Business development of the Deka Group
as at 31 December 2021

Frankfurt/Main, 5 April 2022

Deka Group strategy

Wertpapierhaus of the savings banks

Wertpapierhaus strategy

Our customers

Savings banks and customers of savings banks in all segments – retail, private banking/wealth/corporate customers – and institutional investors

Our services

High-quality products and services, which we provide via our sales and production platform

Our ambition

Deka as a **customer-focused**, **innovative** and **sustainable *Wertpapierhaus* for savings banks** with the aim of providing optimum and comprehensive support to savings banks and customers to enable them to achieve their securities objectives

Deka Group strategy
Five business divisions with a clearly defined range of services

The business divisions of the *Wertpapierhaus* and their functions

simplified representation

AM Securities
- Mutual and special funds (shares and bonds)
- Multi-asset funds and fund-based AM
- Quant. products and ETFs
- Alternative investments

AM Services
- Depositary
- Custody account business
- Online services for clients who make their own decisions

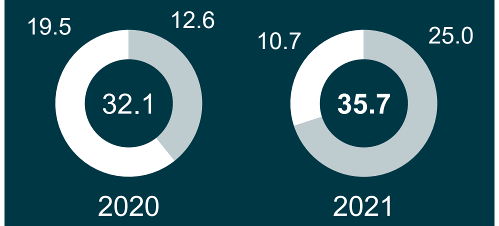
AM Real Estate
- Open-ended real estate mutual funds
- Open-ended & closed-end special property funds
- Real estate funds of funds
- Credit funds

Capital Markets
- Repo/securities lending
- Trading & Structuring
- Issues
- Commission Business unit

Financing
- Financing of savings banks
- Transport financing
- Infrastructure and export financing
- Real estate financing

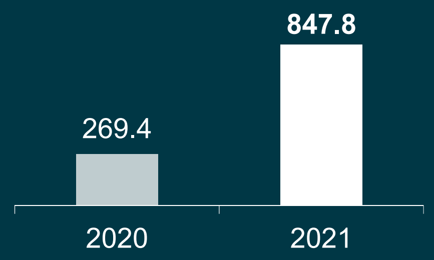
AM = Asset Management

Key indicators at a glance

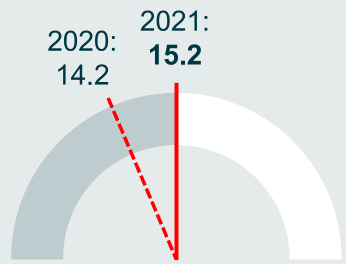


Net sales (in €bn)
Retail customers, Institutional customers

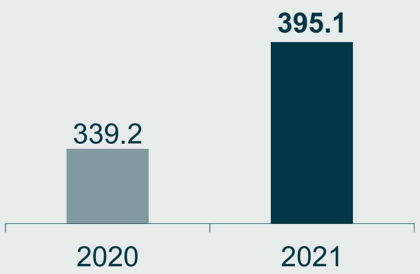
~1,063,000
new Deka investment savings plans in 2021
(~776,000 in 2020)



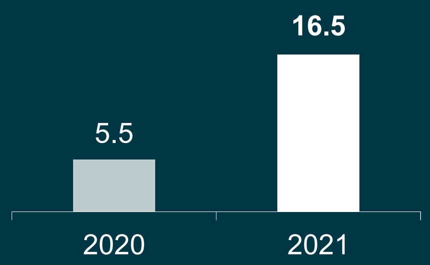
Economic result
(in €m)



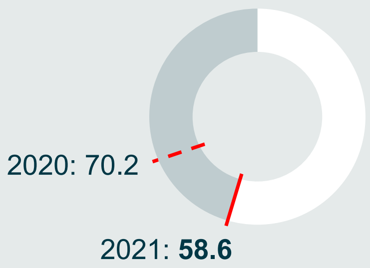
Common Equity Tier 1 capital ratio
(in %)



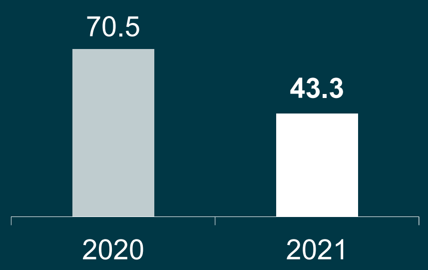
Total customer assets
(in €bn)



Balance sheet based return on equity (before tax) in %



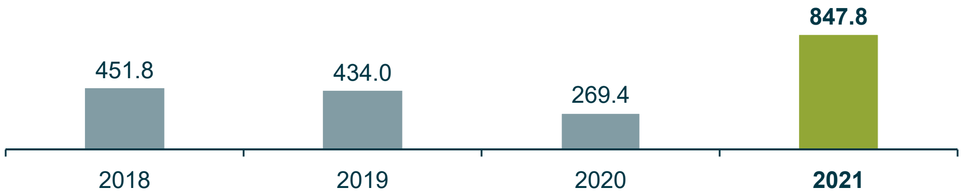
Cost/income ratio
(in %)



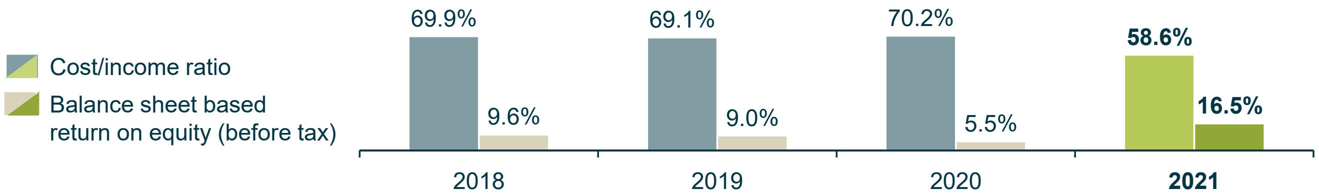
Utilisation of risk appetite
(in %)

