Vote of confidence

Interim Report as at 30 June 2011
DekaBank Group

Olympia Partner Deutschland

Finanzgruppe

DekaBank

DekaBank Group at a glance

Business development indicators		30.06.2011	31.12.2010	Change %
Total assets	€m	123,695	130,304	−5.1
Assets under Management (AMK and AMI)	€m	150,318	155,222	−3.2
of which: Asset Management Capital Markets (AMK)	€m	127,392	132,471	−3.8
of which: Asset Management Property (AMI)	€m	22,926	22,751	0.8
Number of securities accounts	thousand	4,486	4,596	−2.4
		1st half 2011	1st half 2010	
Net sales (AMK and AMI)	€m	−3,311	803	(< −300)
of which: Asset Management Capital Markets (AMK)	€m	−3,618	−316	(< −300)
of which: Asset Management Property (AMI)	€m	307	1,119	−72.6
Performance indicators[1]				
Total income	€m	798.2	715.2	11.6
of which: Net interest income	€m	175.2	193.7	−9.6
of which: Net commission income	€m	519.7	533.0	−2.5
Total expenses	€m	461.6	377.5	22.3
of which: Administrative expenses (incl. depreciation)	€m	460.9	380.5	21.1
Economic result	€m	336.6	337.7	−0.3
Net income before tax	€m	318.7	219.1	45.5
Key ratios[1]				
Return on equity[2]	%	16.3	19.2	−2.9%-points
Cost/income ratio[3]	%	57.8	52.5	5.3%-points
Key regulatory figures		30.06.2011	31.12.2010	
Capital and reserves	€m	3,938	4,358	−9.6
Core capital ratio (incl. market risk positions)	%	11.7	12.9	−1.2%-points
Core tier 1 capital ratio[4]	%	9.5	10.7	−1.2%-points
Total capital ratio	%	15.7	16.9	−1.2%-points
Risk ratios				
Total risk-bearing capacity	€m	4,717	5,840	−19.2
Group risk (value-at-risk)[5]	€m	2,192	2,718	−19.4
Utilisation of risk-bearing capacity	%	46.5	46.5	0.0%-points
Non-guaranteed rating (short-term/long-term)				
Moody's		P-1/Aa2	P-1/Aa2	
Standard & Poor's		A-1/A	A-1/A	
Key employee figures				
Number of employees		3,857	3,683	4.7
Average number of positions occupied		3,424	3,174	7.9

[1] The previous year's figures were adjusted. For details, please refer to note [4].
[2] Return on equity (RoE before tax) corresponds to the economic result divided by equity at the start of the financial year, including atypical silent capital contributions (figure annualised).
[3] Cost/income ratio (CIR) corresponds to the ratio resulting from total expenses (excluding restructuring expenses) and total income (before provisions for loan losses).
[4] The "Core tier 1 capital ratio" not takes account of silent capital contributions of €552m, which are expected to count 100% as core capital until 2013 before the level of recognition subsequently reduces by 10% each year for a period of 10 years.
[5] Confidence level: 99.9%, holding period: 1 year.

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DekaBank Group

Foreword

Dear Shareholders and Investors,

The first half of 2011 has been a particularly special time for DekaBank. Following a change in the shareholder structure, the German savings banks are now the sole owners of their central asset manager. We are delighted about this significant vote of confidence. It reflects the savings banks' conviction that in addition to being an expert product provider, DekaBank is also a profitable investment. As a wholly-owned savings bank company, we intend to intensify the trust-based cooperation with our shareholders and enhance the added value for them. In concrete terms, this means that we will align our products and services even more closely to the requirements of the savings banks and their customers, in order to anchor DekaBank more firmly in the *Sparkassen-Finanzgruppe*.

During the process of changing the shareholder structure, we stood shoulder to shoulder with the savings banks. As part of the transaction, DekaBank made an active contribution by buying approximately 1 billion euros of its own shares. Our sound capital resources made this possible. The results of the stress tests published by the European Banking Authority in July point in the same direction. With a forecast core capital ratio of 9.2% as at the end of 2012, DekaBank significantly exceeds the required minimum, which affirms that the Bank would be stable and fully functional even under the assumed extreme conditions.

The framework conditions for our core business, Asset Management, were challenging over the past six months. The national debt crisis in Greece and other countries of the eurozone periphery has unsettled many investors for a sustained period. This was only made worse when the debt debate in the USA came to a head. In this difficult environment, the DekaBank Group nevertheless achieved a strong economic result of €336.6m. We interpret this as further confirmation of our efficient business model – an integrated asset manager who combines investment fund business and supporting capital market services under one roof.

With regard to the business development in the second half of 2011, we expect conditions to remain tough. The ongoing debt crisis in the USA and parts of Europe will continue to dominate the capital markets as an influencing factor. The resultant uncertainty is likely to induce investor restraint. We therefore expect only modest growth in net sales and assets under management. In view of this, the half-year result cannot simply be extrapolated to the full year to forecast the economic result for 2011.

The continuing integration of DekaBank into the securities business of the savings banks will provide positive impetus. Joining forces, we will create the basis for new sales successes. It will be up to us to reward the trust placed in us with top performance and by precisely gearing our product range to the requirements of the savings banks and their customers. That should be the yardstick by which we are measured. Succeeding will prove that by investing in us, our shareholders have made an investment for the future.

Sincerely,

Franz S. Waas, Ph.D.
Chairman of the Board of Management

Interim management report 2011

At a glance

In the first half of 2011, DekaBank started a new chapter in its history. Since 9 June this year, the central asset manager for the *Sparkassen-Finanzgruppe* has been wholly owned by the German savings banks. This consolidates the successful cooperation also at company-law level. The change in the shareholder structure opens up new strategic options for DekaBank, enabling it to tailor the tried and tested business model, confirmed by the shareholders, more precisely and comprehensively to the requirements of the savings banks. The relevant product and sales-related measures have already been launched to strengthen alliance-based business.

In the first six months of 2011, DekaBank once again generated a profit contribution for its shareholders which outstripped the forecast. Again, the close integration of Asset Management and supporting capital market activities contributed decisively to this achievement. The economic result of €336.6m approximately matched the extraordinarily high level for the same period in the previous year. While on the one hand net commission income exceeded the target and trading business with the savings banks and other institutional investors picked up markedly, specific valuation allowances on Greek and Portuguese bonds, on the other hand, had a noticeable adverse impact on net financial income. In view of developments during the second quarter of 2011, the low volume of bonds which previously were not marked to market have now been marked down to current market values.

On the capital market side, we benefited from a higher volume of customer-facing business and revaluations which more than compensated the provisions required for Greece and Portugal. At the same time, conditions for new fund sales were unfavourable across the sector.

The trend in direct sales of mutual funds in the Asset Management Capital Markets (AMK) business division was positive, especially for mixed funds in general and more specifically for the Deka-Wertkonzept multi asset fund series. Nevertheless, this was not sufficient to compensate for the funds outflows from bond and money market funds. In fund-linked asset management, a pleasing sales trend emerged for the new product, Deka-Vermögenskonzept (Deka Wealth Concept). At €307m, net sales in the Asset Management Property (AMI) business division were also modest. Although the increased rise in funds outflows from Deka-ImmobilienGlobal in the wake of the Fukushima disaster was quickly stemmed by fast and transparent communication with our sales partners – the savings banks – ever since this event, demand for all of our open-ended mutual property funds has flattened considerably. Our special property funds also recorded a slightly positive sales trend. However, in view of the continuing lack of supply in terms of properties, their performance fell short of expectations. With regard to performance, liquidity ratio and vacancy rates as well as ratings, market leader Deka is consistently at the top in the sector.

DekaBank's capital resources and liquidity position remained satisfactory as at 30 June 2011. Following the Bank's own equity investment as part of the change in the shareholder structure, the core tier 1 capital ratio has temporarily gone down to 9.5%. With regard to the core tier 1 capital ratio, we have already excluded the silent capital contributions of €552m, as the share of these which needs to be included in core tier 1 capital is set to decrease continually once Basel III comes into force. The core tier 1 capital ratio will be increased to 12% in the coming years on the basis of a consistent profit retention policy, as agreed with the shareholders. Both Moody's and Standard & Poor's have assessed the change in the shareholder structure on the basis of this business policy as positive in principle and have essentially affirmed their ratings (see page 10).

DekaBank passed the 2011 stress test conducted by the European Banking Authority (EBA) with a sufficient buffer in relation to the specified minimum capital ratio.

Structure, strategy and range of products and services of the DekaBank Group

Legal structure and corporate governance

DekaBank's shareholder structure changed fundamentally in the period under review. The central asset manager for the *Sparkassen-Finanzgruppe* is now wholly owned by the German savings banks. Effective 9 June 2011, the 50% stake previously held by the *Landesbanken* was transferred. In addition to the DSGV ö.K., via which 50% of the shares in DekaBank were already held by the savings banks to date, Deka Erwerbsgesellschaft mbH & Co. KG will now appear as a new shareholder. As representatives of the savings banks affiliated to them, the regional savings banks and giro associations will pool the shares they hold in this company. As a result of the acquisition of 100% of the shares, the participation of the savings banks in the jointly generated added value will now be greater still.

Of the purchase price amounting to €2.3bn, the savings banks paid approximately €1.3bn. The remaining amount of €1.0bn was contributed by DekaBank on the strength of the retained profit from the excellent 2009/2010 financial years. This has temporarily reduced the Bank's core tier 1 capital ratio in accordance with the Basel III rules. However, this ratio is set to rise again to 12% in the next few years on the basis of profit retention.

Following the transaction, DekaBank introduced adjustments to its corporate governance, including an amendment to the articles of association. This change stipulates that important decisions can be made with a qualified majority vote (75%) of the new shareholders.

Integrated value creation in the DekaBank Group

The development in the reporting period has again confirmed DekaBank's proven business model. With its focus on asset management and the supporting capital market activities, this model is geared to the interests of savings banks and their customers. In close cooperation with the savings banks, the regional savings banks associations and the German Savings Banks and Giro Association (DSGV), DekaBank will continue the targeted development of its product and services range to further enhance its value to the *Sparkassen-Finanzgruppe* as a centre of competence for securities and property business. The aim includes increasing the ratio of intra-alliance business on the basis of the joint product and sales approach as well as intensive customer relationship management. This ratio reflects the share of our products in total fund sales of our sales partners.

The market launch of Deka-Vermögenskonzept in the first half of 2011 represents a step in this direction. This concept optionally supplements fund-linked asset management if the customer so wishes to include elements that can be activated and deactivated, such as capital/profit guarantee and "gradual start", making it a new generation of structured asset management. Investments are configured individually to reflect the investment mentality of the relevant customer on the basis of this modular concept. Another core element of the concept is encapsulated in the advisory tips which are generated if the limits specified for the value of the portfolio are either exceeded or not met and which alert savings banks adviser to contact the relevant customer.

The *Mittelstandskreditfonds* (small and medium-sized enterprises credit fund) is another example of close cooperation between DekaBank and the savings banks. This nationwide financing platform supports new business at the savings banks while at the same time, contributes to preventing a credit crunch in the German SME sector.

At the beginning of the 2011, the private customer business of LBBW Luxemburg S.A. and WestLB International S.A. (today: VM Bank International S.A.) were acquired. These acquisitions were primarily aimed at retaining the attractive private banking segment within the alliance. The integration of these business activities will progress in line with comprehensive customer relationship management and is set to be completed by the end of 2011.

The savings banks and their customers will also benefit to a greater extent from DekaBank's capital market activities in the future. In the coming months, the Bank will discuss with shareholders and customers which additional products and services should possibly also be offered in future.

Strategic measures at Group level

DekaBank's strategy with a focus on adding value on a sustained basis is supported by the Lean Transformation process launched in the previous year. This continuous and sustainable optimisation process is to be launched in all Group units by 2014.

The Lean Transformation approach is closely linked to developing a forward-looking management culture and the extensive upgrade of our IT environment, the IT mission. We have also made good progress on these two projects in the first six months of 2011. To implement its IT mission, DekaBank has intensified its cooperation with Finanz Informatik GmbH & Co. KG, the central IT services provider for the *Sparkassen-Finanzgruppe*. Any technological solutions resulting from this cooperation are also to be used by other financial institutions within the *Sparkassen-Finanzgruppe* if possible.

The quality and process campaign launched in 2009 to enhance the cost structure was successfully completed ahead of schedule by mid 2011. Over 98% of the defined milestones have been implemented, including a reduction in the number of jobs and a restriction of expenditure on external consultancy services.

Sustainable business policy

In the first half of 2011, we have further aligned our business to precisely meet the criteria defined in our sustainability strategy and expanded the relevant activities. In March, the Equator Principles were officially adopted for all project finance with a volume of €10m or more.

Business partners must provide proof that the procedures they use are appropriate for developing projects on a socially and environmentally sustainable basis. In January, DekaBank already announced that it had joined the United Nations Global Compact initiative and will promote the ten principles specified in the Compact regarding human rights, labour, environment and anti-corruption.

In May this year, DekaBank achieved Prime Status for the first time in the corporate ratings of oekom, a leading rating agency worldwide in the segment of sustainable investments. This means that oekom recommends the bond issues and products of DekaBank to all investors who take a particular interest in social and environmental aspects.

Economic environment

In the first half of 2011, the economic environment was generally stable. The emerging markets as well as individual developed national economies, including Germany, recorded dynamic growth of an unexpected proportion. Company profits rose and impacted positively on ratings and risk premiums.

However, the uncertainty among market players, which has prevailed since the financial market crisis of 2008/2009, remained very noticeable during the reporting period and actually intensified. The main reason for this was a worsening of the national debt crisis in the eurozone and the USA. The threat of a domino effect with serious consequences for the financial markets cannot be ruled out and calls for prudent action at the political level.

In the capital markets, uncertainty was reflected by a continuously high level of volatility and the unchanged focus of investors on security and stability. As risk aversion spreads more widely, the demand for investment funds decreased. In addition, property funds faced the burden of a reorganisation of the regulatory framework conditions as well as pressure following the nuclear disaster in Japan. Although these events did not have a major impact on global economic developments, they resulted in funds outflows and subsequently considerably lower demand – not only for funds with a global focus.

Overall economic trends

The global economic recovery continued in the first half of 2011. Initially, the pace of the recovery was mainly driven by the emerging markets, but subsequently, the industrialised countries also recorded increasingly dynamic growth. The strategy adopted by countries worldwide to deal with the financial market crisis can be deemed a success. In particular, nations have largely succeeded in shielding the real economy from the failures in the financial sector.

Real economic growth is also the prerequisite for gradually tackling the problem of the already high and growing level of public sector debt.

Global GDP is expected to rise by approximately 4.2% in 2011. The natural and ensuing nuclear disasters in Japan as well as revolutions and hostilities in the Middle East and North Africa have not had a decisive effect on global economic developments to date. However, the Japanese economy will be significantly impacted by the effects of the events of spring 2011 for some time and is temporarily sliding back into recession. Instead of the originally expected growth of 1.5%, GDP is now expected to contract by 0.6%.

In the longer term, the implications of the national debt crisis will be greater. This applies particularly to the eurozone countries and the USA. The resultant uncertainty in the capital markets may contribute to slowing down economic growth. In addition, almost all countries have started to reduce their national deficits, which had increased massively in the wake of the crisis. Below the line, these developments had not yet had a major impact on the global economy during the period under review. However, they could emerge as significant detrimental factors in the remaining months of the year.

With a share of more than 50% of the global production of goods, the emerging markets are becoming increasingly important in relation to developments in the industrialised countries. The economies of most emerging markets grew considerably again in the first half of 2011. Compared with the previous year, the growth rate was slightly down. However, this is a positive factor, because it reduces the risk of economic overheating in these countries.

The US economy has seen cyclical growth factors gradually come to the fore after an upward phase which was primarily driven by fiscal support. This was marked by an increase in the investment activity of companies as lending conditions normalised and was accompanied by a sharp rise in company profits. Towards the middle of the year, the almost euphoric mood in companies seemed to make way for a more realistic assessment. Unusual for the USA, the economic recovery was only reflected in the labour market with some delay and to a lesser extent. The situation regarding US state finances is viewed with growing scepticism. In the course of the first six months of 2011, this became an important topic in the political debate.

The speed and dynamic pace with which the German economy shook off the crisis and its effects are causing a sensation worldwide. In the current year, GDP is set to rise by 3.5%, after already increasing by 3.6% in 2010. Germany has therefore already made up for all the crisis-induced GDP losses – a development that even optimists anticipated for 2012 at the earliest.

A positive factor is that the upward trend is increasingly supported by domestic demand, whereas growth in exports has decreased slightly in the direction of an average level. Private consumption, which has been the weak point in Germany's economic development for some years, is now one of the driving forces. Alongside higher wage agreements, the continuing easing in the labour market has been decisive in this respect. With a further decrease in the unemployment rate, which is around 7%, Germany now is one of the leading countries in Europe. Falling leading indicators, for example ifo business expectations, point to the fact that the German economy is gradually passing from a boom into a strong upturn.

At the same time, the economies of the other eurozone countries presented a mixed picture. Some of the core countries recorded sharp growth while the southern peripheral countries, in particular, are still grappling with the impact of the crisis. The unemployment rate in the eurozone was 9.9% in June 2011. Among the major national economies in the eurozone, Spain is conspicuous for a negative trend with an unemployment rate of 21.0%, but France is also struggling with a high level of unemployment and structural problems in the labour market.

The national debt crisis has worsened dramatically. This extreme test of the single currency continues for the euro. Despite the aid already received from the International Monetary Fund and the EU member states, Greece is still far from solving its national debt crisis on the strength of its own resources. The obligation to implement massive austerity measures, which is a condition associated with the aid, has resulted in growing political tension within the country. In addition, the case of Greece highlighted considerable differences within the European Union in terms of further financial assistance and the possible participation of private creditors by taking a haircut.

Alongside Greece, the financial situation of other eurozone countries is also highly strained. Concerns that additional rescue packages may become necessary and the national debt crisis could end in another banking crisis are influencing developments in the international financial markets.

Trends in capital markets

The central banks started to introduce a gentle transition to a less expansive monetary policy in the first half of 2011. In April, the European Central Bank (ECB) increased the key lending rate from 1.0% to 1.25%, followed just three months later by the second interest rate increase of a further 25 basis points. In the run-up to these interest rate hikes, the money market and short-term capital market interest rates already started to rise. Although the ECB has maintained the supply of central bank money to commercial banks via full allotments for main financing transactions and certain other refinancing transactions, it has pointed out that these measures are temporary.

In view of the risks arising from the national debt crisis, the positive economic fundamentals did not take full effect in the capital markets. The events in the Middle East, North Africa and Japan also had an impact. Nervousness and, as a result, higher volatility were a constant presence in the markets in the first six months of 2011.

By the end of the first half of 2011, the global equity markets were slightly weaker than at the beginning of the period, which was partly currency-driven, despite the fact that the quarterly figures of companies were generally positive. Some of the European markets were up. In principle, this trend is to be seen within the context of normalised growth following the dynamic growth rate of the previous quarters.

The bond markets are also in the grip of the eurozone crisis. Sentiment among market players fluctuated daily at times during the first half of this year, as reports and rumours changed. Government bonds from Germany and the USA continued to be in demand as safe havens.

Corporate bonds remained surprisingly stable, given the increased risk aversion of investors. Credit spreads tightened further. However, companies in the critical eurozone countries had to shoulder the sharp rise in risk premiums of the respective home countries and the same applied to bank bonds from financial institutions with a large exposure in peripheral eurozone countries. Nevertheless, new issues were predominantly placed successfully in the market at a higher spread level during the first half of 2011.

Covered bonds also remained popular, with investors even seeing German *Pfandbriefe* as an alternative to German government bonds and buying them accordingly. However, in this respect as well, securities issued in the strong eurozone core and Scandinavia mainly benefited from this development.

The heightened nervousness of market players was reflected in the currency trends. Overall, the euro gained substantially in value against the US dollar in the first half of the year, although there were repeated short-term counter-movements. It is striking that the strong correlation between exchange rate developments of euro/Swiss franc and euro/US dollar was dissolved in the reporting period. While the US dollar lost value, the Swiss franc rose substantially against the euro. The strength of the Swiss currency is largely explained by concerns about the capacity of some eurozone countries to carry their debt burden.

The prices of commodities were clearly up on the previous year's level in June, in some cases by more than 100%. In May, the commodities markets saw a perceptible price correction. However, this was followed by a further slight upward trend in June. In view of the modest decrease in global economic growth, the generally relatively high price level and the high level of raw material stocks in many places, there is a possibility that the phase of consolidation will continue for a while before the commodities markets return to their long-term upward trend.

Trends in property markets

In Europe, demand for space is rising more sharply in structurally strong countries, as are rents, than in those countries where real growth is muted. In individual markets, such as London and Paris, there is already a shortage of high-quality space in certain segments.

Overall, prospects for the rental market have considerably brightened throughout Europe. This is supported by economic stabilisation, a short-term rise in inflation rates and marked restraint with regard to project developments. However, in many locations, growth in rents is capped by the tense situation in the labour markets.

In Germany, growth in rents in the office markets was moderate, because the decline recorded by the local markets during the crisis was not substantial. With a downward trend in vacancy rates and steady rents, the market is robust. Since completions are not exerting excessive pressure either, rents are likely to go up in the course of the year.

