Vote of confidence

Interim Report as at 30 September 2011
DekaBank Group

Olympia Partner Deutschland

Finanzgruppe

DekaBank

DekaBank Group at a glance

Business development indicators		30.09.2011	31.12.2010	Change %
Total assets	€m	131,895	130,304	1.2
Assets under Management (AMK and AMI)	€m	142,634	155,222	−8.1
of which: Asset Management Capital Markets (AMK)	€m	119.486	132,471	−9.8
of which: Asset Management Property (AMI)	€m	23,148	22,751	1.7
Number of securities accounts	thousand	4,438	4,596	−3.4
		01.01.-30.09.2011	**01.01.-30.09.2010**	
Net sales (AMK and AMI)	€m	−5,338	1,270	(< −300)
of which: Asset Management Capital Markets (AMK)	€m	−6,037	−185	(< −300)
of which: Asset Management Property (AMI)	€m	699	1,455	−52.0
Performance indicators[1]				
Total income	€m	1,020.4	1,208.3	−15.6
of which: Net interest income	€m	275.8	290.1	−4.9
of which: Net commission income	€m	768.2	778.3	−1.3
Total expenses	€m	679.7	582.7	16.6
of which: Administrative expenses (incl. depreciation)	€m	678.9	585.7	15.9
Economic result	€m	340.7	625.6	−45.5
Net income before tax	€m	291.4	490.9	−40.6
Key ratios[1]				
Return on equity[2]	%	11.0	23.7	−12.7%-points
Cost/income ratio[3]	%	62.8	49.7	13.1%-points
Key regulatory figures		**30.09.2011**	**31.12.2010**	
Capital and reserves	€m	3,947	4,358	−9.4
Core capital ratio (incl. market risk positions)	%	11.2	12.9	−1.7%-points
Core tier 1 capital ratio[4]	%	9.1	10.7	−1.6%-points
Total capital ratio	%	15.0	16.9	−1.9%-points
Risk ratios				
Total risk-bearing capacity	€m	4,715	5,840	−19.3
Group risk (value-at-risk)[5]	€m	2,560	2,718	−5.8
Utilisation of risk-bearing capacity	%	54.3	46.5	7.8%-points
Non-guaranteed rating (short-term/long-term)				
Moody's		P-1/Aa3[6]	P-1/Aa2	
Standard & Poor's		A-1/A	A-1/A	
Key employee figures				
Number of employees		3,937	3,683	6.9
Average number of positions occupied		3,435	3,174	8.2

[1] The previous year's figures were adjusted. For details, please refer to note [4] in the Interim Report as at 30 June 2011.
[2] Return on equity (RoE before tax) corresponds to the economic result divided by equity at the start of the financial year, including atypical silent capital contributions (figure annualised).
[3] Cost/income ratio (CIR) corresponds to the ratio resulting from total expenses (excluding restructuring expenses) and total income (before provisions for loan losses).
[4] The "Core tier 1 capital ratio" not takes account of silent capital contributions of €552m, which are expected to count 100% as core capital until 2013 before the level of recognition subsequently reduces by 10% each year for a period of 10 years.
[5] Confidence level: 99.9%, holding period: 1 year.
[6] Senior unsecured debt rating (long-term) by Moody's as at 30.09.2011: Aa2; as a result of the method-based review of systemic support, the long-term rating was downgraded by one notch in mid November 2011.

Interim Report as at 30 September 2011

At a glance

Economic conditions deteriorated in the third quarter of the current financial year. The escalating national debt crisis is having an increasing impact on the earnings position of European banks and has resulted in renewed doubt about the stability of the European single currency and the financial system. At the same time, the slowdown in global economic growth continued. In combination, these factors have led to marked uncertainty in the capital markets. The progressive loss of confidence among private and institutional investors translated into dramatic price losses and considerable volatility in the equity markets, as well as widening credit spreads in the bond markets. With private and institutional investors focusing even more on security, sales of returns-oriented fund products in Asset Management were affected negatively. Net sales were below the previous year's level, in particular following outflows from bond funds, which according to the new BVI definition now also include what were previously money market funds.

