Business development of the Deka Group
as at 30 June 2021

Frankfurt/Main, 26 August 2021

Agenda

Presentation “Business development of the Deka Group as at 30 June 2021” published together with the Interim Report 2021 on 26 August 2021

The Deka Group at a glance (1/3)

Deka is the *Wertpapierhaus* for 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

The Deka Group at a glance (2/3)

The five business divisions of the *Wertpapierhaus* have a clearly defined range of services

The business divisions of the *Wertpapierhaus* and their functions

simplified representation

AM Services

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

AM Securities

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

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

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The Deka Group at a glance (3/3)

The asset management and banking business form the basis for the integrated, customer-centric business model

Deka

Savings Banks Sales

Retail clients

Institutional Sales

Institutional clients

Asset Management (AM)

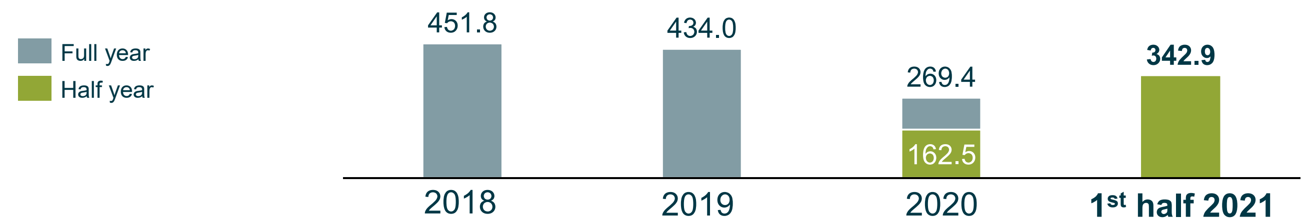
Banking business

AM Securities	AM Real Estate	AM Services	Capital Markets	Financing

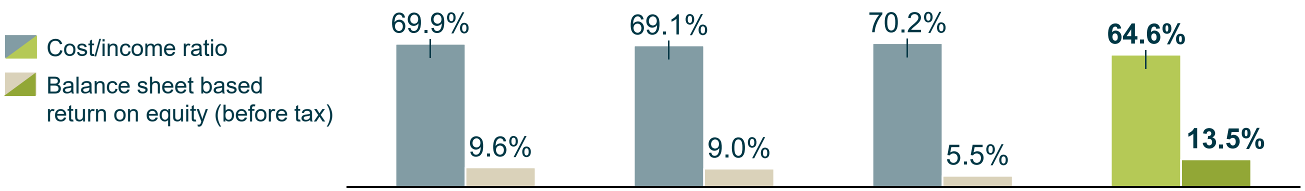
Corporate Center

Business development
Economic result more than doubles year-on-year

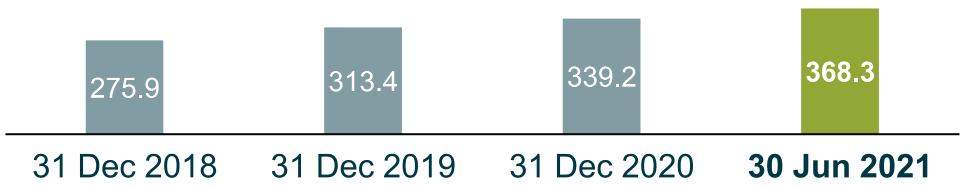
Economic result (in €m)



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



Total customer assets (in €bn)

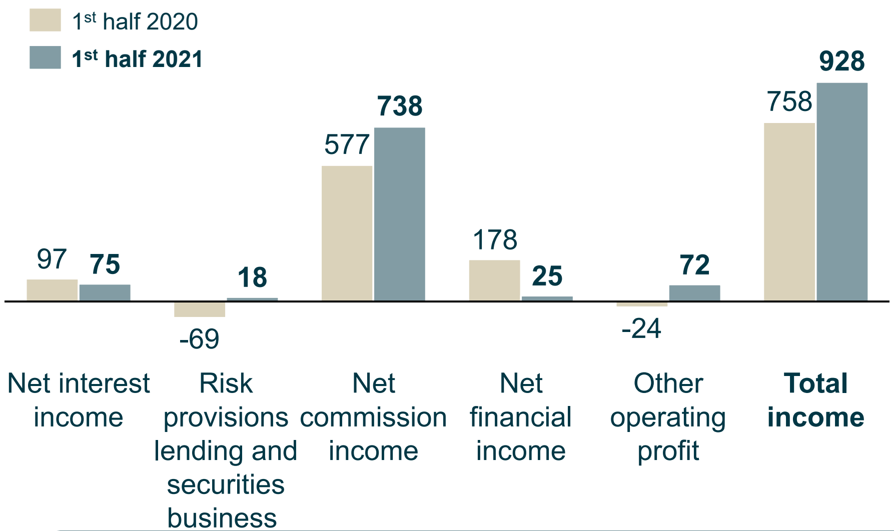


- Given the overall conditions, business development and profit performance can be considered very satisfactory.
- At €342.9m, the economic result increased significantly compared to the same period of the previous year (€162.5m).