High-quality retail property once again proved extremely resilient during the crisis. The high level of demand from international and national retailers met with a limited supply. As a result, vacancies remained the exception in the preferred retail locations of major cities. However, many secondary sites and shopping centres with a weak choice of location faced high vacancy rates and a decline in rents.

Demand for logistics space has continued to recover. Export-oriented countries such as Germany and the Netherlands profited from this in particular.

In the investment market, the upturn already observed in 2010 continued in the first half of the current year. However, demand remained almost exclusively limited to the core segment. In London's West End and some other European locations, the yields on the relevant properties have already fallen below the long-term average. Consequently, further significant decreases are unlikely. Investors are only very gradually starting to also consider properties in higher risk classes. At the same time, many investors have expanded the geographical range of potential acquisitions.

The wave of distress sales originally expected has not materialised. Unless they are under financial pressure, the relevant owners do not see the need to sell and prefer to wait until rents have recovered noticeably. Nonetheless, many existing problems have yet to be resolved and a rising number of these critical financing transactions will become due in the coming years.

Against the backdrop of a weak trend in the level of employment, it may take some time before the US office markets experience a sustained recovery. However, the decline in the volume of new construction is slowing down the rise in vacancy rates. Boston, Manhattan Midtown and San Francisco are leading the way, whereas the trend reversal will start later in Chicago, Los Angeles, Miami and Seattle. In the current year, the completion of new space in the USA is down to its lowest level since 1994.

In the Asian office markets, there has been a sharp rise in demand from multinational and also domestic companies. In particular, China and Singapore recorded significantly higher net absorption and rising rents. This trend is countered by a steep increase in the volume of new construction in some locations. Conversely, rents in Tokyo and Seoul decreased or stagnated respectively. However, demand in Japan's capital city did not collapse to the extent anticipated following the earthquake and nuclear incidents.

In Australia, the rise in the employment rate induced many companies to expand their premises. The high point of the cycle of new construction has now been passed, so that the volume will be progressively reduced. This will result in a slight decrease in vacancy rates in the major cities.

Trends in the funds sector

Rising interest rates as well as uncertainty in the markets in the wake of the disaster in Japan dominated fund market developments in the first six months of 2011.

The mutual securities funds recorded in the statistics of the *Bundesverband Investment und Asset Management (BVI)* reported funds outflows totalling €4.3bn in the first half of 2011, compared to positive fund inflows of €8.3bn in the previous year. Bond funds, in particular, were among the losers. They were still attracting investor funds in the previous year and are now in the minus, as well as mixed funds, whose net inflows could not come close to the high figures for 2010. Money market funds reported net funds outflows of €2.5bn, although the situation brightened somewhat after the massive return of fund units in the previous years. Equity funds profited, albeit with a moderate plus in the amount of €1.1bn.

Due to the market situation, at €0.6bn, open-ended mutual property funds did not succeed in attaining the net funds inflows recorded in the previous year (€2.1bn). With a net inflow of €16.9bn, special funds were almost 30% down on the corresponding figure for 2010.

Business development and profit performance in the DekaBank Group

Overall assessment by the Board of Management

Despite the turmoil surrounding the national debt crisis in Europe, DekaBank achieved an economic result for the first six months of 2011 that is similar to that of the extraordinarily strong previous year. Net commission income exceeded the forecast and trading business with the savings banks and institutional customers rose significantly. However, valuation allowances for Greek and Portuguese bonds adversely affected net financial income to a noticeable extent. At the same time, further revaluations, especially in non-core business, more than compensated for the value adjustments on bonds. Net interest income was slightly down on the previous year's level. The economic result of €336.6m approximately matched the previous year's figure. Overall, income was pleasing. Concurrently, personnel and operating expenses rose, in particular as a result of the fact that employees were taken on in Luxembourg and the expenses incurred for implementing the IT mission as well as write-downs of intangible assets.

The suitability of the half-year result as an indicator for the full year is limited. The valuation result for capital market credit products largely depends on market developments, which were favourable in some respects during the first six months of 2011. Equally, the trend in risk provisions was unusually positive again in relation to lending, although with the required adjustments for Greek and Portuguese bonds it reduced net financial income considerably. No reliable prediction is possible with regard to risk provisions for the second half of 2011. At the same time, administrative expenses are expected to exceed the previous year's level due to the implementation of the IT mission, expenses relating to the takeover of the business activities of LBBW Luxemburg S.A. and WestLB International S.A. in Luxembourg and the cost of regulatory measures.

The situation in fund business was less satisfactory during the reporting period. Although portfolio-related commission was almost at the comparative level for 2010, new business fell short of expectations again as in the previous year. This was partly attributable to economic risk factors. The more stringent regulatory environment resulting from the Investor Protection and Functionality Improvement Act also dampened demand. With regard to open-ended property funds, like other providers, we recorded temporary funds outflows after the nuclear incident in Japan and subsequently net sales stagnated. The combined net sales performance of the AMK and AMI business divisions of €–3.3bn failed to reach the previous year's figure.

This resulted in a decline in assets under management (AMK and AMI) from €155.2bn at year-end 2010 to €150.3bn. Nevertheless, in terms of fund assets according to BVI, the DekaBank Group remained in second place for mutual funds overall in the German market. As before, we are the market leader in open-ended mutual property funds and slightly increased our market share in this segment.

The ratio of intra-alliance business of almost 75% came in just below the comparative figure for 2010 (76%). Payments to the alliance partners of €422m were also down on the previous year's level (€472m) due to the sales situation. DekaBank's added value contribution in respect of our shareholders, which comprises payments to the alliance partners and the economic result, amounted to €0.8bn (previous year: €0.8bn). Following completion of the change in the shareholder structure, our aim must now be to increase product sales and the ratio of intra-alliance business on a sustained basis using suitable measures and in cooperation with the savings banks.

Around €1bn was transferred from equity for the Bank's own investment as part of the change in the shareholder structure. As a result, core capital decreased accordingly. The aim, as agreed with the shareholders, is to increase the core tier 1 capital ratio again from currently 9.5% (30 June 2011) to 12% on the basis of consistent profit retention in subsequent years. With this perspective, DekaBank's current capital resources are appropriate. The 2011 stress test of the European Banking Authority (EBA) also confirmed this fact. At 9.2% as at the end of 2012 in the crisis scenario modelling, the DekaBank Group substantially exceeded the minimum core tier 1 capital ratio of 5% stipulated by the supervisory authorities.

Leading international rating agencies Moody's and Standard & Poor's (S&P) have assessed the change in the shareholder structure positively in principle. Moody's stated that in its view this had strengthened DekaBank's business model on a sustained basis and affirmed the Bank's good ratings unchanged. S&P also responded positively to the new, uniform shareholder structure and particularly welcomed that more than half of the equity invested in the acquisition was contributed in the form of retained profit from 2010. The strong ratings for long-term and short-term debt were affirmed by S&P. The rating agency only downgraded existing debt subject to guarantor's liability by one notch to an AA– rating. In addition, S&P gave the other unchanged ratings a negative outlook. In this respect, S&P primarily focused on the consistent replenishment of core tier 1 capital following the acquisition of the shares.

Profit performance in the DekaBank Group

With an economic result of €336.6m, DekaBank almost matched the high previous year's figure of €337.7m. Growth in income of 11.6% to €798.2m (previous year: €715.2m) offset expenses of €461.6m (previous year: €377.5m). Core business accounted for €262.2m (previous year: €294.8m) of the economic result and non-core business contributed €74.4m (previous year: €42.9m).

At €175.2m, net interest income was down 9.6% on the comparative figure for 2010 (€193.7m). The main reason for this decrease was a reduction in the portfolio volumes of the Treasury and Credits sub-divisions (core and non-core business). Conversely, net interest income from the investment of the Bank's own funds was up on the previous year's figure, as a result of the higher level of market interest rates.

Risk provisions in the first half of 2011 totalled €–65.2m. Provisions for loan losses improved from €–9.9m in the previous year to the current level of €0.3m. Specific valuation allowances and valuation allowances for portfolio risks in lending were moderate. Reversals amounted to approximately the same level as the valuation allowances. Risk provisions of €–65.5m for securities in the loans and receivables and held to maturity categories are reported under net financial income and comprised a charge against income of around €–69m from the impairment of Greek and Portuguese bonds.

Net commission income of €519.7m was just 2.5% short of the previous year's figure (€533.0m). Commission from banking business did not completely match the strong result of the previous year. Commission from commission business and Sales was approximately at the previous year's level. However, income from securities management fell, in particular. Commission from investment and fund business was virtually stable. At the same time, the level of portfolio-related commission was similar to that of the previous year.

Net financial income, which comprises trading and non-trading positions totalled €107.7m and significantly outstripped the previous year's figure of €–8.7m.

Income from trading positions increased from €37.2m in the same period of the previous year to €139.4m for the first six months of 2011. In view of the modest rise in market interest rates and the restricted liquidity supply by the ECB, demand from institutional customers for short-term liquidity has risen again. As a result, repo/lending transactions and the corresponding synthetic structures generated higher income. In interest rate derivatives, business was also expanded. Trading in fixed-income securities produced income from customer trading activities on approximately the same scale as in the previous year.

Net financial income from non-trading positions in the amount of €–31.7m (previous year: €–45.9m) comprised specific valuation allowances for a Greek government bond issue and three Portuguese bank bonds. The valuation result for capital market credit products in non-core business was very positive, largely as a result of repayments and revaluations. An opposite effect occurred from the valuation of mutual fund units held in the Bank's own portfolio.

Other income amounted to €–4.7m. In the previous year (€7.1m), this figure included income from tax refunds.

Administrative expenses were up 21.1% to €460.9m (previous year: €380.5m).

Personnel expenses of €193.5m were 4.5% higher than in the same period in 2010 (€185.2m). The rise was primarily attributable to the increase in the number of employees, which in turn essentially resulted from the takeover of business activities in Luxembourg.

Operating expenses were up on the previous year (€187.2m), with an increase of 19.9% to €224.4m. These included higher consultancy costs in connection with the IT mission. In addition, contributions in relation to bank donations were up compared with the same period in the previous year. Conversely, the cost of fund administration was down.

Depreciation amounted to €43.0m and was considerably higher than in the previous year (€8.1m). This increase was primarily due to higher write-downs of intangible assets and unscheduled amortisation of the goodwill relating to WestInvest GmbH (Fig. 1).

Business development and profit performance in the AMK business division

In the first half of 2011, the AMK business division faced relatively difficult framework conditions. Subsequently, investor demand for active asset management solutions has been rather muted. With market interest rates recently rising again, alternative investment options such as money on call and fixed-term deposits have become more attractive. This situation has continued to put pressure on bond and money market funds. Net sales in the AMK business division were negative at €–3.6bn while assets under management decreased to €127.4bn (end of 2010: €132.5bn).

Net sales performance and assets under management

At €–3.6bn, the net sales performance of AMK's mutual securities funds and in fund-based asset management was slightly below the previous year's figure (€–3.2bn). This figure mainly reflected outflows relating to direct sales of bond and money market funds. Alongside the fact that the interest rate level remained below average, the worsening of the national debt crisis in the eurozone also had an adverse impact. Equity funds and capital protected funds also underperformed as compared with our expectations, although the funds outflows from these were less pronounced. Mixed funds continued the positive trend of the previous year. Sales were driven in part by the Deka-Wertkonzept product series. Its innovative total return concept specifically responds to investors' need for a reliable return in conjunction with limited risk.

The net sales performance in fund-based asset management of €–0.6bn was approximately at the previous year's level. Outflows were mainly concentrated on the Sparkassen-DynamikDepot. Conversely, the new Deka-Vermögenskonzept already made a considerable positive contribution of €0.5bn to the sales figure, which compensated for a major share of funds outflows from the Sparkassen-Dynamik-Depot. By offering this innovative asset management

Profit performance in the DekaBank Group *(Fig. 1)*

€m	1st half 2011	1st half 2010	Change	
Net interest income	175.2	193.7	–18.5	–9.6%
Provisions for loan losses	0.3	–9.9	10.2	103.0%
Net commission income	519.7	533.0	–13.3	–2.5%
Net financial income[1) 2)]	107.7	–8.7[3)]	116.4	(> 300%)
Other income	–4.7	7.1[3)]	–11.8	–166.2%
Total income	**798.2**	**715.2**	**83.0**	**11.6%**
Administrative expenses (including depreciation)	460.9	380.5	80.4	21.1%
Restructuring expenses	0.7	–3.0	3.7	123.3%
Total expenses	**461.6**	**377.5**	**84.1**	**22.3%**
Economic result	**336.6**	**337.7**	**–1.1**	**–0.3%**

1) The previous year's figures were adjusted. For details, please refer to note [4].
2) This includes the risk provision for securities in the lar and htm categories of approximately € –66m (first half of 2010: € –1m).
3) The previous year's figures have been adjusted due to reclassification with no impact on Group net income.

product throughout Germany, we expect to generate a significant increase in sales in this product category.

Approximately balanced, the net sales performance of our special securities funds as well as Master KAG mandates and advisory/management mandates failed to match the very strong net sales level of the previous year (€2.9bn). Although net sales for Master KAG mandates and advisory/management mandates were positive, special funds recorded outflows (Fig. 2).

AMK sales performance *(Fig. 2)*

€m	1st half 2011	1st half 2010
Direct sales mutual funds	−3,009	−2,631
Fund-based asset management	−585	−608
Mutual funds and fund-based asset management	**−3,594**	**−3,239**
Special funds and mandates	−24	2,923
Net sales AMK	**−3,618**	**−316**
For information purposes:		
Net funds inflow AMK (according to BVI)	**−5,227**	**−2,419**

Assets under management were down compared with the year-end figure for the previous year to €127.4bn (end of 2010: €132.5bn), in particular as a result of an unsatisfactory net sales performance in mutual funds. With regard to special funds and mandates, assets under management were at a virtually steady level (Fig. 3).

Expanded product range

Deka-Vermögenskonzept is a new DekaBank service which has been available to the savings banks and their customers since February 2011. The further development of fund-linked asset management to include additional advisory elements has created a new generation of structured asset management. The product is aimed at customers who prefer a customised and flexible approach and whose investment horizon is at least five years. A modular system facilitates investments that are tailored to the mentality of the individual customer.

AMK has also made progress in optimising its product range. Marketing focused mainly on Deka-Vermögenskonzept and the mixed funds. The key sales drivers were Deka-Euroland Balance, which invests in government bonds and equities in the eurozone, and the Deka-Wertkonzept total return product series, launched in 2010. In terms of equity funds, the Deka-DividendenStrategie fund, which was launched in August 2010, was particularly convincing. With regard to capital protected funds, the Deka-DeutschlandGarant series bucked the general trend with a positive development.

Fund performance and rating

With a total of 75.0% (figure as at year-end 2010: 71.7%) of DekaBank's bond funds outperforming their respective benchmarks in the first half of 2011, the bond funds topped the strong performance in 2010. In contrast, the ratio of equity funds which outperformed their respective benchmarks was down at 38.3% (figure as at year-end 2010: 48.9%).

In the first half of the year, the DekaBank Group achieved good scores in central performance comparisons of providers of mutual securities funds. For the third time running, the Deka-Euroland Balance CF, Deka-ConvergenceAktien CF and Deka-EuropaBond TF funds achieved

Assets under management AMK *(Fig. 3)*

€m	30.06.2011	31.12.2010	Change	
Mutual funds and fund-based asset management	85,593	90,352	−4,759	−5.3%
Special funds and mandates	41,799	42,119	−320	−0.8%
Assets under management AMK	**127,392**	**132,471**	**−5,079**	**−3.8%**
For information purposes:				
Fund assets – mutual funds AMK (according to BVI)	**97,753**	**103,890**	**−6,137**	**−5.9%**
Fund assets – special funds AMK (according to BVI)	**50,173**	**49,962**	**211**	**0.4%**

top rankings in their respective categories at the Lipper Fund Awards. At the €uro Fund-Awards, Deka-ConvergenceAktien CF was named "best Eastern Europe equity fund over 5 years" and Deka-Schweiz was the winner in the one-year comparison of "equity funds Switzerland".

In the Extel survey published by Thomson Reuters, Deka Investment GmbH was once again rated excellent. It ranked number 1 among German asset managers and advanced into third place in the comparison for Europe. The quality of the Bank's in-house research represents an important factor in the assessment by the 2,500 sector experts surveyed.

Profit performance in the AMK business division

Despite modest new business, the AMK business division maintained net commission income at a virtually constant level compared with the previous year. However, the lower valuation result from the Bank's own investment in existing funds and higher administrative expenses reduced the economic result to €176.2m, which was 20.1% below the previous year's level (€220.5m).

Net commission income totalled €394.4m and was almost at the same level as the comparable figure for 2010 (€396.4m). Despite the negative effects from the downturn in assets under management – driven, in particular, by outflows from mutual funds – portfolio-related commission slightly exceeded the previous year's level.

Administrative expenses amounted to €208.7m and were thus 18.0% up on the previous year's figure of €176.8m. Higher project expenses as a result of the implementation of the IT mission impacted here along with a rise in personnel expenses relating to the acquisitions in Luxembourg. In addition, write-downs of intangible assets increased (Fig. 4).

Business development and profit performance in the AMI business division

The close integration and trust-based cooperation with the savings banks as our most important sales partners once again proved to be key advantage under the continuing difficult market conditions in the first half of 2011. The liquidity ratios of property funds remained at a comfortable level, partly owing to the forward-looking sales quota system and distinct focus on private investors. This meant that the redemption of fund units was guaranteed at all times, despite the uncertain situation in the market.

Targeted disposals of properties also contributed to the strong performance of our funds. Such sales were implemented by taking advantage of the current recovery phase in the markets. Vacancy rates remained more or less unchanged. In this respect, the high letting ratio achieved in 2010 had a sustained positive effect.

In property finance, the portfolio of financing transactions reduced slightly compared with year-end 2010 while new business was brisk. This minor decline was due to equally brisk external placement activities and partly to the exchange rate. The business model in this sub-division is not volume-oriented, in order to reflect this structure.

Net sales performance and assets under management

AMI's net sales amounted to €0.3bn in the first half of the current year, which represents a sharp downturn compared with the figure for the same period in the previous year (€1.1bn) (Fig. 5). Of this amount, €0.2bn (previous year: €1.0bn) were attributable to our three retail funds. After a start in the new financial year which was largely comparable to 2010, the Deka-ImmobilienGlobal fund suffered perceptible outflows in the wake of the Fukushima disaster (€–159m in the first two weeks). Although outflows from

AMK profit performance *(Fig. 4)*

€m	1st half 2011	1st half 2010	Change	
Net commission income	394.4	396.4	–2.0	–0.5%
Other income	–9.5	0.9	–10.4	(< –300%)
Total income	**384.9**	**397.3**	**–12.4**	**–3.1%**
Administrative expenses (including depreciation)	208.0	175.0	33.0	18.9%
Restructuring expenses	0.7	1.8	–1.1	–61.1%
Total expenses	**208.7**	**176.8**	**31.9**	**18.0%**
Economic result	176.2	220.5	–44.3	–20.1%

AMI sales performance *(Fig. 5)*

€m	1st half 2011	1st half 2010
Mutual property funds	215	1,053
Property funds of funds	–5	–4
Special funds (incl. credit funds)	74	70
Individual property funds	23	0
Net sales AMI	**307**	**1,119**
of which to institutional investors	109	130
For information purposes:		
Net funds inflow AMI (according to BVI)	**283**	**1,058**

the funds soon returned to normal levels, demand for all three open-ended mutual property funds for retail customers has yet to return to the volume of the previous years.

As in the previous year, special funds and individual funds for institutional investors contributed €0.1bn to net sales. Growth in these funds continued to be limited by a lack of supply, which meant that it was not possible to buy as many suitable properties as we would have liked.

At €22.9bn, assets under management were at a very similar level as compared to year-end 2010 (€22.8bn). Slightly positive net sales and the performance of the funds were essentially balanced by the distribution of profits. With a market share of 23.5%, DekaBank Group remains the largest provider of open-ended mutual property funds in Germany (Fig. 6).

The performance of the funds was boosted by strong letting ratios and property sales against the cyclical trend. Most of the properties acquired were located in Germany and other European countries and related to open-ended mutual property funds as well as special funds and individual property funds. To promote further regional diversification, we acquired the first property in Chile.

Fund performance and rating

With an average annualised volume-weighted yield of 2.1%, the performance of the open-ended mutual property funds was generally above the sector average and in the top group within the market. However, similar to the sector average, it was down on the previous year's figure (3.0%). In rating comparisons, the products and management of the AMI business division repeatedly scored well. The analysts from Scope gave above-average ratings to all four open-ended property funds of the DekaBank Group. As was also the case in the previous year, the business division's products were all ranked in the upper rating range without exception.

With a rating upgrade from A+ to AA+ as compared with the previous year, the WestInvest ImmoValue fund ranked first place among the 24 funds rated. Scope upgraded Deka-ImmobilienGlobal from A to an A+ rating. As a result, the fund won the award for best global fund among the open-ended property funds and came in second place among all of the 17 retail funds scored. In their opinion, the analysts especially highlighted the strong letting ratio and high level of diversification compared with other funds.

Scope currently rates the quality of the liquidity management as "excellent" for all of the DekaBank Group's open-ended property funds. In terms of management quality, the DekaBank Group's two capital investment companies also ranked as frontrunners.

Real Estate Lending

Real Estate Lending continues to focus on markets, property types and business partners which are also relevant to our property funds.

