

# Business development of Deka Group as of 31.12.2017

Frankfurt am Main, 17.04.2018

The Deka logo is displayed in white on a red background. It consists of a stylized icon of three vertical bars of increasing height to the left of the word "Deka" in a bold, sans-serif font.

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# Deka Group structure at a glance

Clear strategic orientation - leading solution provider for asset investment, management and administration



# Business Development

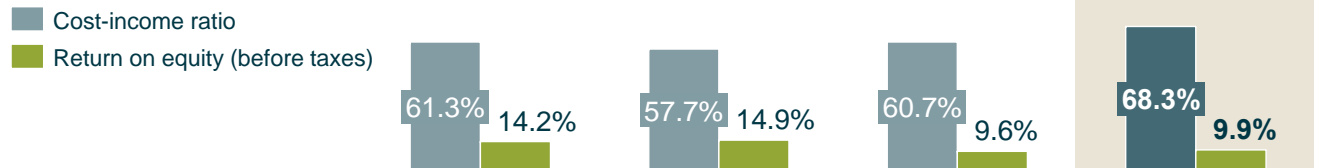
Economic result higher than the previous year's figure



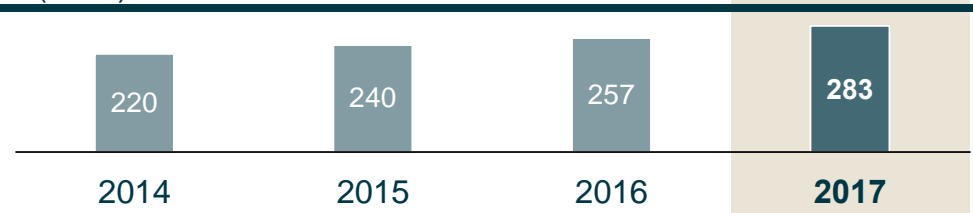
## Economic result (in €m)



## Cost-income ratio and return on equity (before taxes)



## Total customer assets (in €b)

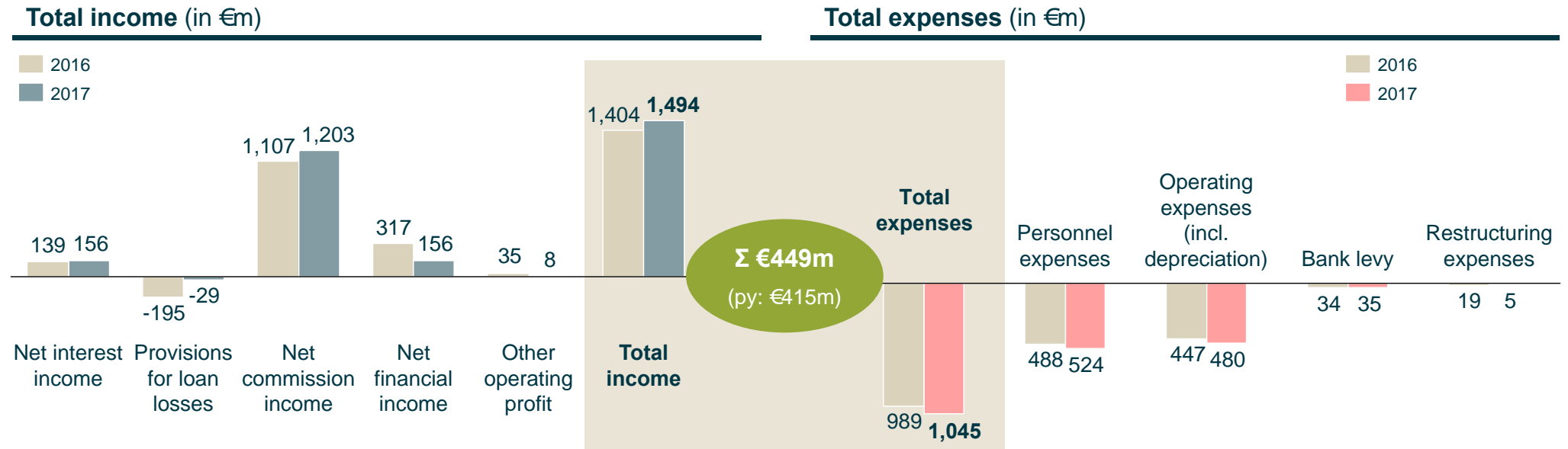


- Economic result rose by 8.1% relative to the previous year
- Net commission income increased by 8.6%

