Business development of the Deka Group
as at 30 June 2024

Frankfurt/Main, 27 August 2024

Deka Group strategy
Wertpapierhaus of the savings banks

Deka

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

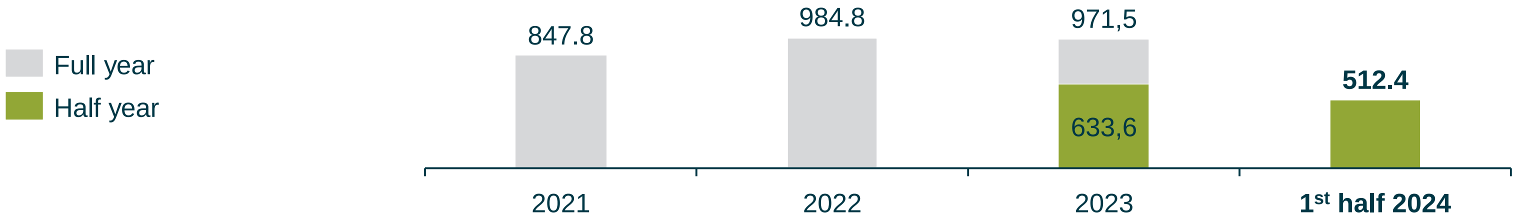
AM = Asset Management

Key indicators at a glance

Details on developments shown on the following slides

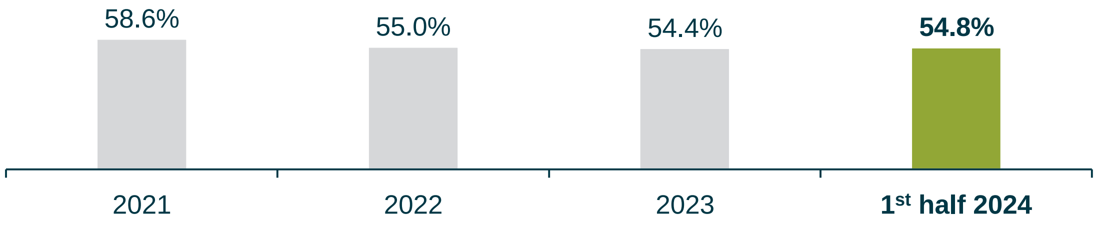
Business development
Another good economic result

Economic result (in €m)



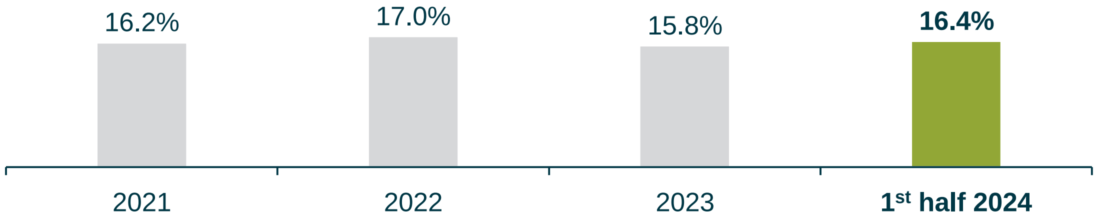
- The Deka Group achieved another good economic result.
- As expected, it was below the 2023 first-half result. The decline was mainly attributable to valuation effects due to changed market parameters.

Cost/income ratio



- The cost/income ratio was 54.8%, compared with 52.0% in the first half of 2023.

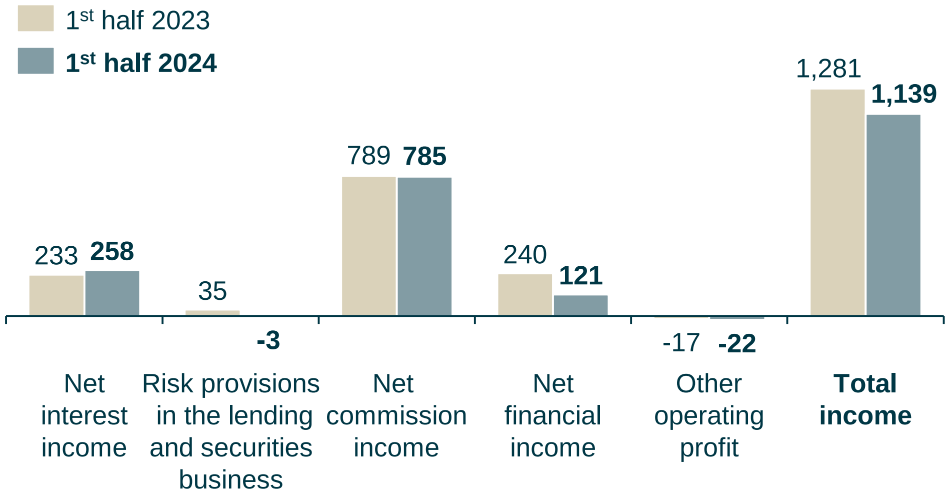
Return on equity before tax (balance sheet)



- Return on equity before tax (balance sheet) was 16.4%, compared with 21.2% in the first half of 2023.

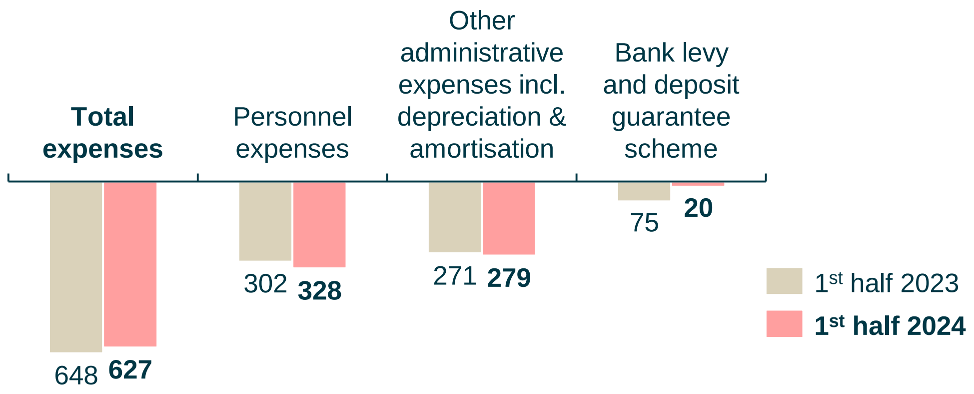
Income and expenses
Net commission income remains the main income component

