

Interim financial statements

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Interim financial statements

Statement of profit or loss and other comprehensive income for the period from 1 January to 30 June 2021

€m	Notes	1 st half 2021	1 st half 2020	Change
Interest income		401.0	506.1	-20.8%
(thereof calculated using the effective interest method)		(176.2)	(262.5)	-32.9%
Interest expenses		321.3	417.2	-23.0%
Net interest income	[6]	79.7	88.9	-10.3%
Risk provisions in the lending and securities business	[7], [21]	18.4	-68.9	126.7%
Net interest income after provisions		98.1	20.0	(> 300%)
Commission income		1,578.6	1,329.0	18.8%
Commission expenses		839.9	752.3	11.6%
Net commission income	[8]	738.7	576.7	28.1%
Net income from the derecognition of financial assets measured at amortised cost	[9]	12.9	4.8	168.8%
Trading profit or loss	[10]	73.8	279.3	-73.6%
Profit or loss on financial assets mandatorily measured at fair value	[11]	10.1	-29.1	134.7%
Profit or loss on financial instruments designated at fair value	[12]	13.6	11.3	20.4%
Profit or loss from fair value hedges	[13]	10.4	-17.9	158.1%
Profit or loss on financial investments	[14]	-0.0	-0.0	0.0%
Administrative expenses	[15]	587.8	574.0	2.4%
(thereof expenses for the bank levy and deposit guarantee scheme)		(79.5)	(72.8)	9.2%
Other operating profit	[16]	-35.9	-27.1	-32.5%
Total of profit or loss before tax		333.9	244.0	36.8%
Income taxes	[17]	106.4	101.7	4.6%
Interest expenses for atypical silent capital contributions		25.0	23.5	6.4%
Total of profit or loss		202.5	118.8	70.5%
Thereof:				
Attributable to non-controlling interests		-	-	o.A.
Attributable to the shareholders of DekaBank		202.5	118.8	70.5%
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		-4.6	-10.9	57.8%
Change of the foreign currency basis spread of hedging derivatives		-9.7	16.7	-158.1%
Change in currency translation reserve		0.1	-0.1	200.0%
Deferred taxes on items reclassified to profit or loss		4.5	-1.9	(> 300%)
Items not reclassified to profit or loss				
Revaluation gains/losses on defined benefit pension obligations		104.7	-19.2	(> 300%)
Change in valuation reserve for own credit risk of financial liabilities designated at fair value		0.2	4.6	-95.7%
Deferred taxes on items not reclassified to profit or loss		-13.4	-9.4	-42.6%
Other comprehensive income		81.8	-20.2	(> 300%)
Comprehensive income for the period under IFRS		284.3	98.6	188.3%
Thereof:				
Attributable to non-controlling interests		-	-	o.A.
Attributable to the shareholders of DekaBank		284.3	98.6	188.3%

Statement of financial position as at 30 June 2021

€m	Notes	30 Jun 2021	31 Dec 2020	Change
Assets				
Cash reserves	[18]	18,735.4	9,206.7	103.5%
Due from banks	[19]	14,921.3	16,350.2	-8.7%
Due from customers	[20]	29,890.0	24,616.4	21.4%
Financial assets at fair value	[22]	19,393.7	22,981.9	-15.6%
a) Trading portfolio		18,144.6	21,388.7	-15.2%
b) Financial assets mandatorily measured at fair value		1,249.1	1,593.2	-21.6%
c) Financial assets designated at fair value (of which deposited as collateral)		-	-	o.A.
		(3,962.1)	(5,172.4)	-23.4%
Positive market values of derivative hedging instruments		309.3	638.7	-51.6%
Financial investments	[23]	9,840.3	10,567.2	-6.9%
a) Financial assets measured at amortised cost		5,328.7	5,162.1	3.2%
b) Financial assets measured at fair value through other comprehensive income		4,495.2	5,388.7	-16.6%
c) Shares in at-equity accounted companies (of which deposited as collateral)		16.4	16.4	0.0%
		(1,468.7)	(875.9)	67.7%
Intangible assets	[24]	205.1	182.0	12.7%
Property, plant and equipment	[25]	125.7	141.9	-11.4%
Current income tax assets		197.9	195.1	1.4%
Deferred income tax assets		269.7	289.2	-6.7%
Other assets		421.3	339.8	24.0%
Total assets		94,309.7	85,509.1	10.3%
Liabilities				
Due to banks	[26]	21,629.6	17,140.6	26.2%
Due to customers	[27]	23,095.5	21,660.2	6.6%
Securitised liabilities	[28]	11,142.1	7,656.2	45.5%
Financial liabilities at fair value	[29]	29,629.9	30,549.6	-3.0%
a) Trading portfolio		29,113.3	29,884.4	-2.6%
b) Financial liabilities designated at fair value		516.6	665.2	-22.3%
Negative market values of derivative hedging instruments		192.2	107.1	79.5%
Provisions	[30]	528.8	620.3	-14.8%
Current income tax liabilities		92.5	67.3	37.4%
Deferred income tax liabilities		12.6	9.1	38.5%
Other liabilities		1,123.6	1,042.1	7.8%
Subordinated capital		969.1	959.4	1.0%
Atypical silent capital contributions		52.4	52.4	0.0%
Equity	[31]	5,841.4	5,644.8	3.5%
a) Subscribed capital		191.7	191.7	0.0%
b) Additional capital components		473.6	473.6	0.0%
c) Capital reserve		190.3	190.3	0.0%
d) Retained earnings		4,848.7	4,877.1	-0.6%
e) Revaluation reserve		-101.4	-183.2	44.7%
f) Accumulated profit/loss (consolidated profit)		238.5	95.3	150.3%
g) Minority interest		-	-	o.A.
Total liabilities		94,309.7	85,509.1	10.3%

Condensed statement of changes in equity for the period from 1 January to 30 June 2021

	Subscribed capital	Additional capital components	Capital reserve	Retained earnings	Consolidated profit/loss	Provisions for pensions ¹⁾	Change of the foreign currency basis spread of hedging derivatives
€m							
Equity as at 1 January 2020	191.7	473.6	190.3	4,733.3	55.1	-223.4	2.5
Total of profit or loss	-	-	-	-	118.8	-	-
Other comprehensive income	-	-	-	-	-	-19.2	16.7
Comprehensive income for the period under IFRS	-	-	-	-	118.8	-19.2	16.7
Changes in the scope of consolidation ²⁾	-	-	-	-28.4	0.1	-	-
Other changes ²⁾³⁾	-	-	-	-	-	-	-
Allocation to reserves from retained earnings	-	-	-	-	-	-	-
Distribution	-	-	-	-	-	-	-
Equity as at 30 June 2020	191.7	473.6	190.3	4,704.9	174.0	-242.6	19.2
Total of profit or loss	-	-	-	-	93.5	-	-
Other comprehensive income	-	-	-	-	-	-31.2	-32.8
Comprehensive income for the period under IFRS	-	-	-	-	93.5	-31.2	-32.8
Changes in the scope of consolidation ²⁾	-	-	-	-	-	-	-
Other changes ²⁾³⁾	-	-	-	0.1	-0.1	-	-
Allocation to reserves from retained earnings	-	-	-	172.1	-172.1	-	-
Distribution	-	-	-	-	-	-	-
Equity as at 31 December 2020	191.7	473.6	190.3	4,877.1	95.3	-273.8	-13.6
Total of profit or loss	-	-	-	-	202.5	-	-
Other comprehensive income	-	-	-	-	-	104.7	-9.7
Comprehensive income for the period under IFRS	-	-	-	-	202.5	104.7	-9.7
Changes in the scope of consolidation ²⁾	-	-	-	-28.4	-	-	-
Other changes ²⁾³⁾	-	-	-	-	-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	-23.3

¹⁾ Revaluation gains/losses on defined benefit obligations

²⁾ With the implementation of the new ESEF requirements as of 31 December 2020, changes in the scope of consolidation and other changes are shown as two separate lines. The previous year's figures were adjusted accordingly.

³⁾ Comprises the payment of interest of the Additional Tier 1 bond, which is classified as equity capital under IFRS.

⁴⁾ With the implementation of the new ESEF requirements as of 31 December, the currency translation reserve is reported within the revaluation reserve.

Revaluation reserve					Total before minority interest	Minority interest	Equity
Equity-accounted companies	Financial assets measured at fair value through other comprehensive income	Own credit risk of financial liabilities designated at fair value	Currency translation reserve ⁹⁾	Deferred taxes			
-	12.5	-3.6	0.1	79.4	5,511.5	-	5,511.5
-	-	-	-	-	118.8	-	118.8
-	-10.9	4.6	-0.1	-11.3	-20.2	-	-20.2
-	-10.9	4.6	-0.1	-11.3	98.6	-	98.6
-	-	-	-	-	-28.3	-	-28.3
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1.6	1.0	0.0	68.1	5,581.8	-	5,581.8
-	-	-	-	-	93.5	-	93.5
-	7.3	-3.1	-0.3	29.6	-30.5	-	-30.5
-	7.3	-3.1	-0.3	29.6	63.0	-	63.0
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	8.9	-2.1	-0.3	97.7	5,644.8	-	5,644.8
-	-	-	-	-	202.5	-	202.5
-	-4.6	0.2	0.1	-8.9	81.8	-	81.8
-	-4.6	0.2	0.1	-8.9	284.3	-	284.3
-	-	-	-	-	-28.4	-	-28.4
-	-	-	-	-	-0.1	-	-0.1
-	-	-	-	-	-	-	-
-	-	-	-	-	-59.2	-	-59.2
-	4.3	-1.9	-0.2	88.8	5,841.4	-	5,841.4

Condensed statement of cash flows for the period from 1 January to 30 June 2021

€m	1st half 2021	1st half 2020
Cash and cash equivalents at the start of the period	9,206.7	3,826.9
Cash flow from operating activities	9,704.6	8,867.7
Cash flow from investing activities	–33.4	–4.3
Cash flow from financing activities	–142.5	–63.8
Cash and cash equivalents at the end of the period	18,735.4	12,626.5

The definitions of the individual cash flow components are the same as those in the 2020 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 2020).

