Business development of the Deka Group
as at 30 June 2022

Frankfurt/Main, 25 August 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

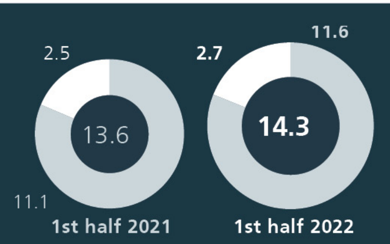
- Repo/securities lending
- Trading & Structuring
- Issues
- Commission Business unit

Financing

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

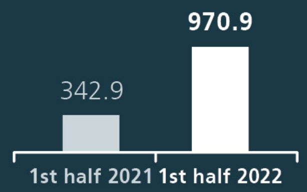
AM = Asset Management

Key indicators at a glance

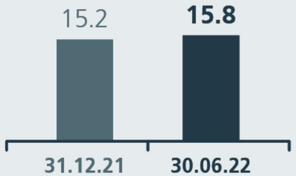


Net sales
(in €bn)
Retail customers,
institutional customers

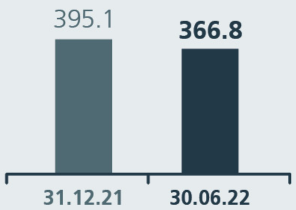
~277,000
new investment
savings plans
in 1st half 2022
(~591,000 1st half 2021)



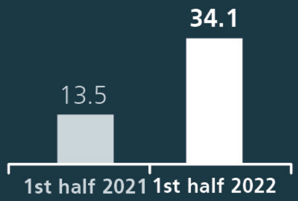
Economic result
(in €bn)



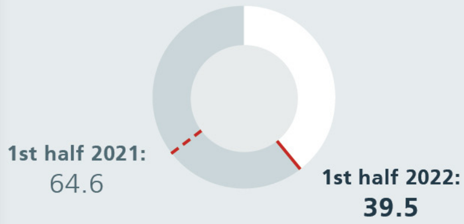
Common equity
Tier 1 capital ratio
(in %)



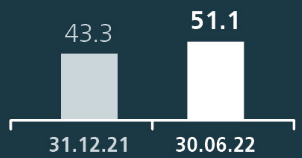
Total customer assets
(in €bn)



Return on equity
(before tax) in %



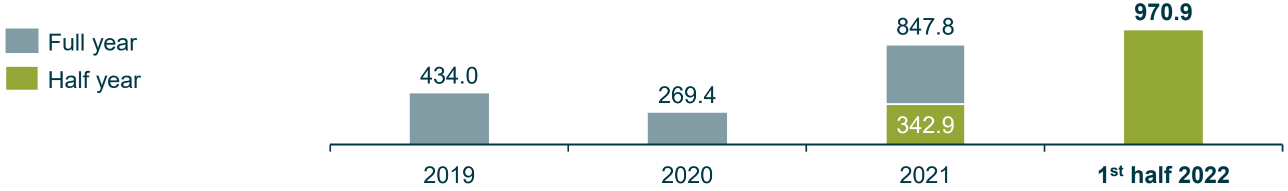
Cost/income ratio
(in %)



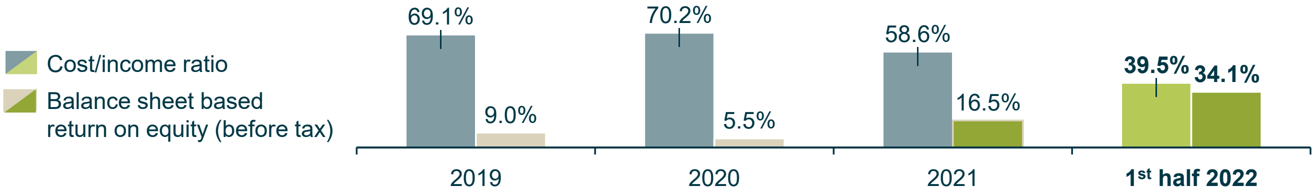
Utilisation of risk
appetite
(in %)

Business development
Economic result outstrips expectations by far

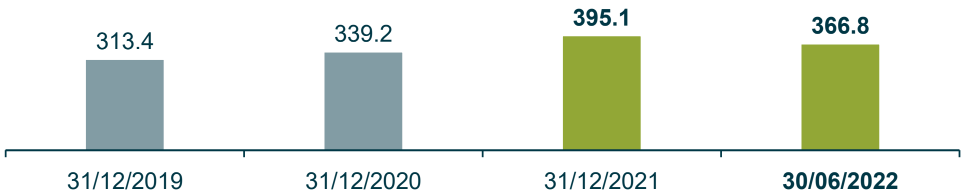
Economic result (in €m)



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



Total customer assets (in €bn)



- Given the favourable development in operating activities and positive valuation effects[1)], the result was significantly up on the equivalent figure for the previous year.
- Excluding these positive effects, the result came to €556m.