Income (in €m)



Σ €512.4m
(PY: €633.6m)

Expenses (in €m)

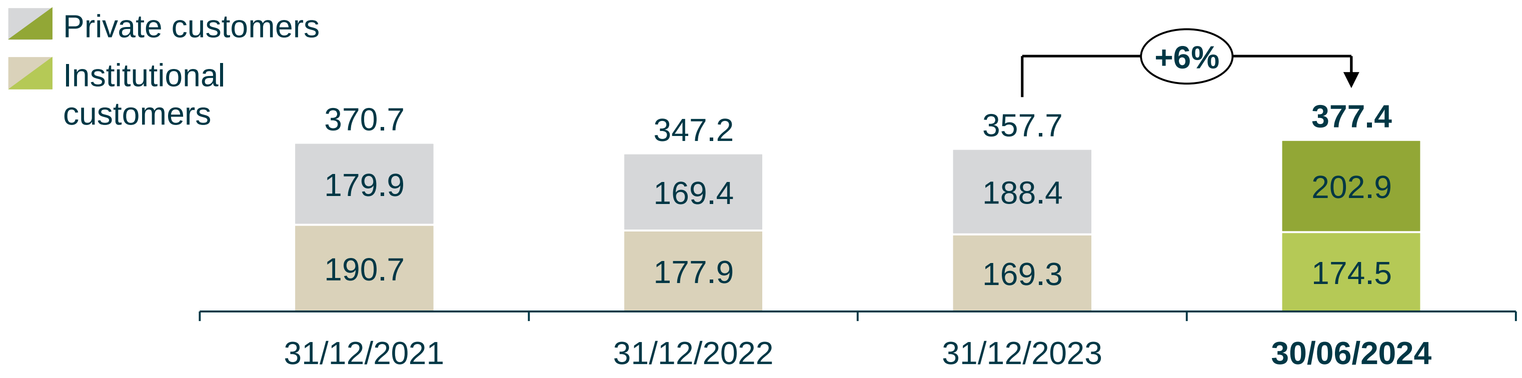


- Due to the development of interest rates, the main effect on **net interest income** came from the investment of liquidity from own funds by the Treasury function.
- There was a net allocation of approximately €3m to **risk provisions in the lending and securities business** in the first half of 2024. Specific provisions, primarily in real estate financing, and a positive net effect from the reversal and recognition of post-model adjustments for borrowers in the International Commercial Real Estate rating module almost cancelled each other out.
- **Net commission income** remained stable at the prior-year level.
- The earnings contribution of the Trading & Structuring unit remained a key component of **net financial income**, partly due to the demand for certificates. The year-on-year decline was caused by a credit rating-induced negative net income from own issues in Treasury due to spread developments.

- **Personnel expenses** increased moderately year-on-year. Increases stemmed particularly from the increase in headcount to take advantage of growth opportunities as well as from wage and salary rises under collective agreements.
- The slight increase in **other administrative expenses** resulted primarily from higher project costs for the expansion of sales and for multichannel management and digitalisation activities, as well as higher expenditure on computer equipment and machinery and on IT information services.
- There was a drop in the **annual contribution to the deposit guarantee scheme**. Following the announcement made by the Single Resolution Board (SRB), no **bank levy** is expected to be due for 2024.

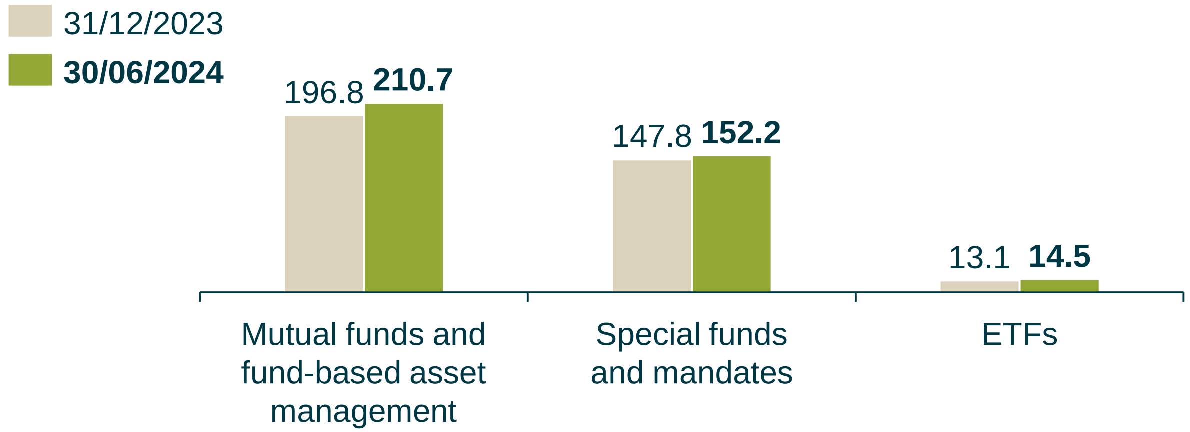
Asset management volume
Exceeds year-end figure due to positive investment performance

Asset management volume by customer segment (in €bn)*



- At €377.4bn, the asset management volume at the end of June 2024 was slightly up on the figure for year-end 2023 due to a market-induced positive investment performance and positive asset management net sales.