Business development
Economic result up significantly year-on-year

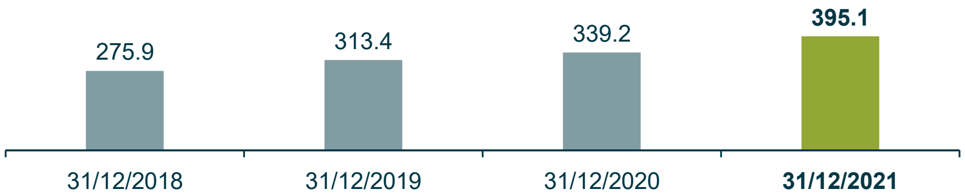
Economic result (in €m)



Cost/income ratio and return on equity (before tax)



Total customer assets (in €bn)



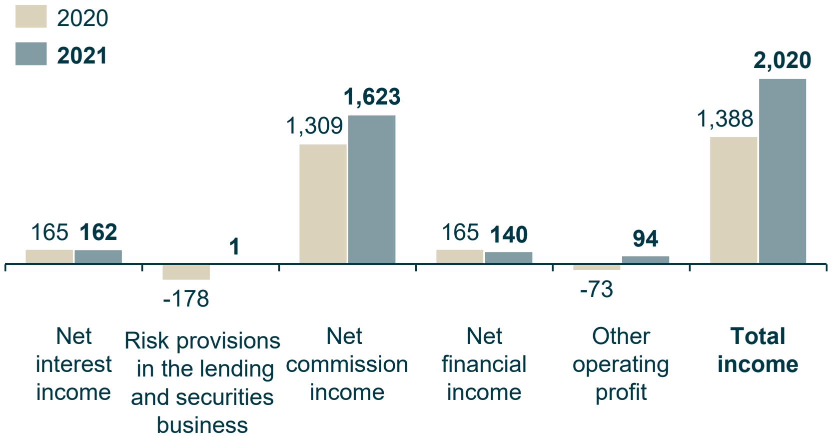
- The Deka Group is looking back on a very successful financial year. With an economic result of €847.8m, it significantly improved upon the previous year's figure.

- At the end of 2021, the cost/income ratio was 58.6%.
- The balance sheet based return on equity (before tax) was 16.5%.

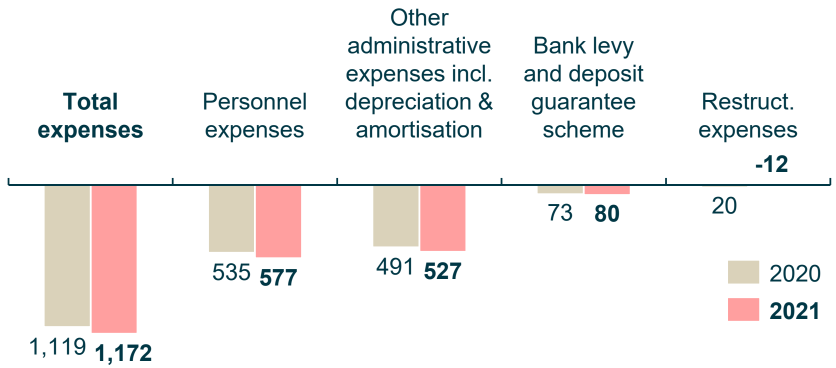
Income and expenses

At 80%, net commission income remains the primary component of income

Income (in €m)



Expenses (in €m)

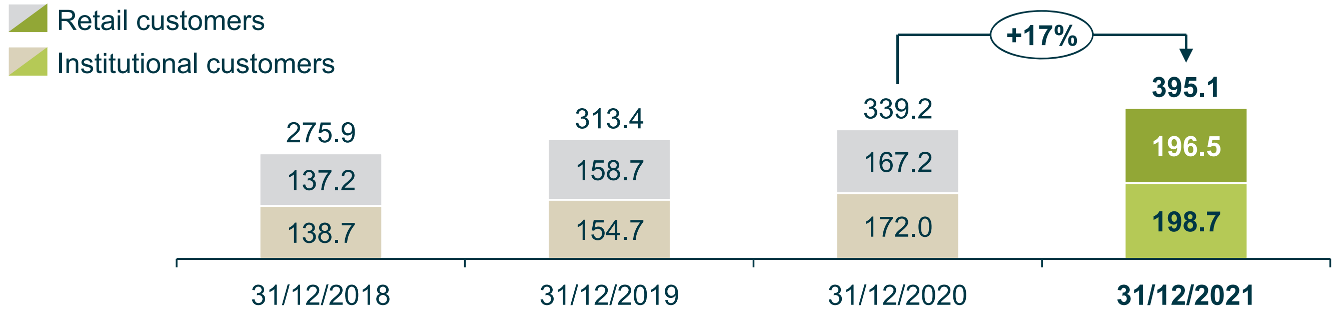


- **Net commission income** increased primarily due to higher portfolio-related commission.
- **Allocations to and reversals of risk provisions** almost balanced each other out. Changes in creditworthiness and transfers to other stages led to reversals of provisions.
- **Net financial income** reflected the improved certificate sales to retail customers. This was offset by the allocation to the general provision for potential risks that is recognised here.
- Actuarial gains on provisions for pensions had a positive effect on **other operating profit.**

- **Personnel expenses** increased slightly in line with expectations, mainly due to the acquisition of IQAM Invest GmbH and the improved business performance.
- The slight increase in **other administrative expenses** resulted primarily from higher expenditure for IT information services, higher subscriptions and fees and increased depreciation and amortisation.
- The overall increase in the **bank levy and deposit guarantee scheme** was due to an increased bank levy.
- There was a net reversal within **restructuring expenses**.

