Interim management report 2019

At a glance

DekaBank – the *Wertpapierhaus* for the savings banks – remains on a stable footing. In the first half of 2019, the Deka Group generated an economic result of €223.1m, on a par with the previous year's level (€222.6m). Net interest income, net commission income and net financial income exceeded the values achieved in the same period of the previous year. The risk provisioning result developed in line with expectations. Actuarial losses affecting provisions for pensions, however, put considerable pressure on other operating profit (H1 2019: €–54.1m versus H1 2018: €–15.5m) due to interest rates that were at an all-time low. All in all, the Deka Group increased its income slightly to €771.4m (H1 2018: €737.8m). Expenses of €548.3m were moderately above the level seen in the first half of 2018 (€515.1m).

The Group forged ahead with the DekaPro strategic programme, initiated in 2018 in a quest to increase growth and efficiency through a more customer-centric orientation, in the first six months of 2019. Initiatives have been launched particularly in relation to sales and products and services.

In the first six months of 2019, the Deka Group achieved net sales of €6.7bn. This figure was down on the same period of the previous year due to slowing sales momentum (€10.6bn). In the retail business, the investment fund business lagged behind the first half of 2018. The certificates business for retail customers showed a moderate decline compared with the prior-year period. In the institutional business, both the investment fund and the certificates businesses lagged behind the prior-year figures. Retail and institutional customers adopted a generally cautious approach in the first half of 2019 in light of the high levels of market volatility seen in 2018.

Nevertheless, total customer assets were up by around 8% as against the end of 2018 to €297.7bn. In addition to sales, this was primarily attributable to the positive performance witnessed in the course of the year. This trend was partially offset by distributions to investors and maturing certificates.

The Deka Group’s financial position remains robust. The fully loaded Common Equity Tier 1 capital ratio (calculated in accordance with CRR/CRD IV requirements) stood at 15.2% at the midpoint of 2019, compared with 15.4% at the end of 2018. The liquidity coverage ratio (LCR) was 137.9% at mid-year, well above the minimum requirement of 100%.

As was to be expected, the utilisation of risk capacity was up considerably compared with the end of 2018 (42.1%) to 58.5%, although it remains at a non-critical level. The increase can be traced back primarily to the fact that subordinated capital components now no longer count towards internal capital as a result of methodological adjustments to the risk-bearing capacity concept.