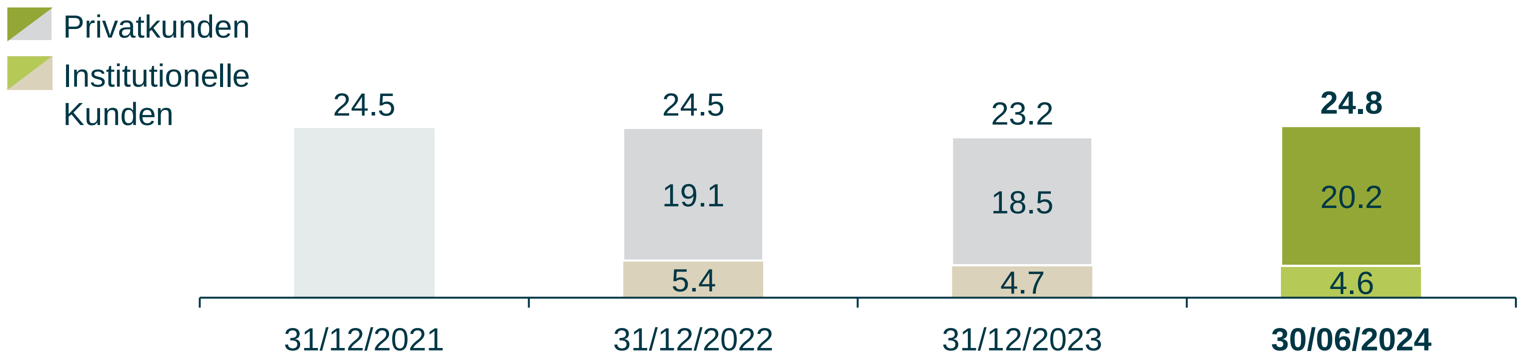
Asset management volume by product category (in €bn)



*The allocation of the volume to the customer segments was refined. This resulted in shifts between the customer segments but no effect on the Group figures. The equivalent prior-year figures for 2023 have been adjusted to aid comparison.

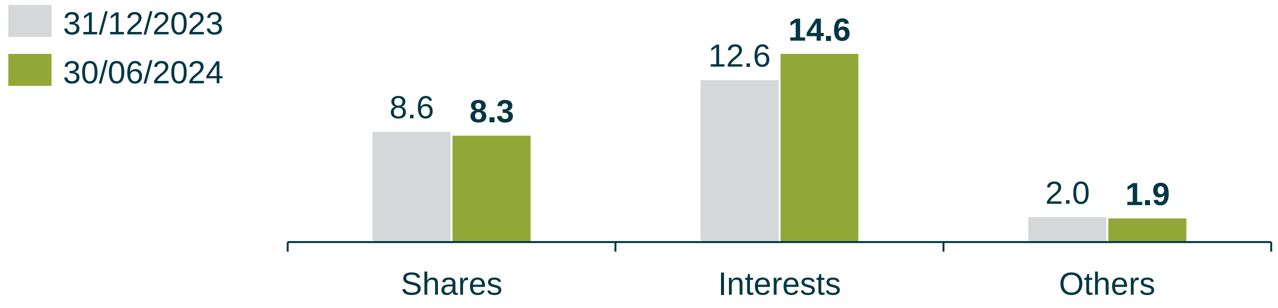
Deka certificate volume
Approximately €25bn at mid-year

Deka certificate volume (in €bn)



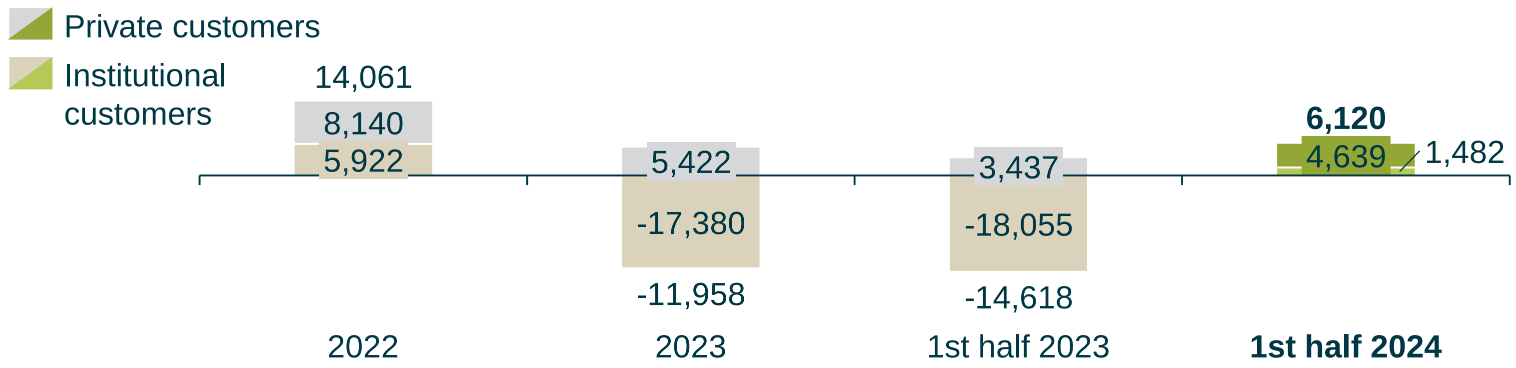
- The Deka certificate volume increased by €1.6bn compared with year-end 2023, rising to €24.8bn.
- The volume of certificates for private customers grew by 9.1% compared with the end of 2023, while the volume of certificates for institutional customers declined slightly.

Deka certificate volume by product category (in €bn)

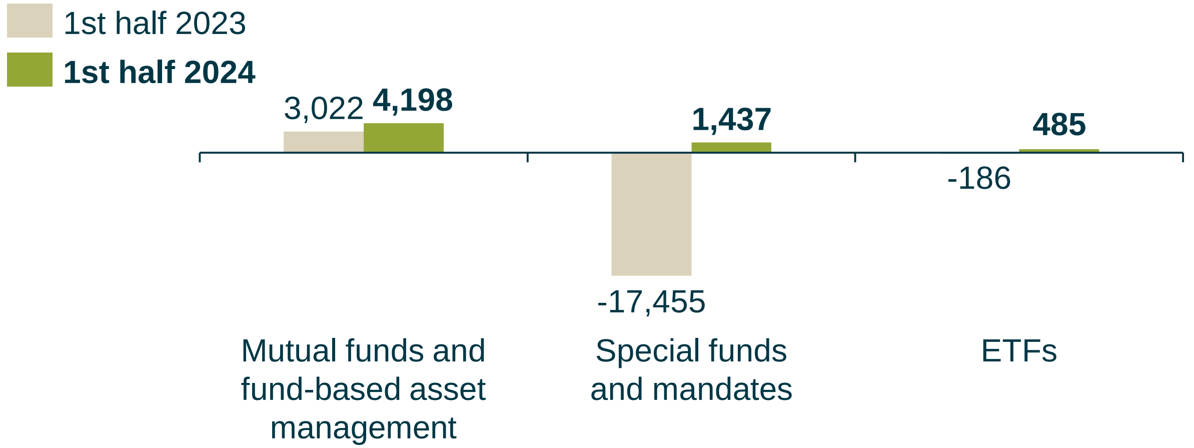


Asset management net sales
Investment fund business picked up again in the first half of 2024

