Deka

Deka Group
Interim Report

as at 30 June 2016

Finanzgruppe

Deka Group at a glance

Business development indicators		30 Jun 2016	31 Dec 2015	Change %
Total assets	€m	104,307	107,981	−3.4
Total customer assets	€m	245,391	240,045	2.2
thereof retail customers	€m	123,897	123,058	0.7
thereof institutional customers	€m	121,494	116,987	3.9
Number of securities accounts	thousand	4,099	4,054	1.1
		1st half 2016	1st half 2015	
Net sales	€m	9,018	9,979	−9.6
thereof retail customers	€m	3,878	5,813	−33.3
thereof institutional customers	€m	5,140	4,165	23.4
Performance indicators				
Total income	€m	712.7	843.1	−15.5
thereof net interest income	€m	75.1	108.2	−30.6
thereof net commission income	€m	506.9	569.6	−11.0
Total expenses	€m	482.9	476.5	1.3
thereof administrative expenses (including depreciation)	€m	482.9	479.1	0.8
Economic result	€m	229.8	366.6	−37.3
Net income before tax	€m	317.9	404.9	−21.5
Key ratios				
Return on equity (before taxes)	%	10.4	17.7	−7.3%-Points
Cost/income ratio	%	61.4	55.4	6.0%-Points
Key regulatory figures (without transitional provisions – fully loaded)		30 Jun 2016	31 Dec 2015	
Own funds	€m	5,309	5,194	2.2
Total capital ratio	%	17.0	16.7	0.3%-Points
Common Equity Tier 1 capital ratio	%	12.8	12.4	0.4%-Points
Risk ratios				
Total risk-bearing capacity	€m	5,723	5,868	−2,5
Group risk (value-at-risk)	€m	2,502	2,440	2,5
Utilisation of risk-bearing capacity	%	43.7	41.6	2.1%-Points
Non-guaranteed rating (short-term/long-term)				
Moody's [1]		P-1/Aa3	P-1/Aa3	
Standard & Poor's		A-1/A	A-1/A	
Key employee figures				
Number of employees		4,507	4,277	5.4
Number full-time equivalents		3,941	3,722	5.9

[1] Moody's Long-Term Senior Unsecured and Issuer Rating.

Due to roundings, number and percentages presented throughout this report may not add up precisely to the totals provided.

Content

Foreword

Dear Shareholders and Investors,

Even under challenging economic conditions, Deka's growth momentum as the *Wertpapierhaus* of the savings banks remained intact during the first half of 2016. Despite capital market trends, net sales of funds and certificates stood at €9bn, close to the previous year's high level (€10bn). Our business with institutional customers grew compared with the previous year, largely thanks to a range of products and advisory services that is even more closely aligned with the needs of our target groups. Our positive growth trend which started two years ago continues.

Despite further relaxation of monetary policy by the European Central Bank (ECB), capital markets were depressed in the first half of the year. The outcome of the British referendum on EU membership led to the greatest slide in share prices since the financial crisis of 2008.

In this difficult market environment, the Deka Group achieved an economic result of €230m in the first six months of 2016. As expected, the result fell short of the €367m achieved in the previous year.

Pressures in the capital markets led to a decline in net commission income. The result was also impacted by higher loan loss provisions in lending business, as well as actuarial losses due to a further reduction in discount rates for pension obligations. Increased expenses due to the inclusion of the full-year amount of contributions to the *Landesbanken* and *Girozentralen* deposit protection reserve, as well as higher consulting and IT expenses, also had a negative impact.

All regulatory requirements were met during the first half of 2016. The fully loaded Common Equity Tier 1 capital ratio improved, increasing to 12.8%, and the leverage ratio also ended the year higher compared with 2015.

The Deka Group's strategy is geared to supporting the savings banks even more intensively in securities business and upholding their vital role in helping German households build up their assets. In implementing our strategy as a securities service provider, our priorities are to develop the multi-channel offering, expand our business with institutional customers and selectively extend the product range.

- As part of our multi-channel strategy, we completed the full acquisition of S Broker AG & Co. KG (S Broker) on 30 June 2016. Our goal is to take advantage of S Broker's expertise in online securities business throughout the Deka Group and use it to further expand online support services for the savings banks.
- We also made good progress in expanding our business with institutional customers, resulting in a gratifying net sales performance of €5.1bn in the first six months of the year.
- Measures to expand the product offering in institutional business focused primarily on our asset servicing solutions. We also extended our product range in the Real Estate business division. A new mutual property fund for retail customers, the Deka-ImmobilienNordamerika, was launched in July.

Since we do not expect any significant improvement in general conditions during the second half of the year, we continue to pay very close attention to our costs, whilst at the same time further investing in our business model as the *Wertpapierhaus* of the savings banks. Despite market turbulence and socio-political issues, we are confident that the growth prospects for our business model remain intact.

Sincerely,

Michael Rüdiger
Chief Executive Officer

Interim management report 2016

At a glance

Despite the difficult economic conditions, the Deka Group – the *Wertpapierhaus* for the savings banks – achieved an economic result of €229.8m during the first half of 2016. As a result of numerous market pressures, the result fell short of the €366.6m achieved in the previous year, as expected.

Although investors became increasingly unsettled in the first half of the year as a result of falls in the equity and bond markets, in part linked to the Brexit vote, net sales of funds and certificates came close to matching the previous year's strong performance overall. Strong sales meant that total customer assets once again rose slightly, despite some price falls as a result of the market situation.

The D18 transformation programme continued to move forward, focusing on the integration of securities business into the savings banks' multi-channel offering. In connection with this, Deka further strengthened its online securities expertise with the complete acquisition of S Broker AG & Co. KG (S Broker) on 30 June 2016. Within institutional sales we continued to press ahead with the expansion of asset servicing.

All regulatory requirements were safely met during the first half of 2016. The Common Equity Tier 1 capital ratio (fully loaded) improved to 12.8%, and the leverage ratio exceeded the level at the end of 2015. In spite of economic uncertainty, Deka Group expects its financial position to remain stable overall.

Information about the Deka Group

Corporate governance

Stefan Keitel took over his duties as Executive Manager on 1 January 2016, as planned. In this role, he will initially work as part of the department headed by CEO Michael Rüdiger. As soon as regulatory requirements have been met, he will join the Board of Management, where he will take over responsibility from Michael Rüdiger for the Securities and Capital Markets business divisions.

During the reporting period, the Board of Management members' areas of responsibility remained unchanged from those set out in the 2015 Group management report.

Deka Group strategy

As the *Wertpapierhaus* for the savings banks, the Deka Group's strategy is geared to supporting the savings banks in a competitive environment on a sustained basis and upholding their vital role in helping German households build up their assets. To this end, the Deka Group continues to develop its comprehensive range of investment and asset management solutions, modelling these on the requirements of the savings banks and their customers. The D18 transformation programme remains the framework within which all activities associated with Deka's further development as the *Wertpapierhaus* for the savings banks take place.

In the retail business, the Deka Group aims to encourage more people to invest in securities and hence to promote a securities culture in Germany overall, working in close cooperation with the savings banks and the DSGV. Now that measures to strengthen sales are largely complete, the focus is now on integrating securities business into the savings banks' multi-channel offering. The intention is to give customers the opportunity to access an attractive range of securities via their particular savings bank's website, allowing them to make investment decisions simply and securely online.

Within institutional sales, we continued to press ahead with the expansion of asset servicing. The current focus is on expanding the alternative investments product portfolio and on business with institutional customers outside the *Sparkassen-Finanzgruppe*.

The Deka Group's online securities expertise was further strengthened by the acquisition of the remaining 69.4% of the shares in S Broker with effect from 30 June 2016. The *Sparkassen-Finanzgruppe*'s online broker offers an attractive platform for securities investments and transactions, managing custodial assets of close to €6bn spread across around 130,000 customers. Consolidating online securities capabilities within the Deka Group allows us to provide even more targeted support to the savings banks.

For the fourth time in a row, Deka received the highest possible rating of five stars (Top Fund Company) in the "Capital-Fonds-Kompass 2016" awards run by Capital business magazine. The number of points awarded to Deka increased once again, meaning it now stands in second place, ahead of well-known competitors. Deka's managed mutual securities funds also performed well in this year's €uro FundAwards, achieving a total of 14 top rankings.

In the Private Banking customer segment, Deka stepped up support for the savings banks during the first half of 2016. The extensive range of services available for managing wealthy customers' private and business assets received wide publicity, including via a number of regional launch events. We were able to win over a large number of savings banks as new partner organisations by persuading them of the potential offered by a comprehensive approach, particularly one that integrates wealth management services with financial services for businesses.

Structural changes

At the start of the 2016 financial year, securities investments that are not used as a liquidity reserve were transferred from the Treasury corporate centre to the Capital Markets business division. As part of this new arrangement, Treasury took over responsibility for group-wide liquidity management across all maturity bands. The previous year's results presented within segment reporting have been adjusted as a result of the structural change.

With effect from 1 July 2016, domestic fund accounting and parts of the fund administration were transferred to the investment servicing company State Street as part of the disposal of the business activities of the Dealis Fund Operations GmbH joint venture (50% holding). Deka will continue to have access to high quality services as a result of a long-term contract concluded at the time of the disposal.

The organisational structure presented in the 2015 Group management report remains applicable.

Economic report

Economic environment

Overall, economic conditions proved to be less favourable during the first six months of 2016 than in the same period of 2015.

The European Central Bank (ECB) relaxed its monetary policy even further, causing bond market yields to fall once again. Equity markets also suffered, in spite of the stimulus from monetary policy. After an extraordinarily weak start to the year, rising political uncertainty and declining company profits, combined with a cautious economic environment overall, did not allow any substantial recovery to take place. On 24 June 2016, the outcome of the British referendum on EU membership led to the greatest slide in share prices since the financial crisis of 2008, although markets rallied in the days that followed.

Macroeconomic conditions

As expected, global economic growth was sluggish during the first half of the year. After a subdued start to the year, growth in the USA was more vigorous during the second quarter, while the eurozone experienced a slowdown. Growth in emerging markets was weak, almost without exception, which was broadly in line with expectations.

The moderate improvement in US growth was largely driven by private consumption, although employment figures fell short of the anticipated level.

The long-standing economic recovery in the eurozone continued during the first three months of the year, thanks in part to mild weather at the beginning of the year which had a positive impact on the labour market. During the second quarter, however, the pace of growth fell back slightly. In an environment characterised by falling energy prices, the beneficial effects on the economy were not sufficiently strong to have any appreciable positive impact on inflation overall.

Compared with the first quarter of the previous year, German gross domestic product grew by 0.7% during the first quarter, exceeding the figures for the eurozone and the USA. Weak retail sales and industrial orders later caused the economy to cool, as DekaBank had expected.

The growth trend in China slowed further. Even so, growth of 6.5% is still expected for the year as a whole. The renminbi lost value against the US dollar, with the weaker exchange rate leading to a fall in currency reserves.

Economic growth in emerging markets was weak during the first three months of the year, almost without exception. The effects of the recessions in Brazil and Russia were less severe than expected. The pace of growth declined even further during the second quarter. This was accompanied by only modest inflationary pressure, leading central banks to hold key interest rates at low levels, and in some cases even to reduce them.

The outcome of the referendum in the United Kingdom led to a high degree of turbulence towards the end of the second quarter. Britain’s forthcoming exit from the European Union greatly increased uncertainty about the future of the EU and the fate of the political integration process that has been going on for decades.

Immediately after the referendum, steps were taken by central banks and others to mitigate the risks to the financial system.

Sector-related conditions

Trends in money and capital markets

Against a backdrop of a substantial downward revision of its inflation forecasts, the ECB further relaxed monetary policy in its interest rate decision on 10 March 2016. Its main refinancing rate was reduced from 0.05% to 0.00%, and its deposit rate now stands at −0.40%. It also increased the volume of its monthly bond purchases in April from €60bn to €80bn. In addition, the ECB began purchasing corporate bonds outside the financial sector.

In the run-up to the ECB's new corporate bond purchasing programme, spreads declined considerably, although they failed to reach the lows seen in early 2015. Nonetheless, many bonds are trading at close to historically low yield levels, thanks to the extremely low yields on Bunds. The Brexit vote pushed yields on ten-year Bunds into negative territory. Many shorter maturities also now offer negative returns; the euro swap curve in the maturity segment up to five years turned negative. Companies were quick to take advantage of low financing costs, and their new issues met with lively investor interest. Yields on covered bonds and *Pfandbriefe* followed the downward trend of German government bonds and swap rates to reach new historic lows. Yields on some short and medium-term maturities were negative.

Conditions for German equities remained good during the reporting period. As measured by the ifo Business Climate Index and the Purchasing Managers' Index, the mood among companies remained at a stable, high level, despite uncertainties caused by the Brexit vote and weak profit trends. The favourable financing conditions resulting from the ECB's more relaxed monetary policy contributed to this. Aside from the weak performance seen in the first few weeks of the year, the German stock index (DAX) had been recovering since the middle of February, but this was interrupted by the Brexit decision. The substantial price correction following the referendum shows that financial markets are now fully pricing in Brexit for a limited period of time. This means declining share prices, falling interest rates and continued pressure on exchange rates between the euro and British pound against the US dollar. The DAX closed at 9,680 as at 30 June 2016, representing a decline of 9.9% compared with the end of 2015 (10,743). The picture on other European stock markets is similar, with the Euro Stoxx 50 substantially lower than expected.

Trends in property markets

Low interest rates further fuelled the investment boom on property markets in the first half of 2016. Total income was high, particularly on European office property markets. Once again, yield compression was a significant driver for asset performance. In order to ensure higher income in the future as well, rents would need to rise on a broad basis over the long term.

According to the market data available so far, the fall in vacancy rates continued, with rental growth remaining moderate. Above-average rent increases were observed in the Paris sub-market of La Défense, in Stockholm, Manchester, Dublin, Barcelona and Madrid.

As in previous years, German markets enjoyed high demand, declining vacancy rates and, in some cases, rental increases. Net initial returns again fell slightly.

During the first half of 2016, demand for class A rental space in the USA remained at the levels seen in the previous year. Rental growth slowed in a number of locations that were already at an advanced stage of the cycle, such as San Francisco and Seattle. Initial returns in the leading markets remained at historically low levels.

Vacancy rates on the Asian markets continued to fall, including in Hong Kong and Tokyo which, along with Shanghai, also experienced rent rises. In contrast, Singapore was forced to deal with falling rent levels as a result of the high level of new building. In Australia, demand for office space increased in Sydney and Melbourne, further reducing vacancy rates and increasing top rents in both cities.

Investor attitudes

The mutual securities funds tracked by the BVI achieved only a small net positive inflow of funds (€0.2bn) in the period from January to May 2016, compared with €37.2bn in the first half of 2015. Above all, mixed funds, for which demand was strong in the previous year, experienced a considerable decline, thanks to falling prices. Equity and bond funds, which had achieved clear positive inflows in the previous year, fell into negative territory. Net inflows of funds for mutual property funds, in contrast, almost tripled, reaching €3.9bn.

Sales of special funds also declined. Overall, these came to more than €20bn less than in the comparative period, but still remained clearly in positive territory, with a net inflow of funds of €37.7bn.

Regulatory environment

The regulatory environment changed only slightly compared with the situation presented in the 2015 Group management report.

Application of the Markets in Financial Instruments Directive (MiFiD II) and the corresponding MiFIR Regulation for investment service providers was postponed by one year, as expected. Accordingly, amendments to MiFID II and MiFIR were adopted. Implementation of MiFID II (2nd *Finanzmarktnovellierungsgesetz* – German Financial Market Amendment Act) at national level does not have to be achieved until 3 July 2017. MiFIR and national laws implementing MiFID will apply to investment service provides from 3 January 2018 onwards.

MiFID II and MiFIR cover investor protection and market infrastructure, and hence affect almost all of the Deka Group's portfolio of products and services. The increased requirements for investment recommendations to be transparent and understandable will require many changes to be made at the savings banks and by Asset Management. Among other things, these include record-keeping obligations, the definition and continual monitoring of target markets and conditions covering the acceptance of benefits for the purposes of ensuring quality of service. Deka is implementing the requirements of MiFID II and MiFIR in close cooperation with the DSGV. After the *Bundestag* (German Parliament) adopted draft legislation on reforming the taxation of investments on 9 June 2016, the *Bundesrat* (Federal Council) approved the *Investmentsteuerreformgesetz* (Investment Tax Reform Act) on 8 July 2016, thereby completing the parliamentary legislative procedure.

The *OGAW-V-Umsetzungsgesetz* (UCITS V Implementation Law) came into force in March 2016. It affects 'undertakings for collective investments in transferable securities', i.e. investment funds. UCITS capital management companies must now establish remuneration systems for managing directors and other categories of employee. Custodians now also have additional duties and obligations. It is also necessary to modify the composition of the management and supervisory bodies of UCITS capital management companies and custodians, in line with provisions of the German Investment Code (*Kapitalanlagegesetzbuch – KAGB*) and German company law. The Delegated Regulation relating to this contains rules on the organisational separation for the management of custodians and UCITS capital management companies, in order to guarantee independence and avoid conflicts of interest. The Deka Group has appropriately implemented these rules.

The German Separate Banks Act (*Trennbankgesetz*) enshrined in Section 3 of the German Banking Act (*Kreditwesengesetz* – KWG) was also implemented as planned. In line with the risk analysis carried out in the previous year, no proprietary trading or loans to certain alternative investment funds had to be discontinued, or hived off into legally independent subsidiary entities. In order to ensure that transactions not permitted by the Separate Banks Act do not occur in future, the business and risk strategies, and organisational procedures were amended and control processes were implemented. This compliance programme is to be implemented from 1 July 2016 onwards.

The draft Investment Tax Reform Act (*Investmentsteuerreformgesetz – InvStRefG*) approved by the *Bundestag* in June 2016 could come into force from the start of 2018 once it has been approved by the *Bundesrat* in July. The law will result in wide-reaching systematic changes in investment tax law, based on the separate taxation of investment funds and investors. The previous system will be replaced by a flat rate of taxation at the investor level. However, the regulations for special investment funds will remain unchanged. There will be a transitional period for property funds which guarantees that changes in the value of a property remain tax-free until the law comes into force, provided that the property was held for a period of at least ten years between acquisition and disposal. The reform will result in some implementation costs for Deka.

Business development and profit performance in the Deka Group

Overall statement on the business trend and the Group's position

The Deka Group achieved an economic result of €229.8m during the first half of the year. However, it fell short of the previous year's strong result (€366.6m). Pressures on the equity and bond markets led to a decline in net commission income, although this was offset by an improvement in net financial income. Higher risk provisions and actuarial losses arising from a further fall in the discount rate for pension obligations also had a negative impact on the result. Actuarial losses of €114.8m are presented as a result for the period within the economic result, but are not included in the IFRS income statement, where they are posted directly to equity (revaluation reserve). In addition, increased expenses as a result of the inclusion of the full-year amount of contributions to the *Landesbanken* and *Girozentralen* deposit protection reserve had a negative impact, as did higher consulting expenses.

Despite unsettled capital markets, total customer assets rose to €245.4bn (end of 2015: €240.0bn). One of the main reasons for this was strong net sales; at €9.0bn (with retail sales accounting for €3.9bn), these were only around 10% lower than the excellent comparative figure in 2015. Growth in institutional business compared with the previous year, which was primarily the result of focusing the range of products and investment advice even more strongly on the needs of the target groups, was offset by lower sales to retail investors. In terms of products, the main growth was in equity and property funds. Equity and bond certificate business also grew substantially, thereby contributing to the high level of income from capital market activities.

Total customer assets Deka Group *(Fig. 1)*

€m	30 Jun 2016	31 Dec 2015	Change	
Total customer assets Deka Group	**245,391**	**240,045**	5,346	2.2%
by customer segment				
Retail customers	123,897	123,058	839	0.7%
Institutional customers	121,494	116,987	4,507	3.9%
by product category				
Mutual funds and fund-based asset management	126,205	126,351	–146	–0.1%
Special funds and mandates	98,420	94,846	3,574	3.8%
Certificates	13,730	11,797	1,933	16.4%
ETF	7,036	7,050	–14	–0.2%

The Group also met all regulatory requirements during the first half of 2016. Common Equity Tier 1 capital (fully loaded) increased to €4.0bn, as a result of the reinvestment of net income from 2015, while risk assets remained at the 2015 year-end level. The fully loaded Common Equity Tier 1 capital ratio improved, increasing to 12.8%. At 4.2%, the leverage ratio (fully loaded) was higher than at the end of 2015. The minimum requirements for the liquidity coverage ratio (LCR) were also met at all times.

The Deka Group continues to expect the overall financial situation to remain stable in 2016. The economic result will be lower than the particularly strong result from 2015, and is also likely to fall moderately below the long-term average. However, higher added value for the savings banks, as the Group's shareholders, continues to be assured.

Ratings

DekaBank's ratings remain strong in comparison with its peer group of German commercial banks. In January, Moody's confirmed its "long-term senior unsecured and issuer rating" at Aa3, while the deposits rating was raised by one notch to Aa2. The outlook for both ratings is stable. The short-term rating remained unchanged at P-1. Standard & Poor's (S&P) ratings have been A (long-term) and A-1 (short-term) since August 2015, with a positive outlook.

Profit performance of the Deka Group

At €229.8m, the Deka Group's economic result was, as expected, below the very high figure for 2015 (€366.6m). Market-related effects, such as the significant decline in equity markets which reduced net commission income, further unfavourable forecasts for the transport sector, and especially future ship charter rates, which increased risk provisions, and further reductions in discount rates for pension obligations, had a substantial negative impact on earnings. Earnings therefore declined from €843.1m in the previous year to €712.7m. Actuarial losses of €114.8m are presented as a result for the period within the economic result, but are not included in the IFRS income statement, where they are posted directly to equity (revaluation reserve). Expenses on the other hand were only slightly above the previous year's figure.