Total income and expenses

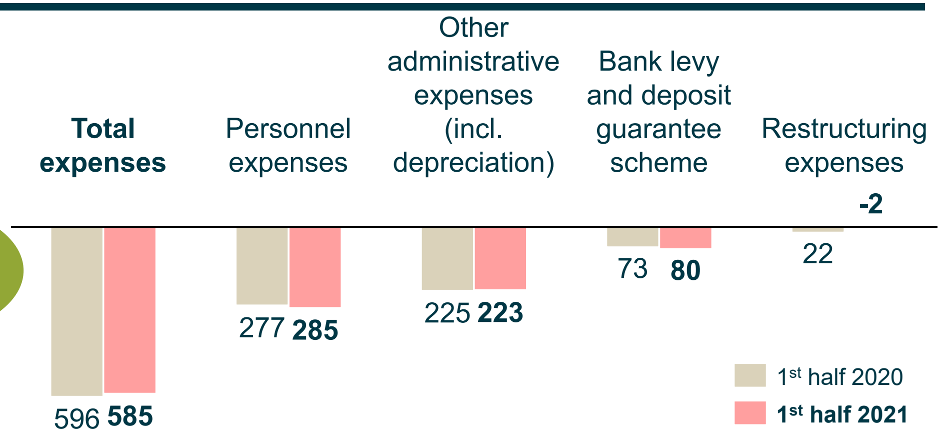
Net commission income remains the main earnings component, accounting for 80% of total income

Total income (in €m)



Σ €342.9m
(py: €162.5m)

Total expenses (in €m)



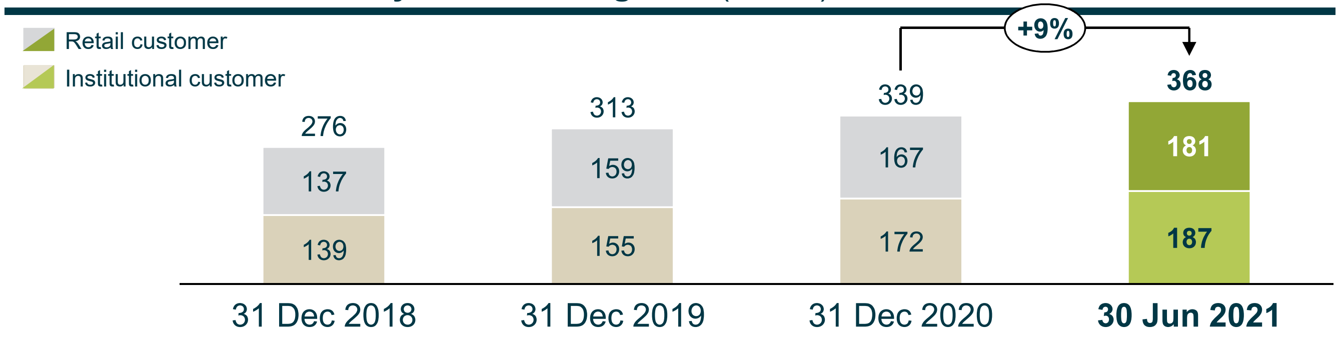
- **Net commission income** increased primarily due to higher portfolio-related commission.
- Positive **risk provisioning result** in the reporting period; no new specific provisions set up. Rating improvements and transfers to other stages led to reversals of provisions.
- **Net financial income from the banking book** was primarily influenced by allocations to the general provision for potential risks.
- **Other operating profit** was positively affected by actuarial gains on provisions for pensions.

- **Total expenses** were down on the prior-year figure despite a noticeable increase in the bank levy.
- **Personnel expenses** rose slightly in line with expectations, principally due to the acquisition of IQAM Invest GmbH and collectively agreed wage and salary increases.
- **Other administrative expenses** remained virtually unchanged.
- Within **restructuring expenses**, there was a net reversal of restructuring provisions.