The average rating of the entire portfolio in Real Estate Lending improved by one notch to 6 (BB+) as compared with year-end 2010.

Assets under management AMI *(Fig. 6)*

€m	30.06.2011	31.12.2010	Change	
Mutual property funds	20,016	19,996	20	0.1%
Property funds of funds	91	94	–3	–3.2%
Special funds	2,459	2,324	135	5.8%
Individual property funds	360	337	23	6.8%
Assets under management AMI	**22,926**	**22,751**	**175**	**0.8%**
For information purposes:				
Fund assets AMI (according to BVI)	**21,973**	**21,848**	**125**	**0.6%**

As at 30 June 2011, the gross loan volume totalled €6.8bn (end of 2010: €7.5bn). The decline in the lending portfolio despite strong new business levels resulted partly from the high volume of external placement activities and partly from currency effects. For example, a volume of €0.2bn was syndicated within the *Sparkassen-Finanzgruppe*.

Of the overall portfolio, €4.6bn were attributed to commercial property finance, whereas the financing of open-ended property funds accounted for around €1.8bn and the financing of public sector construction projects, a segment which is being phased out, for €0.4bn.

Profit performance in the AMI business division

Compared with the first half of 2010 (€51.7m), AMI achieved an increase in the economic result of 4.8% to €54.2m. As was also the case in the same period of the previous year, hardly any risk provisions have been required to date. However, this rather atypical constellation in the business will not necessarily continue during the remaining months of this year.

Despite higher margins, net interest income was down to €34.3m (previous year: €38.4m) for portfolio-related reasons.

The positive balance of provisions for loan losses (€4.3m) resulted primarily from upgraded ratings in the Real Estate Lending portfolio. In the previous year, net allocations totalling €12.0m were required.

Net commission income amounted to €76.5m (previous year: €82.1m).

At €60.0m, expenses (including depreciation) increased 7.7% as compared to the corresponding figure for the previous year. This was partly due to higher project expenses (Fig. 7).

Business development and profit performance in the C&M business division

The economic result of the C&M business division was up on the previous year's level, following an increase in customer trading activities. The capital market environment remained affected by the national debt crises in Europe, which were triggered by the financial market crisis.

Business development in the C&M business division

Markets sub-division

In share, **bond and derivatives brokerage**, customer trading activities rose slightly overall. After the marked restraint shown by institutional customers in the previous year, trading activity in the bond markets has picked up somewhat again. In interest rate derivatives brokerage, the higher interest rate level resulted in a greater volume of customer activities.

Traditional commission business was steady in the like-for-like comparison. Minor decreases in the equity and bond segments were absorbed thanks to pleasing sales of stock exchange traded derivatives.

With regard to structured solutions, the rise in business activities compared with the first half of 2010 reflects the increasingly stronger focus on solution-oriented products for the *Sparkassen-Finanzgruppe*.

AMI profit performance *(Fig. 7)*

€m	1st half 2011	1st half 2010	Change	
Net interest income	34.3	38.4	–4.1	–10.7%
Provisions of loan losses	4.3	–12.0	16.3	135.8%
Net commission income	76.5	82.1	–5.6	–6.8%
Net financial income	–3.2	–5.6	2.4	42.9%
Other income	2.3	4.5	–2.2	–48.9%
Total income	**114.2**	**107.4**	**6.8**	**6.3%**
Administrative expenses (including depreciation)	59.8	54.2	5.6	10.3%
Restructuring expenses	0.2	1.5	–1.3	–86.7%
Total expenses	**60.0**	**55.7**	**4.3**	**7.7%**
Economic result	**54.2**	**51.7**	**2.5**	**4.8%**

In **Short Term Products**, which ensures short-term liquidity supply, demand by the savings banks and other institutional counterparties for liquidity and short-term secured credit lines has increased again, since the ECB announced restrictions on the availability of central bank money. Traditional repo/lending transactions, which are mainly used by the investment funds of Deka Investment, have been increasingly replaced with synthetic structures. Total income from these transactions was up on the previous year's figure.

Our subsidiary ETFlab further expanded its product range of ETFs in the first half of 2011 with a focus on the bond markets. This enables institutional customers to implement their investment strategies more accurately and with a more differentiated approach. In February, ETFlab facilitated access to French government bonds in different maturity bands. In March, a large basket of euro-denominated corporate bonds followed in the non-banking sector. Compared with government bonds, these corporate bonds offer attractive yield opportunities. Overall, a total of 40 ETFs are now available.

As was already the case in the previous year, the positive sales performance was utilised to reduce DekaBank's own portfolio holdings in the funds of ETFlab. The total volume of our ETFlab fund products of €4.0bn was therefore down on the figure for year-end 2010 (€5.0bn). The Bank's own holdings amounted to 20.8% (end of 2010: 38.7%) of the total volume. They are used to ensure a liquid and efficient market and support customers in complying with investment limits.

Credits sub-division

In the Credits sub-division, the gross loan volume decreased further during the reporting period, as scheduled. As at 30 June 2011, it amounted to €28.1bn (end of 2010: €30.1bn). A major share of risk assets related to public sector financing and more specifically the financing of savings banks, which accounted for a gross loan volume of €14.2bn (end of 2010: €15.5bn). DekaBank therefore remains one of the savings banks' most important partners for long-term refinancing.

Treasury sub-division

Liquidity supply and management in Treasury ensures that DekaBank is in a position to provide public sector banks and its own funds with liquidity if required. In view of the short-term demand, this function necessitates a sufficient liquidity reserve subject to stringent requirements in terms of turning the individual positions into ready cash.

The core functions of bank management and funding comprise the implementation of the Bank's liquidity positioning and liquidity management. Another key task is the responsibility for funding the banking business. The gross volume in Treasury amounting to €19.3bn as at 30 June 2011 was down on the previous year's level (end of 2010: €21.3bn).

Profit performance in the C&M business division

C&M achieved an increase in its economic result to €68.0m, which represents a rise of 25.2% on the previous year's figure (€54.3m). This was essentially due to higher net financial income.

Net interest income was down to €94.0m (previous year: €127.4m). This primarily reflects the reduced volume of existing business in Treasury Investments and Credits.

Risk provisions totalled €–70.5m in the first half of the year. This amount includes net allocations to provisions for loan losses of €–5.0m (previous year: €–0.6m). Risk provisions totalling €–65.5m for securities in the loans and receivables (lar) and held to maturity (htm) categories are reported under net financial income. This includes a charge against income of around €–69m from the impairment of Greek and Portuguese bonds.

Net commission income decreased slightly from €51.1m in the previous year to €47.9m. While commission in lending business was virtually unchanged, income from commission business was below the corresponding figure for the previous year.

Net financial income of €70.9m substantially exceeded the comparative figure for 2010 (€–20.0m). This was partly attributable to increased income from customer trading activities. In addition, valuation effects had an impact in relation to liquidity investments in government bonds and bank bonds. The specific valuation allowances applied for one Greek and three Portuguese bond issues are also included in net financial income.

At €–15.6m, other income was down on the previous year's figure (€4.1m), which was essentially attributable to higher provisions.

Administrative expenses rose from €107.2m in the previous year to €124.8m. Higher project expenses were the main reason for this increase, with the implementation of the IT mission in C&M playing an important role. Conversely, personnel expenses were similar to the previous year's level (Fig. 8).

C&M profit performance *(Fig. 8)*

€m	1st half 2011	1st half 2010	Change	
Net interest income	94.0	127.4	–33.4	–26.2%
Provisions for loan losses	–5.0	–0.6	–4.4	(< –300%)
Net commission income	47.9	51.1	–3.2	–6.3%
Net financial income [1]	70.9	–20.0	90.9	(> 300%)
Other income	–15.6	4.1	–19.7	(< –300%)
Total income	**192.2**	**162.0**	**30.2**	**18.6%**
Administrative expenses (including depreciation)	124.8	107.2	17.6	16.4%
Restructuring expenses	–0.6	0.5	–1.1	–220.0%
Total expenses	**124.2**	**107.7**	**16.5**	**15.3%**
Economic result	68.0	54.3	13.7	25.2%

[1] The previous year's figures were adjusted. For details, please refer to note [4].

Business development and profit performance in non-core business

In non-core business, we pursued our strategy of reducing the portfolio while safeguarding assets at the same time. The gross loan volume of lending business and credit substitute transactions decreased to €5.8bn in the first six months of 2011 (end 2010: €6.6bn). The most marked decline was in the loan portfolio, which was down from €3.8bn to €3.0bn. In addition to the scheduled phasing out of products and individual disposals, early repayments by counterparties had an impact here. The portfolio of capital market credit products amounted to €2.0bn as at the 2011 half-year reporting date (end of 2010: €2.0bn), while the former Public Finance sub-division reported a volume of €0.8bn (end of 2010: €0.8bn).

At €74.4m, the economic result was significantly up on the previous year's figure of €42.9m. This was mainly due to positive valuation effects on CMBS and RMBS contracts as well as other capital market credit products. Net financial income rose to €50.8m (previous year: €14.4m).

The slight decrease in net interest income was attributable to the declining volume of the loan portfolio in non-core business, which overcompensated positive credit spreads. Provisions for loan losses totalled €1.0m and were therefore positive, as was the case in the previous year.

Administrative expenses of €4.0m were down on the already low comparative figure for 2010 (€6.3m). This also contributed to growth in the economic result from non-core business (Fig. 9).

Profit performance of non-core business *(Fig. 9)*

€m	1st half 2011	1st half 2010	Change	
Net interest income	26.2	30.6	–4.4	–14.4%
Provisions for loan losses	1.0	2.7	–1.7	–63.0%
Net commission income	0.5	2.6	–2.1	–80.8%
Net financial income	50.8	14.4	36.4	252.8%
Total income	**78.5**	**50.3**	**28.2**	**56.1%**
Administrative expenses (including depreciation)	4.0	6.3	–2.3	–36.5%
Restructuring expenses	0.1	1.1	–1.0	–90.9%
Total expenses	**4.1**	**7.4**	**–3.3**	**–44.6%**
Economic result	74.4	42.9	31.5	73.4%

Financial position and assets and liabilities

Balance sheet changes

Compared with year-end 2010, total assets of the DekaBank Group decreased by €6.6bn to €123.7bn as at 30 June 2011. The amount due from banks dropped by €4.1bn to €35.2bn as compared with year-end 2010. This decrease in volume was mainly attributable to a reduction in money transactions. Financial assets valued at fair value through profit or loss were slightly lower, down by €2.9bn to €53.6bn. They accounted for around 43% of total assets.

On the liabilities side, amounts due to banks and customers decreased marginally by €0.1bn to €50.8bn as at 30 June 2011 and therefore corresponded to approximately 41% of total assets.

In addition, financial liabilities valued at fair value through profit or loss were down by €6.2bn to €41.6bn. Of this amount, market values from derivatives accounted for €2.8bn, short sales of securities for €2.0bn and repurchased debt instruments valued at fair value for €1.4bn. Compared with year-end 2010, securitised liabilities were up by €0.8bn.

Equity declined from €4.1bn to €3.3bn following the acquisition of DekaBank's own shares as a result of a change in the shareholder structure.

Change in regulatory capital

Capital adequacy is determined in accordance with the Solvency Regulation (SolvV). The regulatory requirements governing capital and reserves were complied with at all times during the first half of 2011, both at the Bank and Group level. DekaBank's liquidity ratio was between 1.47 and 1.68 in the first six months of 2011 and remained above the minimum requirement of 1.0 at all times.

As at 30 June 2011, the core capital base remained sound and produced a core capital ratio of 11.7% including market risk positions. The core tier 1 capital ratio is 9.5% and we have already excluded the silent capital contributions of €552m, as the share of these which needs to be included in core tier 1 capital is set to decrease continually once Basel III comes into force.

The lower total capital ratio compared with 31 December 2010 is essentially attributable to the repurchasing of the Bank's own shares (Fig. 10).

European Banking Authority stress test

On 15 July 2011, the DekaBank Group published the results of the stress test conducted by the European Banking Authority (EBA). With a core tier 1 capital ratio of 9.2% in the adverse scenario, DekaBank exceeded the minimum threshold of 5% specified by the EBA and passed the test. The stress scenarios defined by the EBA comprised changes in macro-economic parameters, such as GDP and the rate of unemployment, and their impact on risk-weighted assets and impairments. Compared with the previous year, the scenarios have been expanded considerably to include interest rate shifts and changes in other financial metrics.

Breakdown of equity *(Fig. 10)*

€m	30.06.2011	31.12.2010	Change
Core capital	2,929	3,317	–11.7%
Supplementary capital	1,009	1,041	–3.1%
Tier III capital	–	–	n/a
Capital and reserves	**3,938**	**4,358**	**–9.6%**
Default risks	17,038	18,500	–7.9%
Market risk positions	6,225	5,575	11.7%
Operational risks	1,850	1,650	12.1%
%			**Change %-points**
Core capital ratio (including market risk positions)	11.7	12.9	–1.2
Core tier 1 capital ratio (excluding silent capital contributions)[1]	9.5	10.7	–1.2
Total capital ratio	15.7	16.9	–1.2

[1] Excluding potential RWA effects resulting from Basel III.

Employees

The number of employees increased to 3,857 (end of 2010: 3,683) in the first six months of 2011. An even sharper rise of 7.9% was recorded in the average number of posts filled, which in the previous year showed a downward trend. The reasons for this development were the takeovers in Luxembourg. These resulted in the staff complement of DekaBank in Luxembourg being expanded by a further 125 employees.

In June 2011, DekaBank's idea management was awarded the *DeutscherIdeenPreis* in the category of banks, insurance companies and financial services providers for the first time by the *Deutsches Institut für Betriebswirtschaft* (German Institute of Business Management and Economics). The integration of idea management into the overall bank management was highlighted, in particular, as well as the fact that suggestions for improvements are collected on a centralised basis and evaluated by a separate business unit. A total of 176 companies from 13 sectors entered the competition.

Post balance sheet events

No major developments or events of particular significance occurred after the reporting date of 30 June 2011.

Forecast report

Overall bank strategy

Following the clear confirmation of our integrated business model by the savings banks, we will consistently pursue our overall bank strategy, which is described in detail in our Annual Report 2010. The acquisition of all DekaBank shares by the German savings banks has created the conditions for implementing various projects relating to the targeted further development of our business model. Objectives include, in particular:

- tailoring DekaBank's business activities which are geared to asset management to meet the requirements of the savings banks and their customers even more precisely, and
- consolidating our firm anchoring within the *Sparkassen-Finanzgruppe*.

The relevant measures will be developed in close cooperation with shareholders, ensuring marketability. We are confident that this will further enhance DekaBank's value for the savings banks and corroborate our role as the central asset manager for the *Sparkassen-Finanzgruppe.*

Anticipated external conditions

Expected macro-economic trends

The impact of the financial market crisis is still very evident. Restoring the speed of expansion in terms of potential growth will be more arduous than after previous phases of economic weakness. This is made worse by the fact that many countries in and outside Europe face considerable structural changes and the task of consolidating their national finances.

According to our assessment, the national debt crisis and its potential consequences will in particular continue to cause uncertainty in the capital markets. All market players will face greater volatility. However, a massive crisis of confidence among entrepreneurs and consumers seems unlikely from today's point of view.

Based on our forecast, global GDP is set to increase by 4.2% in 2011 and 4.3% in 2012.

The factor dominating developments in Europe is the excessive debt of some EU member states and the question of how to deal with it. Greece, in particular, will depend on help from outside sources for the foreseeable future, in order to avoid national bankruptcy. Other countries in the EU and European Monetary Union are also facing the threat of default. Against this backdrop, the extraordinary EU summit held on 21 July 2011 was a success. The resolutions are in line with the logic of the EU's decisions to date and represent a further step towards securing the euro as a viable currency. Countries which have faltered receive support from other eurozone countries, the International Monetary Fund and the private sector. However, in return, they must implement reforms and adjustments. In the short-term, this package is suitable for restoring calm in the European financial markets, but it is no guarantee of the end of the European debt crisis. That can only be achieved with a reasonable policy of austerity measures and reforms in the weaker eurozone countries.

The drastic measures required to consolidate budgets are affecting the national economies of the countries concerned and leading to political tension within those countries. Yet, no better alternative exists, because only by reducing their budget deficits will these countries have any prospects of raising funds in the capital market in the future.

The gap between the prosperous national economies at the centre and those with considerable structural problems, particularly in the southern eurozone periphery, is likely to continue to widen in the EU. Germany will retain its role as the powerhouse of economic development in the course of this year. Other core EU countries, such as France and the Netherlands, will also achieve strong growth. However, growth will not match the dynamic rate realised by the German economy.

In the emerging markets, as well as in Asia and the USA, the economy will also continue its expansionary course. We expect that China and India will succeed in slightly slowing down the galloping growth. In addition, we do not expect risk factors, for example in Japan or in the Middle East and North Africa, to impact on the global economy in the future. Although the upswing is underway in the USA, it is not yet self-sustaining and growth is set to remain at a comparatively low level.

Expected trends in the capital markets

The rates of inflation in the eurozone are likely to remain above the ECB target of 2% in 2011, which will give rise to tighter monetary policy. We expect interest rate increases of 25 basis points each at the start of every quarter leading up to January 2012. A reason to deviate from such a policy would only be a dramatic worsening of the debt crisis or an evident sharp downturn in economic activity, neither of which is currently apparent. Rather, we expect that over time, concerns about the eurozone debt will gradually fade into the background as the consolidation programmes which have been launched start to take effect and the currently still ailing national economies recover.

In contrast, we expect unchanged key interest rates in the USA until mid-2012, due to the continuing weak economic environment and accordingly low inflationary forces from the labour market. By then, the economic recovery should have gained sufficient strength to allow the first interest rate hikes to be discussed. Although the compromise reached at the beginning of August regarding the increase of the debt ceiling requires comprehensive cutbacks in public sector expenses, it should have no material impact on expansionary forces.

Since resolving the national debt crisis is likely to necessitate a high level of consolidation of debt in the eurozone, we expect that risk premiums will not only widen in the affected eurozone countries in the second half of 2011, but also in the core eurozone countries. This may put pressure on yields in Germany. Conversely, emerging market spreads will decrease slightly again. We also expect a decline in risk premiums on corporate bonds.

The development of yields on US Treasuries will continue to depend heavily on the extent of investors' need for security. Interest rates at the short end will initially remain low as a result of the Fed's zero interest rate policy and high level of surplus liquidity in the banking system. At the long end, interest rates are likely to rise in the medium term as soon as the economic recovery gains strength and the risks in terms of global financial market stability diminish.

As long as the global economic upturn proceeds as forecast in 2011, share prices will also increase in the current year. However, greater fluctuations have occurred during the reporting year and, in our opinion, this trend will continue in 2011. For 2011, we expect a stock market yield of around 5%.

Expected trends in the property markets

According to our assessment, the recovery in the property markets will continue in the course of this year and will gain breadth. Due to split economic developments, the gap will also continue to widen in the European commercial property markets in the medium term. Countries with weaker growth rates will experience lower demand for space and record weak nominal growth in rents, whereas countries with a robust structure will see an opposite trend.

We expect the strongest growth in rents for office property in London and Paris this year. At the same time, we believe that Warsaw and Stockholm will outstrip the European average. In our opinion, rental growth will not resume again to a significant extent in Barcelona and Madrid until 2012. Growth in Germany and the Benelux countries is likely to be more modest. All markets in Europe will benefit from a reduction in vacancy rates due to the very low volume of new construction in 2011/2012.

With regard to retail properties, the Scandinavian countries, France and Germany are likely to offer the best prospects. In those countries, we expect to see a rise in rents for prime city locations. Conversely, Ireland and Spain may see a downturn in rents.

Against the backdrop of the still low level of employment, it may take some time yet before the US office markets recover on a sustained basis. Locations with a focus on technology and commodities will probably regenerate faster than markets which are primarily geared to financial services. Vacancy rates will gradually come down in the current year, providing opportunities for growth in rents.

In Asia, Hong Kong, Singapore, Beijing and Shanghai are set for continuous growth in rents, whereas we remain pessimistic as far as Tokyo and Seoul are concerned.

The investment volume in Europe is expected to rise further by year-end. However, financing remains restricted, which is likely to stop growth on a larger scale. The number of active property finance providers is relatively small and the European debt crisis has only heightened their sensitivity. Additionally, rising interest rate levels will increase financing costs for investors.

Although Germany, France and the UK will remain the heavyweights in Europe, the Scandinavian countries and selected countries in Central and Eastern Europe are expected to expand. In terms of Ireland, Portugal and Spain, we expect investor restraint to continue in the near future. In many European locations, top yields will only decrease slightly in the current year.

The transaction volume in the US investment market is likely to increase further in the coming quarters. The supply of core properties remains limited, so that cap rates in this category will continue to decrease slightly. However, they should stabilise in the current year. In contrast, properties of average quality and in secondary locations are at the other end of the yield scale.

With the exception of Tokyo and Seoul, we expect a further decline in yields in the Asia-Pacific office markets and rising capital values.

Expected business development and profit performance

The assumptions made in our Annual Report 2010 regarding the economic conditions have largely been confirmed. We do not expect substantial market impetus for the business development and profit performance of DekaBank in the second half of the year. In particular, we anticipate that demand from private investors for securities and property funds will remain modest. At the same time, growth and stability risks continue to exist in the wake of the financial and economic crisis and in some cases have become greater, the euro debt crisis being an example.