Despite the turbulent market developments at times, DekaBank achieved an economic result of €340.7m for the first nine months of the year on the strength of a slightly positive third quarter. The unusually high figure of €625.6m in the previous year reflected revaluations and profits realised on capital market credit products as well as positive risk provisions. While net interest and commission income for the year to date almost matched the previous year's level, valuation losses on capital market credit products were responsible for the weaker results in the third quarter of the year. The background for this development was a massive widening of credit spreads, especially on government and bank bonds from affected eurozone countries. Provisions for loan losses were approximately in line with the forecast, which, however, was significantly up year on year. With regard to administrative expenses, operating expenses rose noticeably as expected, due to the investment in the extensive upgrade of our IT environment (IT mission) and the newly enacted bank tax. In addition, there were substantial write-downs of intangible assets. Excluding these factors, administrative expenses would be approximately at the previous year's level.

In view of expected market developments, the Board of Management assumes that the best case scenario will be modest income growth in the remaining quarter of the year. Further charges against income resulting from required revaluations in the event of the national debt crisis worsening or an increase in provisions for loan losses, which are currently on target, cannot be ruled out.

In September 2011, DekaBank's Administrative Board approved a new division of responsibilities for the Board of Management. The full Board of Management of DekaBank now comprises five members. Business activities continue to be pooled in the Asset Management Capital Markets (AMK), Asset Management Property (AMI) and Corporates & Markets (C&M) business divisions. The activities of C&M, which were assigned to the Board member responsible for capital markets, a post which has not been occupied since 1 July 2011, have been reallocated and will be co-managed by three Board members in the future. Oliver Behrens, the Board of Management member responsible for the AMK business division, will now additionally be in charge of the Markets sub-division within the C&M business division and therefore has responsibility for all of DekaBank's capital market products. Chief Financial Officer Dr. Matthias Danne, who is also in charge of the AMI business division, will take over responsibility of the remaining credit activities of DekaBank, alongside property finance. Hans-Jürgen Gutenberger (Retail Sales) will also be responsible for Treasury business in the future. The duties of Franz S. Waas, Chairman of the Board of Management, and Dr. h. c. Friedrich Oelrich, Chief Risk Officer, remain unchanged.

Economic environment

Global economic growth continued to slow down in the third quarter of 2011. Although a slide into recession seems unlikely, given that economic indicators remain relatively stable, it cannot be ruled out if the national debt crisis persists for an extended period of time with the associated loss of confidence. Many fear that the unresolved liquidity crisis in the eurozone could result in another financial market crisis, which would then have a direct impact on the real economy. In view of the high debt levels of public authorities, financial policy may no longer have sufficient leeway to compensate for a phase of economic weakness. Provided that the situation in the peripheral eurozone countries concerned can be stabilised in the government bond markets, we expect the situation in the capital markets to ease in the medium term and that the current economic slump will soon be overcome.

Overall economic trends

In the USA, the economy has recovered from the temporary difficulties it faced in the first half of this year. However, the latest turmoil in the financial markets surrounding current debt problems may result in companies responding with a more cautious approach to investment and in private households spending less. To create a financial environment that is more conducive to growth, the Federal Reserve Bank in the US (Fed) announced that it would keep key interest rates at a very low level until at least mid-2013.

In Asia, the economy has lost some momentum. The problems in the industrialised countries have meant that the outlook for 2012 is rather subdued. In China, the economy has already been slowing down since the beginning of the year, although growth still remains at a high level. As an export country, South Korea faces a significant burden if the economic situation in the USA and European Union continues to worsen. At present, only India has remained relatively unaffected by the turmoil in the global financial markets and is therefore the only country likely to increase key interest rates again this year.

In the eurozone countries, growth in GDP has also been weaker than expected. As a result, the upheaval in the capital markets had an impact. Although companies remain confident, the uncertainty caused by market developments has led them to postpone investment projects. Developments in the eurozone also caused a slowdown of economic growth in Central and Eastern Europe, where countries depend heavily on exports.

In addition, some countries have yet to get their liquidity crisis under control. Although an important tool to contain market turmoil has been created (bond buying by the European Financial Stability Fund, EFSF), politicians failed to ensure that it could act immediately. In the course of the European debt crisis, we have observed various trends: while Ireland has already made initial progress in terms of debt consolidation, which has been rewarded by the financial markets, the southern European countries have disappointed. Remarkably, with its bond buying programme, the European Central Bank (ECB) has succeeded in keeping yields on Italian and Spanish government bonds within an acceptable range. However, it will take a long time to overcome the lean period until the debt-stricken countries are back in the black.