- Further increase in total customer assets due to positive net sales performance and solid fund performance

# Total income and expenses

Net commission income as an important sustainable component of earnings – above 80% of total income



- Increase primarily attributable to the significant increase in net commission income and the substantial reduction in allocations to provisions for loan losses relative to previous year

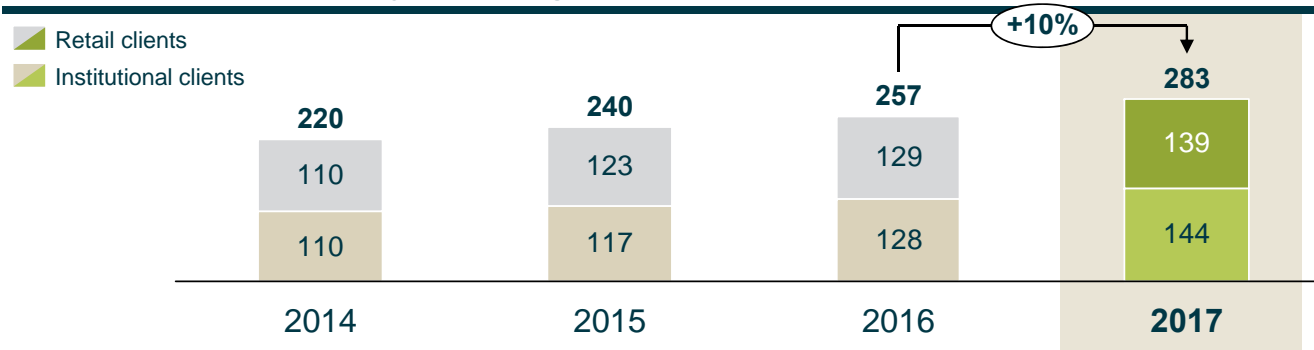
- Increased personnel expenses inter alia due to the rise in staffing levels, takeover of S Broker and the rise in wages
- Operating expenses rose partly due to increased expenses for the implementation of regulatory requirements

# Total customer assets

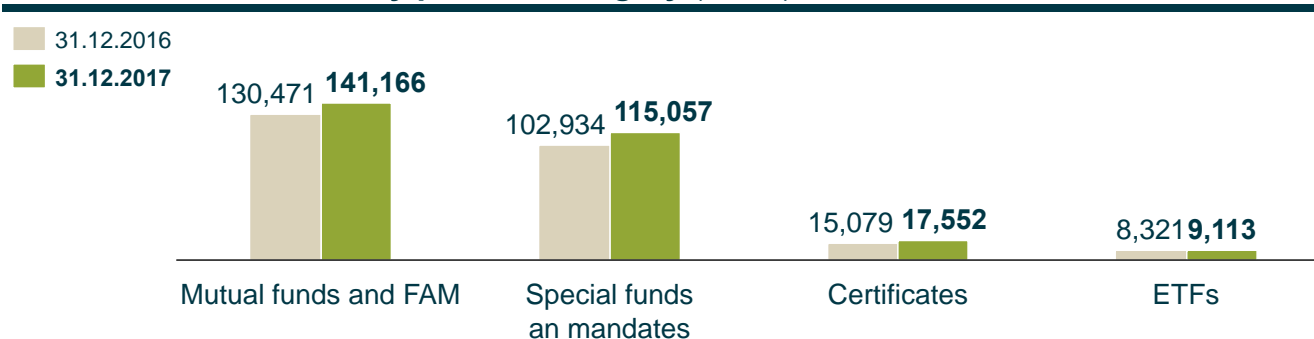
Increase due to positive net sales and investment performance



