half of 2022. Meanwhile, there was a moderate drop of €0.6bn in securitised liabilities to €8.9bn due to maturities in the reporting period. Financial liabilities at fair value rose significantly to €33.8bn (year-end 2021: €29.2bn) due to market-driven increases in the value of interest rate and equity derivatives used for hedging purposes. These were caused by interest rate developments and the lower stock market prices in the first half of 2022. Of financial liabilities at fair value, trading issues accounted for €20.8bn (year-end 2021: €22.2bn).

**Changes in the Deka Group balance sheet** *in €m (Fig. 15)*

| | **30 Jun 2022** | **31 Dec 2021** | Change | |
|---|---|---|---|---|
| **Total assets** | **101,900** | **88,865** | 13,035 | 14.7% |
| **Selected asset items** | | | | |
| Due from banks and customers | 55,883 | 44,378 | 11,504 | 25.9% |
| Financial assets at fair value | 17,928 | 17,738 | 190 | 1.1% |
| Financial investments | 9,754 | 9,291 | 463 | 5.0% |
| **Selected liability items** | | | | |
| Due to banks and customers | 48,811 | 40,485 | 8,326 | 20.6% |
| Securitised liabilities | 8,922 | 9,543 | –621 | –6.5% |
| Financial liabilities at fair value | 33,761 | 29,194 | 4,566 | 15.6% |

See also:
Risk report:
page 36 ff.

### Capital and liquidity adequacy

Full details of capital and liquidity adequacy in the first half of 2022 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 mid-year. 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. 16)*

| | Standard & Poor's | Moody's |
|---|---|---|
| **Bank Ratings** | | |
| Issuer Rating | A (stable)<br>Issuer Credit Rating | Aa2 (stable)<br>Issuer Rating |
| Counterparty Rating | N/A | Aa2<br>Counterparty Risk Rating |
| Deposit Rating | N/A | Aa2<br>Bank Deposits |
| Own financial strength | bbb<br>Stand-alone Credit Profile | baa2<br>Baseline Credit Assessment |
| Short-term rating | A–1<br>Short-term Rating | P–1<br>Short-term Rating |
| **Issuance Ratings** | | |
| Preferred Senior Unsecured Debt | A<br>Senior Unsecured Debt | Aa2 (stable)<br>Senior Unsecured Debt |
| Non-Preferred Senior Unsecured Debt | A–<br>Senior Subordinated Debt | A1<br>Junior Senior Unsecured Debt |
| Subordinate Debt (Tier 2) | N/A | Baa1<br>Subordinate Debt |
| Additional Tier 1 Debt | N/A | Baa3 (hyb)<br>Preferred Stock Non-cumulative |
| Public Sector Covered Bonds | N/A | Aaa<br>Public Sector Covered Bonds |
| Mortgage Covered Bonds | N/A | Aaa<br>Mortgage Covered Bonds |

S&P published its ESG credit indicators for DekaBank in January 2022. With the ESG approach, S&P is primarily aiming to increase the transparency of the rating criteria. The ESG credit indicators highlight the potential impact of ESG factors on credit ratings. The DekaBank-specific ESG credit indicators – E-2 (Environmental), S-2 (Social) and G-2 (Governance) – are neutral. This means that S&P currently sees no impact of ESG factors on the credit rating.

Moody's published its ESG scores for DekaBank in March 2022. With the ESG approach, Moody's is aiming to increase the transparency of the rating criteria. The ESG Credit Impact Score (CIS) for DekaBank is neutral (CIS-2). Moody's therefore currently sees no impact of ESG factors on the credit rating.

## Human resources report

The Deka Group employed a total of 4,964 people as of 30 June 2022 (year-end 2021: 4,854). 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 4,281, the number of earnings-relevant full-time equivalents remained almost unchanged from the end of 2021 (4,243). 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

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 in the second half of 2022 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.

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 2022 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 2021; there have been no significant changes as of mid-year 2022.

The global consequences of the war between Russia and Ukraine, including possible secondary and tertiary effects, are incalculable as of mid-2022. If the war in Ukraine is protracted or worsens further, this may be reflected in lasting damage to growth and capital markets. The economic impacts of the ongoing coronavirus pandemic cannot be conclusively measured either. At least in the short term, there still remains a possibility of further setbacks in tackling the pandemic. These may be caused by an insufficient vaccination rate or the spread of mutated variants. Estimates of the development of growth and inflation are therefore subject to change, which could have implications for the extent of the turnaround in central bank interest rate policy and for yield levels in bond markets. Overall, there thus remains a high degree of uncertainty regarding future market developments. It is impossible to rule out a scenario in which the earnings, risk and capital situation, as well as the corresponding key management indicators, show less favourable development than that presented in the forecast report.

### Expected economic trends

#### Expected macroeconomic trends

The global economy is suffering under a range of economic pressures. Global gross domestic product is expected to grow by only 2.7% year-on-year from January to December 2022. This is only slightly above the definition of a global recession. In the second half of the year, demand-side effects – i.e. those influencing corporate investment decisions and household spending – will come to the fore. While fiscal policy will seek to cushion the loss in purchasing power to some extent and wages will grow at above-average pace, this will not be enough to prevent subdued consumer confidence and spending restraint, particularly in light of the very sharp rises in energy prices. Businesses, especially in Germany and Europe, continue to face supply shortages and transport problems but must also live with consumer uncertainty and factor in increased borrowing costs due to higher interest rates. Particularly in Germany, concerns about the gas supply in the winter months are hanging over the business outlook for manufacturing companies.

borrowing costs due to higher interest rates. Particularly in Germany, concerns about the gas supply in the winter months are hanging over the business outlook for manufacturing companies.

Conditions have changed noticeably this year in both the real economy and on capital markets. This is having a knock-on effect on production and consumption in large parts of the economy. Central banks have begun to tackle high inflation rates, while businesses are demonstrating flexibility in order to secure their supply chains and become more energy efficient. This is taking place against the backdrop of a global policy drive towards digitalisation and sustainability – a long-term process of structural change that is also reflected by changes in the corporate sector. The structural change is already bringing public and private investments that are bolstering economic activity this year.

**Expected sector-related conditions**

Inflation in the industrialised countries is likely to peak in the summer months before gradually easing due to base effects. This assumes no further rise in the prices on world markets for crude oil and natural gas. The fall in inflation in the eurozone may initially be less pronounced than in the United States. While domestic inflationary pressures may be higher across the Atlantic, mainly due to a tight labour market, the eurozone is more exposed to the effects of the war in Ukraine, especially higher gas prices and supply shortages of intermediate goods. Core inflation (consumer prices excluding energy, food, alcohol and tobacco) in the eurozone is likely to remain at a historically elevated level for the time being. Indications of gradually easing global supply chain problems are likely to be set against somewhat stronger wage rises.

In the second half of the year, significant key interest rate hikes are expected from all major central banks except the Bank of Japan. However, there will be differences in approach. The US Federal Reserve will want to counter signs of overheating and is therefore likely to keep key rates in slightly restrictive territory until the end of the year. The ECB, by contrast, is less focused on curbing domestic demand. Instead, it wants to ensure that the inflation being driven by global factors does not excessively spill over into the domestic economy and become entrenched, for example in higher wage rises. It will therefore implement a series of key rate hikes that are unlikely to be completed by the end of the year. While the Fed has already begun to reduce its balance sheet, the ECB has no such intention for the time being. As well as reinvesting proceeds from maturing bonds, the ECB may temporarily purchase sovereign bonds from the eurozone periphery so as to limit unwanted market reactions to its change in monetary policy direction. Some Governing Council members see this as a helpful step to gain more scope for lifting key interest rates.

The ECB will continue for the foreseeable future to reinvest proceeds from maturing bonds acquired under its asset purchase programme. Moreover, only modest mandatory repayments are expected this year from the longer-term refinancing operations. Excess liquidity on the money market is thus likely to remain high in general. Short-term money market rates should therefore remain closely aligned to the gradually increasing ECB deposit rate. The somewhat longer-term EURIBOR rates have already priced in future rate rises. Money market futures are likely to remain sensitive both to changes in the economic environment and signals from the ECB.

Capital markets have been deeply unsettled by a number of factors. The inflationary tendencies are proving more persistent than had been feared and are likely to be further exacerbated by the acute energy and material shortages. These shortages, combined with the considerable key rate hikes by major central banks, threaten to tip the economy into a recession. Meanwhile, markets have lost the substantial support from central banks to which they were accustomed in recent years. In the United States, the Fed has even begun to reduce its securities holdings again. Finding a new equilibrium for asset prices is extremely difficult in this environment, especially with very thin market liquidity. This has resulted in sometimes erratic price movements, with bond markets in particular seeing volatility hit historic highs. Having been slow to begin raising interest rates, the ECB will now seek to swiftly but cautiously bring its key rates to an approximately neutral level. After a substantial downward correction in the summer, yields should soon begin rising especially at the short end of the yield curve and form a relatively flat Bund curve by the middle of next year. The ECB’s announcement of action against financial fragmentation has curbed spreads on sovereign bond markets in the eurozone periphery. However, the ECB's options in this regard are likely to be rather limited, and other parts of the financial system are also seeing growing risk aversion.

On the credit markets, there is concern about an economic slump in the coming winter, although this has presumably largely been priced into risk premiums by now. A severe recession would, however, drive spreads significantly wider still, as rating agencies would then feel compelled to implement noticeable downgrades. For now, companies and European governments remain well able to raise finance on the markets. One hindrance, however, could be the increasing funding being provided for the EU Recovery Plan, which is likely to accelerate somewhat in the second half of the year. As the ECB's substantial support has come to an end here too, investors might in future also demand somewhat higher risk premiums for sub-governments and supranational agencies.

Substantial uncertainty, major growth concerns and very high volatility are likely to continue to prevail on global stock markets in the second half of the year. The economic outlook is gloomy, and in Europe, especially Germany, there is a risk of industry being severely impaired by a stop to Russian gas deliveries, which would likely lead to a severe recession. Further steep falls on the stock markets must be anticipated in such a scenario. Provided that remaining deliveries and alternative sources are able to avert the worst, however, opportunities will also emerge again. After all, stock market valuations have seen significant downward movement in recent weeks and months. The current valuations thus limit the potential for further downward corrections and also offer a very good basis for stocks to rally again when a more stable economic environment returns.

The US economy has weakened in recent months. Markets are being hit by a combination of high inflationary pressure and loss of consumer purchasing power, a tight labour market and more restrictive monetary policy. The stock market correction has cut valuations of US shares. However, the recessionary risks have recently risen with the US Federal Reserve demonstrating, through its accelerated rate hikes, that it is willing if necessary to trigger a recession in order to curb inflation. Another economic downturn would be a major burden on corporate profits. It will take months for the macroeconomic outlook to become clearer, and DekaBank therefore expects that market uncertainty and volatility will remain at a highly elevated level.

Real estate asset management remains an appealing asset class. However, investment opportunities for real estate funds remain limited, meaning that restraint is still called for when attracting new inflows. The construction cycle in the US office market is likely to reach its peak in 2022 before tailing off in light of sharply increased construction and financing costs. Rental growth is likely to gain breadth and momentum as the year progresses, mainly as a result of the inflation trend. This will also be the case for markets in Asia and the United States. With interest rates rising, increases in initial yields are expected not only for office buildings but also for retail, hotel and logistics properties. However, we do not expect a major reduction in prices. As real interest rates remain in negative territory even over the long term, real estate is set to remain an attractive asset class.

**Expected business development and profit performance**

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

The war between Russia and Ukraine is leading to geopolitical tensions beyond the two countries themselves. The impact of these, including potential secondary and tertiary effects, is not currently foreseeable. In addition, the continuing global COVID-19 pandemic and its impacts on economies, growth and capital markets may also have future effects on the Deka Group that are not yet possible to reliably predict in 2022. There may also be implications for the extent of the turnaround in central bank interest rate policy and for yield levels in bond markets. There thus remains a high degree of uncertainty regarding future market developments.

The 2021 Group management report predicted an economic result of approximately €550m for 2022 as a whole. This figure was slightly above the average for the past five years. The updated forecast for the interim report takes the adjusted estimates into account. Given the favourable development in operating activities and the positive valuation effects due to market parameters, the economic result as of mid-2022 was already significantly up on the original forecast for the full year. For the second half of the year, it very probable that macroeconomic developments will have a less favourable effect on business performance. A higher risk provisioning requirement than in the first half of the year is also expected. The positive net income resulting from own issues and other own credit quality effects in Treasury due to the spread developments in the year to date cannot be extrapolated to the full year and may reverse in the coming months. We therefore expect an annual profit slightly above the result for the first half of 2022.

Sales plans continue to concentrate on an investment fund business that maintains lasting value. This includes regular securities saving and an expanded range of sustainability-related products and services. For 2022, the Deka Group anticipates a moderate decline in total customer assets versus year-end 2021 as a result of the current market development. Total net sales are expected to be slightly below €30bn.

The Asset Management Securities business division will continue its strategic direction in the second half of 2022 and focus on continuing to develop its range of high-quality products and services in close coordination with the sales departments. Expanding the range of sustainability-related products and services in accordance with the regulatory requirements and Group strategy will continue to be a priority. Net sales in the retail segment should reach a high level again. The focus in future will remain on an investment fund business that maintains lasting value and products for regular saving. In institutional customer business, Deka intends to maintain a high level of sales and benefit from both the addition of IQAM Invest GmbH asset management solutions to the product portfolio for German customers and from the expansion of digital sales channels.

Risks may arise from the war between Russia and Ukraine and the further evolution of the coronavirus pandemic with its economic impact on investment fund business. In the medium term, there are potential negative impacts from a further increase in the rates of inflation, multiplying political risks and more volatile economic development. This 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 total customer assets.

The Asset Management Real Estate business division continues to pursue its aim of being the first choice for savings banks and their customers when investing in commercial property. In open-ended real estate funds for retail customers, it plans to build on what is already an excellent market position without compromising on quality or stability. Using a combination of both new and existing products such as infrastructure funds of funds, the division is seeking to improve its market position in institutional business. The product range in the area of sustainability will also be gradually augmented. The business division still aims to improve its net sales among retail and institutional customers and increase total customer assets. Unlike at the beginning of the pandemic, there is no longer a general question mark around the future viability of office buildings. Remote working arrangements will continue to have their place in future as part of hybrid working models. However, offices will remain important to companies as a central place where people meet to communicate and innovate.

There are risks to the performance of the Asset Management Real Estate business division from the prolonged inflation and the further hikes in interest rates triggered in response. Rising interest rates tend to result in falling property values. This effect is sometimes 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. This increases the probability of a lack of inflows. The ongoing war between Russia and Ukraine and the unpredictable consequences of the emergency gas plan, for example, also pose risks for the business division. In addition, there are risks from the continued strong regulatory pressure.

For the second half of 2022, the Asset Management Services business division aims to increase assets under custody in line with the targeted asset management growth. The Digital Multichannel Management subdivision will continue with its existing strategic direction. This means pushing ahead further with the expansion of the multichannel offering, which involves the integration of physical branches and other sales channels for the securities products offered by the savings banks. The bevestor GmbH robo-advisory product (digital asset management) will support this strategy with contemporary, innovative services.

The Depositary subdivision will continue to work on expanding its depositary function through growth in the Deka Group investment companies' mutual funds and new third-party mandates, focusing on developing a comprehensive asset servicing solution (master KVG and depositary). The aim is to enhance its market position in Germany. Custody of digital securities and other digital assets will be implemented in the Depositary subdivision as part of the digitalisation strategy.

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 Depositary subdivision continue to include rising pressure on margins as well as market-induced outflows of assets under custody. The consequences of the war between Russia and Ukraine could 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 maintain its proven strategic direction as a customer-centric product and solution provider. It intends to maintain its position as an infrastructure provider with international capital market access through systematic digitalisation and further development of the existing platform solutions. In the certificates business, retail products will remain the focus.

Risks to the performance of the Capital Markets business division arise particularly from negative capital market trends and recessionary fears due to exogenous shocks such as the war between Russia and Ukraine, the coronavirus pandemic or trade disputes that result in reduced customer activity. Additional risks arise from regulatory intervention in the design of products and definition of terms and conditions and further increased market pressure on fees. Regulatory or adverse monetary policy escalations leading to additional capital backing or reporting obligations may also affect business performance.

For its business activities in the second half of 2022, the Financing business division will continue to concentrate on its defined and well-established segments: specialised financing and real estate financing in liquid markets. Being a sought-after financing partner for the savings banks will remain its main aim. The division will continue seeking to generate new business where this contributes to its objectives and to appropriate management of the balance sheet structure. It will maintain its stability-focused and risk-conscious strategy.

There are risks to the Financing business division from possible consequences of the ongoing war between Russia and Ukraine as well as from continuing repercussions of the coronavirus pandemic on the quality of loan exposures. Further risks may arise from specific creditworthiness risks on the part of borrowers and from further political crises, 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 rating downgrades. Business performance may 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 expectation remains for total assets of slightly under €100bn at year-end 2022.

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.

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 2022. 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%.

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

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

## Risk report



### 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 2021. 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.

Two further indicators were added to the internal processes for managing and monitoring liquidity in the first half of 2022. The EBA Guidelines on recovery plan indicators published in 2021 require the recovery plan to use an indicator for available, central bank-eligible, unencumbered assets. As part of the implementation of this requirement, additional thresholds, monitored daily, were therefore added for available, central bank-eligible, unencumbered assets, and the liquidity emergency plan was enhanced in line with this. To limit the risks from unstable sources of funding, thresholds were introduced for the issue of commercial papers, setting the maximum volume of debt due within each maturity band.

The correlation assumptions between industries and segments used in the credit portfolio model were adjusted at the end of May 2022 as part of the regular update process, and the representativeness of the crisis correlation estimate was improved through a stronger inclusion of crisis phases. The updated correlation assumptions resulted in a significant increase in economic counterparty risk (CVaR).

The revised model for quantifying business risk went live for the Capital Markets and Financing business divisions at the end of February. At its core, the revised model switches the relevant planned figure to the planned annual earnings contribution included in internal capital, thereby bringing this into alignment with the other business divisions. This contribution is based on the economic result expected for the next 12 months but with a focus on earnings components that are sustainably achievable. Under the revised model, the business risk in these two business divisions is immaterial. It is therefore not explicitly included in risk-bearing capacity at present.

Implementation of the vision adopted by the Board of Management for the establishment of an integrated management system for non-financial risks (NFR) continued as planned. For example, Deka-specific minimum requirements for measuring non-financial risks were included in the ongoing assessments of the various sub-types of operational risk. Building on this, reporting and risk management processes are being gradually standardised in a process due to be completed by the end of 2022.