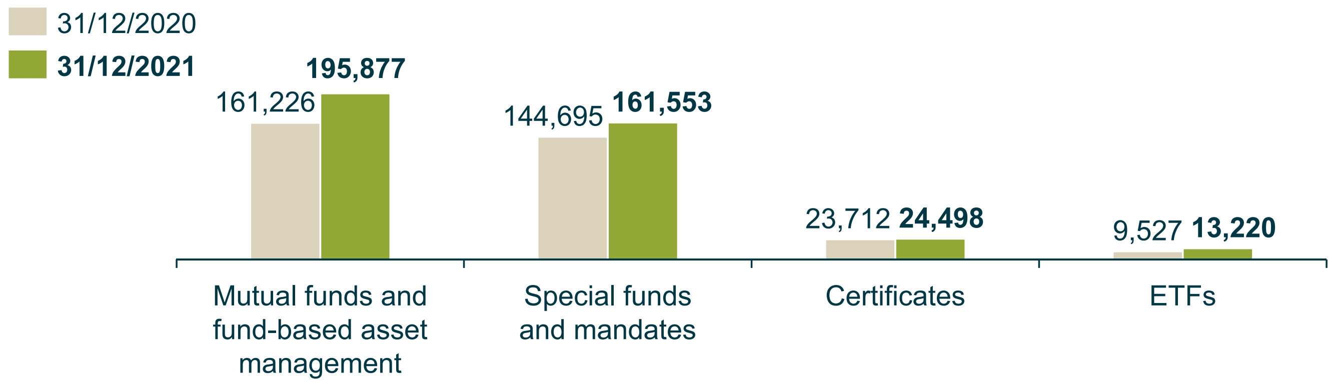
Total customer assets
€395bn at the end of the year

Total customer assets by customer segment (in €bn)



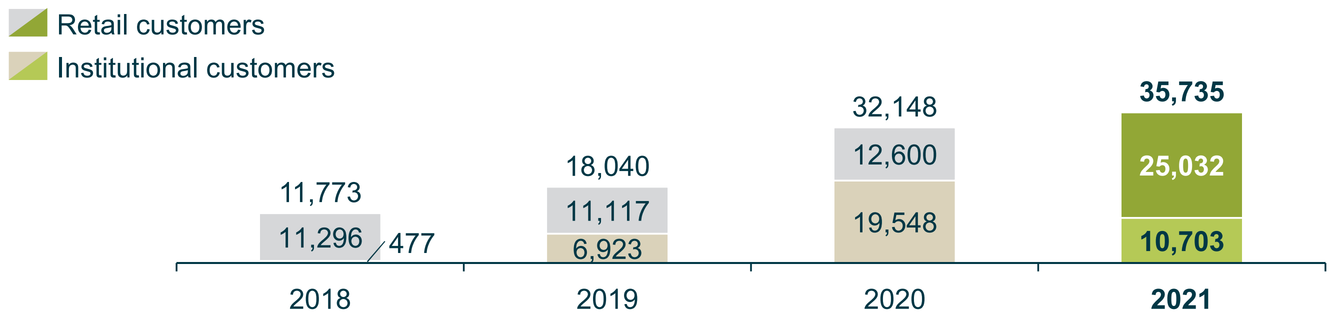
- Net sales, coupled with positive performance and the integration of the total customer assets of IQAM Invest GmbH (around €7bn) at the beginning of 2021, fuelled an increase in total customer assets.

Total customer assets by product category (in €m)

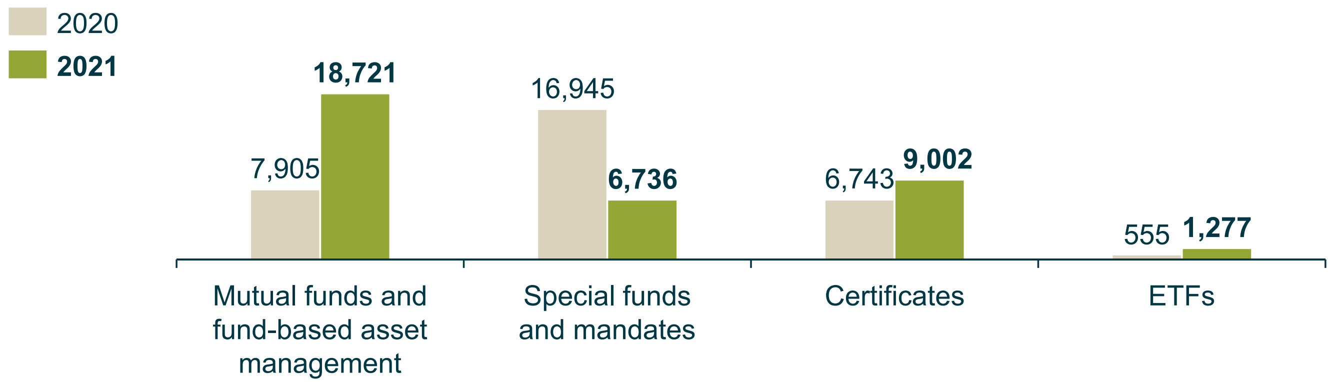


Net sales
Improvement by a total of €3.6bn to €35.7bn

Net sales by customer segment (in €m)