Inflationary pressure in the eurozone is abating and will be reduced further by the expected slowdown in growth in the second half of the year. Extreme uncertainty in the capital markets regarding the economy and financial stability is the reason why the ECB has decided not to pursue its planned course of interest rate increases for the time being. The ECB also saw itself forced to abandon its plan of restricting liquidity supply to the banking system, because of growing distrust among banks. This change in policy is reflected in the most recent decrease in interest rate levels on the money market.

Trends in capital markets

The financial markets, especially in the eurozone and United States, were marked by a flight to security in the third quarter of 2011. Due to fears of a recession at the beginning of September, the very jittery equity markets have been decoupled from fundamental factors. Valuation ratios are now significantly below their long-term average in terms of the price/earnings ratio, which shows that an economic slowdown has already been priced in. Whether the potential recovery will be exploited in full will partly depend on the extent to which the lost confidence in the stability of the financial markets and the European Monetary Union can be restored. There are doubts about the willingness of some of the countries which have been particularly hard hit by the debt crisis to implement reforms.

Similar to the equity markets, the bond markets also showed clear signs of stress and saw extreme risk aversion. The flight from government bonds of the peripheral eurozone countries reflects the considerable uncertainty of investors. Despite the ECB's proactive approach to counteract these developments, risk premiums on Greek government bonds have risen to an exorbitant level. Likewise, risk premiums on Italian and Spanish government bonds are at a record high.

Company and bank bonds also saw a significant widening of risk premiums in recent weeks. This mainly affected companies from the peripheral eurozone countries and financials. The latter faced new record levels in terms of yield mark-ups, due to investor concerns about the high volume of bank holdings of bonds from the PIIGS countries (Portugal, Ireland, Italy, Greece and Spain). Issuing activities virtually came to a halt. Conversely, yields on German government bonds fell on a massive scale over the summer months and as a result, were at a historically low level in almost all maturity bands.

Trends in property markets

In the period under review, conditions were favourable for growth in rents across Europe due to demand in the strong national economies, which was aligned with economic developments. However, the trend in European office property markets will be adversely impacted by the economic outlook for Europe. At the same time, supply was restricted due to the sharp downturn in the volume of completions. London, Warsaw and some locations in Germany will be in the top group in terms of growth in rents in the period leading up to the end of 2012. Compared with the previous year, the investment volume was up. In the long term, following the return of yields to a stable base at mid-year 2011, it is likely that yields will start to rise again. The more difficult financing conditions also have an effect in this respect.

In the USA, the low level of new construction is having a positive effect as well. Nevertheless, the growth rate for rents is unlikely to speed up significantly again before 2013 if the national vacancy rate approaches its long-term average. On the whole, however, we expect income prospects in the office markets to be affected by the downward correction in rental expectations and the rise in yields. In Asia, the trend in demand for office space was very robust, although the pace of expansion has slowed down. The vacancy rate decreased slightly, despite brisk construction activity.

Trends in the funds sector

The sharp adjustment in prices and growing uncertainty in the equity markets adversely affected sales of the mutual funds recorded in the statistics of the *Bundesverband Investment und Asset Management (BVI)* in August and September of the current year. Equity funds, which at the end of July still reported a significant funds inflow, recorded a sector-wide high outflow of funds and fell into the negative range on a nine-month basis. Mixed and guaranteed funds along with hybrid and alternative investment funds also had negative funds inflows, both in the third quarter of 2011 and the full reporting period. Conversely, bond and money market funds, previously less favoured by investors, were sought after as a safe haven again. Nevertheless, these funds also recorded net fund levels below zero, due to the weak first half of the year. At the same time, open-ended mutual property funds bucked the trend to achieve moderate net funds inflows. However, in view of the continuing difficult sector conditions in this segment, they failed to match the figure for the same period in 2010. The net funds inflow of mutual funds totalled €– 7.5bn compared with a positive figure of €18.9bn for the same period in the previous year, which was mainly based on a massive inflow of funds into bond and mixed funds.

Unlike mutual funds, special funds developed positively. However, the net funds inflow of €20.1bn amounts to less than half of the figure for the same period in 2010 (€42.9bn). Overall, the general conditions for capital investment companies were therefore considerably less favourable than in the previous year.