For the purposes of developing a holistic reputational risk management system, a guidance for the management of reputational risks was put together and implemented across the Group at the end of 2021. This was based on the methods, processes and responsibilities which have been refined during a trial stage. An approach to quantifying reputational risk is being developed as part of a project in the current year. This is intended to transparently show the chain of reputational effects that could impact upon business risk.

Sustainability is becoming ever more important to the whole economy. The Deka Group has therefore continued to work hard on integrating sustainability risks into its business strategy, governance, risk management and disclosure. Analysis of the significance of sustainability risks, first performed in 2021, has been enhanced so as to systematically identify and measure sustainability risks. A detailed collection of the factors driving climate and environmental risks was prepared. This differentiates between physical (acute, chronic and non-climate-dependent), transitory and other climate and environmental risks. It serves as a basis for examining the impact of risk drivers on the established risk types. This year's analysis of the drivers of climate and environmental risk is due to be completed in the second half of 2022. In addition to this, an analysis of the business environment in terms of climate and environmental aspects was conducted in the first half of 2022. This aimed to take a structured look at the related implications for the Deka Group's business model and product segments, with a focus on assessing both the opportunities and risks. The business environment and risk driver analyses encompass a short-to-medium-term time horizon.

To examine the impacts of climate and environmental risks, two climate stress scenarios were developed in the first quarter of 2022 as part of the stress tests. Their impacts were initially calculated for selected indicators as of 31 December 2021. The scenarios include both a delayed economic transition and a flood scenario. Depending on the specific vulnerability in relation to climate and environmental risks for the Deka Group, the scenarios are being enhanced this year with new indicators added. In a further step, dynamic portfolios will be used for the analysis next year so as to take account of any strategic and customer-specific adjustment processes.

In terms of the inclusion of sustainability aspects in DekaBank's lending processes, the ESG score cards developed in 2021 are being used for new business. These will be rolled out to the existing portfolio by the end of the year for renewals. The extension of ESG scorecards to the existing portfolio is carried out in line with the regulatory requirements of the EBA Guidelines on loan origination and monitoring. Possible indicators (KPIs and KRIs) for managing sustainability aspects will be identified in the coming year based on the insights gained from the activities above.

In the wake of the ECB guide to internal models published back in November 2018, more supervisory reviews of internal models under Pillar I of the Basel Accord (Targeted Review of Internal Models, TRIM) were conducted. The reviews aimed to reduce the variability of model results and thereby increase confidence in internal models. They affected the internal rating models for credit risk (IRBA), internal market risk models (IMA) and internal models for estimating exposure to counterparty risk (IMM). With regard to the IRB approach, suitable measures to fulfil the requirements were initiated based on the findings of the 2019 on-site audit in the fund rating module as part of the TRIM, which were all reported as completed in the first half of 2022. An on-site audit of the market risk model as part of the TRIM was conducted back in 2017, and all measures to fulfil the requirements were implemented in 2020. TRIM audits concerning counterparty risk did not affect DekaBank.

In addition, as part of the implementation of the EBA Guidelines on PD estimation, LGD estimation and treatment of defaulted assets, further IRB reviews have been carried out since last year for a total of six modules in connection with the corresponding model change notifications. In the coming year, it is anticipated that more of these reviews will be conducted until all IRB rating modules have been reviewed by the supervisory authority.

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 necessary to meet the requirements of the new FRTB standardised approach have already been implemented and the first prescribed report submitted 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 2022**

See also: Economic report: page 12 ff.

The rise in inflation that began in 2021 continued unexpectedly strongly in the early months of this year. While the after-effects of the pandemic were an important factor at the beginning of the year, the outbreak of the war in Ukraine further exacerbated inflationary pressure. This put central banks under pressure to rapidly adjust their highly expansionary monetary policy. Whereas the US Federal Reserve began to lift its key interest rate in as early as March and also announced a gradual reduction in the securities holdings it had accumulated over recent years, the ECB's normalisation of monetary policy in the first half of the year consisted in large part of tapering its net asset purchases more quickly than originally announced. At the same time, it very clearly signalled its intention to gradually lift key rates starting from the summer.

These events hit the markets doubly hard, as similar market reactions were triggered by both the exit plans of the central banks and the Ukraine war. Interest rates and credit spreads subsequently rose very sharply, while share prices fell significantly. The euro further depreciated against the US dollar due to the continued difference in the pace of monetary policy tightening by the Fed and ECB.

Further interest rate adjustments by the Fed in the second quarter reduced long-term inflation expectations again, causing the sharp rise in yields to pull back somewhat. This also applied to the yields on European sovereign bonds, even though the ECB was very late to announce even a slow-paced interest rate turnaround.

Implementation of the benchmark reform initiated by the Financial Stability Board made further progress in the first half of 2022. Following the successful transition for pound sterling, the Japanese yen and the Swiss franc in 2021, the focus is now primarily on preparing to transition the existing US-dollar LIBOR-based positions. With Term SOFR, which is being actively sought after by customers, the market now has an established true alternative to compounded SOFR. DekaBank is among the first European banks to have issued Term SOFR-based loans. However, the extreme movements in interest rate markets, especially in the US dollar, and the resulting volatility in tenor basis spreads are hindering pricing during the transition.

Alongside the US dollar transition, the expansion of the product range for the new risk-free rates (RFRs) is the second big issue. As well as linear products such as swaps, RFR option markets are emerging in the various currency areas. DekaBank is monitoring this development and will adjust its product range accordingly once the necessary market data becomes available.

As expected, the transition to date has had no appreciable effect on the risk ratios overall.

Looking at the Deka Group, market development in the first half of 2022, which was characterised by rising interest rates and credit spreads, falling share prices and, above all, sharply increasing volatility, posed challenges for the management of trading and banking book portfolios. Active risk management enabled the Group to maintain its essentially neutral position in equities and interest rates in the trading book portfolios. In credit spreads, too, more conservative positioning meant that there was only a small increase in risk. In non-trading book portfolios, an increase in risk was seen for both interest rates and credit spreads. In contrast, the share price risk from these portfolios trended sideways over the first half of the year. Despite the various crises, the certificates business continued to perform very positively. Alongside share certificates, which have always been in high demand in recent years, the rising interest rates meant that interest rate certificates also became more attractive again. Rising interest rates and credit spreads were largely cancelled out by falling share prices in terms of the risks from *Riester* products and pension obligations, meaning that there was barely any change here in the first half of 2022.

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 uncritical levels throughout.

### 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 €2,095m at the end of the first half of the year. As such, it showed a significant increase relative to the value at the end of 2021 (€1,731m). This was due in particular to higher counterparty, market price and business risks, whereas operational risk and investment risk recorded only minor changes in risk.

**Change in Deka Group risk over the course of the year** *in €m (Fig. 17)*

| | 30 Jun 2022 | 31 Dec 2021 | Change | |
|---|---|---|---|---|
| Counterparty risk | 985 | 819 | 167 | 20.3% |
| Investment risk | 28 | 30 | –1 | –5.0% |
| Market price risk | 507 | 426 | 80 | 18.8% |
| Operational risk | 286 | 280 | 6 | 2.0% |
| Business risk | 289 | 176 | 113 | 64.1% |
| **Total risk** | **2,095** | **1,731** | 364 | 21.0% |

Over the same period, risk capacity fell to €5,077m (year-end 2021: €5,308m). This decline was driven primarily by a significant increase in the deduction for net unrealised gains and losses on securities in the banking book. There were positive effects particularly from the profit performance in the first half of the year and a lower deduction for risks resulting from pension obligations. The utilisation of risk capacity was up noticeably as against the end of 2021 (32.6%) to 41.3%, although it remains at an uncritical level.

Utilisation of allocated risk capital was uncritical both at Deka Group level and in all business divisions. The risk appetite of €4,100m (increase from €4,000m at the end of 2021) was 51.1% utilised as of 30 June 2022 (year-end 2021: 43.3%).

**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.

The Deka Group's regulatory own funds as of 30 June 2022 stood at €6,439m (31 December 2021: €6,075m).

The 8.8% increase in Common Equity Tier 1 capital to €5,131m was mainly due to the inclusion of year-end effects from 2021 (profit retention).

The Additional Tier 1 (AT1) capital was unchanged versus the year-end after the issue of new AT1 capital in 2021 and stood at €599m. Tier 2 capital amounted to €709m (year-end 2021: €761m) at the reporting date. The decline was primarily due to the reduced eligibility of Tier 2 capital instruments under the CRR in the last five years before maturity.

RWAs increased by €1,582 m from €30,944m at year-end to €32,526m. Credit risk rose by €275m versus year-end to €21,774m, mainly due to increased receivables from funds. Market risk increased by €708m to €6,296m. This was chiefly due to market developments in the first six months of 2022. Operational risk increased slightly by €71m to €3,571m. The increase in CVA risk to €885m (year-end 2021: €358m) resulted from the higher volume of derivative transactions to be included.

As of 30 June 2022, the Common Equity Tier 1 capital ratio stood at 15.8% (year-end 2021: 15.2%). The Tier 1 capital ratio as of the reporting date was 17.6% (year-end 2021: 17.2%). The total capital ratio rose from 19.6% as of 31 December 2021 to 19.8% 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 8.16% as at 30 June 2022. This capital requirement is made up of the Pillar 1 minimum requirement (4.50%) plus the Pillar 2 requirement (P2R) of 1.5%, reduced to 1.125% for the Tier 1 capital ratio, taking into account partial coverage of P2R by Tier 2 capital, and 0.844% for the Common Equity Tier 1 capital ratio, taking into account additional partial coverage of P2R by AT1 capital, the capital conservation buffer (2.5%), the countercyclical capital buffer (0.066% as at the end of June 2022) and the capital buffer for other systemically important banks (0.25%). The capital requirement for the Tier 1 capital ratio was 9.94%. For the total capital ratio, it was 12.32%. These requirements were clearly exceeded at all times.

**Deka Group own funds** *in €m (Fig. 18)*

| | 30.06.2022 | | 31.12.2021 | |
|---|---|---|---|---|
| | **CRR (without transitional provisions)** | **CRR (with transitional provisions)** | **CRR (without transitional provisions)** | **CRR (with transitional provisions)** |
| Common Equity Tier 1 (CET 1) capital | 5,131 | 5,131 | 4,716 | 4,716 |
| Additional Tier 1 (AT 1) capital | 599 | 599 | 599 | 599 |
| **Tier 1 capital** | **5,729** | **5,729** | **5,314** | **5,314** |
| Tier 2 (T2) capital | 709 | 709 | 761 | 761 |
| **Own funds** | **6,439** | **6,439** | **6,075** | **6,075** |
| | | | | |
| Credit risk | 21,774 | 21,774 | 21,499 | 21,499 |
| Market risk | 6,296 | 6,296 | 5,588 | 5,588 |
| Operational risk | 3,571 | 3,571 | 3,500 | 3,500 |
| CVA risk | 885 | 885 | 358 | 358 |
| **Risk-weighted assets** | **32,526** | **32,526** | **30,944** | **30,944** |
| **%** | | | | |
| **Common Equity Tier 1 capital ratio** | **15.8** | **15.8** | **15.2** | **15.2** |
| **Tier 1 capital ratio** | **17.6** | **17.6** | **17.2** | **17.2** |
| **Total capital ratio** | **19.8** | **19.8** | **19.6** | **19.6** |

The leverage ratio determined in accordance with the CRR, i.e. the ratio of Tier 1 capital to total assets (leverage ratio exposure, LRE), adjusted in line with regulatory requirements, stood at 6.1% as at 30 June 2022 (year-end 2021: 6.2%). Taking account of the phase-in provisions, the leverage ratio for the Deka Group was 6.1% (year-end 2021: 6.2%). This was mainly due to an increase in leverage ratio exposure. The leverage ratio was at all times well above the minimum of 3.0%.

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 46.8% (year-end 2021: 59.7%), while the figure under the LRE-based approach came to 16.2% (year-end 2021: 21.7%). Both ratios were well above the minimum ratios applicable since 1 January 2022. Compared against 31 December 2021 (€18.5bn), there was a noticeable reduction in own funds and MREL-eligible liabilities to €15.2bn. As of the reporting date, this figure was composed of own funds of €6.4bn, senior non-preferred issues of €6.2bn, senior preferred issues of €4.1bn and unsecured subordinated liabilities of €0.2bn.

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 RWAs and LRE. As at the reporting date, the subordinated MREL requirements in line with the RWA-based approach came to 31.5% (year-end 2021: 42.4%), while the figure under the LRE-based approach was 11.8% (year-end 2021: 16.4%). Both ratios were well above the minimum ratios applicable since 1 January 2022.

### Macroeconomic stress tests

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

The implications for the Deka Group of the escalating conflict between Russia and Ukraine were also closely followed. With the outbreak of the war, the need to calculate a specific ad hoc scenario was identified. Since then, this scenario has been continuously adjusted to the changing circumstances and the impact on capital adequacy assessed. Even in the comparison with non-stress-oriented thresholds, no threat to capital adequacy was identified. There is therefore no immediate need for action; however, developments are being closely monitored.

## Liquidity adequacy in the first half of 2022

The refinancing markets were heavily affected in the first half of 2022 by Russia's war against Ukraine and the associated rises in inflation and interest rates. Refinancing markets were tense and volatile at the onset of war, as was evident among other things in the market-wide increase in liquidity spreads. Following a trend towards normalisation, spread movement at the end of reporting period was sideways. DekaBank had access to ample liquidity on the money market. The higher interest rates boosted the attraction for investors of interest rate products with longer maturities. DekaBank also benefited from the flight-to-quality effect.

The Deka Group continued to have ample liquidity, measured using the liquidity balances and LCR, throughout the first half of 2022. 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 2022, 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 €6.0bn (year-end 2021: €9.4bn). In the maturity band of up to one month, the liquidity surplus totalled €5.4bn (year-end 2021: €9.2bn), and in the medium-term range (three months) it amounted to €10.7bn (year-end 2021: €6.2bn).

In relation to the net cash flows of approximately €1.5bn on day 1, the Deka Group has a high liquidity potential (around €5.3bn) 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 available surplus cover in the cover pool and corresponding repo transactions. The strict requirements concerning the liquidity potential ensure that the securities used for this purpose can generate liquidity even in a stressed market environment.

**"Combined stress scenario" funding matrix of Deka Group as at 30 June 2022** *in €m (Fig. 19)*

| | D1 | >D1 to D5 | >D5 to 1M | >1M to 3M | >3M to 12M | >12M to 5Y | >5Y to 20Y | >20Y |
|---|---|---|---|---|---|---|---|---|
| Liquidity potential (accumulated) | 5,259 | −494 | −1,476 | 1,146 | −480 | −480 | −95 | −23 |
| Net cash flows from derivatives (accumulated)[1] | −474 | −442 | −359 | 373 | 283 | −576 | −1,499 | −1,504 |
| Net cash flows from other products (accumulated) | 1,997 | 6,895 | 7,226 | 9,157 | 14,471 | 12,990 | 4,855 | −801 |
| **Liquidity balance (accumulated)** | **6,781** | **5,959** | **5,392** | **10,675** | **14,274** | **11,934** | **3,262** | **−2,328** |
| | | | | | | | | |
| For information purposes: | | | | | | | | |
| Net cash flows from derivatives by legal maturity (accumulated) [1] | −474 | −481 | −584 | −584 | −1,017 | −2,013 | −2,713 | −1,521 |
| Net cash flows from other products by legal maturity (accumulated) | −11,385 | −6,385 | −4,820 | −4,707 | −6,813 | −716 | −183 | 28 |
| **Net cash flows by legal maturity (accumulated)** | **−11,859** | **−6,866** | **−5,403** | **−5,291** | **−7,829** | **−2,729** | **−2,896** | **−1,493** |

[1] Including lending substitute transactions and issued CLNs

As at 30 June 2022, 58.7% (year-end 2021: 55.0%) of total refinancing related to repo transactions, overnight and term deposits and other money market products. 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.

Compared with 31 December 2021, the LCR at Deka Group level increased by 24.2 percentage points due to a significant increase in holdings of high-quality liquid assets combined with noticeably reduced net cash outflows. The LCR as at 30 June 2022 stood at 184.4% (year-end 2021: 160.3%). The average during the first half of 2022 was 179.5% (average for H1 2021: 166.1%). The LCR fluctuated within a range from 144.4% to 201.9%. It was thus always well above the minimum limit of 100.0% applicable in 2022.

The NSFR came to 123.0% at the end of June (year-end 2021: 118.9%) and was thus well above the minimum 100% required. The ratio expresses available stable funding in relation to required stable funding. The NSFR is thus designed to ensure stable long-term funding for assets in relation to their degree of liquidity. A period of one year forms the basis for the assessment.

### Both perspectives (macroeconomic stress tests)

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

## Individual risk types

### Counterparty risk
#### *Current risk situation*
The counterparty risk determined on the basis of the credit value at risk (CVaR), with a confidence level of 99.9% and a holding period of one year, increased significantly in the first half of 2022 to €985m (year-end 2021: €819m). Risk capital allocated to counterparty risk stood at €1,550m (year-end 2021: €1,595m) and was 63.6% utilised (year-end 2021: 51.3%). The level of utilisation therefore remained uncritical.

The development of counterparty risk was largely attributable to the updating of correlation assumptions in the CVaR calculation. On top of this, there was a rise in migration risks particularly in the second quarter.

The risk position of the cluster portfolio was assessed using an expected shortfall redistribution. Similar to the overall portfolio, there was a significant increase in absolute terms compared with the end of 2021 to €122m (year-end 2021: €96m). The relative share of the cluster portfolio in the overall portfolio remained unchanged at 12%. The risk concentration remained in line with the Deka Group's credit risk strategy.

Gross loan volume increased moderately by 4.7% as against the end of 2021 (€123.9bn) to €129.7bn. The other financial institutions, savings banks, commercial banks and state-affiliated and supranational institutions risk segments saw an increase of more than €1bn versus the end of 2021. In the case of other financial institutions, the increase in gross loan volume was mainly due to higher repo volumes. In the state-affiliated and supranational institutions risk segment, there was an increase in repo volumes and deposits with Deutsche Bundesbank. The increase in the savings banks risk segment was mainly due to money market transactions. A higher volume of securities was taken in from commercial banks. The public sector and insurance companies risk segments saw a reduction of more than €1bn compared with the end of 2021. In the public sector risk segment, this was due to a lower bond volume and to changes in the value of derivative hedging instruments. In the case of insurance companies, there was a reduction in the repo lending volume. The lending business volume (especially in the real estate sector risk segment) was above the figure for year-end 2021. The ship portfolio's share of gross loan volume rose slightly to 1.1% (year-end 2021: 1.0%). The aircraft portfolio had a share of 2.0% (year-end 2021: 2.2%). In connection with the COVID-19 pandemic, the transport sector loan portfolio in particular continues to be closely followed and monitored on an ongoing basis.

