

Interim management report 2021

At a glance

As a securities service provider (*Wertpapierhaus*), DekaBank sees itself as a force driving innovation within the *Sparkassen-Finanzgruppe* (Savings Banks Association), of which it is a key part. The COVID-19 crisis has significantly accelerated trends that were already emerging before the pandemic: in the course of this decade, digitalisation and sustainability will result in radical and fundamental changes to the economy. It goes without saying that this also applies to DekaBank, which is why both these topics are cornerstones of our strategy.

The Deka Group achieved net sales of €13.6bn (H1 2020: €14.5bn) in the first half of 2021. The Group increased net sales in the retail customer segment by €4.1bn year-on-year to €11.0bn. Fund sales rose from €4.6bn to €7.7bn, with equity funds (€3.6bn), bond funds (€1.2bn) and real estate funds (€1.5bn) accounting for a particularly significant share of this figure in the reporting period. Sales of certificates to retail customers totalled €3.4bn (H1 2020: €2.3bn). Net sales to institutional customers came to €2.5bn as against €7.5bn in the first six months of 2020. The lower figure was due to a major master funds client changing investment management company. As a result, the institutional investment fund business accounted for net sales of €1.4bn (H1 2020: €6.1bn). Certificate sales to institutional customers in the reporting period came to €1.1bn (H1 2020: €1.4bn).

Net sales, coupled with positive performance and the integration of the total customer assets of IQAM Invest GmbH at the beginning of 2021, fuelled an increase in total customer assets to €368.3bn (year-end 2020 €339.2bn).

The COVID-19 pandemic affected global economic development in the first half of 2021. Nevertheless, the process of economic recovery that had already emerged after the recession induced by the pandemic last spring has generally continued in 2021. So far, the economy, business cycle and capital markets have not been hit as hard as originally expected.

Given the overall conditions, business development and profit performance can be considered very satisfactory. The economic result increased significantly compared to the same period of the previous year (€162.5m), rising by €180.5m to €342.9m.

Income increased to €928.3m in the first half of 2021 (H1 2020: €757.9m), driven to a significant degree by strong net commission income, much less of a need for risk provisions and high actuarial gains on pension provisions due to the prevailing market conditions. Net commission income remains the main component of income, accounting for 80%.

At €585.4m, expenses were 1.7% lower than in the first half of 2020 (€595.5m) despite the marked increase in the bank levy.

The cost/income ratio was 64.6% (H1 2020: 69.4%). Balance sheet-based return on equity (before tax) stood at 13.5% (H1 2020: 6.6%).

The Deka Group's financial position remains sound. DekaBank also has one of the best credit ratings among its peer group of German commercial banks.

At the mid-point of the year, the Common Equity Tier 1 capital ratio stood at 15.3% (year-end 2020: 14.2%). The risk-bearing capacity analysis showed an utilisation of risk appetite of 51.1% (year-end 2020: 70.5%).