Due to lower income, the cost/income ratio increased on a mid-year comparison from 55.4% to 61.4%. Return on equity (before tax) stood at 10.4% (previous year: 17.7%).

As expected, net interest income fell compared with the previous year's figure (€108.2m) to €75.1m. Even more difficult market conditions compared with the previous year led to a negative return on the investment of non-interest-bearing liabilities and lower profit contributions from short-term liquidity management. Interest paid by customers was also down on the previous year, mainly due to the reduced loan volume in the Financing business division.

The requirement for risk provisions increased substantially compared with the previous year's low figure, rising from €–20.6m to €–89.6m. Risk provisions in lending business accounted for €–74.1m of this amount (previous year: €–21.4m). The increase is mainly due to additions to specific provisions in the Financing business division, in particular in relation to outstanding ship financing loans concluded before 2009. The requirement for risk provisions in relation to securities in the categories 'loans and receivables' (LaR) and 'held to maturity' (HtM) amounted to €–15.5m and was thus also above the previous year's level (€0.8m).

Major price fluctuations on the stock markets had a noticeable effect on total customer assets and hence also on portfolio commission in securities fund business. In addition, commissions from commission business were down on the previous year, whereas acquisition and construction fees slightly exceeded the comparative figure for 2015. On balance, at €506.9m net commission income fell short of the previous year's figure (€569.6m), largely as a result of the equity market trend.

Overall, net financial income rose considerably compared with the previous year (€130.1m), to reach €282.3m in the first half of 2016.

Net financial income from trading book portfolios amounted to €189.3m. Thanks to a high earnings contribution from the Trading & Structuring unit, attributable to the continued strong demand for structured securities, the very good prior-year figure of €188.8m was achieved once again.

Net financial income from banking book portfolios far exceeded the previous year's figure (€– 59.5m), reaching €108.5m. This is primarily attributable to positive valuation results for securities portfolios in the wake of spread developments. Moreover, the general provision formed in previous years to cover potential risks was reduced by €35.0m to €65.0m. The general provision is reflected in the economic result outside of the IFRS profit or loss and without specific allocation to business divisions.

Other operating income in the amount of €–77.5m was below the previous year's figure (€56.6m). This results in particular from actuarial losses relating to pension provisions amounting to €114.8m, due to a decline in the actuarial interest rate from 2.30 to 1.55%. In the previous year, actuarial gains of €52.1m were recorded. Actuarial effects are not included in the IFRS income statement as they are posted directly in equity (revaluation reserve). However, they are reported in the economic result as profit or loss for the period.

Personnel expenses increased slightly, to €241.7m (previous year: €234.5m). This was primarily due to an increase in staff capacity and collectively agreed salary increases.

Operating expenses of €197.7m (excluding bank levy, depreciation and amortisation) were substantially higher than the mid-year figure for 2015 (€173.0m). This was mainly due to recognition of the full-year subscription to the security reserve of the *Landesbanken* and *Girozentralen* (€12.0m), which was recognised pro rata temporis in the prior year. In addition, higher consulting and IT expenses were incurred.

As in the previous year, the full annual amount of the European bank levy (€34.4m) was again recognised in the first half. The comparative figure for the previous year was €60.8m.

At €9.1m, depreciation and amortisation were at a similarly low level to the previous year (€10.8m) and related mainly to intangible assets.

No restructuring expenses were incurred (previous year: €–2.6m).

Profit performance Deka Group *(Fig. 2)*

€m	1st half 2016	1st half 2015	Change	
Net interest income	75.1	108.2	–33.1	–30.6%
Provisions for loan losses	–74.1	–21.4	–52.7	–246.3%
Net commission income	506.9	569.6	–62.7	–11.0%
Net financial income [1]	282.3	130.1	152.2	117.0%
Other operating income	–77.5	56.6	–134.1	–236.9%
Total income	**712.7**	**843.1**	–130.4	–15.5%
Administrative expenses (including depreciation)	482.9	479.1	3.8	0.8%
Restructuring expenses	0.0	–2.6	2.6	100.0%
Total expenses	**482.9**	**476.5**	6.4	1.3%
Economic result	**229.8**	**366.6**	–136.8	–37.3%

[1] Net financial income includes risk provisions for securities in the lar and htm categories of approximately € –15.5m (previous year: €0.8m).

Business development and profit performance in the business divisions

Business development and profit performance in the Securities business division

In a stock market environment fraught with uncertainty, the Securities business division achieved a solid, but lower result compared with the previous year. This was due in particular to a lower commission income.

Net sales performance and total customer assets

Net sales in the Securities business division totalled €3.7bn, falling short of the good performance for 2015 (€6.7bn). A decisive factor was the decline in retail business in the Securities business division to €0.5bn (previous year: €3.6bn). Business with institutional customers totalled €3.2bn, slightly above the previous year's figure (€ 3.0bn).

Net sales Securities business division *(Fig. 3)*

€m	1st half 2016	1st half 2015
Net sales Securities business division	**3,735**	**6,662**
by customer segment		
Retail customers	523	3,649
Institutional customers	3,211	3,013
by product category		
Mutual funds and fund-based asset management	1,006	4,101
ETF	478	18
Special funds and mandates	2,250	2,543

Mutual securities funds together with fund-based asset management achieved net sales of €1.0bn (previous year: €4.1bn). Investor caution was reflected above all in direct sales of mutual funds.

ETFs achieved net sales totalling €0.5bn, thus exceeding the previous year's figures for both ETF equity and ETF bond funds.

Net sales of special securities funds, master funds and advisory/management mandates reached €2.3bn, close to the prior year level.

At €201.0bn, the business division's total customer assets slightly exceeded the position at year-end 2015 (€198.7bn) despite price falls as a result of the market situation.

Total customer assets Securities business division *(Fig. 4)*

€m	30 Jun 2016	31 Dec 2015	Change	
Total customer assets Securities business division	**200,993**	**198,743**	2,250	1.1%
by customer segment				
Retail customers	93,099	94,379	– 1,280	– 1.4%
Institutional customers	107,894	104,365	3,529	3.4%
by product category				
Mutual funds and fund-based asset management	100,424	101,695	– 1,271	– 1.2%
thereof equity funds	23,229	24,247	– 1,018	–4.2%
thereof bond funds	37,004	36,262	742	2.0%
thereof mixed funds	15,306	16,560	– 1,254	–7.6%
ETF	7,036	7,050	– 14	–0.2%
Special funds and mandates	93,533	89,999	3,534	3.9%

Profit performance in the Securities business division

At €144.7m, the business division's economic result was lower than in the previous year (€198.4m). This was primarily due to lower net commission income, above all because of lower portfolio commissions as a result of the equity market trend.

Administrative expenses rose slightly, mainly due to an increase in sales and project expenses.

Profit performance Securities business division *(Fig. 5)*

€m	1st half 2016	1st half 2015	Change	
Net commission income	352.2	394.4	–42.2	–10.7%
Other income	35.0	9.6	25.4	264.6%
Total income	**387.2**	**404.0**	–16.8	–4.2%
Administrative expenses (including depreciation)	237.5	209.6	27.9	13.3%
Restructuring expenses	0.0	–4.0	4.0	100.0%
Total expenses	**237.5**	**205.6**	31.9	15.5%
Economic result excluding Treasury function	**149.7**	**198.4**	–48.7	–24.5%
Treasury function	–5.0			
Economic result	**144.7**	**198.4**	–53.7	–27.1%

Business development and profit performance in the Real Estate business division

The Real Estate business division achieved a good economic result, which was, however, moderately down on the previous year due to lower income. Net sales were significantly higher year on year. In real estate financing, new business volume and – owing to market conditions – margins were slightly lower.

Net sales performance and total customer assets

Of the business division's net sales totalling €1.4bn (previous year: €1.0bn), mutual property funds accounted for €1.3bn. Net sales of the WestInvest InterSelect fund, which is focused on Europe, and the Deka-Immobilien-Global fund, approximately doubled in the first half of the year, while the Deka-Immobilien Europe fund again recorded the largest net volume with a likewise significant increase. Special funds and individual property funds generated net sales of €0.1bn, moderately below the previous year's figure (€0.2bn).

Net sales Real Estate business division *(Fig. 6)*

€m	1st half 2016	1st half 2015
Net sales Real Estate business division	**1,386**	**981**
by customer segment		
Retail customers	1,320	840
Institutional customers	66	141
by product category		
Mutual property funds	1,262	807
Special funds and individual property funds	124	174

The Real Estate business division's total customer assets rose by 3.9% to €30.7bn (end of 2015: €29.5bn), due primarily to the positive net sales performance. Of this increase, €25.8bn was attributable to mutual property funds. Market share – as measured by the mutual funds' assets according to BVI as at 31 May 2016 – held steady at around 29%. The business division thus remains Germany's second largest provider of open-ended mutual property funds.

Total custumer assets Real Estate business division *(Fig. 7)*

€m	**30 Jun 2016**	**31 Dec 2015**	Change	
Total customer assets Real Estate business division	**30,668**	**29,504**	1,164	3.9%
by customer segment				
Retail customers	24,163	22,998	1,165	5.1%
Institutional customers	6,505	6,506	–1	0.0%
by product category				
Mutual property funds	25,781	24,657	1,124	4.6%
Special funds and individual property funds	4,887	4,847	40	0.8%

With an annualised volume-weighted yield averaging 2.2%, the mutual property funds delivered returns in line with the market. On the purchasing side, fund managers focused on prime properties in top locations and expanded the fund's global presence. Transaction volume for property purchases and sales totalled €1.9bn in the reporting period. Further investments were also made in modernising the property portfolio. The occupancy rate remained at the high level reported at the end of 2015.

Property financing

In property financing, in a still competitive market environment, the volume of new business arranged stood at €1.7bn (previous year: €1.9bn). This total volume included extensions amounting to €0.6bn. The volume of external placements stood at €0.9bn, considerably higher than the previous year's level (€0.5bn). As in previous years, more than 50% of loans were placed with members of the *Sparkassen-Finanzgruppe*.

The loan portfolio as at 30 June 2016 stood at €7.0bn, slightly above the prior-year figure (€6.9bn). The average rating for the loan portfolio according to the DSGV master scale improved by one grade to 3. This corresponds to a rating of BBB on S&P's external rating scale. Including the portfolio secured by collateral, the rating according to the DSGV master scale also improved by one grade to AA+ (equivalent to a rating of AA on the S&P scale).

Out of the total portfolio, €5.8bn (end of 2015: €5.7bn) was attributable to commercial property financing, €1.0bn (end of 2015: €1.0bn) to open-ended property fund financing, and €0.2bn (end of 2015: €0.2bn) to public-sector construction projects, a segment which is being phased out.

Profit performance in the Real Estate business division

At €63.4m, the Real Estate business division achieved a good economic result, which is however below the previous year's high figure of €86.0m. Net commission income was roughly on a par with the previous year, due to the solid performance of the funds. Net interest income declined due to market conditions and was below the comparative figure for 2015. Positive net loan loss provisions contributed to a generally stable earnings performance.

The increase in expenses was driven primarily by higher project and personnel expenses. The latter were partly the result of the steadily growing property portfolio.

Profit performance Real Estate business division *(Fig. 8)*

€m	1st half 2016	1st half 2015	Change	
Net interest income	27.7	30.4	–2.7	–8.9%
Provisions for loan losses	1.6	3.6	–2.0	–55.6%
Net commission income	110.8	116.9	–6.1	–5.2%
Net financial income	0.8	–0.7	1.5	214.3%
Other operating income	0.7	1.8	–1.1	–61.1%
Total income	**141.6**	**152.0**	–10.4	–6.8%
Administrative expenses (including depreciation)	72.8	66.0	6.8	10.3%
Total expenses	**72.8**	**66.0**	6.8	10.3%
Ecomomic result excluding Treasury function	**68.8**	**86.0**	–17.2	–20.0%
Treasury function	–5.4			
Economic result	**63.4**	**86.0**	–22.6	–26.3%

Business development and profit performance in the Capital Markets business division

In a difficult market environment, the Capital Markets business division achieved a good economic result of €172.3m (previous year: €217.2m). The previous year's figures have been adjusted retrospectively due to the structural changes mentioned above. The business division further strengthened its role as a product, solution and infrastructure provider by continuing to develop structured solutions for savings banks and other institutional customers and by integrating strategic assets.

Business development in the Capital Markets business division

Collateral Trading saw a decline in customer business. In the Trading & Structuring department, on the other hand, business volume increased mainly due to new issues for private and institutional investors. Net sales in certificates business increased to €3.9bn, compared with the previous year's figure of €2.3bn. Total customer assets in certificate business therefore grew from €11.8bn to €13.7bn.

Profit performance in the Capital Markets business division

The good economic result of €172.3m is due in particular to the earnings contribution from the Trading & Structuring department. As expected, in view of declining customer business, the Collateral Trading department made a smaller contribution to earnings compared with the previous year.

At €78.9m, expenses were slightly down on the comparative figure (€80.9m).

Profit performance Capital Markets business division *(Fig. 9)*

€m	1st half 2016	1st half 2015	Change	
Net interest income	21.2	9.9	11.3	114.1%
Provisions for loan losses	0.1	0.0	0.1	n.a.
Net commission income	37.5	55.7	−18.2	−32.7%
Net financial income	189.9	221.3	−31.4	−14.2%
Other operating income	9.7	11.2	−1.5	−13.4%
Total income	**258.4**	**298.1**	−39.7	−13.3%
Administrative expenses (including depreciation)	78.9	80.9	−2.0	−2.5%
Total expenses	**78.9**	**80.9**	−2.0	−2.5%
Economic result excluding Treasury function	**179.5**	**217.2**	−37.7	−17.4%
Treasury function	−7.2			
Economic result	**172.3**	**217.2**	−44.9	−20.7%

Business development and profit performance in the Financing business division

The Financing business division reported a negative economic result of €–61.3m in the first half of 2016. This was primarily the result of allocations to provisions for loan losses with respect to existing loans for ship financing.

Business development in the Financing business division

The volume of new business arranged was €1.4bn, compared with €0.8bn in the previous year. Almost two thirds of this was acquired as part of savings bank financing (€0.9bn). The volume of external placements was €0.1bn (previous year: €0.2bn).

The loan portfolio decreased to €15.6bn (end of 2015: €16.5bn). Of this total, infrastructure loans accounted for €2.2bn (end of 2015: €2.0bn), while transport and export loans accounted for €4.8bn (end of 2015: €5.3bn), including ship financing of €1.6bn and aircraft financing of €2.5bn. Gross loan volume for savings bank financing fell by €0.6bn to €8.7bn.

The average rating for the loan portfolio as at 30 June 2016, according to the DSGV master scale, improved by one grade to 5. This corresponds to BBB– on S&P's rating scale.

Profit performance in the Financing business division

The decline in the economic result of the Financing business division to €–61.3m (previous year: €–2.2m) is primarily due to the trends in loan loss provisions, particularly in relation to ship financing. Historically low freight rates and resulting ship overcapacity necessitated specific valuation allowances only in relation to existing loans promised before 2009. Net interest and commission income reached a combined total close to the previous year's result.

Administrative expenses were more or less on a par with the previous year.

Profit performance Financing business division *(Fig. 10)*

€m	1st half 2016	1st half 2015	Change	
Net interest income	34.7	37.4	−2.7	−7.2%
Provisions for loan losses	−75.6	−27.1	−48.5	−179.0%
Net commission income	7.1	5.8	1.3	22.4%
Net financial income	−5.7	−5.5	−0.2	−3.6%
Other operating income	0.2	0.1	0.1	100.0%
Total income	**−39.3**	**10.7**	−50.0	(< −300%)
Administrative expenses (including depreciation)	14.0	12.9	1.1	8.5%
Total expenses	**14.0**	**12.9**	1.1	8.5%
Economic result excluding Treasury function	**−53.3**	**−2.2**	−51.1	(< −300%)
Treasury function	−8.0			
Economic result	**−61.3**	**−2.2**	−59.1	(< −300%)

Business development and profit performance in non-core business

Continuing the proven strategy of reducing portfolios whilst safeguarding assets in non-core business, loans in non-core business with a remaining volume of €0.3bn were transferred to the Financing business division with effect from 1 January 2016.

The gross loan volume of remaining credit substitute transactions in non-core business, which essentially comprise old business with securitised and structured products, fell from €0.9bn at the end of 2015 to €0.8bn as at mid-year 2016. The rating of A– on the DSGV master scale reflects the low probability of default of the portfolio. The reduction strategy will be maintained both for exposures in the Financing business division and for the remaining credit substitute transactions.

Because of the reduction in volume, the economic result of €9.9m was lower than the comparative figure for 2015 (€18.3m).

Profit performance non-core business *(Fig. 11)*

€m	1st half 2016	1st half 2015	Change	
Net interest income	2.7	5.8	−3.1	−53.4%
Provisions for loan losses	0.0	2.0	−2.0	−100.0%
Net commission income	0.0	−0.1	0.1	100.0%
Net financial income	7.7	12.0	−4.3	−35.8%
Other operating income	0.0	0.0	0.0	n.a.
Total income	**10.4**	**19.7**	−9.3	−47.2%
Administrative expenses (including depreciation)	0.5	1.4	−0.9	−64.3%
Total expenses	**0.5**	**1.4**	−0.9	−64.3%
Economic result excluding Treasury function	**9.9**	**18.3**	−8.4	−45.9%
Treasury function	0.0			
Economic result	**9.9**	**18.3**	−8.4	−45.9%

Financial position and assets and liabilities of the Deka Group

Financial position, capital structure, assets and liabilities

The Deka Group's balance sheet total fell by €3.7bn compared with year-end 2015, standing at €104.3bn as at 30 June 2016.

On the assets side, the total amount due from banks and customers fell by €1.8bn to €47.8bn compared with year-end 2015. Financial assets recognised at fair value through profit or loss decreased by €6.2bn to €44.7bn; these accounted for approximately 43% of total assets. This was primarily the result of a €6.6bn reduction in holdings of money market instruments.

On the liabilities side, amounts due to banks and customers decreased by €0.6bn to €53.0bn as at 30 June 2016, corresponding to around 51% of total liabilities. Securitised liabilities decreased during the period under review by €4.0bn to €15.9bn due to the lower funding requirement of the securities holdings. Financial liabilities recognised at fair value through profit or loss rose slightly, increasing by €0.8bn to €27.9bn.

Balance sheet changes Deka Group *(Fig. 12)*

€m	30 Jun 2016	31 Dec 2015	Change	
Balance sheet total	**104,307**	**107,981**	−3,674	−3.4%
Selected items on the assets side				
Due from banks and customers	47,811	49,602	−1,791	−3.6%
Financial assets at fair value	44,685	50,908	−6,223	−12.2%
Financial investments	3,061	2,944	117	4.0%
Selected items on the liabilities side				
Due to banks and customers	52,974	53,546	−572	−1.1%
Securitised liabilities	15,917	19,922	−4,005	−20.1%
Financial liabilities at fair value	27,912	27,115	797	2.9%

Changes in regulatory capital (own funds)

Capital adequacy is determined in accordance with the CRR/CRD IV. Alongside counterparty risk, market risk and operational risk, CVA risk is also taken into account. The own funds requirement under banking supervisory law was complied with at all times throughout the reporting period.

The change in the Common Equity Tier 1 capital ratio (fully loaded) has already been explained as part of the overall statement on the business trend and the Group's position. The corresponding total capital ratio amounted to 17.0% as at 30 June 2016 (end of 2015: 16.7%).

The leverage ratio determined in accordance with the Delegated Regulation of 17 January 2015, i.e. the ratio of Common Equity Tier 1 capital to the balance sheet total, adjusted in line with regulatory requirements, stood at 4.2% as at 30 June 2016 without applying the transitional provisions (fully loaded), and 4.3% including the transitional provisions (phase in).

Regulatory capital Deka Group *(Fig. 13)*

€m	30 Jun 2016		31 Dec 2015	
	CRR/CRD IV (without transitional provisions)	CRR/CRD IV (with transitional provisions)	CRR/CRD IV (without transitional provisions)	CRR/CRD IV (with transitional provisions)
Common Equity Tier 1 capital	3,991	4,219	3,866	4,213
Addtional Tier 1 capital	474	357	474	292
Tier 1 capital	**4,464**	**4,575**	**4,339**	**4,505**
Tier 2 capital	845	811	855	814
Own funds	**5,309**	**5,386**	**5,194**	**5,319**
Credit risk	15,233	15,233	15,391	15,391
Market risk	12,538	12,538	11,884	11,884
Operational risk	1,871	1,871	2,185	2,185
CVA risk	1,541	1,541	1,727	1,727
Risk-weighted assets (total risk exposure amount)	**31,182**	**31,182**	**31,188**	**31,188**
%				
Common Tier 1 capital ratio	**12.8**	**13.5**	**12.4**	**13.5**
Tier 1 capital ratio	**14.3**	**14.7**	**13.9**	**14.4**
Total capital ratio	**17.0**	**17.3**	**16.7**	**17.1**

Liquidity and refinancing

The liquidity management requirements set out under the Minimum Requirements for Risk Management (*Mindestanforderungen an das Risikomanagement – MaRisk*) were once again fulfilled by some margin during the first half of 2016. The regulatory requirements of the German Liquidity Regulation (*Liquiditätsverordnung*) were likewise exceeded at all times during the reporting period. The liquidity coverage ratio (LCR) was 114.3% as at the reporting date. Details about the Deka Group's liquidity position, including the liquidity coverage ratio, can be found in the risk report. Refinancing is carried out through the issuance of short-term bearer bonds based on the STEP-labelled Commercial Paper (CP) Programme, medium to long-term bearer bonds based on the Debt Issuance Programme, and public sector *Pfandbriefe*.