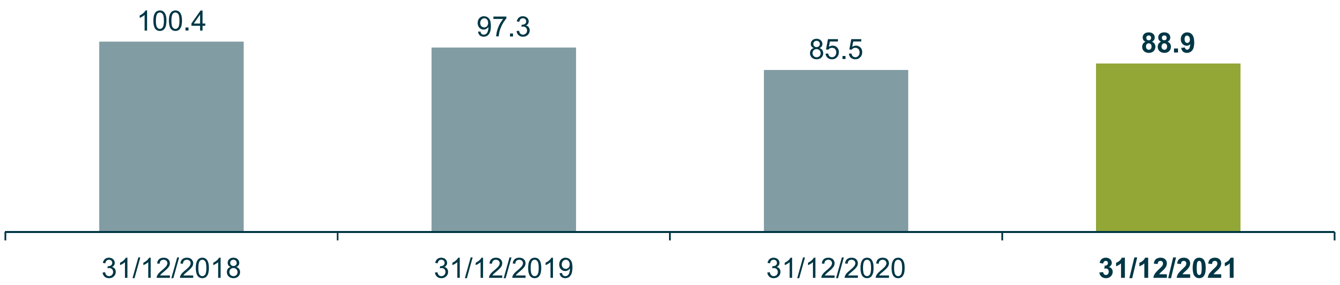
Net sales by product category (in €m)



- Net sales more than doubled in the retail customer segment. Retail fund sales rose significantly to €17.9bn. Equity, bond, real estate and mixed funds accounted for a significant share. Sales of certificates totalled €7.1bn.
- Net sales in the institutional customers segment came to €10.7bn. The lower figure is due to a major master funds client changing investment management company. As a result, the institutional investment fund business accounted for net sales of €8.8bn. Certificate sales came to €1.9bn.
- Investors signed up to around 1,063,000 (net figure) new Deka investment savings plans (previous year: around 776,000).

Total assets
Around €89bn at the end of the year

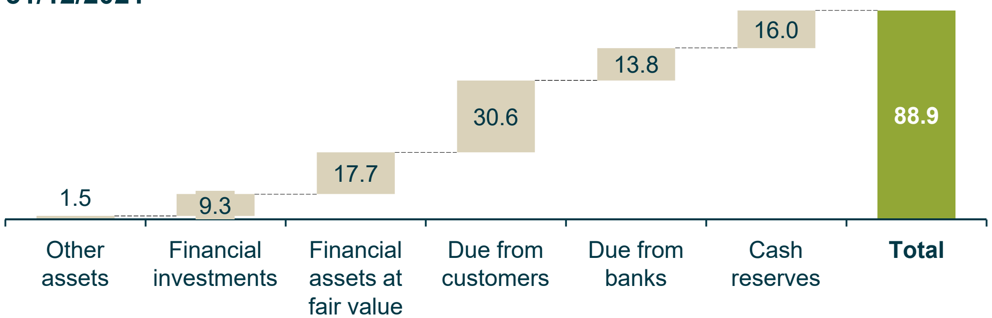
Total assets (in €bn)



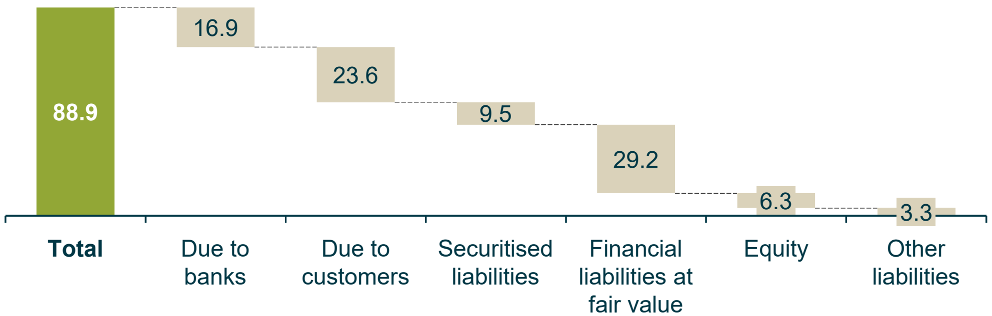
- Total assets increased by 3.9% year-on-year to €88.9bn.

Assets (in €bn)

31/12/2021

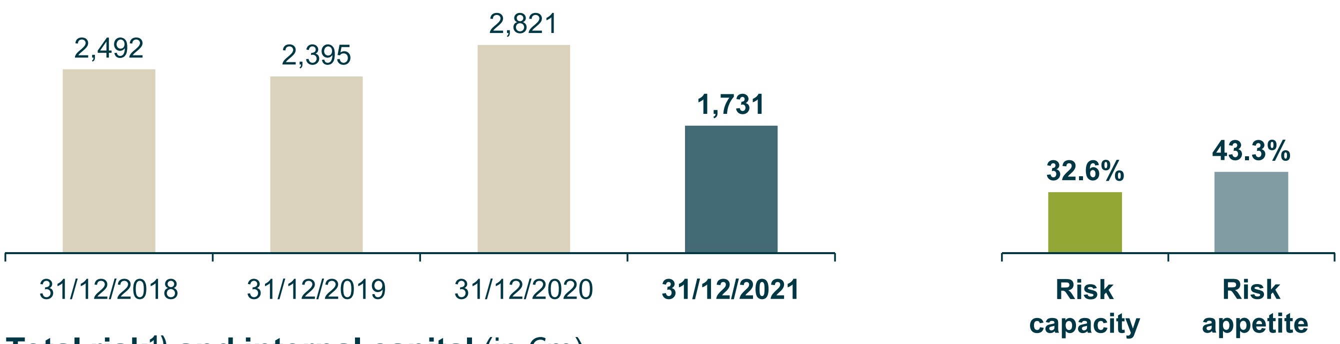


Liabilities (in €bn)