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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 €0.7bn (31 December 2020: €0.9bn). 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 gradual expansion of the existing range of sustainability products and services, as well as even greater emphasis on sustainability aspects in the fund and investment processes.

Asset Management Real Estate

The Asset Management Real Estate reporting segment provides fund products 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 fund portfolio management, fund 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 retail and institutional customers and helps them to put their asset and risk management decisions into practice. With its range of services relating to securities repurchase transactions, securities lending and foreign exchange trading, the 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 issuance business. Institutional customers are provided with clearing services and support with the efficient fulfilment of regulatory requirements.

Financing

The Financing reporting segment is made up of real estate financing and specialised financing, including financing of the savings banks. Lending is taken onto our own statement of financial position via the banking book, as well as being packaged as an investment product for other banks and savings banks or other institutional investors via club deals or syndications. Priority is given to placements within the *Sparkassen-Finanzgruppe*. The specialised financing business concentrates on selected core segments, such as infrastructure financing, transport financing, financing covered by ECAs, public sector financing and savings bank financing. Specialised financing loans that were made before the credit risk strategy was revised in 2010 and do not conform to the current strategy are combined in a separate legacy portfolio. This has been wound down almost entirely while safeguarding assets. 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, and a general provision for potential losses that are not directly allocable to any operating segment. The income and expenses of the Treasury function are allocated to the other segments on a source-specific basis and are therefore shown in the presentation of the economic result of the respective segments.

	Asset Management Securities		Asset Management Real Estate		Asset Management Services		Capital Markets ⁷⁾	
	Economic result							
€m	1 st half 2021	1 st half 2020	1 st half 2021	1 st half 2020	1 st half 2021	1 st half 2020	1 st half 2021	1 st half 2020
Net interest income	0.2	-0.3	0.3	0.3	1.8	0.8	2.2	2.9
Risk provisions	-	-	-	-	1.1	-0.1	0.0	-
Net commission income	450.7	314.4	150.4	125.1	103.2	99.6	28.9	34.2
Net financial income ¹⁾	1.4	-0.6	0.7	-1.5	0.8	0.8	134.6	152.7
Other operating profit ²⁾	-10.2	-2.7	2.4	1.1	-9.9	3.0	1.1	1.0
Total income without income distribution from Treasury function	442.1	310.8	153.9	125.0	97.0	104.0	166.8	190.7
Administrative expenses (including depreciation and amortisation)	175.7	173.7	71.9	71.6	94.0	85.8	88.3	85.8
Restructuring expense ²⁾	0.8	0.3	0.0	-	-	-	-	-
Total expenses	176.5	174.0	71.9	71.6	94.0	85.8	88.3	85.8
(Economic) result before tax excluding income distribution Treasury function	265.7	136.8	82.0	53.4	3.0	18.2	78.5	104.9
Income distribution of Treasury function	-2.5	-15.4	-0.2	-0.6	-0.3	-0.4	-3.5	-15.4
(Economic) result before tax	263.1	121.4	81.7	52.8	2.7	17.8	75.0	89.5
Cost/income ratio ³⁾	0.40	0.56	0.47	0.57	0.98	0.82	0.53	0.45
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Total risk (value-at-risk) ⁴⁾	746	1,216	86	89	163	185	298	406
Total customer assets	296,312	269,716	47,933	45,732	-	-	24,073	23,712
Gross loan volume	7,299	6,912	30	84	830	765	60,333	60,978

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 €105.0m (first half 2020: €-50.0m) 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.

⁷⁾ Since the start of 2021, own investments in securities in the banking book (strategic investments) have been managed in the Treasury corporate centre; until 2020, they were the responsibility of the Capital Markets segment. Together with the securities in the liquidity buffer, both holdings form the Deka Group's liquidity management portfolio. The values for 2021 reflect the new structure. The previous year's figures in the Capital Markets segment and in the Treasury corporate centre have been adjusted accordingly to improve comparability with regard to income and key risk figures. In view of the principle of materiality, the retrospective allocation of expenses and the adjustment of the distribution of income for the Treasury function were waived.

Financing		Other ⁷⁾		Deka Group		Reconciliation		Deka Group	
		Economic result						Total profit or loss before tax (IFRS)	
1 st half 2021	1 st half 2020	1 st half 2021	1 st half 2020	1 st half 2021	1 st half 2020	1 st half 2021	1 st half 2020	1 st half 2021	1 st half 2020
74.4	69.6	-4.0	23.4	74.9	96.6	4.8	-7.7	79.7	88.9
2.7	-66.6	14.6	-2.2	18.4	-68.9	-	-	18.4	-68.9
6.7	5.8	-1.6	-2.4	738.3	576.7	0.4	-	738.7	576.7
1.2	-13.0	-113.9 ⁶⁾	39.7 ⁶⁾	25.0	178.0	95.8	70.4	120.8	248.4
0.3	-0.1	88.0	-26.8	71.8	-24.4	-110.1	18.8	-38.3	-5.6
85.3	-4.3	-16.8	31.7	928.3	757.9	-9.0	81.5	919.3	839.5
33.6	32.4	124.3	124.6	587.8	574.0	-	-	587.8	574.0
-	-	-3.2	21.2	-2.4	21.5	-	-	-2.4	21.5
33.6	32.4	121.0	145.8	585.4	595.5	-	-	585.4	595.5
51.6	-36.7	-137.9	-114.1	342.9	162.5	-9.0	81.5	333.9	244.0
-1.4	5.2	7.9	26.6	-	-	-	-	-	-
50.3	-31.5	-129.9	-87.5	342.9	162.5	-9.0	81.5	333.9	244.0
0.41	0.52	- ⁵⁾	- ⁵⁾	0.65	0.69				
30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020				
388	480	445	545	2,045	2,821				
-	-	-	-	368,318	339,160				
24,464	24,824	35,340	26,591	128,296	120,154				

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 €9.0m (H1 2020: €–81.5m) and result mainly from the result not recognised in profit or loss and the change in the valuation reserve before tax.

The result not recognised in profit or loss was €–85.4m during the reporting period (H1 2020: €–68.3m). Of this total, €33.8m (H1 2020: €–4.2m) 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 €–14.2m on the AT1 bonds (H1 2020: €–14.1m). 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 2020, the provision for these effects in the management accounts was €–235.0m (H1 2020: €–220.0m). The effect on the economic result, reported in net financial income in the Other segment, in the first half of 2021 was €–105.0m (H1 2020: €–50.0m).

The change of €90.6m in the revaluation reserve before tax (H1 2020: €–8.7m) was also included in the economic result. Of this, €104.7m (H1 2020: €–19.2m) 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, €8.4m (H1 2020: €21.5m) 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 2020 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 2020, 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 2021 remained characterised by an uncertain global economic environment caused by the COVID-19 crisis. 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

The following new standards, interpretations and EU regulations (and amendments to existing standards and interpretations) that have a material impact on the consolidated interim financial statements were applied for the first time in the reporting period. A number of other standards and interpretations were also adopted. These, however, are not expected to have a material impact on the consolidated financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (IBOR Reform – Phase 2)

The European Commission adopted the amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 published by the IASB on 27 August 2020 regarding phase 2 of the IBOR project for implementation in European law on 13 January 2021. The amendments relate to accounting for certain modifications to contractual cash flows that are required as a direct result of the IBOR reform. The amendments also provide for a series of exemptions that allow hedge accounting to continue subject to certain conditions. The changes are mandatory for reporting periods beginning on or after 1 January 2021.

DekaBank has opted for a project-based approach to implementing the IBOR reform, involving all affected areas at every step of the process chain, from front office units to the corporate centres. The necessary adjustments to internal systems, processes and methods are being managed through the new product process. Management is regularly updated on the progress of these activities through the established committees.

The adjustments made to date at DekaBank have proceeded according to plan. While the focus in 2020 was on the migration from EONIA to €STR, the emphasis in 2021 is on the switch away from the LIBOR rates that will be retired at the end of 2021, primarily GBP, JPY and CHF. The UK regulator in particular accelerated the migration to GBP SONIA in the first half of 2021. The necessary adjustments to the infrastructure, models and data repositories have already been implemented successfully, or are being implemented at DekaBank according to plan. At the same time, loan agreements and bilateral OTC derivative contracts are being adjusted. Another milestone in the implementation process will be the final migration of the corresponding LIBOR-based CCP derivative contracts in the second half of 2021. The options markets for the new reference rates, on the other hand, are still in their infancy. Further progress is expected in this area, too, in the coming months.

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

Standards and interpretations not yet adopted into European law

Amendments to IAS 1 and IFRS Practice Statement 2

In February 2021, the IASB issued amendments to IAS 1 "Presentation of Financial Statements" and IFRS Practice Statement 2 "Making Materiality Judgements". The amendments are designed to help improve the disclosures regarding accounting policies, the aim being to reduce generic disclosures and replace them with company-specific disclosures. Application of the new rules is mandatory for financial years beginning on or after 1 January 2023. Voluntary early application is possible subject to an endorsement of the amendments, which is still outstanding. Implementation of the amendments will have no material effect on the consolidated financial statements.