Despite the excellent half-year result, from today's standpoint, we do not expect to significantly exceed the forecast result of almost €500m. The high market dependency on net financial income and risk provisions as well as the planned trend in administrative expenses for the second half of the year seem to make exceeding the forecast by a large margin impossible. The valuation allowances required for Greek and Portuguese bonds in the first half of the year very clearly highlight the kind of market-driven charges which still need to be expected.

We confirm our presentation provided in the Annual Report 2010 for the individual business divisions and non-core business regarding the future business development and associated risks and opportunities.

AMK business division

The AMK business division will pursue the current sales focus based on its existing product range. DekaBank will concentrate on flexible investment solutions that respond to the different risk/reward profiles of investors on the basis of the Deka-Vermögenskonzept, which was launched in early 2011. Alongside fund-linked asset management, single fund investments centre on mixed funds with attractive risk management concepts. In addition, AMK will provide the savings banks with advisory tips for targeting affluent customers and customers with high incomes.

In institutional business, AMK intends to continue its expansion strategy for mandate-based business in multi asset mandates and also intensify sales in selected regions.

In view of the distinct risk aversion amongst investors, AMK expects only moderate growth in assets under management. As in the past few years, AMK will make a significant and steady contribution to the DekaBank Group's earnings.

AMI business division

In the first half of the year, net sales were modest in view of market developments. We now expect the situation to stabilise further, helped by the reasonably strong performance of our funds as compared with the sector as a whole. Due to the already relatively high price level on the market again, the volume of acquisitions for the funds may fall slightly short of the forecast targets. On the sales side, a few more transactions than originally planned should be possible, which makes it seem likely that the forecast overall transaction volume will be achieved.

AMI will further reduce the already very low share of institutional investors participating in the open-ended mutual property funds for private customers (below 7%) and offer suitable alternative products. In institutional business, we continue to aim for expansion, although this will also be limited by price hurdles in the acquisition markets.

In Real Estate Lending, we are experiencing greater competition in new business, with many competitors less sensitive to margins and/or risks than we are. At the same time, we are finding that there is a higher level of interest in the external placement of loans. We expect a profit contribution in line with our expectations.

Despite the evident good overall quality of our portfolio in terms of ratings, in this business, it is always necessary to be prepared that additional risk provisions may be required.

Overall, AMI aims to achieve a slight increase in its economic result. As before, the possibility of a higher than expected requirement for risk provisions in property finance, the comparatively fragile sales situation in open-ended mutual property funds and a transaction volume which has fallen short of targets due to market developments represent a threat in terms the result.

C&M business division

The capital market environment of the C&M business division continues to be dominated by the national debt crises in Europe and the USA.

In the segment of short term products, we once again expect increased demand from savings banks and other institutional counterparties for liquidity and short-term secured credit lines, as a consequence of the restrictions in the availability of central bank funds announced by the ECB.

The Markets subdivision is focusing business activities on asset management for the savings banks and their customers. As part of this, trading and derivatives brokerage is to be expanded, partly on the basis of structured solutions across asset classes.

We will continue to step up ETF business. The basis for this expansion is the range of investments, which was further enhanced in the first half of 2011, and intensified product sales.

In lending, new business will continue to be managed on the basis of external placement options in future. The focus will be on fund solutions enabling institutional investors to participate in attractive credit assets.

C&M plans to make a significant contribution to the economic result of DekaBank while at the same time limiting counterparty and market risks. Risks to the result arise, in particular, from potential unfavourable changes in the capital market environment (Markets), which remains fragile, further adverse effects of the national debt crisis (Treasury) and market-driven valuation allowances in lending (Credits) which exceed the forecast.

Non-core business

In non-core business, we will adhere to our successful strategy of reducing the portfolio while safeguarding assets at the same time. In all three sub-segments (Capital Market Credit Products, Loan Portfolio and Public Finance), further reductions of the portfolio volume are envisaged by year-end. Decisions regarding selling, holding or hedging specific positions will continue to be made on a case-by-case basis, taking into account the expected revaluation, default risk and contribution to net interest income. The risks to the result are largely congruent with those in core business.

Risk report

Risk-oriented overall bank management

DekaBank pursues a focused business model with strictly limited risks. Risk positions are only entered into if they arise in connection with customer transactions and can be hedged in the market, or if they are accepted in order to leverage synergies in Asset Management and are clearly limited by the amount of capital by which they are backed. DekaBank has specified limits for all material risks and has implemented consistent risk management. On the basis of this, DekaBank achieves an appropriate risk/reward ratio in the long term.

DekaBank confirms its risk policy and strategy as presented in the Annual Report 2010. No material changes have occurred in respect of the organisation of risk management, controlling and reporting. The DekaBank Group's risk policy and strategy once again proved sound in the first half of 2011.

The stress tests revised in line with the amendments to the MaRisk of 15 December 2010 have been applied since the start of 2011. As part of the revision, the stress tests have been supplemented across risk types to include several macro-economic stress scenarios. These provide an indication of the impact of historical and hypothetical scenarios as well as scenarios that are specific to our Bank and are included in the overall assessment of the profit trend and risk-bearing capacity. In addition, the results and the structure of the different scenarios are regularly acknowledged by the Stress Testing Committee.

The presentation of the gross and net loan volume in the credit risk report has been aligned even more precisely with the internal risk monitoring and management since the end of the first quarter of 2011. The enhancement of the relevant system facilitates a more differentiated inclusion of positions, collateral and underlying risks in determining the credit risk.

Overall risk position of DekaBank

Risk types and definitions

Market price risk describes the potential financial loss caused by future market parameter fluctuations. Market price risk comprises interest rate risk (including credit spread risk), currency risk and share price risk. Both the strategic positions in the investment book and the more short-term positions in the trading book entail market price risks.

We understand credit risk as the risk that a borrower, issuer or counterparty does not fulfil his contractual obligations or does not fulfil them on time and DekaBank incurs a financial loss as a result. In principle, with regard to credit risk, DekaBank distinguishes between position risk and advance performance risk. The position risk comprises the borrower and issuer risk, which is determined particularly by the creditworthiness of the respective contracting party, as well as replacement risk and open positions. The advance performance risk represents the danger that a business partner does not pay the contractually agreed upon consideration after advance performance by DekaBank.

Operational risk describes potential losses resulting from the use of internal processes and systems that are inappropriate or susceptible to failure as well as human error and external events. This also includes changes to political and legal framework conditions. Where losses occur due to an error by the Bank, other risks frequently arise whose damage potential also has to be taken into account. Examples of such secondary risks include reputation and legal risks.

Liquidity risk is understood as the risk of insolvency as well as the risk resulting from a mismatching of maturities in assets and liabilities. Insolvency describes the possibility of the Bank not being able to meet payment obligations on the due date, because its liabilities exceed the available liquid funds at the point in time under review. The performance risk which may arise from potential liquidity gaps is not a material risk for DekaBank at present.

Business risk comprises potential financial losses resulting from changes in customer behaviour, competitive conditions or the general economic framework conditions.

DekaBank understands shareholding risk as the risk of a financial loss from impairment of the portfolio of equity investments insofar as they are not consolidated in the balance sheet and therefore already included under other types of risk.

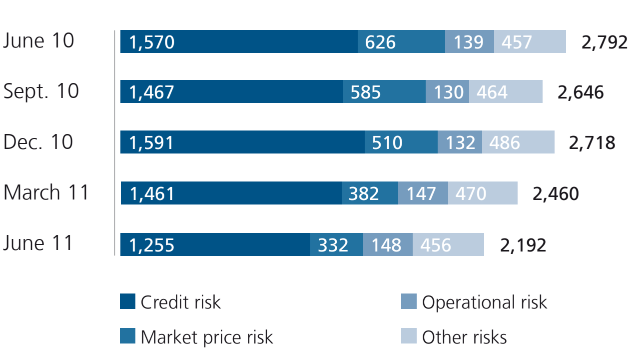
Property risk describes the risk of a drop in value of property held in the DekaBank Group's own portfolio. Property fund risk results from the possibility of an impairment in the value of property fund units held in the Bank's own investment portfolio.

Overall risk position in the first six months of 2011

DekaBank's Group risk fell considerably in the period under review. With a confidence level of 99.9% and a time horizon of one year, the value-at-risk (VaR) amounted to €2,192m as at 30 June 2011 (end of 2010: €2,718m). The decrease primarily resulted from lower market price and counterparty risk (Fig. 11).

Change in Group risk over the course of the year *(Fig. 11)*

€m



The diminished market price risk was mainly attributed to lower spread volatilities and the further reduction in risk positions. In particular, the lower counterparty risk reflects the reduced portfolio volume and a favourable trend in credit spreads with regard to the creditworthiness risk. Risk was further minimised by the fact that following valuation allowances through profit or loss, certain positions in Portugal and Greece were no longer included in the risk calculation. In addition, in the course of the regular validation of the underlying model, it was possible to make more differentiated assumptions for various parameters.

Overall, the ongoing national debt crisis and temporarily widening spreads for the countries concerned and the financial institutions based in those countries only had a limited impact on DekaBank's risk position. As at 30 June 2011, the PIIGS countries, i.e. Portugal, Italy, Ireland, Greece and Spain, accounted for only 3.9% of the gross loan volume (end of 2010: 3.9%). Of this amount, the core countries accounted for 0.5% and the public sector in the aforementioned countries for 0.2%. During the reporting period, we made valuation allowances of approximately €69m for one Greek bond issue and bond issues from Portuguese issuers, which were not valuated at market price. In terms of the amount, we were guided by the relevant current market prices.

In core business, Group risk was down from €2,057m at year-end 2010 to now €1,810m. We recorded an even greater reduction in non-core business, which reported Group risk of €381m as at the half-year reporting date (end of 2010: €662m). Less marked volatilities and the continuing cutbacks in volume impacted favourably here in terms of reducing the risk.

In the wake of the acquisition of the Bank's own shares, the risk cover potential of DekaBank decreased in the first half of 2011. As at 30 June 2011, the primary risk cover potential amounted to €3,458m (end of 2010: €4,431m) and the utilisation rate stood at 63.4% (end of 2010: 61.3%). The risk-bearing capacity was guaranteed at all times.

The Bank's overall risk-bearing capacity was €4,717m as at 30 June 2011 (end of 2010: €5,840m). In all of the macro-economic stress scenarios tested, the utilisation rate was uncritical.

Market price risks

Following the sharp decrease in the previous year, the overall market price risk (holding period of 10 days and confidence level of 95%) dropped further at the Group level and totalled €35.2m as at 30 June 2011 (end of 2010: €44.8m).

This trend was essentially attributable to a further reduction in the credit spread risks, which are included in interest rate risk. After €43.2m at year-end 2010, credit spread risks amounted to only €35.2m. Alongside the reduction of positions in the portfolio of non-core business, lower market volatility also impacted favourably here. This particularly contributed to reducing the credit spread risk related to the investment book (Treasury including capital market credit products).

The capital market credit products in core and non-core business accounted for a credit spread risk of €17.3m (end of 2010: €28.0m). The value-at-risk calculated for the Treasury portfolio (core business) is €9.3m (end of 2010: €14.1m) and for non-core business the figure is €14.6m (end of 2010: €25.1m). Further details are provided in the separate section on capital market credit products on pages 27 to 29.

Due to market developments, the general interest rate risk has increased to €3.1m as compared with year-end 2010 (€2.4m). However, this remains a low level. Conversely, a moderate decrease of 36% was recorded in share price risk, bringing it to €5.7m (end of 2010: €8.9m). Currency risk was down from €4.2m as at year-end 2010 to €1.3m, primarily as a result of the reduction in open currency positions. The main currency positions related to the US dollar, pound sterling and Swiss franc (Fig. 12).

Credit risks

From the end of the first quarter of 2011, the presentation of gross and net loan volume in the credit risk report has been aligned more precisely with the internal risk monitoring and management system. This facilitates an even more differentiated inclusion of positions, collateral and underlying risks when determining the credit risk. The comparison shows a higher gross loan volume as a result of this enhancement, because underlying risks in derivatives transactions, among others, are now also reflected. Conversely, the net loan volume is lower as compared with the previous reporting, particularly due to the higher granularity of the collateral inclusion. The figures for financial year 2010 have been adjusted in line with the new inclusion method to facilitate better comparison. Therefore, they do not correspond directly to the volumes reported in the Annual Report 2010.

Value-at-risk at the DekaBank Group[1] (Confidence level 95%, holding period 10 days) *(Fig. 12)*

€m Category	Core business	Non-core business	30.06.2011 Group	Core business	Non-core business	31.12.2010 Group	Change in risk
Interest rate risk	30.3	15.1	35.2	31.2	25.5	43.3	–18.6%
Interest rate – general	3.7	2.3	3.1	2.1	2.1	2.4	29.9%
Spread	29.7	15.0	35.2	30.8	25.7	43.2	–18.5%
of which in capital market credit business	9.3	14.6	17.3	14.1	25.1	28.0	–38.4%
Share price risk	5.7	–	5.7	8.9	–	8.9	–36.0%
Currency risk	0.7	1.1	1.3	2.0	2.5	4.2	–67.8%
Total risk	**30.1**	**15.1**	**35.2**	**32.9**	**26.0**	**44.8**	**–21.5%**

[1] Risk ratios interest rate risk and total risk take account of diversification. Including issuance specific credit spread risk.

The gross loan volume calculated was down by €10.3bn to €143.7bn in the reporting period (end of 2010: €153.9bn). The decrease was essentially attributable to the Financial Institutions and Corporates risk segments. In the Financial Institutions risk segment, including the savings banks, volumes were down in derivatives business. However, these only had a minor impact on the net loan volume. In the Corporates risk segment, the reduction in the gross loan volume was primarily due to the downturn in business with secured equity positions in the first half of 2011, which also only had a modest effect on the net loan volume. The increase in the retail portfolio mainly resulted from the takeover of private banking activities in Luxembourg (Fig. 13).

Gross loan volume *(Fig. 13)*

€m	30.06.2011	31.12.2010
Financial Institutions	76,587	80,046
Funds (transactions and units)	13,648	14,764
Corporates	16,182	20,900
Public sector finance Germany	15,832	15,809
Utility & project finance	2,937	3,122
Transport & trade finance	5,812	6,191
Other	5,039	5,037
Property risk	7,629	8,046
Total	**143,665**	**153,916**

At €106.5bn (end of 2010: €111.6bn), the gross loan volume remained concentrated in the eurozone with a share of 74.2%. Almost three quarters of the volume in the eurozone related to borrowers in the Federal Republic of Germany. The gross loan volume based outside the eurozone has been reduced somewhat. The volume was cut back in the UK and USA, in particular. Countries with a rating between 6 and 15 on the DSGV master scale are monitored using a global country limit.

As at the 2011 half-year reporting date, €94.4bn, or 65.7%, of the gross loan volume was collateralised. This represents a net loan volume of €49.3bn (end of 2010: €51.5bn). No significant shifts occurred within the various risk segments (Fig. 14). Compared with year-end 2010, the collateralised loan volume is slightly down. There was a decrease in the guarantor's liability as well as offsetting agreements on financial futures and lending and round tripping. At the same time, offsetting related to repo transactions was up.

Net loan volume *(Fig. 14)*

€m	30.06.2011	31.12.2010
Financial Institutions	30,255	31,515
Funds (transactions and units)	2,783	2,753
Utility & project finance	2,888	3,058
Corporates	5,964	6,573
Property risk	3,088	3,240
Transport & trade finance	950	1,079
Other	3,327	3,323
Total	**49,255**	**51,541**

The average rating of the net loan volume, calculated on the basis of the DSGV master scale, was 4 and therefore the same as at year-end 2010. For 87.8% of the net loan volume, the rating was above-average (Fig. 15). The rating of the gross loan volume was up by one notch to 3.

The credit value-at-risk (CVaR) (confidence level 99.9%, risk horizon of one year) decreased by 21% to €1.26bn in the first six months of 2011 (end of 2010: €1.59bn). Of this amount, 34.6% (end of 2010: 31.6%) was attributable to banks and other financial services providers.

Net loan volume by risk segment and rating *(Fig. 15)*

€m	Average PD in bps	Average rating 30.06.2011	30.06.2011	Average PD in bps	Average rating 31.12.2010	31.12.2010
Financial institutions	4	AA–	30,255	4	AA–	31,515
Corporates	48	6	5,964	44	5	6,573
Public sector finance international	8	A	1,243	7	A	1,414
Public sector finance Germany	1	AAA	60	1	AAA	160
Public infrastructure	267	10	1,123	308	10	1,070
Transport & trade finance	151	8	950	118	8	1,079
Utility & project finance	93	7	2,888	95	7	3,058
Property risk	49	6	3,088	65	6	3,240
Retail portfolio	9	A–	763	6	A	575
Funds (transactions/units)	13	2	2,783	11	2	2,753
Equity investments	87	7	138	86	7	105
Total result	**26**	**4**	**49,255**	**27**	**4**	**51,541**

Of the provisions for loan losses reported in the balance sheet totalling €669.2m (end of 2010: €617.6m), €588.7m (end of 2010: €523.5m) related to specific valuation allowances for loans and securities, €13.4m (end of 2010: €15.1m) to portfolio valuation allowances for country risks, €62.9m (end of 2010: €72.0m) to portfolio valuation allowances for creditworthiness risks and provisions for portfolio risks, and €4.2m (end of 2010: €7.0m) to provisions for specific valuation allowances in off-balance sheet lending. Of the specific valuation allowances amounting to €588.7m, an amount of €25.8m was attributable to Greece and €42.8m to exposures in Portugal (Fig. 16).

Operational risks

The value-at-risk for operational risks determined in accordance with the advanced measurement approach (confidence level 99.9%, risk horizon of one year) rose by 12% to €148m (end of 2010: €132m) in the course of the first half of 2011. The increase essentially reflects the

Provisions for loan losses by risk segment *(Fig. 16)*

€m	Financial institu-tions	Funds	Transport & trade Finance	Utility & project finance	Property risk	Public infra-structure	Public finance	Equity invest-ments	Corpo-rates	Other	30.06. 2011	31.12. 2010	31.12. 2009
Impaired gross loan volume[1]	669.0	0.0	147.3	0.0	129.5	195.5	49.4	0.0	68.4	0.0	1,259.1	987.2	1,214.8
Collateral at fair value	20.8	0.0	100.7	0.0	35.6	0.0	0.0	0.0	0.0	0.0	157.1	231.8	302.0
Impaired net loan volume[1]	648.2	0.0	46.6	0.0	93.9	195.5	49.4	0.0	68.4	0.0	1,102.0	755.4	912.8
Provisions for loan losses[2]	434.6	0.0	46.3	18.2	85.6	14.5	26.2	3.0	40.8	0.0	669.2	617.6	669.1
Specific valuation allowances	432.8	0.0	20.2	0.0	71.6	10.6	25.8	0.0	27.7	0.0	588.7	523.5	554.1
Provisions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.0	1.2	0.0	4.2	7.0	20.2
Portfolio valuation allowances for country risks	0.0	0.0	13.1	0.0	0.0	0.0	0.0	0.0	0.3	0.0	13.4	15.1	20.7
Portfolio valuation allowances for creditworthiness risks	1.8	0.0	13.0	18.2	14.0	3.9	0.4	0.0	11.6	0.0	62.9	72.0	74.1

[1] Gross and net loan volumes impaired by specific and country valuation allowances.
[2] Provisions for loan losses in balance sheet exceed the net loan volume as portfolio valuation allowances have been recognised.

trend in internal and external loss data and the first-time inclusion of the new business activities in Luxembourg. The losses reported for the period to date total a net amount of €2.3m, which represents approximately half of the total figure for the previous year (2010 total: €4.1m).

Conversely, the potential losses from operational risks determined as part of the Group-wide risk inventory decreased by 3% to €51.9m in the course of the first six months of 2011 (end of 2010: €53.7m). This change reflects the successful reduction of various risks as well as individual, more stringent scenario assessments resulting from the application of the in-depth scenario analysis method.

Liquidity risks

Following the repurchase of its own shares, the DekaBank Group still has a high level of potential liquidity that can be turned into cash at short notice. The Bank is able to rely on an extensive portfolio of liquid securities, most of which are eligible as collateral for central bank borrowings, the surplus cover in its cover pool which it can use, and the corresponding repurchase agreements. Refinancing is broadly diversified by investor and product groups.

As at 30 June 2011, the accumulated liquidity balance based on the funding matrix of the DekaBank Group in the short maturity band (up to one month) amounted to €9.5bn (end of 2010: €8.3bn). In the maturity band of up to six months, the surplus totalled €10.5bn (end of 2010: €6.3bn) and over a twelve-month period €12.7bn (end of 2010: €9.9bn). DekaBank's liquidity position remains very strong even under stress conditions. In all the scenarios examined for liquidity risks, both individual and market-driven, significant liquidity surpluses emerged in the short maturity band of up to one month (Fig. 17).

The regulatory requirements of the Liquidity Directive were clearly surpassed during the entire reporting period. The half-year average for the liquidity ratio of the first maturity band, determined on a daily basis, was 1.58. It moved within a range between 1.47 and 1.68. As at 30 June 2011, the ratio amounted to 1.51 (end of 2010: 1.56).

Other risks

The VaR relating to business risk was down 6.7% on the figure at year-end 2010 (€427m) to €399m. Risk was up in the AMK business division because of higher net commission. At the same time, risk in the AMI business was lower and the comprehensive remaining business risk also decreased.