**Gross loan volume** *in €m (Fig. 20)*

| | 30 Jun 2022 | 31 Dec 2021 |
|---|---|---|
| Commercial banks | 18,827 | 16,834 |
| Other financial institutions | 30,161 | 26,114 |
| Savings banks | 8,190 | 5,957 |
| Insurance companies | 843 | 1,881 |
| Industrial sector | 5,053 | 5,671 |
| Service sector | 2,340 | 2,837 |
| Public sector | 8,063 | 10,193 |
| State-affiliated and supranational institutions | 20,537 | 19,395 |
| Transport sector | 4,200 | 4,364 |
| Renewable energies | 1,399 | 1,497 |
| Conventional energies and infrastructure | 4,764 | 5,055 |
| Real estate sector (including real estate funds) | 12,485 | 11,531 |
| Retail sector | 97 | 124 |
| Funds (transactions and units) | 12,739 | 12,460 |
| **Total** | **129,698** | **123,913** |

Net loan volume increased by 6.6% as against the end of 2021 (€64.0bn) to reach €68.2bn. Due to collateralisation the changes in gross loan volume observed in relation to both repo/ lending (especially in the other financial institutions, state-affiliated and supranational institutions, and insurance companies risk segments) and share price risks from securities (especially in the commercial banks and industrial sector risk segments) had relatively small effects on net loan volume. A higher bond volume in the commercial banks risk segment and a larger volume with savings banks had a particular risk-increasing effect on net loan volume. In the net loan volume of the public sector risk segment, there was a decline in the bond volume and in the volume of derivative hedging instruments.

**Net loan volume** *in €m (Fig. 21)*

| | 30 Jun 2022 | 31 Dec 2021 |
|---|---|---|
| Commercial banks | 9,194 | 6,373 |
| Other financial institutions | 4,223 | 4,144 |
| Savings banks | 8,014 | 5,772 |
| Insurance companies | 178 | 208 |
| Industrial sector | 2,509 | 2,196 |
| Service sector | 1,450 | 1,401 |
| Public sector | 6,221 | 7,986 |
| State-affiliated and supranational institutions | 18,317 | 18,450 |
| Transport sector | 654 | 791 |
| Renewable energies | 1,399 | 1,497 |
| Conventional energies and infrastructure | 3,542 | 3,472 |
| Real estate sector (including real estate funds) | 3,422 | 2,937 |
| Retail sector | 97 | 124 |
| Funds (transactions and units) | 8,988 | 8,603 |
| **Total** | **68,208** | **63,955** |

The gross loan volume in the eurozone rose by a total of €4.5bn. This was due to increased repo transactions with counterparties in Germany and increased money market transactions with savings banks. Lower securities volumes with German and Dutch counterparties and a lower securities lending volume with Belgian issuers had a risk-reducing effect. Overall the percentage of gross loan volume remained constant compared with the end of 2021 at 78.3%. The volume movements in the OECD excluding EU resulted mainly from greater exposure to repo business with US counterparties and an increased securities volume with Canadian counterparties.

**Gross loan volume by region** *in €m (Fig. 22)*

| | 30 Jun 2022 | 31 Dec 2021 |
|---|---|---|
| Eurozone | 101,531 | 97,001 |
| EU excluding eurozone | 1,074 | 838 |
| OECD excluding EU | 24,090 | 23,012 |
| International organisations | 53 | 54 |
| Other countries | 2,949 | 3,007 |
| **Total** | **129,698** | **123,913** |

The gross loan volume attributable to Germany increased by €7.3bn to €69.8bn and equated to 53.9% of the overall portfolio at the mid-year point. In the eurozone, €13.3bn or 10.2% of the gross loan volume was attributable to counterparties in Luxembourg. Counterparties in France accounted for 5.4% of the gross loan volume, and counterparties in Belgium accounted for 3.7%.

The gross loan volume relating to borrowers in Spain and Italy fell to €3.0bn, from €3.3bn at the end of 2021. Due to the collateralisation provided by repo/lending transactions, the collateralisation provided for the bond portfolio using protection buyer CDS and the collateralisation of loans, the net loan volume attributable to borrowers in Italy and Spain came to only around 32% of gross loan volume. The percentage of gross loan volume for counterparties in China totalled 0.4%. The gross loan volume for counterparties in Russia came to €53m. 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 €3m. There was still no gross loan volume attributable to counterparties in Ukraine or Belarus at the end of the first half of 2022 and no country limit.

**Gross loan volume by regional concentration** *in €m (Fig. 23)*

| | 30 Jun 2022 | Percentage of Gross loan volume |
|---|---|---|
| Germany | 69,844 | 53.9% |
| Luxembourg | 13,255 | 10.2% |
| United Kingdom | 8,570 | 6.6% |
| France | 7,057 | 5.4% |
| Belgium | 4,799 | 3.7% |
| Spain | 2,489 | 1.9% |
| Netherlands | 1,487 | 1.1% |
| Italy | 481 | 0.4% |
| Other | 21,717 | 16.7% |
| **Total** | **129,698** | **100.0%** |

The gross loan volume remained focused primarily on the short-term segment. The proportion of transactions with a time to maturity of less than one year was 44.3% at mid-year 2022 (year-end 2021: 40.2%). The proportion of maturities of ten years or longer was 4.9%, compared with 6.2% at 31 December 2021. Overall, the average legal residual maturity of gross lending was down to 2.9 years (year-end 2021: 3.3 years), mainly due to a higher volume of repos, which tend to have shorter maturities.

The level of risk concentration in the loan portfolio fell slightly during the first half of 2022. As at 30 June, 15.1% (year-end 2021: 15.8%) 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 as against the end of 2021 by 1 to 24.

Of the gross loan volume attributable to the cluster portfolio, 24.4% related to public sector counterparties, savings banks, and state-affiliated and supranational institutions. A total of 12.5% of net loan volume related to counterparty clusters (year-end 2021: 14.4%).

As was already the case at the end of 2021, shadow banking entities under the principal approach (limit utilisation of total net risk position: 16%) accounted for less than 1% of the net loan volume as at the 30 June 2022 reporting date. For shadow banking entities under the fallback approach, this share was 0%. The utilisation figures are considered acceptable, especially given that the shadow banking entities have an average rating of "5" on the DSGV master scale.

The average rating for the gross loan volume improved over the reporting period by one notch to a rating of 3 on the DSGV master scale. The average probability of default dropped to 20 bps (year-end 2021: 24 bps), which was due, among other things, to improved credit ratings for various counterparties in the aviation segment and the improved rating of the Republic of Angola for two ECA-backed export loans. The average rating for the net loan volume remained stable at "A–" with a virtually unchanged average probability of default of 9 bps (year-end 2021: 10 bps).

**Net loan volume by risk segment and rating** *in €m (Fig. 24)*

| | Average PD in bps | Average rating 30 Jun 2022 | 30 Jun 2022 | Average PD in bps | Average rating 31 Dec 2021 | 31 Dec 2021 |
|---|---|---|---|---|---|---|
| Commercial banks | 6 | A | 9,194 | 6 | A | 6,373 |
| Other financial institutions | 7 | A | 4,223 | 7 | A | 4,144 |
| Savings banks | 1 | AAA | 8,014 | 1 | AAA | 5,772 |
| Insurance companies | 15 | 3 | 178 | 6 | A+ | 208 |
| Industrial sector | 13 | 2 | 2,509 | 14 | 2 | 2,196 |
| Service sector | 15 | 3 | 1,450 | 16 | 3 | 1,401 |
| Public sector | 3 | AA | 6,221 | 3 | AA | 7,986 |
| State-affiliated and supranational institutions | 1 | AAA | 18,317 | 1 | AAA | 18,450 |
| Transport sector | 167 | 9 | 654 | 220 | 9 | 791 |
| Renewable energies | 63 | 6 | 1,399 | 66 | 6 | 1,497 |
| Conventional energies and infrastructure | 18 | 3 | 3,542 | 14 | 2 | 3,472 |
| Real estate sector (including real estate funds) | 12 | 2 | 3,422 | 17 | 3 | 2,937 |
| Retail sector | N/A | N/A | 97 | N/A | N/A | 124 |
| Funds (transactions and units) | 12 | 2 | 8,988 | 12 | 2 | 8,603 |
| **Total** | **9** | **A–** | **68,208** | **10** | **A–** | **63,955** |

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. 93% of net loan volume remained in the same grouping (determined by rating class) as at the end of 2021.

### 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 compared with the value as at the end of 2021 (€426m) to €507m. This development was mainly due to the current market situation with significantly higher interest rates, credit spreads and volatilities. Allocated risk capital for market price risk stood at €1,735m (year-end 2021: €1,300m). This represented an uncritical utilisation level of 29.2%.

Market price risk for the Deka Group (excluding guarantees) measured as the VaR with a confidence level of 99.0% and a holding period of ten days was €61.9m as at 30 June 2022 (year-end 2021: €49.2m).The operational management limit at Deka Group level (excluding guarantees) stood at €95m as of the reporting date. This represented an utilisation level of 65% and was therefore uncritical.

**Deka Group value-at-risk excluding guarantee products[1] (confidence level 99%, holding period ten days)**
*in €m (Fig. 25)*

| | 30 Jun 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| **Category** | **Asset Management Securities business division** | **Asset Management Real Estate business division** | **Asset Management Services business division** | **Capital Markets business division** | **Treasury** | **Deka Group excluding guarantees** | Change in risk vs 31 Dec 2021 |
| Interest rate risk | 2.9 | 0.0 | 7.8 | 15.5 | 50.9 | 63.8 | 30.2% |
| Interest rate (general) | 0.1 | 0.0 | 7.3 | 6.5 | 15.7 | 21.7 | 100.9% |
| Credit spread risk | 3.0 | 0.0 | 4.9 | 14.1 | 47.2 | 59.7 | 19.9% |
| Share price risk | 0.3 | 0.2 | 0.4 | 9.9 | 11.2 | 16.7 | 57.5% |
| Currency risk | 0.2 | 0.0 | 0.1 | 0.8 | 11.4 | 12.1 | 12.0% |
| **Total risk** | **2.9** | **0.2** | **7.8** | **17.5** | **48.1** | **61.9** | 25.8% |

[1] 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 interest rates and volatilities. General interest rate risk saw the strongest relative increase. Here, the VaR (excluding risks arising from guarantee products) more than doubled versus the end of 2021 (€10.8m) to €21.7m. The increase resulted mainly from non-trading book portfolios, whereas trading book portfolios even saw a slight reduction on average. The VaR for spread risk was also up significantly as of the reporting date at €59.7m (year-end 2021: €49.8m). Alongside the dominant market developments, a slight increase in exposures also contributed to the higher risk. In line with the business model, risk concentration in terms of spread risk was mainly attributable to German and US bonds issued by the public sector, financial institutions and corporates.

Share price risk increased versus the end of 2021 (€10.6m) to €16.7m at the reporting date. The average rise over the last six months was significantly more moderate. The monthly average in June 2022 was €13.5m compared with €12.8m in December 2021. Active management of share price risk from trading book portfolios, which includes certificates, significantly reduced the impact of rising market volatilities on risk.

Currency risk increased in the reporting period from €10.8m at the end of 2021 to €12.1m. This resulted mainly from changes as part of the LIBOR transition and the weakness of the euro since the start of the Ukraine war. Currency risk at the reporting date resulted principally from positions in US dollars and pound sterling.

### Operational risk

#### *Current risk situation*

The VaR for operational risk (confidence level of 99.9%, holding period of one year) increased moderately from €280m at year-end 2021 to €286m. There were slight risk-increasing effects on both the ex-post side, from a relatively large number of actually incurred losses, and the ex-ante side, from the reassessment of various loss scenarios in the context of the Ukraine war. Risk capital allocated to operational risk stood at €370m (year-end 2021: €350m) and was 77.2% utilised. Utilisation thus remains at an uncritical level.

The OR loss potential identified in the Group-wide self-assessment reduced slightly to €68m due to updates to various existing risk assessments (year-end 2021: €69m). The reduced loss potential due to the adjustment of fraud scenarios based on the loss history was almost completely balanced out by increased risks in the context of in some cases significantly higher transaction volumes and the increased market volatility in connection with the Ukraine war.

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 set 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 share trades transacted around the dividend record date, 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. The matters as recognised in the financial statements as at 30 June 2022 have thus changed only in terms of their amount and not in terms of the probability of occurrence following the revised BMF circular. All matters are reported in the Group management report and consolidated financial statements as at 30 June 2022 in accordance with DekaBank’s interpretation of the relevant tax regulations and accounting standards.

In addition, DekaBank has carried out 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. Based on the findings available, DekaBank still considers it unlikely that the tax authority will be able to make a successful claim in relation to these matters beyond what has been recognised in the financial statements as at 30 June 2022. The official search of DekaBank’s premises and additional information obtained in connection with this in June 2022 does not change this view, as things stand. The situation is being constantly reviewed.

### Business risk

The VaR of business risk was €289m as at 30 June 2020, significantly higher than the level of €176m at the end of 2021. This increase in risk was due in particular to an increase in the proportionate contribution to earnings for the year and the higher expenses expected in all relevant business divisions as well as to the reduction in total customer assets in the Asset Management Securities business division as a result of volatile markets. Meanwhile, changes in modelling for the Capital Markets and Financing business divisions had a risk-reducing effect. There was no material business risk for these business divisions at mid-year. This meant that the allocated risk capital, which was reduced to €400m (year-end 2021: €710m), was 72.3% utilised. If the current crisis situation results in further significant rises in market volatility, a further increase in business risk would be expected.

### Further risks

#### *Investment risk*

The VaR of investment risk was €28m at 30 June 2022 and was therefore up slightly on the level of €30m at the previous year-end The decline in risk due to the disposal of an equity investment was partially offset by increases in the IFRS carrying values of other individual equity investments as part of the regular remeasurement of equity investments at mid-year. The risk capital allocated to investment risks remained unchanged at €45m, with utilisation of 62.9%.

# INTERIM FINANCIAL STATEMENTS

# Interim financial statements

## Statement of profit or loss and other comprehensive income
for the period from 1 January to 30 June 2022

| €m | Notes | 1st half 2022 | 1st half 2021 | Change |
|---|---|---|---|---|
| Interest income | | 463.0 | 401.0 | 15.5% |
| (thereof calculated using the effective interest method) | | 199.9 | 176.2 | 13.5% |
| Interest expenses | | 361.5 | 321.3 | 12.5% |
| **Net interest income** | [6] | **101.5** | **79.7** | 27.4% |
| **Risk provisions in the lending and securities business** | [7], [21] | **47.7** | **18.4** | 159.2% |
| **Net interest income after provisions** | | **149.2** | **98.1** | 52.1% |
| Commission income | | 1,673.1 | 1,578.6 | 6.0% |
| Commission expenses | | 889.7 | 839.9 | 5.9% |
| **Net commission income** | [8] | **783.4** | **738.7** | 6.1% |
| **Net income from the derecognition of financial assets measured at amortised cost** | [9] | **8.7** | **12.9** | –32.6% |
| **Trading profit or loss** | [10] | **584.9** | **73.8** | (> 300%) |
| **Profit or loss on financial assets mandatorily measured at fair value** | [11] | **–33.0** | **10.1** | (< –300%) |
| **Profit or loss on financial instruments designated at fair value** | [12] | **17.1** | **13.6** | 25.7% |
| **Profit or loss from fair value hedges** | [13] | **16.4** | **10.4** | 57.7% |
| **Profit or loss on financial investments** | [14] | **–2.5** | **–0.0** | (< –300%) |
| **Administrative expenses** | [15] | **602.9** | **587.8** | 2.6% |
| (thereof expenses for the bank levy and deposit guarantee scheme) | | 82.0 | 79.5 | 3.1% |
| **Other operating profit** | [16] | **–6.8** | **–35.9** | 81.1% |
| **Total of profit or loss before tax** | | **914.5** | **333.9** | 173.9% |
| | | | | |
| **Income taxes** | [17] | **306.2** | **106.4** | 187.8% |
| **Interest expenses for atypical silent capital contributions** | | **–** | **25.0** | –100.0% |
| **Total of profit or loss** | | **608.3** | **202.5** | 200.4% |
| **Thereof:** | | | | |
| Attributable to non-controlling interests | | – | – | o.A. |
| Attributable to the shareholders of DekaBank | | 608.3 | 202.5 | 200.4% |
| **Changes not recognised in profit or loss** | [31] | | | |
| **Items reclassified to profit or loss** | | | | |
| Change in reserve for financial assets measured at fair value through other comprehensive income | | –17.0 | –4.6 | –269.6% |
| Change of the foreign currency basis spread of hedging derivatives | | 44.4 | –9.7 | (> 300%) |
| Change in currency translation reserve | | 0.5 | 0.1 | (> 300%) |
| Deferred taxes on items reclassified to profit or loss | | –8.7 | 4.5 | –293.3% |
| **Items not reclassified to profit or loss** | | | | |
| Revaluation gains/losses on defined benefit pension obligations | | 105.6 | 104.7 | 0.9% |
| Change in valuation reserve for own credit risk of financial liabilities designated at fair value | | 2.2 | 0.2 | (> 300%) |
| Deferred taxes on items not reclassified to profit or loss | | –54.4 | –13.4 | (< –300%) |
| **Other comprehensive income** | | **72.6** | **81.8** | –11.2% |
| | | | | |
| **Comprehensive income for the period under IFRS** | | **680.9** | **284.3** | 139.5% |
| **Thereof:** | | | | |
| Attributable to non-controlling interests | | – | – | o.A. |
| Attributable to the shareholders of DekaBank | | 680.9 | 284.3 | 139.5% |