Human resources report

The total number of employees increased in the first six months of 2016 to 4,507 (end of 2015: 4,277). This was essentially due to the acquisition of S Brokers (148 employees). The rest of the increase is attributable to the expansion of capacity in the Savings Banks Sales & Marketing department, as well as a moderate expansion of the Securities and Real Estate business divisions' workforce. The number of employees is determined by counting the number of employment contracts (temporary and permanent) in existence at the reporting date, including inactive employees, trainees and interns.

The number of employees relevant to the income statement increased by 5.9% compared with the end of 2015, to 3,940.9 (end of 2015: 3,722.1). This includes 138.6 employees relevant to the income statement resulting from the takeover of S Broker. Excluding the takeover of S Broker, the increase was 2.2%. The number of employees relevant to the income statement includes people actively involved in work processes in the Deka Group, calculated as full-time equivalents.

Post balance sheet events

No major developments of particular significance occurred after the reporting date of 30 June 2016.

Forecast and opportunities report

Forecast report

Forward-looking statements

The Deka Group plans its future business development on the basis of assumptions that seem most probable from a current perspective. However, plans and statements about growth during the second half of 2016 are subject to uncertainties.

Actual trends in the international capital, money and property markets or in the Deka Group's business divisions may diverge markedly from our assumptions, which are partly based on expert estimates. The Deka Group's risk position is summarised in the risk report. If the risk scenarios referred to in the risk report should materialise, for example as a result of stress situations or counterparty default, this may result in negative differences from the forecast during the remaining months of the 2016 financial year. Conversely, opportunities may result in expectations being exceeded.

Expected macroeconomic trends

The outcome of the referendum in the United Kingdom led to a high degree of turbulence towards the end of the second quarter. Britain's forthcoming exit from the European Union greatly increased uncertainty about the future of the EU and about the fate of the political integration process that has been going on for decades. Although much remains unclear with regard to the timing of the exit process, it is clear that pressures on the financial markets have increased owing to the political environment.

The economic damage within the EU should be moderate. However, for particular sectors and companies it could be severe, depending on the extent of trade integration with the UK. Having raised its 2016 growth forecast for the eurozone, DekaBank has now lowered it slightly to 1.6%. Growth of 1.6% is also forecast for Germany, with a further decline in the rate of inflation. For the UK itself, the consequences are likely to be more severe. In the USA, on the other hand, a somewhat stronger pace of growth is emerging, driven mainly by private consumption. In emerging markets outside Europe, Brexit is expected to cause at most minor damage. The likelihood of a negative scenario, involving a disorderly exit process and a hardening of Euroscepticism in other EU countries, for example, is estimated to be relatively low. Expectations are otherwise largely as presented in the Group Management Report 2015.

Expected trends in the capital markets

Market expectations that the ECB will further relax its monetary policy have risen as a result of the UK's planned exit from the EU. However, DekaBank considers a further cut in the deposit rate to be unlikely. Market participants are also focusing their attention on more extensive bond purchases. Following the ECB's announcement that it will continue its asset purchase programme beyond March 2017, negative money market rates can be expected for a long time to come.

Equity markets are affected by the British vote and the resulting increase in political uncertainty. However, the limited economic impact expected outside the UK could give the markets renewed support over the further course of the year. Companies' forecasts for the second half of 2016 and beyond are very important in this respect. Monetary policy will also remain a driver for European equity markets, even though its impact appears to be diminishing. All in all, DekaBank anticipates a moderate increase in share prices by the end of 2016 compared with levels at mid-year.

Eurozone bond markets calmed quickly after the rapid rise in risk premiums immediately following the Brexit vote, thanks in part to substantial purchases by the ECB. In view of persistently low interest rates, investors in the eurozone will have to continue to deal with the fact that returns and bond yields, starting from an extremely low level, will rise only slowly.

Expected trends in the property markets

The availability of high-quality properties at affordable prices remains the biggest challenge in the real estate fund business. In view of continuing high demand driven by low interest rates, prime yields are likely to remain at a low level, which dilutes real estate fund returns with increasing duration. On the financing side, a very active transaction market will allow low-risk new business for the rest of the year, though competition will intensify while pressure on margins increases still further.

The London office market had already paused for breath in advance of the EU referendum. Sharper rent reductions are expected there in the second half of 2016 and 2017, following the decision to withdraw from the EU. The outlook for rental growth in other European markets is somewhat weaker. Slightly higher than average increases may occur *inter alia* in Spain and Germany. Among the US office markets, in the coming years the strongest rental growth is expected in Chicago and Dallas, as well as Los Angeles, Miami and the New York sub-market of Lower Manhattan. Given the low vacancy rates, the best prospects for rental growth in Asia will continue to be provided by Hong Kong and Tokyo. In Europe, downward pressure on yields will persist in the continuing low interest rate environment. In the UK, however, rising yields are expected following the decision to withdraw from the EU, due to heightened risk perception. In the USA, significantly higher yields are not expected before 2018, as interest rates are only being raised very cautiously.

In the retail property markets, the highest rental growth potential is expected in the medium term for 1a locations in Dublin, Prague, Madrid and Barcelona. In the top five German locations, rental growth is expected to average just under 3% per year. The pressure on initial yields remains high. In European hotel markets, higher room prices combined with better capacity utilisation in many locations led to an increase in revenue. In the logistics segment, e-commerce remains an important driver of demand. Prime yields across Europe are likely to fall further, but the yield gap between the asset classes of office and logistics remains attractive.

Expected business development and profit performance

Over the rest of 2016 and beyond, the Deka Group will continue to systematically develop its business model as the *Wertpapierhaus* for the savings banks. As in the past, the framework for this development will continue to be set by the D18 transformation programme. Despite modified forecasts of general economic development, the Deka Group expects its financial position to remain stable overall in 2016.

Based on the assumptions made with regard to the economic environment, an economic result below the previous year's figure is anticipated for 2016 as a whole. From today's perspective, the result is likely to be slightly below the long-term average.

The forecast economic result will ensure that DekaBank remains able to distribute profits and make the necessary reinvestments.

The Securities business division expects net sales to remain comfortably positive in 2016, but lower than the result achieved in 2015. The expected decline in net sales in retail business should be offset by an increase in institutional business based on further enhancements to the solutions and advisory offerings.

Market risks for the business division have increased, due to the Brexit vote. Alongside the risk of economic downturn, they include the potential to slip into deflation. Furthermore, knock-on effects and measures triggered by the UK referendum may further unsettle investors and hamper securities business.

The Real Estate business division plans to further improve its market position, particularly at the international level. As demand for property fund products is expected to be high, net sales in retail business should be positive and close to the previous year's level, leading to a slight increase in total customer assets. Additionally, a new mutual property fund for retail customers, the Deka-ImmobilienNordamerika, was launched in July. In institutional business, a positive net sales performance is expected, despite the scheduled expiration of some funds. Over the remainder of the year it is also anticipated that business development will continue to be restricted, above all by limited investment opportunities in the core segment.

As in the Securities business division, further regulatory interventions pose a risk to future performance. Moreover, it is possible that the planned transaction volume and the expansion of real estate lending may not be achieved in light of the current competitive market conditions, which are characterised by yield compression.

Given the interest rate and liquidity environment, the Capital Markets business division is also anticipating tougher conditions in the second half of 2016, mainly for short-term products and in commission business. The development of suitable structured products and solutions in the Trading & Structuring unit should allow the Group to further enhance its market position.

Regulatory and market risks, particularly further unexpected developments in the stock markets, could affect customer business and the development of total customer assets in the second half of 2016 as well, and impact negatively on profitability.

In the Financing business division, the successful strategy followed in recent years for new business will be maintained. However, valuation allowances on the legacy portfolio of existing loans promised before 2009 could negatively impact the result in the second half of the year.

Expected financial and risk position

The Deka Group anticipates a continued sound financial position for 2016 as a whole. The liquidity position is expected to remain at a comfortable level, and the fully loaded Common Equity Tier 1 capital ratio should be in line with the mid-2016 level. Following a moderat increase in utilisation of total risk-bearing capacity in the first half 2016, the Deka Group expects a similar overall trend in a still volatile market environment during the second half of the year. Hence, utilisation remains at a non-critical level.

Risk report

Risk policy and strategy

To achieve its objectives, the Deka Group consciously incurs risk in line with strategic requirements. These risks are limited by a comprehensive risk management system that covers all types of risk and all business divisions, sales and corporate centres. The framework for the business and risk management is provided by the general risk appetite concept, which forms the basis for determining the adequacy of internal capital and liquidity and is an integral part of the Deka Group's strategy system. Starting with the desired risk profile and available risk capacity, appropriate risk limits are derived from these and regularly reviewed.

The Deka Group utilises in particular the advantages arising from the interconnection of its activities in the areas of investment funds and real estate, and in its lending and capital market businesses, to successfully implement its vision of the *Wertpapierhaus*. This involves not only counterparty, market price and operational risks but, more particularly, business and reputational risks as well as liquidity risks. These risks are limited by a comprehensive risk management system that covers all types of risk and all business divisions, sales and corporate centres in order to ensure the success of the Deka Group as a business and create sustainable added value for its shareholders.

Organisation of risk management and control

The organisation of risk management and control remained largely unchanged compared with the end of 2015. Adjustments included those relating to Group-wide operational liquidity management across all maturity bands, which was centralised within the Treasury corporate centre, while the management of securities investments which do not serve as liquidity reserves was transferred from Treasury to the Capital Markets business division. The loan portfolio of the non-core business was transferred to the Financing business division and will be further reduced while safeguarding assets. The changes were followed up as appropriate, especially in reporting. This did not result in any fundamental changes, particularly in the organisation of risk control.

Risk appetite and risk capacity

The general risk appetite concept (Risk Appetite Framework), which forms the framework for the business and risk management of the Deka Group, was further tightened up during the reporting period and comprehensively integrated into the business strategy. Risk appetite is determined taking into account the desired risk profile and available risk capacity (total risk-bearing capacity of the Deka Group). It represents the overall aggregated risk of individual risk types which the Deka Group is prepared to enter into, within the available risk capacity, in order to meet its strategic objectives. In the Internal Capital Adequacy Assessment Process (ICAAP), risk appetite is defined as the allocated risk capital. Regarding the Internal Liquidity Adequacy Assessment Process (ILAAP), the objective is to guarantee solvency at all times, even under hypothetical stress conditions, risk capacity being determined by the excess liquidity under non-stressed conditions in the funding matrix for normal business operations. The Deka Group has defined its risk appetite such that, under an extreme hypothetical stress scenario of a simultaneous, idiosyncratic and market-wide stress event, an indefinite survival horizon exists. This hypothetical stress scenario is depicted in the "combined stress scenario" funding matrix. Permanent solvency and an unlimited survival horizon are achieved by setting a limit of 0 on the liquidity balances of all maturity bands. The early warning threshold of €1.5bn represents a first escalation level in this context.

The process of tightening up individual elements of the Risk Appetite Framework did not have any material effect on the results of the risk inventory or the risk and capital planning. The same applies to the risk-bearing capacity (including stress testing) and capital allocation as general concepts of risk management and monitoring.

Further developments in risk management

Regarding the handling of operational risks, the model changes detailed in the 2015 Group Management Report were implemented during the reporting period for the economic management process (ICAAP). This made it possible to remove the general surcharge of €100m on the risk weighting recognised at the 2015 reporting date (see also the following sections concerning the level of risk as at 30 June 2016). Regarding the approval process introduced in the previous year, the regulator announced the approval of the revised AMA model for calculating regulatory capital requirements for the third quarter of 2016.

The regulatory recognition process concerning the internal model for calculating (partial) capital charges for market risk positions is still ongoing. Once regulatory approval has been granted, the model used for the purposes of economic management (ICAAP) will also be applied to determine the capital and reserves required in accordance with the Capital Requirements Regulation (CRR). This relates to the regulatory capital charges for general interest rate and share price risks.

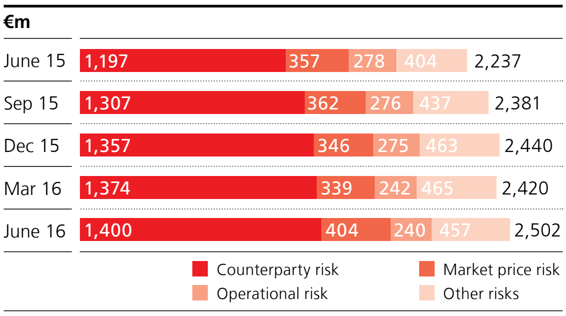
Implementation of the 'Principles for effective risk data aggregation and risk reporting' (BCBS 239) continued as planned. The principles cover risk data aggregation capabilities and risk reporting practices, among other things. As a Domestic Systemically Important Bank (D-SIB), DekaBank is required to complete the implementation of BCBS 239 by the end of 2018.

Furthermore, the presentation of risk definitions in the 2015 Group Management Report remains valid.

Overall risk position for the first half of 2016

The overall risk position of the Deka Group has not changed significantly compared to the situation as at year-end 2015. An increase in counterparty and market price risks was offset by a reduction in operational risks.

Change in Group risk over the course of the year *(Fig. 14)*



Under the liquidation approach, which is used for management purposes, the Deka Group's overall risk (value-at-risk or VaR, with a confidence level of 99.9% and a holding period of one year) stood at €2,502m as at 30 June 2016 (end of 2015: €2,440m). The increase in counterparty risk was caused in particular by individual rating downgrades and in part by the integration of the S Broker positions. In the case of market price risks, the risk for guaranteed products was increased above all by a further flattening of the yield curve. With regard to operational risks, the risk-increasing effect of implementing the revised quantification model was more than offset by the elimination of the buffer previously adopted for this purpose, so that VaR diminished overall compared with the 2015 reporting date. Equity cover for business risk was unchanged compared with the end of 2015. The update of risk drivers as a result of the validation process carried out in 2015 had only a slight overall effect in this respect. The risk level of other risk types included in the risk-bearing capacity analysis fell slightly from what was already a low level.

Utilisation of primary risk cover potential rose moderately to 59.2% as at 30 June 2016 (end of 2015: 54.3%). Apart from a slight increase in overall risk, this was mainly due to a decline in the primary risk cover potential. The positive effect of partial reinvestment of the 2015 annual result and pro rata recognition of the result accrued in the reporting period was more than offset by the reduction in the own credit quality effect and by a planned increase in the lower limit of the secondary risk cover potential at the expense of the primary risk cover potential. Primary risk cover potential, the calculation of which does not incorporate subordinated capital (including AT1 capital and perpetuals), fell to €4,223m (end of 2015: €4,492m).

The stress scenarios that are run on a regular basis across all risk types also confirmed that total risk-bearing capacity was assured in all scenarios as at mid-year 2016. As at 30 June 2016, the forecast utilisation of total risk-bearing capacity 12 months into the future exceeded the early warning threshold of 80% in only one scenario. Considering the low-rated probability of occurrence and the time scale (predicted development up to 30 June 2017), no direct action is required at the present time.

Under the going concern approach, which is examined as a supplementary test, utilisation increased moderately compared with the end of 2015 as a result of the observed slight increase in risk. In the first half of 2016, the ratio for regulatory tied capital was increased to reflect the new capital requirements under the Capital Requirements Directive (CRD IV). Based on the Common Equity Tier 1 capital ratio of 11% that is now recognised, utilisation of the unallocated risk cover potential (confidence level of 95%, holding period of one year) as at 30 June 2016 stood at 54.9%, compared with an adjusted figure of 51.8% at the end of 2015.

Under both approaches, the utilisation ratios of risk-bearing capacity continue to be classified as moderate.

Market price risk

The market price risk at the level of the Deka Group (VaR, confidence level of 99.9%, holding period of one year) rose to €404m (31 December 2015: €346m). This was mainly due to increased risk from guaranteed products in the Securities business division owing to the continued decline in interest rates. In addition, S Broker was integrated into the Securities business division as at 30 June 2016, leading to a further slight increase within this business division.

As at 30 June 2016, market price risk for Treasury and the Capital Markets business division was below the level reported at the end of 2015, standing at €38.9m (end of 2015: €44.3m) as measured by value-at-risk, with a confidence level of 99% and a holding period of ten days. The higher level of interest rate, equity and currency risk was more than offset by a decline in spread risk and greater diversification effects between risk types. At 59%, utilisation of the operating management limit for Treasury and capital markets business was moderate as at the end of the first half of 2016. This level continues to be considered as non-critical.

Value-at-risk for Treasury and Capital Markets business division [1)]
(Confidence level 99%, holding period 10 days) *(Fig. 15)*

€m	30 Jun 2016			31 Dec 2015			
Category	**Treasury**	**Capital Markets business division**	**Treasury and Capital Markets business division**	**Treasury**	**Capital Markets business division**	**Treasury and Capital Markets business division**	**Change in risk**
Interest rate risk	20.0	23.9	40.1	31.1	17.2	44.0	–8.9%
Interest rate – general	8.2	9.1	15.6	5.8	6.1	8.5	83.5%
Spread	18.6	22.8	37.6	29.8	16.6	42.5	–11.5%
Share price risk	0.0	3.5	3.5	0.0	1.2	1.2	191.7%
Currency risk	2.0	0.6	2.5	1.3	0.9	2.1	19.0%
Total risk	**19.8**	**23.0**	**38.9**	**31.2**	**17.3**	**44.3**	–12.2%

[1)] Risk ratios for interest rate risk and total risk taking account of diversification; includes issue-specific credit risk spread.

As part of the realignment of the Treasury function, short-term liquidity management was consolidated in the Treasury corporate centre, leading to a moderate increase in the interest rate risk there. The portion of the interest rate risk in the Capital Markets business division released by the transfer of short-term liquidity management to Treasury was more than offset by the change in the business division's interest rate risk position and above all by changes in present value due to the sharp fall in interest rates in the first half of the year. In addition, special fund and treasury investment portfolios were transferred from Treasury to the Capital Markets business division, leading to a proportionate increase in the business division's spread risk.

The VaR related to spread risk fell overall to €37.6m (end of 2015: €42.5m). The causes of the risk reduction included not only a reduction of bond positions, but also a reallocation within special funds from bond to cash positions.

The VaR for general interest rate risk increased to €15.6m (end of 2015: €8.5m), driven not only by changes in positions, but above all by changes in the present value on the back of the sharp fall in interest rates.

The increase in share price risk from €1.2m at the end of 2015 to €3.5m reflects position changes, and also increased volatility, particularly in the first quarter. However, share price risk continues to be of somewhat minor importance.

The VaR for currency risk was €2.5m (end of 2015: €2.1m) and was therefore once again immaterial.

Counterparty risk

The counterparty risk determined using credit value at risk, or CVaR (confidence level of 99.9% and a holding period of one year) increased slightly during the reporting period to €1,400m (end of 2015: €1,357m). The increase is mainly attributable to the integration of the portfolios of S Broker in the risk calculation and individual rating downgrades, particularly in the banking sector. The reorganisation of the treasury portfolio involved a transfer of the proportionate CVaR to the Capital Markets business division. Transfers also took place from non-core business to the Financing business division due to reclassification of loans.

The risk position of the cluster portfolio based on the expected shortfall redistribution fell compared with the position at year-end 2015 (from €260m to €231m CVaR), with the number of clusters also decreasing slightly compared with the end of 2015.

Gross loan volume increased from €142.3bn at the end of 2015 to €144.1bn as at 30 June 2016. The increase was primarily attributable to the financial institutions risk segment due to an increased deposit facility at Deutsche Bundesbank. The reduced loan volume at savings banks reflects the decline in liquidity demand. In the German public sector risk segment, there was a reduction in the bond positions of public sector counterparties, while increased fund units led to the rise in funds. The ship portfolio accounted for just 1.1% of the gross loan volume (end of 2015: 1.2%). As charter rates have not recovered in some segments, this sub-portfolio is exposed to elevated default risks. These were taken into account by a corresponding increase in risk provisions in the first half of 2016. Overall, gross loan volume in the remaining risk segments fell slightly.

Gross loan volume *(Fig. 16)*

€m	30 Jun 2016	31 Dec 2015
Financial institutions	72,153	67,673
Public sector Germany	12,440	15,112
Corporates	11,901	11,823
Savings banks	13,397	14,585
Funds (transactions and units)	15,794	14,500
Property risk	7,268	7,122
Transport and export finance	4,747	5,293
Energy and utility infrastructure	1,292	1,327
Other	5,145	4,910
Total	**144,138**	**142,344**

Net loan volume increased to €64.1bn during the reporting period (end of 2015: €59.3bn). The sharper rise compared with gross loan volume is mainly because it was not so strongly affected by the reduction of the bond portfolio in the public sector segment. Nevertheless, the difference between gross and net loan volume of more than €80bn highlights the still substantial share of collateralised business.

Net loan volume *(Fig. 17)*

€m	30 Jun 2016	31 Dec 2015
Financial institutions	26,017	21,979
Public sector Germany	2,889	2,948
Corporates	6,399	6,162
Savings banks	12,738	14,180
Funds (transactions and units)	9,328	7,348
Property risk	1,553	1,541
Transport and export finance	873	672
Energy and utility infrastructure	1,264	1,298
Other	3,043	3,143
Total	**64,102**	**59,272**

In non-core business, both gross and net loan volume now stands at only €0.8bn (end of 2015: €1.1bn). Hence, over the last few years, more than 90% of the original volume has been reduced as planned.

The eurozone accounted for 71.6% (end of 2015: 72.4%) of gross loan volume. The volume attributable to counterparties in Luxembourg increased to €16.7bn due to increased fund units and securities lending transactions with central counterparties in Luxembourg. Volumes in relation to the remaining European Union member states fell moderately. The increase in the OECD countries outside the EU is due to the greater volume of securities lending transactions with counterparties in Switzerland.

As at mid-year, borrowers in Italy, Spain, Ireland and Portugal accounted for a gross loan volume of only €3.7bn or 2.6% of total volume. There continued to be no direct loan volume relating to borrowers classified under Greek country risk. Around 77% of the gross loan volume attributable to counterparties in Russia, totalling €0.4bn (end of 2015: €0.5bn), is secured by ECA guarantees issued by the Federal Republic of Germany. DekaBank has no exposure in Ukraine.