Business development and profit performance in the DekaBank Group

After the pleasing income trend in the first half of the year, economic conditions in the third quarter of 2011 affected the business development and profit performance of the DekaBank Group in various ways:

- Due to significant market fluctuations, the widening of credit spreads on bonds from those eurozone countries which are under pressure, as well as changes in ratings, the valuation result for capital market credit products in core and non-core business was negative in the third quarter of 2011.

- In lending business, risk provisions are still within the expected range. However, almost the full amount of expenses arose in the third quarter of the year.

- Portfolio-related commission from investment fund business in the third quarter of 2011 was slightly down on the previous year's figure. This resulted from the lower level of assets under management, due to price losses and net funds outflows attributed to the market-related uncertainty among investors.

Despite these detrimental factors, DekaBank achieved a slightly positive economic result in the third quarter of 2011, amounting to €4.1m. On a nine-month basis, the economic result totalled €340.7m (previous year: €625.6m). Net interest and commission income from investment fund and banking business, which exceeded the forecast and almost matched the previous year's level, contributed to stabilising income.

DekaBank's Group risk amounted to €2,560m as at 30 September 2011 (confidence level of 99.9%, time horizon of one year) and had therefore risen by €368m compared with the level as at 30 June 2011 (€2,192m).

Nevertheless, it remained considerably below the figure as at 31 December 2010 (€2,718m). Of Group risk, €2,129m (end of 2010: €2,057m) were attributable to core business, and non-core business accounted for €431m (end of 2010: €662m).

The rise in Group risk in the third quarter was mainly ascribed to an increase in default risks to €1.47bn as compared with €1.26bn at mid-year. The continued widening of credit spreads in various rating classes against the backdrop of the national debt crisis had a particular impact on this figure. At the same time, widening risk premiums and greater spread volatility in the capital market resulted in higher market price risks.

As at 30 September 2011, the gross loan volume totalled €156.6bn (31 December 2010: €153.9bn). Of this, only 3.7% (end of 2010: 3.9%) related to the PIIGS countries. The central countries accounted for 0.5% of this figure and the public sector in these countries to 0.2%.

The primary risk cover potential of the Group amounted to €3,441m as at 30 September 2011 and was therefore virtually unchanged compared with the level at mid-year. The decrease compared with the 2010 year-end level of €4,431m resulted from the acquisition of the Bank's own shares in the course of the savings banks' acquisition of DekaBank in full. The risk-bearing capacity was guaranteed at all times, and the utilisation rate of primary cover potential stood at 74.4% as at the quarterly reporting date. The Bank's overall risk-bearing capacity was utilised to 54.3% (31 December 2010: 46.5%).

In September 2011, rating agency Moody's affirmed its strong ratings for DekaBank. The rating for senior unsecured debt was Aa2 (long-term) and P-1 (short-term) respectively. The long-term rating was set to review for downgrade by Moody's, as was also the case for the *Landesbanken*, owing to the method-based review of systemic support. Following its review, Moody's downgraded DekaBank's support level by one notch. Accordingly, the long-term rating of Aa3 continues to be at a high level. DekaBank's other ratings were not affected. The ratings of Standard & Poor's (S&P) remain unchanged A (long-term) and A-1 (short-term) with a negative outlook for long-term liabilities, which was given as a result of the reduced capital resources following the change in the shareholder structure. Our focus will therefore be on the consistent replenishment of core tier 1 capital, which decreased temporarily following the acquisition of the shares.

Business development in the DekaBank Group

Partly due to the turmoil in the markets, growth in fund unit sales fell short of our expectations in the third quarter of 2011. Net sales in Asset Management were negative, as was also the case in the first half of the year. After the first nine months of 2011, the total figure was €–5.3bn, compared with an increase of €1.3bn in the previous year.

As a result of the net funds outflows and considerable price losses in the capital market, assets under management were down 8.1% on the 2010 year-end figure (€155.2bn) to €142.6bn. Since investors switched from securities investments to other asset formation products in the wake of the capital market turmoil, the number of custody accounts also decreased.

The ratio of intra-alliance business, which reflects the share of our products in the total fund sales of our sales partners, remained just over 75%. The unsatisfactory overall sales situation also had an impact on payments to the alliance partners, which at €609m were below the previous year's figure (€691m). DekaBank's added value contribution in respect of its shareholders, which comprises payments to the alliance partners and the economic result, therefore amounted to €0.9bn for the nine-month period (previous year: €1.4bn).