## **Statement of financial position** as at 30 June 2022

| €m | Notes | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|---|
| **Assets** | | | | |
| **Cash reserves** | [18] | **16,555.5** | **15,982.4** | 3.6% |
| **Due from banks** | [19] | **24,447.3** | **13,817.8** | 76.9% |
| **Due from customers** | [20] | **31,435.5** | **30,560.6** | 2.9% |
| **Financial assets at fair value** | [22] | **17,928.2** | **17,738.5** | 1.1% |
| a) Trading portfolio | | 16,384.6 | 16,666.4 | –1.7% |
| b) Financial assets mandatorily measured at fair value | | 1,543.6 | 1,072.1 | 44.0% |
| c) Financial assets designated at fair value | | – | – | o.A. |
| (of which deposited as collateral) | | 3,289.6 | 3,476.4 | –5.4% |
| **Positive market values of derivative hedging instruments** | | **204.6** | **91.6** | 123.4% |
| **Financial investments** | [23] | **9,753.7** | **9,290.9** | 5.0% |
| a) Financial assets measured at amortised cost | | 7,554.6 | 5,594.9 | 35.0% |
| b) Financial assets measured at fair value through other comprehensive income | | 2,182.6 | 3,679.6 | –40.7% |
| c) Shares in at-equity accounted companies | | 16.4 | 16.4 | 0.0% |
| (of which deposited as collateral) | | 1,652.4 | 797.7 | 107.1% |
| **Intangible assets** | [24] | **194.3** | **199.6** | –2.7% |
| **Property, plant and equipment** | [25] | **310.3** | **290.9** | 6.7% |
| **Current income tax assets** | | **198.1** | **197.9** | 0.1% |
| **Deferred income tax assets** | | **360.0** | **265.8** | 35.4% |
| **Other assets** | | **512.4** | **428.9** | 19.5% |
| **Total assets** | | **101,899.9** | **88,864.9** | 14.7% |
| | | | | |
| **Liabilities** | | | | |
| **Due to banks** | [26] | **19,784.0** | **16,890.6** | 17.1% |
| **Due to customers** | [27] | **29,027.0** | **23,594.5** | 23.0% |
| **Securitised liabilities** | [28] | **8,922.2** | **9,543.3** | –6.5% |
| **Financial liabilities at fair value** | [29] | **33,760.7** | **29,194.4** | 15.6% |
| a) Trading portfolio | | 33,516.9 | 28,724.7 | 16.7% |
| b) Financial liabilities designated at fair value | | 243.9 | 469.7 | –48.1% |
| **Negative market values of derivative hedging instruments** | | **925.9** | **383.9** | 141.2% |
| **Provisions** | [30] | **330.6** | **457.3** | –27.7% |
| **Current income tax liabilities** | | **296.4** | **161.3** | 83.8% |
| **Deferred income tax liabilities** | | **153.9** | **12.1** | (> 300%) |
| **Other liabilities** | | **979.0** | **1,316.9** | –25.7% |
| **Subordinated capital** | | **924.0** | **964.2** | –4.2% |
| **Equity** | [31] | **6,796.2** | **6,346.4** | 7.1% |
| a) Subscribed capital | | 191.7 | 191.7 | 0.0% |
| b) Additional capital components | | 598.6 | 598.6 | 0.0% |
| c) Capital reserve | | 239.5 | 239.5 | 0.0% |
| d) Retained earnings | | 5,156.1 | 5,187.0 | –0.6% |
| e) Revaluation reserve | | 2.0 | –70.6 | 102.8% |
| f) Accumulated profit/loss (consolidated profit) | | 608.3 | 200.2 | 203.8% |
| g) Minority interest | | – | – | o.A. |
| **Total liabilities** | | **101,899.9** | **88,864.9** | 14.7% |

## **Condensed statement of changes in equity** for the period from 1 January to 30 June 2022

| €m | Subscribed capital | Additional capital components | Capital reserve | Retained earnings | Consolidated profit/loss | Provisions for pensions[1] |
|---|---|---|---|---|---|---|
| **Equity as at 1 January 2021** | **191.7** | **473.6** | **190.3** | **4,877.1** | **95.3** | **– 273.8** |
| Total of profit or loss | – | – | – | – | 202.5 | – |
| Other comprehensive income | – | – | – | – | – | 104.7 |
| **Comprehensive income for the period under IFRS** | **–** | **–** | **–** | **–** | **202.5** | **104.7** |
| Changes in the scope of consolidation | – | – | – | – | – | – |
| Other changes[2] | – | – | – | – 28.4 | – 0.1 | – |
| Allocation to reserves from retained earnings | – | – | – | – | – | – |
| Distribution | – | – | – | – | – 59.2 | – |
| **Equity as at 30 June 2021** | **191.7** | **473.6** | **190.3** | **4,848.7** | **238.5** | **– 169.1** |
| Total of profit or loss | – | – | – | – | 334.0 | – |
| Other comprehensive income | – | – | – | – | – | 36.7 |
| **Comprehensive income for the period under IFRS** | **–** | **–** | **–** | **–** | **334.0** | **36.7** |
| Changes in the scope of consolidation | – | – | – | – | – | – |
| Capital increase | 0.0 | – | 50.1 | – | – | – |
| Other changes[2] | – | 125.0 | – 0.9 | 2.0 | 0.1 | – |
| Allocation to reserves from retained earnings | – | – | – | 336.3 | – 336.3 | – |
| Distribution | – | – | – | – | – 36.1 | – |
| **Equity as at 31 December 2021** | **191.7** | **598.6** | **239.5** | **5,187.0** | **200.2** | **– 132.4** |
| Total of profit or loss | – | – | – | – | 608.3 | – |
| Other comprehensive income | – | – | – | – | – | 105.6 |
| **Comprehensive income for the period under IFRS** | **–** | **–** | **–** | **–** | **608.3** | **105.6** |
| Changes in the scope of consolidation | – | – | – | – | | – |
| Other changes[2] | – | – | – | – 30.9 | – | – |
| Allocation to reserves from retained earnings | – | – | – | – | – | – |
| Distribution | – | – | – | – | – 200.2 | – |
| **Equity as at 30 June 2022** | **191.7** | **598.6** | **239.5** | **5,156.1** | **608.3** | **– 26.7** |

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

| Revaluation reserve<br>Change of the foreign currency basis spread of hedging derivatives | Revaluation reserve<br>Financial assets measured at fair value through other comprehensive income | Revaluation reserve<br>Own credit risk of financial liabilities designated at fair value | Currency translation reserve | Deferred taxes | Total before minority interest | Minority interest | Equity |
|---|---|---|---|---|---|---|---|
| **−13.6** | **8.9** | **−2.1** | **−0.3** | **97.7** | **5,644.8** | **–** | **5,644.8** |
| – | – | – | – | – | 202.5 | – | 202.5 |
| −9.7 | −4.6 | 0.2 | 0.1 | −8.9 | 81.8 | – | 81.8 |
| **−9.7** | **−4.6** | **0.2** | **0.1** | **−8.9** | **284.3** | **–** | **284.3** |
| – | – | – | – | – | – | – | – |
| – | – | – | – | – | −28.5 | – | −28.5 |
| – | – | – | – | – | – | – | – |
| – | – | – | – | – | −59.2 | – | −59.2 |
| **−23.3** | **4.3** | **−1.9** | **−0.2** | **88.8** | **5,841.4** | **–** | **5,841.4** |
| – | – | – | – | – | 334.0 | – | 334.0 |
| 3.2 | −1.7 | 0.2 | 0.3 | −7.9 | 30.8 | – | 30.8 |
| **3.2** | **−1.7** | **0.2** | **0.3** | **−7.9** | **364.8** | **–** | **364.8** |
| – | – | – | – | – | – | – | – |
| – | – | – | – | – | 50.1 | – | 50.1 |
| – | – | – | – | – | 126.2 | – | 126.2 |
| – | – | – | – | – | – | – | – |
| – | – | – | – | – | −36.1 | – | −36.1 |
| **−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** |

## **Condensed statement of cash flows** for the period from 1 January to 30 June 2022

| €m | 1st half 2022 | 1st half 2021 |
|---|---|---|
| Cash and cash equivalents at the start of the period | 15,982.4 | 9,206.7 |
| Cash flow from operating activities | 825.3 | 9,704.6 |
| Cash flow from investing activities | 2.7 | –33.4 |
| Cash flow from financing activities | –254.9 | –142.5 |
| **Cash and cash equivalents at the end of the period** | **16,555.5** | **18,735.4** |

The definitions of the individual cash flow components are the same as those in the 2021 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 (Annual Report 2021).

# Notes

## 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 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.

Another key indicator for the operating segments, in addition to the economic result, is total customer assets. Total customer assets primarily comprise 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 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. Total customer assets also include DekaBank’s own portfolios of €0.3bn (31 December 2021: €0.5bn). These mainly relate to start-up financing for newly launched investment funds.

Based on the definition of section 19 (1) of the German Banking Act (*Kreditwesengesetz* – KWG), the gross loan volume includes additional risk positions such as, among other things, underlying risks from equity derivative transactions and transactions for the purposes of mapping the guarantees of 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 concepts, 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 their investments in master funds. In addition to investment funds and asset management concepts, the product range also includes products from selected international cooperation partners. 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 further significant expansion of the existing range of sustainability products and services, as well as even greater emphasis on sustainability aspects in the fund, 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 products offered by the fund manufacturer IQAM Invest GmbH expand the range of quantitative asset management products, particularly for institutional customers.

**Asset Management Real Estate**
The Asset Management Real Estate reporting segment provides fund products and advisory services relating to real estate 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 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 providing 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 as well as for DekaBank's certificate 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 *SparkassenFinanzgruppe*. 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 allocable to any operating segment. The Other segment also includes the result from own issues and other own credit quality effects within Treasury. Other income relating to the Treasury function is allocated to the other segments on a source-specific basis and is 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** | **1st half 2022** | **1st half 2021** | **1st half 2022** | **1st half 2021** | **1st half 2022** | **1st half 2021** | **1st half 2022** | **1st half 2021** |
| Net interest income | 0.9 | 0.2 | −0.2 | 0.3 | 2.8 | 1.8 | 1.4 | 2.2 |
| Risk provisions | – | – | – | – | −0.0 | 1.1 | – | 0.0 |
| Net commission income | 473.8 | 450.7 | 160.7 | 150.4 | 112.4 | 103.2 | 28.7 | 28.9 |
| Net financial income[1] | 3.0 | 1.4 | 0.4 | 0.7 | −2.3 | 0.8 | 318.9 | 134.6 |
| Other operating profit[2] | −3.2 | −10.2 | −3.7 | 2.4 | 11.1 | −9.9 | 1.2 | 1.1 |
| **Total income without income distribution from Treasury function** | **474.6** | **442.1** | **157.2** | **153.9** | **124.0** | **97.0** | **350.2** | **166.8** |
| Administrative expenses (including depreciation and amortisation) | 188.2 | 175.7 | 76.6 | 71.9 | 106.6 | 94.0 | 81.5 | 88.3 |
| Restructuring expense[2] | 0.0 | 0.8 | – | 0.0 | – | – | – | – |
| **Total expenses** | **188.2** | **176.5** | **76.6** | **71.9** | **106.6** | **94.0** | **81.5** | **88.3** |
| **(Economic) result before tax excluding income distribution Treasury function** | **286.4** | **265.7** | **80.6** | **82.0** | **17.4** | **3.0** | **268.8** | **78.5** |
| Income distribution of Treasury function | 0.7 | −2.5 | −0.8 | −0.2 | −0.7 | −0.3 | 6.6 | −3.5 |
| **(Economic) result before tax** | **287.1** | **263.1** | **79.8** | **81.7** | **16.7** | **2.7** | **275.4** | **75.0** |
| Cost/income ratio[3] | 0.40 | 0.40 | 0.49 | 0.47 | 0.86 | 0.98 | 0.23 | 0.53 |
| | **30 Jun 2022** | **31 Dec 2021** | **30 Jun 2022** | **31 Dec 2021** | **30 Jun 2022** | **31 Dec 2021** | **30 Jun 2022** | **31 Dec 2021** |
| Total risk (value-at-risk)[4] | 542 | 445 | 127 | 110 | 232 | 167 | 330 | 292 |
| Total customer assets | 290,581 | 320,419 | 52,475 | 50,231 | – | – | 23,718 | 24,498 |
| Gross loan volume | 7,591 | 7,581 | 35 | 6 | 960 | 908 | 59,474 | 59,337 |

[1] This includes the result from assets held for trading (trading book portfolio), the result from non-trading assets (banking book portfolio), the result from other financial investments as well as the result from repurchased own issues.

[2] Restructuring expense are disclosed in the Group financial statements under Other operating profit.

[3] Calculation of the cost/income ratio does not take into account the restructuring expense or risk provisions.

[4] 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.

[5] No cost/income ratio is presented for the segment Other because as this is deemed of limited economic informative value.

[6] This includes effects relevant for management purposes of €–115.0m (first half 2021: €–105.0m) related to a provision for potential losses. This is additional information provided on a voluntary basis and does not form part of the IFRS notes.

| Financing | | Other | | Deka Group | | Reconciliation | | Deka Group | |
|---|---|---|---|---|---|---|---|---|---|
| | | Economic result | | | | | | Total profit or loss before tax (IFRS) | |
| **1st half 2022** | **1st half 2021** | **1st half 2022** | **1st half 2021** | **1st half 2022** | **1st half 2021** | **1st half 2022** | **1st half 2021** | **1st half 2022** | **1st half 2021** |
| 78.8 | 74.4 | 13.7 | –4.0 | 97.4 | 74.9 | 4.1 | 4.8 | 101.5 | 79.7 |
| 48.9 | 2.7 | –1.1 | 14.6 | 47.7 | 18.4 | – | – | 47.7 | 18.4 |
| 9.3 | 6.7 | –2.1 | –1.6 | 782.8 | 738.3 | 0.6 | 0.4 | 783.4 | 738.7 |
| 3.8 | 1.2 | 226.3[6] | –113.9[6] | 550.2 | 25.0 | 41.4 | 95.8 | 591.6 | 120.8 |
| 0.4 | 0.3 | 89.7 | 88.0 | 95.7 | 71.8 | –102.5 | –110.1 | –6.8 | –38.3 |
| **141.3** | **85.3** | **326.5** | **–16.8** | **1,573.8** | **928.3** | **–56.4** | **–9.0** | **1,517.4** | **919.3** |
| | | | | | | | | | |
| 34.8 | 33.6 | 115.4 | 124.3 | 602.9 | 587.8 | – | – | 602.9 | 587.8 |
| – | – | –0.0 | –3.2 | 0.0 | –2.4 | – | – | – | –2.4 |
| **34.8** | **33.6** | **115.3** | **121.0** | **602.9** | **585.4** | **–** | **–** | **602.9** | **585.4** |
| **106.5** | **51.6** | **211.1** | **–137.9** | **970.9** | **342.9** | **–56.4** | **–9.0** | **914.5** | **333.9** |
| 36.0 | –1.4 | –41.8 | 7.9 | – | – | – | – | – | – |
| **142.6** | **50.3** | **169.3** | **–129.9** | **970.9** | **342.9** | **–56.4** | **–9.0** | **914.5** | **333.9** |
| | | | | | | | | | |
| 0.38 | 0.41 | –[5] | –[5] | 0.40 | 0.65 | | | | |
| | | | | | | | | | |
| **30 Jun 2022** | **31 Dec 2021** | **30 Jun 2022** | **31 Dec 2021** | **30 Jun 2022** | **31 Dec 2021** | | | | |
| 420 | 393 | 541 | 413 | 2,095 | 1,731 | | | | |
| – | – | – | – | 366,775 | 395,148 | | | | |
| 26,738 | 25,684 | 34,900 | 30,398 | 129,698 | 123,913 | | | | |

**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 €56.4m (H1 2021: €9.0m) and 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 €–79.7m during the reporting period (H1 2021: €–85.4m). Of this total, €49.2m (H1 2021: €33.8m) was attributable primarily to interest- and currency-related valuation results 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 €–14.0m on the AT1 bonds (H1 2021: €–14.2m). 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 2022, the provision for these effects in the management accounts was €–350.0m (H1 2021: €–235.0m). The effect on the economic result, reported in net financial income in the Other segment, in the first half of 2022 was €–115.0m (H1 2021: €–105.0m).

The change of €135.8m in the revaluation reserve before tax (H1 2021: €90.7m) was also included in the economic result. Of this, €105.6m (H1 2021: €104.7m) 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, €8.1m (H1 2021: €8.4m) 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 from 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 2021 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 2021, 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 2022 remained dominated by the unforeseeable developments in connection with the COVID-19 pandemic and the war in Ukraine. Further explanatory information relating to the war in Ukraine is set out in the interim management report, as well as in note [21] "Risk provisions in the lending and securities business" and note [24] "Intangible assets").

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 impairment test for goodwill (see note [24] "Intangible assets"), the recognition of provisions (see note [30] "Provisions") 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

In the first six months of 2022, there were no material new or amended standards that were relevant to the Deka Group and had to be applied to the 2022 Interim Report.

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 2021: 11) domestic companies and 6 (31 December 2021: 7) foreign companies in which DekaBank directly or indirectly holds the majority of the voting rights. The scope of consolidation also includes 3 structured entities (31 December 2021: 3).

A total of 10 (31 December 2021: 11) 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 | 1st half 2022 | 1st half 2021 | Change |
|---|---|---|---|
| **Interest income from** | | | |
| **Financial assets measured at amortised cost** | **266.4** | **231.7** | 34.7 |
| thereof: lending and money market transactions | 222.6 | 189.2 | 33.3 |
| thereof: fixed-interest securities | 43.8 | 42.5 | 1.4 |
| **Financial assets measured at fair value through other comprehensive income** | **1.1** | **2.7** | –1.6 |
| thereof: fixed-interest securities | 1.1 | 2.7 | –1.6 |
| **Financial assets measured at fair value through profit or loss** | **82.7** | **72.8** | 10.0 |
| Trading portfolio | | | |
| thereof: lending and money market transactions | 6.5 | 1.5 | 5.0 |
| thereof: interest rate derivatives (economic hedges) | 68.6 | 65.4 | 3.2 |
| Financial assets mandatorily measured at fair value through profit or loss | | | |
| thereof: lending and money market transactions | 4.1 | 3.6 | 0.6 |
| thereof: fixed-interest securities | 1.1 | 0.7 | 0.4 |
| thereof: current income from shares and other non-fixed-interest securities | 0.9 | 0.7 | 0.2 |
| thereof: current income from equity investments | 1.6 | 1.0 | 0.6 |
| **Hedge derivatives (hedge accounting)** | **19.4** | **20.8** | –1.3 |
| **Negative interest from liabilities** | **93.4** | **73.0** | 20.4 |
| **Total interest income** | **463.0** | **401.0** | 62.0 |
| | | | |
| **Interest expenses for** | | | |
| **Financial liabilities measured at amortised cost** | **79.6** | **73.3** | 6.3 |
| thereof: lending and money market transactions | 44.1 | 40.6 | 3.5 |
| thereof: securitised liabilities | 19.1 | 16.2 | 2.9 |
| thereof: subordinated liabilities | 16.5 | 16.5 | 0.0 |
| **Financial liabilities measured at fair value through profit or loss** | **144.7** | **109.9** | 34.8 |
| Trading portfolio | | | |
| thereof: lending and money market transactions | 8.7 | 10.5 | –1.9 |
| thereof: interest rate derivatives (economic hedges) | 129.6 | 87.3 | 42.3 |
| Financial liabilities designated at fair value | | | |
| thereof: lending and money market transactions | 6.5 | 12.1 | –5.6 |
| thereof: securitised liabilities | – | – | – |
| **Hedge derivatives (hedge accounting)** | **67.8** | **78.6** | –10.8 |
| **Negative interest on money-market transactions and fixed-interest securities** | **69.4** | **59.5** | 9.8 |
| **Total interest expenses** | **361.5** | **321.3** | 40.2 |
| **Net interest income** | **101.5** | **79.7** | 21.8 |

## 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 | 1st half 2022 | 1st half 2021 | Change |
|---|---|---|---|
| Allocation to risk provisions/provisions for credit risks | –18.6 | –47.9 | 29.3 |
| Reversal of risk provisions/provisions for credit risks | 65.8 | 47.8 | 18.1 |
| Direct write-downs on receivables | –0.0 | –0.4 | 0.4 |
| Income on written-down receivables | 0.6 | 0.4 | 0.2 |
| Net income from modifications in the lending business (stage 3 or POCI) | 0.0 | 0.0 | 0.0 |
| **Risk provisions in the lending business** | **47.8** | **–0.1** | 47.9 |
| Allocation to risk provisions | –3.4 | –0.1 | –3.3 |
| Reversal of risk provisions | 3.3 | 18.6 | –15.4 |
| Direct write-downs on securities | – | – | – |
| Net income from modifications in the securities business (stage 3 or POCI) | – | – | – |
| **Risk provisions in the securities business** | **–0.1** | **18.5** | –18.6 |
| **Risk provisions in the lending and securities business** | **47.7** | **18.4** | 29.3 |

Expenses for risk provisions were lower in the first half of 2022, primarily because the post-model adjustment applied at the end of the year for aircraft and real estate financing was no longer recognised, and also due to rating improvements for aircraft financing, which moved to stage 2.

