

## Group management report

### At a glance

As the *Wertpapierhaus* for the savings banks, DekaBank was once again a strong partner within the *Sparkassen-Finanzgruppe* during 2016. In a challenging environment characterised by high levels of market volatility, low interest rates, growing political risks and the continuing high cost of regulatory measures, the integrated business model – a combination of asset management and banking services – proved its worth. Deka is in a stable position and in 2016 again provided the savings banks and their customers with high-quality products and solutions appropriate to the market environment, while at the same time investing further in the expansion of the *Wertpapierhaus*.

During the reporting period, the Deka Group achieved an economic result of €415.1m. As expected, this was below the previous year's very strong result. This was primarily due to specific provisions in relation to ship financing granted before 2010.

Total customer assets increased by an encouraging 7.0%, to €256.8bn. As well as continuing positive net sales performance, this also reflects the solid performance of the Bank's fund products.

The investments made in Deka's business model and the quality of its products are bearing fruit and once again led to numerous favourable appraisals of the Bank. Net sales performance also remains at a high level, thanks in particular to the successful expansion of institutional business.

Initiatives in digital multi-channel management have also advanced as planned. As part of this process, Deka acquired 100% of S Broker AG & Co. KG (S Broker) during the 2016 financial year.

With its strong capital and liquidity base, Deka is well-prepared for future requirements. This is evidenced by a Common Equity Tier 1 capital ratio (fully loaded) of 16.7% as at the year-end, a liquidity coverage ratio (LCR) of 124.4% – substantially above the minimum requirements – and a modest 35.2% utilisation of risk capacity (total risk-bearing capacity).

### Information about the Deka Group

#### Deka Group profile and strategy

DekaBank is the *Wertpapierhaus* for the savings banks. Together with its subsidiaries, it makes up the Deka Group. Through its activities in asset management and banking business, it acts as a service provider for the investment, administration and management of assets and supports the savings banks and their customers throughout the entire securities-related investment and advisory process. In addition, it offers comprehensive advice and solutions to both the savings banks and institutional customers outside the *Sparkassen-Finanzgruppe* on their investment, liquidity, funding and risk management requirements.

#### Legal structure and corporate governance

DekaBank Deutsche Girozentrale is a German federal institution incorporated under public law with registered offices in Frankfurt am Main and Berlin. It is wholly owned by the German savings banks. 50% of the shares are held via Deka Erwerbsgesellschaft mbH & Co. KG. The savings banks have pooled their shares in this company via the regional savings banks and giro associations affiliated with them. The other 50% of the shares are held by the Deutsche Sparkassen- und Giroverband (DSGV).

The Deka Group strictly adheres to the principles of good and responsible corporate management. The corporate governance concept for the management and supervision of the Group ensures that boards' and committees' responsibilities are clearly defined and enables efficient decision-making processes. As a member of the *Sparkassen-Finanzgruppe* (Savings Banks Association), DekaBank is committed to the principles of subsidiarity and a focus on the greater good.