AMK business development

Market conditions deteriorated further in the third quarter of 2011. In view of extreme uncertainty in the bond and equity markets, all the major fund categories predominantly saw unit holders selling their units, with the outflows from bond funds being particularly substantial.

Mutual securities funds and fund-based asset management recorded net sales totalling €–5.4bn since the beginning of

AMK sales performance *(Fig. 1)*

€m	01.01.-30.09. 2011	01.01.-30.09. 2010
Direct sales mutual funds	−4,332	−2,733
Fund-based asset management	−1,114	−953
Mutual funds and fund-based asset management	**−5,446**	**−3,686**
Special funds and mandates	−591	3,501
Net sales AMK	**−6,037**	**−185**
For information purposes:		
Net funds inflow AMK (according to BVI)	**−6,979**	**−2,026**

Assets under Management AMK *(Fig. 2)*

€m	30.09.2011	31.12.2010	Change	
Mutual funds and fund-based asset management	78,464	90,352	–11,888	–13.2%
Special funds and mandates	41,022	42,119	–1,097	–2.6%
Assets under management AMK	119,486	132,471	–12,985	–9.8%
For information purposes:				
Fund assets – mutual funds AMK (according to BVI)	90,550	103,890	–13,340	–12.8%
Fund assets – special funds AMK (according to BVI)	49,379	49,962	–583	–1.2%

the year (Fig. 1). Bond funds accounted for almost two-thirds of net outflows. With regard to mixed funds, the positive trend of the first quarter saw a reversal in the course of the year. However, they continued to account for the largest share of direct sales of units in mutual funds. Short-term bond funds (formerly money market funds) and capital protected funds remained comparatively stable in the third quarter of 2011. In view of investors' marked focus on security, we developed a new guaranteed fund concept, which was launched on the market at the end of September 2011. The Deka-EuroGarant Strategie fund participates in the performance of major European public limited companies and manages the investment ratio on the basis of expected market volatility. This facilitates a more stable fund performance.

In fund-based asset management, outflows primarily related to the Sparkassen-DynamikDepot (€–1.1bn), as was already the case in the first half of the year. On the strength of the new Deka-Vermögenskonzept (€0.6bn), the savings banks, as our brokers, were able to buck the market trend and convince new customers, increasing net sales in the process. Overall, net sales in fund-based asset management amounted to €–1.1bn.

The trend in special securities funds as well as Master KAG mandates and advisory/management mandates in the third quarter of 2011 was also in the negative range. Special securities funds were clearly in the minus, whereas net sales of Master KAG mandates were approximately balanced. Net sales in the nine-month period totalled €–0.6bn following a positive figure of €3.5bn in the previous year.

The decline in assets under management to €119.5bn (end of 2010: €132.5bn) reflects the unsatisfactory sales situation as well as the market-driven negative performance. Particularly investors in equity funds faced heavy market-driven losses. Special funds and mandates achieved a positive performance overall, despite the decrease in fund assets, which resulted from the negative sales performance (Fig. 2).

AMI business development

AMI recorded a steady trend in the third quarter of 2011, despite the continuing adverse conditions in the market and sector. Net sales were slightly up on the previous quarter and the performance was positive again. The liquidity ratios of property funds were at a comfortable level at all times.

With regard to open-ended mutual property funds, net sales totalled €0.5bn in the first nine months of the year (previous year: €1.4bn). In the first half of the year, a major share of funds inflows was attributable to the Deka-ImmobilienEuropa fund. However, in the third quarter of 2011, the focus shifted to the WestInvest InterSelect fund. The net sales performance of special funds and individual funds for institutional investors was €0.2bn (Fig. 3). Once again, it was only possible to acquire a limited number of suitable properties.

AMI sales performance *(Fig. 3)*

€m	01.01.-30.09. 2011	01.01.-30.09. 2010
Mutual property funds	464	1,376
Property funds of funds	–5	–8
Special funds (incl. credit funds)	218	87
Individual property funds	22	0
Net sales AMI	699	1,455
of which to institutional investors	311	256
For information purposes:		
Net funds inflow AMI (according to BVI)	531	1,382

Assets under management AMI *(Fig. 4)*

€m	30.09.2011	31.12.2010	Change	
Mutual property funds	20,182	19,996	186	0.9%
Property funds of funds	91	94	−3	−3.2%
Special funds	2,515	2,324	191	8.2%
Individual property funds	360	337	23	6.8%
Assets under management AMI	**23,148**	**22,751**	**397**	**1.7%**
For information purposes:				
Fund assets AMI (according to BVI)	**22,198**	**21,848**	**350**	**1.6%**

Assets under management rose marginally as compared with year-end 2010 (€22.8bn), to €23.1bn (Fig. 4). The reasonably good performance of the funds in a difficult market environment was pleasing. The acquisition and sale of properties contributed to this performance, as did continuing low vacancy rates.