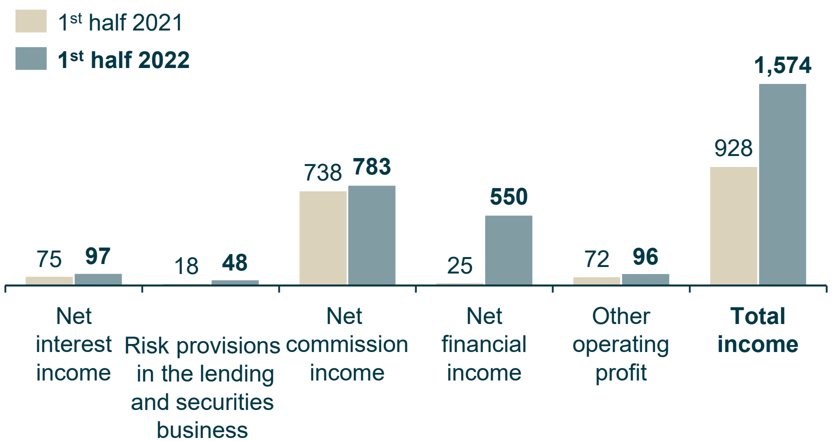
- Excluding the positive effects mentioned above[1)], the cost/income ratio came to 54.3%. The corresponding return on equity (before tax) was 19.5%.

[1)] Due to wider credit spreads used for the valuation of own issues and the reduction in provisions for pensions due to interest rates.

Income and expenses
Net commission income remains the main income component

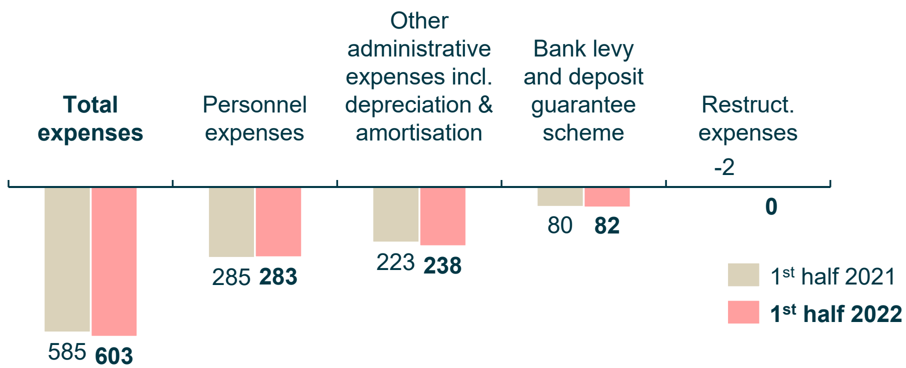
.ıDeka

Income (in €m)



Σ €970.9m
(PY: €342.9m)

Expenses (in €m)



- **Net commission income** increased primarily as a result of higher portfolio-related commission.
- This was due to rating improvements and the reversal of the additional **provisions**, beyond those required by the ratings-based approach, that had been recognised for the aviation, hotel real estate and shopping centre lending segments.
- **Net financial income** increased significantly in the reporting period. In particular, this includes a positive valuation effect[1] that is likely to weaken again over time. The general provision for potential risks was also increased.
- Actuarial gains on provisions for pensions[1] had a positive effect on **other operating profit**.

- **Personnel expenses** remained almost unchanged.
- **Other administrative expenses (including depreciation and amortisation)** rose moderately. The increase resulted chiefly from higher consultancy expenses and higher expenditure for computer equipment and machinery as well as from depreciation of property, plant and equipment.
- The slight increase in the **bank levy and deposit guarantee scheme** overall resulted from an increased annual contribution to the deposit guarantee scheme of the *Landesbanken* and *Girozentralen*.

[1] Due to wider credit spreads used for the valuation of own issues (net financial income) and the reduction in provisions for pensions due to interest rates (other operating profit).