Amendments to IAS 8

In February 2021, the IASB issued amendments to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors". The clarifying amendments are intended to help users of financial statements distinguish between changes in accounting policies and accounting estimates. This distinction is important, as it is relevant to how the effects of such changes are to be presented. Changes in accounting estimates are to be applied prospectively to future transactions and events, while changes in accounting policies are to be applied retrospectively to past transactions and events and the current period. Application of the new rules is mandatory for financial years beginning on or after 1 January 2023. Voluntary early application is possible subject to an endorsement of the amendments, which is still outstanding. Implementation of the amendments will have no material effect on the consolidated financial statements.

Amendments to IAS 12

In May 2021, the IASB published amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction". Among other things, the amendment is intended to eliminate existing uncertainty regarding how companies account for deferred tax in connection with leases. The initial recognition exemption provided in IAS 12.15, which previously applied subject to certain conditions, now no longer applies to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition, even if the other previously applicable conditions are fulfilled. This therefore constitutes an exception to the initial recognition exemption in narrowly defined cases. The amendment results in the recognition of deferred tax on leases accounted for at the level of the lessee. The changes are mandatory for reporting periods beginning on or after 1 January 2023. Early application of the amendments is possible subject to their endorsement, which is still outstanding. The amendment is not expected to have any material effects on the consolidated financial statements.

5 Scope of consolidation

In addition to DekaBank as the parent company, the consolidated interim financial statements include a total of 11 (31 December 2020: 11) domestic companies and 7 (31 December 2020: 5) 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 2020: 3). The change in the scope of consolidation is due to the acquisition of the shares in IQAM Invest GmbH and IQAM Partner GmbH.

A total of 10 (31 December 2020: 10) 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 [37], "List of shareholdings").

Company acquisitions

With effect from 1 January 2021, DekaBank acquired 100% of the shares in IQAM Invest GmbH (formerly Spängler IQAM Invest GmbH), Vienna, and IQAM Partner GmbH (formerly Spängler IQAM Partner GmbH), Salzburg. DekaBank holds a direct stake of 74.5% in IQAM Invest GmbH and holds 25.5% indirectly via its interest in IQAM Partner GmbH.

In Europe, the fund boutique plays an important role in quantitative fund management by developing its own models. With the purchase, Deka is building on its position as a leading provider of quantitative product solutions and enhancing its outstanding academic expertise in the German-speaking countries.

The total purchase price amounts to €27.9m for 100% of the shares in IQAM Invest GmbH and 100% of the shares in IQAM Partner GmbH. An advance payment of €23.1m was made at the date of acquisition. A contingent purchase price payment was also agreed in the purchase agreement based on the average assets under management (AuM) in 2020. As a result, a payment of €1.9m was made in February 2021. A fee of €1.1m was also paid for the surplus capital available as at 31 December 2020. In addition, a compensation payment of €1.8m was made for the 2020 annual result. The contingent purchase price payments have been made in full.

The fair value of the total consideration transferred/the amounts recognised for the identifiable assets acquired and liabilities assumed are shown in the table below:

€m	
Total purchase price	27.9
Identifiable assets acquired and liabilities assumed	
Due from banks	4.5
Shares and other non fixed-interest securities	1.4
Intangible assets	19.7
Property, plant and equipment	0.2
Income tax assets	0.6
Other assets	3.4
Provisions	1.2
Income tax liabilities	4.9
Other liabilities	3.6
Total identifiable net assets	20.1
Purchased goodwill	7.8

The gross carrying amount due from banks comes to €4.5m. No contingent liabilities were acquired.

The positive goodwill of €7.8m can be traced back to IQAM Invest GmbH's strong market position in the area of quantitative asset management and quantitative research, as well as the synergies that the company acquisition is expected to bring in respect of our own Asset Management Securities business division. IQAM Invest GmbH's customers, both retail and institutional, are offered individual investment solutions. There is no portion of the goodwill recognised that is expected to be tax-deductible.

The customer relationships acquired as a result of the purchase of the company were valued at €14.7m as part of the purchase price allocation. Software developed in-house worth €3.7m was also identified. The "IQAM" brand was measured at €1.1m. Deferred tax liabilities of €4.9m were also calculated within this context. The purchase price allocation and, as a result, the final measurement of the assets is not yet complete.

Since 1 January 2021, IQAM Invest GmbH has generated income of €14.5m and net income after tax of €0.2m, which was taken into account accordingly in the statement of profit or loss and other comprehensive income for the first half of 2021.

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

6 Net interest income

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

€m	1 st half 2021	1 st half 2020	Change
Interest income from			
Financial assets measured at amortised cost	231.7	312.3	-80.6
thereof: lending and money market transactions	189.2	264.5	-75.3
thereof: fixed-interest securities	42.5	47.8	-5.3
Financial assets measured at fair value through other comprehensive income	2.7	6.5	-3.8
thereof: fixed-interest securities	2.7	6.5	-3.8
Financial assets measured at fair value through profit or loss	72.8	103.3	-30.5
Trading portfolio			
thereof: lending and money market transactions	1.5	18.4	-16.9
thereof: interest rate derivatives (economic hedges)	65.4	62.8	2.6
Financial assets mandatorily measured at fair value through profit or loss			
thereof: lending and money market transactions	3.6	6.4	-2.8
thereof: fixed-interest securities	0.7	13.3	-12.6
thereof: current income from shares and other non-fixed-interest securities	0.7	1.5	-0.8
thereof: current income from equity investments	1.0	0.9	0.1
Hedge derivatives (hedge accounting)	20.8	10.6	10.1
Negative interest from liabilities	73.0	73.4	-0.4
Total interest income	401.0	506.1	-105.1
Interest expenses for			
Financial liabilities measured at amortised cost	73.3	131.5	-58.2
thereof: lending and money market transactions	40.6	61.0	-20.4
thereof: securitised liabilities	16.2	54.9	-38.7
thereof: subordinated liabilities	16.5	15.6	0.9
Financial liabilities measured at fair value through profit or loss	109.9	170.9	-61.0
Trading portfolio			
thereof: lending and money market transactions	10.5	1.5	9.0
thereof: interest rate derivatives (economic hedges)	87.3	152.9	-65.6
Financial liabilities designated at fair value			
thereof: lending and money market transactions	12.1	16.5	-4.4
thereof: securitised liabilities	-	-	-
Hedge derivatives (hedge accounting)	78.6	56.2	22.5
Negative interest on money-market transactions and fixed-interest securities	59.5	58.6	0.9
Total interest expenses	321.3	417.2	-95.8
Net interest income	79.7	88.9	-9.2

7 Risk provisions in the lending and securities business

This item primarily includes expenses and income from changes in risk provisions for financial instruments in the measurement categories "Financial assets measured at amortised cost" (AC) and "Financial assets measured at fair value through other comprehensive income" (FVOCI), as well as for loan commitments and financial guarantee contracts insofar as they fall within the scope of the impairment rules set out in IFRS 9. Risk provisions in the lending and securities business are recognised in the statement of profit or loss and other comprehensive income as follows:

€m	1 st half 2021	1 st half 2020	Change
Allocation to risk provisions/provisions for credit risks	-47.9	-73.9	26.0
Reversal of risk provisions/provisions for credit risks	47.8	6.4	41.4
Direct write-downs on receivables	-0.4	-0.2	-0.2
Income on written-down receivables	0.4	0.4	-0.0
Net income from modifications in the lending business (stage 3 or POCI)	-	-	-
Risk provisions in the lending business	-0.1	-67.3	67.2
Allocation to risk provisions	-0.1	-2.5	2.4
Reversal of risk provisions	18.6	0.9	17.7
Direct write-downs on securities	-	-	-
Net income from modifications in the securities business (stage 3 or POCI)	-	-	-
Risk provisions in the securities business	18.5	-1.6	20.1
Risk provisions in the lending and securities business	18.4	-68.9	87.3

In the lending and securities business, there was a net reversal of risk provisions in the amount of €18.4m in the first half of 2021 (H1 2020: net addition of €-68.9m). The first half of the previous year had been characterised primarily by allocations to risk provisions for financial instruments in the transport sector, which has been hit particularly hard by the COVID-19 crisis. In the first half of 2021, rating improvements and transfers to other stages led to reversals of provisions. In the lending business, net risk provisions of €-0.1m (H1 2020: €-67.3m) were recognised. For the securities business, the reversal of provisions that were no longer required resulted in a positive risk provisioning result of €18.5m (H1 2020: €-1.6m).

8 Net commission income

Net commission income by type of service is as follows:

€m	1 st half 2021	1 st half 2020	Change
Commission income from			
Investment fund business	1,447.2	1,212.9	234.3
Securities business	113.9	94.4	19.5
Lending business	8.3	8.4	-0.1
Other	9.3	13.3	-4.0
Total commission income	1,578.6	1,329.0	249.6
Commission expenses for			
Investment fund business	779.6	707.8	71.9
Securities business	56.3	38.9	17.4
Lending business	1.6	2.6	-1.0
Other	2.4	3.0	-0.6
Total commission expenses	839.9	752.3	87.7
Net commission income	738.7	576.7	162.0

As part of its activities as an asset manager, the Deko 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 Deko Group generates income from management and administrative activities and from the asset management of fund-based products. For this service, the Deko 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 Deko 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 Deko 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 Deko 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 Deko 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 Deko 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.