## 8 Net commission income

Net commission income by type of service is as follows:

| €m | 1st half 2022 | 1st half 2021 | Change |
|---|---|---|---|
| **Commission income from** | | | |
| Investment fund business | 1,525.6 | 1,447.2 | 78.4 |
| Securities business | 124.6 | 113.9 | 10.8 |
| Lending business | 10.4 | 8.3 | 2.1 |
| Other | 12.5 | 9.3 | 3.2 |
| **Total commission income** | **1,673.1** | **1,578.6** | 94.5 |
| | | | |
| **Commission expenses for** | | | |
| Investment fund business | 814.5 | 779.6 | 34.9 |
| Securities business | 72.3 | 56.3 | 16.0 |
| Lending business | 1.0 | 1.6 | –0.6 |
| Other | 1.9 | 2.4 | –0.5 |
| **Total commission expenses** | **889.7** | **839.9** | 49.9 |
| **Net commission income** | **783.4** | **738.7** | 44.6 |

As part of its activities as an asset manager, the Deka Group receives commission from contracts with customers which varies according to product category (e.g. mutual or special funds) and asset category (e.g. shares, bonds or real estate). The income is calculated and collected as described in the corresponding sales prospectuses and investment conditions of the investment funds concerned. The main types of income are explained in more detail below.

Commission income from investment fund business arises in the Asset Management Securities and Asset Management Real Estate business divisions.

In the Asset Management Securities business division, the Deka Group generates income from management and administrative activities and from the asset management of fund-based products. For this service, the Deka Group receives (asset) management fees, sales commission, performance-related remuneration and income from lump-sum cost allowances. Additional commission income arises in the investment fund business as a result of brokerage services provided during the reporting period. The performance obligation is fulfilled on an ongoing basis and the consideration is settled on a monthly basis in the vast majority of cases. In addition to portfolio-related commission, the Deka Group also earns sales-related commission (front-end loads) when issuing certain units in investment funds, where appropriate. The amount of the front-end load is based on the unit value at the time of issue.

In the Asset Management Real Estate business division, management fees are collected for ongoing management activities in relation to the average investment fund holdings. In the case of retail products, the amount of the management fee varies, within specified ranges, depending on the performance of the investment fund's unit value over the fund financial year. These fees are settled on a monthly basis. Fees resulting from the management of the properties held in the real estate funds are collected to cover the ongoing management of these real estate funds. These fees are settled on a monthly basis. In addition, the Asset Management Real Estate business division collects front-end loads in cases involving the issue of certain units in investment funds. The Deka Group also collects purchase and sales fees from investment funds that invest in real estate. The service is deemed to have been rendered when the property in question is added to, or removed from, the investment fund. This is a one-time payment which is usually calculated based on the underlying transaction volume.

Part of the commission income from the investment fund business is passed on to the sales partners in accordance with the regulatory requirements. The corresponding expense is reported under commission expenses for the investment fund business.

In the Asset Management Services business division, the Deka Group provides various services for which income is reported under commission income from the securities business. These include, for example, the assumption of the role of custodian and the safekeeping of securities in securities accounts. As a custodian, the Deka Group receives a custodian fee for its ongoing activities and a securities account fee for the safekeeping of securities. The custodian fee is paid and collected monthly as a general rule and is based on the average values of the fund assets. The securities account fee also relates to a specific period. The annual fee to be paid is a fixed fee per securities account.

In the context of asset management for savings banks and institutional customers, the Deka Group receives commission fees for support services relating to the procurement and settlement of securities and financial derivatives. The fee is calculated for securities as a percentage of the transaction price, while for financial derivatives it is calculated depending on the number of contracts. Services are rendered and settled based on a point in time. These fees are allocated to the Capital Markets business division and are also reported under commission income from the securities business.

Commission income from the lending business relates almost exclusively to services in connection with the administration of loans and is not directly related to the origination of the loans. The fees are levied irrespective of the term and generally fall due at the beginning of the credit relationship (one-off amount). Commission income from the lending business is 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 2022, receivables and loans have been derecognised due to early repayments made by debtors.

| €m | 1st half 2022 | 1st half 2021 | Change |
|---|---|---|---|
| Gains arising from the derecognition of financial assets measured at amortised costs | 8.9 | 13.1 | –4.1 |
| Losses arising from the derecognition of financial assets measured at amortised costs | 0.2 | 0.2 | 0.0 |
| **Net income from the derecognition of financial assets measured at amortised cost** | **8.7** | **12.9** | –4.1 |

## 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 | 1st half 2022 | 1st half 2021 | Change |
|---|---|---|---|
| Sale and valuation results | 697.5 | 253.7 | 443.7 |
| Net interest income and current income from trading transactions | –106.3 | –166.3 | 60.0 |
| Foreign exchange profit or loss | 2.8 | –5.0 | 7.8 |
| Commission | –9.2 | –8.6 | –0.5 |
| **Trading profit or loss** | **584.9** | **73.8** | 511.0 |

The increase in trading profit or loss is largely due to valuation results from own trading issues due to increased spreads.

## 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 | 1st half 2022 | 1st half 2021 | Change |
|---|---|---|---|
| Sale and valuation results | –32.9 | 10.1 | –43.0 |
| Commission | –0.0 | 0.0 | –0.1 |
| **Profit or loss on financial assets mandatorily measured at fair value** | **–33.0** | **10.1** | –43.1 |

The loss on financial assets mandatorily measured at fair value was primarily due to changes in the market value of securities due to interest rates. These effects are, however, compensated for in trading profit or loss due to hedges.

## 12 Profit or loss on financial instruments designated at fair value

This item mainly comprises gains or losses on the disposal and measurement of financial instruments designated at fair value. However, interest expenses and income on financial instruments in this sub-category are disclosed under net interest income.

| €m | 1st half 2022 | 1st half 2021 | Change |
|---|---|---|---|
| Sale and valuation results | 17.1 | 13.6 | 3.5 |
| Commission | – | – | – |
| **Profit or loss on financial instruments designated at fair value** | **17.1** | **13.6** | 3.5 |

The increase in this item is due to positive valuation results for issues designated at fair value due to interest rates. These effects are, however, compensated for in trading profit or loss due to hedges.

## 13 Profit or loss from fair value hedges

The net valuation result is composed as follows, grouped by the type of risk hedged:

| €m | 1st half 2022 | 1st half 2021 | Change |
|---|---|---|---|
| Interest rate fair value hedges | | | |
| Net valuation result from hedging financial assets | 33.4 | 6.4 | 27.0 |
| Net valuation result from hedging financial liabilities | –20.5 | –3.7 | –16.8 |
| Currency fair value hedges | | | |
| Net valuation result from hedging financial assets | 3.5 | 7.7 | –4.2 |
| **Profit or loss from fair value hedges** | **16.4** | **10.4** | 6.0 |

## 14 Profit or loss on financial investments

This item primarily comprises the gains or losses on the disposal of financial assets measured at fair value through other comprehensive income and the pro rata annual profit or loss from shares in associated companies and joint ventures accounted for using the equity method.

| €m | 1st half 2022 | 1st half 2021 | Change |
|---|---|---|---|
| Sale results | –2.5 | – | –2.5 |
| Commission | – | – | – |
| Net income from equity-accounted companies | –0.0 | –0.0 | –0.0 |
| **Profit or loss on financial investments** | **–2.5** | **–0.0** | –2.5 |

## 15 Administrative expenses

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

| €m | 1st half 2022 | 1st half 2021 | Change |
|---|---|---|---|
| Personnel expenses | 282.5 | 285.1 | –2.5 |
| Other administrative expenses | 287.5 | 274.0 | 13.4 |
| Depreciation and amortisation of | 32.9 | 28.7 | 4.2 |
| Property, plant and equipment | 4.5 | 1.7 | 2.9 |
| Intangible assets | 7.2 | 7.9 | –0.8 |
| Right-of-use assets for leases | 21.2 | 19.1 | 2.1 |
| **Administrative expenses** | **602.9** | **587.8** | 15.1 |

Other administrative expenses include the full-year contribution to the European Union's Single Resolution Fund of €60.3m (H1 2021: €61.0m) and the annual contribution to the deposit guarantee scheme of the *Landesbanken* and *Girozentralen* amounting to €21.7m (H1 2021: €18.5m).

## 16 Other operating profit

The breakdown of other operating profit is as follows:

| €m | 1st half 2022 | 1st half 2021 | Change |
|---|---|---|---|
| **Income from repurchased debt instruments** | **2.0** | **–5.9** | 7.9 |
| Other operating income | 15.8 | 12.4 | 3.4 |
| Other operating expenses | 24.6 | 42.4 | –17.8 |
| **Other operating profit** | **–6.8** | **–35.9** | 29.1 |

Other operating profit improved year-on-year in the first half of 2022, primarily due to the pro rata reversal in the amount of €7.3m of a provision for legal risks recognised in the previous year in connection with a ruling by the German Federal Court of Justice (BGH) on the mechanism for amending general terms and conditions of business (see note [30] "Provisions"). In the previous year, expenses of €17.5m had been recognised in other operating expenses in connection with the same matter.

## 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 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| Cash on hand | 3.5 | 3.5 | 0.0 |
| Balances with central banks | 16,552.1 | 15,979.0 | 573.1 |
| **Total** | **16,555.5** | **15,982.4** | 573.1 |

## 19 Due from banks

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

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| Current accounts | 482.6 | 360.7 | 121.9 |
| Daily and time deposits | 7,219.8 | 5,322.1 | 1,897.7 |
| Lending business | 1,772.7 | 1,838.1 | –65.4 |
| Genuine repurchase agreements and collateralised securities lending transactions | 14,972.3 | 6,297.0 | 8,675.3 |
| **Due from banks before risk provisions** | **24,447.4** | **13,817.9** | 10,629.5 |
| Risk provisions in the lending business | –0.1 | –0.1 | –0.0 |
| **Total** | **24,447.3** | **13,817.8** | 10,629.5 |

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

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| Domestic banks | 19,693.3 | 8,050.6 | 11,642.7 |
| Foreign banks | 4,754.1 | 5,767.3 | –1,013.2 |
| **Due from banks before risk provisions** | **24,447.4** | **13,817.9** | 10,629.5 |
| Risk provisions in the lending business | –0.1 | –0.1 | –0.0 |
| **Total** | **24,447.3** | **13,817.8** | 10,629.5 |

## 20 Due from customers

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

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| Current accounts | 1,264.5 | 453.7 | 810.8 |
| Daily and time deposits | 1,075.3 | 1,329.5 | –254.2 |
| Lending business | 22,623.3 | 22,394.0 | 229.3 |
| Genuine repurchase agreements and collateralised securities lending transactions | 6,604.7 | 6,556.3 | 48.4 |
| **Due from customers before risk provisions** | **31,567.9** | **30,733.5** | 834.4 |
| Risk provisions in the lending business | –132.4 | –172.9 | 40.5 |
| **Total** | **31,435.5** | **30,560.6** | 874.9 |

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

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| Domestic borrowers | 11,519.7 | 11,367.5 | 152.3 |
| Foreign borrowers | 20,048.1 | 19,366.0 | 682.2 |
| **Due from customers before risk provisions** | **31,567.9** | **30,733.5** | 834.4 |
| Risk provisions in the lending business | –132.4 | –172.9 | 40.5 |
| **Total** | **31,435.5** | **30,560.6** | 874.8 |

## 21 Risk provisions in the lending and securities business

Default risks in lending and securities business are recognised through provisions, including provisions for credit risks from off-balance sheet commitments. 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 2022 were as follows:

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| **Risk provisions in the lending business** | **140.4** | **179.1** | –38.7 |
| Risk provisions for loan losses – due from banks | 0.1 | 0.1 | 0.0 |
| Risk provisions for loan losses – due from customers | 132.4 | 172.9 | –40.5 |
| Provisions for credit risks from off-balance sheet commitments | 7.9 | 6.1 | 1.8 |
| **Risk provisions in the securities business** | **5.6** | **5.5** | 0.1 |
| Risk provisions for securities[1] | 5.6 | 5.5 | 0.1 |
| **Total** | **146.0** | **184.6** | –38.6 |

[1] Including risk provisions for financial assets measured at fair value through other comprehensive income

Compared to 31 December 2021, 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. The drop in risk provisions and other provisions for credit risk is due, in particular, to the fact that the post-model adjustment applied at the end of the year for aircraft and real estate financing was no longer recognised, and also due to rating improvements for aircraft financing, which moved to stage 2.

Risk provisions of €0.3m were attributable to counterparties in Russia (31 December 2021: €5 thousand). These exposures are secured through ECA guarantees.

The expected credit loss (ECL) is calculated using prospective information, including macroeconomic factors. Macroeconomic forecasts are produced based on the process used by the Macro Research department for the purposes of preparing the official research opinion (baseline scenario) of the Deka Group using a large volume of external information. The statements relate to the analysis and forecasting of fundamental economic data and financial market indicators. They have been adjusted in light of the current circumstances. 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. In the first half of 2022, the probability of occurrence for the baseline scenario was 65.0% (31 December 2021: 65.0%), with a probability of occurrence of 30.0% for the negative scenario (31 December 2021: 20.0%) and 5.0% for the positive scenario (31 December 2021: 15.0%). 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 (2021-2023) are shown in the table below:

| **Inputs** | **Baseline scenario** | **Negative scenario** | **Positive scenario** |
|---|---|---|---|
| Unemployment rate (%) | 4.8 to 5.7 | 5.3 to 6.6 | 3.3 to 5.7 |
| Annual rate of change in GDP (%) | 1.7 to 2.9 | −0.4 to 2.9 | 1.9 to 4.4 |
| Annual rate of change Consumer Price Index (%) | 2.0 to 6.9 | 1.4 to 6.0 | 2.0 to 8.3 |
| Annual rate of change Leading Share Index (%) | −5.6 to 15.8 | −23.4 to 15.8 | 4.4 to 11.5 |
| Short-term interest rates (%) | −0.5 to 1.2 | −0.5 to 0.4 | −0.5 to 1.8 |
| Long-term interest rates (%) | −0.3 to 1.5 | −0.3 to 0.6 | −0.3 to 2.5 |
| Annual rate of change in the exchange rate EUR/USD (%) | −7.93 to 3.68 | −13.89 to 3.68 | 0.54 to 10.23 |
| Brent oil price (USD per barrel) | 71 to 106 | 71 to 154.8 | 71 to 97.5 |

Movements in risk provisions in the first half of 2022 were as follows:

*Risk provisions for assets measured at amortised cost*

| €m | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Due from banks** | | | | |
| **Position as at 1 January 2022** | **0.1** | **–** | **–** | **0.1** |
| Transfer to other stages | – | – | – | – |
| Transfer from other stages | – | – | – | – |
| Change in position including new business | 0.0 | – | – | 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 |
| **Position as at 30 June 2022** | **0.1** | **–** | **–** | **0.1** |
| **Due from customers** | | | | |
| **Position as at 1 January 2022** | **10.9** | **75.6** | **86.4** | **172.9** |
| 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 |
| **Position as at 30 June 2022** | **12.0** | **36.5** | **83.9** | **132.4** |
| **Financial investments** | | | | |
| **Position as at 1 January 2022** | **2.4** | **2.8** | **–** | **5.2** |
| 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 |
| **Position as at 30 June 2022** | **2.8** | **2.5** | **–** | **5.3** |

| €m | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Due from banks** | | | | |
| **Position as at 1 January 2021** | **0.3** | **0.0** | **–** | **0.3** |
| Transfer to other stages | – | –0.0 | – | –0.0 |
| Transfer from other stages | 0.0 | – | – | 0.0 |
| Change in position including new business | –0.0 | –0.0 | – | –0.0 |
| Allocation | 0.1 | 0.0 | – | 0.1 |
| 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 |
| **Position as at 30 June 2021** | **0.1** | **0.0** | **–** | **0.1** |
| **Due from customers** | | | | |
| **Position as at 1 January 2021** | **10.5** | **51.9** | **123.0** | **185.4** |
| Transfer to other stages | –0.8 | –1.5 | –0.3 | –2.6 |
| Transfer from other stages | 1.5 | 1.1 | – | 2.6 |
| Change in position including new business | 2.1 | –1.9 | –9.8 | –9.6 |
| Allocation | 1.6 | 31.9 | 8.6 | 42.1 |
| Reversal | –4.7 | –19.1 | –11.0 | –34.8 |
| Utilisation | – | – | –42.6 | –42.6 |
| Changes due to model changes | – | – | – | – |
| Changes due to non-substantial modifications | 0.0 | 3.4 | 0.1 | 3.5 |
| Changes in the scope of consolidation | – | – | – | – |
| Exchange rate-related and other changes | 0.2 | 1.7 | 5.8 | 7.7 |
| **Position as at 30 June 2021** | **10.4** | **67.5** | **73.8** | **151.7** |
| **Financial investments** | | | | |
| **Position as at 1 January 2021** | **2.9** | **21.0** | **–** | **23.9** |
| Transfer to other stages | – | –0.9 | – | –0.9 |
| Transfer from other stages | 0.9 | – | – | 0.9 |
| Change in position including new business | 0.3 | –1.4 | – | –1.1 |
| Allocation | 0.1 | 0.0 | – | 0.1 |
| Reversal | –1.5 | –15.6 | – | –17.1 |
| Utilisation | – | – | – | – |
| Changes due to model changes | – | – | – | – |
| Changes due to non-substantial modifications | – | – | – | – |
| Exchange rate-related and other changes | –0.1 | 0.1 | – | 0.0 |
| **Position as at 30 June 2021** | **2.6** | **3.2** | **–** | **5.8** |