Total customer assets

Slightly down on the figure for year-end 2021 due to market conditions

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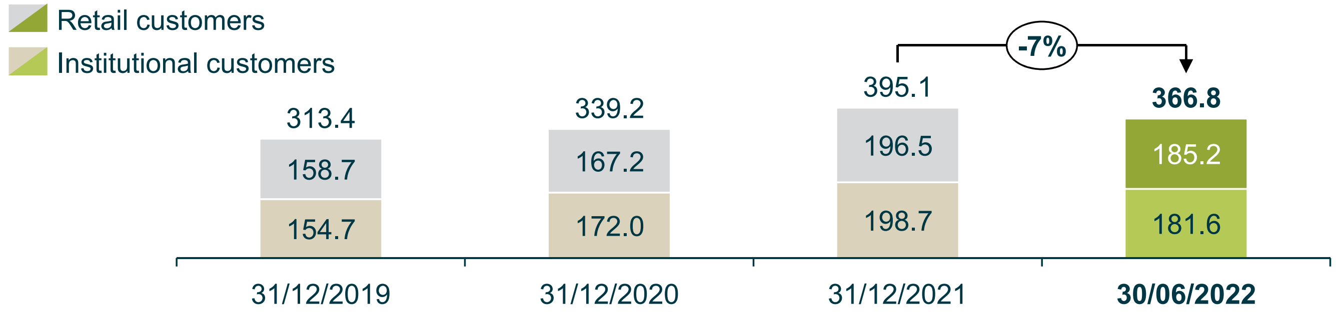
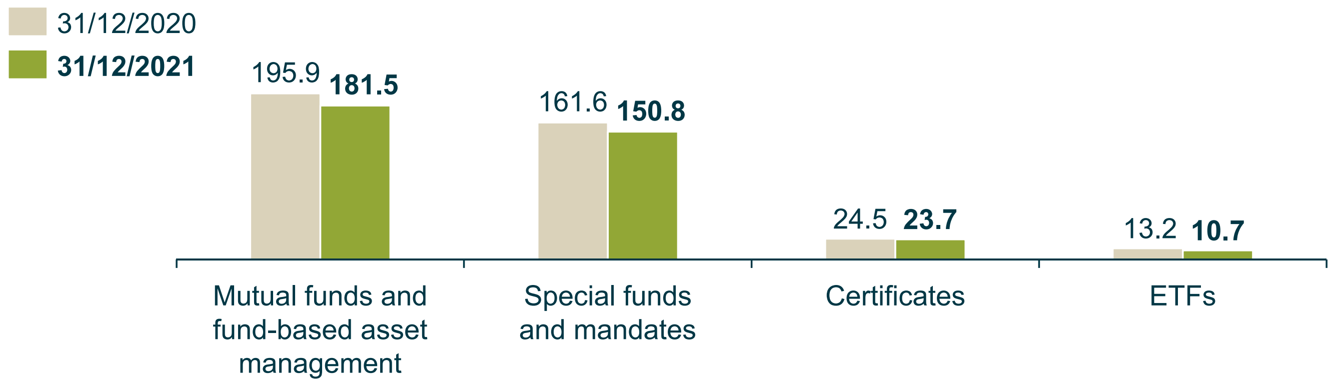
Total customer assets by customer segment (in €bn)



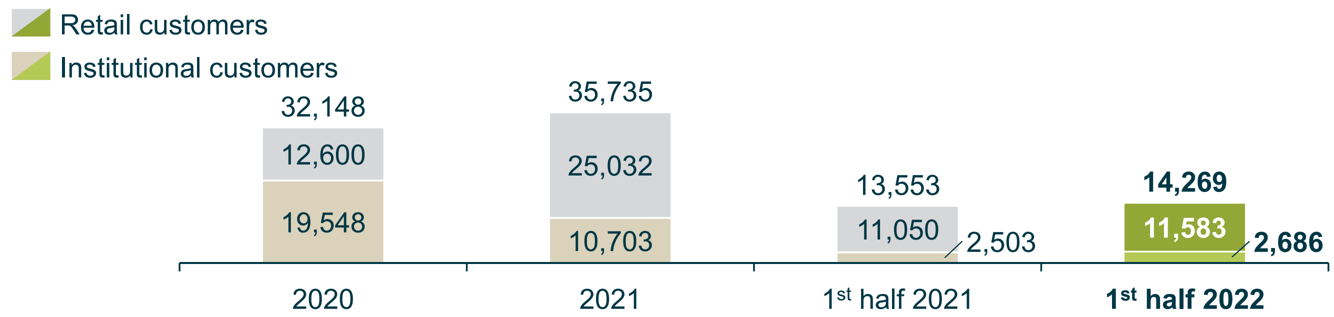
- Total customer assets were slightly down on the figure for year-end 2021 due to market conditions.
- In particular, a positive sales performance was set against a negative investment performance.