Asset management net sales by customer segment (in €m)*



Asset management net sales by product category (in €m)

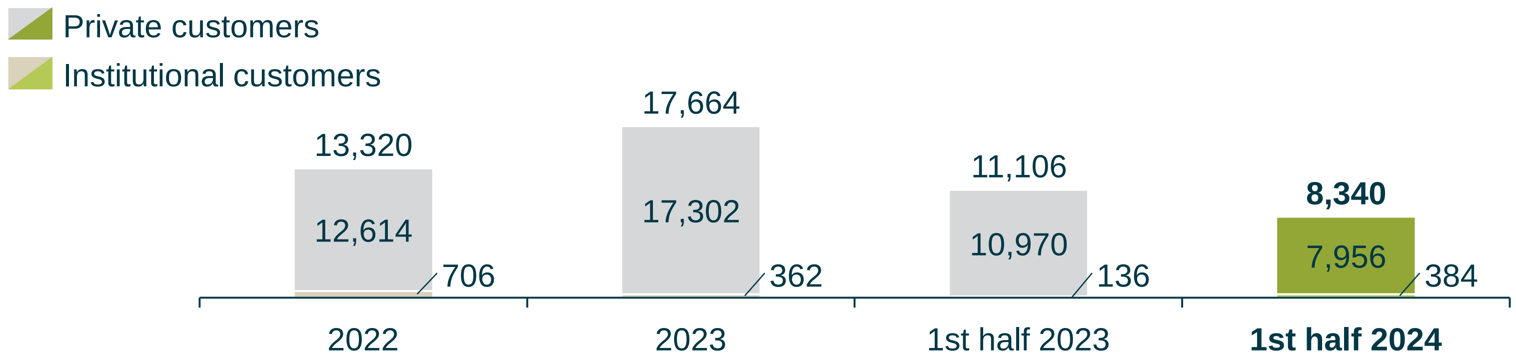


- In the private customer segment, asset management net sales rose by €1.2bn year-on-year to €4.6bn. Equity funds (€1.9bn), bond funds (€0.9bn) and real estate funds (€0.5bn) accounted for a particularly significant share of sales.
- Net sales to institutional customers came to €1.5bn as against €–18.1bn in the first six months of 2023. The prior-year figure was affected by a major client moving to another provider.
- Investors signed up to around 235,000 (net figure) new Deka investment savings plans in the first half of 2024 (H1 2023: 87,000), meaning that the Deka Group manages approximately 7.9 million contracts in total.

*The allocation of net sales to the customer segments was refined. This resulted in shifts between the customer segments but no effect on the Group figures. The equivalent prior-year figures for 2023 have been adjusted to aid comparison.

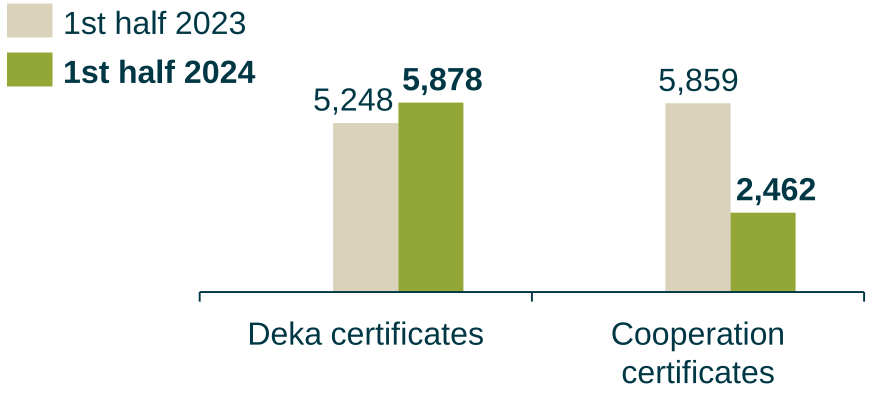
Gross certificate sales
Stepped coupon bonds and express certificates in particular demand

Gross certificate sales by customer segment (in €m)



- At €8.3bn, gross certificate sales were down on the high prior-year figure.
- As in the previous year, the majority of these certificate sales (€8.0bn) were to private customers. Stepped coupon bonds (€4.1bn) and express certificates (€2.8bn) were in particular demand.
- Certificate sales to institutional customers in the reporting period came to €0.4bn.

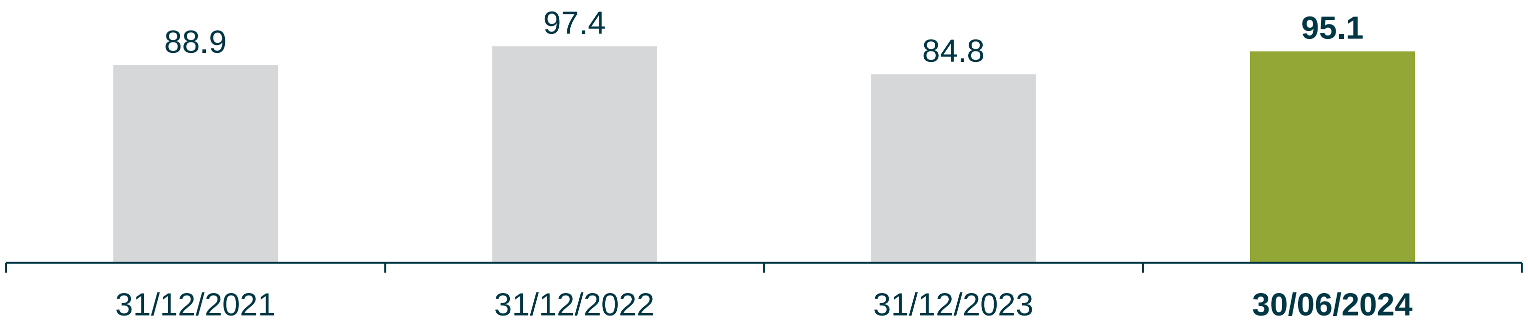
Gross certificate sales by issuer (in €m)