Of the net commission income in the amount of €738.7m (H1 2020: €576.7m), €450.7m (H1 2020: €314.4m) is attributable to the Asset Management Securities business division, €150.4m (H1 2020: €125.1m) to the Asset Management Real Estate business division, €103.2m (H1 2020: €99.6m) to the Asset Management Services business division, €28.9m (H1 2020: €34.2m) to the Capital Markets business division and €6.7m (H1 2020: €5.8m) to the Financing business division.

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 2021, receivables and loans have been derecognised due to early repayments made by debtors.

€m	1 st half 2021	1 st half 2020	Change
Gains arising from the derecognition of financial assets measured at amortised costs	13.1	4.8	8.3
Losses arising from the derecognition of financial assets measured at amortised costs	0.2	0.0	0.2
Profit or loss arising from the derecognition of financial assets measured at amortised costs	12.9	4.8	8.1

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	1 st half 2021	1 st half 2020	Change
Sale and valuation results	253.7	397.1	-143.4
Net interest income and current income from trading transactions	-166.3	-105.9	-60.4
Foreign exchange profit or loss	-5.0	-2.7	-2.3
Commission	-8.6	-9.2	0.6
Trading profit or loss	73.8	279.3	-205.5

The decline in trading profit or loss compared to the same period of the previous year is due primarily to higher positive valuation results in the previous year in the wake of spread movements.

11 Profit or loss on financial assets mandatorily measured at fair value

This item mainly comprises gains or losses on the disposal and measurement of financial instruments in the “financial assets mandatorily measured at fair value” sub-category. However, net interest income and dividend income from financial instruments in this sub-category are disclosed under net interest income.

€m	1 st half 2021	1 st half 2020	Change
Sale and valuation results	10.1	-29.6	39.7
Commission	-	0.5	-0.5
Profit or loss on financial assets mandatorily measured at fair value	10.1	-29.1	39.2

The positive change compared to the previous year is due to the negative valuation results of securities portfolios in the previous year in the wake of spread movements.

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	1 st half 2021	1 st half 2020	Change
Sale and valuation results	13.6	11.3	2.3
Commission	-	-	-
Profit or loss on financial instruments designated at fair value	13.6	11.3	2.3

13 Profit or loss from fair value hedges

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

€m	1 st half 2021	1 st half 2020	Change
Interest rate fair value hedges			
Net valuation result from hedging financial assets	6.4	-2.4	8.8
Net valuation result from hedging financial liabilities	-3.7	-6.6	2.9
Currency fair value hedges			
Net valuation result from hedging financial assets	7.7	-8.9	16.6
Profit or loss from fair value hedges	10.4	-17.9	28.3

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	1 st half 2021	1 st half 2020	Change
Sale results	–	–0.0	0.0
Commission	–	–	–
Net income from equity-accounted companies	–0.0	–0.0	0.0
Profit or loss on financial investments	–0.0	–0.0	0.0

15 Administrative expenses

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

€m	1 st half 2021	1 st half 2020	Change
Personnel expenses	285.1	276.5	8.6
Other administrative expenses	274.0	269.5	4.5
Depreciation and amortisation of	28.7	28.0	0.7
Property, plant and equipment	1.7	1.9	–0.2
Intangible assets	7.9	6.4	1.5
Right-of-use assets for leases	19.1	19.7	–0.6
Administrative expenses	587.8	574.0	13.8

Other administrative expenses include the full-year contribution to the European Union's Single Resolution Fund of €61.0m (H1 2020: €52.4m), as well as the annual contribution to the deposit protection reserve of the *Landesbanken* and *Girozentralen* amounting to €18.5m (H1 2020: €20.4m).

16 Other operating profit

The breakdown of other operating profit is as follows:

€m	1 st half 2021	1 st half 2020	Change
Income from repurchased debt instruments	–5.9	–0.8	–5.1
Other operating income	12.4	8.6	3.8
Other operating expenses	42.4	34.9	7.5
Other operating profit	–35.9	–27.1	–8.8

The increase in other operating expenses is due in particular to a provision for legal risks recognised due to 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").

17 Income taxes

Based on the corporation tax and trade tax rates applicable for 2021, the combined tax rate for the companies in the DekaBank fiscal group is unchanged compared with the previous year at 31.9%. DekaBank is treated for tax purposes as an atypical silent partnership, as a result of which part of its corporation tax liability is directly borne by its shareholders. In accordance with its articles of incorporation, DekaBank is obliged to reimburse shareholders for the portion of corporation tax (45.58% of 15.825% including solidarity surcharge, i.e. a total of 7.21%) that they bear. As in the previous year, this portion is disclosed as an income tax expense.

Notes to the statement of financial position

18 Cash reserves

€m	30 Jun 2021	31 Dec 2020	Change
Cash on hand	3.5	3.5	0.0
Balances with central banks	18,731.9	9,203.2	9,528.7
Total	18,735.4	9,206.7	9,528.7

19 Due from banks

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

€m	30 Jun 2021	31 Dec 2020	Change
Current accounts	355.8	377.2	-21.4
Daily and time deposits	4,341.0	5,010.1	-669.1
Lending business	1,971.4	2,553.0	-581.6
Genuine repurchase agreements and collateralised securities lending transactions	8,253.2	8,410.2	-157.0
Due from banks before risk provisions	14,921.4	16,350.5	-1,429.1
Risk provisions in the lending business	-0.1	-0.3	-0.2
Total	14,921.3	16,350.2	-1,428.9

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

€m	30 Jun 2021	31 Dec 2020	Change
Domestic banks	9,388.1	6,214.4	3,173.7
Foreign banks	5,533.3	10,136.1	-4,602.8
Due from banks before risk provisions	14,921.4	16,350.5	-1,429.1
Risk provisions in the lending business	-0.1	-0.3	-0.2
Total	14,921.3	16,350.2	-1,428.9

20 Due from customers

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

€m	30 Jun 2021	31 Dec 2020	Change
Current accounts	486.4	242.8	243.6
Daily and time deposits	1,452.6	1,224.3	228.3
Lending business	21,285.8	21,134.3	151.5
Genuine repurchase agreements and collateralised securities lending transactions	6,816.9	2,200.4	4,616.5
Due from customers before risk provisions	30,041.7	24,801.8	5,239.9
Risk provisions in the lending business	-151.7	-185.4	-33.7
Total	29,890.0	24,616.4	5,273.6

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

€m	30 Jun 2021	31 Dec 2020	Change
Domestic borrowers	9,914.7	7,144.9	2,769.8
Foreign borrowers	20,127.0	17,656.9	2,470.1
Due from customers before risk provisions	30,041.7	24,801.8	5,239.9
Risk provisions in the lending business	-151.7	-185.4	-33.7
Total	29,890.0	24,616.4	5,273.6

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 2021 were as follows:

€m	30 Jun 2021	31 Dec 2020	Change
Risk provisions in the lending business	156.3	191.1	-34.8
Risk provisions for loan losses – due from banks	0.1	0.3	-0.2
Risk provisions for loan losses – due from customers	151.7	185.4	-33.7
Provisions for credit risks from off-balance sheet commitments	4.5	5.4	-0.9
Risk provisions in the securities business	6.1	24.5	-18.4
Risk provisions for securities ¹⁾	6.1	24.5	-18.4
Total	162.4	215.6	-53.2

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

Compared to 31 December 2020, 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 process.

In the fourth quarter of 2020, the decision was made to apply a post-model adjustment in the aircraft segment, which was hit particularly hard by the COVID-19 crisis. As the overall conditions have stabilised and all significant effects have been taken into account in the current risk provisioning model, there is no longer any need for a post-model adjustment.

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. The probability of occurrence in the first half of 2021 was 70.0% for the baseline scenario (31 December 2020: 65.0%), 15.0% (31 December 2020: 20.0%) for the negative scenario and 15.0% (31 December 2020: 15.0%) for the positive scenario. 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 (%)	5.4 to 5.8	5.8 to 6.8	4.4 to 5.8
Annual rate of change in GDP (%)	1.7 to 4.5	-1.4 to 3.0	3.0 to 7.1
Annual rate of change Consumer Price Index (%)	1.6 to 2.5	0.6 to 2.5	2.4 to 2.5
Annual rate of change Leading Share Index (%)	4.5 to 22.5	-7.4 to 22.5	10.7 to 22.5
Short-term interest rates (%)	-0.5	-0.6	-0.5 to -0.3
Long-term interest rates (%)	-0.2 to 0.1	-0.4 to -0.3	0.0 to 0.6
Annual rate of change in the exchange rate EUR/USD (%)	-0.8 to 5.1	-11.0 to 5.1	5.1 to 8.5
Brent oil price (USD per barrel)	65.0 to 67.0	65.0 to 113.4	48.7 to 65.0

Movements in risk provisions set up in the first half of 2021 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 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