Total customer assets by product category (in €bn)

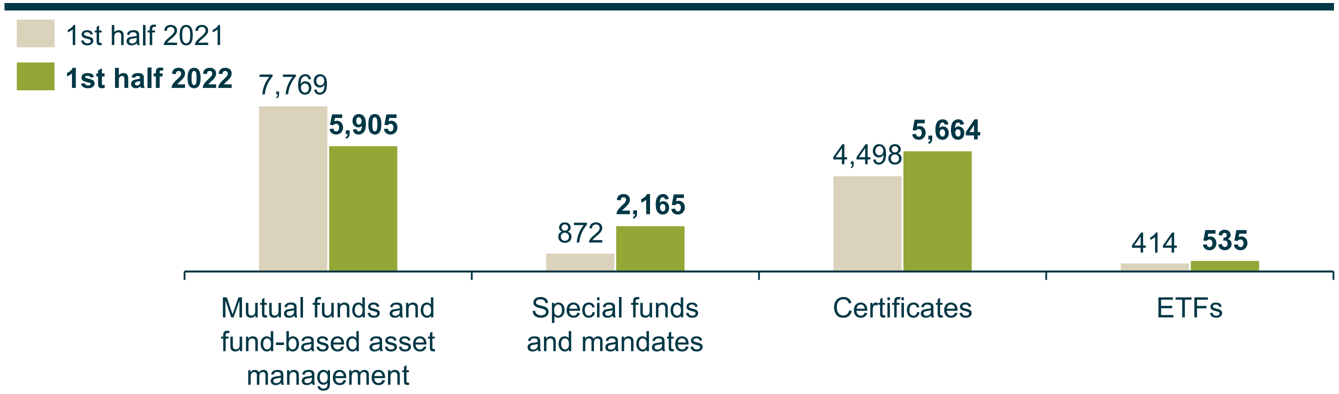


Net sales
Up to €14.3bn, with more than 80% attributable to private investors

Net sales by customer segment (in €m)



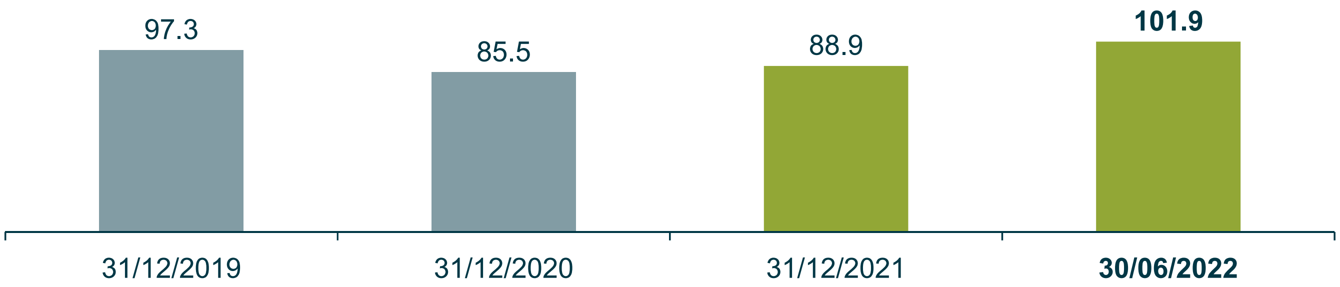
Net sales by product category (in €m)



- In the retail customer segment, net sales increased by €0.5bn to €11.6bn. Fund sales accounted for €6.4bn. Equity, real estate and mixed funds in particular accounted for a significant share. Sales of certificates came to €5.2bn.
- Net sales to institutional customers came to €2.7bn. In the investment fund business, sales increased to €2.2bn. Certificates in the amount of €0.5bn were sold.
- Investors signed up to around 277 thousand (net figure) new Deka investment savings plans in the first half of 2022. Deka now manages a total of 7.3 million contracts, compared with approximately 7 million at the end of 2021.

Total assets
Around €102bn at the mid-year point

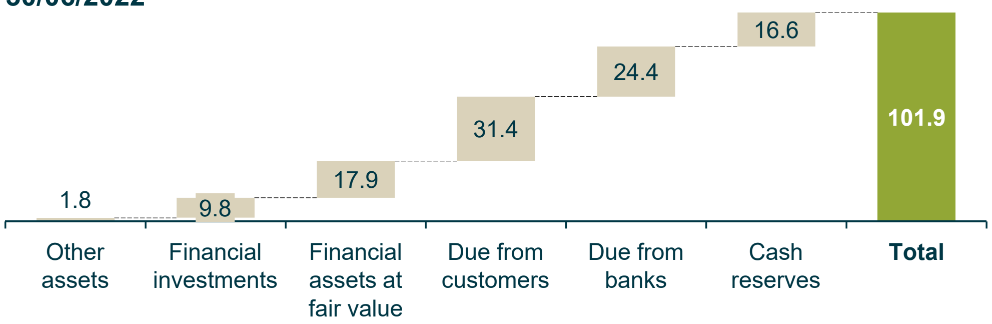
Total assets (in €bn)