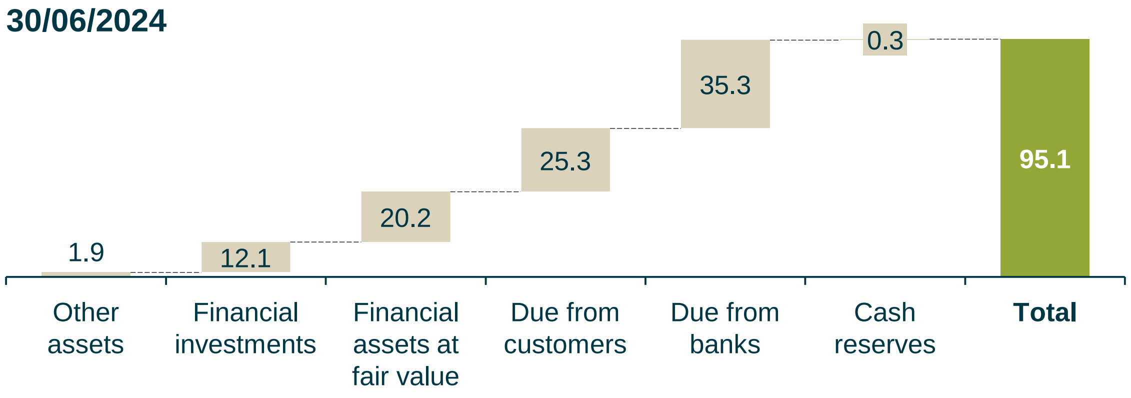
- Deka certificates accounted for €5.9bn of net sales.
- Cooperation certificates, which complement Deka's certificate range, accounted for €2.5bn, compared with €5.9bn in the first half of 2023.

Total customer assets
Approximately €95bn at mid-year

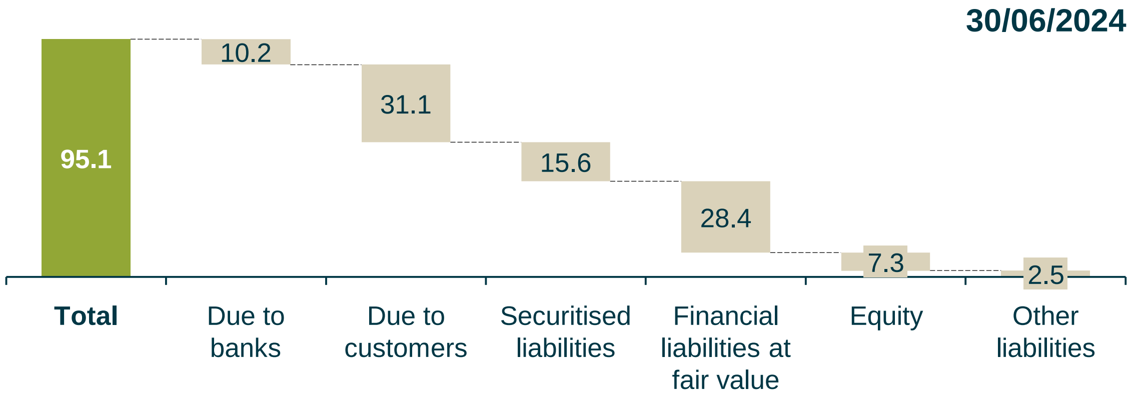
Total assets (in €bn)



Assets (in €bn)

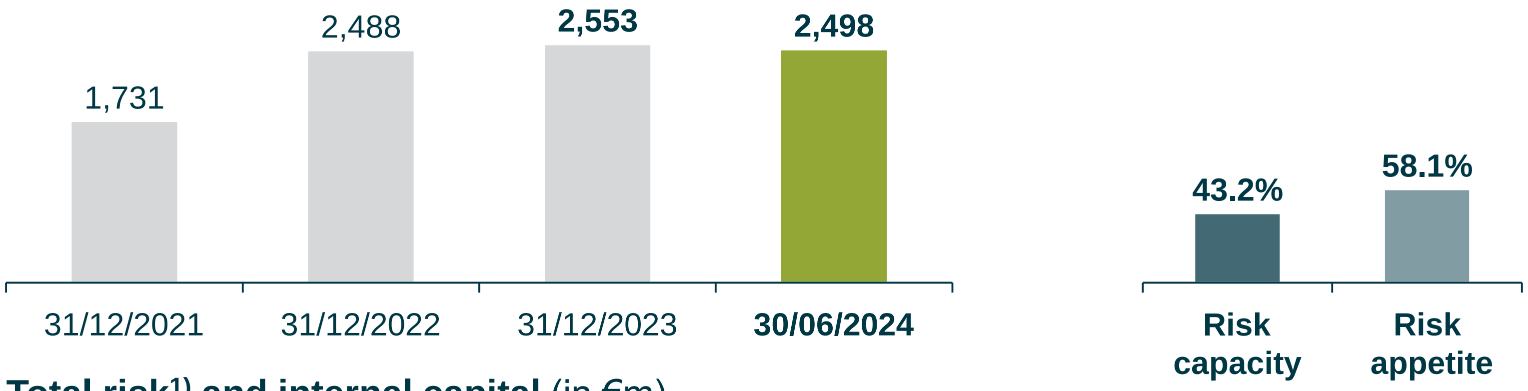


Liabilities (in €bn)