Total customer assets

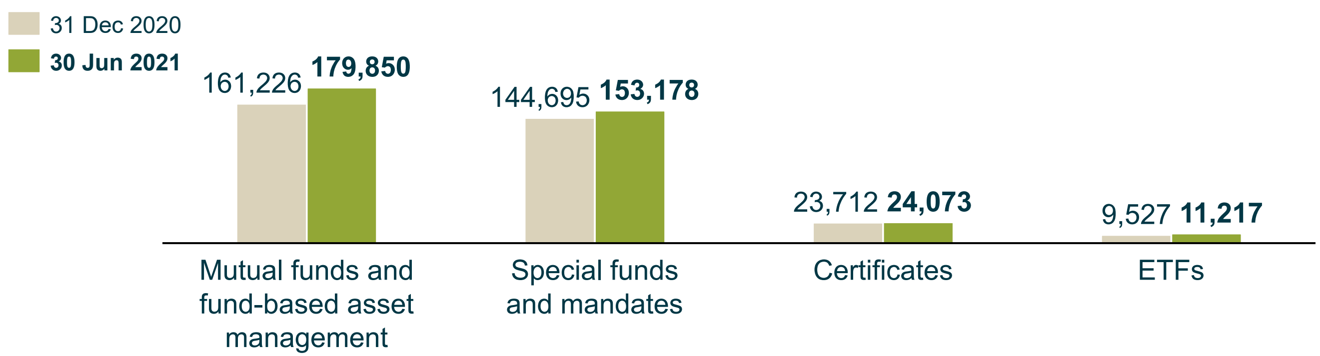
Increase driven by net sales, positive investment performance and the integration of IQAM Invest GmbH

Total customer assets by customer segment (in €bn)



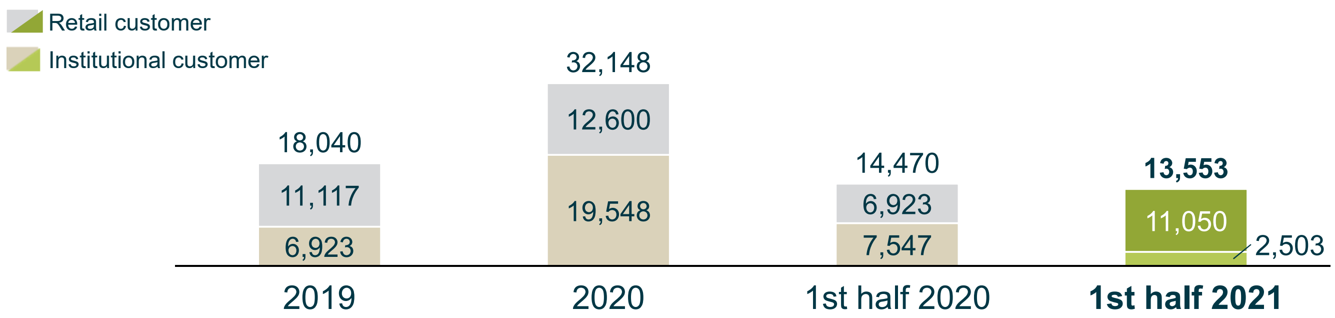
- Net sales, coupled with positive performance and the integration of the total customer assets of IQAM Invest GmbH at the beginning of 2021 (around €7bn), fuelled an increase in total customer assets.

Total customer assets by product category (in €m)