Total customer assets by client segment (in €b)



Total customer assets by product category (in €m)



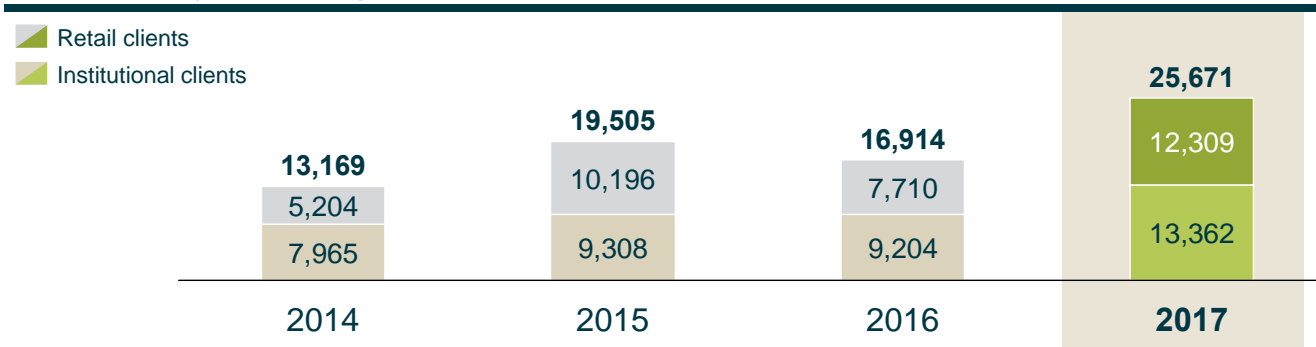
- Substantial growth in both retail and institutional business
- Rise reflects both a high level of new business and sound investment performance by the individual products, notwithstanding the outflows caused by distributions, from which customers also benefited

# Net sales

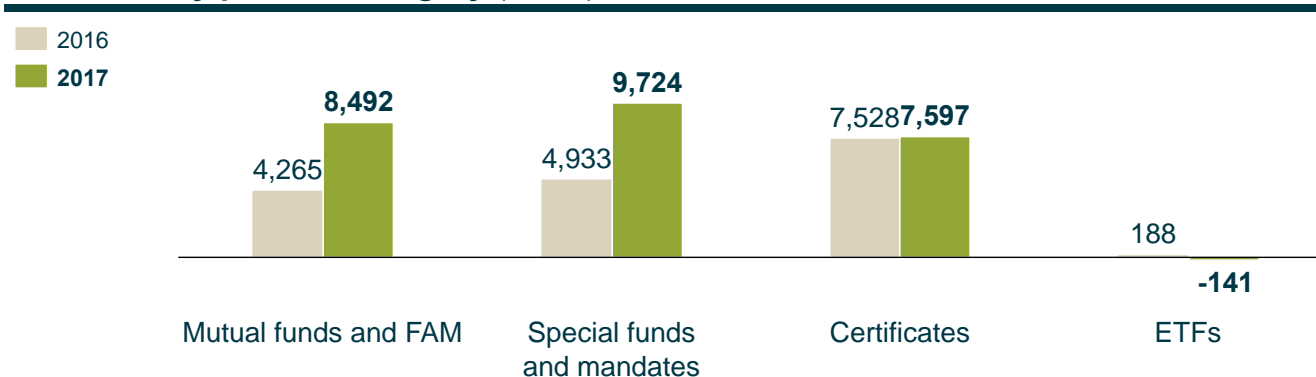
## Record net sales



### Net sales by client segments (in €m)



### Net sales by product category (in €m)



- Net sales rose by a total of €8.8bn to a record level of €25.7bn
- Improved net sales in both retail and institutional business

