

Group management report

At a glance

DekaBank, the *Wertpapierhaus* for the savings banks, continued in its centenary year to work on the areas that have been at the heart of its activities since launching the *Wertpapierhaus* strategy: tailoring its business model to savings banks, savings bank customers and institutional investors, and striving to be a valued investment partner. With this clear sense of direction, the Deka Group achieved a satisfactory economic result of €451.8m (previous year: €448.9m) despite a challenging market environment. Income increased slightly to a total of €1,509.0m (previous year: €1,494.1m). Expenses amounted to €1,057.2m in total, representing a moderate increase compared with the previous year (€1,045.2m).

The Deka Group was unable to fully escape the cyclical effects arising from the negative performance of almost all asset classes in 2018. At €275.9bn, the Deka Group's total customer assets were therefore slightly down on the level recorded at the end of 2017 (€282.9bn). This was despite net sales of €11.8bn. Net sales fell short of the high prior-year figure (€25.7bn), partly due to a one-off effect in institutional customer business. The positive sales performance was accompanied by market-induced negative investment performance at the reporting date, distributions (from which customers benefited) and certificate redemptions.

The DekaPro programme of initiatives, which was launched at the beginning of the reporting year, aims to promote growth and efficiency by making the Deka Group more customer-centric. All aspects of the programme gathered pace over the course of the year. Enhancing processes will enable them to be integrated even more smoothly into the workflows of savings banks, their customers and institutional investors. This trend is also being supported by increasing automation using innovative technologies such as robotics, machine learning, artificial intelligence and blockchain.

Confirmation of the high quality of Deka's products and solutions came from Finanzen Verlag, which named Deka as their "Fund Manager of the Year" for 2018 – the first time Deka has won this accolade – as well as from the 2018 Capital-Fonds-Kompass awards, where Deka was awarded the maximum five-star rating.

Thanks to its robust financial position, which is also reflected in a good credit rating, the Deka Group is able to fully lock on to its strategic path – DekaPro – and lay the foundation to create lasting high value added in the years to come. At the end of 2018, the Common Equity Tier 1 capital ratio (fully loaded) stood at 15.4% and the leverage ratio (fully loaded) at 4.6%. The liquidity coverage ratio was 149.8% at year-end 2018, comfortably above the minimum requirement of 100% applicable since the start of 2018. At 42.1%, utilisation of risk capacity remained at a non-critical level.

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Deka Group profile and strategy

DekaBank is the *Wertpapierhaus* for the savings banks. The Deka Group is made up of DekaBank and its subsidiaries. Through its asset management and banking activities, it acts as a service provider for the investment, administration and management of assets, supporting savings banks, their customers and institutional investors at every stage in the investment process. It also offers comprehensive advice and solutions both to the savings banks and to institutional customers outside the *Sparkassen-Finanzgruppe* on investing, liquidity and risk management, and refinancing.