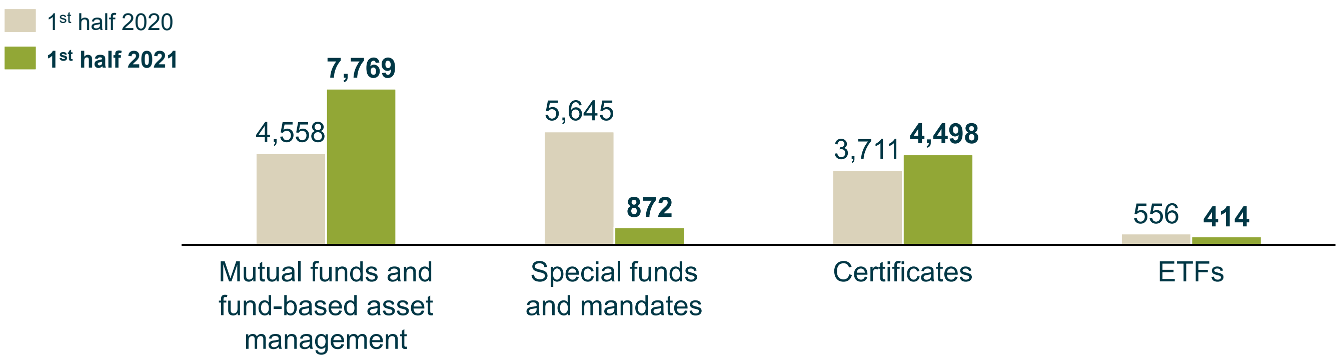


Net sales
Totalled €13.6bn at mid-year

Net sales by customer segment (in €m)



Net sales by product category (in €m)

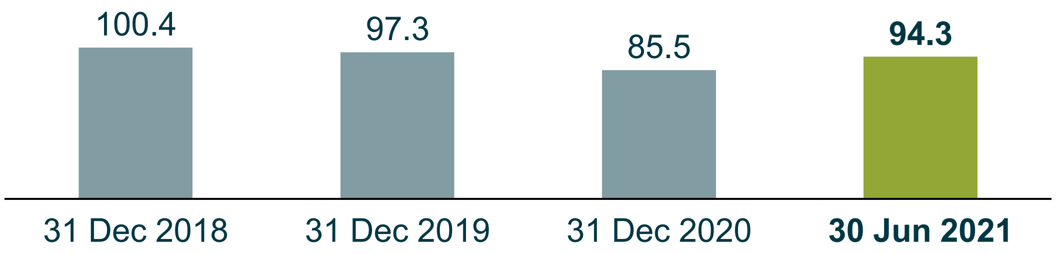


- In the **retail customer** segment, there was a year-on-year increase in net sales to €11.0bn. Fund sales rose to €7.7bn. Equity funds, bond funds and real estate funds accounted for a particularly significant share. Sales of certificates totalled €3.4bn.
- The **institutional customer** segment recorded net sales of €2.5bn. The lower figure was due to a major master funds client changing investment management company. As a result, the institutional investment fund business accounted for net sales of €1.4bn. Certificate sales to institutional customers came to €1.1bn.

Total assets

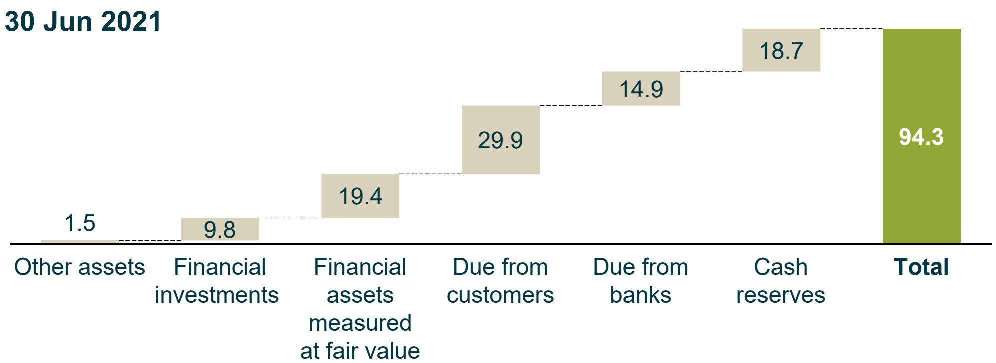
Approximately €94bn at mid-year

Total assets (in €bn)

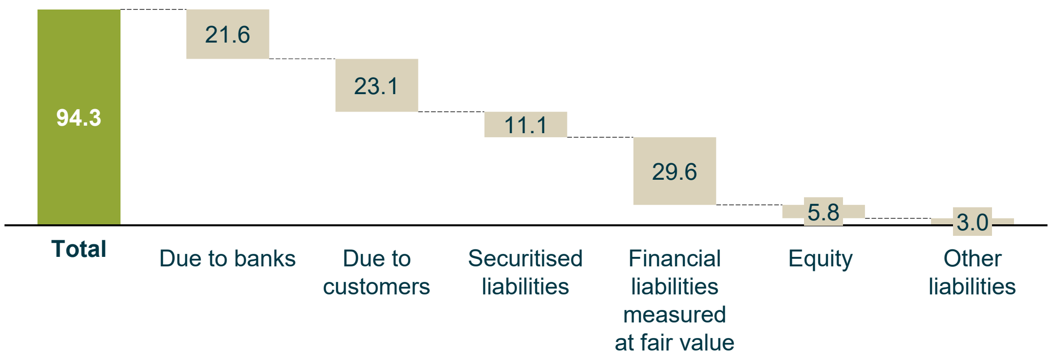


- Total assets rose by 10.3%, in line with expectations.
- This was mainly due to the increase in excess short-term liquidity from repo transactions and current account deposits on the liabilities side, which was also a result of the low interest rate environment. These transactions on the liabilities side were also reflected in increased cash reserves on the assets side.