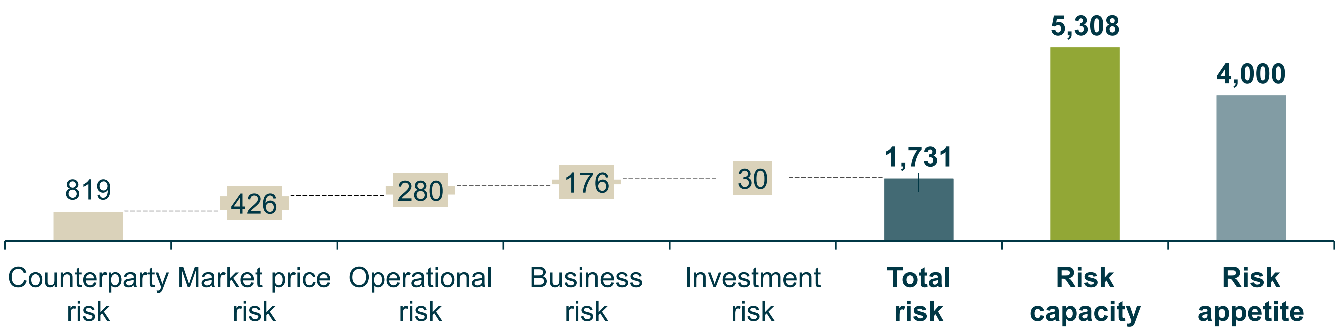


Capital adequacy (1/4)
Economic perspective

Development in total risk[1] (in €m) and utilisation ratios as at 31/12/2021



Total risk[1] and internal capital (in €m)

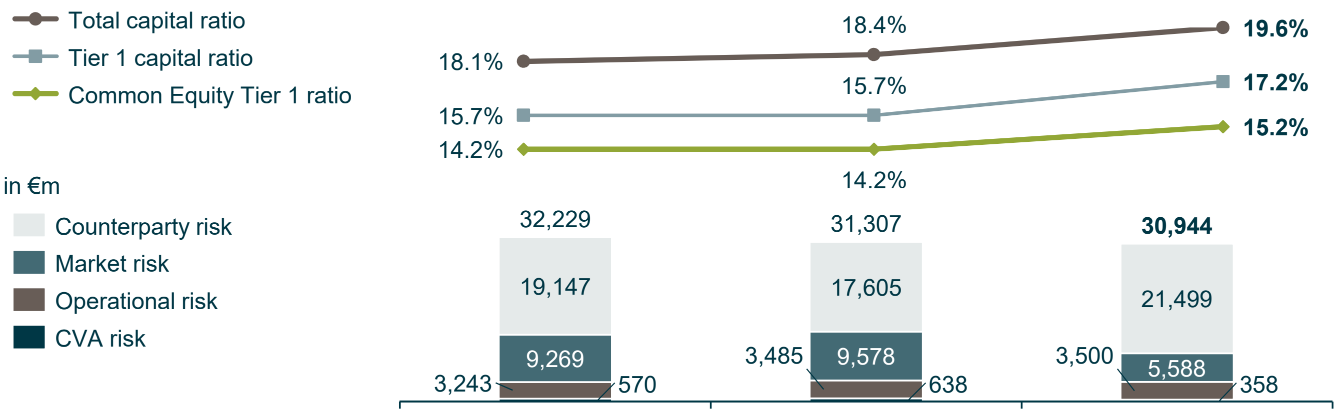


- The utilisation ratios in the economic perspective remained at a non-critical level at the end of 2021.
- At 43.3%, utilisation of risk appetite was significantly lower than at the end of 2020 (70.5%). This was mainly attributable to a significant drop in counterparty, market price and business risk.
- At 32.6%, utilisation of risk capacity was also below the level seen at the end of 2020 (53.9%).

[1] Value-at-Risk (VaR): Confidence level of 99.9%, holding period of one year

Capital adequacy (2/4)
Normative perspective

Development of regulatory capital and RWA



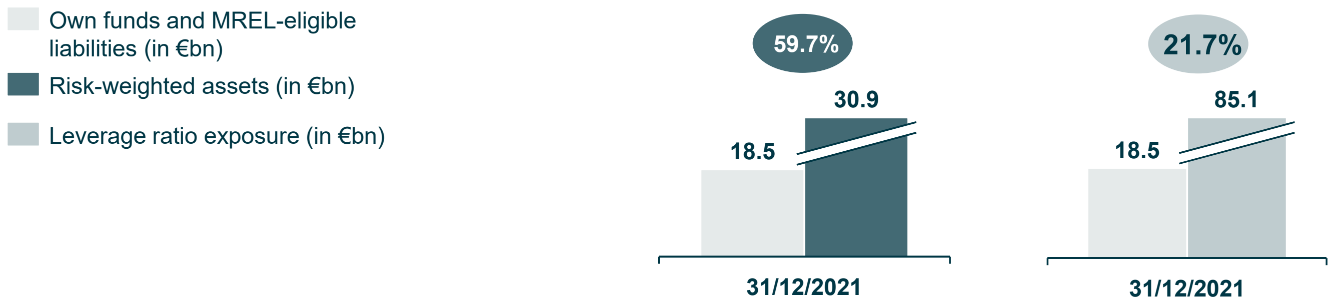
in €m	31/12/2019	31/12/2020	**31/12/2021**
Own funds	5,828	5,753	**6,075**
Tier 1 capital	5,053	4,911	**5,314**
Common Equity Tier 1 capital	4,579	4,437	**4,716**

- The **SREP requirements as at 31 December 2021** were 8.18% for the Common Equity Tier 1 ratio, 9.96% for the Tier 1 capital ratio and 12.33% for the total capital ratio. These requirements were clearly exceeded at all times. The SREP Pillar 2 requirements remain unchanged for 2022.