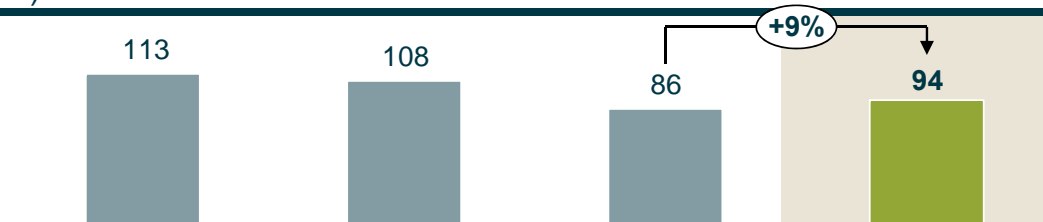
- Net sales of mutual funds and special funds approximately doubling

# Financial position

## Financial position continuous to be solid



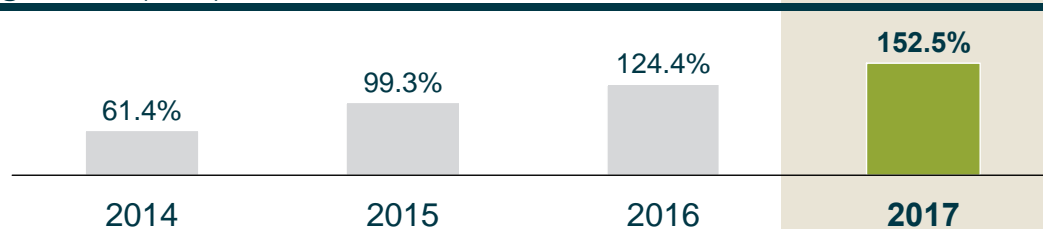
### Total assets (in €m)



### Leverage Ratio (fully loaded)



### Liquidity Coverage Ratio (LCR)



▪ Increase of total balance sheet assets in 2017 is in line with expectations

▪ Leverage ratio slightly below the year-end value 2016  
▪ With transitional provisions (phase in) 4.8%

▪ The minimum requirements for the liquidity coverage ratio (LCR) were clearly exceeded