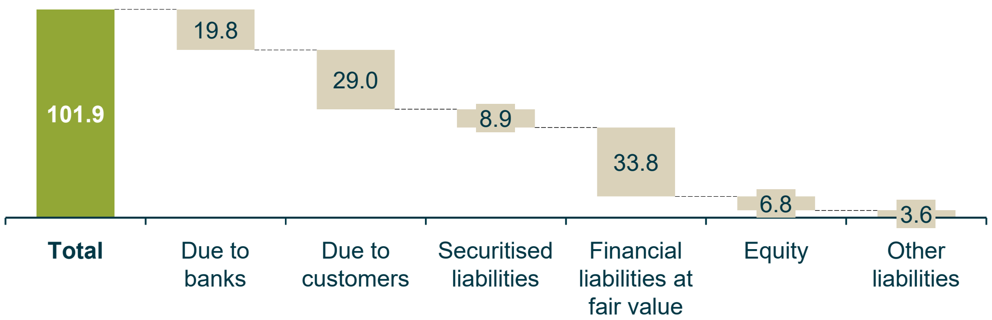
- Total assets increased by 14.7% in the reporting period.

Assets (in €bn)

30/06/2022

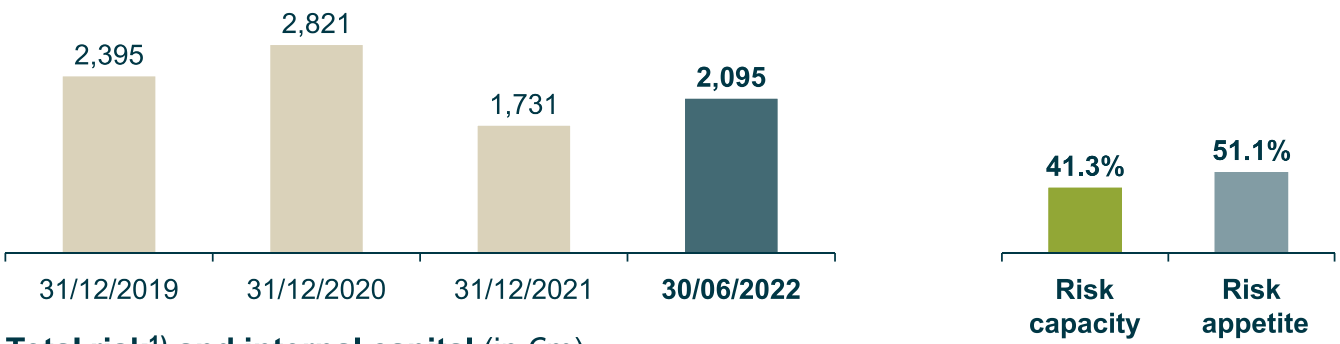


Liabilities (in €bn)