Assets (in €bn)

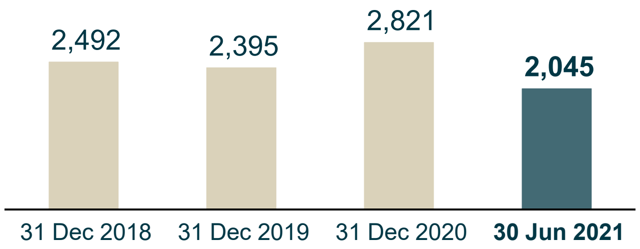


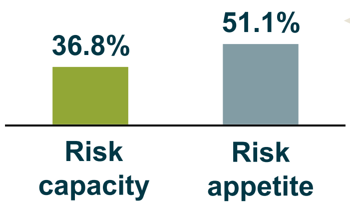
Liabilities (in €bn)



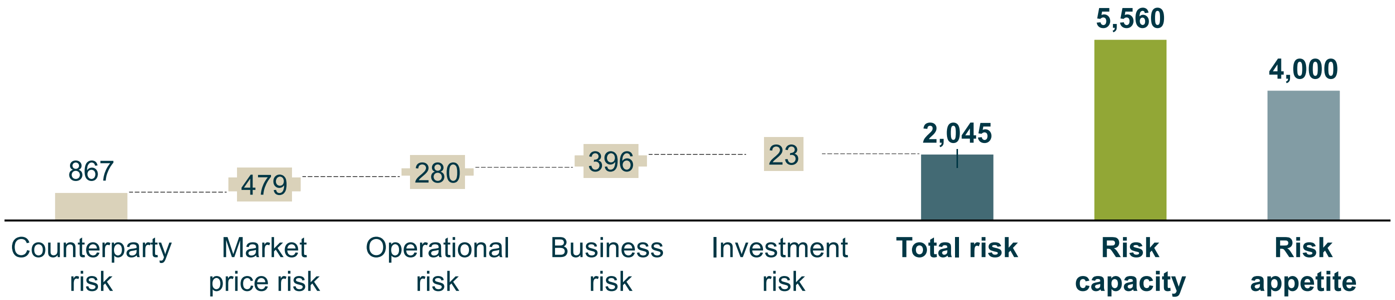
Internal capital adequacy (1/4)
Economic perspective