In Real Estate Lending, the gross loan volume decreased by approximately €0.4bn to €6.4bn in the third quarter of 2011 (end of 2010: €7.5bn), despite brisk new business. Active syndication activities amounting to €0.6bn in the third quarter of the year – a volume equivalent to the figure for the entire first half of 2011 – and a high level of repayments impacted accordingly. In addition, currency effects played a role as well.

Of the overall portfolio, commercial property finance accounted for €4.5bn, the financing of open-ended property funds for approximately €1.5bn and the financing of public sector construction projects, a segment which is being phased out, for €0.4bn.

C&M business development

Against the backdrop of the unresolved national debt crises in Europe, the economic trend in the C&M business division was affected by the money and capital market situation in the third quarter of 2011.

In the Markets sub-division, growth slowed compared with the first half of the year. This mainly related to repo/lending activities. Customer trading activities in the bond markets provided another strong result, confirming the trend of the first half of the year. Although the interest rate level decreased again slightly, income from interest rate derivatives brokerage was significantly up on the comparative figures for 2010. In the face of considerable market volatilities, the trend in traditional commission business remained positive in the summer months.

We leveraged the positive sales performance in exchange traded funds (ETF) in the course of this year in order to reduce DekaBank's own holdings of ETFlab fund products.

In the Credits sub-division, the gross loan volume changed only marginally in the third quarter of 2011. As at 30 September 2011, it amounted to €27.9bn (end of 2010: €30.1bn). Of this figure, financing for alliance partners accounted for €14.2bn (end of 2010: €16.0bn). At €19.9bn as at 30 September 2011, the gross loan volume in the Treasury sub-division, which pools market price risk management, funding and Group liquidity management, was also down on the 2010 year-end figure (€21.3bn).

Business development in non-core business

In non-core business, we reduced the gross loan volume in the third quarter of 2011 to €5.5bn, compared with €6.6bn at year-end 2010 and €5.8bn as at 30 June 2011. The loan portfolio amounted to a volume of €2.9bn as at 30 September 2011 (end of 2010: €3.8bn). In addition to the scheduled phase-out of products and individual disposals, early repayments had an impact here. The portfolio of capital market credit products decreased to €1.8bn (end of 2010: €2.0bn), while the former Public Finance sub-division reported a volume of €0.8bn (end of 2010: €0.8bn).

Profit performance in the DekaBank Group

The economic result amounted to €340.7m and was therefore below the high previous year's figure (€625.6m), which had been favourably impacted by revaluations of capital market credit products in non-core business and substantial reversals in provisions for loan losses (Fig. 5).

Core business in the year to date accounted for €326.9m of the economic result and non-core business for €13.8m.

At approximately €254m (previous year: around €300m), the AMK business division once again contributed the largest share to DekaBank's economic result. Income here was at an almost steady level. However, higher personnel, operating and project expenses reduced income overall. In the AMI business division, the economic result totalling around €89m almost matched the comparative figure for 2010 (approximately €94m). In the C&M business division, weaker net interest income was overcompensated by an increase in income from trading positions. Due to valuation requirements relating to securities and loans as well as higher administrative expenses, the C&M business division was not able to repeat the strong previous year's figures, but achieved a positive economic result of approximately €8m (previous year: around €162m). In non-core business, where the previous year's result of €119m benefited substantially from valuations, the economic result amounted to €14m.

The DekaBank Group's net interest income was €275.8m after the first nine months of the year, compared with €290.1m in the previous year. Significantly lower portfolio volumes of loans and securities had a particular impact on the figure.

Risk provisions totalled approximately €–132m as at 30 September 2011. Of this figure, net allocations in lending accounted for €–60.0m and primarily related to required specific valuation allowances in the infrastructure loans, shipping and project finance segments in the Credits sub-division. The figure is in line with the forecast. Risk provisions for securities in the loans and receivables (lar) and held-to-maturity (htm) categories are reported under net financial income and amounted to around €–72m. This was comprised almost exclusively of valuation allowances for bonds from Greek and Portuguese issuers in the htm category. In the third quarter of 2011, a further impairment of around €–7m on Greek bonds became necessary.