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

| €m | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Financial investments** | | | | |
| **Position as at 1 January 2022** | **0.3** | **–** | **–** | **0.3** |
| Transfer to other stages | – | – | – | – |
| Transfer from other stages | – | – | – | – |
| Change in position including new business | –0.0 | – | – | –0.0 |
| Allocation | 0.1 | – | – | 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 | – | – | – | – |
| **Position as at 30 June 2022** | **0.3** | **–** | **–** | **0.3** |

| €m | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Financial investments** | | | | |
| **Position as at 1 January 2021** | **0.6** | **–** | **–** | **0.6** |
| Transfer to other stages | – | – | – | – |
| Transfer from other stages | – | – | – | – |
| Change in position including new business | –0.1 | – | – | –0.1 |
| Allocation | 0.0 | – | – | 0.0 |
| Reversal | –0.3 | – | – | –0.3 |
| Utilisation | – | – | – | – |
| Changes due to model changes | – | – | – | – |
| Changes due to non-substantial modifications | – | – | – | – |
| Exchange rate-related and other changes | 0.1 | – | – | 0.1 |
| **Position as at 30 June 2021** | **0.3** | **–** | **–** | **0.3** |

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

| €m | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Loan commitments and financial guarantee contracts** | | | | |
| **Position as at 1 January 2022** | **0.9** | **5.2** | **0.0** | **6.1** |
| Transfer to other stages | – | – | – | – |
| 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 |
| **Position as at 30 June 2022** | **0.5** | **7.4** | **0.0** | **7.9** |

| €m | Stage 1 | Stage 2 | Stage 3 | Total |
|---|---|---|---|---|
| **Loan commitments and financial guarantee contracts** | | | | |
| **Position as at 1 January 2021** | **0.7** | **4.7** | **0.0** | **5.4** |
| 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 | 0.1 | −0.2 | −0.2 | −0.3 |
| Allocation | 0.0 | 2.6 | 0.2 | 2.8 |
| Reversal | −0.5 | −3.0 | – | −3.5 |
| Utilisation | – | – | – | – |
| Changes due to model changes | – | – | – | – |
| Changes due to non-substantial modifications | – | – | – | – |
| Exchange rate-related and other changes | 0.0 | 0.1 | −0.0 | 0.1 |
| **Position as at 30 June 2021** | **0.4** | **4.1** | **0.0** | **4.5** |

In order to examine the sensitivity of the ECL model to possible future developments, the Bank performed further calculations related to stages 1 and 2 of the impairment model. An extreme weighting of 100% for each of the scenarios on which the ECL calculation is based (baseline, negative and positive scenario) was applied. In the baseline scenario, risk provisions would be approximately 14% lower, while they would be approximately 30% higher in the negative scenario and around 28% lower in the positive scenario.

Key ratios for provisions for loan losses:

| % | 2022 | 2021 |
|---|---|---|
| **Reversal/allocation ratio as at reporting date**[1] | | |
| (Ratio of net allocation/-reversal to gross carrying values relevant for risk provisions) | 0.11 | 0.00 |
| **Default rate as at reporting date** | | |
| (Ratio of defaults to gross carrying values relevant for risk provisions) | 0.00 | 0.11 |
| **Average default rate** | | |
| (Ratio of defaults on a 5-year average to gross carrying values relevant for risk provisions) | 0.08 | 0.23 |
| **Net provisioning ratio as at reporting date** | | |
| (Ratio of risk provisions to gross carrying values relevant for risk provisions) | 0.33 | 0.48 |

[1] Reversal ratio shown without negative lending sign

The calculations of the figures above are based on a gross carrying amount relevant for risk provisioning purposes of €43.6bn (31 December 2021: €38.7bn). No gross carrying amount was attributable to counterparties in Ukraine and Belarus at the end of the first half of 2022. A gross carrying amount of €53.4m was attributable to Russia (31 December 2021: €63.1m). This is secured through ECA guarantees.

Risk provisions by risk segment:

| €m | Valuation allowances and provisions in the lending and securities business | | Defaults[1] | | Net allocations to[2]/reversals of valuation allowances and provisions for credit risk | |
|---|---|---|---|---|---|---|
| | 30 Jun 2022 | 31 Dec 2021[3] | 1st half 2022 | 1st half 2021[3] | 1st half 2022 | 1st half 2021[3] |
| **Customers** | | | | | | |
| Real estate sector (including real estate funds) | 82.1 | 92.3 | −0.3 | – | 13.1 | −16.8 |
| Transport sector | 50.4 | 80.3 | −0.2 | 38.9 | 35.4 | 6.3 |
| Renewable energies | 1.5 | 1.6 | – | 4.0 | 0.1 | 6.7 |
| Conventional energies and infrastructure | 2.1 | 1.3 | – | – | −0.8 | 3.0 |
| Public sector | 1.9 | 2.1 | – | – | 0.2 | −0.5 |
| Industrial sector | 0.5 | 0.6 | – | – | 0.1 | 0.0 |
| Other financial institutions | 0.7 | 0.5 | – | – | −0.2 | 0.3 |
| Service sector | 0.1 | 0.1 | – | – | 0.0 | 0.7 |
| Other | 1.0 | 0.2 | – | – | −0.7 | 0.1 |
| **Total customers** | **140.3** | **179.0** | **−0.5** | **42.9** | **47.2** | **−0.2** |
| | | | | | | |
| **Banks** | | | | | | |
| Commercial banks | 0.0 | 0.0 | – | – | −0.0 | 0.1 |
| Savings banks | 0.1 | 0.1 | – | – | −0.0 | 0.0 |
| Other financial institutions | 0.0 | 0.0 | – | – | −0.0 | 0.0 |
| **Total banks** | **0.1** | **0.1** | **–** | **–** | **−0.0** | **0.1** |
| | | | | | | |
| **Securities** | | | | | | |
| Renewable energies | 2.4 | 2.8 | – | – | 0.4 | 3.6 |
| Conventional energies and infrastructure | 0.4 | 0.3 | – | – | −0.1 | 0.5 |
| Industrial sector | 1.0 | 0.9 | – | – | −0.0 | 3.6 |
| Service sector | 0.7 | 0.7 | – | – | 0.0 | 0.6 |
| Commercial banks | 1.0 | 0.6 | – | – | −0.4 | 8.4 |
| Transport sector | 0.0 | 0.0 | – | – | −0.0 | 1.3 |
| Other | 0.1 | 0.2 | – | – | −0.0 | 0.5 |
| **Total securities** | **5.6** | **5.5** | **–** | **–** | **−0.1** | **18.5** |
| **Total** | **146.0** | **184.6** | **−0.5** | **42.9** | **47.1** | **18.4** |

[1] Includes utilisation, direct write-downs and income on written-down receivables and securities
[2] Negative in the column
[3] In May 2022, the energy and infrastructure risk segment was split into the two risk segments renewable energies and conventional energies and infrastructure. Prior-year figures have been adjusted for better comparability.

## 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. This item also includes holdings in unconsolidated subsidiaries, joint ventures and associated companies, as well as other equity investments.

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| **Trading portfolio** | | | |
| Debt securities and other fixed-interest securities | 6,933.1 | 6,574.0 | 359.1 |
| Bonds and debt securities | 6,933.1 | 6,574.0 | 359.1 |
| Money market securities | – | – | – |
| Shares and other non fixed-interest securities | 1,139.2 | 3,422.4 | –2,283.2 |
| Shares | 836.1 | 2,616.6 | –1,780.6 |
| Units in investment funds | 303.2 | 805.8 | –502.6 |
| Positive market values of derivative financial instruments | 7,873.5 | 6,263.9 | 1,609.6 |
| Positive market values of derivative financial instruments (trading) | 7,800.8 | 6,244.1 | 1,556.7 |
| Positive market values of derivative financial instruments (economic hedging derivatives) | 72.7 | 19.8 | 52.9 |
| Loan receivables | 438.8 | 406.1 | 32.7 |
| **Total trading portfolio** | **16,384.6** | **16,666.4** | –281.7 |
| | | | |
| **Financial assets mandatorily measured at fair value through profit or loss** | | | |
| Debt securities and other fixed-interest securities | 784.5 | 573.1 | 211.4 |
| Bonds and debt securities | 784.5 | 573.1 | 211.4 |
| Money market securities | – | – | – |
| Shares and other non fixed-interest securities | 225.9 | 253.5 | –27.6 |
| Shares | 3.2 | 4.6 | –1.3 |
| Units in investment funds | 222.6 | 248.9 | –26.3 |
| Loan receivables | 500.4 | 215.1 | 285.3 |
| Shareholdings | 32.9 | 30.4 | 2.5 |
| Equity investments | 32.1 | 29.5 | 2.6 |
| Shares in affiliated companies | 0.6 | 0.6 | –0.0 |
| Holdings in joint ventures | 0.0 | 0.0 | – |
| Shares in associated companies | 0.3 | 0.3 | –0.0 |
| **Total financial assets mandatorily measured at fair value through profit or loss** | **1,543.6** | **1,072.1** | 471.4 |
| | | | |
| **Total** | **17,928.2** | **17,738.5** | 189.7 |

## 23 Financial investments

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| **Financial assets measured at amortised cost** | | | |
| Debt securities and other fixed-interest securities | 7,560.0 | 5,600.1 | 1,959.9 |
| **Financial assets measured at fair value through other comprehensive income** | | | |
| Debt securities and other fixed-interest securities | 2,182.6 | 3,679.6 | –1,496.9 |
| **Shareholdings** | | | |
| Shares in equity-accounted companies | 16.4 | 16.4 | –0.0 |
| **Financial investments before risk provisions** | **9,759.0** | **9,296.1** | 462.9 |
| | | | |
| Risk provisions for securities (AC) | –5.4 | –5.2 | –0.1 |
| **Total** | **9,753.7** | **9,290.9** | 462.8 |

## 24 Intangible assets

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| Purchased goodwill | 155.9 | 155.9 | – |
| Software | 17.7 | 21.6 | –3.9 |
| Purchased | 11.8 | 14.9 | –3.1 |
| Developed in-house | 5.8 | 6.7 | –0.8 |
| Other intangible assets | 20.8 | 22.1 | –1.3 |
| **Total** | **194.3** | **199.6** | –5.2 |

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.

Due to the continuing uncertainty in the global economic environment as a result of the COVID-19 pandemic and the war in Ukraine, goodwill impairment tests were carried out in the first half of 2022. As the tests confirmed the value of the goodwill, there was no need for any impairments.

## 25 Property, plant and equipment

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| Plant and equipment | 19.8 | 19.1 | 0.7 |
| Technical equipment and machines | 6.4 | 7.4 | –1.0 |
| Right-of-use assets for leases (leasing assets) | 284.2 | 264.4 | 19.8 |
| **Total** | **310.3** | **290.9** | 19.5 |

## 26 Due to banks

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

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| Overdrafts | 879.5 | 307.0 | 572.5 |
| Daily and time deposits | 9,890.6 | 9,358.4 | 532.2 |
| Promissory note loans and registered bonds | 1,877.6 | 2,226.6 | –349.0 |
| Collateralised registered bonds and promissory note loans | 142.5 | 142.9 | –0.4 |
| Unsecured registered bonds and promissory note loans | 1,735.1 | 2,083.7 | –348.6 |
| Genuine repurchase agreements and collateralised securities lending transactions | 6,947.1 | 4,812.5 | 2,134.6 |
| Borrowings | 189.2 | 186.1 | 3.1 |
| **Total** | **19,784.0** | **16,890.6** | 2,893.4 |

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

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| Domestic banks | 14,318.6 | 13,265.7 | 1,052.9 |
| Foreign banks | 5,465.4 | 3,624.9 | 1,840.5 |
| **Total** | **19,784.0** | **16,890.6** | 2,893.4 |

## 27 Due to customers

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

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| Overdrafts | 21,659.5 | 18,820.9 | 2,838.6 |
| Daily and time deposits | 5,092.6 | 2,262.7 | 2,829.9 |
| Promissory note loans and registered bonds | 1,691.1 | 1,734.7 | –43.6 |
| Collateralised registered bonds and promissory note loans | 479.3 | 551.8 | –72.5 |
| Unsecured registered bonds and promissory note loans | 1,211.8 | 1,182.9 | 28.9 |
| Genuine repurchase agreements and collateralised securities lending transactions | 406.9 | 603.4 | –196.5 |
| Borrowings | 176.9 | 172.8 | 4.1 |
| **Total** | **29,027.0** | **23,594.5** | 5,432.5 |

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

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| Domestic customers | 23,438.4 | 18,001.6 | 5,436.8 |
| Foreign customers | 5,588.6 | 5,592.9 | –4.3 |
| **Total** | **29,027.0** | **23,594.5** | 5,432.5 |

## 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 €186.5m (31 December 2021: €189.9m) were deducted from the issued bonds.

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| Uncovered debt securities issued | 5,659.8 | 4,964.2 | 695.6 |
| Covered debt securities issued | 2,257.9 | 2,118.7 | 139.2 |
| Money market securities issued | 1,004.5 | 2,460.4 | –1,455.8 |
| **Total** | **8,922.2** | **9,543.3** | –621.0 |

## 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 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| **Trading portfolio** | | | |
| Trading issues | 20,787.6 | 22,160.3 | –1,372.7 |
| Securities short portfolios | 1,006.7 | 619.3 | 387.4 |
| Negative market values of derivative financial instruments (trading) | 11,635.2 | 5,907.3 | 5,727.9 |
| Negative market values of derivative financial instruments (economic hedging derivatives) | 87.4 | 37.8 | 49.5 |
| **Total trading portfolio** | **33,516.9** | **28,724.7** | 4,792.1 |
| | | | |
| **Financial liabilities designated at fair value** | | | |
| Issues | 243.9 | 469.7 | –225.8 |
| **Total financial liabilities designated at fair value** | **243.9** | **469.7** | –225.8 |
| | | | |
| **Total** | **33,760.7** | **29,194.4** | 4,566.3 |

Issues are broken down by product type as follows:

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| **Trading portfolio** | | | |
| Uncovered trading issues | | | |
| Bearer bonds issued | 17,824.3 | 18,513.0 | –688.7 |
| Registered bonds issued | 948.0 | 1,350.5 | –402.5 |
| Promissory notes raised | 2,015.3 | 2,296.8 | –281.5 |
| **Total** | **20,787.6** | **22,160.3** | –1,372.7 |
| | | | |
| **Financial liabilities designated at fair value** | | | |
| Uncovered issues | | | |
| Registered bonds issued | 150.3 | 141.9 | 8.4 |
| Promissory notes raised | – | 20.7 | –20.7 |
| Covered issues | 93.6 | 307.1 | –213.5 |
| **Total** | **243.9** | **469.7** | –225.8 |

# 30 Provisions

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| Provisions in investment funds business | 87.2 | 92.7 | – 5.5 |
| Provisions for pensions and similar commitments | 54.3 | 159.6 | – 105.3 |
| Provisions for legal risks | 13.0 | 22.3 | – 9.3 |
| Provisions for operational risks | 11.8 | 5.7 | 6.1 |
| Provisions for credit risks | 7.9 | 6.1 | 1.8 |
| Provisions in human resources | 0.3 | 0.2 | 0.1 |
| Provisions for restructuring measures | 0.0 | 1.5 | – 1.5 |
| Sundry other provisions | 156.1 | 169.2 | – 13.1 |
| **Total** | **330.6** | **457.3** | – 126.7 |

The drop in provisions for pensions and similar obligations is mainly due to actuarial gains. The actuarial interest rate underlying the measurement of pension provisions as at 30 June 2022 was 3.45%, 2.3 percentage points above the actuarial interest rate applied at 31 December 2021. The resulting effect was cushioned by a drop in plan assets. The pension trend parameter was also adjusted to 2.0% due to inflation (31 December 2021: 1.75%). Based on actuarial valuations, a (pre-tax) revaluation gain of €105.6m (31 December 2021: €141.4m) was recognised in other comprehensive income.

Provisions are also created for funds with formal guarantees and targeted returns.

The Deka Group's range of products includes investment funds with guarantees of various types. Upon maturity of the fund or at the end of the investment period, the investment management company guarantees that the investor will receive either the capital originally invested or the unit value at the start of that investment period. The amount of the provision is the forecast shortfall at the guarantee date, which is the difference between the expected unit value and the unit value guaranteed. As at the reporting date, €6.9m (31 December 2021: €11.6m) was set aside based on the changes in the respective fund assets. As at the reporting date, the guarantees covered a maximum volume of €2.1bn (31 December 2021: €2.3bn) at the respective guarantee dates. The market value of the corresponding fund assets totalled €2.3bn (31 December 2021: €2.7bn). This includes funds with a forecast return performance, as described below, which had a volume of €0.4bn (31 December 2021: €0.4bn).

Investment funds whose return is forecast and published on the basis of current money market rates set by the Group exist in two varieties: with or without a capital guarantee. The level of the provision is determined using potential loss scenarios taking account of the risks related to liquidity, interest rate and spreads. As at the reporting date, provisions of €21.6m (31 December 2021: €19.0m) had been created. The underlying total volume of the funds amounted to €0.8bn (31 December 2021: €0.8bn), of which €0.4bn (31 December 2021: €0.4bn) related to funds with a capital guarantee and €0.4bn (31 December 2021: €0.4bn) to funds without a capital guarantee.

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 €43.5m (31 December 2021: €47.7m) was recognised. Potential obligations from fund-based pension products totalled €5.6bn at the reporting date (31 December 2021: €5.3bn). The market value of the fund-based pension products totalled €7.0bn (31 December 2021: €7.7bn).

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 €5.9m for potential claims for the repayment of fees (31 December 2021: €13.2m).

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 €3.8m 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 corresponding amount as at 31 December 2020. This scenario was unchanged as at 30 June 2022. The official search of DekaBank's premises in June 2022 and the further information obtained as part of the search does 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 created in the 2019 financial year for capital-strengthening measures in relation to a company in the equity investment portfolio. The drop in sundry other provisions is due primarily to the utilisation and reversal of provisions set up for IT information services in the previous year that were no longer required.