Capital adequacy (1/4)
Economic perspective

Development in total risk[1] (in €m) and utilisation ratios as at 30/06/2024



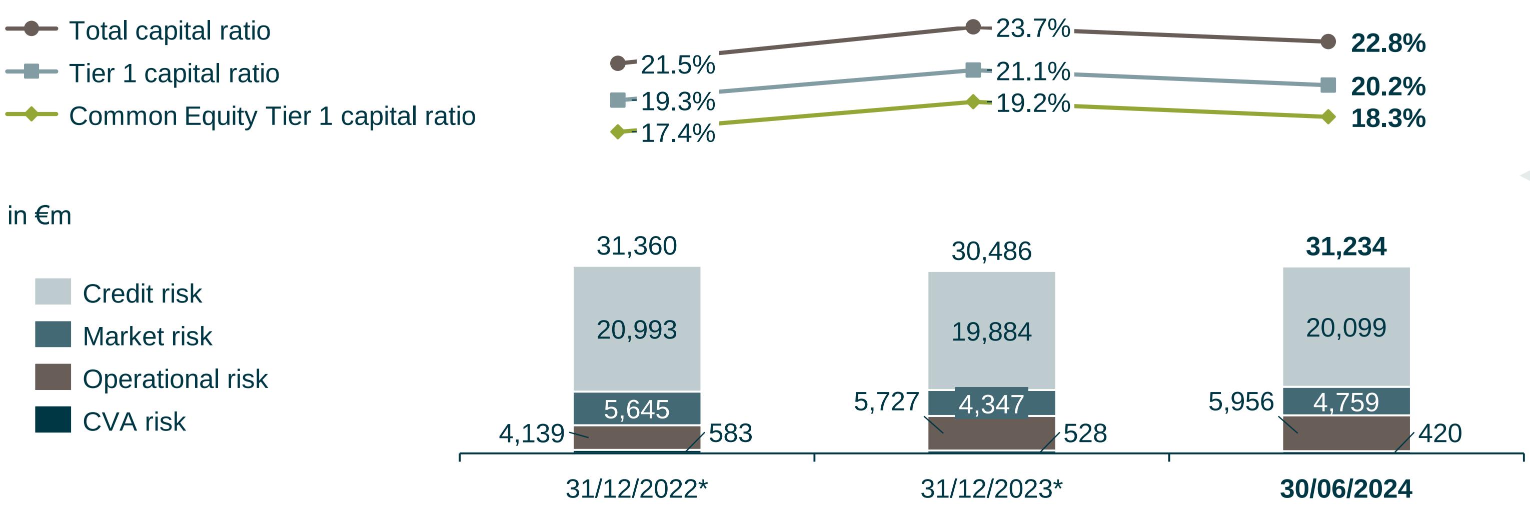
Total risk[1] and internal capital (in €m)

- The utilisation ratios in the economic perspective remained at non-critical levels at the end of June 2024.
- The risk appetite of €4,300m (unchanged since the end of 2023) was 58.1% utilised as at 30 June 2024 (year-end 2023: 59.4%). This utilisation ratio was therefore also at a non-critical level.
- The utilisation of risk capacity was down slightly as against the end of 2023 (46.6%) to 43.2%, meaning that it remains at a non-critical 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

	31/12/2022*	31/12/2023*	30/06/2024
Own funds	6,751	7,230	**7,113**
Tier 1 capital	6,061	6,446	**6,309**
Common Equity Tier 1 capital	5,462	5,848	**5,710**

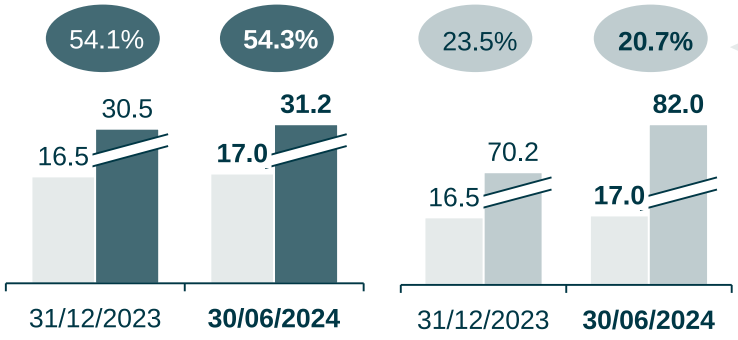
- At the mid-point of the year, the Common Equity Tier 1 capital ratio stood at 18.3%.
- Compared with year-end 2023, RWAs increased by a total of €748m to €31.2bn.
- Common Equity Tier 1 capital amounted to €5.7bn. The decline was mainly due to a larger shortfall from the comparison of provisions and to a reduction in retained earnings caused by AT1 interest payments.
- The SREP requirements as at 30 June 2024 were 8.94% for the Common Equity Tier 1 capital ratio, 10.73% for the Tier 1 capital ratio and 13.10% for the total capital ratio. These requirements were clearly exceeded at all times.

*In accordance with Article 26 (2) CRR, the 2023 year-end profit less foreseeable charges and dividends was recognised in Common Equity Tier 1 capital as at the end of 2023 (dynamic approach).

Capital adequacy (3/4)
Normative perspective

MREL ratios (RWA-based/LRE-based)

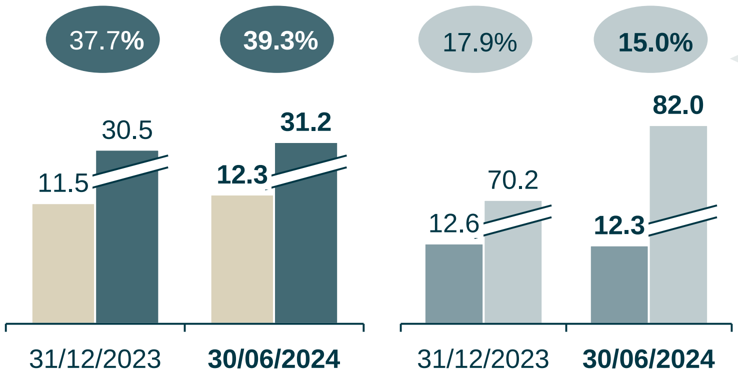
- Own funds and MREL-eligible liabilities (in €bn)
- Risk-weighted assets (in €bn)
- Leverage ratio exposure (in €bn)



- Both MREL ratios were well above the applicable minimum ratios.