- RWA declined to €30.9bn compared with the previous year-end figure.
- As expected, credit risk increased as against the end of 2020, mainly due to the first-time application of CRR II in June 2021. This was offset by a drop in market risk.
- This rise in Common Equity Tier 1 capital was due primarily to the inclusion of year-end effects from 2020 (profit retention and inclusion of the risk provisions set up in 2020 in the comparison of provisions) and the increase in capital reserves connected to the transformation of atypical silent capital contributions.

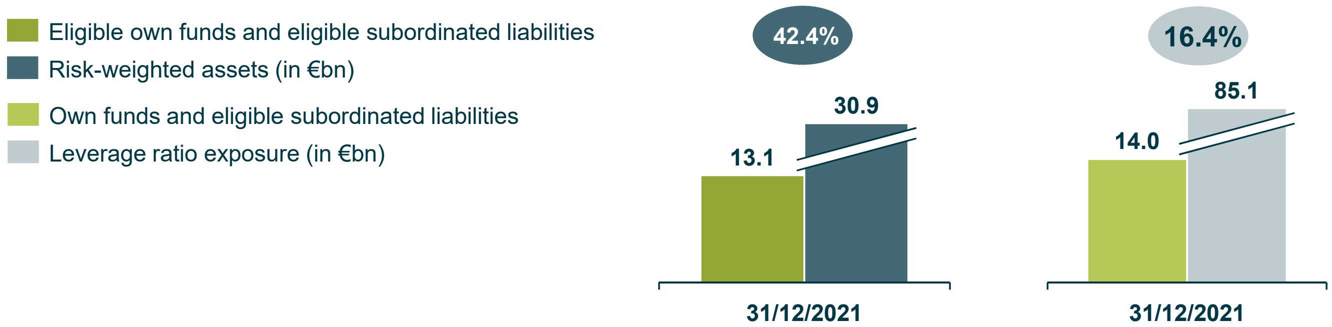
Capital adequacy (3/4)
Normative perspective

MREL ratios (RWA-based/LRE-based)[1)]



- Both MREL ratios were well above the minimum ratios that will apply as of 1 January 2022.

Subordinated MREL requirements (RWA-based/LRE-based)[1)]

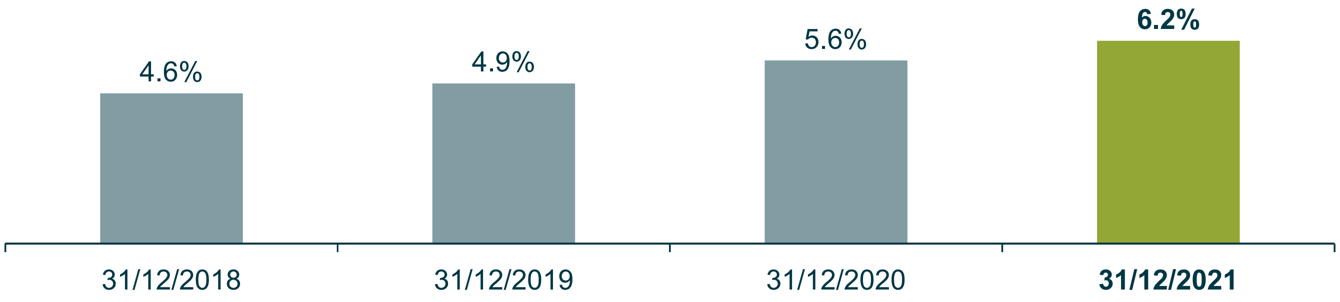


- Both subordinated MREL requirements were well above the minimum ratios that will apply as of 1 January 2022.

[1)] The MREL requirements were changed to an RWA- and LRE-based calculation method in the middle of 2021 in accordance with supervisory requirements.
The subordinated MREL requirements were changed to an RWA- and LRE-based calculation method in accordance with supervisory requirements.

Capital adequacy (4/4)
Normative perspective and statements for both perspectives

Leverage ratio (fully loaded)



- The leverage ratio, i.e. the ratio of Tier 1 capital to total assets adjusted in line with regulatory requirements (leverage ratio exposure), stood at 6.2%.
- This was substantially above the minimum leverage ratio of 3.0% to be adhered to from June 2021 onwards.

Capital adequacy statements for both perspectives

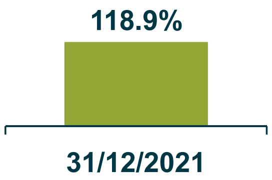
- The Deka Group held adequate capital throughout the reporting period.
- In particular, the Common Equity Tier 1 capital ratio and utilisation of risk capacity and of the risk appetite remained at non-critical levels throughout.

Liquidity adequacy
Normative perspective and statements for both perspectives

Liquidity Coverage Ratio (LCR)

- The regulatory LCR requirements were met throughout the period under review.
- The LCR at Deka Group level declined by 25.3 percentage points year-on-year.

Net Stable Funding Ratio (NSFR)



- The NSFR was significantly above the minimum of 100% to be adhered to from June 2021 onwards.