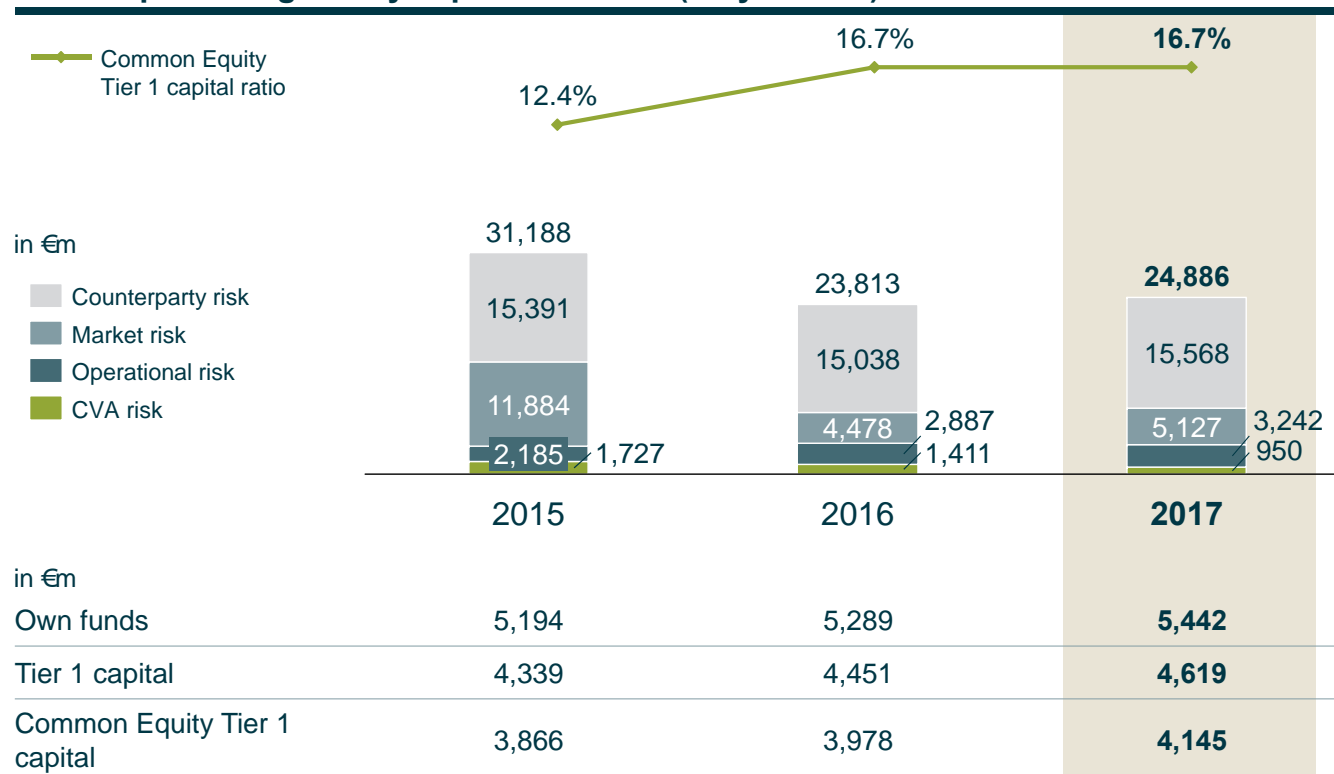


# Regulatory capital and risk-weighted assets

## Common Equity Tier 1 capital ratio (fully loaded) at 16.7%



### Development regulatory capital and RWA (fully loaded)



- Common Equity Tier 1 capital ratio (phase in) at 17.0%
- All regulatory requirements are safely met
- Common Equity Tier 1 capital was strengthened through reinvestment of net profits from 2016
- Risk-weighted assets rose slightly
- SREP requirements for 2018 for the phase-in Common Equity Tier 1 capital ratio (Pillar Two requirement including combined capital buffers) at 8.0%<sup>1)</sup>

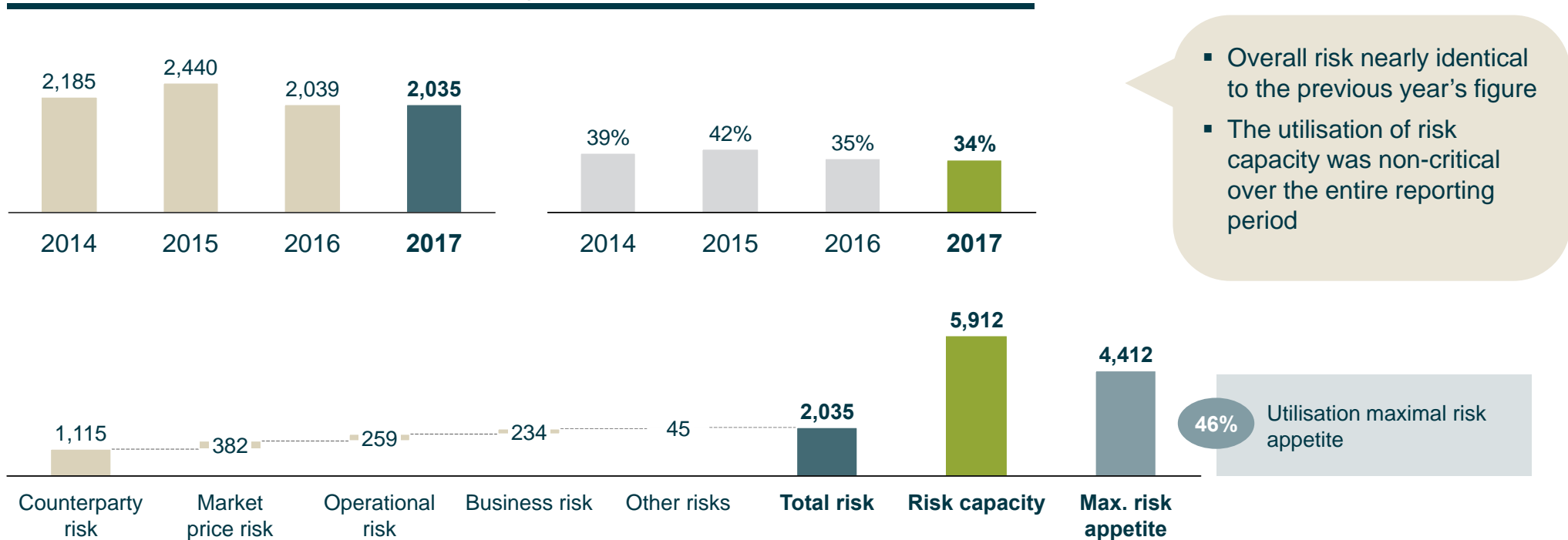
1) The minimum phase-in Common Equity Tier 1 capital ratio for 2018, as calculated at the start of the year.