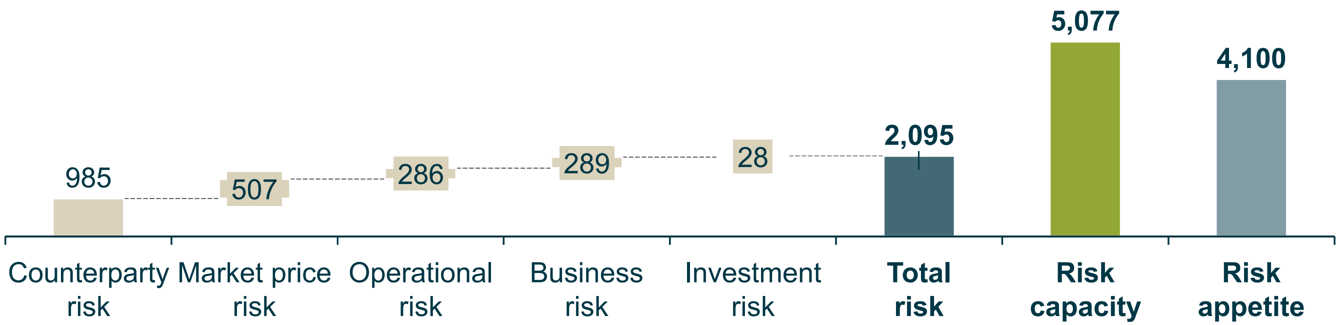


Capital adequacy (1/4)
Economic perspective

Development in total risk[1] (in €m) and utilisation ratios as at 30/06/2022



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

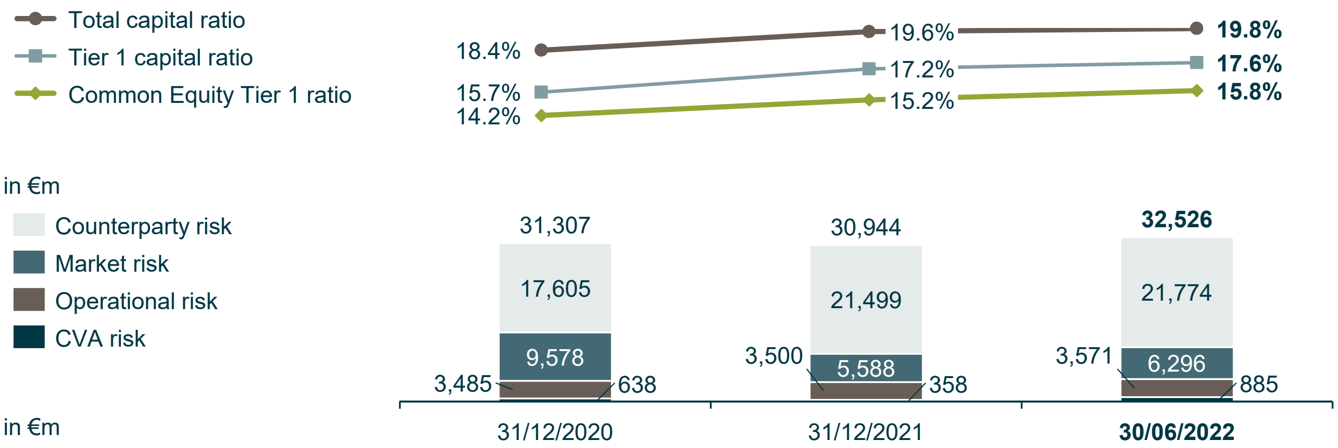


- Utilisation in the economic perspective was at a uncritical level at mid-year 2022.
- At 51.1%, the utilisation of risk appetite was significantly higher than the value as at 31 December 2021 (43.3%). This was due in particular to higher counterparty, market price and business risks, whereas operational risk and investment risk saw only negligible change.
- The utilisation of risk capacity was also up noticeably as against the end of 2021 (32.6%) to 41.3%, although it remains at a uncritical level.

[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

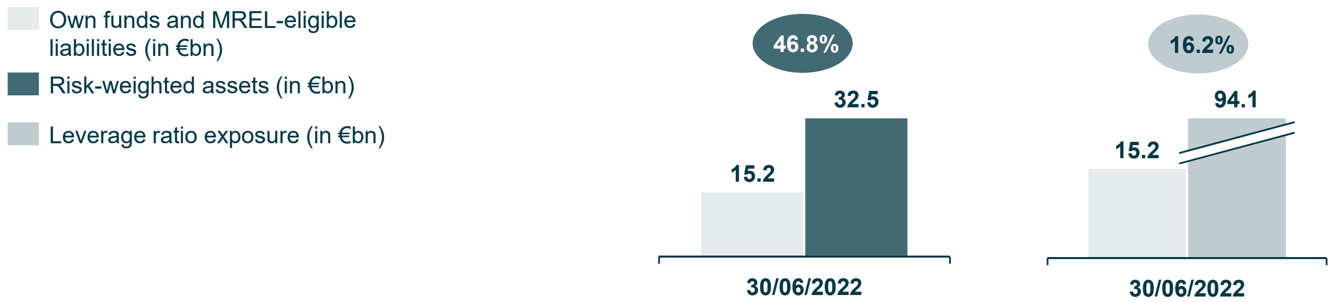


in €m	31/12/2020	31/12/2021	**30/06/2022**
Own funds	5,753	6,075	**6,439**
Tier 1 capital	4,911	5,314	**5,729**
CET1 capital	4,437	4,716	**5,131**

- The Common Equity Tier 1 capital ratio amounted to 15.8%, up on the 2021 year-end value of 15.2%
- RWAs increased to €32.5bn. Credit risk increased mainly due to increased receivables from funds. Market risk increased chiefly due to market developments in the first six months of the year. Operational risk increased slightly. The increase in CVA risk resulted from the higher volume of derivative transactions to be included.
- The Common Equity Tier 1 capital increased mainly due to year-end effects from 2021 (profit retention).
- The SREP requirements as at 30 June 2022 were 8.16% for the Common Equity Tier 1 capital ratio, 9.94% for the Tier 1 capital ratio and 12.32% for the total capital ratio. These requirements were clearly exceeded at all times