## 31 Equity

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| **Subscribed capital** | **286.3** | **286.3** | – |
| **Own shares (deduction)** | **94.6** | **94.6** | – |
| **Additional capital components (AT1 bonds)** | **598.6** | **598.6** | – |
| **Capital reserve** | **239.5** | **239.5** | – |
| **Retained earnings** | **5,156.1** | **5,187.0** | –30.9 |
| Statutory reserve | 6.1 | 6.1 | –0.0 |
| Reserves required by the Bank's statutes | – | – | – |
| Other retained earnings | 5,150.0 | 5,180.9 | –31.0 |
| **Revaluation reserve** | **2.0** | **–70.6** | 72.6 |
| For provisions for pensions | –26.7 | –132.4 | 105.6 |
| For foreign currency basis spreads of hedging derivatives | 24.4 | –20.1 | 44.4 |
| For financial assets measured at fair value through other comprehensive income | –14.4 | 2.6 | –17.0 |
| For own credit risk of financial liabilities designated at fair value | 0.4 | –1.7 | 2.2 |
| Currency translation reserve | 0.7 | 0.1 | 0.5 |
| Deferred taxes | 17.6 | 80.9 | –63.1 |
| **Accumulated profit/loss (consolidated profit)** | **608.3** | **200.2** | 408.1 |
| **Total** | **6,796.2** | **6,346.4** | 449.8 |

## 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:

| | 30 Jun 2022 | | 31 Dec 2021 | |
|---|---|---|---|---|
| **€m** | **Fair value** | **Carrying value** | **Fair value** | **Carrying value** |
| **Assets** | | | | |
| **Financial assets measured at amortised cost** | | | | |
| Cash reserves | 16,555.5 | 16,555.5 | 15,982.4 | 15,982.4 |
| Due from banks | 24,374.9 | 24,447.3 | 13,822.9 | 13,817.8 |
| Due from customers | 31,015.2 | 31,435.5 | 30,901.5 | 30,560.6 |
| Financial investments | 7,261.1 | 7,554.6 | 5,707.1 | 5,594.9 |
| Other assets | 201.4 | 201.4 | 239.8 | 239.8 |
| **Financial assets measured at fair value through other comprehensive income** | | | | |
| Financial investments | 2,182.6 | 2,182.6 | 3,679.6 | 3,679.6 |
| **Financial assets measured at fair value through profit or loss** | | | | |
| Trading portfolio | | | | |
| Financial assets at fair value | 16,384.6 | 16,384.6 | 16,666.4 | 16,666.4 |
| Financial assets mandatorily measured at fair value through profit or loss | | | | |
| Financial assets at fair value | 1,543,6 | 1,543.6 | 1,072.1 | 1,072.1 |
| Other assets | 7.8 | 7.8 | 0.8 | 0.8 |
| **Positive market values of derivative hedging instruments** | 204.6 | 204.6 | 91.6 | 91.6 |
| **Total asset items** | **99,731.3** | **100,517.5** | **88,164.2** | **87,706.0** |
| **Liabilities** | | | | |
| **Financial liabilities measured at amortised cost** | | | | |
| Due to banks | 19,648.0 | 19,784.0 | 16,946.1 | 16,890.6 |
| Due to customers | 28,984.3 | 29,027.0 | 23,698.6 | 23,594.5 |
| Securitised liabilities | 8,387.5 | 8,922.2 | 9,541.1 | 9,543.3 |
| Subordinated capital | 913.1 | 924.0 | 1,032.6 | 964.2 |
| Other liabilities | 536.6 | 536.6 | 539.5 | 539.5 |
| **Financial liabilities measured at fair value through profit or loss** | | | | |
| Trading portfolio | | | | |
| Financial liabilities at fair value | 33,516.9 | 33,516.9 | 28,724.7 | 28,724.7 |
| Other liabilities | 10.5 | 10.5 | 0.7 | 0.7 |
| Financial liabilities designated at fair value | | | | |
| Financial liabilities at fair value | 243.9 | 243.9 | 469.7 | 469.7 |
| **Negative market values of derivative hedging instruments** | 925.9 | 925.9 | 383.9 | 383.9 |
| **Total liability items** | **93,166.6** | **93,891.0** | **81,337.0** | **81,111.2** |

## 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 input factors 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 input factors, are allocated to this level.

Level 3: (Valuation method not based on observable market data): Financial instruments whose fair value is determined based on valuation models using, among other things, input factors not observable in the market, provided they are significant for the valuation, are allocated to this level.

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:

| | Prices listed on active markets (level 1) | | Valuation method based on observable market data (level 2) | | Valuation method not based on observable market data (level 3) | |
|---|---|---|---|---|---|---|
| €m | 30 Jun 2022 | 31 Dec 2021 | 30 Jun 2022 | 31 Dec 2021 | 30 Jun 2022 | 31 Dec 2021 |
| **Financial assets measured at fair value through profit or loss** | | | | | | |
| Debt securities, other fixed-interest securities and loan receivables | 3,408.6 | 3,543.8 | 4,542.7 | 3,619.2 | 705.4 | 605.2 |
| Shares and other non fixed-interest securities | 1,237.3 | 3,562.1 | 98.3 | 96.4 | 29.4 | 17.5 |
| Derivative financial instruments | 277.1 | 113.7 | 7,420.0 | 6,125.4 | 176.4 | 24.9 |
| Interest-rate-related derivatives | 0.1 | – | 5,841.4 | 4,659.8 | 105.8 | 20.4 |
| Currency-related derivatives | – | – | 99.1 | 56.3 | – | – |
| Share and other price-related derivatives | 277.0 | 113.7 | 1,479.5 | 1,409.3 | 70.6 | 4.5 |
| Shareholdings | – | – | – | – | 32.9 | 30.4 |
| Positive market values of derivative hedging instruments | – | – | 204.6 | 91.6 | – | 0.0 |
| **Financial assets measured at fair value through other comprehensive income** | | | | | | |
| Debt securities and other fixed-interest securities | 774.7 | 1,630.3 | 1,407.9 | 2,049.2 | – | – |
| **Total** | **5,697.7** | **8,849.9** | **13,673.5** | **11,981.8** | **944.1** | **678.0** |

| | Prices listed on active markets (level 1) | | Valuation method based on observable market data (level 2) | | Valuation method not based on observable market data (level 3) | |
|---|---|---|---|---|---|---|
| €m | 30 Jun 2022 | 31 Dec 2021 | 30 Jun 2022 | 31 Dec 2021 | 30 Jun 2022 | 31 Dec 2021 |
| **Financial liabilities measured at fair value through profit or loss** | | | | | | |
| Securities short portfolios | 682.4 | 513.4 | 324.3 | 105.9 | – | – |
| Derivative financial instruments | 363.6 | 107.5 | 10,986.6 | 5,764.6 | 372.3 | 73.0 |
| Interest-rate-related derivatives | – | – | 8,126.8 | 3,907.0 | 329.3 | 54.9 |
| Currency-related derivatives | – | – | 111.6 | 74.3 | – | – |
| Share and other price-related derivatives | 363.6 | 107.5 | 2,748.2 | 1,783.3 | 43.0 | 18.1 |
| Issues | – | – | 19,533.8 | 20,733.1 | 1,497.6 | 1,896.9 |
| **Negative market values of derivative hedging instruments** | – | – | 925.9 | 383.9 | – | – |
| **Total** | **1,046.0** | **620.9** | **31,770.7** | **26,987.5** | **1,869.9** | **1,969.9** |

## Reclassifications

The following reclassifications between level 1 and level 2 of the fair value hierarchy took place in respect of assets and liabilities measured at fair value and held in the portfolio at the reporting date:

| | Reclassifications from level 1 to level 2 | | Reclassifications from level 2 to level 1 | |
|---|---|---|---|---|
| €m | 2022 | 2021 | 2022 | 2021 |
| **Financial assets measured at fair value through profit or loss** | | | | |
| Debt securities, other fixed-interest securities and loan receivables | 1,128.0 | 398.8 | 631.3 | 490.9 |
| Derivative financial instruments | 43.2 | 63.5 | 161.9 | 45.8 |
| Share and other price-related derivatives | 43.2 | 63.5 | 161.9 | 45.8 |
| **Financial liabilities measured at fair value through profit or loss** | | | | |
| Securities short portfolios | 42.5 | 14.1 | 2.7 | 10.3 |
| Derivative financial instruments | 56.0 | 62.8 | 241.6 | 30.0 |
| Interest-rate-related derivatives | – | – | – | – |
| Share and other price-related derivatives | 56.0 | 62.8 | 241.6 | 30.0 |

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 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. Instrument-specific and issuer-specific interest rates are used for discounting. Discount rates are determined from market prices of similar liquid securities, selected according to criteria in the categories of issuer, sector, rating, rank and maturity.

Derivative financial instruments are measured using standard valuation models, such as the Black-Scholes model, the Black-76 model, the SABR model, the Bachelier model, the G1PP model, the G2PP model or the local volatility model. The models are always calibrated using observable market data.

Interest rate and interest rate/currency swaps and unlisted interest rate futures are measured on the basis of the discounted cash flow model using the market interest rates applying to the remainder of the term of the financial instruments. The tenor structures of the individual interest rates are taken into account by means of separate forward yield curves. Interest rate swaps are discounted using the currency-specific yield curve. This is used for bootstrapping the forward yield curves. For the foreign currency cash flows in interest rate/currency swaps, discounting is carried out taking into account the cross-currency basis.

Fair values for forward currency contracts are determined at the reporting date on the basis of the future 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 *Pfandbriefe* (covered bonds), for example.

In the first half of the year, DekaBank changed its procedure for determining the DekaBank credit spread valuation curves for own issues recognised at fair value. In times of volatile markets, like the trend witnessed on the interest rate market since mid-February 2022 in particular, the illiquidity spreads used for pricing purposes to date have not led to the sort of clarity and transparency expected. As a result, the decision was made no longer to apply a valuation-related input parameter from 31 May 2022 onwards. The adjustment to the valuation curves resulted in a one-off effect in the income statement (trading profit or loss) of €–231.1m in the first half of 2022.

**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 €0.1m higher or lower.

Determining the fair value of loan receivables also involves the use of spreads that are not observable in the market. Assuming an average uncertainty of 50 basis points relating to the credit spreads, the fair value of the loan receivables could have been €0.4m higher or lower.

The Bank also allocates to level 3 a limited number of equity, credit and interest rate derivatives or issues with embedded equity, credit and interest rate derivatives, for example if unobservable valuation parameters are used which are significant for their valuation. For equity and interest rate derivatives whose valuation requires correlations, the Bank typically uses historical correlations with the relevant share prices or interest rate fixings, or changes to these. The sensitivity of the equity option positions concerned was around €–2.2m as at 30 June 2022. 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 3.24%, giving rise to a measurement difference of €+0.2m. There are also equity derivatives with a maturity that is longer than the equivalent (based on the underlying) exchange-traded equity (index) options. The temporal extrapolation uncertainty as at 30 June 2022 is approximately €–0.6m. 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 2022, this results in a value of €0.2m.

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 €1.0m was accrued on the reporting date (previous year: day-one loss of €1.1m). 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 2022, 100% 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 |
|---|---|---|---|---|---|---|---|
| **As at 1 January 2021** | **1,702.6** | **79.8** | **92.1** | **6.3** | **17.9** | **0.0** | **1,898.7** |
| Additions through purchase | 420.8 | 92.4 | – | 4.7 | 8.7 | – | 526.6 |
| Disposals through sale | 955.2 | 157.8 | – | – | 0.3 | – | 1,113.3 |
| Maturity/repayments | 243.8 | – | – | – | – | – | 243.8 |
| Transfers | | | | | | | |
| To Level 3 | 16.5 | – | – | – | – | – | 16.5 |
| From Level 3 | 330.9 | – | 3.1 | 4.1 | – | – | 338.1 |
| Changes arising from measurement/disposal | | | | | | | |
| Recognised in profit or loss[1] | –4.8 | 3.1 | –68.6 | –2.4 | 4.1 | – | –68.6 |
| Recognised in other comprehensive income[2] | – | – | – | – | – | – | – |
| **As at 31 December 2021** | **605.2** | **17.5** | **20.4** | **4.5** | **30.4** | **0.0** | **678.0** |
| **Movement in unrealised gains or losses in respect of assets in the portfolio at the balance sheet date[3]** | **–41.7** | **1.2** | **–34.6** | **3.1** | **4.1** | **–** | **–67.9** |
| **As at 1 January 2022** | **605.2** | **17.5** | **20.4** | **4.5** | **30.4** | **0.0** | **678.0** |
| Additions through purchase | 447.4 | 33.9 | – | 41.0 | – | – | 522.3 |
| Disposals through sale | 64.5 | 21.9 | – | 0.1 | 7.2 | – | 93.7 |
| Maturity/repayments | 26.4 | – | – | – | – | – | 26.4 |
| Transfers | | | | | | | |
| To Level 3 | – | – | – | 5.1 | – | – | 5.1 |
| From Level 3 | 222.6 | – | 13.6 | – | – | – | 236.2 |
| Changes arising from measurement/disposal | | | | | | | |
| Recognised in profit or loss[1] | –33.7 | –0.1 | 99.0 | 20.1 | 9.7 | – | 95.0 |
| Recognised in other comprehensive income[2] | – | – | – | – | – | – | – |
| **As at 30 June 2022** | **705.4** | **29.4** | **105.8** | **70.6** | **32.9** | **0.0** | **944.1** |
| **Movement in unrealised gains or losses in respect of assets in the portfolio at the balance sheet date[3]** | **–19.0** | **–0.1** | **99.0** | **23.5** | **7.0** | **–** | **110.4** |

[1] Gains and losses recognised in profit or loss from the measurement/disposal of level 3 financial instruments are included in net interest income, trading profit or loss, profit or loss on financial instruments mandatorily measured at fair value and profit or loss on financial instruments designated at fair value.
[2] Gains and losses recognised in other comprehensive income from the measurement of level 3 financial instruments are included in the revaluation reserve.
[3] Unrealised profits or losses from level 3 financial instruments are presented within net interest income, trading profit or loss, profit or loss on financial instruments required to be measured at fair value, profit or loss on financial instruments designated at fair value as well as revaluation reserve. In the reporting period, the mirror "performance of financial instruments in fair value hierarchy level 3" was standardised with regard to the presentation of the different financial instruments for reasons of better readability. In the case of disposals of derivative financial instruments, for example, the value in the opening balance is now also divided into disposal value and realised profit and loss for the period.

The movement in level 3 liabilities carried at fair value is shown in the table below:

| €m | Interest-rate-related derivatives | Share and other price-related derivatives | Issues | Total |
|---|---|---|---|---|
| **As at 1 January 2021** | **120.6** | **62.9** | **2,396.5** | **2,580.0** |
| Additions through purchase | 2.2 | – | – | 2.2 |
| Disposals through sale | – | 1.7 | – | 1.7 |
| Additions through issues | – | – | 101.2 | 101.2 |
| Maturity/repayments | – | 14.2 | 292.6 | 306.8 |
| Transfers | | | | |
| To Level 3 | – | – | 1.6 | 1.6 |
| From Level 3 | 2.9 | 28.5 | 197.9 | 229.3 |
| Changes arising from measurement/disposal | | | | |
| Recognised in profit or loss[1] | 65.0 | 0.4 | 111.9 | 177.3 |
| Recognised in other comprehensive income[2] | – | – | – | – |
| **As at 31 December 2021** | **54.9** | **18.1** | **1,896.9** | **1,969.9** |
| **Movement in unrealised gains or losses in respect of liabilities in the portfolio at the balance sheet date[3]** | **–42.5** | **–17.0** | **76.9** | **17.4** |
| **As at 1 January 2022** | **55.3** | **17.7** | **1,896.9** | **1,969.9** |
| Additions through purchase | – | – | – | – |
| Disposals through sale | – | –5.6 | – | –5.6 |
| Additions through issues | – | – | 27.0 | 27.0 |
| Maturity/repayments | – | – | 51.8 | 51.8 |
| Transfers | | | | |
| To Level 3 | – | 18.8 | 14.7 | 33.5 |
| From Level 3 | 1.7 | 0.4 | 43.7 | 45.8 |
| Changes arising from measurement/disposal | | | | |
| Recognised in profit or loss[1] | –275.7 | –1.3 | 345.5 | 68.5 |
| Recognised in other comprehensive income[2] | – | – | – | – |
| **As at 30 June 2022** | **329.3** | **43.0** | **1,497.6** | **1,869.9** |
| **Movement in unrealised gains or losses in respect of liabilities in the portfolio at the balance sheet date[3]** | **–275.7** | **–9.5** | **325.4** | **40.2** |

[1] Gains and losses recognised in profit or loss from the measurement/disposal of level 3 financial instruments are included in net interest income, trading profit or loss, profit or loss on financial instruments mandatorily measured at fair value and profit or loss on financial instruments designated at fair value.

[2] Gains and losses recognised in other comprehensive income from the measurement of level 3 financial instruments are included in the revaluation reserve.

[3] Unrealised profits or losses from level 3 financial instruments are presented within net interest income, trading profit or loss, profit or loss on financial instruments required to be measured at fair value, profit or loss on financial instruments designated at fair value as well as revaluation reserve. In the reporting period, the mirror "performance of financial instruments in fair value hierarchy level 3" was standardised with regard to the presentation of the different financial instruments for reasons of better readability. In the case of disposals of derivative financial instruments, for example, the value in the opening balance is now also divided into disposal value and realised profit and loss for the period.

Positive market values of debt securities, other fixed-interest securities and loan receivables amounting to €222.6m were transferred from level 3 in the reporting period. No positive market values of debt securities, other fixed-interest securities and loan receivables were migrated to level 3. In addition, interest-rate-related derivatives amounting to €13.6m were transferred from level 3, while share and other price-related derivatives of €5.1m were transferred to level 3. Negative market values of issues amounting to €14.7m were also transferred to level 3, with €43.7m being transferred from level 3. Negative market values of interest-rate-related derivatives amounting to €1.7m were transferred from level 3. Additionally, negative market values of share- or price-related derivatives amounting to €0.4m were transferred from level 3, with €18.8m being transferred to level 3. This was due to a more detailed analysis of the market data used for valuation.

As at 30 June 2022, analyses for level 3 financial instruments were performed with regard to the materiality of spread curves and correlation matrices. In the case of spread curves, the valuation is performed without a spread or with a spread of zero. If the resulting change in present value is insignificant (≤5%), the product can be assigned to level 2. For financial instruments whose valuation involves the use of a correlation matrix (historical 250-day correlations), sensitivity to a change in the correlation matrix is a relevant factor. This sensitivity is expressed in relation to the present value of the financial instrument. If the sensitivity is insignificant (≤0.5% of the present value), the product can be assigned to level 2. On the reporting date, 112 positions with a market value of €144.9m were transferred from level 3 to level 2.