# Economic risk

## Utilisation of risk capacity slightly below previous year



Overall risk<sup>1)</sup> and utilisation of risk capacity (in €m)

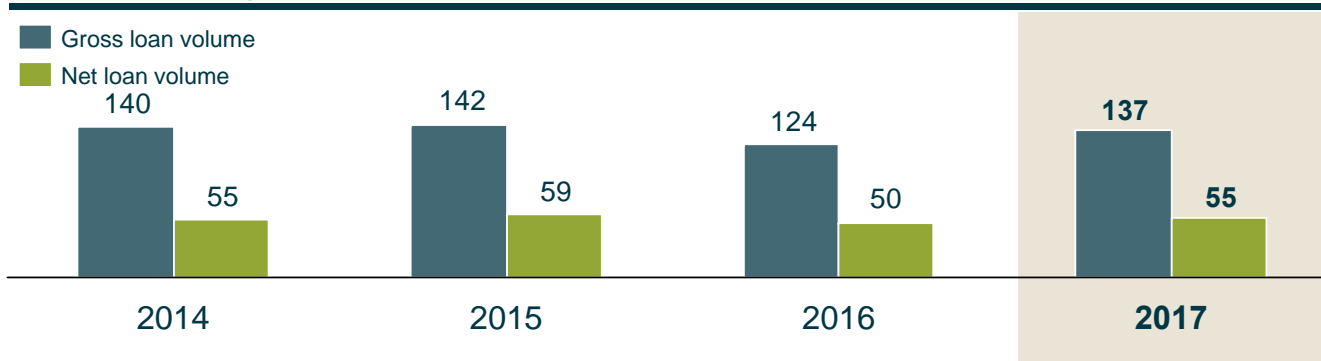


1) Value-at-risk – Var; confidence level 99.9 %, holding period 1 year

# Gross and net loan volume

Difference between gross and net loan volume shows existing level of collateralisation

Development gross and net loan volume (in €b)



▪ The average ratings for gross loan volume and net loan volume both improved to a rating of 2 on the DSGV master scale, a rise of one notch relative to the end of 2016 (corresponding to a rating of BBB+ on the external S&P rating scale).

Gross loan volume by countries and segments (as at 31.12.2017)



▪ The ship portfolio's share of gross loan volume decreased to 0.9% (2016: 1.3%)

# Financial ratings

## DekaBank's rating remains unchanged



	Standard & Poor's	Moody's
<b>Issuer Rating (Outlook)</b>	<b>A+</b> (stable)	<b>Aa3</b> (negative) Senior Unsec. Debt Rating & LT Issuer Rating
<b>Long-Term Deposits</b>	n/a	Aa2
<b>Preferred Senior Unsecured Debt</b> Complex structured bonds	<b>A+</b> Senior unsecured Debt <sup>1)</sup>	<b>Aa2</b> Senior-senior unsecured Debt <sup>1)</sup>
<b>Non-preferred Senior Unsecured Debt</b> Plain Vanilla Bonds	<b>A</b> Senior subordinated Debt <sup>2)</sup>	<b>Aa3</b> Senior unsecured Debt <sup>2)</sup>
<b>Short-term-Rating</b>	A-1	P-1
<b>Own financial strenght<sup>3)</sup></b>	bbb	Baa2

As at 17, April 2018

1) Senior, unsecured debt, which in case of insolvency will be corrected before debt instruments according to § 46 f (6) S. 1 KWG.