Change in total risk[1)] (in €m) **and utilisation ratios as at 30 Jun 2021**





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

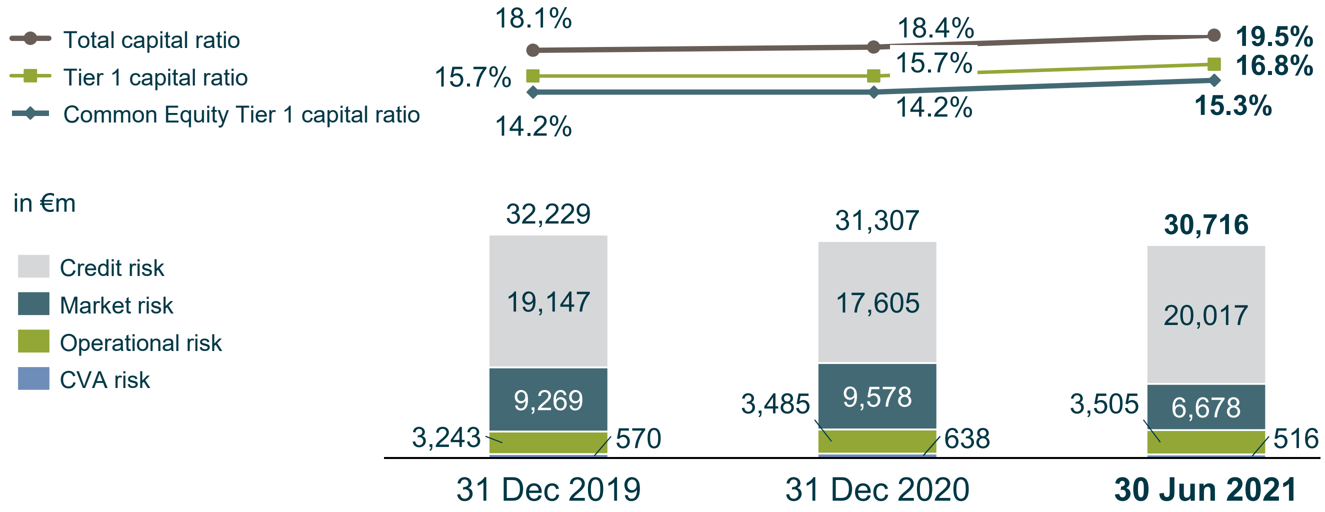


- The utilisation ratios in the economic perspective were at a non-critical level at the end of June 2021.
- Utilisation of risk appetite was 51.1%, representing a significant decrease from the 70.5% at the end of 2020. This was mainly due to significant reductions in counterparty, market price and business risk.
- At 36.8%, utilisation of risk capacity was also significantly below the figure for year-end 2020 (53.9%).

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

Internal capital adequacy (2/4)
Normative perspective

Development of regulatory capital and RWA



in €m

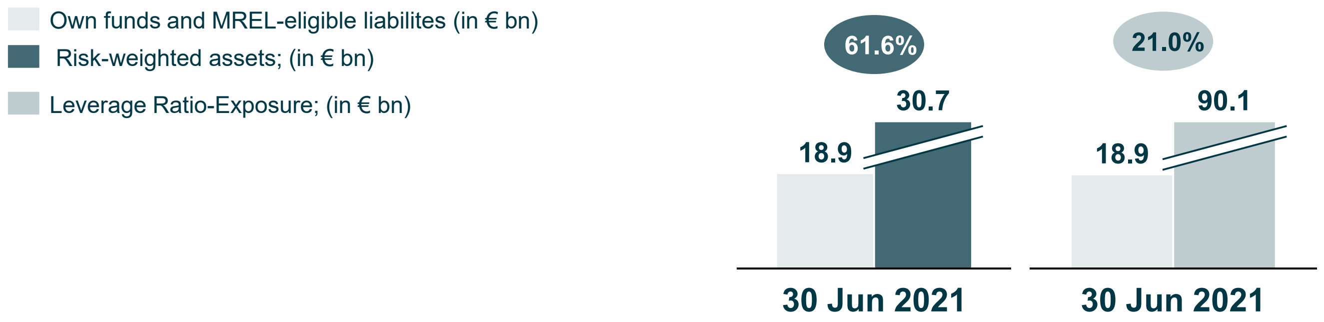
	31 Dec 2019	31 Dec 2020	30 Jun 2021
Own funds	5,828	5,753	**5,981**
Tier 1 capital	5,053	4,911	**5,168**
CET1 capital	4,579	4,437	**4,694**

The SREP requirements as at 30 June 2021 for the Common Equity Tier 1 capital ratio were 8.44%, for the Tier 1 capital ratio (phase in) 9.94% and for the Total capital ratio (phase in) 12.32%. These requirements were clearly exceeded at all times.

- There was a year-on-year fall in risk-weighted assets to €30.7bn.
- As expected, credit risk was higher than at the end of 2020 due to the first-time application of CRR II. This was offset by a fall in market risk.
- The increase 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).

Internal 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.
- Compared against year-end 2020 (€19.2bn), there was a slight reduction in own funds and MREL-eligible liabilities to €18.9bn.

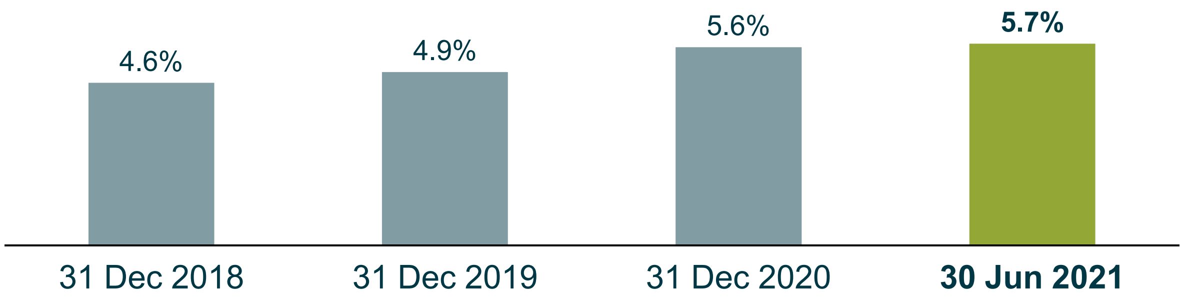
Composition of own funds and MREL-eligible liabilities (in €bn)

- As at the reporting date, the **subordinated MREL requirements**[1)] under the RWA-based approach were 44.8%, while the figure under the LRE-based approach came to 15.3%.
- Both ratios 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. The subordinated MREL requirements were also calculated using the RWA- and LRE-based method.