Net commission income totalled €768.2m and almost matched the previous year's figure (€778.3m). Commission from fund business was virtually at the previous year's high level. Commission from banking business also nearly reached the comparative figure for 2010, despite a decrease in income from securities management.

At €42.0m, net financial income, which comprises trading and non-trading positions, fell short of the figure for the first nine months of 2010 (€118.8m). The decisive factor here was a negative trend in the third quarter, which mainly resulted from valuation discounts on securities.

Despite the modest development in the summer months, income from trading positions rose to €159.8m in the nine-month period (previous year: €86.3m). Trading with bonds and equity derivatives recorded a particularly sharp

Profit performance in the DekaBank Group *(Fig. 5)*

€m	01.01.-30.09. 2011	01.01.-30.09. 2010	Change	
Net interest income	275.8	290.1	–14.3	–4.9%
Provisions for loan losses	–60.0	29.6	–89.6	(< –300%)
Net commission income	768.2	778.3	–10.1	–1.3%
Net financial income[1) 2)]	42.0	118.8[3)]	–76.8	–64.6%
Other income	–5.6	–8.5[3)]	2.9	34.1%
Total income	**1,020.4**	**1,208.3**	**–187.9**	**–15.6%**
Administrative expenses (including depreciation)	678.9	585.7	93.2	15.9%
Restructuring expenses	0.8	–3.0	3.8	126.7%
Total expenses	**679.7**	**582.7**	**97.0**	**16.6%**
Economic result	**340.7**	**625.6**	**–284.9**	**–45.5%**

1) The previous year's figures were adjusted. For details, please refer to note [4] in the Interim Report as at 30 June 2011.
2) This includes the risk provision for securities in the lar and htm categories of approximately €–72m (previous year: around €–1m).
3) The previous year's figures have been adjusted due to reclassification with no impact on Group net income.

increase. Repo/lending activities once again made the highest profit contribution. Net financial income from non-trading positions, which totalled €–117.8m (previous year: €32.5m), included the above-mentioned specific valuation allowances for one Greek government bond issue and three Portuguese bank bond issues. The decline in income was also partly attributable to the negative valuation result for the remaining capital market credit products. In the previous year, this figure was at a very positive level as a result of revaluations. Conversely, income from funding and liquidity management activities was up on the same period in 2010.

Other income amounted to €–5.6m (previous year: €–8.5m).

At €678.9m, administrative expenses were up on the previous year's level of €585.7m, mainly due to higher scheduled project costs relating to the multi-year upgrade of the Group's IT infrastructure (IT mission), write-downs of intangible assets and the bank tax incurred for the first time. Excluding these special effects, operating expenses were approximately at the previous year's level. Personnel expenses amounting to €277.8m were 4.3% down on the figure for the same period in the previous year (€290.2m). The decrease was attributed to lower provisions for performance-related bonuses, which are determined by income. At the same time, expenses were higher, primarily due to the takeover of business activities in Luxembourg.

Depreciation in the amount of €52.0m (previous year: €12.3m) comprised higher scheduled write-downs of intangible assets and the unscheduled amortisation of the goodwill relating to WestInvest GmbH of approximately €25m, which was applied on 30 June 2011.

Outlook to the end of the year

Forecasts regarding economic developments for the remaining quarter of the year are currently fraught with uncertainties. The upward trend on the stock markets in October 2011 demonstrates that investors expect politicians to take decisive steps to contain the national debt crisis. Provided that they succeed, the anxiety of the markets in the third quarter of 2011 may be followed by a phase of market stabilisation. Otherwise, there is a risk that negative valuation effects and further requirements for risk provisions will once again have an adverse impact on income in the fourth quarter.

In the scenario based on a market stabilisation, achieving positive Group net income will be possible in the fourth quarter of the year. However, a significant shortfall of net income for the year compared with the target of almost €500m nevertheless seems inevitable.

Change in regulatory capital and funding matrix

Capital adequacy is determined in accordance with the Solvency Regulation (SolvV). The regulatory requirements governing capital and reserves were consistently complied with during the period up to 30 September 2011, both at the Bank and Group level. DekaBank's liquidity ratio in the period up to 30 September 2011 ranged from 1.47 to 1.68 and was above the minimum requirement of 1.0 at all times. As at 30 September 2011, the core capital base remained sound and including market risk positions, produced a core capital ratio of 11.2%.