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

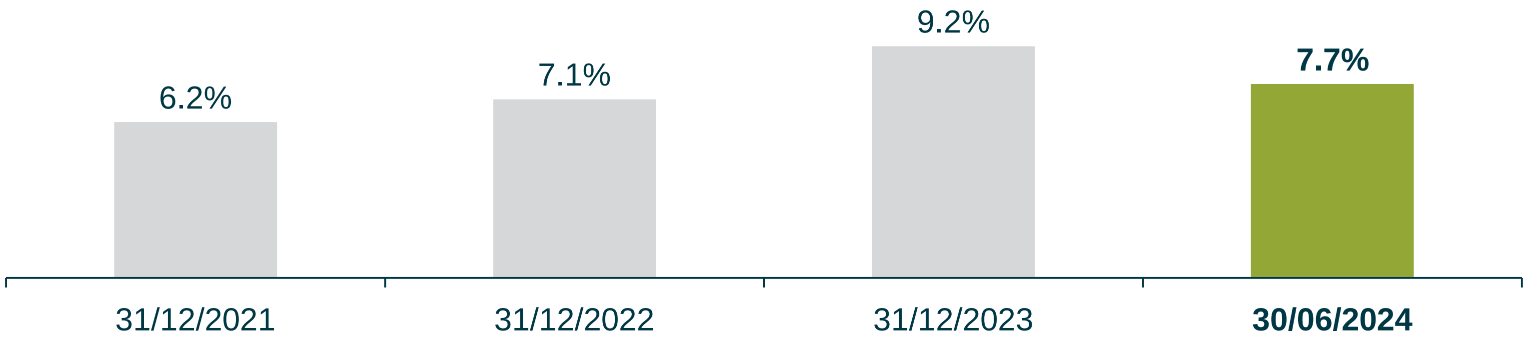
- Eligible own funds and eligible subordinated liabilities (in €bn)
- Risk-weighted assets (in €bn)
- Own funds and eligible subordinated liabilities (in €bn)
- Leverage ratio exposure (in €bn)



- Both ratios were well above the applicable minimum ratios.

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

Leverage ratio (fully loaded)



- The leverage ratio stood at 7.7% at the end of June 2024. The decline was due to a significantly increased leverage ratio exposure combined with slightly reduced Tier 1 capital.
- The minimum leverage ratio of 3.0% was thus significantly exceeded at all times.

Statements on capital adequacy for both perspectives

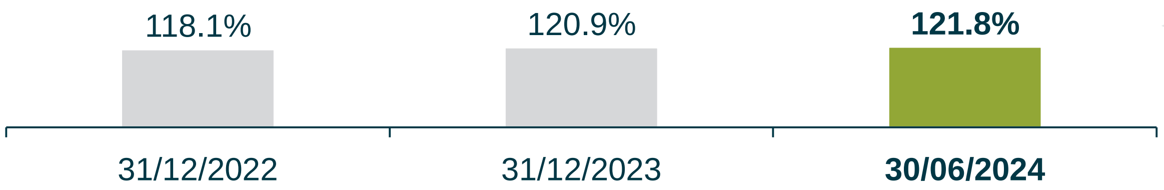
- The Deka Group held adequate capital throughout the reporting period.
- In particular, the Common Equity Tier 1 capital ratio and utilisation of risk capacity and of the risk appetite remained at non-critical levels relative to the limits and early warning thresholds and to the internal thresholds and external minimum requirements throughout.

Liquidity adequacy
Normative perspective and statements for both perspectives

Liquidity Coverage Ratio (LCR)

- The regulatory requirements for the LCR were met throughout the entire reporting period.

Net Stable Funding Ratio (NSFR)



- The NSFR was above the minimum ratio over the entire reporting period.

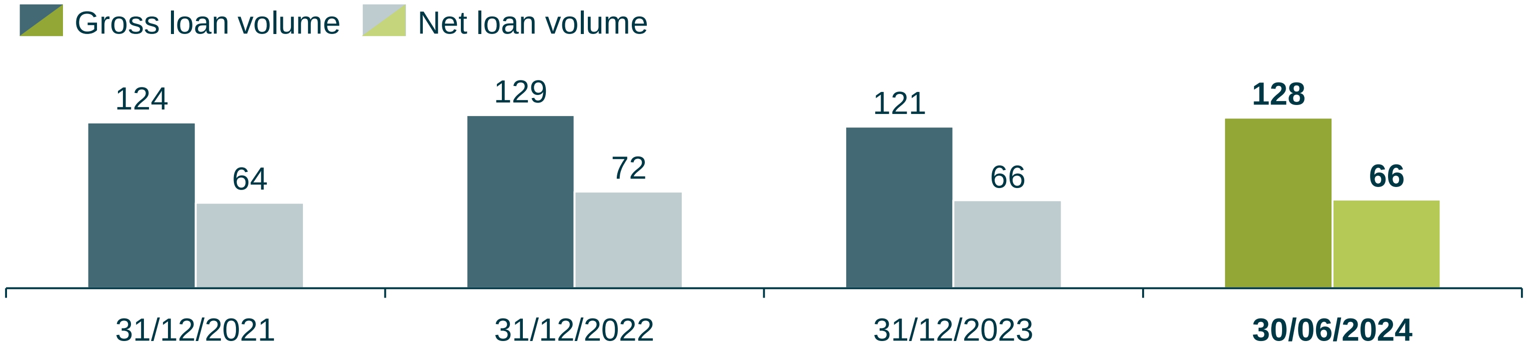
Statements on liquidity adequacy for both perspectives

- The Deka Group therefore had ample liquidity, measured using the liquidity balances and the LCR and NSFR, throughout the first half of 2024.
- There were no breaches of the internal limits and emergency triggers in the reporting period. Internal thresholds and the external minimum LCR and NSFR were adhered to at all times.