With a VaR of €36m, the shareholding risk was virtually unchanged on the figure at year-end 2010 (€37m). The book values of equity investments and volatility remained at a steady level.

With a VaR of €7m (end of 2010: €7m), the property risk remained of secondary importance. The same applies to the property fund risk, which amounted to €14m as at 30 June 2011 (end of 2010: €15m).

Capital market credit products

The portfolios of capital market credit products are fully integrated into DekaBank's risk management system. The management, monitoring and limiting of risks has not changed compared with the presentation in the Annual

Intended holding period funding matrix of DekaBank Group as at 30 June 2011 *(Fig. 17)*

€m	<=1M	>1M-12M	>12M-7Y	>7Y-30Y	>30Y	Total
Securities, loans and promissory note loans[1]	9,956	18,772	40,517	6,135	55	75,436
Other money market transactions (lending)[2]	23,954	10,530	4,611	0	1,232	40,327
Derivatives[3]	−737	−3,625	−4,912	−95	0	−9,369
Refinancing funds[4]	−39,170	−11,495	−42,382	−5,335	−4,293	−102,675
Other balance sheet items[5]	−31	−54	−4	−14	−3,809	−3,911
Liquidity balance (acc. gap + acc. liquidity potential)						
DekaBank Group	9,461	12,683	5,229	5,561	−1,254	

[1] Including irrevocable credit commitments and guarantees.
[2] Of which €22,6bn collateralised repo transactions.
[3] Including synthetic lending substitute transactions.
[4] Including in particular short-term products, own certificates and funding.
[5] Including silent capital contributions and equity.

Structured capital market credit products by IFRS valuation category (in €m) *(Fig. 18)*

Product		Nominal	Book value	IFRS valuation category afv	lar
Structured	ABS	247.0	200.9	133.1	67.8
	RMBS	529.1	443.0	401.0	42.0
	CMBS	560.8	510.0	338.2	171.8
	CLO	541.8	446.3	446.3	0.0
	CSO CLN	75.0	59.0	59.0	0.0
	Structured finance CDO	30.0	16.1	16.1	0.0
Alternative	CPPI	100.0	97.1	97.1	0.0
Total		**2.083,7**	**1.772,4**	**1,490.8**	**281.6**

Report 2010. In line with DekaBank's business strategy, the positions are reported as either core business or non-core business.

The capital market credit products in core business – managed via the Treasury sub-division – are of strategic importance to DekaBank's business operations. They essentially comprise single name and index CDS transactions, corporate and sovereign bonds as well as transactions within the scope of long-term liquidity investment. The net nominal value of capital market credit products in core business declined by 9.2% to €5.9bn in the first half of 2011 (end of 2010: €6.5bn), mainly as a result of partial sales.

Asset-backed securities (ABS), commercial mortgage-backed securities (CMBS), residential mortgage-backed securities (RMBS), collateralised loan obligations (CLO), synthetic collateralised debt obligations (index and bespoke), structured finance collateralised debt obligations (SFCDO) and constant proportion portfolio insurance (CPPI) are combined in non-core business, which is not of strategic importance to DekaBank. The positions in non-core business amounted to a net nominal value of €2.1bn as at 30 June 2011 (end of 2010: €2.2bn). The decisive factors here included various partial repayments and early repayments on securitisation transactions as well as currency effects. The volume of non-core business will decrease over the coming years both through the planned reduction, while safeguarding assets at the same time, and the scheduled expiry of transactions. No new business will be entered into (Fig. 18).

Approach, valuation and IFRS categorisation

Capital market credit products categorised at fair value are predominantly valuated on a mark-to-market basis. We only continue to determine the fair value using a modified discounted cash flow model for 75 non-synthetic securitisation transactions in non-core business with a nominal volume of €0.8bn as at 30 June 2011. These transactions are all European securitisations or securitisations with a distinct focus on Europe.

Accordingly, any changes in the value of positions categorised at fair value are directly reported in the income statement. No actual defaults have occurred in the tranches to date. Models and indicative prices from pricing service agencies were used to establish the book values of assets in the at fair value (afv) category. The book values of loans and receivables (lar) positions are determined on the basis of amortised cost. No specific valuation allowance was required for any of these positions as part of an impairment test. With regard to afv positions, no nominal and interest defaults occurred.

In core business, the CDS positions and the major share of at-fair-value bonds are valuated at market price.
A share of the portfolio has been classified as held to maturity and is therefore included in the income statement at amortised cost.

Rating overview

Overall, the ratings in the portfolio of core business (Treasury) were good and almost exclusively investment grade as at the half-year reporting date. In non-core business, some securitisation transactions were downgraded during the period under review. Nevertheless, the major share of non-core business also has strong ratings, with 88.2% (end of 2010: 88.2%) of the ratings in the investment grade range as at 30 June 2011.

The rating overview for non-core business shows the external ratings on a conservative basis, to the effect that where several external ratings are available for a transaction, the overview shows the lowest rating (Fig. 19).

Structured capital market credit products by rating class (nominal value in €m) *(Fig. 19)*

Product		AAA	AA	A	BBB	Non investment grade	Unrated	Total
Structured	ABS	97.3	9.8	44.5	36.9	58.5	0.0	247.0
	RMBS	229.8	125.3	121.9	47.0	5.1	0.0	529.1
	CMBS	250.3	71.6	161.6	66.0	11.2	0.0	560.7
	CLO	0.0	183.1	174.7	87.4	96.7	0.0	541.9
	CSO	0.0	0.0	0.0	0.0	75.0	0.0	75.0
	Structured finance CDO	20.0	0.0	10.0	0.0	0.0	0.0	30.0
Alternative	CPPI	0.0	0.0	100.0	0.0	0.0	0.0	100.0
Total		**597.4**	**389.8**	**612.7**	**237.3**	**246.5**	**0.0**	**2,083.7**

Country overview

In terms of countries, the portfolio focus remains unchanged on Western Europe in core as well as non-core business.

In non-core business, the European market accounted for 80.1% of securitisation transactions. With regard to CMBS, a substantial amount is held via UK securitisation transactions, which corresponds to the market distribution. The only important positions outside Europe are CLO and CSO securitisation transactions and CPPIs (Fig. 20).

In core business, around 51% of the bond positions were attributable to the financial sector as at 30 June 2011. Nearly all of the positions in core business are denominated in euros, and currency effects are therefore negligible.

Maturity profile

The average maturity of the bond portfolio in core business shortened further in the first half of 2011. As at 30 June 2011, all positions had an average maturity of 4.6 years (end of 2010: 4.9 years). In the htm category, the average maturity was 6.0 years (end of 2010: 6.5 years). CDS had a maturity of 4.1 years for the secured party. Transactions within the scope of liquidity investments will expire in approximately 4.0 years and the two CPPI positions in 4.0 and 6.0 years respectively.

In addition to the legal final maturity, securitised products in non-core business only feature an expected maturity, since the actual cash flow may differ from the forecast cash flow. The portfolio mean is an expected average remaining maturity of around four years.

Current risk situation

The credit spread risk attributable to capital market credit products in core and non-core business totalled €17.3m (end of 2010: €28.0m). The value-at-risk calculated for the Treasury portfolio (core business) was €9.3m (end of 2010: €14.1m) and for non-core business amounted to €14.6m (end of 2010: €25.1m).

Structured capital market credit products by risk country (nominal value in €m) *(Fig. 20)*

Product	Structured						Alternative	Total
Country	ABS	RMBS	CMBS	CLO	CSO	Structured finance CDO	CPPI	
Germany	121	17	150	0	0	0	0	288
UK	13	127	227	17	0	0	0	384
Spain	3	103	0	0	0	0	0	106
Italy	42	130	13	0	0	0	0	185
Benelux	8	95	172	0	0	0	0	274
Scandinavia	0	0	0	22	0	0	0	22
Rest of Europe	24	57	0	308	0	20	0	410
USA	35	0	0	195	75	10	50	365
Other/global	0	0	0	0	0	0	50	50
Total	**247**	**529**	**561**	**542**	**75**	**30**	**100**	**2,084**

Interim financial statements

Statement of comprehensive income
for the period from 1 January to 30 June 2011

€m	Notes	1st half 2011	1st half 2010[1]	Change	
Interest and similar income		1,517.2	1,722.9	–205.7	–11.9%
Interest expenses		1,398.8	1,563.2	–164.4	–10.5%
Net interest income	[6]	118.4	159.7	–41.3	–25.9%
Provisions for loan losses	[7]	0.3	–9.9	10.2	103.0%
Net interest income after provisions for loan losses		118.7	149.8	–31.1	–20.8%
Commission income		1,133.6	1,202.1	–68.5	–5.7%
Commission expenses		613.9	669.1	–55.2	–8.2%
Net commission income	[8]	519.7	533.0	–13.3	–2.5%
Trading profit or loss	[9]	146.5	178.1	–31.6	–17.7%
Profit or loss on financial instruments designated at fair value	[10]	52.4	–263.8	316.2	119.9%
Profit or loss from fair value hedges in accordance with IAS 39		2.9	–8.9	11.8	132.6%
Profit or loss on financial investments	[11]	–55.0	1.6	–56.6	(< –300%)
Administrative expenses	[12]	460.9	380.5	80.4	21.1%
Other operating profit	[13]	–5.6	9.8	–15.4	–157.1%
Net income before tax		318.7	219.1	99.6	45.5%
Income taxes	[14]	109.8	43.5	66.3	152.4%
Interest expenses for atypical silent capital contributions		8.0	16.8	–8.8	–52.4%
Net income		200.9	158.8	42.1	26.5%
Of which:					
Attributable to non-controlling interests		0.0	0.0	0.0	n/a
Attributable to the shareholders of DekaBank		200.9	158.8	42.1	26.5%
Profit or loss on available-for-sale financial instruments not recognised in income		–1.1	0.2	–1.3	(< –300%)
Profit or loss on available-for-sale financial instruments recognised in income		0.0	0.0	0.0	n/a
Profit or loss on available-for-sale financial instruments		–1.1	0.2	–1.3	(< –300%)
Net change in revaluation reserve for cash flow hedges		29.3	0.0	29.3	n/a
Change in deferred taxes not recognised in income		–7.8	0.0	–7.8	n/a
Currency translation adjustments		0.8	4.9	–4.1	–83.7%
Other consolidated income		21.2	5.1	16.1	(> 300%)
Net income for the period under IFRS		222.1	163.9	58.2	35.5 %
Of which:					
Attributable to non-controlling interests		0.0	0.0	0.0	n/a
Attributable to the shareholders of DekaBank		222.1	163.9	58.2	35.5%

[1] The previous year's figures were adjusted. For details, please refer to note [4].

Balance sheet
as at 30 June 2011

€m	Notes	30.06.2011	31.12.2010	Change	
Assets					
Cash reserves		684.3	621.1	63.2	10.2%
Due from banks	[15]	35,189.7	39,310.3	–4,120.6	–10.5%
(net after provisions for loan losses amounting to)	[17]	(383.3)	(385.8)	–2.5	–0.6%
Due from customers	[16]	28,276.9	27,411.1	865.8	3.2%
(net after provisions for loan losses amounting to)	[17]	(198.1)	(205.1)	–7.0	–3.4%
Financial assets at fair value	[18]	53,622.3	56,555.1	–2,932.8	–5.2%
(of which deposited as collateral)		(5,680.2)	(5,325.1)	355.1	6.7%
Positive market values from derivative hedging instruments		290.1	252.1	38.0	15.1%
Financial investments	[19]	4,948.6	5,634.1	–685.5	–12.2%
(net after provisions for loan losses amounting to)		(78.5)	(10.5)	68.0	(> 300%)
(of which deposited as collateral)		(877.1)	(1,703.5)	–826.4	–48.5%
Intangible assets	[20]	94.1	100.5	–6.4	–6.4%
Property, plant and equipment	[21]	35.1	36.4	–1.3	–3.6%
Income tax assets		231.2	97.0	134.2	138.4%
Other assets		322.5	286.1	36.4	12.7%
Total assets		123,694.8	130,303.8	–6,609.0	–5.1%
Liabilities					
Due to banks	[22]	28,714.1	29,508.6	–794.5	–2.7%
Due to customers	[23]	22,087.7	21,369.8	717.9	3.4%
Securitised liabilities	[24]	24,917.1	24,095.7	821.4	3.4%
Financial liabilities at fair value	[25]	41,635.7	47,876.8	–6,241.1	–13.0%
Negative market values from derivative hedging instruments		371.1	531.0	–159.9	–30.1%
Provisions	[26]	235.4	244.9	–9.5	–3.9%
Income tax liabilities		384.5	307.0	77.5	25.2%
Other liabilities		548.0	729.3	–181.3	–24.9%
Subordinated capital	[27]	1,441.9	1,480.0	–38.1	–2.6%
Atypical silent capital contributions		52.4	52.4	0.0	0.0%
Equity	[28]	3,306.9	4,108.3	–801.4	–19.5%
a) Subscribed capital		191.7	286.3	–94.6	–33.0%
b) Capital reserves		190.3	190.3	0.0	0.0%
c) Reserves from retained earnings		2,705.1	3,604.7	–899.6	–25.0%
d) Revaluation reserve		6.5	–13.9	20.4	146.8%
e) Currency translation reserve		12.4	11.6	0.8	6.9%
f) Accumulated profit/loss (consolidated profit)		200.9	28.6	172.3	(> 300%)
g) Minority interests		0.0	0.7	–0.7	–100.0%
Total liabilities		123,694.8	130,303.8	–6,609.0	–5.1%

Statement of changes in equity
for the period from 1 January to 30 June 2011

	Paid-in equity		Group equity generated	
€m	Subscribed capital	Capital reserves	Reserves from retained earnings	Consolidated profit/loss
Holdings as at 31.12.2009	286.3	190.3	2,987.5	28.6
Net income for the year				158.8
Currency translation adjustments				
Profit or loss on available-for-sale financial instruments not recognised in income				
Profit or loss on available-for-sale financial instruments recognised in income				
Change in deferred taxes not recognised in income				
Other consolidated income				
Net income for the period under IFRS	–	–	–	158.8
Changes in the scope of consolidation and other changes				−1.8
Distribution				−28.6
Holdings as at 30.06.2010	286.3	190.3	2,987.5	157.0
Net income for the year				488.9
Currency translation adjustments				
Net change in revaluation reserve for cash flow hedges				
Profit or loss on available-for-sale financial instruments not recognised in income				
Profit or loss on available-for-sale financial instruments recognised in income				
Change in deferred taxes not recognised in income				
Other consolidated income				
Net income for the period under IFRS	–	–	–	488.9
Changes in the scope of consolidation and other changes			−0.1	
Allocation to reserves from retained earnings			617.3	−617.3
Holdings as at 31.12.2010	286.3	190.3	3,604.7	28.6
Net income for the year				200.9
Currency translation adjustments				
Net change in revaluation reserve for cash flow hedges				
Profit or loss on available-for-sale financial instruments not recognised in income				
Profit or loss on available-for-sale financial instruments recognised in income				
Change in deferred taxes not recognised in income				
Other consolidated income				
Net income for the period under IFRS	–	–	–	200.9
Changes in the scope of consolidation and other changes			−0.1	
Distribution				−28.6
Purchase of own shares	−94.6		−899.5	
Holdings as at 30.06.2011	191.7	190.3	2,705.1	200.9

Other consolidated income				
Revaluation reserve	Currency translation reserve	Total before minority interests	Minority interests	Equity
2.5	4.1	3,499.3	0.7	3,500.0
		158.8		158.8
	4.9			
0.2				
0.2	4.9	5.1		5.1
0.2	4.9	163.9	–	163.9
		−1.8	−0.1	−1.9
		−28.6		−28.6
2.7	9.0	3,632.8	0.6	3,633.4
		488.9		488.9
	2.6			
−21.2				
−1.3				
5.9				
−16.6	2.6	−14.0		−14.0
−16.6	2.6	474.9	–	474.9
		−0.1	0.1	
−13.9	11.6	4,107.6	0.7	4,108.3
		200.9		200.9
	0.8			
29.3				
−1.1				
−7.8				
20.4	0.8	21.2		21.2
20.4	0.8	222.1	–	222.1
		−0.1	−0.7	−0.8
		−28.6		−28.6
		−994.1		−994.1
6.5	12.4	3,306.9	–	3,306.9

Condensed cash flow statement
for the period from 1 January to 30 June 2011

€m	1st half 2011	1st half 2010
Cash and cash equivalents at the beginning of the period	621.1	285.7
Net cash from operating activities	1,185.1	700.2
Net cash from investing activities	−34.6	35.4
Net cash from financing activities	−1,050.2	−536.1
Effects of changes in the scope of consolidation	−37,1	–
Cash and cash equivalents at the end of the period	684.3	485.2

The definitions for the individual cash flow components are the same as in the 2010 consolidated financial statements.

Notes

Segment reporting

[1] Segmentation by business divisions

In accordance with IFRS 8, the segment reporting is based on the management approach. This requires that the segment information is presented in line with the internal reporting as submitted to the Chief Operating Decision Maker on a regular basis for decision-making, resource allocation and performance assessment purposes.

	Asset Management Capital Markets		Asset Management Property		Corporates & Markets[1]	
			Economic result			
€m	1st half 2011	1st half 2010	1st half 2011	1st half 2010	1st half 2011	1st half 2010
Net interest income	3.0	0.2	34.3	38.4	94.0	127.4
Provisions for loan losses	–	–	4.3	–12.0	–5.0	–0.6
Net commission income	394.4	396.4	76.5	82.1	47.9	51.1
Net financial income[3)4)]	–9.5	4.4	–3.2	–5.6	70.9	–20.0
Other income	–3.0	–3.7	2.3	4.5	–15.6	4.1
Total income	**384.9**	**397.3**	**114.2**	**107.4**	**192.2**	**162.0**
Administrative expenses (including depreciation)	208.0	175.0	59.8	54.2	124.8	107.2
Restructuring expenses[6)]	0.7	1.8	0.2	1.5	–0.6	0.5
Total expenses	**208.7**	**176.8**	**60.0**	**55.7**	**124.2**	**107.7**
(Economic) result before tax	**176.2**	**220.5**	**54.2**	**51.7**	**68.0**	**54.3**
Cost/income ratio[7)]	0.54	0.44	0.54	0.45	0.63	0.66

1) The comparable figures for net financial income and the cost/income ratio in the Corporates & Markets segment were amended. For details, please refer to note [4].
2) There is no figure for cost/income ration for the segment Corporate Centres/Other as this ratio is not meaningful here.
3) This includes income from trading positions, non-trading financial income, income from other financial investments as well as income from repurchased debt instruments.

The material changes in variables and ratios in the first half of 2011 are shown in the following table:

	Asset Management Capital Markets		Asset Management Property		Corporates & Markets	
€m	30.06.2011	31.12.2010	30.06.2011	31.12.2010	30.06.2011	31.12.2010
Group risk (Value-at-risk)[2)]	443	396	199	200	1,167	1,461
Assets under management[3)]	127,392	132,471	22,926	22,751	3,977	5,030
Gross loan volume[4)]	–	–	7,117	7,532	130,573	139,640

1) There is no figure for Group risk for the segment Corporate Centres/Other as this ratio is not meaningful here.
2) Value-at-risk with confidence level of 99.9% and holding period of 1 year as at 30 June 2011 and 31 December 2010. Discrepancies in the totals are due to rounding.
3) Assets under management include fund units in the Group's own portfolio amounting to €1,588.1m (31 December 2010: €2,624.3m).
4) In the reporting year, the presentation of the gross loan volume was aligned more closely with internal risk monitoring and management. The figures as at 31 December 2010 were adjusted to improve comparability.
5) The gross loan volume includes equity investments not allocated to the respective segments but illustrated separately in the Corporate Centres/Other segment.

In principle, the DekaBank Group's management reporting is based on the IFRS reporting standards. As net income before tax is only conditionally suitable for the internal management of the business divisions, in 2005 the economic result was defined as the central management indicator. In line with the requirements of IFRS 8, since 2007 the economic result has also been included in the external reporting as material segment information.

	Corporate Centres/ Other[2)]		**Total core business**		**Non-core business**		**Group**		**Reconciliation**		**Group**	
	Economic result				**Economic result**		**Economic result**				**Net income before tax**	
	1st half 2011	**1st half 2010**	**1st half 2011**	**1st half 2010**	**1st half 2011**	**1st half 2010**	**1st half 2011**	**1st half 2010**	**1st half 2011**	**1st half 2010**	**1st half 2011**	**1st half 2010**
	17.7	−2.9	149.0	163.1	26.2	30.6	175.2	193.7	−56.8	−34.0	118.4	159.7
	–	–	−0.7	−12.6	1.0	2.7	0.3	−9.9	–	–	0.3	−9.9
	0.4	0.8	519.2	530.4	0.5	2.6	519.7	533.0	–	–	519.7	533.0
	−1.3	−1.9[5)]	56.9	−23.1	50.8	14.4	107.7	−8.7	39.1	−84.3	146.8	−93.0
	11.6	2.2[5)]	−4.7	7.1	–	–	−4.7	7.1	−0.2	−0.3	−4.9	6.8
	28.4	**−1.8**	**719.7**	**664.9**	**78.5**	**50.3**	**798.2**	**715.2**	**−17.9**	**−118.6**	**780.3**	**596.6**
	64.3	37.8	456.9	374.2	4.0	6.3	460.9	380.5	–	–	460.9	380.5
	0.3	−7.9	0.6	−4.1	0.1	1.1	0.7	−3.0	–	–	0.7	−3.0
	64.6	**29.9**	**457.5**	**370.1**	**4.1**	**7.4**	**461.6**	**377.5**	**–**	**–**	**461.6**	**377.5**
	−36.2	**−31.7**	**262.2**	**294.8**	**74.4**	**42.9**	**336.6**	**337.7**	**−17.9**	**−118.6**	**318.7**	**219.1**
	–	–	0.63	0.55	0.05	0.13	0.58	0.52				

4) This includes the risk provision for securities in the lar and htm categories of approximately €–66m (first half of 2010: €–1m).
5) In line with the amendment in the 2010 consolidated financial statements, there was a reclassification from other income to net financial income.
6) Restructuring expenses are reported in the consolidated financial statements under other operating profit.
7) Calculation of the cost/income ratio excluding restructuring expenses and net risks.