€m	Stage 1	Stage 2	Stage 3	Total
Due from banks				
Position as at 1 January 2020	0.2	0.0	–	0.2
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	–	–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 2020	0.2	0.0	–	0.2
Due from customers				
Position as at 1 January 2020	9.3	8.0	72.0	89.3
Transfer to other stages	–0.7	–0.5	–	–1.2
Transfer from other stages	0.3	0.5	0.4	1.2
Change in position including new business	0.9	–0.1	–0.7	0.1
Allocation	2.4	10.0	60.0	72.4
Reversal	–1.7	–2.4	–1.2	–5.3
Utilisation	–	–	–11.5	–11.5
Changes due to model changes	–	–	–	–
Changes due to non-substantial modifications	0.1	–0.1	–0.1	–0.1
Changes in the scope of consolidation	–	–	–	–
Exchange rate-related and other changes	0.1	–0.1	0.4	0.4
Position as at 30 June 2020	10.7	15.3	119.3	145.3
Financial investments				
Position as at 1 January 2020	2.9	5.0	–	7.9
Transfer to other stages	–0.1	–0.0	–	–0.1
Transfer from other stages	0.0	0.1	–	0.1
Change in position including new business	0.0	–	–	0.0
Allocation	0.6	1.5	–	2.1
Reversal	–0.0	–0.7	–	–0.7
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 2020	3.4	5.9	–	9.3

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 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

€m	Stage 1	Stage 2	Stage 3	Total
Financial investments				
Position as at 1 January 2020	0.9	-	-	0.9
Transfer to other stages	-0.1	-	-	-0.1
Transfer from other stages	-	0.1	-	0.1
Change in position including new business	-0.0	-	-	-0.0
Allocation	0.1	0.2	-	0.3
Reversal	-0.1	-0.0	-	-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 2020	0.8	0.3	-	1.1

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 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

€m	Stage 1	Stage 2	Stage 3	Total
Loan commitments and financial guarantee contracts				
Position as at 1 January 2020	0.9	0.0	0.0	0.9
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	0.5	0.0	-	0.5
Reversal	-0.2	-0.0	-	-0.2
Utilisation	-	-	-	-
Changes due to model changes	-	-	-	-
Changes due to non-substantial modifications	0.0	-	-	0.0
Exchange rate-related and other changes	-0.1	0.0	-	-0.1
Position as at 30 June 2020	1.1	-0.0	0.0	1.1

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 2% lower, while they would be approximately 1% higher in the negative scenario and around 3% lower in the positive scenario.

Key ratios for provisions for loan losses:

%	2021	2020
Reversal/allocation ratio as at reporting date¹⁾		
(Ratio of net allocation/-reversal to gross carrying values relevant for risk provisions)	0.05	-0.46
Default rate as at reporting date		
(Ratio of defaults to gross carrying values relevant for risk provisions)	0.11	0.14
Average default rate		
(Ratio of defaults on a 5-year average to gross carrying values relevant for risk provisions)	0.23	0.30
Net provisioning ratio as at reporting date		
(Ratio of risk provisions to gross carrying values relevant for risk provisions)	0.43	0.56

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 €37.7bn (31 December 2020: €38.8bn).

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 2021	31 Dec 2020	1 st half 2021	1 st half 2020	1 st half 2021	1 st half 2020
Customers						
Property risks	80.6	59.9	–	–0.1	–16.8	–19.6
Transport and export finance	72.4	110.8	38.9	11.3	6.4	–48.3
Energy and utility infrastructure	2.1	12.1	4.0	–	9.2	0.5
Financial institutions	0.6	3.0	–	–	0.2	0.0
Public infrastructure	0.3	0.8	–	–	0.6	0.0
Other	0.2	0.9	–	0.1	–0.0	–0.2
Corporates	0.0	3.3	–	–	0.3	–
Total customers	156.2	190.8	42.9	11.3	–0.2	–67.6
Banks						
Financial institutions	0.1	0.2	–	–	0.1	0.1
Other	0.0	0.1	–	–	0.0	0.0
Total banks	0.1	0.3	–	–	0.1	0.1
Securities						
Energy and utility infrastructure	3.2	6.9	–	–	3.6	0.6
Corporates	1.7	6.7	–	–	5.0	–1.7
Financial institutions	1.1	10.8	–	–	9.9	–0.5
Other	0.1	0.1	–	–	0.0	0.0
Total securities	6.1	24.5	–	–	18.5	–1.6
Total	162.4	215.6	42.9	11.3	18.4	–69.1

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

²⁾ Negative in the column

22 Financial assets at fair value

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

€m	30 Jun 2021	31 Dec 2020	Change
Trading portfolio			
Debt securities and other fixed-interest securities	8,119.3	10,808.7	-2,689.4
Bonds and debt securities	8,112.1	10,808.7	-2,696.6
Money market securities	7.2	-	7.2
Shares and other non fixed-interest securities	2,592.7	2,049.6	543.2
Shares	1,603.9	981.2	622.7
Units in investment funds	988.8	1,068.4	-79.5
Positive market values of derivative financial instruments	7,134.5	8,183.9	-1,049.4
Positive market values of derivative financial instruments (trading)	7,095.8	8,091.3	-995.6
Positive market values of derivative financial instruments (economic hedging derivatives)	38.8	92.6	-53.8
Loan receivables	298.0	346.5	-48.4
Total – trading portfolio	18,144.6	21,388.7	-3,244.1
Financial assets mandatorily measured at fair value through profit or loss			
Debt securities and other fixed-interest securities	520.2	782.2	-262.0
Bonds and debt securities	502.1	764.1	-262.0
Money market securities	18.0	18.1	-0.0
Shares and other non fixed-interest securities	318.5	428.3	-109.8
Shares	4.3	3.8	0.6
Units in investment funds	314.2	424.5	-110.3
Loan receivables	388.5	364.8	23.7
Shareholdings	21.9	17.9	4.0
Equity investments	21.1	15.8	5.3
Shares in affiliated companies	0.6	0.6	-
Holdings in joint ventures	0.0	0.0	-0.0
Shares in associated companies	0.2	1.5	-1.3
Total – financial assets mandatorily measured at fair value through profit or loss	1,249.1	1,593.2	-344.1
Total	19,393.7	22,981.9	-3,588.2

23 Financial investments

€m	30 Jun 2021	31 Dec 2020	Change
Financial assets measured at amortised cost			
Debt securities and other fixed-interest securities	5,334.5	5,186.0	148.5
Financial assets measured at fair value through other comprehensive income			
Debt securities and other fixed-interest securities	4,495.2	5,388.7	-893.5
Shareholdings			
Shares in equity-accounted companies	16.4	16.4	-0.0
Financial investments before risk provisions	9,846.1	10,591.1	-745.0
Risk provisions for securities (AC)	-5.8	-23.9	-18.1
Total	9,840.3	10,567.2	-726.9

24 Intangible assets

€m	30 Jun 2021	31 Dec 2020	Change
Purchased goodwill	155.8	148.1	7.7
Software	25.9	24.9	1.0
Purchased	17.8	19.4	-1.6
Developed in-house	8.1	5.5	2.6
Other intangible assets	23.4	9.0	14.4
Total	205.1	182.0	23.1

Purchased goodwill includes €95.0m in goodwill from the acquisition of Deka Vermögensmanagement GmbH and €53.1m in goodwill from the acquisition of WestInvest Gesellschaft für Investmentfonds mbH, as well as €7.8m in goodwill in relation to IQAM Invest GmbH and IQAM Partner GmbH, which were acquired in the first half of 2021. For more detailed information, please see note [5] "Scope of consolidation".

Due to the continuing uncertainty in the global economic environment as a result of the COVID-19 crisis, goodwill impairment tests were carried out again in the first half of 2021. As the tests confirmed the value of the goodwill, there was no need for any impairments.

25 Property, plant and equipment

€m	30 Jun 2021	31 Dec 2020	Change
Plant and equipment	17.1	16.9	0.2
Technical equipment and machines	3.2	3.0	0.2
Right-of-use assets for leases (leasing assets)	105.4	122.0	-16.6
Total	125.7	141.9	-16.2

26 Due to banks

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

€m	30 Jun 2021	31 Dec 2020	Change
Overdrafts	361.6	510.7	-149.1
Daily and time deposits	9,823.0	10,958.2	-1,135.2
Promissory note loans and registered bonds	2,337.2	2,617.5	-280.3
Collateralised registered bonds and promissory note loans	140.5	112.8	27.7
Unsecured registered bonds and promissory note loans	2,196.7	2,504.7	-308.0
Genuine repurchase agreements and collateralised securities lending transactions	8,949.9	2,910.7	6,039.2
Borrowings	157.9	143.5	14.4
Total	21,629.6	17,140.6	4,489.0

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

€m	30 Jun 2021	31 Dec 2020	Change
Domestic banks	13,052.2	13,154.3	-102.1
Foreign banks	8,577.4	3,986.3	4,591.1
Total	21,629.6	17,140.6	4,489.0

27 Due to customers

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

€m	30 Jun 2021	31 Dec 2020	Change
Overdrafts	17,107.8	13,706.9	3,400.9
Daily and time deposits	3,648.1	5,448.1	-1,800.0
Promissory note loans and registered bonds	1,856.4	2,043.0	-186.6
Collateralised registered bonds and promissory note loans	556.5	638.0	-81.5
Unsecured registered bonds and promissory note loans	1,299.9	1,405.0	-105.1
Genuine repurchase agreements and collateralised securities lending transactions	317.4	299.8	17.6
Borrowings	165.8	162.4	3.4
Total	23,095.5	21,660.2	1,435.3

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

€m	30 Jun 2021	31 Dec 2020	Change
Domestic customers	17,453.7	17,392.6	61.1
Foreign customers	5,641.8	4,267.6	1,374.2
Total	23,095.5	21,660.2	1,435.3

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 €202.2m (31 December 2020: €200.1m) were deducted from the issued bonds.