2) Senior, unsecured debt.

3) S&P: SACP (Stand Alone Credit Profile); Moody's: BCA (Baseline Credit Assessment)

Presentation „Business development of the Deka Group as at 31.12.2017“ published with the Annual Report 2017 on 17.04.2018

# Forecast report at the end of 2018 according to the Group Management Report 2017



	2017	Forecast 2018
<b>Economic result</b>	448.9 €m	Slight increase
<b>Total customer assets</b>	282.9 €b	Slight increase
<b>Net sales</b>	25.7 €b	Slight decrease
<b>Common Equity Tier 1 capital ratio</b>	16.7 %	Over 13%
<b>Utilisation of risk capacity</b>	34.4 %	Moderate increase

„The Group’s 2018 economic result is expected to slightly exceed the figure for the year under review. The forecast economic result will thus ensure that DekaBank remains able to distribute profits and make the reinvestments necessary for the purposes of capital management.“

„A slight increase in total customer assets is forecast for 2018, on the basis of continued high net sales performance in retail and institutional business.“

„The fully loaded Common Equity Tier 1 capital ratio will drop during 2018, in line with the planned increase in the volume... However, it will remain above 13%.“

The Deka Group plans its future business development on the basis of assumptions that seem most probable from a current perspective. However, plans and statements about growth during 2018 are subject to uncertainties.

# APPENDIX

**.Deka**



# Glossary 1/2: Economic result

As a central control variable, together with economic risk, the **economic result** forms the basis for risk/return management in the Deka Group. It is generally determined in accordance with IFRS accounting and measurement policies.

The economic result includes the total profit or loss before tax, plus or minus changes in the revaluation reserve (before tax) and the interest rate and currency-related valuation result from original lending and issuance business, which are not recognised in the income statement under IFRS but are relevant for assessing financial performance. The interest expense on Additional Tier 1 bonds, which is reported directly within equity, is also included in the economic result. Potential future charges are also included in the economic result if the probability that they will arising in the future is assessed as possible. These are charges that may not yet be recorded in the IFRS accounts because they are not sufficiently substantiated.

The **economic result** is thus a periodic management accounting indicator whose high level of transparency enables recipients of the external financial reporting to consider the company from the management perspective.

# Glossary 2/2

## Common Equity Tier 1 capital ratio

- The Common Equity Tier 1 capital ratio is defined as the ratio of Common Equity Tier 1 capital to risk-weighted assets (RWA) of all relevant counterparty, market and operational risk positions and the CVA risk (credit valuation adjustment).

## Risk capacity

- In the economic risk-bearing capacity analysis, risk cover potential essentially consists of equity under IFRS, income components and positions of a hybrid capital nature (subordinated capital), adjusted using amounts to correct for certain capital components such as intangible assets or risks arising from pension obligations. As a formal overall risk limit, it serves to guarantee the Bank's risk-bearing capacity.

## Total customer assets

- Total customer assets essentially comprise the income-relevant volume of mutual and special fund products (including ETFs) direct investments in cooperation partner funds, the portion of fund-based asset management attributable to cooperation partners, third party funds and liquidity, advisory/management mandates, certificates and third party managed master funds.

## Net sales

- Performance indicator of sales success in asset management and certificate sales. This figure essentially consists of total direct sales of mutual and special funds, fund-based asset management, funds of partner organisations, master funds and advisory/management mandates, ETFs and certificates. Sales generated through proprietary investment activities are not taken into account. Redemptions and maturities are not taken into account for certificates, since in the certificates business the impact on earnings primarily occurs at the time of issue.

**Further definitions in the glossary of the Annual Report [www.deka.de/deka-gruppe](http://www.deka.de/deka-gruppe)**



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Due to rounding, slight deviations may occur in the present presentation for totals and for calculations of percentages. Annual figures refer to both key date and time periods.

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