	Corporate Centres/ Other[1)]		**Total core business**		**Non-core business**		**Group**	
	30.06.2011	**31.12.2010**	**30.06.2011**	**31.12.2010**	**30.06.2011**	**31.12.2010**	**30.06.2011**	**31.12.2010**
	–	–	1,810	2,057	381	662	2,192	2,718
	–	–	154,295	160,252	–	–	154,295	160,252
	138[5)]	105[5)]	137,828	147,277	5,837	6,639	143,665	153,916

In addition to net income before tax, the economic result comprises changes in the revaluation reserve as well as the interest rate and currency-related valuation result from original lending business and underwriting business. This essentially refers to financial instruments in the loans and receivables and held to maturity categories, which are measured at amortised cost in the consolidated financial statements and whose interest rate and currency-related valuation result is also included in internal reporting. Consequently, the existing economic hedges which do not meet the criteria for hedge accounting under IAS 39 or for which hedge accounting may not be applied are illustrated in full for internal management purposes. The measurement and reporting differences versus the IFRS consolidated financial statements are shown in the "reconciliation to Group income before tax" item in the "Reconciliation" column.

The following segments correspond to the business division structure of the Group as also used in internal reporting. In line with the management reporting, changes in the value of goodwill from the acquisition of WestInvest Gesellschaft für Investmentfonds mbH were no longer allocated to the Asset Management Property operating segment, but instead reported under Corporate Centres/Other. There were no other changes in the organisational and business division structure in the first half of 2011.

The segments are defined by the different products and services of the Group:

Asset Management Capital Markets

The Asset Management Capital Markets segment consists of all the Group's activities concerning capital market-based asset management for private and institutional customers. In addition to funds and structured investment concepts, the product range also includes offerings from selected international cooperation partners. The Group's investment funds cover all the major asset classes, sometimes in conjunction with guaranteed, discount and bonus structures. The offering for private retirement pensions encompasses fund-based *Riester* and *Rürup* products. The segment also comprises advisory, management and asset management mandates for institutional customers as well as Institutional Sales. The range of services offered by the segment also includes the Master KAG activities, which institutional customers can use to pool their assets under management with one investment company. In addition, the Asset Management Capital Markets segment comprises services for custodial accounts, fund administration as well as central fund management services.

Asset Management Property

All property-related activities of the DekaBank Group are pooled in the Asset Management Property segment. This encompasses property investment products for private and institutional investors. The product range includes open-ended mutual and special property funds, individual property funds, property funds of funds as well as real estate finance and infrastructure finance funds. The segment also includes the purchase and sale of property, management of these assets including all other property-related services (real estate management) as well as product development of Group-wide property-based activities. Real Estate Lending completes the Asset Management services offered by providing financial solutions for third parties, thus offering professional property investors various exit routes.

Corporates & Markets

The Corporates & Markets segment comprises the lending activities that are suitable for Asset Management, the trading and sales activities of Capital Markets and Treasury business. The segment acts as a central service provider for intra-Group and external Asset Management customers. Short-term products are a major focus of the trading and sales activities, as is the structuring of equity and interest rate derivatives for funds and savings banks. The Corporates & Markets segment also encompasses all activities relating to exchange traded funds (ETFs) covering product development, management, market making and ETF sales. The lending business comprises the management and product launch of credit assets, e.g. trade/export finance, public sector and infrastructure financing, which are suitable for Asset Management or meet the needs of institutional customers. In addition, Corporates & Markets includes liquidity positioning and liquidity risk management as well as asset/liability management.

Corporate Centres/Other

Income and expenses that are not attributable to the other reporting segments are reported under Corporate Centres/Other. These essentially relate to overhead costs for the Corporate Centres as well as the profit or loss on the investment of capital and reserves at risk-free interest. Since financial year 2011, changes in the value of goodwill from the acquisition of WestInvest Gesellschaft für Investmentfonds mbH have been reported under Corporate Centres/Other.

Non-core business

Credit portfolios and structured capital market credit products that are less suitable for product solutions in Asset Management are reported as non-core business. The segment includes trade and export finance not covered by government export credit insurance. Also allocated to non-core business are leveraged financing, where the key sectors do not correspond with the new strategic direction, and structured capital market credit products such as asset or mortgage-backed securities, collateralised loan obligations and synthetic products, which are monitored and managed separately.

Reconciliation of segment results to the consolidated financial statements

The reporting and measurement differences between internal reporting and IFRS net income before tax amounts to €17.9m in the reporting period (first half of 2010: €118.6m).

This includes a valuation result of €–8.9m (first half of 2010: €116.6m) from interest rate and currency-related capital market effects. Of this, €–23.8m (first half of 2010: €66.3m) relates to securities in the held to maturity category, which are countered by valuation results from the corresponding interest rate swaps in IFRS net income before tax.

The Bank also hedges the future credit margins of fixed and variable rate foreign currency loans (original positions) against currency fluctuations. The valuation result for hedging instruments (€29.3m), to which the accounting and valuation rules for cash flow hedges can be applied, is reported accordingly in the revaluation reserve with no impact on income and thus as part of the economic result. To adequately illustrate the existing economic hedges in the result for the period, the foreign exchange profit or loss resulting from the foreign exchange valuation of future transactions (underlying transactions) is also reported in the economic result.

The other reconciliation amounts shown in the reconciliation column refer to reporting differences between management reporting and the consolidated financial statements. Of these, €56.9m (first half of 2010: €34.2m) relates to internal transactions which are reported in the economic result in net interest income and the corresponding contrary income effects in net financial income. Moreover, income effects from repurchasing own issues are reported under net financial income in the management reporting, but under other operating profit in the consolidated financial statements.

General information

[2] Accounting principles

The interim report of DekaBank Deutsche Girozentrale has been prepared in accordance with the International Financial Reporting Standards (IFRS). The standards published and adopted by the European Union at the time the financial statements were prepared and their interpretation by the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) apply.

The present abbreviated interim financial statements were prepared in accordance with Section 37y of the Securities Trading Act (WpHG) in conjunction with Section 37w WpHG, with particular account taken of the requirements of IAS 34 (Interim Reporting).

[3] Accounting policies

The interim report is based on the accounting policies of the 2010 financial statements. In accordance with IAS 34, the accounting recognition of a transaction is based on an independent evaluation as at the current reporting date and not in anticipation of the annual financial statements. The present interim report was reviewed by our year-end auditor and should be read in conjunction with our audited 2010 consolidated financial statements. The disclosures on risks relating to financial instruments are essentially provided in the risk report of the interim management report.

In principle, income and expenses are recognised in the period to which they may be assigned in economic terms. Items allocable evenly over several periods are accrued or deferred on a pro rata basis.

Estimates and assessments required in line with accounting policies under IFRS are carried out in accordance with the respective standard on a best estimate basis and are continually revalued and based on expected values and other factors, including expectations regarding future events that appear reasonable under the given circumstances on the reporting date. In the present financial statements, all adjustments required to convey a suitable presentation of the net assets, financial position and results of operations of the Group are carried out as part of the interim reporting.

[4] Prior year adjustments

When preparing the 2010 consolidated financial statement, a claim against the tax authorities for a refund of investment income tax was corrected with an impact on income. Consequently, this necessitated the following adjustments to the comparable figures in the statement of comprehensive income for the first half of 2010:

€m	1st half 2010 After adjustment	1st half 2010 Before adjustment	Adjustment
Trading profit or loss	178.1	230.3	–52.2
Income taxes	43.5	57.2	–13.7
Interest expenses for atypical silent capital contributions	16.8	19.8	–3.0
Net income for the year	158.8	194.3	–35.5

The comparable figures in the segment reporting for the Corporates & Markets segment were also adjusted accordingly (net financial income by €–52.2m). The net income for the year in the statement of changes in equity as at 30 June 2010 was adjusted.

[5] Changes in the scope of consolidation

As at 30 June 2011, in addition to DekaBank as the parent company, the scope of consolidation of the DekaBank Group includes a total of 11 (31 December 2010: 11) German and 8 (31 December 2010: 7) foreign subsidiaries in which DekaBank directly or indirectly holds more than 50% of the voting rights. In addition, as in the previous year the scope of consolidation includes 14 special funds and one mutual fund, which are to be consolidated pursuant to IAS 27 and SIC-12.

WestLB International S.A. was included in the scope of consolidation on 1 January 2011 and now trades as VM Bank International S.A., Luxembourg.

VM Bank International S.A. services high net worth private clients in the field of individual investment advice and asset management including Lombard loan business. At as the date of the acquisition on 1 January 2011, assets under management due to customers amounted to €404.9m. The assets acquired comprised amounts due from banks of €344.3m and amounts due from customers of €186.2m.

In total, 23 (31 December 2010: 22) companies in which DekaBank has direct or indirect holdings were not consolidated. They are of minor significance for the presentation of the Group’s net assets, financial position and result of operation. The shares held in these companies are reported under financial investments.

Notes to the statement of comprehensive income

[6] Net interest income

In addition to interest income and expenses, this item includes prorated reversals of premiums and discounts from financial instruments. Net interest income from items in the trading book allocated to the held for trading category and the associated refinancing expenses are not included as they are reported in trading profit or loss. Under IAS 32, silent capital contributions are classified as debt and the payments to typical silent shareholders are reported in interest expenses.

€m	1st half 2011	1st half 2010	Change
Interest income from			
Lending and money market transactions	766.9	816.1	–49.2
Interest rate derivatives (economic hedges)	428.1	565.5	–137.4
Fixed-interest securities and debt register claims	261.9	282.1	–20.2
Hedging derivatives (hedge accounting)	54.8	54.0	0.8
Current income from			
Shares and other non fixed-interest securities	3.4	3.8	–0.4
Equity investments	2.1	1.4	0.7
Total interest income	**1,517.2**	**1,722.9**	**–205.7**
Interest expenses for			
Liabilities	595.0	605.2	–10.2
Interest rate derivatives (economic hedges)	453.8	587.7	–133.9
Hedging derivatives (hedge accounting)	86.4	108.7	–22.3
Securitised liabilities	221.7	210.3	11.4
Subordinated capital	23.9	25.1	–1.2
Typical silent capital contributions	18.0	26.2	–8.2
Total interest expenses	**1,398.8**	**1,563.2**	**–164.4**
Net interest income	**118.4**	**159.7**	**–41.3**

[7] Provisions for loan losses

The breakdown of provisions for loan losses in the statement of comprehensive income is as follows:

€m	1st half 2011	1st half 2010	Change
Allocations to provisions for loan losses	–18.6	–25.1	6.5
Reversals of provisions for loan losses	17.0	15.2	1.8
Income of written-down receivables	1.9	–	1.9
Provisions for loan losses	**0.3**	**–9.9**	**10.2**

The risk provision for securities in the loans and receivables, held to maturity and available for sale categories is reported in the item profit or loss on financial investments (Note [11]).

[8] Net commission income

€m	1st half 2011	1st half 2010	Change
Commission income from			
Investment fund business	1,038.1	1,097.9	–59.8
Securities business	60.8	67.5	–6.7
Lending business	18.2	18.5	–0.3
Other	16.5	18.2	–1.7
Total commission income	**1,133.6**	**1,202.1**	**–68.5**
Commission expenses for			
Investment fund business	598.5	657.8	–59.3
Securities business	7.2	4.4	2.8
Lending business	7.0	5.5	1.5
Other	1.2	1.4	–0.2
Total commission expenses	**613.9**	**669.1**	**–55.2**
Net commission income	**519.7**	**553.0**	**–13.3**

Commission income from investment fund business essentially comprises management fees, asset management fees and sales commissions. The vast majority of the net commission income stems from sustained commissions relating to existing business.

[9] Trading profit or loss

Trading profit or loss comprises sale and valuation results as well as commissions from financial instruments in the held for trading sub-category. Valuation results are essentially determined based on market prices. If no market prices are available, the market values are calculated based on current market data using standard valuation methods. Net interest income from derivative and non-derivative financial instruments for trading positions, together with related refinancing expenses are also reported under this item.

€m	1st half 2011	1st half 2010	Change
Sale result	–476.7	–265.0	–211.7
Valuation result	–14.6	–124.4	109.8
Net interest income and current income from trading transactions	644.2	577.7	66.5
Commission on trading transactions	–6.4	–10.2	3.8
Trading profit or loss	**146.5**	**178.1**	**–31.6**

[10] Profit or loss on financial instruments designated at fair value

This item includes profit or loss on financial instruments allocated to the designated at fair value sub-category as well as the profit or loss on derivatives in the banking book. In principle, the valuation results are determined using market prices. If no market prices are available, the market values are calculated based on current market data using standard valuation models.

€m	1st half 2011	1st half 2010	Change
Sales result	5.6	–12.4	18.0
Valuation result	46.8	–178.2	225.0
Foreign exchange profit or loss	0.1	–73.1	73.2
Commission	–0.1	–0.1	–
Total	**52.4**	**–263.8**	**316.2**

The effects resulting from changes in fair value are recorded in profit or loss on financial instruments designated at fair value. Interest and dividend income as well as refinancing expenses and reinvestment gains are reported in net interest income.

[11] Profit or loss on financial investments

€m	1st half 2011	1st half 2010	Change
Net income from the sale of			
Securities in the category			
Loans and receivables	10.6	0.2	10.4
Shares in affiliated companies	0.6	–0.1	0.7
Net income from the sale of financial investments	**11.2**	**0.1**	**11.1**
Depreciation as a result of impairment of investments accounted for using the equity method	–1.2	–	–1.2
Write-ups following impairment of securities in the loans and receivables category	2.5	–	2.5
Net income from investments valued using the equity method	0.5	2.3	–1.8
Allocation to provisions for financial investments	–68.6	–0.8	–67.8
Reversal of provisions for financial investments	0.6	–	0.6
Net income from financial investments	**–55.0**	**1.6**	**–56.6**

Of the allocation to provisions for loan losses, €–25.8m related to Greek government bonds and €–42.8m to bonds from Portuguese issuers (see also note [31]).

[12] Administrative expenses

€m	1st half 2011	1st half 2010	Change
Personnel expenses	193.5	185.2	8.3
Other administrative expenses	224.5	187.2	37.3
Depreciation of property, plant and equipment and intangible assets	42.9	8.1	34.8
Administrative expenses	**460.9**	**380.5**	**80.4**

The increase in administrative expenses is attributable to higher project expenses, in particular in relation to the fundamental renewal of the IT landscape (IT mission) as well as in respect of the acquisitions in Luxembourg, which also led to a rise in personnel expenses and amortisation of intangible assets. Administrative expenses also include the impairment of goodwill from the acquisition of WestInvest Gesellschaft für Investmentfonds mbH amounting to €24.9m.

The decree from the German Federal Ministry of Finance on contributions to the restructuring funds for credit institutions was adopted by the *Bundesrat* (German Federal Council) on 8 July 2011. The annual contribution is to be paid for the first time on 30 September 2011 and for DekaBank is likely to amount to approximately €17.1m. As at the reporting date, a pro rata amount of €8.6m was set aside and reported in other administrative expenses.

[13] Other operating income

The breakdown in other operating income is as follows:

€m	1st half 2011	1st half 2010	Change
Income from repurchased debt instruments	–0.2	–0.3	0.1
Other operating income	23.8	35.5	–11.7
Other operating expenses	29.2	25.4	3.8
Other operating income	**–5.6**	**9.8**	**–15.4**

[14] Income taxes

Based on the corporation tax and trade tax rates applicable for 2011, the combined tax rate for the companies in the DekaBank fiscal group is 31.9% (previous year: 26.21%). In accordance with the articles of incorporation, DekaBank is obliged to refund to shareholders that portion of corporation tax payable by the shareholders (7.21% of 15.825% including solidarity surcharge) as DekaBank is treated for tax purposes as an atypical silent partner. In the previous year, this portion of the tax expense (5.69% of 15.825%) was shown under the line item interest expenses of atypical silent capital contributions. The increase in atypical silent shareholders in 2011 is attributable to the acquisition of the Group's own shares.

Notes to the consolidated balance sheet

[15] Due from banks

€m	30.06.2011	31.12.2010	Change
Domestic banks	29,494.9	29,780.0	−285.1
Foreign banks	6,078.1	9,916.1	−3,838.0
Due from banks before risk provision	**35,573.0**	**39,696.1**	**−4,123.1**
Provisions for loan losses	−383.3	−385.8	2.5
Total	**35,189.7**	**39,310.3**	**−4,120.6**

[16] Due from customers

€m	30.06.2011	31.12.2010	Change
Domestic borrowers	10,706.8	9,533.6	1,173.2
Foreign borrowers	17,768.2	18,082.6	−314.4
Due from customers before risk provisions	**28,475.0**	**27,616.2**	**858.8**
Provisions for loan losses	−198.1	−205.1	7.0
Total	**28,276.9**	**27,411.1**	**865.8**

[17] Provisions for loan losses

Default risks in the lending business are recognised through the creation of specific and portfolio valuation allowances and the recognition of provisions for off-balance sheet liabilities. The portfolio valuation allowances for creditworthiness risks reflect the assumptions concerning impairments in the loan portfolio that have already occurred but are not yet known as at the reporting date. Account is taken of the transfer risk through the recognition of portfolio valuation allowances for country risks.

€m	30.06.2011	31.12.2010	Change
Provisions for loan losses – due from banks			
Specific valuation allowances	382.2	384.5	−2.3
Portfolio valuation allowances for creditworthiness risks	1.1	1.3	−0.2
Provisions for loan losses – due from customers			
Specific valuation allowances	130.1	131.3	−1.2
Portfolio valuation allowances for country risks	13.4	15.1	−1.7
Portfolio valuation allowances for creditworthiness risks	54.6	58.7	−4.1
Total	581.4	590.9	−9.5

The following tables show the movement in provisions for loan losses:

2010 €m	Opening balance 01.01.2010	Allocation	Utilisation	Reversal	Reclassi-fications	Currency effects	Closing balance 31.12.2010
Provisions for loan losses – due from banks							
Specific valuation allowances	373.0	–	–	–	11.4	0.1	384.5
Portfolio valuation allowances for creditworthiness risks	1.5	–	–	0.2	–	–	1.3
Sub-total	**374.5**	**–**	**–**	**0.2**	**11.4**	**0.1**	**385.8**
Provisions for loan losses – due to customers							
Specific valuation allowances	173.3	33.6	25.9	57.6	–	7.9	131.3
Portfolio valuation allowances for country risks	20.7	–	–	7.0	–	1.4	15.1
Portfolio valuation allowances for creditworthiness risks	62.2	0.3	–	3.8	–	–	58.7
Sub-total	**256.2**	**33.9**	**25.9**	**68.4**	**–**	**9.3**	**205.1**
Provisions for credit risks							
Specific risks	20.2	–	–	14.4	–	1.2	7.0
Portfolio risks	8.6	0.7	–	0.0	–	–	9.3
Sub-total	**28.8**	**0.7**	**–**	**14.4**	**–**	**1.2**	**16.3**
Total	**659.5**	**34.6**	**25.9**	**83.0**	**11.4**	**10.6**	**607.2**

2011 €m	Opening balance 01.01.2011	Allocation	Utilisation	Reversal	Reclassi-fications	Currency effects	Closing balance 30.06.2011
Provisions for loan losses – due from banks							
Specific valuation allowances	384.5	–	12.0	0.3	10.1	−0.1	382.2
Portfolio valuation allowances for creditworthiness risks	1.3	–	–	0.2	–	–	1.1
Sub-total	**385.8**	**–**	**12.0**	**0.5**	**10.1**	**−0.1**	**383.3**
Provisions for loan losses – due to customers							
Specific valuation allowances	131.3	18.6	8.6	4.9	–	−6.3	130.1
Portfolio valuation allowances for country risks	15.1	–	–	0.7	–	−1.0	13.4
Portfolio valuation allowances for creditworthiness risks	58.7	–	–	4.1	–	–	54.6
Sub-total	**205.1**	**18.6**	**8.6**	**9.7**	**–**	**−7.3**	**198.1**
Provisions for credit risks							
Specific risks	7.0	–	–	2.7	–	−0.1	4.2
Portfolio risks	9.3	–	–	4.1	–	–	5.2
Sub-total	**16.3**	**–**	**–**	**6.8**	**–**	**−0.1**	**9.4**
Total	**607.2**	**18.6**	**20.6**	**17.0**	**10.1**	**−7.5**	**590.8**

Key ratios for provisions for loan losses:

%	30.06.2011	31.12.2010
Allocation ratio as at reporting date (Quotient from net allocation and lending volume)	–	0.10
Default rate as at reporting date (Quotient from loan defaults and lending volume)	0.04	0.05
Average default rate (Quotient from loan defaults in 5-year average and lending volume)	0.07	0.09
Net provisioning ratio as at reporting date (Quotient from provisions for loan losses and lending volume)	1.33	1.25

The calculations of the key ratios above are based on a lending volume of €44.3bn (31 December 2010: €48.4bn).