The core tier 1 capital ratio is 9.1%, and we have already excluded the silent capital contributions of €552m, as the share of these which needs to be included in core tier 1 capital is set to continually decrease once Basel III comes into force.

The total capital ratio was 15.0% and was down by 0.7 percentage points on the figure as at 30 June 2011, essentially attributed to an increase in default risks and market price risks. Following the repurchase of the Bank's own shares in the first half of the year, the capital and reserves ratios were below the level as at 31 December 2010 (Fig. 6).

In October 2011, the European Banking Authority (EBA) conducted an EU-wide stress test. In the course of this exercise, no recapitalisation requirement was identified for DekaBank. The tier core 1 capital ratio as at 30 June 2011, which was used in the latest EBA stress test, stood at 9.34%, thus exceeding the minimum ratio of 9.0% resolved at the EU summit on 26 October 2011.

The DekaBank Group's liquidity position remains unchanged at a comfortable level. As a result of the continuing high volume of liquid securities, most of which are eligible as collateral for central bank borrowings, the surplus cover in the cover pool and the corresponding

Breakdown of equity *(Fig. 6)*

€m	30.09.2011	31.12.2010	Change
Core capital	2,929	3,317	–11.7%
Supplementary capital	1,018	1,041	–2.2%
Tier III capital	–	–	n/a.
Capital and reserves	**3,947**	**4,358**	**–9.4%**
Default risks	17,650	18,500	–4.6%
Market risk positions	6,775	5,575	21.5%
Operational risks	1,813	1,650	9.9%
%			**Change %-points**
Core capital ratio (including market risk positions)	**11.2**	**12.9**	**–1.7**
Core tier 1 capital ratio (excluding silent capital contributions)[1]	**9.1**	**10.7**	**–1.6**
Total capital ratio	**15.0**	**16.9**	**–1.9**

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

repurchase agreement transactions, DekaBank has extensive potential liquidity that can be used at short notice.

As at 30 September 2011, the accumulated liquidity balance of the DekaBank Group's funding matrix in the short maturity band (up to one month) amounted to €10.7bn (end of 2010: €8.3bn). In the maturity band of up to six months, the surplus totalled €11.3bn (end of 2010: €6.3bn) and over a twelve-month period, was €13.8bn (end of 2010: €9.9bn). In all maturity bands up to 20 years, the liquidity balance was consistently positive. Refinancing remained broadly diversified by investor and product groups (Fig. 7).

In the nine-month reporting period, the regulatory requirements of the Liquidity Directive were clearly surpassed. The liquidity ratio for the first maturity band, determined on a daily basis, was 1.58 on average. It stood at 1.55 as at the reporting date of 30 September 2011.

Intended holding period funding matrix of DekaBank Group as at 30 September 2011 *(Fig. 7)*

€m	<=1M	>1M-12M	>12M-7Y	>7Y-30Y	>30Y	Total
Securities, loans and promissory note loans[1]	9,213	18,606	40,032	5,863	54	73,768
Other money market transactions (lending)[2]	23,705	17,572	4,126	0	1,137	46,540
Derivatives[3]	–578	–4,327	–3,655	–9	0	–8,568
Refinancing funds[4]	–37,469	–17,956	–41,556	–5,224	–5,802	–108,007
Other balance sheet items[5]	–95	–54	–5	–18	–3,748	–3,920
Liquidity balance (acc. gap + acc. liquidity potential) DekaBank Group	10,725	13,781	6,884	7,166	–1,192	

[1] Including irrevocable credit commitments and guarantees.
[2] Of which €28.1bn collateralised repo transactions.
[3] Including synthetic lending substitute transactions.
[4] Including in particular short-term products, own certificates and funding.
[5] Including silent capital contributions and equity.

Financial calendar

Financial year 2012	**22 March 2012**	Annual press conference 2011
	April 2012	Annual Report 2011
	August 2012	Interim Report as at 30 June 2012

Publication dates are preliminary and subject to change.

Internet website

The specialist terms used are explained in the **interactive online versions** of the Annual Report 2010 as well as the Interim Report as at 30 June 2011, 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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This report was prepared in November 2011

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