The gross loan volume remained focused primarily on the short-term segment. However, the share of transactions with a residual term of under one year decreased in the reporting period to 46.0% (end of 2015: 46.9%). This was mainly due to the decline in liquidity demand from savings banks. The average legal residual term of gross loan volume increased moderately to 2.7 years (end of 2015: 2.6 years).

The number of borrower entities with a gross limit of at least €2.5bn or an overall net limit of at least €1bn (counterparty clusters) decreased further in the first half of the year. Hence, counterparty clusters accounted for only 23.5% (end of 2015: 29.2%) of gross loan volume as at mid-year. Around 31% of this related to counterparties from the domestic public sector, savings banks and other alliance partners. Due to the extensive level of collateralisation, only 12.8% of net loan volume related to counterparty clusters.

As at 30 June 2016, the average rating for the gross loan volume was 2 on the DSGV master scale, an improvement of one grade compared with the end of 2015. The probability of default fell by 2.6 bps to 13.8 bps, partly thanks to the increased deposit facility at Deutsche Bundesbank and also slightly better rating scores for individual borrowers. Viewed from a net perspective, the rating improved by one grade to 2, and the probability of default declined by 4.7 bps to just under 13.3 bps. The Bank therefore still achieved its target rating of investment grade for the portfolio as a whole. As at 30 June 2016, around 87% of net loan volume remained in the same grouping (determined by rating class) as at the end of 2015.

Net loan volume by risk segment and rating *(Fig. 18)*

€m	Average PD in bps	Average Rating 30 Jun 2016	30 Jun 2016	Average PD in bps	Average Rating 31 Dec 2015	31 Dec 2015
Financial institutions	13	2	26,017	18	3	21,979
Savings banks	1	AAA	12,738	1	AAA	14,180
Corporates	15	3	6,399	19	3	6,162
Public sector international	4	AA–	2,136	6	A+	2,284
Public sector Germany	1	AAA	2,889	1	AAA	2,948
Public infrastructure	32	5	712	35	5	628
Transport and export finance	267	10	873	612	12	672
Energy and utility infrastructure	64	6	1,264	61	6	1,298
Property risk	12	2	1,553	16	3	1,541
Retail portfolio	6	A	153	6	A+	157
Funds (tranactions and units)	13	2	9,328	15	3	7,348
Equity investments	27	4	42	18	3	75
Total	**13**	**2**	**64,102**	**18**	**3**	**59,272**

Operational risk

The VaR for operational risk (confidence level of 99.9%, holding period of one year) decreased from €275m at year-end 2015 to €240m. As expected, the first-time application of model changes resulting from previous validation reviews had the effect of increasing risk. However, this was more than offset by the removal of the general surcharge applied for that purpose in the previous year amounting to €100m.

The loss potential identified in the Group-wide risk inventory (expected value resulting from the estimated frequency of occurrence and scale of losses of all OR scenarios) increased to €49.8m (end of 2015: €44.9m). This reflects not only the new recognition or increase of loss scenarios, for example in the IT corporate centre, but also the first-time inclusion of risk assessments for S Broker.

There was no significant change in the number of losses attributable to operational risks reported in the period under review compared with the first half of 2015. In contrast, the total loss amount resulting from these cases was well below the figure for the comparative period.

Liquidity risk

Ample levels of liquidity continued to be available to the Deka Group during the first half of 2016. There were clear positive liquidity balances in all relevant maturity bands of the "combined stress scenario" funding matrix for periods of up to 20 years. This is also the case for the alternative stress scenarios examined and under the going concern approach. There were no overruns of limits or early warning thresholds at any time during the six-month period under review.

As at 30 June 2016, the accumulated liquidity balance of the Deka Group's "combined stress scenario" funding matrix in the short-term range (up to one week) stood at €10.7bn (end of 2015: €9.5bn). In the maturity band of up to one month, the liquidity surplus totalled €13.3bn (end of 2015: €9.3bn), and in the medium to long term range (three months) it was €20.1bn (end of 2015: €14.1bn).

As at 30 June 2016, around 70% of the Group's total refinancing related to repo transactions, money on call and time deposits, and other money market products. The remaining 30% of refinancing related to capital market products, primarily with longer maturity profiles, with bearer bonds making up by far the largest proportion of this. In terms of its maturity structure, the refinancing profile for lending business was balanced. Savings banks accounted for 11.3% of money market refinancing, while funds represented 15.2%.

The regulatory requirements of the German Liquidity Regulation (*Liquiditätsverordnung – LiqV*) were met throughout the period under review. The average liquidity ratio in the first maturity band, determined on a daily basis, was 1.77. It fluctuated within a range of 1.65 to 1.89. The ratio stood at 1.69 as at 30 June 2016 (end of 2015: 1.65). The Liquidity Coverage Ratio (LCR) for the Deka Group was 114.3% as at 30 June 2016, and was thus significantly above the 70.0% lower limit stipulated from 2016 onwards.

Combined stress scenario funding matrix of Deka Group as at 30 Jun 2016 *(Fig. 19)*

€m	D1	> D1 – 1M	> 1M – 12M	> 12M – 5Y	> 5Y – 20Y	> 20Y
Liquidity potential (accumulated)	17,537	23,034	3,016	– 65	– 41	– 24
Net cash flows from derivatives (accumulated) [1]	– 301	– 187	201	– 2,702	– 4,090	– 4,098
Net cash flows from other products (accumulated)	– 8,468	– 9,591	12,953	16,173	10,064	3,570
Liquidity balance (accumulated)	**8,768**	**13,257**	**16,170**	**13,406**	**5,934**	**– 552**
For information purposes:						
Net cash flows from derivatives by legal maturity (accumulated)	– 301	– 302	– 1,148	– 3,819	– 4,653	– 4,098
Net cash flows from other products by legal maturity (accumulated)	– 6,463	– 15,566	– 20,295	899	3,054	2,979
Net cash flows by legal maturity (accumulated)	**– 6,764**	**– 15,868**	**– 21,443**	**– 2,920**	**– 1,599**	**– 1,119**

[1] Including lending substitute transactions and issued CLNs.

Business risk

As at 30 June 2016, the VaR of business risk (confidence level of 99.9%, holding period of one year) stood at €422m, unchanged from the position at the end of 2015 (€422m). Implementation of the results of the validation process carried out in 2015 led to a slight decrease in the level of risk in the Securities business division, more or less offsetting the risk-increasing effect of the slight decline in the result. In the Real Estate business division, a slight increase in risk resulted from the revised volatility calculation based on surplus liquidity.

Other risks

At €22m as at 30 June 2016, the VaR related to shareholding risk (confidence level of 99.9%, holding period of one year) was immaterial, as it was at the end of 2015 (€28m). The property fund risk, which results from property fund units held in the Bank's own portfolio, likewise remains an immaterial risk for the Deka Group with a VaR (confidence level of 99.9%, holding period of one year) of €12m (end of 2015: €13m).

Structured capital market credit products

Structured capital market credit products comprise the securitisation portfolio of DekaBank's former Liquid Credits portfolio, which has not been considered to be strategic since 2009 and is being reduced while safeguarding assets. It is assigned to non-core business.

In terms of volume, this portfolio is no longer a significant part of DekaBank's overall portfolio, given that the business is being wound down. As a result of maturities and repayments, the net nominal value as at 30 June 2016 was only €364.8m (end of 2015: €416.8m).

97.6% (end of 2015: 94.5%) of the portfolio was rated as investment grade. As before, the remaining portfolio continues to focus on western Europe. As at year-end, 87.2% of the securitisations related to the European market.

Based on current expectations, around half of the remaining securitised positions will be repaid or will expire by mid-2019.

Based on a confidence level of 99% and a holding period of ten days, the credit spread risk for the securitisation positions in non-core business totalled €1.2m as at 30 June 2016 (end of 2015: €2.4m).

Interim financial statements

Statement of profit or loss and other comprehensive income for the period from 1 January to 30 June 2016

€m	Notes	1st half 2016	1st half 2015	Change	
Interest and similar income		445.8	561.5	–115.7	–20.6%
Interest expenses		370.9	448.8	–77.9	–17.4%
Net interest income	[6]	**74.9**	**112.7**	–37.8	–33.5%
Provisions for loan losses	[7]	**–74.1**	**–21.3**	–52.8	–247.9%
Net interest income after provisions for loan losses		**0.8**	**91.4**	–90.6	–99.1%
Commission income		1,022.3	1,075.2	–52.9	–4.9%
Commission expenses		515.7	506.5	9.2	1.8%
Net commission income	[8]	**506.6**	**568.7**	–62.1	–10.9%
Trading profit or loss	[9]	**164.7**	**189.0**	–24.3	–12.9%
Profit or loss on financial instruments designated at fair value	[10]	**110.5**	**28.5**	82.0	287.7%
Profit or loss from fair value hedges in accordance with IAS 39		**–1.6**	**0.2**	–1.8	(< –300%)
Profit or loss on financial investments	[11]	**–12.8**	**1.4**	–14.2	(< –300%)
Administrative expenses	[12]	**482.9**	**479.1**	3.8	0.8%
Other operating income	[13]	**32.6**	**4.8**	27.8	(> 300%)
Net income before tax		**317.9**	**404.9**	–87.0	–21.5%
Income taxes	[14]	**103.6**	**143.6**	–40.0	–27.9%
Interest expenses for atypical silent capital contributions		**21.8**	**26.1**	–4.3	–16.5%
Net income		**192.5**	**235.2**	–42.7	–18.2%
Of which:					
Attributable to non-controlling interests		0.0	0.0	0.0	n/a
Attributable to the shareholders of DekaBank		192.5	235.2	–42.7	–18.2%
Changes not recognised in income					
Items reclassified into profit or loss					
Financial instruments valuation reserve Available for sale		0.0	4.2	–4.2	–100.0%
Cash flow hedges valuation reserve		11.6	–18.6	30.2	162.4%
Current translation reserve		–14.0	4.9	–18.9	(< –300%)
Deferred taxes on items reclassified into profit or loss		–3.7	4.6	–8.3	–180.4%
Items not reclassified into profit or loss					
Revaluation gains/losses on defined benefit pension obligations		–114.8	52.1	–166.9	(< –300%)
Revaluation reserve investments accounted for using the equity method		–1.0	0.0	–1.0	n/a
Deferred taxes on items not reclassified into profit or loss		37.0	–12.6	49.6	(> 300%)
Other comprehensive income		**–84.9**	**34.6**	–119.5	(< –300%)
Net income for the period under IFRS		**107.6**	**269.8**	–162.2	–60.1%
Of which:					
Attributable to non-controlling interests		0.0	0.0	0.0	n/a
Attributable to the shareholders of DekaBank		107.6	269.8	–162.2	–60.1%

Balance sheet as at 30 June 2016

€m	Notes	30 Jun 2016	31 Dec 2015	Change	
Assets					
Cash reserves		**7,853.3**	**3,608.1**	4,245.2	117.7%
Due from banks	[15]	**25,684.5**	**27,094.0**	–1,409.5	–5.2%
(net after provisions for loan losses amounting to)	[17]	(2.4)	(2.4)	0.0	0.0%
Due from customers	[16]	**22,126.3**	**22,508.0**	–381.7	–1.7%
(net after provisions for loan losses amounting to)	[17]	(270.6)	(222.0)	48.6	21.9%
Financial assets at fair value	[18]	**44,685.2**	**50,907.8**	–6,222.6	–12.2%
(of which deposited as collateral)		(8,129.3)	(10,642.9)	–2,513.6	–23.6%
Positive market values from derivative hedging instruments		**77.0**	**109.0**	–32.0	–29.4%
Financial investments	[19]	**3,060.6**	**2,944.4**	116.2	3.9%
(net after provisions for loan losses amounting to)		(54.1)	(38.4)	15.7	40.9%
(of which deposited as collateral)		(699.7)	(785.7)	–86.0	–10.9%
Intangible assets	[20]	**189.3**	**191.2**	–1.9	–1.0%
Property, plant and equipment	[21]	**16.7**	**16.3**	0.4	2.5%
Current income tax assets		**164.1**	**164.0**	0.1	0.1%
Deferred income tax		**187.6**	**57.5**	130.1	226.3%
Other assets	[22]	**262.1**	**380.5**	–118.4	–31.1%
Total assets		**104,306.7**	**107,980.8**	–3,674.1	–3.4%
Liabilities					
Due to banks	[23]	**19,630.6**	**24,084.1**	–4,453.5	–18.5%
Due to customers	[24]	**33,343.5**	**29,462.0**	3,881.5	13.2%
Securitised liabilities	[25]	**15,916.7**	**19,921.8**	–4,005.1	–20.1%
Financial liabilities at fair value	[26]	**27,912.3**	**27,114.8**	797.5	2.9%
Negative market values from derivative hedging instruments		**54.4**	**36.0**	18.4	51.1%
Provisions	[27]	**587.6**	**453.9**	133.7	29.5%
Current income tax liabilities		**106.8**	**79.7**	27.1	34.0%
Deferred income tax liabilities		**96.0**	**28.1**	67.9	241.6%
Other liabilities		**542.0**	**675.2**	–133.2	–19.7%
Subordinated capital	[28]	**1,125.5**	**1,149.7**	–24.2	–2.1%
Atypical silent capital contributions		**52.4**	**52.4**	0.0	0.0%
Equity	[29]	**4,938.9**	**4,923.1**	15.8	0.3%
a) Subscribed capital		191.7	191.7	0.0	0.0%
b) Additional capital components		473.6	473.6	0.0	0.0%
c) Capital reserves		190.3	190.3	0.0	0.0%
d) Reserves from retained earnings		4,095.2	4,119.1	–23.9	–0.6%
e) Revaluation reserve		–206.6	–135.7	–70.9	–52.2%
f) Currency translation reserve		2.2	16.2	–14.0	–86.4%
g) Accumulated profit/loss (consolidated profit)		192.5	67.9	124.6	183.5%
h) Minority interests		0.0	0.0	0.0	n/a
Total liabilities		**104,306.7**	**107,980.8**	–3,674.1	–3.4%

Condensed statement of changes in equity for the period from 1 January to 30 June 2016

€m	Subscribed capital	Additional capital components	Capital reserves	Reserves from retained earnings	Consolidated profit/loss
Holdings as at 1 January 2015	**191.7**	**473.6**	**190.3**	**3,855.3**	**65.6**
Net income for the year					235.2
Other comprehensive income					
Net income for the period under IFRS	**–**	**–**	**–**	**–**	**235.2**
Changes in the scope of consolidation [1] and other changes				−7.3	
Distribution				–	−65.6
Holdings as at 30 June 2015	**191.7**	**473.6**	**190.3**	**3,848.0**	**235.2**
Net income for the year					94.7
Other comprehensive income					
Net income for the period under IFRS	**–**	**–**	**–**	**–**	**94.7**
Changes in the scope of consolidation [1] and other changes				9.1	
Allocations to reserves from retained earnings				262.0	−262.0
Holdings as at 31 December 2015	**191.7**	**473.6**	**190.3**	**4,119.1**	**67.9**
Net income for the year					192.5
Other comprehensive income					
Net income for the period under IFRS	**–**	**–**	**–**	**–**	**192.5**
Changes in the scope of consolidation [1] and other changes				−23.9	
Distribution					−67.9
Holdings as at 30 June 2016	**191.7**	**473.6**	**190.3**	**4,095.2**	**192.5**

[1] Comprises the payment of interest (after tax) in respect of AT1 bonds, which are classified as equity capital under IFRS.
[2] Revaluation gains/losses on defined benefit pension obligations.

Revaluation reserve					Currency translation reserve	Total before minority interests	Minority interests	Equity
Provisions for pensions 2)	Cash flow hedges	Financial instruments available for sale	Equity accounted companies	Deferred taxes				
−209.8	**−26.5**	**–**	**–**	**71.0**	**12.5**	**4,623.7**	**–**	**4,623.7**
						235.2		**235.2**
52.1	−18.6	4.2		−8.0	4.9	**34.6**		**34.6**
52.1	**−18.6**	**4.2**	**–**	**−8.0**	**4.9**	**269.8**	**–**	**269.8**
						−7.3	**–**	**−7.3**
						−65.6		**−65.6**
−157.7	**−45.1**	**4.2**	**–**	**63.0**	**17.4**	**4,820.6**	**–**	**4,820.6**
						94.7		**94.7**
3.3	5.6	−4.2	−3.3	−1.5	−1.2	**−1.3**		**−1.3**
3.3	**5.6**	**−4.2**	**−3.3**	**−1.5**	**−1.2**	**93.4**	**–**	**93.4**
						9.1	**–**	**9.1**
						–		**–**
−154.4	**−39.5**	**–**	**−3.3**	**61.5**	**16.2**	**4,923.1**	**–**	**4,923.1**
						192.5		**192.5**
−114.8	11.6	0.0	−1.0	33.3	−14.0	**−84.9**		**−84.9**
−114.8	**11.6**	**0.0**	**−1.0**	**33.3**	**−14.0**	**107.6**	**–**	**107.6**
						−23.9	**–**	**−23.9**
						−67.9		**−67.9**
−269.2	**−27.9**	**0.0**	**−4.3**	**94.8**	**2.2**	**4,938.9**	**–**	**4,938.9**

Condensed statement of cash flows for the period from 1 January to 30 June 2016

€m	1st half 2016	1st half 2015
Cash and cash equivalents at the beginning of the period	**3,608.1**	**778.4**
Cash flow from operating activities	4,288.8	68.3
Cash flow from investing activities	114.9	374.3
Cash flow from financing activities	– 158.5	– 100.0
Cash and cash equivalents at the end of the period	**7,853.3**	**1,121.0**

The definitions for the individual cash flow components are the same as in the 2015 consolidated financial statements.

Notes

Segment reporting

1 Segmentation by operating business divisions

Segment reporting according to IFRS 8 is based on the so-called management approach. Segment information is presented in line with internal reporting as submitted to the Chief Operating Decision Maker on a regular basis for decision-making, resource allocation and performance assessment purposes. The Deka Group's management reporting is based on IFRS.

However, as the suitability of net income before tax for the purposes of internally managing the business divisions is limited, the economic result has been defined as the key management indicator. Due to the requirements of IFRS 8, the economic result has also been included in external reporting as material segment information.

In addition to net income before tax, the economic result includes changes to the revaluation reserve before tax as well as the interest rate and currency-related valuation result from original lending and issuance business. This refers to financial instruments in the loans and receivables, held to maturity and other liabilities categories, which are measured at amortised cost in the consolidated financial statements and whose 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 are presented in full for internal management purposes. Furthermore, the interest expense in respect of AT1 bonds which is recognised directly in equity and effects relevant for management are included in the economic result. This is a provision for potential charges whose probability of arising in the future is assessed as possible but they may not yet be recorded in IFRS reporting, due to the fact that accurate details are not available. The measurement and reporting differences versus the IFRS consolidated financial statements are shown in the reconciliation to Group income before tax in the "reconciliation" column.

In addition to the economic result, total customer assets represent another key ratio for the operating segments. Total customer assets primarily comprise the income-relevant fund assets of the mutual and special funds under management (including ETFs) in the Securities and Real Estate business divisions, as well as certificates issued by the Deka Group. Other components are the volume of direct investments in cooperation partner funds, the cooperation partner fund, third party fund and liquidity portions of fund-based asset management as well as advisory/management mandates and master funds. Total customer assets also include DekaBank's own portfolios in the amount of €1.6bn (31 December 2015: €1.8bn). These mainly relate to start-up financing for newly launched investment funds.

Based on the definition of Section 19 (1) of the German Banking Act (*Kreditwesengesetz – KWG)*, the gross loan volume includes additional risk positions such as, among other things, underlying risks from equity derivative transactions and transactions for the purposes of mapping the guarantees of guarantee funds, as well as the volume of off-balance sheet counterparty risks.

The following segments are essentially based on the business division structure of the Deka Group, as also used in internal reporting. The segments are defined by the different products and services of the Deka Group.

Securities

The Securities segment consists of all the Deka Group's activities relating to capital-market based asset management for private and institutional customers. In addition to investment funds and structured investment concepts, the product range also includes products from selected international cooperation partners. The Deka Group's investment funds cover all the major asset classes, sometimes in conjunction with guarantee, 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 customer sales. In addition, the segment includes business involving listed Exchange-Traded Funds (ETFs). The range of services offered by the segment also includes the asset servicing/Master KVG activities, which institutional customers can use to pool their assets under management with one investment company. Securities-related services provided in connection with fund administration in the Securities segment are also reported here.

Real Estate

All property-related activities of the Deka Group are pooled in the Real Estate segment. The main focus is on the provision of property investment products for private and institutional investors. The product range includes open-ended property mutual funds, property special funds and individual property funds, as well as property finance and infrastructure finance funds. Alongside the fund management and development of property (financing) related products, the segment also includes the purchase and sale of property and the management of these assets including all other property-related services (property management), as well as the management of property used by the Deka Group. The Real Estate Financing unit serves as a credit provider for the Asset Management business, by offering financial solutions for third parties to professional property investors with a focus on markets, business partners and usage categories relevant to fund business.

Capital Markets

The Capital Markets segment is the central product, solution and infrastructure provider, while also providing services in the Deka Group's customer-focused capital markets business. Its role as a securities and risk platform also contributes to the Group's success. The segment focuses on generating customer-driven business within the triangle comprising savings banks, the Deka Group, and selected counterparties and business partners (such as external asset managers, banks, insurance companies and pension funds). In this environment, the Capital Markets segment offers a carefully coordinated, competitive range of capital market and credit products. At the start of the 2016 financial year, securities investments that are not used as a liquidity reserve were transferred from the Treasury corporate centre to the Capital Markets business division. As part of this new arrangement, Treasury took over responsibility for Group-wide liquidity management across all maturity bands. Due to the structural change, the prior-year results were adjusted in the segment reporting.