Provisions for loan losses by risk segment:

	Valuation allowances and provisions[1] for loan losses		Loan defaults[2]		Net allocations to[3]/reversals of valuation allowances and provisions for loan losses	
€m	**30.06.2011**	**31.12.2010**	**2011**	**2010**	**2011**	**2010**
Customers						
Property risks	85.5	102.6	7.6	26.1	3.2	–13.6
Transport & trade finance	46.3	44.9	–	–	–3.9	15.0
Corporates	39.6	39.9	–	0.4	0.7	–39.3
Utility & project finance	18.1	21.3	–	–	3.1	93.1
Public infrastructure	14.5	8.6	–	–	–5.8	–6.2
Equity investments	3.0	3.0	–	–	–	–
Other	0.5	1.1	–	–	0.7	–0.8
Total customers	**207.5**	**221.4**	**7.6**	**26.5**	**–2.0**	**48.2**
Banks	**383.3**	**385.8**	**11.2**	**–4.3**	**0.4**	**0.2**
Total	**590.8**	**607.2**	**18.8**	**22.2**	**–1.6**	**48.4**

[1] Deductible and non-deductible provisions for loan losses.
[2] Payments received on written-down receivables – negativ in the column.
[3] Negative in the column.

Further disclosures on default risks are provided in the risk report of the interim management report.

[18] Financial assets at fair value through profit or loss

In addition to securities and receivables in the held for trading and designated at fair value categories, the financial assets at fair value item includes positive market values from derivative financial instruments in the trading book and from economic hedges that do not meet the criteria for hedge accounting in accordance with IAS 39.

€m	30.06.2011	31.12.2010	Change
Held for trading			
Promissory note loans	62.6	50.1	12.5
Money market securities	642.3	489.9	152.4
Bonds and debt securities	17,611.3	16,272.8	1,338.5
Shares	327.2	346.4	– 19.2
Investment fund units	1,373.4	2,415.6	– 1,042.2
Participating certificates	–	2.5	– 2.5
Other non fixed-interest securities	44.4	47.9	– 3.5
Positive market values from derivative financial instruments (trading)	17,076.7	19,161.6	– 2,084.9
Other trading assets	–	31.9	– 31.9
Total – held for trading	**37,137.9**	**38,818.7**	**– 1,680.8**
Designated at fair value			
Amounts due from securities repurchase agreements	2,526.7	2,532.6	– 5.9
Promissory note loans	22.3	66.4	– 44.1
Money market securities	125.2	–	125.2
Bond and debt securities	11,016.6	11,896.0	– 879.4
Shares	11.5	10.1	1.4
Investment fund units	668.0	544.1	123.9
Participating certificates	4.9	5.1	– 0.2
Positive market values from derivative financial instruments (economic hedges)	2,109.2	2,682.1	–572.9
Total – designated at fair value	**16,484.4**	**17,736.4**	**– 1,252.0**
Total	**53,622.3**	**56,555.1**	**– 2,932.8**

Units held in the Group's own non-consolidated mutual funds are reported in the investment fund units item and are designated at fair value. Following a review, assets in consolidated funds are allocated to the different items in line with their character, generally to bonds and debt securities or shares.

[19] Financial investments

€m	30.06.2011	31.12.2010	Change
Loans and receivables			
Bonds and other fixed-interest securities	1,659.3	2,223.6	–564.3
Held to maturity			
Bonds and other fixed-interest securities	3,263.1	3,262.4	0.7
Available for sale			
Bonds and other fixed-interest securities	42.4	96.1	–53.7
Shares and other non fixed-interest securities	0.5	0.2	0.3
Equity investments	32.1	31.9	0.2
Shares in affiliated, non-consolidated companies	6.0	6.0	–
Shares in companies valued at equity	23.7	24.4	–0.7
Financial investments before risk provision	**5,027.1**	**5,644.6**	**–617.5**
Risk provision	–78.5	–10.5	–68.0
Total	**4,948.6**	**5,634.1**	**–685.5**

[20] Intangible assets

€m	30.06.2011	31.12.2010	Change
Purchased goodwill	53.1	78.0	–24.9
Software	26.4	22.5	3.9
Other intangible assets	14.6	–	14.6
Total	**94.1**	**100.5**	**–6.4**

The book value of the goodwill was reduced by the ascertained impairment amounting to €24.9m, which is reported under administrative expenses.

Customer relationships were capitalised as other intangible assets within the scope of the acquisition of the private customer business of LBBW Luxemburg S.A. and VM Bank International S.A.

[21] Property, plant and equipment

€m	30.06.2011	31.12.2010	Change
Land and buildings	14.4	14.6	–0.2
Plant and equipment	18.5	18.8	–0.3
Technical equipment and machines	2.2	3.0	–0.8
Total	35.1	36.4	–1.3

[22] Due to banks

€m	30.06.2011	31.12.2010	Change
Domestic banks	18,130.6	16,984.9	1,145.7
Foreign banks	10,583.5	12,523.7	–1,940.2
Total	28,714.1	29,508.6	–794.5

[23] Due to customers

€m	30.06.2011	31.12.2010	Change
Domestic customers	17,251.1	15,854.4	1,396.7
Foreign customers	4,836.6	5,515.4	–678.8
Total	22,087.7	21,369.8	717.9

[24] Securitised liabilities

The securitised liabilities include bonds and other liabilities for which transferable certificates are issued. Under IAS 39, the Group's own bonds in the nominal amount of €0.3bn (31 December 2010: €0.9bn) were deducted from the issued bonds.

€m	30.06.2011	31.12.2010	Change
Bonds issued	24,546.1	23,342.1	1,204.0
Money market securities issued	371.0	753.6	–382.6
Total	24,917.1	24,095.7	821.4

[25] Financial liabilities at fair value

In addition to trading issues and liabilities in the designated at fair value category, financial liabilities at fair value include negative market values from derivative financial instruments in the trading book as well as economic hedges which do not meet the criteria for hedge accounting in accordance with IAS 39. Covered securities short portfolios are also reported in this item.

€m	30.06.2011	31.12.2010	Change
Held for trading			
Trading issues	1,734.5	1,791.7	–57.2
Securities short portfolios	2,173.3	4,170.2	–1,996.9
Negative market values from derivative financial instruments (trading)	24,718.2	26,437.5	–1,719.3
Total – held for trading	**28,626.0**	**32,399.4**	**–3,773.4**
Designated at fair value			
Issues	10,827.4	12,198.3	–1,370.9
Negative market values from derivative financial instruments (economic hedges)	2,182.3	3,279.1	–1,096.8
Total – designated at fair value	**13,009.7**	**15,477.4**	**–2,467.7**
Total	**41,635.7**	**47,876.8**	**–6,241.1**

The issues in the designated at fair value category include cumulative creditworthiness-related changes in value amounting to €–22.9m (31 December 2010: €–46.6m).

[26] Provisions

€m	30.06.2011	31.12.2010	Change
Provisions for pensions and similar commitments	19.9	18.0	1.9
Provisions for credit risks	9.4	16.3	–6.9
Provisions for restructuring measures	17.0	17.4	–0.4
Provisions for legal proceedings and recourses	3.1	3.2	–0.1
Other provisions	186.0	190.0	–4.0
Total	**235.4**	**244.9**	**–9.5**

[27] Subordinated capital

€m	30.06.2011	31.12.2010	Change
Subordinated liabilities	843.5	852.8	–9.3
Profit participation capital	80.4	83.0	–2.6
Capital contributions of typical silent partners	518.0	544.2	–26.2
Total	**1,441.9**	**1,480.0**	**–38.1**

[28] Equity

€m	30.06.2011	31.12.2010	Change
Subscribed capital	191.7	286.3	–94.6
Capital reserve	190.3	190.3	–
Reserves from retained earnings			
Statutory reserve	13.2	13.2	–
Reserves required by the Bank's statutes	51.3	51.3	–
Other reserves from retained earnings	2,640.6	3,540.2	–899.6
Total reserves from retained earnings	**2,705.1**	**3,604.7**	**–899.6**
Revaluation reserve			
For cash flow hedges	8.0	–21.2	29.3
For financial investments in the available for sale category	1.4	2.4	–1.1
Applicable deferred taxes	–2.9	4.9	–7.8
Total revaluation reserve	**6.5**	**–13.9**	**20.4**
Currency translation reserve	12.4	11.6	0.8
Consolidated profit/loss	200.9	28.6	172.3
Minority interests	–	0.7	–0.7
Total	**3,306.9**	**4,108.3**	**–801.4**

In the reporting year, the DekaBank Group repurchased its own shares with a nominal value of €94.6m for an amount of €994.1m. The subscribed capital was reduced by €94.6m accordingly and the reserves from retained earnings by around €899.5m.

Other information

[29] Financial instruments under IAS 39 – valuation categories

At DekaBank, financial instruments are classified by balance sheet line items and IFRS categories in accordance with IFRS 7:

€m	30.06.2011	31.12.2010	Change
Asset items			
Loans and receivables (lar)			
Due from banks	35,189.7	39,310.3	–4,120.6
Due from customers	28,276.9	27,411.1	865.8
Financial investments	1,650.8	2,214.9	–564.1
Held to maturity (htm)			
Financial investments	3,193.1	3,260.6	–67.5
Available for sale (afs)			
Financial investments	104.7	158.6	–53.9
Held for trading (hft)			
Financial assets at fair value	37,137.9	38,818.7	–1,680.8
Designated at fair value (dafv)			
Financial assets at fair value	16,484.4	17,736.4	–1,252.0
Positive market values from derivative hedging instruments	290.1	252.1	38.0
Total asset items	**122,327.6**	**129,162.7**	**–6,835.1**
Liability items			
Liabilities			
Due to banks	28,714.1	29,508.6	–794.5
Due to customers	22,087.7	21,369.8	717.9
Securitised liabilities	24,917.1	24,095.7	821.4
Subordinated capital	1,441.9	1,480.0	–38.1
Held for trading (hft)			
Financial liabilities at fair value	28,626.0	32,399.4	–3,773.4
Designated at fair value (dafv)			
Financial liabilities at fair value	13,009.7	15,477.4	–2,467.7
Negative market values from derivative hedging instruments	371.1	531.0	–159.9
Total liability items	**119,167.6**	**124,861.9**	**–5,694.3**

[30] Fair value data for financial instruments

Fair value is deemed to be the amount at which a financial instrument can be freely traded between knowledgeable, willing and independent parties in an arm's length transaction. The following table shows the fair values of financial assets and liabilities compared to the respective book values.

	30.06.2011			31.12.2010		
€m	Fair value	Book value	Difference	Fair value	Book value	Difference
Asset items						
Cash reserve	684.2	684.2	–	621.1	621.1	–
Due from banks (loans and receivables)	35,534.4	35,189.7	344.7	39,897.5	39,310.3	587.2
Due from customers (loans and receivables)	28,469.8	28,276.9	192.9	27,672.3	27,411.1	261.2
Financial assets at fair value	53,622.3	53,622.3	–	56,555.1	56,555.1	–
Positive market values from derivative hedging instruments	290.1	290.1	–	252.1	252.1	–
Loans and receivables	1,602.3	1,650.9	–48.6	2,186.1	2,214.9	–28.8
Held to maturity	3,234.3	3,193.1	41.2	3,268.7	3,260.6	8.1
Available for sale	104.6	104.6	–	158.6	158.6	–
Financial investments	4,941.2	4,948.6	–7.4	5,613.4	5,634.1	–20.7
Total asset items	**123,542.0**	**123,011.8**	**530.2**	**130,611.5**	**129,783.8**	**827.7**
Liability items						
Due to banks	28,840.5	28,714.1	126.4	29,705.7	29,508.6	197.1
Due to customers	22,488.3	22,087.7	400.6	21,932.5	21,369.8	562.7
Securitised liabilities	24,838.2	24,917.1	–78.9	24,050.7	24,095.7	–45.0
Financial liabilities at fair value	41,635.7	41,635.7	–	47,876.8	47,876.8	–
Negative market values from derivative hedging instruments	371.1	371.1	–	531.0	531.0	–
Subordinated liabilities	1,371.2	1,441.9	–70.7	1,475.6	1,480.0	–4.4
Total liabilities items	**119,545.0**	**119,167.6**	**377.4**	**125,572.3**	**124,861.9**	**710.4**

For financial instruments due on demand, the fair value corresponds to the respective amount payable as at the reporting date. These include cash on hand and overdraft facilities and sight deposits with regard to banks and customers.

The fair values of amounts due from banks or customers are determined using the present value method. The future cash flows from receivables are discounted at a risk-adjusted market rate. The differing credit ratings of borrowers are taken into account through appropriate adjustments in the discount rates. This procedure also applies to securities held as loans and receivables. The fair value determined on the basis of financial valuation models can be considerably affected by the underlying assumptions. The fair value is therefore to be seen as the model value as at the reporting date, which could not necessarily be realised through the direct sale or settlement of the financial instrument.

Financial instruments in the held to maturity category are fixed-interest securities for which there is a liquid market. The fair values here correspond to the market prices.

The fair value of long-term liabilities is determined on the basis of market prices as well as by discounting the contractually agreed cash flows. The interest rates used are those at which the Group could issue comparable debt securities on the reporting date.

The redemption price published by the respective investment company is used for the valuation of non-consolidated funds.

For allocation to the fair value hierarchy in accordance with the provisions of IFRS 7, the quality of the input parameters for determining fair value is defined according to the three levels below:

Level 1: Market prices, i.e. prices from active markets that are used unchanged
Level 2: Market data which are not market prices as in level 1 but which are directly (prices) or indirectly (derived from prices) observable in the market
Level 3: Factors which are not based on observable market data (i.e. assumptions and estimates of the management)

The decisive factor governing allocation of the individual financial instruments to the fair value hierarchy shown below is the level input that is significant to the fair value measurement in its entirety.

The table below shows the allocation of all financial instruments carried at fair value in accordance with the fair value hierarchy based on fair values with accrued interest:

	30.06.2011				31.12.2010			
€m	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets								
Derivative financial instruments	549.2	20,621.7	64.7	21,235.6	1,233.9	22,452.3	58.6	23,744.8
Bonds and other fixed-interest securities	17,520.8	8,199.7	2,442.7	28,163.2	16,211.5	9,012.6	2,487.9	27,712.0
Shares and other non fixed-interest securities	2,206.5	185.9	–	2,392.4	3,319.0	5.1	–	3,324.1
Other financial assets at fair value	–	2,164.1	–	2,164.1	211.9	1,910.7	–	2,122.6
Liabilities								
Derivative financial instruments	160.4	29,783.2	37.8	29,981.4	140.5	32,863.1	38.5	33,042.1
Other financial instruments	3,687.0	8,338.4	–	12,025.4	6,586.6	8,779.1	–	15,365.7

Structured financial instruments with embedded derivatives that have to be separated, which are allocated to the trading book or for which the fair value option has been exercised, are shown in the table under derivative financial instruments.

Provided that they are not products traded on the stock market, derivatives are in principle measured using standard valuation models based on observable market data. In individual cases and under restrictive conditions, derivatives traded on the stock market are also measured using standard, accepted valuation models. This applies to special EUREX options where the published price is not based on sales or actual trading volume, but on the valuation using a theoretical EUREX model. Fair values for insufficiently liquid securities as well as interest rate swaps and interest rate/currency swap agreements as well as unlisted interest rate futures are determined on the basis of discounted future cash flows (the discounted cash flow model). The market interest rates applying to the remaining time to maturity of the financial instruments are always used. The transactions valuated using this method are allocated to level 2.

In some cases, the fair value for non-synthetic securitisations as at the reporting date was calculated using the discounted cash flow model. Where the spreads currently observable for the relevant transaction are deemed to be valid, the market interest rate was used as the input for the discounted cash flow model. Otherwise the modified discounted cash flow model was used. The underlying discounting rate used in the model was determined on the basis of the current swap curve, the implied historical spread – derived from the last available liquid market price – and an adjustment for any changes in the credit rating in the meantime. The value thus calculated was also adjusted by a factor, determined using an indicator model. This factor reflects how the last observable market price would have had to change in the meantime (liquidity factor). In our opinion, the resultant fair value represents the price which market players acting rationally would have agreed on. As this model contains subjective elements, we have also determined the market values for possible alternative model parameters. As at 30 June 2011, the market value could have been €2.4m lower or €2.0m higher accordingly. Where observable prices or price indications for individual transactions were deemed to be valid, they were applied or used to check the plausibility of the model-based fair values. As in the previous year, all non-synthetic securitisation transactions amounting to €2.4bn (31 December 2010: €2.4bn) have been allocated to level 3.

The cash flows used for the theoretical valuation of securitisations are based on detailed analyses of the securitised transactions. Here as well, subjective assumptions have to be made, e.g. for the exercise of call rights or the likelihood of refinancing for expiring loans, which facilitate alternative scenarios. In addition to the standard scenario, DekaBank determines a scenario with less favourable market development. In this adverse scenario, the market value of the theoretically valued positions would have been €7.0m lower as at 30 June 2011.

The fair value of synthetic securitisation transactions is determined using Copula models calibrated to the market prices of liquid tranches. These are also shown in level 3. When measuring bespoke CSO positions, DekaBank uses one of the standard base correlation mapping techniques. However, as there is a large number of alternative mapping techniques, none of which is particularly superior, DekaBank also determines the difference between these and the alternative valuations. Accordingly, at 30 June 2011, the market value of the bespoke CSOs could have been €0.5m lower or higher.

[31] Exposure to sovereign debt in individual countries in the eurozone

The following table shows the exposure to selected European countries.

	30.06.2011			31.12.2010		
€m	Nominal amount	Book value	Fair value	Nominal amount	Book value	Fair value
Greece						
Debt securities (held to maturity category)	50.0	24.3	24.3	50.0	51.5	31.8
Debt securities (designated at fair value category)	50.0	22.4	22.4	50.0	35.1	35.1
Credit default swaps[1]	–37.0	15.0	15.0	–37.0	10.5	10.5
Ireland						
Debt securities (designated at fair value category)	30.0	30.6	30.6	30.0	30.1	30.1
Credit default swaps[1]	3.0	–0.6	–0.6	3.0	–0.4	–0.4
Italy						
Debt securities (designated at fair value category)	50.0	52.6	52.6	50.0	53.6	53.6
Debt securities (held for trading category)	90.0	88.5	88.5	210.0	208.8	208.8
Credit default swaps[1]	41.8	–0.7	–0.7	73.0	–1.9	–1.9
Portugal						
Debt securities (designated at fair value category)	25.0	16.3	16.3	25.0	21.3	21.3
Credit default swaps[1]	9.4	–2.0	–2.0	7.0	–1.7	–1.7
Spain						
Receivables (loans and receivables category)	121.6	122.0	121.0	150.2	151.3	149.1
Debt securities (designated at fair value category)	40.0	37.5	37.5	40.0	39.1	39.1
Credit default swaps[1]	42.1	–2.2	–2.2	34.1	–2.8	–2.8
Total	**515.9**	**403.7**	**402.7**	**685.3**	**594.5**	**572.6**

[1] These are net nominal and net fair values of sovereign-referenced protection seller and protection buyer credit default swaps.

To prevent Greece becoming insolvent, the European Union, together with the International Monetary Fund, made emergency loans amounting to €110bn available until the end of 2012. A further tranche was paid out in July 2011. At a summit meeting of eurozone heads of state and governments on 21 July 2011, it was confirmed that the support for Greece would henceforth no longer be provided solely by the other states in the eurozone and the IMF, but that private bondholders should also participate.

Against this backdrop, a risk provision of 25.8m was recognised for a Greek government bond with a nominal value of €50m categorised as held to maturity. As this is an instrument traded on the stock market, the market price as at 30 June 2011 of €23.6m (excluding pro rata interest) was used as the best estimate for the recoverable amount. Another fixed rate bond with a nominal value of €50m, which is fully hedged against creditworthiness risks, was allocated to the designated at fair value category and measured accordingly at fair value through profit or loss at €21.9m (excluding pro rata interest). In addition, there are receivables relating to project financings in the infrastructure sector, which as at 30 June 2011 were showing signs of financial problems. In the event of default, there is a direct claim on the Greek government. As at 30 June 2011, specific valuation allowances of €10.6m have been recognised accordingly for the receivables concerned amounting to €38.1m.

As a result of the ongoing dislocations in the financial markets, European finance ministers resolved in May 2011 to also support Portugal with emergency loans amounting to €78bn. In addition to direct exposure to government bonds in the designated at fair value category, DekaBank holds Portuguese bank bonds with a nominal volume of €141.7m in total which are allocated to the held to maturity category. As at 30 June 2011, specific valuation allowances totalling €42.8m have been recognised for these bonds.