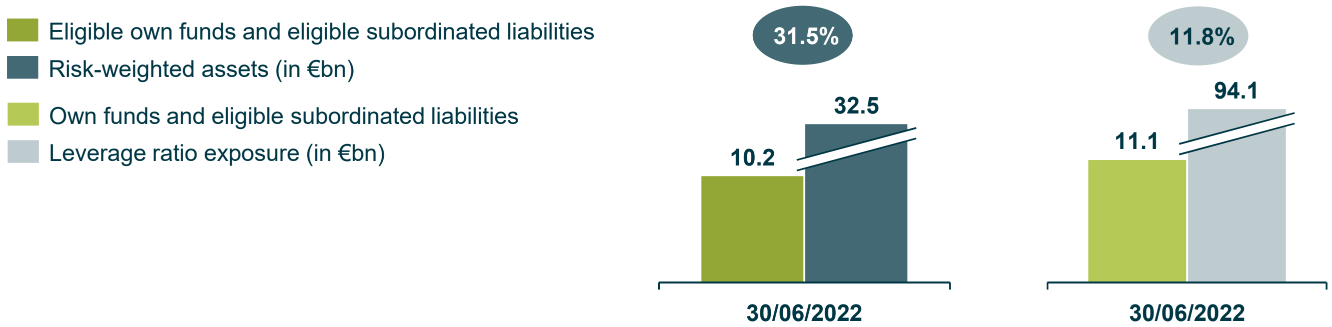
Capital adequacy (3/4)
Normative perspective

MREL ratios (RWA-based/LRE-based)



- Both MREL ratios were well above the minimum ratios applicable since 1 January 2022.

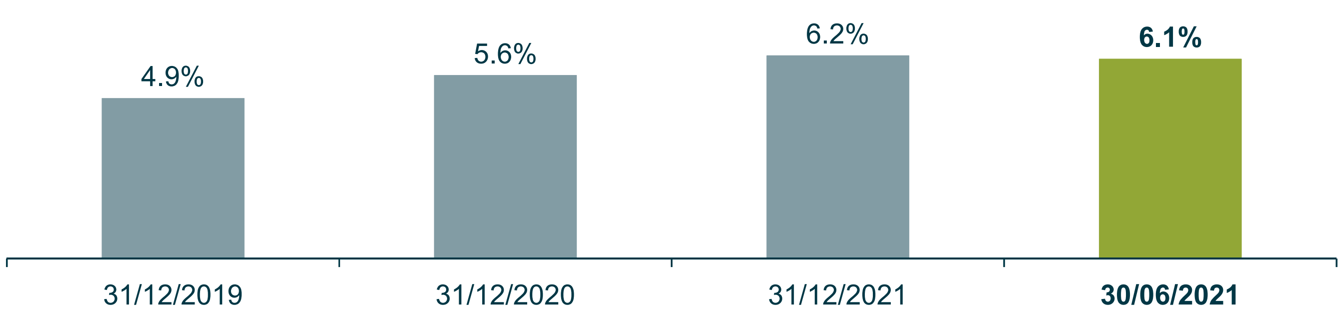
Subordinated MREL requirements (RWA-based/LRE-based)



- Both subordinated MREL requirements were well above the minimum ratios applicable since 1 January 2022.

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

Leverage ratio (fully loaded)



- The leverage ratio was 6.1% on the reporting date.
- This was at all times well above the minimum of 3.0%.

Capital adequacy statements for both perspectives

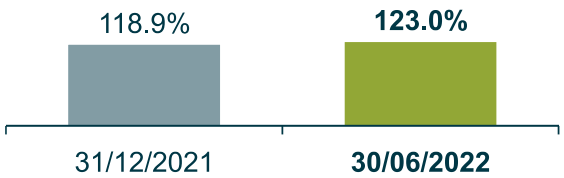
- The Deka Group held adequate capital throughout the reporting period.
- In particular, the Common Equity Tier 1 capital ratio and utilisation of risk capacity and of the risk appetite remained at uncritical levels throughout.

Liquidity adequacy
Normative perspective and statements for both perspectives

Liquidity Coverage Ratio (LCR)

- The LCR was always well above the minimum limit of 100.0% applicable in 2022.

Net Stable Funding Ratio (NSFR)



- The NSFR was well above the minimum 100% required.

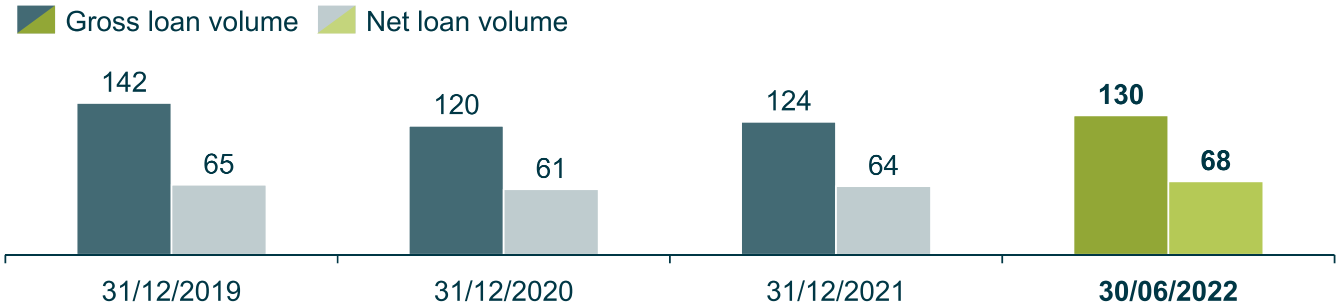
Liquidity adequacy statements for both perspectives

- The Deka Group continued to have ample liquidity, measured using the liquidity balances and LCR, throughout the first half of 2022.
- There were no breaches of the internal limits and emergency triggers or the external minimum LCR and NSFR at any time.