**Measurement processes for financial instruments in fair value hierarchy level 3**

For all transactions in the trading book and the banking book, DekaBank generally performs a daily valuation independent of trading operations, which provides the basis for the calculation of results. Responsibility for the valuation process lies with Risk Control, the different tasks being assigned to various specialist teams as part of the valuation process. The models used for theoretical valuation of transactions must undergo validation and initial acceptance before they can be employed in the valuation process. Adequacy checks are carried out on a regular basis as part of normal operations. The main steps in the process are the provision of market data that is independent of trading activities, parametrisation, performance of the valuation and quality assurance. Each of these steps and processes has a team responsible for design and implementation.

Finance and Risk Control analyse and provide commentary on any notable changes in the valuation carried out independently of trading activities. The economic profits and losses determined on the basis of this independent valuation are made available to the trading units on a daily basis for the trading book and on at least a weekly basis for the banking book. To support the process, a committee has been established within Risk Control which plans and coordinates the medium to long-term development of the valuation process.

Valuation models are always used where no reliable external prices are available. External price quotations are obtained from established providers such as stock exchanges and brokers. Every price is subject to a monitoring process which assesses its quality and establishes whether it is appropriate for use in the valuation process. Unless the level of quality is assessed as inadequate, a theoretical valuation is carried out.

For financial instruments whose present value is determined using a valuation model, the prices needed to calibrate the model are either found directly, independently of trading, or are checked via an independent price verification process (IPV) to ensure they are consistent with the market, and are corrected if necessary. The valuation models used are either validated by Risk Control or implemented in Risk Control independently of trading. The appropriateness of the models is examined by Risk Control on a regular basis, and at least once a year. The results of the examination form the basis for a joint recommendation agreed between Risk Control, Finance and the trading units on whether the valuation models should continue to be used or require further development.

When new financial instruments are introduced, existing valuation processes are examined to determine whether they can be applied to the new instrument and modified or expanded if necessary. Valuation processes may be expanded to include new price sources or apply new valuation models. Where new models are introduced, Risk Control checks for model risks as part of the implementation and validation process.

## 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 2022 | Total 31 Dec 2021 |
|---|---|---|---|---|---|
| Non-performing exposures[1] | 99.3 | – | 245.3 | 344.6 | 333.3 |
| Collateral[2] | 77.1 | – | 181.3 | 258.4 | 242.0 |
| Provisions for loan losses/credit rating-related changes in fair value | 22.1 | – | 61.8 | 83.9 | 86.4 |

[1] The figures shown represent the cross carrying value of the credit risk-bearing financial asset classified as non-performing.
[2] Recognition of measurable collateral. Indication of market or fair value not exceeding the underlying exposure.

### 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 2022 | Total 31 Dec 2021 |
|---|---|---|---|---|---|
| Forborne exposures[1] | 354.3 | 21.9 | 834.9 | 1,211.1 | 1,268.3 |
| thereof: Performing | 290.6 | 21.9 | 644.9 | 957.4 | 1,020.0 |
| thereof: Non-Performing | 63.7 | – | 190.0 | 253.7 | 248.3 |
| Collateral[2] | 325.2 | – | 770.5 | 1,095.7 | 1,144.1 |
| Provisions for loan losses/credit rating-related changes in fair value | 28.9 | 0.0 | 63.2 | 92.1 | 98.7 |

[1] The figures shown represent the cross carrying value of the credit risk-bearing financial asset classified as forborne.
[2] Recognition of measurable collateral. Indication of market or fair value not exceeding the underlying exposure.

Key ratios for non-performing and forborne exposures:

| % | 30 Jun 2022 | 31 Dec 2021 |
|---|---|---|
| **NPE ratio at the reporting date** | | |
| (Ratio of non-performing exposures to maximum credit risk) | 0.34 | 0.39 |
| **NPE coverage ratio, including collateral, at the reporting date** | | |
| (Ratio of risk provisions, including collateral, to non-performing exposures) | 99.33 | 98.53 |
| **NPE coverage ratio, excluding collateral, at the reporting date** | | |
| (Ratio of risk provisions, excluding collateral, to non-performing exposures) | 24.34 | 25.94 |
| **Forborne exposures ratio at, the reporting date** | | |
| (Ratio of forborne exposures to maximum credit risk) | 1.21 | 1.48 |

The maximum credit risk underlying the ratio of non-performing and forborne exposures is determined based on IFRS 7.35K(a)/IFRS 7.36(a) using credit risk-bearing financial assets and the corresponding off-balance sheet liabilities. As at the reporting date it amounted to €100.5bn (31 December 2021: €85.5bn).

# 34 Derivative transactions

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

| | Nominal value | | Positive fair values[1] | | Negative fair values[1] | |
|---|---|---|---|---|---|---|
| **€m** | **30 Jun 2022** | **31.12.2021** | **30 Jun 2022** | **31.12.2021** | **30 Jun 2022** | **31.12.2021** |
| Interest rate risks | 873,824.1 | 766,666.5 | 28,708.8 | 11,695.6 | 28,694.2 | 11,421.8 |
| Currency risks | 29,196.4 | 27,246.0 | 187.7 | 163.8 | 1,018.5 | 474.4 |
| Share and other price risks | 59,047.7 | 50,763.5 | 1,905.3 | 1,617.9 | 3,173.7 | 2,000.2 |
| **Total** | **962,068.2** | **844,676.0** | **30,801.8** | **13,477.3** | **32,886.4** | **13,896.4** |
| **Net amount disclosed in the statement of financial position** | | | **8,078.1** | **6,355.5** | **12,648.5** | **6,329.1** |

[1] 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.

After the first few interest rate benchmarks were switched over successfully at the end of 2021, further implementation work will focus first on USD LIBOR, which will be transitioned in the period leading up to mid-2023, and second on adjusting the product range to reflect the new reference rates.

The USD is the most important foreign currency for DekaBank. As a result, the focus in 2022 is on preparing to transition the USD LIBOR-based positions. The Term SOFR reference rate has become established on the market as a genuine alternative to the compounded SOFR, with strong demand among customers. DekaBank is one of the first European banks to have granted Term SOFR-based loans. However, the extreme movement on the interest rate markets, particularly in USD, and the resulting fluctuations in the tenor basis spreads are making pricing during the transition phase more difficult.

In addition to the USD transition, the second focal point is on expanding the range of products to reflect the new RFRs. The corresponding options markets in the various currency areas are developing in parallel with linear products like swaps. DekaBank is keeping an eye on these developments and will adjust its product range accordingly whenever the necessary market data is available.

## Other disclosures

### 36 Regulatory capital (own funds)

Regulatory capital and the capital ratios were calculated as at 30 June 2022 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. Equity is calculated based on the figures from the IFRS consolidated financial statements.

The composition of capital and reserves is shown in the following table:

| | 30 Jun 2022 | | 31 Dec 2021 | |
|---|---|---|---|---|
| **€m** | **CRR (without transitional provisions)** | **CRR (with transitional provisions)** | **CRR (without transitional provisions)** | **CRR (with transitional provisions)** |
| Common Equity Tier 1 (CET 1) capital | 5,131 | 5,131 | 4,716 | 4,716 |
| Additional Tier 1 (AT 1) capital | 599 | 599 | 599 | 599 |
| **Tier 1 capital** | **5,729** | **5,729** | **5,314** | **5,314** |
| Tier 2 (T2) capital | 709 | 709 | 761 | 761 |
| **Own funds** | **6,439** | **6,439** | **6,075** | **6,075** |

The increase in Common Equity Tier 1 capital is due primarily to the inclusion of year-end effects from 2021 (profit retention).

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

| | 30 Jun 2022 | | 31 Dec 2021 | |
|---|---|---|---|---|
| **€m** | **CRR (without transitional provisions)** | **CRR (with transitional provisions)** | **CRR (without transitional provisions)** | **CRR (with transitional provisions)** |
| Credit risk | 21,774 | 21,774 | 21,499 | 21,499 |
| Market risk | 6,296 | 6,296 | 5,588 | 5,588 |
| Operational risk | 3,571 | 3,571 | 3,500 | 3,500 |
| CVA risk | 885 | 885 | 358 | 358 |
| **Risk-weighted assets** | **32,526** | **32,526** | **30,944** | **30,944** |

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

| % | 30 Jun 2022 CRR (without transitional provisions) | 30 Jun 2022 CRR (with transitional provisions) | 31 Dec 2021 CRR (without transitional provisions) | 31 Dec 2021 CRR (with transitional provisions) |
|---|---|---|---|---|
| Common Equity Tier 1 capital ratio | 15.8 | 15.8 | 15.2 | 15.2 |
| Tier 1 capital ratio | 17.6 | 17.6 | 17.2 | 17.2 |
| Total capital ratio | 19.8 | 19.8 | 19.6 | 19.6 |

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

## 37 Contingent liabilities and other obligations

| €m | 30 Jun 2022 | 31 Dec 2021 | Change |
|---|---|---|---|
| Irrevocable lending commitments | 1,279.6 | 1,412.0 | –132.4 |
| Other liabilities | 69.4 | 108.8 | –39.4 |
| **Total** | **1,349.0** | **1,520.8** | –171.8 |

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 €123.5m (31 December 2021: €138.4m).

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 €28.1m may arise in this regard. The reduction in contingent liabilities by around €22m as against 31 December 2021 is related to voluntary advance payments to interrupt the running of interest for potential interest on back payments. As DekaBank continues to assume that its legal view will be confirmed in the final instance of fiscal court proceedings, tax refund claims of €149.4m are recognised in this context.

## 38 List of shareholdings

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

Consolidated subsidiaries (affiliated companies):

| Name, registered office | Share of equity % 30 Jun 2022 |
|---|---|
| bevestor GmbH, Frankfurt/Main | 100.00 |
| Deka Beteiligungs GmbH, Frankfurt/Main | 100.00 |
| Deka Far East Pte. Ltd., Singapore | 100.00 |
| Deka Immobilien Investment GmbH, Frankfurt/Main | 100.00 |
| Deka International S.A., Luxembourg | 100.00 |
| Deka Investment GmbH, Frankfurt/Main | 100.00 |
| Deka Real Estate International GmbH, Frankfurt/Main | 100.00 |
| Deka Real Estate Services USA Inc., New York | 100.00 |
| Deka Vermögensmanagement GmbH, Frankfurt/Main | 100.00 |
| Deka Vermögensverwaltungs GmbH, Frankfurt/Main | 100.00 |
| Deka Verwaltungsgesellschaft Luxembourg S.A., Luxembourg | 100.00 |
| IQAM Invest GmbH, Salzburg | 100.00[1] |
| IQAM Partner GmbH, Vienna | 100.00 |
| S Broker Management AG, Wiesbaden | 100.00 |
| S Broker AG & Co. KG, Wiesbaden | 100.00 |
| SWIAT GmbH, Frankfurt/Main | 100.00 |
| WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf | 99.74[2] |
| WIV GmbH & Co. Beteiligungs KG, Frankfurt/Main | 94.90 |

[1] 25.5% is held by IQAM Partner GmbH.
[2] 5.1% is held by WIV GmbH & Co. Beteiligungs KG.

Consolidated subsidiaries (structured entities):

| Name, registered office | Share in fund assets % 30 Jun 2022 |
|---|---|
| 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 % 30 Jun 2022 | Equity €'000 30 Jun 2022 | Total of profit or loss €'000 30 Jun 2022 |
|---|---|---|---|
| **Joint ventures** | | | |
| S-PensionsManagement GmbH, Cologne[1] | 50.00 | 27,307.3 | –762.2 |
| Dealis Fund Operations GmbH i.L., Frankfurt/Main[2] | 50.00 | 32,865.4 | 47.0 |

[1] Amounts reported in financial statements for the year ended 31 December 2020
[2] Amounts reported in financial statements for the year ended 31 December 2021

Joint ventures and associated companies not accounted for under the equity method:

| Name, registered office | Share of equity %<br>30 Jun 2022 |
|---|---|
| **Joint ventures** | |
| Deka-Neuburger Institut für wirtschaftsmathematische Beratung GmbH, Frankfurt/Main | 50.00 |
| **Associated companies** | |
| 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 %<br>30 Jun 2022 |
|---|---|
| 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 Verwaltungs 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 |
| Privates Institut für quantitative Kapitalmarktforschung der DekaBank GmbH, Frankfurt/Main | 100.00 |
| WIV Verwaltungs GmbH, Frankfurt/Main | 94.90 |

Unconsolidated structured entities:

| Name, registered office | Fund assets €m 30 Jun 2022 | Share of equity/ fund assets % 30 Jun 2022 |
|---|---|---|
| Deka-Institutionell Defensive Equity Europe, Frankfurt/Main | 3.91 | 99.20 |
| Deka-Immobilien PremiumPlus-Private Banking CF (T), Luxembourg | 0.51 | 96.85 |
| Deka-MultiFactor Global Corporates, Luxembourg | 31.44 | 93.10 |
| Deka-BoutiqueSelect, Frankfurt/Main | 2.88 | 88.66 |
| Private Banking Premium Chance Nachhaltigkeit, Frankfurt/Main | 7.33 | 66.24 |
| Deka-MultiFactor Emerging Markets Corporates, Luxembourg | 27.45 | 58.16 |
| Deka-MultiFactor Global Corporates HY, Luxembourg | 37.13 | 54.25 |
| Deka MSCI Europe ex EMU UCITS ETF, Frankfurt/Main | 18.58 | 49.41 |
| Private Banking Premium Ertrag Nachhaltigkeit, Frankfurt/Main | 9.33 | 48.51 |
| Deka Euro Corporates 0-3 Liquid UCITS ETF, Frankfurt/Main | 101.30 | 37.19 |
| Premium Invest Ertrag Nachhaltigkeit, Luxembourg | 8.81 | 27.95 |
| Deka Investors Spezial InvAG m.v.K. und TGV, Frankfurt/Main | | |
| Teilgesellschaftsvermögen Mittelstandskreditfonds I, Frankfurt/Main | 20.45 | 23.00 |
| Premium Invest Ertrag, Luxembourg | 12.32 | 22.55 |

## 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. Non-consolidated own mutual funds and special funds where the holding of the Deka Group 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 normal market terms and conditions as part of the ordinary business activities of the Deka Group. These relate, inter alia, to loans, overnight and time deposits and derivatives. The liabilities of the Deka Group to mutual funds and special funds essentially comprise balances with banks from the temporary investment of liquid funds. The tables below show the extent of these transactions.

Business dealings with shareholders of DekaBank and unconsolidated subsidiaries:

| | Shareholders | | Subsidiaries | |
|---|---|---|---|---|
| **€m** | **30 Jun 2022** | **31 Dec 2021** | **30 Jun 2022** | **31 Dec 2021** |
| **Asset items** | | | | |
| Due from customers | – | – | – | 0.0 |
| Financial assets at fair value | – | – | 0.5 | 0.5 |
| Other assets | – | – | 0.1 | 0.1 |
| **Total asset items** | **–** | **–** | **0.5** | **0.6** |
| | | | | |
| **Liability items** | | | | |
| Due to customers | 136.1 | 49.0 | 4.4 | 2.9 |
| Financial liabilities at fair value | – | – | 0.0 | – |
| Other liabilities | – | – | – | 0.0 |
| **Total liability items** | **136.1** | **49.0** | **4.5** | **2.9** |

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

| | Joint ventures/ associated companies | | Other related parties | |
|---|---|---|---|---|
| **€m** | **30 Jun 2022** | **31 Dec 2021** | **30 Jun 2022** | **31 Dec 2021** |
| **Asset items** | | | | |
| Due from customers | 113.1 | 115.8 | – | 0.1 |
| Financial assets at fair value | 3.4 | 4.4 | – | – |
| Other assets | 0.0 | 0.1 | – | 0.1 |
| **Total asset items** | **116.5** | **120.3** | **–** | **0.2** |
| | | | | |
| **Liability items** | | | | |
| Due to customers | 15.9 | 16.0 | – | 8.6 |
| Financial liabilities at fair value | 47.0 | 58.8 | – | – |
| **Total liability items** | **62.9** | **74.8** | **–** | **8.6** |

## 40 Additional miscellaneous information

### Events after the reporting period

No major developments of particular significance occurred after the reporting date of 30 June 2022.

The consolidated interim financial statements were approved for publication on 12 August 2022 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 am Main, 12 August 2022

DekaBank
Deutsche Girozentrale

The Board of Management

Dr. Stocker Dr. Danne Dietl-Benzin

Kapffer Knapmeyer Müller

## Review Report

To DekaBank Deutsche Girozentrale AöR, Berlin/Frankfurt am Main

We have reviewed the condensed interim consolidated financial statements - comprising balance sheet, statement of comprehensive income, condensed statement of changes in equity, condensed cash flow statement and selected explanatory notes - together with the interim group management report of the DekaBank Deutsche Girozentrale AöR for the period from 1 January to 30 June 2022 that are part of the semi annual financial report according to § 115 WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "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 Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, and 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 employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, "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 2022

KPMG AG
Wirtschaftsprüfungsgesellschaft

| | |
|---|---|
| Haider | Immesberger |
| Wirtschaftsprüfer | Wirtschaftsprüfer |

# OTHER INFORMATION

# Administrative Board and Board of Management of DekaBank

(as of 1 August 2022)

## 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 Stadtsparkasse München, Munich

**Michael Fröhlich**
Chairman of the Management Board of Sparkasse Bielefeld, Bielefeld
*Member of the Risk and Credit Committee*

**Melanie Kehr**
Member of the Management Board of Kreditanstalt für Wiederaufbau, Frankfurt/Main
*Member of the Risk and Credit Committee*

**Dr. Stefan Kram**
(since 1 January 2022)
Chairman of the Management Board of Kreissparkasse Duchy of Lauenburg, Mölln

**Beate Läsch-Weber**
President of the Savings Banks Association Rhineland-Palatinate, Mainz

**Ludwig Momann**
Chairman of the Management Board of Sparkasse Emsland, Meppen
*Member of the Risk and Credit Committee*

**Tanja Müller-Ziegler**
Member of the Board of Management of Berliner Sparkasse, Berlin
*Member of the Risk and Credit Committee*

**Stefan Reuß**
(since 1 January 2022)
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**
Feelance 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**
(since 1 January 2022)
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**
First Deputy Chairman of the Staff Committee, DekaBank Deutsche Girozentrale, Frankfurt/Main

**Barbara Wörfel**
Second 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 First Deputy Chairman 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**

**Find out more**
The 2022 Interim Report can be found at www.deka.de/deka-gruppe under the heading "Investor Relations/Reports and Presentations" section as well as the online version in German and English. In addition, the financial reports, presentations and other publications are also available for download.

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**Disclaimer**
The interim management report as well as the Interim Report in other respects 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 information provided. 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.

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