€m	30 Jun 2021	31 Dec 2020	Change
Uncovered debt securities issued	5,121.9	5,728.5	-606.6
Covered debt securities issued	1,883.5	1,652.8	230.7
Money market securities issued	4,136.7	274.9	3,861.8
Total	11,142.1	7,656.2	3,485.9

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 2021	31 Dec 2020	Change
Trading portfolio			
Trading issues	21,919.4	21,849.7	69.7
Securities short portfolios	966.0	877.3	88.6
Negative market values of derivative financial instruments (trading)	6,192.5	7,114.4	-921.8
Negative market values of derivative financial instruments (economic hedging derivatives)	35.3	43.0	-7.6
Total – trading portfolio	29,113.3	29,884.4	-771.1
Financial liabilities designated at fair value			
Issues	516.6	665.2	-148.6
Total – financial liabilities designated at fair value	516.6	665.2	-148.6
Total	29,629.9	30,549.6	-919.7

Issues are broken down by product type as follows:

€m	30 Jun 2021	31 Dec 2020	Change
Trading portfolio			
Uncovered trading issues			
Bearer bonds issued	17,983.8	17,830.8	153.0
Registered bonds issued	1,479.3	1,525.9	-46.6
Promissory notes raised	2,456.4	2,493.0	-36.7
Total	21,919.4	21,849.7	69.7
Financial liabilities designated at fair value			
Uncovered issues			
Registered bonds issued	154.1	174.8	-20.7
Promissory notes raised	26.1	42.4	-16.3
Covered issues	336.4	448.0	-111.6
Total	516.6	665.2	-148.6

30 Provisions

€m	30 Jun 2021	31 Dec 2020	Change
Provisions for pensions and similar commitments	225.4	324.6	-99.2
Provisions in investment funds business	101.3	96.2	5.1
Provisions for restructuring measures	21.5	35.0	-13.5
Provisions for legal risks	27.5	10.0	17.5
Provisions for credit risks	4.5	5.4	-0.9
Provisions for operational risks	4.5	5.2	-0.7
Provisions in human resources	0.5	0.1	0.4
Sundry other provisions	143.6	143.8	-0.2
Total	528.8	620.3	-91.5

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 2021 was 1.05%, 0.35 percentage points above the actuarial interest rate applied at 31 December 2020. The resulting effect was reinforced further by the increase in plan assets. Based on actuarial valuations, a pre-tax revaluation gain of €104.7m (31 December 2020: a revaluation loss of €-50.4m) 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, €12.4m (31 December 2020: €15.1m) 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 2020: €1.9bn) at the respective guarantee dates. The market value of the corresponding fund assets totalled €2.4bn (31 December 2020: €2.1bn). This includes funds with a forecast return performance, as described below, which had a volume of €0.3bn (31 December 2020: €0.3bn).

Investment funds, whose return is forecast and published on the basis of current money market rates set by the Group, exist in two fund 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 €19.1m (31 December 2020: €16.9m) had been created. The underlying total value of the funds was €0.8bn (31 December 2020: €0.9bn), of which €0.4bn (31 December 2020: €0.3bn) related to funds with a capital guarantee and €0.4bn (31 December 2020: €0.6bn) 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 €56.9m (31 December 2020: €51.7m) was recognised. Potential obligations from fund-based pension products totalled €5.1bn at the reporting date (31 December 2020: €4.9bn). The market value of the fund-based pension products totalled €7.0bn (31 December 2020: €6.2bn).

Restructuring provisions relate primarily to restructuring activities in connection with the strategic cost initiative, which is focusing on a lasting reduction in personnel and operating expenses through initiatives to improve and consolidate operations. The bilateral agreements reached with employees are presented as a utilisation of restructuring provisions from the date on which the agreement is signed and are reported in other liabilities until the end of the term.

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 set up a provision for legal risks in the amount of €17.5m for potential claims for the repayment of fees.

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 with an overwhelming probability. As a result, a provision for operational risks was set up in the corresponding amount as at 31 December 2020. The situation remains unchanged as at 30 June 2021.

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.

31 Equity

€m	30 Jun 2021	31 Dec 2020	Change
Subscribed capital	286.3	286.3	–
Own shares (deduction)	94.6	94.6	–
Additional capital components (AT1 bonds)	473.6	473.6	–
Capital reserve	190.3	190.3	–
Retained earnings	4,848.7	4,877.1	–28.4
Statutory reserve	6.1	6.1	–
Other reserves from retained earnings	4,842.6	4,871.0	–28.4
Revaluation reserve	–101.4	–183.2	81.8
For provisions for pensions	–169.1	–273.8	104.7
For foreign currency basis spreads of hedging derivatives	–23.3	–13.6	–9.7
For financial assets measured at fair value through other comprehensive income	4.3	8.9	–4.6
For own credit risk of financial liabilities designated at fair value	–1.9	–2.1	0.2
Currency translation reserve	–0.2	–0.3	0.1
Deferred taxes	88.8	97.7	–8.9
Accumulated profit/loss (consolidated profit)	238.5	95.3	143.2
Total	5,841.4	5,644.8	196.6

The European Central Bank (ECB) issued dividend recommendations in the course of the COVID-19 pandemic. On 15 December 2020, it announced that dividend payments would no longer be generally discouraged and that companies were free to pay out moderate dividends. As a result, the Annual General Meeting held in March 2021 approved a dividend distribution of €59.2m (previous year: €0.0m) for the 2020 financial year. The cap on dividend amounts recommended in the aforementioned announcement was lifted by the ECB on 23 July 2021 with effect from 30 September 2021.

As at the reporting date of 30 June 2021, the consolidated profit of €238.5m consists of the total profit for 2021 of €202.5m and the profit brought forward from previous years of €36.0m.

Other disclosures

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 netting agreements exist for counterparties, the calculation is performed based on the net exposure at counterparty level. In other cases, the calculation is performed on the basis of the individual exposures. The Deka Group takes a funding valuation adjustment (FVA) into account, which represents the implicit market refinancing costs for uncollateralised derivative positions. The maturity structure of funding is thus considered to be an important component of fair value for uncollateralised derivatives.

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

€m	30 Jun 2021		31 Dec 2020	
	Fair value	Carrying value	Fair value	Carrying value
Assets				
Financial assets measured at amortised cost				
Cash reserves	18,735.4	18,735.4	9,206.7	9,206.7
Due from banks	14,928.8	14,921.3	16,366.8	16,350.2
Due from customers	30,273.4	29,890.0	24,997.0	24,616.4
Financial investments	5,474.7	5,328.7	5,348.5	5,162.1
Other assets	189.0	189.0	211.8	211.8
Financial assets measured at fair value through other comprehensive income				
Financial investments	4,495.2	4,495.2	5,388.7	5,388.7
Financial assets measured at fair value through profit or loss				
Trading portfolio				
Financial assets at fair value	18,144.6	18,144.6	21,388.7	21,388.7
Financial assets mandatorily measured at fair value through profit or loss				
Financial assets at fair value	1,249.1	1,249.1	1,593.2	1,593.2
Other assets	5.6	5.6	0.9	0.9
Positive market values of derivative hedging instruments	309.3	309.3	638.7	638.7
Total asset items	93,805.1	93,268.2	85,141.0	84,557.4
Liabilities				
Financial liabilities measured at amortised cost				
Due to banks	21,748.8	21,629.6	17,271.4	17,140.6
Due to customers	23,220.2	23,095.5	21,832.9	21,660.2
Securitised liabilities	11,178.8	11,142.1	7,749.5	7,656.2
Subordinated capital	1,047.0	969.1	1,052.3	959.4
Other liabilities	368.5	368.5	323.1	323.1
Financial liabilities measured at fair value through profit or loss				
Trading portfolio				
Financial liabilities at fair value	29,113.3	29,113.3	29,884.4	29,884.4
Other liabilities	10.6	10.6	0.9	0.9
Financial liabilities designated at fair value				
Financial liabilities at fair value	516.6	516.6	665.2	665.2
Negative market values of derivative hedging instruments	192.2	192.2	107.1	107.1
Total liability items	87,396.0	87,037.5	78,886.6	78,397.1

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.

€m	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)	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Financial assets measured at fair value through profit or loss						
Debt securities, other fixed-interest securities and loan receivables	4,480.2	6,602.9	2,815.1	3,996.7	2,030.8	1,702.6
Shares and other non fixed-interest securities	2,787.3	2,351.4	98.9	46.7	25.1	79.8
Derivative financial instruments	155.5	79.1	6,823.3	8,006.5	155.6	98.4
Interest-rate-related derivatives	0.4	–	5,596.2	6,988.0	140.6	92.1
Currency-related derivatives	–	–	59.0	148.6	–	–
Share and other price-related derivatives	155.1	79.1	1,168.1	869.9	15.0	6.3
Shareholdings	–	–	–	–	21.9	17.9
Positive market values of derivative hedging instruments	–	–	309.3	638.7	0.0	0.0
Financial assets measured at fair value through other comprehensive income						
Debt securities and other fixed-interest securities	2,103.1	1,798.1	2,392.1	3,590.6	–	–
Total	9,526.1	10,831.5	12,438.7	16,279.2	2,233.4	1,898.7

€m	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)	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Financial liabilities measured at fair value through profit or loss						
Securities short portfolios	855.0	740.6	110.9	136.7	–	–
Derivative financial instruments	202.3	123.6	5,920.0	6,850.3	105.7	183.5
Interest-rate-related derivatives	–	–	4,462.3	5,390.8	60.4	120.6
Currency-related derivatives	–	–	60.8	100.7	–	–
Share and other price-related derivatives	202.3	123.6	1,396.9	1,358.8	45.3	62.9
Issues	–	–	20,267.3	20,118.4	2,168.7	2,396.5
Negative market values of derivative hedging instruments	–	–	192.2	107.1	–	–
Total	1,057.3	864.2	26,490.4	27,212.4	2,274.4	2,580.0

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:

€m	Reclassifications from level 1 to level 2		Reclassifications from level 2 to level 1	
	2021	2020	2021	2020
Financial assets measured at fair value through profit or loss				
Debt securities, other fixed-interest securities and loan receivables	854.5	400.0	1,243.7	958.5
Derivative financial instruments	98.6	39.6	94.7	31.5
Share and other price-related derivatives	98.6	39.6	94.7	31.5
Financial liabilities measured at fair value through profit or loss				
Securities short portfolios	2.4	19.0	2.7	25.3
Derivative financial instruments	71.5	25.6	93.1	58.8
Interest-rate-related derivatives		–		–
Share and other price-related derivatives	71.5	25.6	93.1	58.8

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.