Internal capital adequacy (4/4)
Normative perspective and cross-perspective statements

Leverage Ratio (fully loaded)



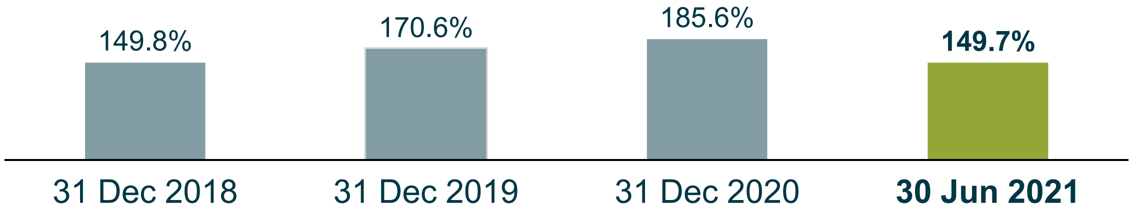
- The leverage ratio (fully loaded) was 5.7%.
- This was substantially above the minimum leverage ratio of 3.0% to be adhered to from June 2021 onwards.

Cross-perspective statements regarding the internal capital adequacy

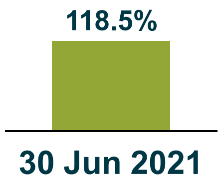
- The Deka Group held adequate capital throughout the reporting period.
- In particular, the Common Equity Tier 1 capital ratio and utilisation of risk capacity and of the risk appetite remained at non-critical levels throughout.

Internal liquidity adequacy
Normative perspective and cross-perspective statements

Liquidity Coverage Ratio (LCR)



Net Stable Funding Ratio (NSFR)



Cross-perspective statements regarding the internal liquidity adequacy

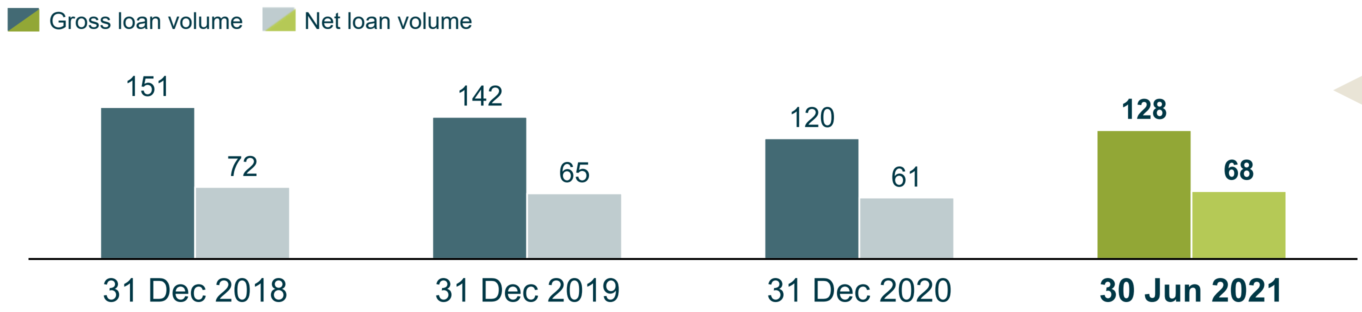
- The Deka Group continued to have ample liquidity, measured using the liquidity balances and LCR, throughout the first half of 2021.
- The pandemic is no longer having an impact on the liquidity side. The share of refinancing via commercial papers remains low compared to the overall refinancing profile.

- The regulatory LCR requirements were met throughout the first half 2021.
- In percentage terms, the increase in net cash outflows was greater than that in holdings of high-quality, liquid assets. This resulted in a reduction in the LCR at Deka Group level compared to 31 December 2020.
- The NSFR was substantially above the minimum of 100% applicable from June 2021.