Financing

In addition to providing refinancing for the savings banks, the Financing segment conducts lending business that is suitable for asset management business, and where loans can be passed on to other banks or to institutional investors. The lending business concentrates on selected segments that are suitable for asset management business. These include infrastructure financing, ship and aircraft financing as well as ECA-covered export finance.

Other

The segment Other primarily comprises income and expenses that are not attributable to the other operating segments. These essentially relate to overheads, actuarial gains and losses resulting from the measurement of pension obligations as well as a general provision for potential losses that are not directly allocable to any operating segment. As of 2016 the income and expenses of the Treasury function are distributed among the other segments on a source-specific basis and are therefore shown in the presentation of the economic result of the respective segments.

Non-core business

Business activities that are being discontinued have been pooled in non-core business since 2009. The portfolio essentially comprises securitised products (legacy transactions) and the former public-finance positions. Until the start of 2016, non-core business included certain corporate financing arrangements, leveraged loans, trade financing and non-ECA-covered export finance. Due to the small gross loan volume and for organisational reasons, these have been transferred to the core business. The transferred commitments and business segments will form no part of the Bank's business strategy in future. All portfolios will continue to be reduced while safeguarding assets.

Reconciliation of segment results to the IFRS result

In principle, income and expenses are allocated on a source-specific basis to the relevant segment. Segment expenditure comprises direct expenses as well as those allocated on the basis of cost and service accounting.

Effects relevant for management relate to a provision for potential charges that are taken into account within corporate management activities as a result of the use of the economic result for management purposes, but which cannot be reported under IFRS at the present time because they are not sufficiently substantiated.

To cover potential risks that could materialise in the coming months, a general provision was recognised for the first time in the 2012 financial year. As at 30 June 2016, the provision for these effects relevant for management stood at €–65.0m (first half of 2015: €–152.6m). The effect on the economic result, amounting to €35.0m in the reporting period (first half of 2015: €–40.0m), was recognised under Other.

	Securities		Real Estate		Capital markets		Financing	
	Economic result							
€m	1st half 2016	1st half 2015	1st half 2016	1st half 2015	1st half 2016	1st half 2015	1st half 2016	1st half 2015
Net interest income	7.1	12.8	27.7	30.4	21.2	9.9	34.7	37.4
Provisions for loan losses	–	–	1.6	3.6	0.1	–	–75.6	–27.1
Net commission income	352.2	394.4	110.8	116.9	37.5	55.7	7.1	5.8
Net financial income [2]	–4.1	0.8	0.8	–0.7	189.9	221.3	–5.7	–5.5
Other operating income [3]	32.0	–4.0	0.7	1.8	9.7	11.2	0.2	0.1
Total income without contribution of Treasury function	**387.2**	**404.0**	**141.6**	**152.0**	**258.4**	**298.1**	**–39.3**	**10.7**
Administrative expenses (including depreciation)	237.5	209.6	72.8	66.0	78.9	80.9	14.0	12.9
Restructuring expenses [3]	–	–4.0	–	–	–	–	–	–
Total expenses before offsetting against Treasury function	**237.5**	**205.6**	**72.8**	**66.0**	**78.9**	**80.9**	**14.0**	**12.9**
(Economic) result before tax without Treasury function	**149.7**	**198.4**	**68.8**	**86.0**	**179.5**	**217.2**	**–53.3**	**–2.2**
Treasury function	–5.0		–5.4		–7.2		–8.0	
(Economic) result before tax	**144.7**	**198.4**	**63.4**	**86.0**	**172.3**	**217.2**	**–61.3**	**–2.2**
Cost/income ratio [4]	0.61	0.52	0.52	0.44	0.31	0.27	0.39	0.34
	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
Group risk (value-at-risk) [5]	750	620	191	213	803	807	388	371
Total customer assets	200,993	198,743	30,668	29,504	13,730	11,797	–	–
Gross loan volume [7]	8,375	7,183	7,081	7,022	87,168	94,435	15,572	16,539

1) No cost/income ratio presented for the segment Other as these are deemed to be of limited economic informative value.
2) This includes the results from the trading book portfolio, from the banking book portfolio, from other financial assets as well as from the repurchase of own issues. In addition, this includes the risk provision for securities in the loans and receivable and held to maturity categories in the amount of €–15.5m (first half 2015: €+0.8m).
3) Restructuring expenses are shown under Other operating income in the consolidated financial statements.

The economic result also includes the full interest expense (including accrued interest) in respect of the AT1 bonds in the portfolio amounting to €–14.1m (first half of 2015: €–14.1m). Distributions made were recorded directly in equity, in accordance with IAS 32.

During the reporting period, the reporting and measurement differences between IFRS net income before tax and internal reporting amounted to €–88.1m (first half of 2015: €–38.3m).

The valuation result not recognised in profit or loss amounted to €–33.7m in the reporting period (previous year: €–61.9m). Of this, €10.4m (first half of 2015: €2.0m) relates to interest rate and currency-related valuation results from original lending and issuance business, €–11.7m (first half of 2015: €–23.9m) is attributable to securities in the held to maturity category which are offset in IFRS net income before tax by valuation results from the corresponding interest rate swaps, and €35.0m (first half of 2015: €–40.0m) arises from accounting for effects relevant for management. The valuation result not recognised in profit or loss also takes into account the interest expense arising from the AT1 bonds in the amount of €–14.1m (first half of 2015: €–14.1m).

Other[1]		**Total core business**		**Non-core business**		**Deka Group**		**Reconciliation**		**Deka Group**	
Economic result										**IFRS result before tax**	
1st half 2016	**1st half 2015**	**1st half 2016**	**1st half 2015**	**1st half 2016**	**1st half 2015**	**1st half 2016**	**1st half 2015**	**1st half 2016**	**1st half 2015**	**1st half 2016**	**1st half 2015**
–18.3	11.9	72.4	102.4	2.7	5.8	75.1	108.2	–0.2	4.5	74.9	112.7
–0.2	0.1	–74.1	–23.4	–	2.0	–74.1	–21.4	–	0.1	–74.1	–21.3
–0.7	–3.1	506.9	569.7	–	–0.1	506.9	569.6	–0.3	–0.9	506.6	568.7
93.7[6]	–97.8[6]	274.6	118.1	7.7	12.0	282.3	130.1	–21.5	89.0	260.8	219.1
–120.1	47.5	–77.5	56.6	–	–	–77.5	56.6	110.1	–54.4	32.6	2.2
–45.6	**–41.4**	**702.3**	**823.4**	**10.4**	**19.7**	**712.7**	**843.1**	**88.1**	**38.3**	**800.8**	**881.4**
79.2	108.3	482.4	477.7	0.5	1.4	482.9	479.1	–	–	482.9	479.1
–	1.4	–	–2.6	–	–	–	–2.6	–	–	–	–2.6
79.2	**109.7**	**482.4**	**475.1**	**0.5**	**1.4**	**482.9**	**476.5**	**–**	**–**	**482.9**	**476.5**
–124.8	**–151.1**	**219.9**	**348.3**	**9.9**	**18.3**	**229.8**	**366.6**	**88.1**	**38.3**	**317.9**	**404.9**
25.6		–		–		–					
–99.2	**–151.1**	**219.9**	**348.3**	**9.9**	**18.3**	**229.8**	**366.6**	**88.1**	**38.3**	**317.9**	**404.9**
–	–	0.62	0.56	0.05	0.08	0.61	0.55				
30 Jun 2016	**31 Dec 2015**	**30 Jun 2016**	**31 Dec 2015**	**30 Jun 2016**	**31 Dec 2015**	**30 Jun 2016**	**31 Dec 2015**				
386	393	2,475	2,383	59	97	2,502	2,440				
–	–	245,391	240,045	–	–	245,391	240,045				
25,121	16,056	143,316	141,235	822	1,109	144,138	142,344				

[4] Calculation of the cost/income ratio does not take into account the restructuring expenses or the loan loss provision for lending business.
[5] Value-at-Risk uses the liquidation approach with a confidence level of 99.9% and a holding period of one year in each case. Due to the diversification within market price risk between the segments (including Other and non-core business) the risk for core business and the risk for the Deka Group are not cumulative.
[6] This includes effects relevant for management purposes of €35.0m (first half 2015: €–40.0m) related to a provision for potential losses. This is additional information provided on a voluntary basis and does not form part of the IFRS notes.
[7] In gross loan volume, participations are not allocated to the relevant segments but rather are presented separartely under Other.

The Bank also hedges future credit margins on fixed-interest and variable-interest foreign currency loans (original position) against currency fluctuations. The accounting and valuation rules for cash flow hedges were applied to economic hedges. The valuation result from hedging instruments amounting to €11.6m (first half of 2015: €– 18.6m) is reported in the revaluation reserve with no impact on profit or loss and hence forms part of the economic result. Also recorded in the economic result are the change in the revaluation reserve from actuarial gains and losses in the amount of €– 114.8m (first half of 2015: €52.1m) and an amount of €– 1.0m posted within equity in respect of companies accounted for using the equity method. Furthermore, the change in the revaluation reserve for securities available for sale in the amount of €4.1m was shown for the first time in the first half of 2015.

The other amounts shown in the reconciliation column refer to reporting differences between management reporting and the consolidated financial statements. Of these, €0.2m (in the first half of 2015: €10.4m) relates to internal transactions which are reported in the economic result. The majority of these are included within net interest income, while the corresponding offsetting income effects are reported under net financial income. There are also reporting differences in net financial income and in other operating income from the different allocation of income effects from the repurchases of own issues and the recognition through the income statement of the currency translation reserve from derecognition due to the liquidation of the subsidiary ExFin i.L., Zurich.

General information

2 Accounting principles

Pursuant to Section 37w (1) of the Securities Trading Act (*Wertpapierhandelsgesetz – WpHG*) in conjunction with Section 37y No. 2 of the WpHG, these condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The applicable standards and associated interpretations (SIC/IFRIC) are those published by the International Accounting Standards Board (IASB) and adopted by the European Union (EU) into European law at the time the financial statements were prepared. In preparing the financial statements, particular attention was paid to the requirements of IAS 34 (Interim Financial Reporting).

The consolidated interim financial statements, which are reported in euros, comprise a balance sheet, statement of comprehensive income, condensed statement of changes in equity, condensed cash flow statement and selected explanatory notes. All amounts are rounded in accordance with standard commercial practice. This may result in small discrepancies in the calculation of totals within tables.

The present interim report was reviewed by our year-end auditor and should be read in conjunction with our audited 2015 consolidated financial statements. The majority of disclosures on risks relating to financial instruments are presented in the risk report section of the interim management report.

3 Accounting policies

The interim report is based on the accounting policies applied in the 2015 consolidated 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 consolidated financial statements.

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 as part of accounting and measurement under IFRS are carried out in accordance with the respective standard on a best estimate basis and are continually re-evaluated. They are based on empirical values and other factors, including expectations regarding future events that appear reasonable under the given circumstances. Among other factors, estimation uncertainties arise in connection with loan loss provisions as well as provisions and other liabilities. Where material estimates were required, the assumptions made are explained in detail below in the notes on the relevant line items.

4 Accounting standards applied for the first time

During the reporting period the Bank implemented, for the first time, amendments to existing standards (IAS 1, IAS 16, IAS 27, IAS 38, IAS 41, IFRS 11 and changes under the Annual Improvements Project 2012 to 2014), which became mandatory in the EU as of 1 January 2016. These had no material impact on the Deka Group's consolidated financial statements.

In addition, the IASB has published the following new or revised standards relevant to the Deka Group. These standards have not yet been adopted into European law and therefore did not need to be applied.

IAS 7

In January 2016, as part of an initiative to improve statements of cash flows, the IASB published amendments to IAS 7 "Disclosure Initiative". The new rules contain additional disclosure obligations concerning cash flows related to financing activities. The amended standard applies to financial years beginning on or after 1 January 2017. Earlier voluntary adoption is permitted. The amendments are currently being evaluated.

IAS 12

Likewise in January 2016, the IASB published amendments to IAS 12 "Recognition of Deferred Tax Assets for Unrealised Losses". The amendments exclusively clarify the requirements for recognition of deferred tax assets for unrealised losses, accounting for deferred tax assets related to assets measured at fair value and other aspects of accounting for deferred taxes. The amended standard applies to financial years beginning on or after 1 January 2017. Earlier voluntary adoption is permitted. The amendments have no impact on the Deka Group's consolidated financial statements.

IFRS 15

A new standard was published in May 2014 – IFRS 15 "Revenue from Contracts with Customers". This standard replaces the previous rules on revenue recognition (IAS 18 "Revenue", IAS 11 "Construction Contracts" and the associated interpretations). The new standard provides a five-step model to be used to determine the amount and timing of revenue recognition. IFRS 15 must be applied to all contracts with customers that cover the sale of goods or the provision of services, with some exceptions, including financial instruments for which revenue recognition falls within the scope of IFRS 9/IAS 39.

In addition, clarifications to IFRS 15 ("Clarifications to IFRS 15") were published in April 2016. The clarifications do not contain any changes to the basic principles of the new standard. They are purely concerned with clarifications and additional transitional relief.

The new standard applies to financial years beginning on or after 1 January 2018. Earlier voluntary adoption is permitted. The impact of the changes on the consolidated financial statements is currently being evaluated.

IFRS 16

The new IFRS 16 standard was published on 13 January 2016 and governs how leases should be accounted for. IFRS 16 replaces IAS 17 "Leases", along with the associated interpretations IFRIC 4 "Determining whether an Arrangement Contains a Lease", SIC 15 "Operating Leases – Incentives" and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The new standard requires lessees to use an entirely new approach when presenting leasing contracts in the financial statements. Under IAS 17, the key factor in determining how a lessee should present a lease in its financial statements was whether or not substantially all of the risks and rewards of ownership of the item being leased had been transferred to the lessee. In future, every lease should be presented on the lessee's balance sheet as a financing transaction, in the form of a right-of-use asset and a lease liability. The accounting requirements for lessors remain largely unchanged, in particular in terms of the ongoing requirement to classify leases. Application of IFRS 16 is mandatory for financial years beginning on or after 1 January 2019. Earlier voluntary adoption is permitted, but only in conjunction with IFRS 15. The impact on the consolidated financial statements is currently being evaluated.

IFRS 9

The IASB published the final requirements for IFRS 9 "Financial Instruments: Recognition and Measurement" on 24 July 2014. IFRS 9 contains new regulations governing the classification and measurement of financial instruments, the impairment of financial assets and the recognition of hedging relationships.

The standard sets out three categories which are to be used to classify financial assets. Depending on the management objectives and the characteristics of the contractual cash flows associated with each financial asset, they must be classified "at amortised cost", "at fair value through other comprehensive income" or "at fair value through profit or loss".

The rules governing the classification and measurement of financial liabilities contained within IFRS 9 are not significantly different from the current system. IFRS 9 requires only that the amount of change in fair value attributable to changes in the credit risk of liabilities designated at fair value should be reported through other comprehensive income, rather than through profit or loss as in the past.

The rules governing the measurement of financial assets are based on the new impairment model for expected losses. In order to determine the size of the loan loss provision to be established, assets within the scope of IFRS 9 must be allocated to one of three tiers, depending on the credit risk associated with those assets. The tier to which an asset is allocated has an effect on the size of the loan loss provision to be established and the interest rate applied to the asset concerned.

IFRS 9 also contains new rules governing the recognition of hedging relationships. The standard aims to bring recognition of hedging relationships into line with the specific economic risk management activities of the company concerned.

Application of IFRS 9 is mandatory for financial years beginning on or after 1 January 2018, at the earliest. The standard is expected to be adopted into European law in the second half of 2016. The Group is currently assessing the impact of the accounting requirements set out in IFRS 9. The preliminary study started in 2015 and carried out by experts from areas affected by IFRS 9 was completed in the first half of 2016. Given the current state of debate and the outstanding questions of interpretation, it is not yet possible to quantify the likely impact of its initial application.

5 Changes in the scope of consolidation

The consolidated financial statements include – in addition to DekaBank as parent company – a total of 11 (31 December 2015: 9) domestic and 7 (31 December 2015: 9) foreign companies in which DekaBank directly or indirectly holds the majority of voting rights. In addition, 11 structured companies (31 December 2015: 9) are included in the scope of consolidation.

The changes in the first half of 2016 resulted from the acquisition of S Broker, as a result of which the subsidiary S Broker AG & Co. KG, Wiesbaden, and S Broker Management AG, Wiesbaden, and the two structured entities S Broker 1 Fonds and Masterfonds S Broker were included in the scope of consolidation for the first time as at 30 June 2016. The subsidiary bevestor GmbH, Frankfurt am Main, will begin operating in the 2016 reporting year and was therefore included for the first time in the consolidated financial statements. The subsidiaries ExFin i.L., Zurich, (liquidation), Roturo S.A., Luxembourg, (merger), and DKC Deka Kommunal Consult GmbH, Dusseldorf, (sale) were deconsolidated.

A total of 16 (31 December 2015: 14) affiliated companies controlled by the Deka Group were not consolidated because they are of minor significance for the presentation of the assets, financial position and earnings of the Group. The shares held in these subsidiaries are reported under financial investments. Likewise, structured entities are not consolidated due to their minor importance to the consolidated financial statements. The units in unconsolidated investment funds are recognised at fair value through profit or loss. These are shown in the balance sheet under financial assets at fair value.

The subsidiaries (affiliated companies and structured entities), joint ventures and associated companies, as well as the companies and equity investments not included in the consolidated financial statements on materiality grounds are shown in the list of shareholdings (note [36]).

Company acquisitions

With effect from 30 June 2016, DekaBank increased its interest in S Broker AG & Co. KG to 100% by purchasing all shares (69.4%) held by third parties.

S Broker is the central online broker within the *Sparkassen-Finanzgruppe*. S Broker holds a banking licence pursuant to Section 1 (1) KWG. The aim of the transaction is to improve the focus and integration of online securities activities of the *Sparkassen-Finanzgruppe* under the umbrella of DekaBank. The acquisition strengthens DekaBank's position as the *Wertpapierhaus* for the savings banks.

At the time of the business combination, DekaBank paid the former limited partners a purchase price of €16.0m for 69.4% of the shares. When determining the purchase price allocation, a net asset value of €58.6m was calculated. Taking into account the carrying amount of the parent's investment of €7.0m for the shares already held (30.6%), this results in negative goodwill from the acquisition in the amount of 35.6m as at 30 June 2016. This is based essentially on the identified net assets, in particular the market values of own investments and the use and development of the IT platform.

The identifiable assets acquired and liabilities assumed are shown in the breakdown below:

€m	
Total purchase price	**23.0**
Identifiable aquired assets and liabilities	
Due from banks	125.4
Due from customers	23.0
Fixed-interest securities and fund units	530.8
Intangible assets	3.6
Other assets	6.6
Due to banks	9.8
Due to customers	602.9
Provisions	2.6
Other liabilities	15.5
Total identifiable net assets	**58.6**
Negative goodwill	**–35.6**

Notes to the statement of profit or loss and other comprehensive income

6 Net interest income

In addition to interest income and expenses, this item includes pro-rated reversals of premiums and discounts from financial instruments. Net interest income from items in the trading book 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 partners are reported in interest expenses.

€m	1st half 2016	1st half 2015	Change
Interest income from			
Lending and money market transactions	259.8	293.0	–33.2
Interest rate derivatives (economic hedges)	74.4	116.2	–41.8
Fixed-interest securities and debt register claims	71.1	113.5	–42.4
Hedge derivatives (hedge accounting)	30.9	24.3	6.6
Current income from			
Shares and other non fixed-interest securities	7.3	12.6	–5.3
Equity investments	2.3	1.9	0.4
Total interest income	**445.8**	**561.5**	–115.7
Interest expenses for			
Interest rate derivatives (economic hedges)	138.8	155.6	–16.8
Liabilities	159.8	207.3	–47.5
Securitised liabilities	36.6	47.5	–10.9
Hedge derivatives (hedge accounting)	13.4	18.4	–5.0
Subordinated liabilities and profit participation capital	18.3	16.0	2.3
Typical silent capital contributions	4.0	4.0	–
Total interest expenses	**370.9**	**448.8**	–77.9
Net interest income	**74.9**	**112.7**	–37.8

Net interest income includes interest income of €17.9m (30 June 2015: €1.3m) and interest expenses of €18.6m (30 June 2015: €1.9m) from negative interest.

7 Provisions for loan losses

The breakdown of provisions for loan losses in the statement of profit or loss and other comprehensive income is as follows:

€m	1st half 2016	1st half 2015	Change
Allocations to provisions for loan losses	–93.8	–40.8	–53.0
Reversals of provisions for loan losses	18.6	19.0	–0.4
Income on written-down receivables	1.1	0.5	0.6
Provisions for loan losses	**–74.1**	**–21.3**	–52.8

The risk provision for securities in the 'loans and receivables' and 'held to maturity' categories is reported under profit or loss on financial investments (note [11]).

8 Net commission income

€m	1st half 2016	1st half 2015	Change
Commission income from			
Investment fund business	924.9	962.0	–37.1
Securities business	62.5	69.7	–7.2
Lending business	21.8	26.0	–4.2
Other	13.1	17.5	–4.4
Total commission income	**1,022.3**	**1,075.2**	–52.9
Commission expenses for			
Investment fund business	497.6	485.3	12.3
Securities business	8.9	9.3	–0.4
Lending business	8.1	10.9	–2.8
Other	1.1	1.0	0.1
Total commission expenses	**515.7**	**506.5**	9.2
Net commission income	**506.6**	**568.7**	–62.1

Commission income from investment fund business essentially comprises management fees, front-end loads and sales commission. The vast majority of net commission income stems from trail commission, i.e. recurring commission relating to existing business. Performance-related remuneration and income from lump sum costs are also shown under commission income from investment fund business. The corresponding expenses relating to the lump sum costs are reported in the respective expenses item – mainly in administrative expenses – on a source-specific basis. Commission expenses are primarily attributable to services provided to sales partners.