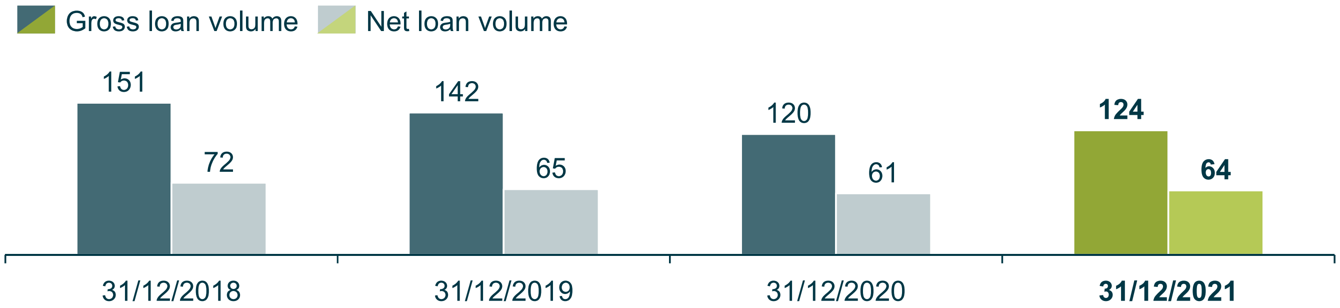
Liquidity adequacy statements for both perspectives

- The Deka Group continued to have ample liquidity, measured using the liquidity balances, LCR and NFSR, throughout the reporting period.
- The coronavirus pandemic no longer had any material effects on the refinancing markets in 2021. There were no breaches of the internal limits and emergency triggers or the external minimum LCR and NFSR at any time.

Gross and net loan volume

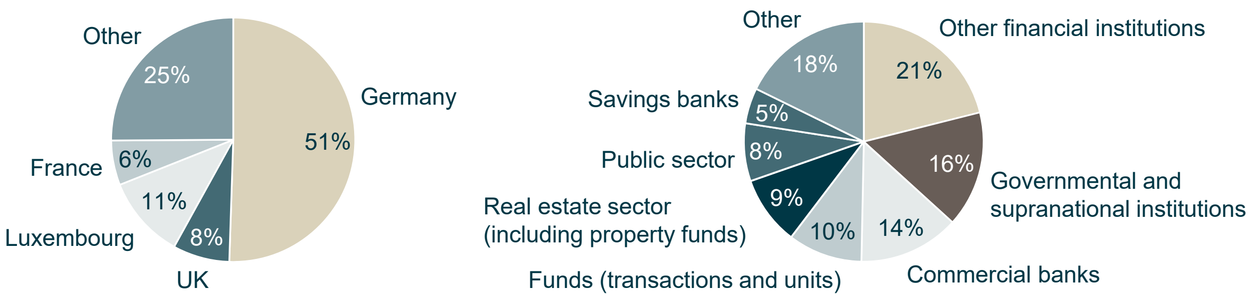
Difference between gross and net loan volume shows extent of collateralisation

Development of gross and net loan volume (in €bn)



- Over the reporting period, the average rating for the gross loan volume deteriorated by one notch to a rating of 4 on the DSGV master scale (corresponds to "BBB–" on S&P's scale).

Gross loan volume by country and risk segment (as at 31/12/2021)



- The euro area accounted for 78.3% of the gross loan volume (year-end 2020: 72.5%).
- The gross loan volume for counterparties in Russia came to €75m. The net loan volume came to around €4m (securing of loans through ECA guarantees). There was still no gross loan volume and no country limit for counterparties in Ukraine and Belarus.

Financial ratings
Good rating assessments remain unchanged

Issuance Ratings	Standard & Poor´s	Moody´s
Preferred Senior Unsecured Debt	**A** Senior Unsecured Debt	**Aa2** (stable) Senior Unsecured Debt
Non-Preferred Senior Unsecured Debt	A- Senior Subordinated Debt	A1 Junior Senior Unsecured Debt
Public Sector & Mortgage Covered Bonds	N/A	Aaa Public Sector Covered Bonds and Mortgage Covered Bonds
Bank Ratings		
Issuer Rating	A (stable) Issuer Credit Rating	Aa2 (stable) Issuer Rating
Counterparty Rating	N/A	Aa2 Counterparty Risk Rating
Deposit Rating	N/A	Aa2 Bank Deposits
Own financial strength	bbb Stand-alone Credit Profile	baa2 Baseline Credit Assessment
Short-term Rating	A-1 Short-term Rating	P-1 Short-term Rating

As at: 5 April 2022
The Issuer has received ratings from the rating agencies Moody’s Deutschland GmbH („Moody’s“), und S&P Global Ratings Europe Limited, Dublin („S&P“).
For current rating reports see: https://www.deka.de/deka-gruppe/investor-relations/ratings

Sustainability ratings
Ratings confirm sustainability of our corporate governance

MSCI ESG RATINGS

As of 2020, Deka received an MSCI ESG Rating of **AA***

2019	2020	**2021**
AA	AA	**AA**

ISS ESG – Corporate ESG Performance – Prime

C+ (prime)
„Industry Leader“

2018	2019	**2020**
C+	C+	**C+**

SUSTAINALYTICS – a Morningstar company

17.4
„Low Risk“**

2019	2020	**2021**
19.1	17.8	**17.4**

Moody's ESG Solutions

55/100
„Robust“

2020	**2021**
41	**55**

Status of sustainability ratings according to the annual rating reports: MSCI: 28.08.2020 (last update: 28.05.2021); ISS-ESG: 22.06.2020; Sustainalytics: 10.08.2021; MOODY'S ESG (rebranding in the process of the acquisition of V.E): 05.2021

 Further informationen: https://www.deka.de/deka-group/our-responsibility/how-we-practice-sustainability/sustainability-reports-and-ratings

Excerpt from the forecast in the 2021 Annual Report

Forward-looking statements
"The Deka Group's planning is based on the assumptions about future economic development that appear the most probable from a current standpoint. However, plans and statements about expected developments and the course of business during 2022 are subject to uncertainty. (…) The global impacts of the coronavirus pandemic on the economy in 2022 cannot yet be reliably predicted. (…) There thus remains a certain degree of uncertainty regarding future market developments. In addition, the military escalation of the conflict between Russia and Ukraine is creating geopolitical tensions whose effects cannot yet be fully predicted. If the uncertainty manifests itself in a lasting hit to growth and the capital markets, or the war in Ukraine persists or worsens further, there is a possibility that the earnings, risk and capital situation, and the corresponding key management indicators, will be less favourable than predicted in the forecast report."