[32] Derivative transactions

The derivative financial instruments used in the DekaBank Group can be broken down by market value as follows:

	Positive fair values		Negative fair values	
€m	**30.06.2011**	**31.12.2010**	**30.06.2011**	**31.12.2010**
Interest rate risks	6,191.6	7,944.5	6,457.4	8,389.7
Currency risks	670.5	578.2	574.0	1,166.3
Share and other price risks	12,613.8	13,549.9	20,260.7	20,752.7
Total	**19,475.9**	**22,072.6**	**27,292.1**	**30,308.7**

[33] Equity under banking supervisory law

The following table shows the composition of capital and reserves:

€m	30.06.2011	31.12.2010	Change
Subscribed capital	286.3	286.3	–
Open reserves	551.3	489.3	62.0
Silent capital contributions	552.4	552.4	–
Fund for general banking risks	1,661.1	2,003.9	–342.8
Deductions under Section 10 (2a) KWG	119.4	10.8	108.6
Deductions under Section 10 (6) and (6a) KWG (half)	2.3	4.0	–1.7
Of which deduction amounts under Section 10 (6a) No. 1 and 2 KWG	1.9	4.0	–2.1
Core capital	**2,929.4**	**3,317.1**	**–387.7**
Profit participation capital	20.0	20.0	–
Subordinated liabilities	746.7	746.7	–
Other components	244.1	277.8	–33.7
Deductions under Section 10 (6) and (6a) KWG (half)	2.3	4.0	–1.7
Of which deduction amounts under Section 10 (6a) No. 1 and 2 KWG	1.9	4.0	–2.1
Supplementary capital	**1,008.5**	**1,040.5**	**–32.0**
Modified available capital	**3,937.9**	**4,357.6**	**–419.7**
Tier III funds	–	–	–
Capital and reserves	**3,937.9**	**4,357.6**	**–419.7**

The following table shows the items subject to a capital charge:

€m	30.06.2011	31.12.2010	Change
Default risks	17,038.0	18,500.0	–1,146.0
Market risk positions	6,225.0	5,575.0	650.0
Operational risks	1,850.0	1,650.0	200.0

As at the reporting date, the ratios for the DekaBank Group were as follows:

%	30.06.2011	31.12.2010	Change
Core capital ratio (including market risk positions)	11.7	12.9	–1.2
Core capital ratio (excluding market risk positions)	15.5	16.5	–1.0
Total capital ratio	15.7	16.9	–1.2

The capital and reserves requirements under banking supervisory law were complied with at all times during the reporting period.

[34] Contingent and other liabilities

€m	30.06.2011	31.12.2010	Change
Irrevocable lending commitments	1,932.5	2,278.7	–346.2
Other liabilities	995.3	848.6	146.7
Total	**2,927.8**	**3,127.3**	**–199.5**

The guarantees provided by DekaBank refer to financial guarantees under IFRS, which are stated net in compliance with IAS 39. The nominal amount of the guarantees in place as at the reporting date is €0.4bn (31 December 2010: €0.6bn).

The DekaBank Group's range of products contains investment funds with market value guarantees of varying degrees. For fixed-term funds with these features, the capital invested less charges is guaranteed as at the maturity date, while a minimum unit value is assured for specific cut-off dates for such funds without a fixed term. As at the reporting date, a provision totalling €1.5m (31 December 2010: €1.6m) had been recognised as a result of the performance of the respective fund assets. As at the reporting date, the guarantees covered a maximum volume of €6.7bn (31 December 2010: €7.6bn) at the respective guarantee dates. The present value of the volume amounted to €6.3bn (31 December 2010: €7.2bn). The market value of the corresponding fund assets totalled €6.8bn (31 December 2010: €7.7bn).

[35] List of shareholdings

DekaBank directly or indirectly holds at least 20% of the shares in the following companies.

Consolidated subsidiaries:

Name, registered office	Equity share in %
Deka Beteiligungs GmbH, Frankfurt/Main	100.00
Deka Grundstücksverwaltungsgesellschaft I (GbR), Frankfurt/Main	100.00
Deka Immobilien GmbH, Frankfurt/Main	100.00
Deka Immobilien Investment GmbH, Frankfurt/Main	100.00
Deka Immobilien Luxembourg S.A., Luxembourg	100.00
Deka International S.A., Luxembourg	100.00
Deka Investment GmbH, Frankfurt/Main	100.00
Deka Investors Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Frankfurt/Main	
Teilgesellschaftsvermögen Deka Realkredit Klassik	88.30
Teilgesellschaftsvermögen Deka Infrastrukturkredit	92.49
Teilgesellschaftsvermögen A-DK Bonds 1-Fonds	100.00
Deka Real Estate Lending k.k., Tokyo	100.00
Deka(Swiss) Privatbank AG, Zurich	80.00[1]
DekaBank Deutsche Girozentrale Luxembourg S.A., Luxembourg	100.00
DKC Deka Kommunal Consult GmbH, Düsseldorf	100.00
ETFlab Investment GmbH, Munich	100.00
Gesellschaft für Mittelstandskreditfonds der Sparkassen-Finanzgruppe mbH, Frankfurt/Main	100.00
International Fund Management S.A., Luxembourg	100.00
Roturo S.A., Luxembourg	100.00
VM Bank International S.A., Luxembourg	100.00
WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf	99.74
WIV GmbH & Co. Beteiligungs KG, Frankfurt/Main	94.90

[1] Consolidation ratio based on economic ownership 100%.

Consolidated funds:

Name, registered office	Equity share in %
A-DGZ 2-FONDS, Frankfurt/Main	100.00
A-DGZ 3-FONDS, Frankfurt/Main	100.00
A-DGZ 4-FONDS, Frankfurt/Main	100.00
A-DGZ 5-FONDS, Frankfurt/Main	100.00
A-DGZ 6-FONDS, Frankfurt/Main	100.00
A-DGZ 7-FONDS, Frankfurt/Main	100.00
A-DGZ 10-FONDS, Frankfurt/Main	100.00
A-DGZ 11-FONDS SICAV-SIF, Luxembourg	100.00
A-DGZ 13-FONDS, Luxembourg	100.00
A-DGZ-FONDS, Frankfurt/Main	100.00
A-DKBankLUX1-FONDS, Luxembourg	100.00
A-Treasury 2000-FONDS, Frankfurt/Main	100.00
A-Treasury 93-FONDS, Frankfurt/Main	100.00
DDDD-FONDS, Frankfurt/Main	100.00
Deka Treasury Corporates-FONDS, Frankfurt/Main	100.00

Associated companies and joint ventures consolidated at equity:

Name, registered office	Equity share in %
S PensionsManagement GmbH, Cologne	50.00
Luxemburger Leben S.A., Luxembourg	50.00
Dealis Fund Operations GmbH, Frankfurt/Main	49.90
S Broker AG & Co. KG, Wiesbaden	30.64

Non-consolidated companies:

Name, registered office	Equity share in %
Banking Services Luxembourg S.A.R.L., Luxembourg	100.00
Datogon S.A., Luxembourg	100.00
Deka Immobilien Beteiligungsgesellschaft mbH, Frankfurt/Main	100.00
Deka Immobilien k.k., Tokyo	100.00
Deka International (Ireland) Ltd., Dublin (i.L.)	100.00
Deka Investors Investmentaktiengesellschaft mit Teilgesellschaftsvermögen, Frankfurt/Main	
Teilgesellschaftsvermögen Deka Investors Unternehmensaktien	100.00
Deka Loan Investors Luxembourg I, Luxembourg	100.00
Deka Loan Investors Luxembourg II, Luxembourg	100.00
Deka Multi Asset Investors Luxembourg, Luxembourg	100.00
Deka Treuhand GmbH, Frankfurt/Main	100.00
Deka Vermögensverwaltungs GmbH, Frankfurt/Main	100.00
Deka Verwaltungs GmbH, Frankfurt/Main	100.00
Deka Vorratsgesellschaft 01 mbH, Frankfurt/Main	100.00
Deka Treuhand Erwerbsgesellschaft mbH, Frankfurt/Main (formerly: Deka Vorratsgesellschaft 02 mbH)	100.00
Deutsche Landesbankenzentrale AG, Berlin	100.00
Europäisches Kommunalinstitut S.A.R.L., Luxembourg	100.00
LBG Leasing Beteiligungs-GmbH, Frankfurt/Main	100.00
Perfeus S.A., Luxembourg	100.00
STIER Immobilien AG, Frankfurt/Main	100.00
WestLB Lease Finance Limited S.A.R.L., Luxembourg (i.L.)	100.00
WIV Verwaltungs GmbH, Frankfurt/Main	94.90
Deka-WestLB Asset Management Luxembourg S.A., Luxembourg	51.00
Deka-Neuburger Institut für wirtschaftsmathematische Beratung GmbH, Frankfurt/Main	50.00

Non-consolidated funds:

Name, registered office	Funds volume €m	Equity share in %
Deka-Immobilien PremiumPlus – Institutionelle, Luxembourg	1.5	100.00
DekaLux-FRL Mix: ChancePlus, Luxembourg	0.7	100.00
ETFlab Deutsche Börse EUROGOV® France 5-10, Munich	30.4	100.00
ETFlab Deutsche Börse EUROGOV® France, Munich	30.2	100.00
Mix-Fonds: Select ChancePlus, Luxembourg	1.0	100.00
RE-AVT-FundMaster, Frankfurt/Main	54.1	100.00
TORRUS Multi-Strategy Funds, Luxembourg	29.1	100.00
ETFlab Deutsche Börse EUROGOV® France 1-3, Munich	30.1	100.00
Deka-PB Offensiv, Frankfurt/Main	10.1	98.48
ETFlab Deutsche Börse EUROGOV® France 3-5, Munich	30.0	98.33
Deka-PB Ausgewogen, Frankfurt/Main	10.2	95.93
Deka-Staatsanleihen Europa, Frankfurt/Main	30.1	95.85
ETFlab MSCI Japan MC, Munich	26.7	93.34
Deka-HedgeSelect, Frankfurt/Main	67.4	91.52
ETFlab MSCI Europe MC, Munich	6.1	91.32
ETFlab iBoxx EUR Liquid Sovereign Diversified 10+, Munich	4.0	91.21
Deka-PB Defensiv, Frankfurt/Main	11.0	91.17
DekaLux-FRL Mix: Chance, Luxembourg	0.7	86.51
ETFlab STOXX® Europe Strong Style Composite 40, Munich	13.1	85.43
ETFlab MSCI USA MC, Munich	8.0	83.23
ETFlab MSCI Japan LC, Munich	25.5	81.69
ETFlab iBoxx EUR Liquid Sovereign Diversified 7-10, Munich	51.6	79.37
Mix-Fonds: Select Rendite, Luxembourg	1.4	73.17
ETFlab MSCI Europe, Munich	27.9	69.96
Mix-Fonds: Select Chance, Luxembourg	1.4	69.81
ETFlab MSCI Europe LC, Munich	29.0	69.16
ETFlab iBoxx EUR Liquid Sovereign Diversified 1-10, Munich	8.6	68.41
DekaLux-FRL Mix: Wachstum, Luxembourg	0.9	63.15
ETFlab MSCI Japan, Munich	13.8	62.94
Deka-Zielfonds 2045-2049, Frankfurt/Main	2.7	61.18
DekaLux-FRL Mix: Rendite, Luxembourg	0.9	60.93
Mix-Fonds: Balance Mix 70, Luxembourg	3.2	60.89
ETFlab Deutsche Börse EUROGOV® Germany 10+, Munich	27.7	60.19
ETFlab EURO STOXX 50® Daily Short, Munich	4.4	55.91
Mix-Fonds: Select Wachstum, Luxembourg	1.8	55.20
ETFlab MSCI USA, Munich	28.3	54.83
Deka-Russland, Luxembourg	119.0	51.14
ETFlab STOXX® Europe Strong Growth 20, Munich	2.3	50.62
RE-FundMaster, Frankfurt/Main	30.3	50.01
ETFlab iBoxx EUR Liquid Sovereign Diversified 3-5, Munich	15.2	49.66
ETFlab iBoxx EUR Liquid Sovereign Diversified 5-7, Munich	34.7	47.30
Deka-Zielfonds 2040-2044, Frankfurt/Main	3.1	46.65
Deka: EuroGarant 9, Luxembourg	65.3	44.86
Deka-Zielfonds 2050-2054, Frankfurt/Main	3.1	42.53
ETFlab Deutsche Börse EUROGOV® Germany Money Market, Munich	503.1	40.56

Non-consolidated funds:

Name, registered office	Funds volume €m	Equity share in %
iShares EURO STOXX Health Care (DE), Munich	9.1	40.04
Deka-Immobilien PremiumPlus – Private Banking, Luxembourg	89.9	38.98
iShares STOXX Europe 600 Travel & Leisure (DE), Munich	7.4	38.77
ETFlab EURO STOXX® Select Dividend 30, Munich	44.6	35.90
ETFlab iBoxx EUR Liquid Germany Covered Diversified, Munich	108.4	35.82
ETFlab iBoxx EUR Liquid Non-Financials Diversified, Munich	30.5	35.60
Deka-Institutionell Aktien Europa, Frankfurt/Main	13.3	34.58
Deka-BR 45, Frankfurt/Main	7.1	31.22
ETFlab DAXplus® Maximum Dividend, Munich	125.3	28.98
Deka-Zielfonds 2035-2039, Frankfurt/Main	3.9	28.67
Deka-Treasury MultiCredit, Luxembourg	52.0	28.57
ETFlab MSCI China, Munich	6.7	28.40
Deka-ZielGarant 2046-2049, Luxembourg	2.9	28.24
Deka-ZielGarant 2042-2045, Luxembourg	3.2	27.86
ETFlab Deutsche Börse EUROGOV® Germany 3-5, Munich	198.2	25.90
iShares STOXX Europe 600 Retail (DE), Munich	13.7	25.68
Mix-Fonds: Defensiv, Luxembourg	39.8	25.20
iShares STOXX Europe 600 Media (DE), Munich	7.0	24.04
Mix-Fonds: Aktiv ChancePlus, Luxembourg	12.5	23.31
Deka-DividendenStrategie, Frankfurt/Main	45.9	22.68
IFM Euroaktien, Luxembourg	37.9	22.40
ETFlab MSCI Emerging Markets, Munich	6.8	22.09
WestInvest TargetSelect Logistics, Düsseldorf	93.8	21.58
Mix-Fonds: Balance Mix 40, Luxembourg	9.4	21.06

[36] Related party disclosures

The DekaBank Group has business dealings with related parties. These include DekaBank's shareholders, subsidiaries that are not consolidated due to lack of materiality, joint ventures and associated companies. Non-consolidated own mutual funds and special funds where the holding of the DekaBank Group exceeds 10% as at the reporting date, are shown as subsidiaries, associated companies or other related parties are shown in accordance with their equity holding.

Transactions are carried out with related parties at normal market terms and conditions as part of ordinary business activities. These relate amongst others to loans, call money, time deposits and derivatives. The liabilities of the DekaBank Group to mutual funds and special funds essentially comprise balances with banks from the temporary investment of liquid funds. The tables below show the extent of these transactions.

Business dealings with shareholders of DekaBank and non-consolidated subsidiaries:

	Shareholders		Subsidiaries	
€m	**30.06.2011**	**31.12.2010**	**30.06.2011**	**31.12.2010**
Assets				
Due from customers	–	–	–	1.4
Financial assets at fair value	–	–	–	0.2
Other assets	–	–	3.1	0.3
Total assets	**–**	**–**	**3.1**	**1.9**
Liabilities				
Due to customers	127.8	13.2	21.7	27.8
Financial liabilities at fair value	–	–	0.8	0.8
Total liabilities	**127.8**	**13.2**	**22.5**	**28.6**

Business dealings with joint ventures, associated companies and other related parties:

	Joint ventures/ associated companies		Other related parties	
€m	**30.06.2011**	**31.12.2010**	**30.06.2011**	**31.12.2010**
Assets				
Due from customers	–	19.5	3.0	–
Financial assets at fair value	0.9	–	6.5	–
Other assets	7.0	8.3	0.6	1.0
Total assets	**7.9**	**27.8**	**10.1**	**1.0**
Liabilities				
Due to customers	33.6	61.4	23.0	1.2
Financial liabilities at fair value	–	–	5.1	–
Total liabilities	**33.6**	**61.4**	**28.1**	**1.2**

Assurance of the Board of Management

We assure that to the best of our knowledge, the consolidated interim financial statements prepared in accordance with the applicable reporting standards for interim reporting convey a true and fair view of the Group's net assets, financial position and results of operations and that the interim management report provides a true and fair view of the business performance, including the business results and position of the Group, and suitably presents the material risks and opportunities and likely development of the Group over the rest of the financial year.

Frankfurt/Main, 11 August 2011

DekaBank
Deutsche Girozentrale

The Board of Management

Waas, Ph.D. Behrens Dr. Danne

Gutenberger Dr. h.c. Oelrich

Review Report

To DekaBank Deutsche Girozentrale, Berlin/Frankfurt am Main

We have reviewed the condensed consolidated interim financial statements – comprising the balance sheet, statement of comprehensive income, condensed cash flow statement, statement of changes in equity and selected explanatory notes – and the interim group management report of DekaBank Deutsche Girozentrale, Berlin/Frankfurt am Main, for the period from January 1 to June 30, 2011 which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Managing. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Frankfurt am Main, 12 August 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Stefan Palm	ppa. Mirko Braun
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Administrative Board and Board of Management of DekaBank

Administrative Board

(as of 1 July 2011)

Heinrich Haasis
Chairman
President of the German Savings Banks and Giro Association e. V., Berlin

N. N.
First Deputy Chairman

Dr. Rolf Gerlach
Second Deputy Chairman
President of the Savings Banks Association Westphalia-Lippe, Münster

Representatives elected by the Shareholders' Meeting

Michael Breuer
President of the Rhineland Savings Banks and Giro Association, Düsseldorf

Dr. Johannes Evers
Chairman of the Management Board of Landesbank Berlin AG, Berlin

Gerhard Grandke
Managing President of the Savings Banks and Giro Association Hesse-Thuringia, Frankfurt/Main

Reinhard Henseler
Chairman of the Management Board of Nord-Ostsee Sparkasse, Flensburg

Beate Läsch-Weber
President of the Savings Banks Association Rhineland-Palatinate, Budenheim

Thomas Mang
President of the Savings Banks Association Lower Saxony, Hanover

Harald Menzel
Chairman of the Management Board of Sparkasse Mittelsachsen, Freiberg

Hans-Werner Sander
Chairman of the Management Board of Sparkasse Saarbrücken, Saarbrücken

Helmut Schleweis
Chairman of the Management Board of Sparkasse Heidelberg, Heidelberg

Peter Schneider
President of the Savings Banks Association Baden-Wuerttemberg, Stuttgart

Dr. Harald Vogelsang
President of the Hanseatic Savings Banks and Giro Association and Spokesman of the Management Board of Hamburger Sparkasse AG, Hamburg

Theo Zellner
Managing President of the Savings Banks Association Bavaria, Munich

Representatives appointed by the Federal Organisation of Central Municipal Organisations

(in an advisory capacity)

Dr. Stephan Articus
Executive Director of the German Association of Cities, Cologne

Prof. Dr. Hans-Günter Henneke
Managing Member of the Presiding Board of the German County Association, Berlin

Roland Schäfer
Mayor of the City of Bergkamen and First Vice President of the German Association of Towns and Municipalities, Berlin

Employee Representatives appointed by the Staff Committee

Michael Dörr
Chairman of the Staff Committee, DekaBank Deutsche Girozentrale, Frankfurt/Main

Heike Schillo
Savings Banks Sales South Germany, DekaBank Deutsche Girozentrale, Frankfurt/Main

(End of the term of office: 31.12.2013)

Board of Management

Franz S. Waas, Ph.D.
Chairman

Oliver Behrens
Member

Dr. Matthias Danne
Member

Hans-Jürgen Gutenberger
Member

Dr. h. c. Friedrich Oelrich
Member

Executive Managers

Manfred Karg
Osvin Nöller
Thomas Christian Schulz

Financial calendar

Financial year 2011	**November 2011**	Interim Report as at 30 September 2011

Publication dates are preliminary and subject to change.

Internet website

The specialist terms used are explained in the **interactive online version** of this report, which you can view in English or German on our website at www.dekabank.de under "Investor Relations/Reports". Previously published annual reports and interim reports are also available for download here.

Ordering reports

We would be pleased to send you a printed copy of the Interim Report 2011 of the DekaBank Group (German version). If you would like to receive our annual reports or interim reports on a regular basis, please contact our Internal Communication & Media department:
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This report was prepared in August 2011

Concept and design

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Kolle Rebbe Werbeagentur GmbH, Hamburg

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Olaf Hermann, Langen

Disclaimer

The interim management report as well as the Interim Report in other respects contain forward-looking statements as well as expectations and forecasts. These are based on the information available to us at this time, which we have deemed to be reliable after careful consideration. We do not assume an obligation to update based on new information and future events after the publication of this information. We have derived our estimations and conclusions from these forward-looking statements, expectations and forecasts. We expressly point out that all of our future-oriented statements are associated with known or unknown risks or imponderables and are based on conclusions relating to future events, which depend on risks, uncertainties and other factors that are outside of our area of influence. Such developments can result from, among other things, a change in the general economic situation, the competitive situation, the development of the capital markets, changes in the tax law and legal framework as well as from other risks. The events actually occurring in the future may thus turn out to be considerably different from our forward-looking statements, expectations, forecasts and conclusions. We can therefore assume no liability for their correctness and completeness or for the actual occurrence of the information provided. The English translation of the Interim Report is provided for convenience only. The German original is definitive.

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