9 Trading profit or loss

Trading profit or loss comprises sale and valuation results as well as commission from financial instruments in the 'held for trading' sub-category. Net interest income from derivative and non-derivative financial instruments for trading book positions, together with related refinancing expenses, are also reported under this item.

€m	1st half 2016	1st half 2015	Change
Sales and revaluation results	129.1	–175.4	304.5
Net interest income and current income from trading transactions	45.5	373.6	–328.1
Commission on trading transactions	–9.9	–9.2	–0.7
Trading profit or loss	**164.7**	**189.0**	–24.3

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. Interest and dividend income are reported in net interest income along with refinancing expenses and income from reinvestments.

€m	1st half 2016	1st half 2015	Change
Sales and revaluation results	112.8	29.2	83.6
Foreign exchange profit or loss	–2.3	–0.6	–1.7
Commission	–	–0.1	0.1
Profit or loss on financial instruments designated at fair value	**110.5**	**28.5**	82.0

In the reporting period, the valuation result from financial instruments designated at fair value included net income of €9.1m which was attributable to differences in value arising from changes in creditworthiness.

11 Profit or loss on financial investments

€m	1st half 2016	1st half 2015	Change
Sales and valuation results from securities	–	−0.2	0.2
Sales and valuation results from shareholdings	−0.6	–	−0.6
Reversal of/ allocation to risk provision for securities	−15.5	0.8	−16.3
Write-backs arising from increase in value of equity-accounted companies	2.6	–	2.6
Net income from investments valued at equity	0.7	0.8	−0.1
Net income from financial investments	**−12.8**	**1.4**	−14.2

12 Administrative expenses

€m	1st half 2016	1st half 2015	Change
Personnel expenses	241.7	234.5	7.2
Operating expenses	232.1	233.8	−1.7
Depreciation of property, plant and equipment and intangible assets	9.1	10.8	−1.7
Administrative expenses	**482.9**	**479.1**	3.8

Operating expenses include the contribution to the European Union's Single Resolution Fund amounting to €34.4m (30 June 2015: €60.8m). The contribution for financial year 2015 was €34.8m.

13 Other operating income

The breakdown of other operating income is as follows:

€m	1st half 2016	1st half 2015	Change
Income from repurchased debt instruments	**−19.6**	**−2.0**	−17.6
Other operating profit	66.1	34.7	31.4
Other operating expenses	13.9	27.9	−14.0
Other operating income	**32.6**	**4.8**	27.8

The item 'Other operating profit' includes negative goodwill in the amount of €35.6m resulting from the acquisition of S Broker AG & Co. KG.

A profit of €14.9m was recognised in 'Other operating profit' in the first half of 2016 resulting from the derecognition due to the liquidation of the subsidiary ExFin i.L., Zurich. This is due to the recognition through the income statement of the currency translation reserve.

14 Income taxes

Based on the corporation tax and trade tax rates applicable for 2016, the combined tax rate for the companies in the DekaBank fiscal group is unchanged compared with the previous year at 31.9%. In accordance with its 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 partnership. As in the previous year, this portion of the tax expense is shown as part of income tax expenses.

Notes to the consolidated balance sheet

15 Due from banks

€m	30 Jun 2016	31 Dec 2015	Change
Domestic banks	17,778.6	18,063.7	–285.1
Foreign banks	7,908.3	9,032.7	–1,124.4
Due from banks before risk provision	**25,686.9**	**27,096.4**	–1,409.5
Provisions for loan losses	–2.4	–2.4	–
Total	**25,684.5**	**27,094.0**	–1,409.5

16 Due from customers

€m	30 Jun 2016	31 Dec 2015	Change
Domestic borrowers	5,097.7	5,438.3	–340.6
Foreign borrowers	17,299.2	17,291.7	7.5
Due from customers before risk provision	**22,396.9**	**22,730.0**	–333.1
Provisions for loan losses	–270.6	–222.0	–48.6
Total	**22,126.3**	**22,508.0**	–381.7

17 Provisions for loan losses

Default risks in the lending business are recognised through the creation of specific and collective provisions and through the creation of provisions for off-balance sheet liabilities. The collective provisions 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. Transfer risk is taken into account by recognising collective provisions for country risks.

€m	30 Jun 2016	31 Dec 2015	Change
Provisions for loan losses – due from banks			
Specific valuation allowances	2.1	2.1	–
Portfolio valuation allowances for creditworthiness risks	0.3	0.3	–
Provisions for loan losses – due from customers			
Specific valuation allowances	244.3	185.2	59.1
Portfolio valuation allowances for creditworthiness risks	20.4	32.9	–12.5
Portfolio valuation allowances for country risks	5.9	3.9	2.0
Total	**273.0**	**224.4**	48.6

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

€m	Opening balance 1 Jan 2016	Allocation	Utilisation	Reversal	Changes in the scope of consoli-dation	Reclassi-fications	Currency effects	Closing balance 30 Jun 2016
Provisions for loan losses – due from banks								
Specific valuation allowances	2.1	–	–	–	–	–	–	2.1
Portfolio valuation allowances for creditworthiness risks	0.3	–	–	–	–	–	–	0.3
Sub-total	**2.4**	**–**	**–**	**–**	**–**	**–**	**–**	**2.4**
Provisions for loan losses – due from customers								
Specific valuation allowances	185.2	89.0	25.1	3.0	0.2	–0.6	–1.4	244.3
Portfolio valuation allowances for creditworthiness risks	32.9	2.4	–	14.9	–	–	–	20.4
Portfolio valuation allowances for country risks	3.9	2.3	–	0.2	–	–	–0.1	5.9
Sub-total	**222.0**	**93.7**	**25.1**	**18.1**	**0.2**	**–0.6**	**–1.5**	**270.6**
Provisions for credit risks								
Specific risks	0.4	0.1	–	–	–	0.6	–	1.1
Portfolio risks	1.4	–	–	0.5	–	–	–	0.9
Sub-total	**1.8**	**0.1**	**–**	**0.5**	**–**	**0.6**	**–**	**2.0**
Total	**226.2**	**93.8**	**25.1**	**18.6**	**0.2**	**–**	**–1.5**	**275.0**

€m	Opening balance 1 Jan 2015	Allocation	Utilisation	Reversal	Changes in the scope of consoli-dation	Reclassi-fications	Currency effects	Closing balance 31 Dec 2015
Provisions for loan losses – due from banks								
Specific valuation allowances	–	2.1	–	–	–	–	–	2.1
Portfolio valuation allowances for creditworthiness risks	2.5	–	–	2.2	–	–	–	0.3
Sub-total	**2.5**	**2.1**	**–**	**2.2**	**–**	**–**	**–**	**2.4**
Provisions for loan losses – due from customers								
Specific valuation allowances	146.7	94.5	33.5	32.4	–	–0.2	10.1	185.2
Portfolio valuation allowances for creditworthiness risks	27.2	8.1	–	2.2	–0.2	–	–	32.9
Portfolio valuation allowances for country risks	4.2	–	–	0.4	–	–	0.1	3.9
Sub-total	**178.1**	**102.6**	**33.5**	**35.0**	**–0.2**	**–0.2**	**10.2**	**222.0**
Provisions for credit risks								
Specific risks	0.4	–	0.1	0.1	–	0.2	–	0.4
Portfolio risks	1.8	–	–	0.4	–	–	–	1.4
Sub-total	**2.2**	**–**	**0.1**	**0.5**	**–**	**0.2**	**–**	**1.8**
Total	**182.8**	**104.7**	**33.6**	**37.7**	**–0.2**	**–**	**10.2**	**226.2**

Key ratios for provisions for loan losses:

%	30 Jun 2016	31 Dec 2015
Reversal / allocation ratio as at reporting date[1] (Quotient from net allocation and lending volume)	−0.29	−0.24
Default rate as at reporting date (Quotient from loan defaults and lending volume)	0.09	0.12
Average default rate (Quotient from loan defaults in 5-year average and lending volume)	0.45	0.46
Net provisioning ratio as at the reporting date (Quotient from provisions for loan losses and lending volume)	1.05	0.84

[1] Reversal ratio shown without leading sign.

The calculations of the above key ratios are based on a lending volume in the balance sheet of €26.2bn (31 December 2015: €27.1bn).

Provisions for loan losses by risk segment:

	Valuation allowances and provisions for loan losses		Loan defaults[1]		Net allocations to[2] / reversals of valuation allowances and provisions for loan losses	
€m	**30 Jun 2016**	**31 Dec 2015**	**1st half 2016**	**1st half 2015**	**1st half 2016**	**1st half 2015**
Customers						
Transport & export finance	184.8	118.9	1.0	0.2	−67.6	−10.4
Public infrastructure	40.3	39.5	24.1	–	−0.8	−12.9
Property risks	31.3	32.2	–	−0.2	0.9	3.7
Energy and utility infrastructure	14.3	31.4	–	–	−7.5	−4.2
Corporates	0.5	0.5	–	–	−0.1	0.1
Other	1.4	1.3	–	–	−0.1	0.4
Total customers	**272.6**	**223.8**	**25.1**	**–**	**−75.2**	**−23.3**
Banks	**2.4**	**2.4**	**–**	**–**	**–**	**1.5**
Total	**275.0**	**226.2**	**25.1**	**–**	**−75.2**	**−21.8**

[1] Payments received on written-down receivables – negative in the column.
[2] Negative in the column.

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

18 Financial assets at fair value

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

€m	30 Jun 2016	31 Dec 2015	Change
Held for trading			
Bonds and debt securities	12,500.7	19,516.6	−7,015.9
Positive market values from derivative financial instruments (trading)	10,116.7	9,790.0	326.7
Shares	477.4	1,915.9	−1,438.5
Investment fund units	711.1	688.7	22.4
Loan claims	881.8	868.0	13.8
Money market securities	37.0	377.4	−340.4
Total – held for trading	**24,724.7**	**33,156.6**	−8,431.9
Designated at fair value			
Bonds and debt securities	18,169.3	15,196.0	2,973.3
Money market securities	–	19.0	−19.0
Shares and other non fixed-interest securities	30.6	–	30.6
Investment fund units	1,245.3	1,363.2	−117.9
Amounts due from securities repurchase agreements	–	500.5	−500.5
Positive market values from derivative financial instruments (economic hedges)	515.3	672.5	−157.2
Total – designated at fair value	**19,960.5**	**17,751.2**	2,209.3
Total	**44,685.2**	**50,907.8**	−6,222.6

19 Financial investments

€m	30 Jun 2016	31 Dec 2015	Change
Loans and receivables			
Debt securities and other fixed-interest securities	510.9	531.4	−20.5
Held to maturity			
Debt securities and other fixed-interest securities	2,568.6	2,406.4	162.2
Available for sale			
Debt securities and other fixed-interest securities	0.0	0.0	0.0
Shares and other non fixed-interest securities	0.0	0.0	0.0
Shareholdings			
Equity investments	26.0	27.9	−1.9
Shares in companies valued at equity	7.6	12.3	−4.7
Shares in affiliated, non-consolidated companies	1.4	4.6	−3.2
Shares in associated companies not accounted for under the equity method	0.2	0.2	–
Financial investments before risk provisions	**3,114.7**	**2,982.8**	131.9
Risk provision	−54.1	−38.4	−15.7
Total	**3,060.6**	**2,944.4**	116.2

20 Intangible assets

€m	30 Jun 2016	31 Dec 2015	Change
Purchased goodwill	148.1	148.1	–
Software	22.3	22.2	0.1
Other intangible assets	18.9	20.9	–2.0
Total	**189.3**	**191.2**	–1.9

As in the previous period, the ‘purchased goodwill’ item includes €95.0m from the acquisition of Landesbank Berlin Investment GmbH and €53.1m from the acquisition of WestInvest Gesellschaft für Investmentfonds mbH.

21 Property, plant and equipment

€m	30 Jun 2016	31 Dec 2015	Change
Plant and equipment	14.7	14.6	0.1
Technical equipment and machines	2.0	1.7	0.3
Total	**16.7**	**16.3**	0.4

22 Other assets

€m	30 Jun 2016	31 Dec 2015	Change
Amounts due from investment funds	128.4	140.0	–11.6
Amounts due from non-banking business	10.6	22.3	–11.7
Amounts due or refunds from other taxes	9.4	0.7	8.7
Other miscellaneous assets	79.0	191.3	–112.3
Prepaid expenses	34.7	26.2	8.5
Total	**262.1**	**380.5**	–118.4

23 Due to banks

€m	30 Jun 2016	31 Dec 2015	Change
Domestic banks	12,719.0	16,640.1	–3,921.1
Foreign banks	6,911.6	7,444.0	–532.4
Total	**19,630.6**	**24,084.1**	–4,453.5
Of which:			
Collateralized registered bonds and promissory notes	177.4	204.8	–27.4
Uncollateralized registered bonds and promissory notes	2,786.1	2,593.2	192.9

24 Due to customers

€m	30 Jun 2016	31 Dec 2015	Change
Domestic banks	20,359.7	18,970.8	1,388.9
Foreign banks	12,983.8	10,491.2	2,492.6
Total	**33,343.5**	**29,462.0**	3,881.5
Of which:			
Collateralized registered bonds and promissory notes	1,741.9	1,907.0	–165.1
Uncollateralized registered bonds and promissory notes	1,252.6	1,123.0	129.6

25 Securitised liabilities

Securitised liabilities include bonds and other liabilities for which transferable certificates are issued. Under IAS 39, own bonds held in the Deka Group with a nominal amount of €0.2bn (31 December 2015: €0.2bn) were deducted from the issued bonds.

€m	30 Jun 2016	31 Dec 2015	Change
Unsecured bonds issued	8,159.0	6,353.2	1,805.8
Covered debt securities issued	235.3	284.9	−49.6
Money market securities issued	7,522.4	13,283.7	−5,761.3
Total	**15,916.7**	**19,921.8**	−4,005.1

26 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. Securities short portfolios are also reported in this line item.

€m	30 Jun 2016	31 Dec 2015	Change
Held for trading			
Trading issues	13,759.1	11,796.0	1,963.1
Securities short portfolios	916.3	1,217.2	−300.9
Negative market values from derivative financial instruments (trading)	9,899.7	10,149.5	−249.8
Total – held for trading	**24,575.1**	**23,162.7**	1,412.4
Designated at fair value			
Issues	2,191.3	2,525.8	−334.5
Negative market values from derivative financial instruments (economic hedges)	1,145.9	1,426.3	−280.4
Total – designated at fair value	**3,337.2**	**3,952.1**	−614.9
Total	**27,912.3**	**27,114.8**	797.5

Issues can be broken down by product type as follows:

€m	30 Jun 2016	31 Dec 2015	Change
Held for trading			
Unsecured trading issues			
Bearer bonds issued	10,356.0	8,979.9	1,376.1
Registered bonds issued	1,115.3	714.0	401.3
Promissory notes raised	2,287.8	2,102.1	185.7
Total	**13,759.1**	**11,796.0**	1,963.1
Designated at fair value			
Unsecured issues			
Bearer bonds issued	384.9	422.4	−37.5
Registered bonds issued	350.9	489.4	−138.5
Promissory notes raised	361.1	482.9	−121.8
Covered issues	1,094.4	1,131.1	−36.7
Total	**2,191.3**	**2,525.8**	−334.5

The fair value of issues in the designated at fair value category includes cumulative creditworthiness-related changes in value amounting to €6.9m (31 December 2015: €16.1m).

27 Provisions

€m	30 Jun 2016	31 Dec 2015	Change
Provisions for pensions and similar commitments	336.5	213.6	122.9
Provisions for restructuring measures	8.6	9.9	–1.3
Provisions for legal risks	9.4	9.4	–
Provisions for operational risks	0.6	0.7	–0.1
Provisions for credit risks	2.0	1.8	0.2
Provisions for human resources	0.3	1.4	–1.1
Provisions in investment funds business	132.6	112.0	20.6
Sundry other provisions	97.6	105.1	–7.5
Total	**587.6**	**453.9**	133.7

The actuarial interest rate underlying the calculation of pension provisions stood at 1.55% as at 30 June 2016, 0.75 percentage points below the actuarial interest rate applied at 31 December 2015. Actuarial valuations were used to calculate a revaluation loss of €114.8m (31 December 2015: a revaluation gain of €55.4m), which was recognised in other comprehensive income (OCI).

Depending on their original nature, some of the provisions for restructuring measures are reclassified as provisions for pensions and similar commitments in the subsequent year. This concerned an amount of €1.3m in the first half of 2016.

Provisions established in relation to fund business related mainly to investment funds with formal guarantees and targeted returns, as set out below.

The Deka Group's range of products includes, *inter alia*, investment funds with guarantees of various types. At maturity of the fund or at the end of the investment period, the capital management company guarantees the capital invested less charges or the unit value at the start of the respective investment period. The amount of the provision is determined from the forecast shortfall at the guarantee date, which represents the difference between the expected and guaranteed unit value. As at the reporting date, €14.8m (31 December 2015: €7.9m) was set aside based on the changes in the respective fund assets. As at the reporting date, the guarantees covered a maximum volume of €5.3bn (31 December 2015: €4.8bn) as at the respective guarantee dates. The market value of the corresponding fund assets totalled €5.5bn (31 December 2015: €5.0bn). These also include the funds described below with a forecast return performance amounting to a volume of €3.5bn (31 December 2015: €2.7bn).

Investment funds, whose return is forecast and published on the basis of current money market interest rates set by the Group, exist in two fund varieties with and without a capital guarantee. However, the forecast return is not guaranteed. Although the Deka Group is not contractually obliged to meet the funds' target returns, the Deka Group retains the right to support the desired performance of the fund and has set aside the necessary amount. The level of the provision is determined using potential loss scenarios taking account of the risks related to liquidity, interest rate structure, duration and spreads. At the reporting date, provisions of €71.6m (31 December 2015: €78.7m) had been established. The underlying total volume of the funds amounted to €7.1bn (31 December 2015: €6.1bn), of which €3.5bn (31 December 2015: €2.7bn) related to funds with a capital guarantee and €3.6bn (31 December 2015: €3.4bn) to funds without a capital guarantee.

The sundry other provisions were established in respect of liabilities arising from a range of issues. These include, *inter alia*, a provision of €54.8m for the contingent purchase price payment in connection with the acquisition of the shares of LBB-INVEST as well as a provision for an onerous contract in the amount of €30.0m.

28 Subordinated capital

€m	30 Jun 2016	31 Dec 2015	Change
Subordinated liabilities	917.6	937.8	–20.2
Capital contributions of typical silent partners	207.9	211.9	–4.0
Total	**1,125.5**	**1,149.7**	–24.2

29 Equity

€m	30 Jun 2016	31 Dec 2015	Change
Subscribed capital	286.3	286.3	–
Less own shares	94.6	94.6	–
Additional capital components (AT1 bonds)	473.6	473.6	–
Capital reserve	190.3	190.3	–
Reserves from retained earnings	4,095.2	4,119.1	–23.9
Revaluation reserve			
For provisions for pensions	–269.2	–154.4	–114.8
For cash flow hedges	–27.9	–39.5	11.6
For equity-accounted companies	–4.3	–3.3	–1.0
Applicable deferred taxes	94.8	61.5	33.3
Total revaluation reserve	**–206.6**	**–135.7**	–70.9
Currency translation reserve	2.2	16.2	–14.0
Consolidated profit/loss	192.5	67.9	124.6
Total	**4,938.9**	**4,923.1**	15.8

Other disclosures

30 Fair value data for financial instruments

Fair value is deemed to be the amount that would be received on the sale of an asset or paid for the transfer of a liability in an arm's length transaction between market participants at the measurement date.

The fair value of financial instruments is determined on the basis of market prices or observable market data as at the reporting date, and using generally recognised valuation models.

Valuation models which are deemed to be appropriate for the respective financial instruments are used where no prices are available from an active market. Observable market data is always used as the basis where available. However, the availability of observable stock market prices, valid prices or market data varies from financial instrument to financial instrument and can change over time. Furthermore, the valuation models are periodically re-adjusted and validated as required. Depending on the financial instrument and market situation, it may be necessary to include assumptions and assessments made by the Bank in the valuation. The Bank is also responsible for selecting suitable modelling techniques, appropriate parameters and assumptions. Where there are no prices from active markets, the fair value is therefore deemed to be the model value as at the reporting date, which reflects a realistic estimate of how the market would be likely to value the financial instrument.

Where bid and ask prices are available for assets and liabilities, the provisions of IFRS 13 state that the price to be used to determine the fair value is that which best reflects the fair value within the bid-ask spread, with the use of mid-market pricing being an acceptable valuation convention. DekaBank generally measures financial instruments at mid-market prices. For illiquid financial instruments assigned to level 3 of the fair value hierarchy, bid-ask adjustments are taken into account.

Furthermore, the Bank takes Credit Value Adjustments (CVA) or Debit Value Adjustments (DVA) into consideration when valuing OTC derivatives in order to allow for its own credit risk or that of counterparties, provided these are not already included elsewhere in the valuation model. If a netting agreement exists for counterparties, the calculation is performed at the level of the counterparty based on the net position. In other cases, the calculation is performed on the basis of the individual positions. The Bank also takes a Funding Valuation Adjustment (FVA) into account, which represents the implicit market refinancing costs for uncollateralised derivative positions.

In the Deka Group, financial instruments are classified by balance sheet line item and IFRS categories in accordance with IFRS 7. The following table shows the fair values of financial assets and liabilities, classified by balance sheet item or IFRS category, compared to the respective book values.