Gross and net loan volume

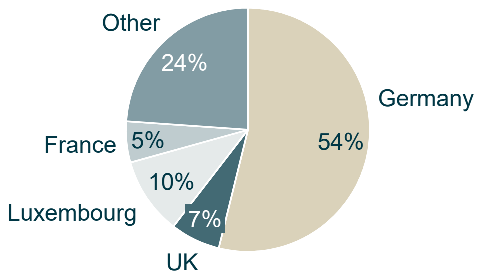
Difference between gross and net loan volume shows extent of collateralisation

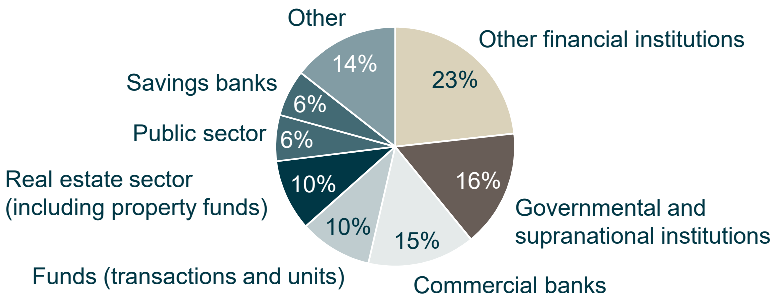
Development of gross and net loan volume (in €bn)



- The average rating for the gross loan volume improved over the reporting period by one notch to a rating of 3 on the DSGV master scale (corresponds to "BBB" on the S&P scale).

Gross loan volume by country and risk segment (as at 30/06/2022)





- The eurozone accounted for an unchanged 78.3% of the gross loan volume.
- The gross loan volume for counterparties in Russia came to €53m. The net loan volume attributable to Russia was significantly lower than the gross loan volume at around €3m. There remained no gross loan volume attributable to counterparties in Ukraine or Belarus at the end of the first half of 2022 and no country limit.

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: 25 August 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 2022, Deka received an MSCI ESG Rating of **A***

2020	2021	**2022**
AA	AA	**A**

ISS ESG – Corporate ESG Performance – Prime

C+ (prime)
"Industry Leader"

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

Sustainalytics – a Morningstar company

16.9
"Low Risk"**

2020	2021	**2022**
17.8	17.4	**16.9**

Moody's ESG Solutions

55/100
"Robust"

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

Status of sustainability ratings according to the annual rating reports: MSCI: 10.06.2022; ISS-ESG: 22.06.2020; Sustainalytics: 10.08.2021, Update 31.05.2022; MOODY'S ESG (rebranding in the process of the acquisition of V.E): 05.2021

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

Excerpt from the forecast in the 2022 Interim 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 in 2022 are subject to uncertainty. (…) The global consequences of the war between Russia and Ukraine, including possible secondary and tertiary effects, are incalculable as of mid-2022. If the war in Ukraine is protracted or worsens further, this may be reflected in lasting damage to growth and capital markets. The economic impacts of the ongoing coronavirus pandemic cannot be conclusively measured either. (…) Estimates of the development of growth and inflation are therefore subject to change, which could have implications for the extent of the turnaround in central bank interest rate policy and for yield levels in bond markets. Overall, there thus remains a high degree of uncertainty regarding future market developments. It is impossible to rule out a scenario in which the earnings, risk and capital situation, as well as the corresponding key management indicators, show less favourable development than that presented in the forecast report."

"Given the favourable development in operating activities and the positive valuation effects due to market parameters, the **economic result** as of mid-2022 was already significantly up on the original forecast for the full year. For the second half of the year, it very probable that macroeconomic developments will have a less favourable effect on business performance. A higher risk provisioning requirement than in the first half of the year is also expected. The positive net income resulting from own issues and other own credit quality effects in Treasury due to the spread developments in the year to date cannot be extrapolated to the full year and may reverse in the coming months. We therefore expect an annual profit slightly above the result for the first half of 2022."

"For 2022, the Deka Group anticipates a moderate decline in **total customer assets** versus year-end 2021 as a result of the current market development."

"Total **net sales** are expected to be slightly below €30bn."

"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 uncritical 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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