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 €2.7m higher or lower.

Determining the fair value of loan receivables also involves the use of spreads that are not observable in the market. Assuming an average uncertainty of fifty basis points relating to the credit spreads, the fair value of the loan receivables measured at fair value could have been €1.4m 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 €-1.8m as at 30 June 2021. For interest rate derivatives based on an index spread, the sensitivity in terms of the correlation between the relevant reference indices is mapped via shifts in the model parameters. The resulting change in the correlation is approximately 1.35%, giving rise to a measurement difference of €+0.1m. There are also equity derivatives with a maturity that is longer than the equivalent (based on the underlying) exchange-traded equity (index) options. The temporal extrapolation uncertainty as at 30 June 2021 is approximately €-31.7m. 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 2021, this results in a value of €0.4m.

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 3 on the reporting date, a day-one loss of €1.1m was accrued on the reporting date. This accrual item will be reversed over an average term for the financial instruments concerned over the next two financial years.

As at 30 June 2021, 100.0% of bonds and other fixed-income securities allocated to level 3 for which an external rating was available were rated as investment grade.

Performance of financial instruments in fair value hierarchy level 3

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

€m	Debt securities, other fixed-interest securities and loan receivables	Shares and other non fixed-interest securities	Interest-rate-related derivatives	Share and other price-related derivatives	Share-holdings	Positive market values of derivative hedging instruments	Total
As at 1 January 2020	2,830.3	-	345.3	16.1	61.3	0.1	3,253.1
Additions through purchase	469.8	-	-	-	-	-	469.8
Disposals through sale	735.5	-	3.6	4.3	50.8	-	794.2
Maturity/repayments	644.0	-	111.8	7.1	-	-	762.9
Transfers							
To Level 3	118.5	79.8	3.1	-	-	-	201.4
From Level 3	270.4	-	200.5	2.4	-	-	473.3
Change in scope of consolidation	-	-	-	-	-	-	-
Changes arising from measurement/disposal							
Recognised in profit or loss ¹⁾	-66.1	-	59.6	4.0	7.4	-0.1	4.8
Recognised in other comprehensive income ²⁾	-	-	-	-	-	-	-
As at 31 December 2020	1,702.6	79.8	92.1	6.3	17.9	0.0	1,898.7
Movement in unrealised gains or losses in respect of assets in the portfolio at the balance sheet date³⁾	-73.0	-	59.6	4.0	-6.0	-0.1	-15.5
As at 1 January 2021	1,702.6	79.8	92.1	6.3	17.9	0.0	1,898.7
Additions through purchase	900.6	0.2	0.1	-	0.9	-	901.8
Disposals through sale	364.5	56.4	-	-	-	-	420.9
Maturity/repayments	82.5	-	-	-	-	-	82.5
Transfers							
To Level 3	12.7	-	-	0.1	-	-	12.8
From Level 3	139.0	-	-	1.3	-	-	140.3
Changes arising from measurement/disposal							
Recognised in profit or loss ¹⁾	0.9	1.5	48.4	9.9	3.1	-	63.8
Recognised in other comprehensive income ²⁾	-	-	-	-	-	-	-
As at 30 June 2021	2,030.8	25.1	140.6	15.0	21.9	0.0	2,233.4
Movement in unrealised gains or losses in respect of assets in the portfolio at the balance sheet date³⁾	13.1	1.2	65.3	11.6	3.1	-	94.3

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	Securities short portfolios	Interest-rate-related derivatives	Share and other price-related derivatives	Issues	Total
As at 1 January 2020	–	276.7	99.3	4,177.0	4,553.0
Additions through purchase	–	12.6	0.1	49.9	62.6
Disposals through sale	–	–	1.9	34.4	36.3
Additions through issues	–	–	–	211.7	211.7
Maturity/repayments	–	67.5	70.5	498.5	636.5
Transfers					
To Level 3	–	2.9	–	–	2.9
From Level 3	–	163.1	13.8	1,498.8	1,675.7
Changes arising from measurement/disposal					
Recognised in profit or loss ¹⁾	–	–59.0	–49.7	10.4	–98.3
Recognised in other comprehensive income ²⁾	–	–	–	–	–
As at 31 December 2020	–	120.6	62.9	2,396.5	2,580.0
Movement in unrealised gains or losses in respect of liabilities in the portfolio at the balance sheet date³⁾	–	–59.0	–49.7	–5.8	–114.5
As at 1 January 2021	–	120.6	62.9	2,396.5	2,580.0
Additions through purchase	–	2.3	–	4.0	6.3
Disposals through sale	–	–	10.3	–	10.3
Additions through issues	–	–	–	42.0	42.0
Maturity/repayments	–	–	0.4	146.1	146.5
Transfers					
To Level 3	–	–	2.9	5.4	8.3
From Level 3	–	–	3.3	81.2	84.5
Changes arising from measurement/disposal					
Recognised in profit or loss ¹⁾	–	62.5	6.5	51.9	120.9
Recognised in other comprehensive income ²⁾	–	–	–	–	–
As at 30 June 2021	–	60.4	45.3	2,168.7	2,274.4
Movement in unrealised gains or losses in respect of liabilities in the portfolio at the balance sheet date³⁾	–	–13.5	–11.7	19.7	–5.5

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 €139.0m were transferred from level 3 in the reporting period. Negative market values of issues amounting to €81.2m were also transferred from level 3. Furthermore, positive market values of debt securities, other fixed-interest securities and loan receivables amounting to €12.7m were migrated to level 3. Negative market values of issues amounting to €5.4m were additionally migrated to level 3. This was due to a more detailed analysis of the market data used for valuation.

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.

The Finance and Risk Control corporates centres 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 the Risk Control corporate centre 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 and export finance	Energy and utility infrastructure	Property risks	Total 30 Jun 2021	Total 31 Dec 2020
Non-performing exposures ¹⁾	143.0	–	180.8	323.8	536.6
Collateral ²⁾	105.9	–	138.5	244.4	356.8
Provisions for loan losses/credit rating-related changes in fair value	36.7	–	37.8	74.5	133.9

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 forbore exposures by risk segment.

€m	Transport and export finance	Energy and utility infrastructure	Property risks	Total 30 Jun 2021	Total 31 Dec 2020
Forborne exposures ¹⁾	359.1	24.1	888.3	1,271.5	1,392.4
thereof: Performing	270.3	24.1	758.7	1,053.1	1,000.2
thereof: Non-Performing	88.8	–	129.6	218.4	392.2
Collateral ²⁾	334.1	–	825.1	1,159.2	1,236.4
Provisions for loan losses/credit rating-related changes in fair value	24.8	0.2	54.9	79.9	106.4

¹⁾ The figures shown represent the cross carrying value of the credit risk-bearing financial asset classified as forbore.

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

Key ratios for non-performing and forbore exposures:

%	30 Jun 2021	31 Dec 2020
NPE ratio at the reporting date		
(Ratio of non-performing exposures to maximum credit risk)	0.35	0.63
NPE coverage ratio, including collateral, at the reporting date		
(Ratio of risk provisions, including collateral, to non-performing exposures)	98.48	91.45
NPE coverage ratio, excluding collateral, at the reporting date		
(Ratio of risk provisions, excluding collateral, to non-performing exposures)	23.01	24.95
Forborne exposures ratio at the reporting date		
(Ratio of forbore exposures to maximum credit risk)	1.39	1.64

The maximum credit risk underlying the ratio of non-performing and forbore 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 €91.6bn (31 December 2020: €85.0bn).

34 Derivative transactions

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

€m	Nominal value		Positive fair values ¹⁾		Negative fair values ¹⁾	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Interest rate risks	639,174.2	573,921.5	12,367.5	15,605.0	11,889.4	15,456.6
Currency risks	22,527.2	28,693.8	403.3	839.0	253.7	198.8
Share and other price risks	43,698.3	45,525.9	1,420.7	1,036.2	1,735.6	1,636.7
Total	705,399.7	648,141.2	14,191.5	17,480.2	13,878.7	17,292.1
Net amount disclosed in the statement of financial position			7,443.8	8,822.6	6,420.1	7,264.4

¹⁾ Fair values are shown before offsetting against variation margin paid or received

35 Regulatory capital (own funds)

Regulatory capital and the capital ratios were calculated as at 30 June 2021 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:

€m	30 Jun 2021		31 Dec 2020	
	CRR II (without transitional provisions)	CRR II (with transitional provisions)	CRR I (without transitional provisions)	CRR I (with transitional provisions)
Common Equity Tier 1 (CET 1) capital	4,694	4,694	4,437	4,437
Additional Tier 1 (AT 1) capital	474	479	474	484
Tier 1 capital	5,168	5,173	4,911	4,921
Tier 2 (T2) capital	813	813	842	842
Own funds	5,981	5,986	5,753	5,763

The increase in Common Equity Tier 1 capital is due primarily to the inclusion of year-end effects from 2020 (profit retention and inclusion of the risk provisions set up in 2020 in the comparison of provisions).