€m	30 Jun 2016 Fair value	30 Jun 2016 Carrying value	31 Dec 2015 Fair value	31 Dec 2015 Carrying value
Asset items				
Cash reserves	7,853.3	7,853.3	3,608.1	3,608.1
Due from banks	25,926.2	25,684.5	27,290.4	27,094.0
Due from customers	22,359.8	22,126.3	22,623.2	22,508.0
Financial assets at fair value	44,685.2	44,685.2	50,907.8	50,907.8
Positive market values from derivative hedging instruments	77.0	77.0	109.0	109.0
Financial investments	3,170.1	3,060.6	3,004.3	2,944.4
Loans and receivables	490.9	509.4	485.3	531.1
Held to maturity	2,644.0	2,516.0	2,474.0	2,368.3
Available for sale	35.2	35.2	45.0	45.0
Other assets	187.8	187.8	164.5	164.5
Total assets items	**104,259.4**	**103,674.7**	**107,707.3**	**107,335.8**
Liability items				
Due to banks	19,823.8	19,630.6	24,290.6	24,084.1
Due to customers	33,659.7	33,343.5	29,806.6	29,462.0
Securitised liabilities	16,027.0	15,916.7	20,025.5	19,921.8
Financial liabilities at fair value	27,912.3	27,912.3	27,114.8	27,114.8
Negative market values from derivative hedging instruments	54.4	54.4	36.0	36.0
Subordinated capital	1,237.7	1,125.5	1,249.4	1,149.7
Other liabilities	136.2	136.2	149.7	149.7
Total liabilities items	**98,851.1**	**98,119.2**	**102,672.6**	**101,918.1**

For short-term financial instruments or those due on demand, fair value corresponds to the amount payable as at the reporting date. The carrying value therefore represents a reasonable approximation to the fair value. These include, *inter alia*, the cash reserve, overdraft facilities and demand deposits owed to banks and customers, as well as financial instruments included in the other assets or liabilities items. In the following description of the fair value hierarchy, financial assets amounting to €8,711.0m (31 December 2015: €4,327.2m) and financial liabilities amounting to €11,645.5m (31 December 2015: €10,527.7m) are not allocated to any level of the fair value hierarchy.

Interests in affiliated unlisted companies and other equity investments in the amount of €35.2m (31 December 2015: €45.0m) included in financial investments allocated to the available for sale category, for which neither prices from active markets nor the factors relevant for valuation models can be reliably determined, are stated at cost. There is currently no intention to sell these assets. These financial instruments are not allocated to any level of the fair value hierarchy in the table below.

Fair value hierarchy

Financial instruments carried at fair value in the balance sheet, as well as financial instruments that are not measured at fair value but for which the fair value is to be disclosed, must be allocated to the following three fair value hierarchy levels specified in IFRS 13, depending on the input factors influencing their valuation:

Level 1 (Prices listed on active markets): Financial instruments whose fair value can be derived directly from prices on active, liquid markets are allocated to this level.

Level 2 (Valuation method based on observable market data): Financial instruments whose fair value can be determined either from similar financial instruments traded on active and liquid markets, from similar or identical financial instruments traded on less liquid markets or based on valuation methods with directly or indirectly observable input factors are allocated to this level.

Level 3 (Valuation method not based on observable market data): Financial instruments whose fair value is determined based on valuation models using, among other things, input factors not observable in the market, provided they are significant for the valuation, are allocated to this level.

The table below shows the fair values of the financial instruments carried in the balance sheet at fair value and the fair value of the financial instruments not carried in the balance sheet at fair value, allocated to the respective level of the fair value hierarchy.

	Prices on active markets (Level 1)		Valuation method based on observable market data (Level 2)		Valuation method not based on observable market data (Level 3)	
€m	**30 Jun 2016**	**31 Dec 2015**	**30 Jun 2016**	**31 Dec 2015**	**30 Jun 2016**	**31 Dec 2015**
Financial assets at fair value						
Debt securities, other fixed-interest securities and loan claims	20,419.5	20,672.1	9,370.6	12,904.6	1,798.8	2,400.4
Shares and other non fixed-interest securities	2,221.8	3,672.1	242.6	295.7	–	–
Derivative financial instruments						
Interest-rate-related derivatives	0.1	0.1	8,250.7	6,677.1	–	15.3
Currency-related derivatives	–	–	289.7	113.3	–	–
Share-price and other price-related derivatives	383.3	335.0	1,677.0	3,313.7	31.3	7.9
Other financial assets (dafv)	–	–	–	500.5	–	–
Positive market values from derivative hedging instruments	–	–	77.0	109.0	–	–
Assets measured at amortised cost						
Due from banks	274.7	–	17,943.8	18,944.4	7,297.0	7,927.4
Due from customers	–	–	7,477.4	7,767.6	14,623.0	14,719.6
Financial investments	1,431.3	1,130.2	517.8	504.7	1,185.8	1,324.4
Total	**24,730.7**	**25,809.5**	**45,846.6**	**51,130.6**	**24,935.9**	**26,395.0**
Financial liabilities at fair value						
Securities short portfolios	881.0	1,102.3	35.3	114.9	–	–
Derivative financial instruments						
Interest-rate-related derivatives	–	0.1	7,218.5	6,905.4	109.3	33.6
Currency-related derivatives	–	–	276.8	127.7	–	–
Share-price and other price-related derivatives	1,045.9	671.9	2,361.0	3,828.7	34.0	8.3
Issues	1.6	–	15,286.7	13,791.3	662.2	530.5
Negative market values from derivative hedging instruments	–	–	54.4	36.0	–	–
Liabilities measured at amortised cost						
Due to banks	–	–	16,267.8	21,418.1	2,575.8	2,403.3
Of which liabilities relating to genuine repurchase agreements and collateralised securities lending transactions	–	–	5,729.4	5,729.4	–	–
Due to customers	–	–	21,750.6	18,610.2	1,380.0	1,287.7
Of which liabilities relating to genuine repurchase agreements and collateralised securities lending transactions	–	–	4,781.3	4,781.3	–	–
Securitised liabilities	–	–	16,027.0	20,025.5	–	–
Subordinated capital	–	–	–	–	1,237.7	1,249.4
Total	**1,928.5**	**1,774.3**	**79,278.1**	**84,857.8**	**5,999.0**	**5,512.8**

Reclassifications

The following reclassifications between level 1 and level 2 of the fair value hierarchy took place in respect of assets and liabilities measured at fair value and held in the portfolio at the balance sheet date:

	Reclassifications from level 1 to level 2		Reclassifications from level 2 to level 1	
€m	**30 Jun 2016**	**31 Dec 2015**	**30 Jun 2016**	**31 Dec 2015**
Financial assets at fair value				
Debt securities, other fixed-interest securities and loan receivables	655.7	2,202.4	2,865.2	659.9
Shares and other non fixed-interest securities	–	249.5	19.2	642.9
Derivative financial instruments				
Interest-rate-related derivatives	–	0.1	–	–
Financial liabilities at fair value				
Securities short portfolios	8.8	3.5	67.8	88.5

Financial instruments were transferred from level 1 to level 2 during the period under review because it could no longer be demonstrated that an active market existed for these financial instruments. Financial instruments were also transferred from level 2 to level 1 because, at the reporting date, prices were available for these financial instruments on an active market which could be used unchanged for valuation purposes.

Within the Deka Group, reclassifications between the different levels of the fair value hierarchy are deemed to have taken place as at the end of the relevant reporting period.

Fair value hierarchy level 1

Where securities and derivatives with sufficient liquidity are traded on active markets, and hence where stock market prices or executable broker quotations are available, these prices are used to determine the fair value.

In principle, the redemption price published by the respective investment company is used to determine the fair value of unconsolidated funds.

Fair value hierarchy level 2

Fair values for insufficiently liquid bearer bonds are determined on the basis of discounted future cash flows (the discounted cash flow model). Instrument-specific and issuer-specific interest rates are used for discounting. Interest rates are determined from market prices of similar liquid securities, selected according to criteria in the categories of issuer, sector, rating, rank and maturity.

If no price is observable on an active market for long-term financial liabilities, fair value is determined by discounting the contractually agreed cash flows using an interest rate at which comparable liabilities could have been issued. Any existing collateralisation structure is taken into account, such as that used for *Pfandbriefe*, for example.

Provided that they are not products traded on the stock market, derivative financial instruments are in principle measured using standard valuation models, such as the Black-Scholes model, the Black-76 model, the SABR model, the Bachelier model, the G1PP model or the Local Volatility model. The models are always calibrated using observable market data.

Furthermore, in some individual cases and under restrictive conditions, options traded on the stock market are also measured using the Black-Scholes model. This case-by-case regulation 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.

Interest rate swaps and interest rate/currency swap agreements as well as unlisted interest rate futures are measured on the basis of the discounted cash flow model using the market interest rates applying to the remainder of the term of the financial instruments. The tenor structures of the individual interest rates are taken into account by means of separate forward interest rate curves. Discounting is carried out using the respective currency-specific interest rate curve. This is used for bootstrapping the forward yield curve.

Fair values for foreign exchange forward contracts are determined at the reporting date on the basis of the future rates, which in turn are quoted by FX swap points in the market.

Fair values of single name and index credit default swaps are determined using a standard hazard rate model calibrated to the respective par CDS spreads. For tranched basket credit swaps, a Gaussian Copula model is used, whose parameters are determined on the basis of iTraxx and CDX index tranche spreads.

The fair value of deposits and borrowings is determined by discounting future cash flows using discount rates that are customary for similar financial transactions with similar terms on liquid or less liquid markets.

The fair value of receivables and liabilities from genuine securities repurchase agreements is calculated by discounting future cash flows using the corresponding discount rate adjusted for credit risk. The discount rate applied takes into account the collateral criteria defined at the time the genuine repurchase agreement was concluded.

Fair value hierarchy level 3

Fair values of amounts due from banks or due from customers relating to lending business are determined using the present value method. Future cash flows from receivables are discounted at a risk-adjusted market rate based on the categories of borrower, sector, rating, rank and maturity. For the valuation of collateralised loans, the collateral structure is also taken into account. The interest rate for a comparable unsecured loan is adjusted according to the collateralisation category and percentage.

Bonds and debt securities reported under assets measured at amortised cost are bonds and securitisation positions for which DekaBank had no current market price information as at the reporting date. Bonds are valued using the discounted cash flow model, applying risk-adjusted market interest rates. The differing credit ratings of issuers are taken into account through appropriate adjustments in the discount rates.

The bonds and debt securities in the designated at fair value category and reported under assets at fair value essentially relate to plain vanilla bonds and non-synthetic securitisation positions. Since 2009, the Bank has been winding down the latter whilst safeguarding assets. Determining the fair value of plain vanilla bonds involves the use of credit spreads that are not observable in the market. Assuming an average uncertainty of five basis points relating to the credit spreads, the fair value of the plain vanilla bonds could have been €0.3m higher or lower.

The fair value of non-synthetic securitisation positions in the portfolio is determined on the basis of indicative quotations or via spreads derived from indicative quotations for comparable bonds. These quotations are obtained from various brokers as well as from market price providers, such as S&P. The bid-ask spreads from the available price indications for the individual securitisation positions were used to determine a cautious bid-ask spread, which was used as an estimate for price sensitivity. Using this bid-ask spread, a variation range of 0.68 percentage points averaged across the portfolio was obtained. On this basis, the market value of the securitisation positions concerned could have been €1.1m lower or higher.

The bonds and debt securities presented within the assets at fair value line item in the held for trading category are plain vanilla bonds measured using credit spreads not observable in the market. Assuming an average uncertainty of five basis points relating to the credit spreads, the market value of the positions concerned could have been €4.4m higher or lower.

The Bank also allocates a limited number of equity and interest rate derivatives or issues with embedded equity and interest rate derivatives to level 3, for example if unobservable valuation parameters are used which are significant for their valuation. For equity and interest rate derivatives whose valuation requires correlations, the Bank typically uses historical correlations with the respective share prices or interest rate fixings, or changes to these. Using a 14.0% shift in the correlations, the sensitivity of the equity option positions concerned as at 30 June 2016 was around €–4.9m. The size of the shift was determined on the basis of relevant historical fluctuations in the correlations. For interest rate derivatives based on an index spread, the sensitivity in terms of the correlation between the relevant reference indices is mapped via shifts in the model parameters. The resulting change in the correlation is approximately +7.0%, giving rise to a measurement difference of €+0.1m. There are also equity derivatives with a lifetime that is longer than the equivalent (based on the underlying) equity (index) options. The temporal extrapolation uncertainty amounts to an equity vega of 1, resulting in a value of approximately €0.3m as at 30 June 2016. For credit default swaps (CDS) and credit linked notes with a longer maturity than CDS spreads quoted on the market, a temporal extrapolation uncertainty of five basis points is assumed. As at 30 June 2016, this results in a value of €0.7m.

Under subordinated liabilities, DekaBank essentially reports positions of a hybrid capital nature which are allocated to level 3 due to the absence of indications of spreads tradable on the market. They are valued using the discounted cash flow model based on an interest rate which is reconsidered at the relevant reporting date.

As at 30 June 2016, 99.6% of bonds and other fixed-income securities allocated to level 3 for which an external rating was available were rated as investment grade.

The fair values of amounts due to banks or due to customers relating to issuing business are determined using the present value method. The future cash flows of the liabilities are discounted at a risk-adjusted market rate that is based on DekaBank's credit-worthiness risk. For the valuation of collateralised issues, the collateral structure is also taken into account. The interest rate for a comparable unsecured issue is adjusted according to the collateralisation category and percentage.

Performance of financial instruments in fair value hierarchy level 3

The movement in financial instruments carried at fair value in the balance sheet in level 3 is shown in the table below. This is based on fair values (excluding accrued interest).

€m	Financial assets at fair value					Financial liabilities at fair value		
	Bonds and debt securities	Shares and other non fixed-interest securities	Interest-rate-related derivatives	Share-price and other price-related derivatives	Securi-ties short portfolios	Interest-rate-related derivatives	Share-price and other price-related derivatives	Issues
As at 1 January 2015	**2,545.5**	**9.9**	**0.5**	**6.6**	**1.1**	**0.6**	**10.3**	**237.8**
Additions through purchase	2,425.5		1.1	0.0		18.9	0.6	
Disposals through sale	703.4					0.2		
Additions through issues								384.2
Maturity/repayments	1,955.0	5.2		0.1			3.0	172.5
Transfers								
To level 3	88.9		14.6	1.4		14.0	0.6	149.1
From level 3	52.0	4.5	0.5		1.1	0.4		43.8
Changes arising from measurement/disposal								
Recognised in profit or loss	45.6	–0.2		–0.3			0.3	26.6
Recognised in other comprehensive income								
As at 31 December 2015	**2,395.1**	**–0.0**	**15.7**	**7.6**	**–**	**32.9**	**8.2**	**528.2**
Additions through purchase	258.8			2.0		0.3	0.2	
Disposals through sale	329.1							
Additions through issues								300.0
Maturity/repayments	294.1							47.0
Transfers								
To level 3	2.0			23.2			26.2	5.7
From level 3	331.8		15.7	1.4	–	15.1	0.1	82.4
Changes arising from measurement/disposal								
Recognised in profit or loss	94.4			–0.1		–90.0	0.7	44.7
Recognised in other comprehensive income	–					–	–	
As at 30 June 2016	**1,795.3**	**–0.0**	**–0.0**	**31.3**	**–**	**108.1**	**33.8**	**659.8**

In the first half of the year, positive market values from debt securities, other fixed-interest securities and loan receivables amounting to €331.8m and negative market values from trading issues/issues in the amount of €82.4m were transferred from level 3 to level 2. This was due to a more detailed analysis of the market data used for valuation.

Within the Deka Group, reclassifications between the different levels of the fair value hierarchy are deemed to have taken place as at the end of the relevant reporting period.

Result for financial instruments in fair value hierarchy level 3 as at the reporting date

	Financial assets at fair value					
	Debt securities, other fixed interest securities and loan claims		Interest-rate-related derivatives		Share-price and other price-related derivatives	
€m	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015
All realised profits and losses of the period recognised in the total result:						
Statement of profit or loss and other comprehensive income						
Net interest income	0.3	1.6	–	–	–	–
Trading profit or loss	−0.6	0.5	–	–	–	–
Profit or loss on financial instruments designated at fair value	5.7	0.0	–	–	–	–
All unrealised profits and losses of the period recognised in the total result:						
Net interest income	1.0	2.1	–	–	–	–
Trading profit or loss	92.5	−5.1	–	–	−0.1	0.1
Profit or loss on financial instruments designated at fair value	−4.5	17.7	–	–	–	–

Measurement processes for financial instruments in fair value hierarchy level 3

For all transactions in the trading book and the banking book, DekaBank generally performs a daily valuation independent of trading operations, which provides the basis for the calculation of results. Responsibility for the valuation process lies with Risk Control, the different tasks being assigned to various specialist teams as part of the valuation process. The models used for theoretical valuation of transactions must undergo validation and initial acceptance before they are employed in the valuation process. Adequacy checks are carried out on a regular basis as part of normal operations. The main steps in the process are the provision of market data that is independent of trading activities, parameterisation, performance of the valuation and quality assurance. Each of these steps and processes is formulated and carried out by one team.

Finance and Risk Control analyse and provide commentary on any notable changes in the valuation carried out independently of trading activities. The economic profits and losses determined on the basis of this independent valuation are made available to the trading units on a daily basis for the trading book and on a weekly basis for the banking book. To support the process, a committee has been established within Risk Control which plans and coordinates the medium to long-term development of the valuation process.

Valuation models are always used where no reliable external prices are available. External price quotations are obtained from established providers such as stock exchanges and brokers. Every price is subject to a monitoring process which assesses its quality and establishes whether it is appropriate for use in the valuation process. Unless the level of quality is assessed as inadequate, a theoretical valuation is carried out.

For financial instruments whose present value is determined using a valuation model, the prices needed to calibrate the model are either found directly, independently of trading, or are checked via an independent price

	Financial liabilities at fair value					
	Interest-rate-related derivatives		Share-price and other price-related derivatives		Trade issues / Issues	
	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015	30 Jun 2016	30 Jun 2015
	–	–	–	–	–	–
	–	–	–	0.1	3.7	–
	–	–	–	–	–	–1.7
	–	–	–	–	–	–
	–90.0	–	0.7	–0.2	41.0	–
	–	–	–	–	–	3.7

verification process (IPV) to ensure they are consistent with the market, and are corrected if necessary. The valuation models used are either validated by Risk Control or implemented in Risk Control independently of trading. The appropriateness of the models is examined by Risk Control on a regular basis, and at least annually. The results of the examination form the basis for a joint recommendation agreed between Risk Control, Finance and the trading units on whether the valuation models should continue to be used or require further development.

When new financial instruments are introduced, existing valuation processes are examined to determine whether they can be applied to the new instrument and are modified or expanded if necessary. Valuation processes may be expanded to include new price sources or apply new valuation models. Where new models are introduced, Risk Control checks for model risks as part of the implementation and validation process. If model risks are present, a corresponding model reserve is taken into account.

31 Information on the quality of financial assets

Impaired exposure and provisions for loan losses by risk segment

€m	Financial institu-tions	Trans-port and export finance	Energy and utility infrastruc-ture	Property risks	Public infrastruc-ture	Corpo-rates	Other	Total 30 Jun 2016	Total 31 Dec 2015
Impaired gross loan volume [1]	–	478.9	55.2	32.0	97.0	43.4	1.4	707.9	519.2
Collateral [2]	–	136.5	–	16.2	–	–	–	152.7	130.6
Impaired net loan volume [1]	–	342.4	55.2	15.8	97.0	43.4	1.4	555.2	388.6
Provisions for loan losses	16.1	184.8	17.6	31.3	40.3	37.6	1.4	329.1	264.6
Specific valuation allowances	–	166.2	10.8	29.7	39.4	36.6	0.3	283.0	202.9
Provisions	–	0.3	0.6	–	–	–	0.2	1.1	0.4
Portfolio valuation allowances for country risks	–	4.5	1.4	–	–	–	–	5.9	3.9
Portfolio valuation allowances for credit-worthiness risk	16.1	13.8	4.8	1.6	0.9	1.0	0.9	39.1	57.4

[1] Gross and net loan volumes impaired by specific and country valuation allowances. The figures shown represent the gross carrying value of the impaired financial assets at the respective balance sheet date.
[2] Recognition of measureable collateral after discounts.

Risk provisions includes provisions for loan losses in the amount of €275.0m (31 December 2015: €226.2m) and risk provisions for financial investments in the amount of €54.1m (31 December 2015: €38.4m).

Non-performing exposures

€m	Transport and export finance	Energy and utility infrastructure	Property risks	Public infrastructure	Corpo-rates	Other	Total 30 Jun 2016	Total 31 Dec 2015
Non-performing exposures [1]	581.6	80.5	32.0	98.1	43.4	1.4	837.0	698.5
Collateral [2]	183.5	–	16.2	–	–	–	199.7	196.8
Provisions for loan losses	174.5	12.8	29.7	39.4	36.7	0.5	293.6	215.5

[1] The values shown represent the gross carrying value of the credit-risk bearing financial assets classified as non-performing.
[2] Recognition of measureable collateral after discounts.

Exposures with forbearance measures

The following table shows the breakdown of forborne exposures by risk segment. The vast majority of forborne exposures have already been classified as non-performing exposures and are therefore also shown in the table of non-performing exposures by risk segment.

€m	Transport and export finance	Energy and utility infrastructure	Property risks	Public infrastructure	Corpo-rates	Other	Total 30 Jun 2016	Total 31 Dec 2015
Forborne exposures[1]	679.1	105.5	12.5	118.2	–	–	915.3	803.7
of which performing	128.1	75.2	–	20.1	–	–	223.4	231.9
of which non-performing	551.0	30.3	12.5	98.1	–	–	691.9	571.8
Collateral[2]	230.5	12.5	2.9	–	–	–	245.9	251.2
Provisions for loan losses	174.9	2.8	12.0	39.4	–	–	229.1	181.2

[1] The values shown represent the gross carrying value of the credit-risk bearing financial assets classified as forborne.
[2] Recognition of measurable collateral after discounts.