Gross and net loan volume

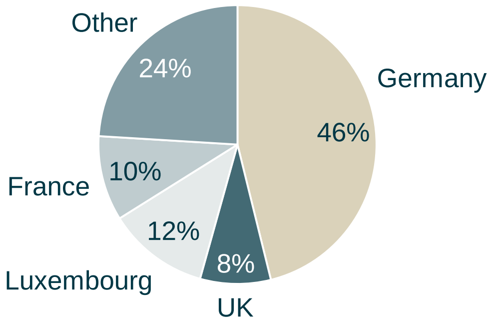
Difference between gross and net loan volume shows degree of collateralisation

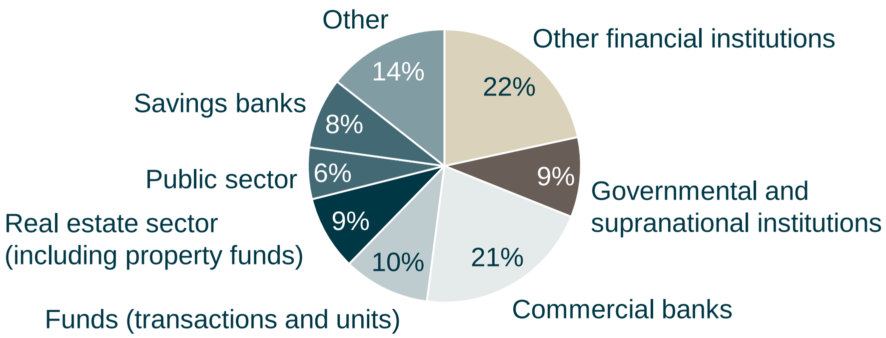
Development of gross and net loan volume (in €bn)



- The average rating for the gross loan volume remained at a score of 4 on the DSGV master scale (S&P: BBB–).

Gross loan volume by country and risk segment (as at 30/06/2024)





- The eurozone accounted for 76.6% of the gross loan volume (year-end 2023: 78.3%).

Capital market ratings
Good rating assessment remain unchanged

Issuance ratings	Standard & Poor's	Moody's
Preferred Senior Unsecured Debt	**A** Senior Unsecured Debt	**Aa1** (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	Aa1 (stable) Issuer rating
Counterparty rating	N/A	Aa1 Counterparty risk rating
Deposit rating	N/A	Aa1 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: 27 August 2024
The issuer has received ratings from the rating agencies Moody's Deutschland GmbH ("Moody's") and S&P Global Ratings Europe Limited, Dublin ("S&P").
Presentation "Business development of the Deka Group as at 30 June 2024" published together with the Interim Report 2024 on 27 August 2024

Sustainability ratings
Ratings confirm sustainability of our corporate governance

MSCI ESG Ratings		
A		
2021	2022	**2023**
AA	A	**A**

ISS ESG Corporate ESG Performance		
C Prime		
2019	2020	**2023**
C+	C+	**C**

Sustainalytics		
16.3 „Low Risk“		
2021	2022	**2024**
17.4	16.5	**16.3**

Moody's ESG Solutions	
55/100 „Robust“	
2020	**2021**
41	**55**

Status of sustainability ratings according to the rating reports: MSCI ESG Ratings: 29.08.2023; ISS-ESG: 23.08.2023; Sustainalytics: 23.01.2024; MOODY'S ESG Solutions (formerly V.E): 05.2021

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

Forecast for 2024 from the Interim Report 2024

Excerpt from expected business development and profit performance

“The 2023 Group management report forecast an **economic result** of approximately €700m for 2024 as a whole given the geopolitical tensions and challenging economic environment. This forecast is confirmed at the mid-way point of 2024.”

“In line with its profit performance, the Deka Group continues to aim for a **cost/income ratio** of around 60% and a **return on equity before tax (balance sheet)** of around 11% for the 2024 financial year.”

“The Deka Group continues to anticipate a significant year-on-year rise in the **asset management volume** in 2024.”

“Given the caution in the real estate funds business, Deka expects **total sales** in 2024 to be slightly below the €35bn forecast at the end of 2023.”

“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.”

Forecast for the key management indicators

Economic result	Approx. €700m
Return on equity before tax (balance sheet)	Approx. 11%
Cost/income ratio	Approx. 60%
Asset management volume	Much higher than previous year
Total sales	Slightly below €35bn
Common Equity Tier 1 capital ratio	Appropriate: over 13%
Utilisation of risk appetite	At a non-critical level

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 the second half of 2024 are subject to uncertainty. […] If the war in Ukraine or the conflict in the Middle East worsen and spread to other countries in the region, or if other geopolitical tensions escalate, this may be reflected in damage to economic growth and capital markets in the second half of 2024. The future inflationary trend and its implications for the monetary policy environment set by central banks will be particularly crucial. There is potential for setbacks on the equity and bond markets if the central banks feel forced to maintain the tight monetary policy for longer than is currently anticipated and if risks from the rising government debt in many industrialised countries materialise. Future market developments therefore remain uncertain, and the earnings, risk and capital situation, as well as the corresponding key management indicators, may show less favourable development than that presented.”

Appendix

Glossary (1/2)

Economic result

- As a key management indicator, together with risk in the economic and normative perspective, the **economic result** forms the basis for risk/return management in the Deka Group. It is generally determined in accordance with IFRS accounting and measurement policies.

  In addition to the total of 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 for the AT1 bond, which is recognised directly in equity, and
  - contingent future charges where the likelihood of occurrence is considered to be “possible” but for which a provision cannot be recorded under IFRS due to the lack of sufficient concrete evidence.

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

Asset management volume

- The management volume essentially comprises the income-relevant volume of mutual and special fund products (including ETFs), direct investments in cooperation partner funds, the portion of fund-based asset management activities attributable to cooperation partners, third-party funds and liquidity, master funds and advisory/management mandates.

Asset management net sales

- Asset management net sales is an indicator of sales performance in asset management. This figure essentially consists of total direct sales of mutual and special funds, fund-based asset management, funds of cooperation partners, master funds, advisory/management mandates and ETFs. Sales generated through proprietary investment activities are not included.

Gross certificate sales

- Gross certificate sales are an indicator of certificate sales performance. Redemptions and maturities are not taken into account, since the impact on earnings primarily occurs at the time of issue. Gross certificate sales include both certificates issued by Deka and cooperation certificates issued by other institutions and sold via sales support platforms.

Glossary (2/2)

Total sales

- The Deka Group's total sales comprises sales in asset management plus sales in the certificates business.

Certificate volume

- The certificate volume comprises only the certificates issued by Deka. It does not include cooperation certificates.

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 perspective. 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 perspective. 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. The overall risk is then compared against the internal capital derived from the balance sheet, taking the corresponding deductible items into account.

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 measures in the normative perspective are the LCR and NSFR in accordance with the CRR.

Gross loan volume

- In accordance with the definition set out in section 19 (1) of the German Banking Act (Kreditwesengesetz, 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, and 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, and the volume of off-balance sheet counterparty risks.

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