"After the exceptionally strong result in 2021, the forecast for 2022 anticipates an **economic result** of approximately €550m. This is once again slightly above the average of the last five years."

"The Deka Group anticipates a moderate year-on-year rise in **total customer assets** in 2022."

"At approximately €30bn, total **net sales** are predicted to remain roughly on a level with 2020."

"To retain sufficient flexibility in the event of unfavourable market developments, the Deka Group aims for a **Common Equity Tier 1 capital ratio** at an appropriate level above the strategic target of 13%."

"In terms of risk-bearing capacity analysis, **risk appetite utilisation** is expected to remain at a non-critical level. With regard to risk development, however, elevated uncertainty regarding the further development of the market environment cannot be ruled out."

Please also refer to the disclaimer at the end of the presentation and the relevant sections in the forecast report of the Group management report.

Appendix

Glossary (1/2)

Economic result

- As a key management indicator, together with the risk in the economic and normative perspective, the **economic result** forms the basis for risk/return management in the Deka Group and is, in principle, determined in accordance with accounting and measurement policies of IFRS.
  In addition to the total profit or loss before tax, it also includes:
  - changes in the revaluation reserve before tax,
  - the interest rate and currency related valuation result from financial instruments recognised at amortised cost, which are not recognised in the income statement under IFRS but are relevant for assessing financial performance,
  - the interest expense of the AT1 bond, which is recognised directly in equity, and also
  - potential future charges that are considered possible in the future but that are not yet permitted to be recognised under IFRS due to the fact that accurate details are not yet available.

The economic result is therefore a control variable on an accrual basis whose high level of transparency enables recipients of the external financial reporting to consider the company from the management's perspective.

Total customer assets

- The key management indicator total customer assets mainly includes the income-relevant volume of mutual and special fund products (including ETFs), direct investments in the funds of cooperation partners, the portion of fund-based asset management activities attributable to cooperation partner funds, third party funds and liquidity, master funds and advisory/management mandates and certificates.

Net sales

- Key management indicator of sales success in asset management and certificate sales. This figure essentially consists of total direct sales of mutual and special funds, fund-based asset management, funds of cooperation partners, master funds and advisory/management mandates, ETFs and certificates. Net sales in investment fund business corresponds to gross sales less redemptions and maturities. Sales generated through proprietary investment activities are not taken into account. Redemptions and maturities are not taken into account for certificates because in the certificates business the impact on earnings primarily occurs at the time of issue.

Glossary (2/2)

Economic perspective

- The economic perspective is one of two approaches on which the internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP) are based: In the context of the ICAAP, the economic perspective is implemented via the concept of risk-bearing capacity. It serves to secure the capital of the Deka Group in the long term, thus making a key contribution to ensuring the institution's survival. The aim is also to protect creditors against losses from an economic view. In the context of the integrated quantification, management and monitoring of liquidity risk (ILAAP), the key risk measure in the economic perspective is the "combined stress scenario" funding matrix defined by the Board of Management as being relevant for management purposes.
- **Risk-bearing capacity:** The aim of the risk-bearing capacity analysis is to ensure the adequacy of capital resources from an economic view. Sufficient assets must be available to cover risk events, even those which materialise extremely rarely. This involves combining all risk types with a holding period of one year and a correspondingly high confidence level of 99.9%, which is consistent with DekaBank's target rating. Subsequently, the overall risk is compared to the internal capital, which corresponds to the risk capacity.

Normative perspective

- The normative perspective is one of two approaches on which the internal capital and liquidity adequacy assessment processes (ICAAP and ILAAP) are based: in the context of the ICAAP, the normative perspective includes all internal instruments, regulations, controls and processes aimed at ensuring that regulatory and supervisory capital requirements are met on an ongoing basis, i.e. also prospectively, over the next few years. This means that it directly pursues the objective of ensuring that the institution can continue as a going concern. In the context of the integrated quantification, management and monitoring of liquidity risk (ILAAP), the key risk measure in the normative perspective is the LCR in accordance with the CRR in conjunction with Commission Delegated Regulation (EU) 2015/61 as well as 2018/1620 and the NSFR in accordance with the requirements of the CRR.

Gross loan volume

- In accordance with the definition set out in section 19 (1)KWG, the gross loan volume includes debt instruments issued by public authorities and bills of exchange, amounts due from banks and customers, bonds and other fixed-interest securities, shares and other non fixed-interest securities including fund units, equity investments and shares in affiliated companies, equalisation claims against the public sector, items for which lease agreements have been concluded as the lessor, irrespective of their recognition in the balance sheet, other assets where they are subject to counterparty risk, sureties and guarantees, irrevocable lending commitments as well as market values of derivatives. In addition, the gross loan volume includes underlying risks from derivative transactions, transactions for the purposes of covering guarantee payments on guarantee funds, as well as the volume of off-balance sheet counterparty risks.

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

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