Key ratios for non-performing and forborne exposures

%	30 Jun 2016	31 Dec 2015
NPE ratio at the reporting date (Quotient from non-performing exposures and maximum credit risk)	0.82	0.67
NPE coverage ratio, including collateral, at the reporting date (Quotient from provisions for loan losses, including collateral, and non-performing exposures)	58.94	59.01
Forborne exposures ratio at the reporting date (Quotient from forborne exposures and maximum credit risk)	0.89	0.77

The maximum credit risk underlying the ratio of non-performing and forborne exposures is determined based on IFRS 7.36a, using credit-risk bearing financial assets and the corresponding off-balance sheet liabilities. As at the reporting date this amounts to €102.3bn (31 December 2015: €104.7bn).

32 Credit exposure in individual European countries

The following table shows the exposure to selected European countries from an accounting perspective. In addition to receivables and securities, this comprises credit linked notes issued by the Bank that are referenced to these states as well as credit default swaps from both the protection buyer and protection seller perspectives.

€m	30 Jun 2016 Nominal[1]	30 Jun 2016 Carrying value	30 Jun 2016 Fair value	31 Dec 2015 Nominal[1]	31 Dec 2015 Carrying value	31 Dec 2015 Fair value
Ireland						
Debt securities (held for trading category)	–	–	–	30.0	31.4	31.4
Debt securities (held to maturity category)	4.0	4.1	4.6	–	–	–
Italy						
Debt securities (held for trading category)	190.0	190.2	190.2	265.0	265.1	265.1
Debt securities (designated at fair value category)	25.0	25.0	25.0	–	–	–
Debt securities (held to maturity category)	7.0	7.8	8.6	–	–	–
Credit default swaps (protection seller transaction)	169.5	−0.5	−0.5	90.5	0.7	0.7
Credit default swaps (protection buyer transaction)	−88.5	0.8	0.8	−60.5	−0.3	−0.3
Credit linked notes[2] (held for trading category)	−20.0	−19.6	−19.6	−20.0	−19.9	−19.9
Portugal						
Credit default swaps (protection seller transaction)	17.0	−2.7	−2.7	17.0	−1.5	−1.5
Credit default swaps (protection buyer transaction)	−17.0	2.7	2.7	−17.0	1.5	1.5
Spain						
Debt securities (held for trading category)	200.0	251.9	251.9	95.0	95.8	95.8
Debt securities (held to maturity category)	10.0	10.9	11.3	–	–	–
Security forward contracts	−55.0	−6.8	−6.8	−35.0	−1.9	−1.9
Total return swap (protection buyer transaction)	−155.0	−3.3	−3.3	–	–	–
Credit default swaps (protection seller transaction)	56.3	0.5	0.5	35.1	0.1	0.1
Credit default swaps (protection buyer transaction)	−3.0	0.0	0.0	−3.0	–	–
Credit linked notes[2] (held for trading category)	−7.8	−8.0	−8.0	−17.8	−18.1	−18.1
Total	**332.5**	**453.0**	**454.7**	**379.3**	**352.9**	**352.9**

[1] The nominal values of the protection buyer transactions are shown with a negative sign.
[2] The figure shown is the fair value of credit linked notes issued by the Bank and relating to a liability of the respective country.

In addition to exposure to the government of Spain, the Bank also has exposure to Spanish banks. This mainly relates to bonds with a nominal value of €396.2m (31 December 2015: €490.7m), including bonds in the held to maturity category with a nominal value of €55.0m (31 December 2015: €25.0m). The remaining bonds are measured at fair value through profit or loss. There are also receivables from securities repurchase agreements and collateralised securities lending transactions amounting to €601.1m (31 December 2015: €505.2m), compared with liabilities from securities repurchase agreements and collateralised securities lending transactions amounting to €238.7m (31 December 2015: €406.6m). The receivables and liabilities were allocated to the loans and receivables and other liabilities categories, respectively.

DekaBank's exposure to Italian banks related mainly to bonds with a nominal value of €445.8m (31 December 2015: €449.3m). These include bonds in the held to maturity category with a nominal value of €180.0m (31 December 2015: €175.0m). The remaining bonds are measured at fair value through profit or loss. In addition to direct exposure, indirect exposures also exist through credit default swaps referencing these counterparties. Protection seller positions with a nominal amount of €19.5m (31 December 2015: €19.5m) compare with protection buyer positions with a nominal amount of €278.0m (31 December 2015: €288.0m).

DekaBank also holds loan receivables with a value of €222.5m (31 December 2015: €235.3m) allocated to the loans and receivables category in respect of companies that are majority state-owned by Russia. There is no exposure to Ukraine. As was already the case at the end of 2015, there was no exposure to borrowers classified under Greek country risk as at the reporting date.

33 Derivative transactions

The derivative financial instruments used in the Deka Group can be broken down by hedged risk as follows:

	Nominal value		Positive fair values[1]		Negative fair values[1]	
€m	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015	30 Jun 2016	31 Dec 2015
Interest rate risks	519,431.0	505,551.5	17,256.5	11,175.1	16,607.1	10,328.5
Currency risks	24,365.8	24,725.4	618.9	347.6	1,369.1	1,547.6
Share price and other price risks	124,708.4	62,286.1	2,114.3	3,672.5	3,451.9	4,514.6
Total	**668,505.2**	**592,563.0**	**19,989.7**	**15,195.2**	**21,428.1**	**16,390.7**
Net amount presented on the balance sheet			**10,709.1**	**10,571.6**	**11,099.9**	**11,611.8**

[1] Fair values are shown before offsetting against variation margin paid or received.

34 Capital and reserves under banking supervisory law

As at 30 June 2016, the capital and reserves under banking supervisory law and the capital ratios have been calculated on the basis of the capital requirements that came into force on 1 January 2014 pursuant to the regulation on prudential requirements for credit institutions and investment firms (Capital Requirements Regulation – CRR) and directive on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (Capital Requirements Directive IV – CRD IV), which are subject to certain transitional provisions.

The figures presented below are shown in accordance with the transitional provisions set out in CRR/CRD IV as well as pursuant to full application of the new regulations. Equity is calculated based on the figures from the IFRS consolidated financial statements.

The composition of capital and reserves is shown in the following table:

	30 Jun 2016		31 Dec 2015	
€m	CRR / CRD IV (without transitional provisions)	CRR / CRD IV (with transitional provisions)	CRR / CRD IV (without transitional provisions)	CRR / CRD IV (with transitional provisions)
Common Equity Tier 1 (CET 1) capital	3,991	4,219	3,866	4,213
Additional Tier 1 (AT 1) capital	474	357	474	292
Tier 1 capital	**4,464**	**4,575**	**4,339**	**4,505**
Tier 2 (T2) capital	**845**	**811**	**855**	**814**
Own funds	**5,309**	**5,386**	**5,194**	**5,319**

The increase in Tier 1 capital is mainly due to the reinvestment of profits from the 2015 financial year.

The items subject to a capital charge are shown in the following table:

€m	30 Jun 2016 CRR / CRD IV (without transitional provisions)	30 Jun 2016 CRR / CRD IV (with transitional provisions)	31 Dec 2015 CRR / CRD IV (without transitional provisions)	31 Dec 2015 CRR / CRD IV (with transitional provisions)
Credit risk	15,233	15,233	15,391	15,391
Market risk	12,538	12,538	11,884	11,884
Operational risk	1,871	1,871	2,185	2,185
CVA risk	1,541	1,541	1,727	1,727
Risk-weighted assets (total risk exposure amount)	**31,182**	**31,182**	**31,188**	**31,188**

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

%	30 Jun 2016 CRR / CRD IV (without transitional provisions)	30 Jun 2016 CRR / CRD IV (with transitional provisions)	31 Dec 2015 CRR / CRD IV (without transitional provisions)	31 Dec 2015 CRR / CRD IV (with transitional provisions)
Common Tier 1 capital ratio	12.8	13.5	12.4	13.5
Tier 1 capital ratio	14.3	14.7	13.9	14.4
Total capital ratio	17.0	17.3	16.7	17.1

Regulatory own funds requirements have been met at all times during the reporting period. The ratios for the Deka Group are considerably higher than the statutory minimum requirements.

35 Contingent and other liabilities

€m	30 Jun 2016	31 Dec 2015	Change
Irrevocable lending commitments	893.4	1,185.6	−292.2
Other liabilities	104.8	104.8	−0.0
Total	**998.2**	**1,290.4**	−292.2

The guarantees provided by DekaBank are deemed to be financial guarantees under IFRS, which are stated net in accordance with IAS 39. The nominal amount of the guarantees in place as at the reporting date remains unchanged at €0.1bn.

36 List of shareholdings

The following information on shareholdings is based on the supplementary requirements of German law pursuant to Section 315a of the German Commercial Code. As a result, no comparative information in respect of the previous period is presented.

The parent company DekaBank Deutsche Girozentrale, Frankfurt/Berlin, is entered in Commercial Register A at the District Court of Frankfurt/Main under number HRA 16068.

Consolidated subsidiaries (affiliated companies):

Name, registered office	Equity share in %
bevestor GmbH, Frankfurt/Main (formerly: Deka Vermögensmanagement GmbH)	100.00
Deka Beteiligungs GmbH, Frankfurt/Main	100.00
Deka Far East Pte. Ltd., Singapore	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 Real Estate Lending k.k., Tokyo	100.00
Deka Real Estate Services USA Inc., New York	100.00
DekaBank Deutsche Girozentrale Luxembourg S.A., Luxembourg	100.00
International Fund Management S.A., Luxembourg	100.00
Landesbank Berlin Investment GmbH, Berlin	100.00
S Broker Management AG, Wiesbaden	100.00
S Broker AG & Co. KG, Wiesbaden	100.00
WestInvest Gesellschaft für Investmentfonds mbH, Düsseldorf	99.74[1]
WIV GmbH & Co. Beteiligungs KG, Frankfurt/Main	94.90

[1] 5.1% are held by WIV GmbH & Co. Beteiligungs KG.

Consolidated subsidiaries (structured entities):

Name, registered office	Share in fund assets in %
A-DGZ-FONDS, Frankfurt/Main	100.00
A-DGZ 2-FONDS, Frankfurt/Main	100.00
A-DGZ 5-FONDS, Frankfurt/Main	100.00
A-DGZ 13-FONDS, Luxembourg	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
S Broker 1 Fonds, Frankfurt/Main	100.00
Masterfonds S Broker, Frankfurt/Main	100.00

Joint ventures and associates accounted for at equity:

Name, registered office	Equity share in %
Joint ventures	
S PensionsManagement GmbH, Cologne	50.00
Dealis Fund Operations GmbH, Frankfurt/Main	50.00

Joint ventures and associates not accounted for at equity:

Name, registered office	Equity share in %
Joint ventures	
Deka-Neuburger Institut für wirtschaftsmathematische Beratung GmbH, Frankfurt/Main	50.00
Associated companies	
DPG Deutsche Performancemessungs-Gesellschaft für Wertpapierportfolios mbH, Frankfurt/Main	20.00

Unconsolidated subsidiaries (affiliated companies):

Name, registered office	Equity share in %
Datogon S.A., Luxembourg	100.00
Deka Immobilien Beteiligungsgesellschaft mbH, Frankfurt/Main	100.00
Deka Investors Spezial InvAG m.v.K. und TGV, Frankfurt/Main	
Teilgesellschaftsvermögen Deka Investors Unternehmensaktien	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 03 mbH, Frankfurt/Main	100.00
Deka Vorratsgesellschaft 04 mbH, Frankfurt/Main	100.00
Deka Vorratsgesellschaft 05 mbH, Frankfurt/Main	100.00
Deutsche Treuhand Erwerbsgesellschaft mbH, Frankfurt/Main	100.00
Deutsche Landesbankenzentrale AG, Berlin	100.00
Europäisches Kommunalinstitut S.à.r.l., Luxembourg	100.00
LBG Leasing Beteiligungs-GmbH, Frankfurt/Main	100.00
Perfeus S.A., Luxembourg	100.00
Privates Institut für quantitative Kapitalmarktforschung der DekaBank GmbH, Frankfurt/Main	100.00
WIV Verwaltungs GmbH, Frankfurt/Main	94.90

Unconsolidated structured entities:

Name, registered office	Fund assets in €m	Share in capital / fund assets in %
Deka-BR 45, Frankfurt/Main	6.1	100.00
Renten 3-7, Luxembourg	5.2	100.00
Deka-PB ManagerMandat, Frankfurt/Main	49.9	99.99
Teilgesellschaftsvermögen Deka Darlehen, Frankfurt/Main	50.1	99.60
Deka-TotalReturn Strategie 94 I (A), Luxembourg	3.1	98.41
Deka-BasisStrategie Aktien, Frankfurt/Main	25.0	83.91
Deka Oekom Euro Nachhaltigkeit UCITS ETF, Frankfurt/Main	17.5	83.87
Deka Immobilien Premium Plus PriBa CF, Luxembourg	57.6	71.02
Deka-Multi Asset Income, Frankfurt/Main	65.6	70.75
Deka MSCI Europe ex EMU UCITS ETF, Frankfurt/Main	42.1	68.35
Deka-Globale Renten High Income, Frankfurt/Main	44.9	65.20
Deka EURO iSTOXX ex Fin Dividend+ UCITS ETF, Frankfurt/Main	144.8	59.54
Deka MSCI Japan UCITS ETF, Frankfurt/Main	26.0	56.18
Deka Deutsche Boerse EUROGOV® Germany UCITS ETF, Frankfurt/Main	422.8	51.89
Deka-CorporateBond Global Hedged Euro, Frankfurt/Main	65.0	49.11
Deka-Kirchen Balance, Frankfurt/Main	40.3	47.51
Deka-CorporateBond High Yield Euro 1-4, Frankfurt/Main	44.8	43.97
Deka-EuroFlex Plus, Luxembourg	123.0	43.87
Mix-Fonds: Select ChancePlus, Luxembourg	1.9	42.14
Deka-RentenStrategie Global, Frankfurt/Main	61.4	40.16
Deka Eurozone Rendite Plus 1-10 UCITS ETF, Frankfurt/Main	78.4	24.42
Deka-Liquidität, Frankfurt/Main	2.186.7	21.65
Lannebo Corporate Bond, Stockholm	166.7	21.22
Comtesse DTD Ltd., London	0.0	9.99[1]

[1] Differing voting rights 25.1%.

37 Related party disclosures

The Deka Group has business dealings with related parties. These include DekaBank's shareholders, subsidiaries that are not consolidated on materiality grounds, joint ventures, associated companies and their respective subsidiaries as well as individuals in key positions and their relatives, and companies controlled by these individuals. Individuals in key positions exclusively comprise the members of the Board of Management and Administrative Board of DekaBank. Non-consolidated own mutual funds and special funds where the holding of the Deka Group exceeds 10.0% as at the reporting date are shown as subsidiaries, associated companies or other related parties in accordance with their equity holding.

Transactions are carried out with related parties under normal market terms and conditions as part of the ordinary business activities of the Deka Group. These relate amongst others to loans, call money, time deposits and derivatives. The liabilities of the Deka 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 unconsolidated subsidiaries:

	Shareholders		Subsidiaries	
€m	**30 Jun 2016**	**31 Dec 2015**	**30 Jun 2016**	**31 Dec 2015**
Asset items				
Due from customers	45.0	45.0	5.9	1.1
Financial assets at fair value	–	–	–	43.3
Other assets	–	–	0.6	0.6
Total asset items	**45.0**	**45.0**	**6.5**	**45.0**
Liability items				
Due to customers	90.3	43.6	56.7	53.9
Total liability items	**90.3**	**43.6**	**56.7**	**53.9**

Business dealings with joint ventures, associates and other related parties:

	Joint ventures / associated companies		Other related parties	
€m	**30 Jun 2016**	**31 Dec 2015**	**30 Jun 2016**	**31 Dec 2015**
Asset items				
Due from customers	–	–	0.5	0.2
Financial assets at fair value	–	–	3.5	27.4
Other assets	0.6	0.9	0.2	0.4
Total asset items	**0.6**	**0.9**	**4.2**	**28.0**
Liability items				
Due to customers	215.1	582.1	23.8	645.7
Financial liabilities at fair value	33.7	31.5	–	1.8
Total liability items	**248.8**	**613.6**	**23.8**	**647.5**

38 Additional miscellaneous information

The consolidated interim financial statements were approved for publication on 11 August 2016 by DekaBank's Board of Management.

Assurance of the Board of Management

We declare that, to the best of our knowledge, the consolidated interim financial statements prepared in accordance with the reporting standards applicable to interim financial reporting and generally accepted accounting principles convey a true and fair view of the net assets, financial position and results of operations of the Group and that the interim management report conveys 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 remainder of the financial year.

Frankfurt am Main, 11 August 2016

DekaBank
Deutsche Girozentrale

The Board of Management

Rüdiger   Dr. Stocker

Better   Dr. Danne   Müller

Review report

To DekaBank Deutsche Girozentrale AöR, Berlin/Frankfurt am Main

We have reviewed the condensed interim consolidated financial statements – comprising balance sheet, statement of comprehensive income, condensed statement of changes in equity, condensed cash flow statement and selected explanatory notes – together with the interim group management report of the DekaBank Deutsche Girozentrale AöR, Berlin/Frankfurt am Main, for the period from January 1 to June 30, 2016 that are part of the semi annual financial report according to § 37 w WpHG [„Wertpapierhandelsgesetz“: „German Securities Trading Act“]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 “Interim Financial Reporting” as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the company’s management. Our responsibility is to issue a report on the con-densed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments 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 issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with IAS 34, “Interim Financial Reporting” as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Frankfurt/Main, August 12, 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

Pukropski	Fox
Wirtschaftsprüfer	Wirtschaftsprüfer

Administrative Board and Board of Management of DekaBank
(as of 30 June 2016)

Administrative Board

Georg Fahrenschon
Chairman
President of the German Savings Banks and Giro Association e.V., Berlin, and of the German Savings Banks and Giro Association – public law entity, Berlin
Chairman of the General and Nominating Committee
Chairman of the Remuneration Supervision Committee
Permanent Guest on the Audit and Risk Committee
Permanent Guest on the Credit Committee

Helmut Schleweis
First Deputy Chairman
Chairman of the Management Board of Sparkasse Heidelberg, Heidelberg
First Deputy Chairman of the General and Nominating Committee
First Deputy Chairman of the of the Remuneration Supervision Committee
Member of the Audit and Risk Committee

Thomas Mang
Second Deputy Chairman
President of the Savings Banks Association Lower Saxony, Hanover
Chairman of the Credit Committee
Second Deputy Chairman of the General and Nominating Committee
Second Deputy Chairman of the Remuneration Supervision Committee
Permanent Guest on the Audit and Risk Committee

Representatives elected by the Shareholders' Meeting

Michael Bräuer
Chairman of the Management Board of Sparkasse Oberlausitz-Niederschlesien, Zittau
Member of the General and Nominating Committee
Member of the Remuneration Supervision Committee

Michael Breuer
President of the Rhineland Savings Banks and Giro Association, Düsseldorf
Member of the Audit and Risk Committee

Rainer Burghardt
Chairman of the Management Board of Kreissparkasse Herzogtum Lauenburg, Ratzeburg

Carsten Claus
Chairman of the Management Board of Kreissparkasse Böblingen, Böblingen
Member of the Audit and Risk Committee

Dr. Michael Ermrich
Managing President of the East German Savings Banks Association, Berlin

Dr. Johannes Evers
Chairman of the Management Board of Berliner Sparkasse and President of the Savings Banks Association Berlin, Berlin
Deputy Chairman of the Credit Committee

Dr. Rolf Gerlach
President of the Savings Banks Association Westphalia-Lippe, Münster
Chairman of the Audit and Risk Committee
Member of the General and Nominating Committee
Member of the Remuneration Supervision Committee
Permanent Guest on the Credit Committee

Gerhard Grandke
Managing President of the Savings Banks and Giro Association Hesse-Thuringia, Frankfurt/Main
Member of the General and Nominating Committee
Member of the Remuneration Supervision Committee

Dr. Christoph Krämer
Chairman of the Management Board of Sparkasse Iserlohn, Iserlohn

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

Ludwig Momann
Chairman of the Management Board of Sparkasse Emsland
Member of the Credit Committee

Dr. Ulrich Netzer
President of the Savings Banks Association Bavaria, Munich

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

Peter Schneider
President of the Savings Banks Association Baden-Wuerttemberg, Stuttgart
Member of the General and Nominating Committee
Member of the Remuneration Supervision Committee

Georg Sellner
Chairman of the Management Board of Stadt- und Kreis-Sparkasse Darmstadt, Darmstadt
Deputy Chairman of the Audit and Risk Committee

Walter Strohmaier
Chairman of the Management Board of Sparkasse Niederbayern-Mitte, Straubing
Member of the General and Nominating Committee
Member of the Audit and Risk Committee
Member of the Remuneration Supervision Committee

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

Alexander Wüerst
Chairman of the Management Board of Kreissparkasse Köln, Cologne
Member of the General and Nominating Committee
Member of the Remuneration Supervision Committee

Representatives appointed by the Federal Organisation of Central Municipal Organisations (in an advisory capacity)

Helmut Dedy
Executive Director of the Association of German Cities, Berlin

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 President of the German Association of Towns and Municipalities, Berlin
Member of the General and Nominating Committee
Member of the Remuneration Supervision Committee

Employee Representatives appointed by the Staff Committee

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

Erika Ringel
Member of the Staff Committee, DekaBank Deutsche Girozentrale, Frankfurt /Main

(End of the term of office: 31 December 2018)

Board of Management

Michael Rüdiger
CEO

Dr. Georg Stocker
Deputy CEO

Manuela Better

Dr. Matthias Danne

Martin K. Müller

Executive Managers

Manfred Karg

Stefan Keitel (from 1 January 2016)

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.

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Olaf Hermann, Langen

Gender clause
In this annual report, words in the masculine include words in the feminine; in parts of the report, the masculine form has solely been used to make the document easier to read.

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