Gross and net loan volume

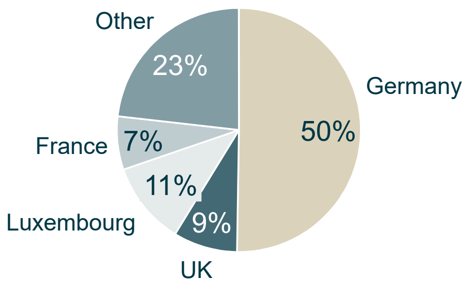
Difference between gross and net loan volume shows extent of collateralisation

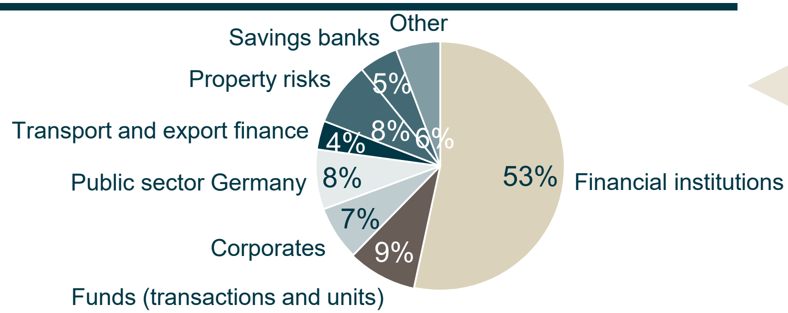
Gross and net loan volume (in €bn)



- 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 the S&P scale).

Gross loan volume by countries and segments (as at 30 Jun 2021)





- The eurozone accounted for 77.9% of the gross loan volume (year-end 2020: 72.5%).

Financial ratings
Good rating assessments remain unchanged

	Standard & Poor´s	Moody´s
Issuance Ratings		
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: 26 August 2021

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-group/investor-relations-en/ratings-1

Sustainability ratings
Ratings confirm sustainability of our corporate governance

Deka

MSCI ESG RATINGS — CCC | B | BB | BBB | A | AA | AAA

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

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

ISS ESG — Corporate ESG Performance, Rated by ISS ESG, Prime

C+ (prime)
"Industry Leader"

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

SUSTAINALYTICS — a Morningstar company

17.4 (# 8 / 376)
"Low Risk"**

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

V.E — VIGEO.EIRIS, AN AFFILIATE OF MOODY'S

55/100 (# 13 / 97)
"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; 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 Interim Report 2021

“The global impacts of the coronavirus pandemic on the economy still cannot be reliably predicted at the halfway point of 2021. There thus remains a level of uncertainty regarding future market developments.”

- “The updated forecast for the interim report takes the adjusted estimates into account. Based on current market and business developments, the Deka Group expects to see an **economic result** at the end of 2021 that could be around 20% to 40% higher than the previous forecast.”
- “**Total customer assets** are still forecast to show moderate growth compared to year-end 2020.”
- “Total **net sales** are expected to continue to fall well short of the previous year’s high level. However, net sales to retail customers are once again expected to be higher than in 2020. In institutional customer business, we expect net sales to be below the previous year’s high figure.”
- “The Deka Group continues to aim for a **Common Equity Tier 1 capital ratio** 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. As far as risk development is concerned, however, elevated uncertainty regarding the further development of the market environment cannot be ruled out.”

The Deka Group plans future economic development on the basis of assumptions. See also disclaimer at the end of the presentation.

APPENDIX

Deka

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:
  - change 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.

Contact persons

Contact

DekaBank
Deutsche Girozentrale
Reporting & Rating
Hahnstraße 55
60528 Frankfurt/Main

Michael Hahn

Head of Finance

+49 (0)69 7147-5169

investor.relations@deka.de

Sven Jacoby

Reporting & Rating
Head of External Reporting & Rating

+49 (0)69 7147-2469

investor.relations@deka.de

Claudia Büttner

Reporting & Rating
External Reporting & Rating

+49 (0)69 7147-1514

investor.relations@deka.de

Markus Ottlik

Reporting & Rating
External Reporting & Rating

+49 (0)69 7147-7492

investor.relations@deka.de

Silke Spannknebel-Wettlaufer

Reporting & Rating
External Reporting & Rating

+49 (0)69 7147-7786

investor.relations@deka.de

Disclaimer

Due to rounding, numbers and percentages in this presentation may not add up precisely to the totals provided.

Annual figures refer to both key dates and time periods.