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

€m	30 Jun 2021		31 Dec 2020	
	CRR II (without transitional provisions)	CRR II (with transitional provisions)	CRR I (without transitional provisions)	CRR I (with transitional provisions)
Credit risk	20,017	20,017	17,605	17,605
Market risk	6,678	6,678	9,578	9,578
Operational risk	3,505	3,505	3,485	3,485
CVA risk	516	516	638	638
Risk-weighted assets	30,716	30,716	31,307	31,307

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

%	30 Jun 2021		31 Dec 2020	
	CRR II (without transitional provisions)	CRR II (with transitional provisions)	CRR I (without transitional provisions)	CRR I (with transitional provisions)
Common Equity Tier 1 capital ratio	15.3	15.3	14.2	14.2
Tier 1 capital ratio	16.8	16.8	15.7	15.7
Total capital ratio	19.5	19.5	18.4	18.4

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

36 Contingent liabilities and other obligations

€m	30 Jun 2021	31 Dec 2020	Change
Irrevocable lending commitments	1,091.5	1,341.6	-250.1
Other liabilities	109.9	132.4	-22.5
Total	1,201.4	1,474.0	-272.6

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 amounts to €185.7m (31 December 2020: €138.7m).

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. In a ruling dated 28 January 2020 (4 K 890/17), the Kassel Fiscal Court gave its verdict, among other things, on the entitlement to relief from capital yields tax (Kapitalertragsteuer) in cum/cum securities transactions for the years in dispute, 2004 to 2007. The matter on which the Kassel Fiscal Court reached its judgement differed from the share trades transacted by DekaBank around the dividend record date. DekaBank therefore still sees no convincing reason to believe that the share trades it transacted around the dividend record date will fall under the scope of section 42 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 €51.6m may arise in this regard. The increase in contingent liabilities by around €4m as against 31 December 2020 is due to the more specific information set out in the BMF circular of 9 July 2021 compared to the BMF circular of 17 July 2017 on relief from capital yields tax, including the solidarity surcharge, as well as clearer legal consequences in the event of refusal to allow relief. On the other hand, payments made in January 2021 based on a corporation tax amendment notice for 2013 issued by the Frankfurt am Main V-Höchst tax authorities dated 30 December 2020 reduced these liabilities. As DekaBank continues to assume that its legal view will be confirmed in the final instance of fiscal court proceedings, tax refund claims of €108.6m are recognised in this context.

37 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 2021
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 Immobilien Luxembourg S.A., Luxembourg	100.00
Deka International S.A., Luxembourg	100.00
Deka Investment GmbH, Frankfurt/Main	100.00
Deka Real Estate International GmbH, Frankfurt/Main	100.00
Deka Real Estate Services USA Inc., New York	100.00
Deka Vermögensmanagement GmbH, Frankfurt/Main	100.00
Deka Vermögensverwaltungs GmbH, Frankfurt/Main	100.00
Deka Verwaltungsgesellschaft Luxembourg S.A., Luxembourg	100.00
IQAM Invest GmbH, Salzburg	100.00 ¹⁾
IQAM Partner GmbH, Vienna	100.00
S Broker Management AG, Wiesbaden	100.00
S Broker AG & Co. KG, Wiesbaden	100.00
WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf	99.74 ²⁾
WIV GmbH & Co. Beteiligungs KG, Frankfurt/Main	94.90

¹⁾ 25.5% is held by IQAM Partner GmbH.

²⁾ 5.1% is held by WIV GmbH & Co. Beteiligungs KG.

Consolidated subsidiaries (structured entities):

Name, registered office	Share in fund
	assets %
	30 Jun 2021
A-DGZ 2-FONDS, Frankfurt/Main	100.00
DDDD-FONDS, Frankfurt/Main	100.00
S Broker 1 Fonds, Frankfurt/Main	100.00

Joint ventures accounted for under the equity method:

Name, registered office	Share of equity	Equity	Total of
	%	€'000	profit or loss
	30 Jun 2021	30 Jun 2021	30 Jun 2021
Joint ventures			
S-PensionsManagement GmbH, Cologne ¹⁾	50.00	28,069.5	1,244.6
Dealis Fund Operations GmbH i.L., Frankfurt/Main ²⁾	50.00	32,818.4	-35.1

¹⁾ Amounts reported in financial statements for the year ended 31 December 2019

²⁾ Amounts reported in financial statements for the year ended 31 December 2020

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

Name, registered office	Share of equity
	%
	30 Jun 2021
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

Unconsolidated subsidiaries (affiliated companies):

Name, registered office	Share of equity
	%
	30 Jun 2021
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	Share of
	€m	equity/fund assets
	30 Jun 2021	30 Jun 2021
Deka-Institutionell Absolute Return Dynamisch, Frankfurt/Main	8.06	100.00%
Private Banking Premium Ertrag Nachhaltigkeit, Frankfurt/Main	5.16	96.99%
Deka-Immobilien PremiumPlus-Private Banking CF (T), Luxembourg	1.20	96.85%
Private Banking Premium Chance Nachhaltigkeit, Frankfurt/Main	5.47	96.51%
Deka-MultiFactor Global Corporates, Luxembourg	37.83	93.56%
Deka Germany 30 UCITS ETF, Frankfurt/Main	29.68	88.99%
MBS Invest 2 Nachhaltigkeit, Frankfurt/Main	4.99	80.86%
Deka-Institutionell Defensive Equity Europe, Frankfurt/Main	5.32	80.00%
Deka-MultiFactor Global Government Bonds, Luxembourg	19.47	72.25%
Deka-Nachhaltigkeit Dynamisch, Frankfurt/Main	11.55	70.48%
MBS Invest 3 Nachhaltigkeit, Frankfurt/Main	5.05	70.28%
Deka-Institutionell Absolute Return Defensiv, Frankfurt/Main	12.40	64.37%
Deka-MultiFactor Emerging Markets Corporates, Luxembourg	32.45	59.80%
Deka MSCI Europe ex EMU UCITS ETF, Frankfurt/Main	39.18	59.72%
Deka Euro Corporates 0-3 Liquid UCITS ETF, Frankfurt/Main	69.24	57.02%
Deka-EuropaGarant 90, Luxembourg	28.96	56.22%
Deka-MultiFactor Global Corporates HY, Luxembourg	43.63	55.89%
Deka MSCI Europe Climate Change ESG UCITS ETF, Frankfurt/Main	151.39	43.29%
Deka MSCI Japan Climate Change ESG UCITS ETF, Frankfurt/Main	112.27	35.70%
Deka Deutsche Boerse EUROGOV® Germany 1-3 UCITS ETF, Frankfurt/Main	233.73	25.68%
Deka-BasisAnlage Defensiv, Frankfurt/Main	0.99	25.25%
Deka MSCI Japan UCITS ETF, Frankfurt/Main	94.39	24.09%
Deka Investors Spezial InvAG m.v.K. und TGV, Frankfurt/Main		
Teilgesellschaftsvermögen Mittelstandskreditfonds I, Frankfurt/Main	29.25	23.00%
SSKM Nachhaltigkeit Invest, Frankfurt/Main	73.52	21.59%
Deka-Institutionell RentSpezial HighYield 9/2027, Frankfurt/Main	27.47	21.47%

38 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, call money, 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:

€m	Shareholders		Subsidiaries	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Asset items				
Due from customers	–	–	0.4	0.1
Financial assets at fair value	–	–	1.2	1.1
Other assets	–	–	0.1	0.3
Total asset items	–	–	1.7	1.4
Liability items				
Due to customers	136.4	60.4	16.4	40.9
Financial liabilities at fair value	–	–	0.0	0.2
Other liabilities	–	–	–	0.0
Total liability items	136.4	60.4	16.4	41.0

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

€m	Joint ventures/ associated companies		Other related parties	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
Asset items				
Due from customers	0.2	0.3	0.0	–
Financial assets at fair value	0.7	0.9	–	0.0
Other assets	0.2	0.2	0.1	0.5
Total asset items	1.1	1.4	0.1	0.5
Liability items				
Due to customers	24.7	20.1	4.8	67.0
Financial liabilities at fair value	59.1	60.7	–	0.4
Total liability items	83.8	80.8	4.8	67.4

39 Additional miscellaneous information

Events after the reporting period

No major developments of particular significance occurred after the reporting date of 30 June 2021.

The consolidated interim financial statements were approved for publication on 12 August 2021 by DekaBank's Board of Management.

Assurance of the Board of Management

We declare that, to the best of our knowledge, the consolidated interim financial statements prepared in accordance with the reporting standards applicable to interim financial reporting convey a true and fair view of the financial position and financial performance of the Group and that the interim management report conveys a true and fair view of the business performance including the business results and position of the Group and suitably presents the material risks and opportunities and likely development of the Group over the remainder of the financial year.

Frankfurt/Main, 12 August 2021

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 2021 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, 13 August 2021

KPMG AG
Wirtschaftsprüfungsgesellschaft

Beier
Wirtschaftsprüfer

Haider
Wirtschaftsprüfer