Business development of the Deka Group
as at 30 June 2020

Frankfurt/Main, 26 August 2020

Agenda

The Deka Group at a glance (1/4)

Wertpapierhaus – the asset management & banking business divisions form the basis of our integrated 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

The Deka Group at a glance (2/4)

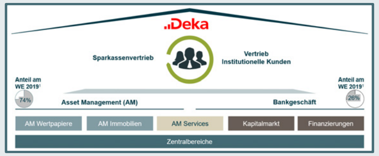
The five business divisions of the *Wertpapierhaus* offer a clearly defined range of services

simplified representation

The business divisions of the *Wertpapierhaus* and their functions

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 mutual property funds
- Open-ended & closed-end special property funds
- Funds of property 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

The Deka Group at a glance (3/4)

Our journey to becoming a customer-focused, innovative & sustainable *Wertpapierhaus* for the savings banks

Management agenda 2025: Our journey to becoming a customer-focused, innovative and sustainable *Wertpapierhaus* for the savings banks

Five action areas defined to enable achievement of the Agenda targets by 2025

Creation of benefits and focusing on customers as a key factor in successful implementation

Seizing organic and inorganic growth opportunities

The Deka Group at a glance (4/4)
Management Agenda 2025 as a further development – Deka as a customer-focused, innovative and sustainable *Wertpapierhaus*

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

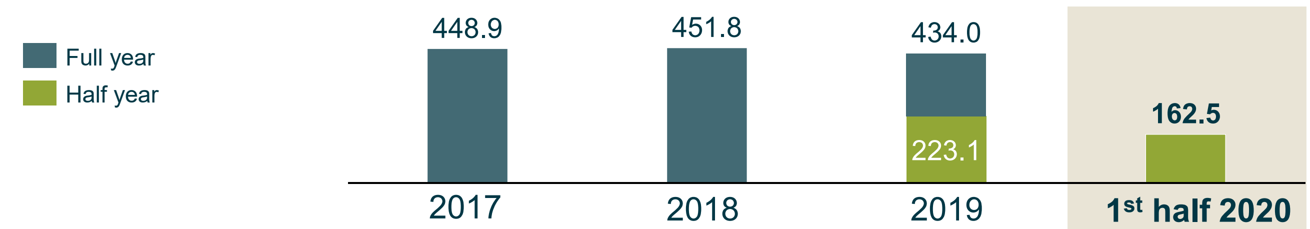
Our ambition

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

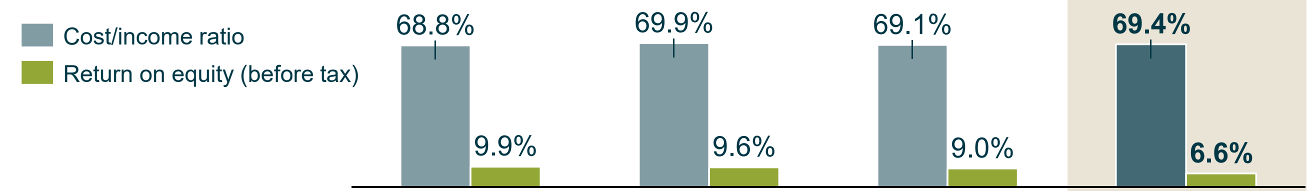
Business development

Economic result down year-on-year owing to the coronavirus crisis

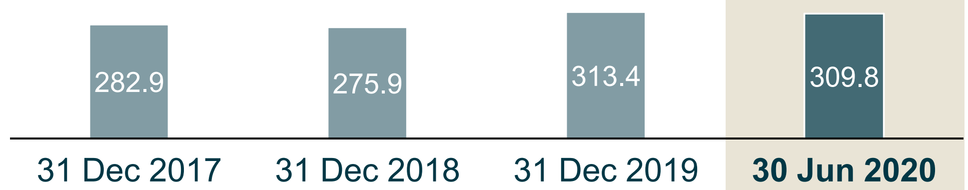
Economic result (in €m)



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



Total customer assets (in €bn)

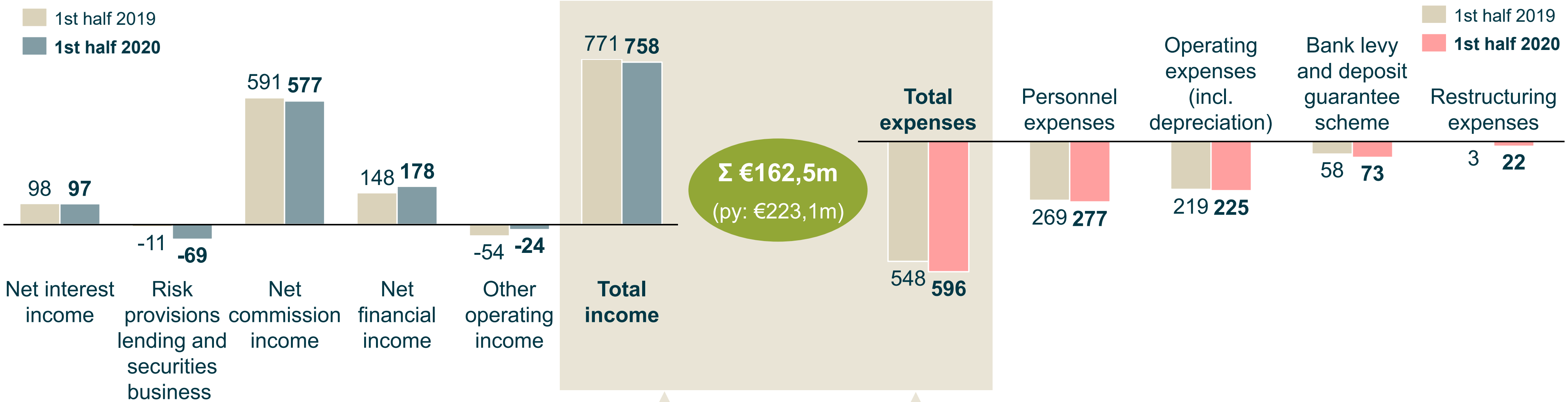


- Given the circumstances, business development in the first half of 2020 was satisfactory, though the economic result of €162.5m was down on the comparative figure for the previous year (€223.1m).
- This was principally due to higher risk provisions, for the transport sector, which was particularly affected by the coronavirus crisis, and an increase in general provisions.

Total income and expenses

Net commission income is the main sustainable income component, accounting for 76% of income

Total income (in €m) **Total expenses** (in €m)

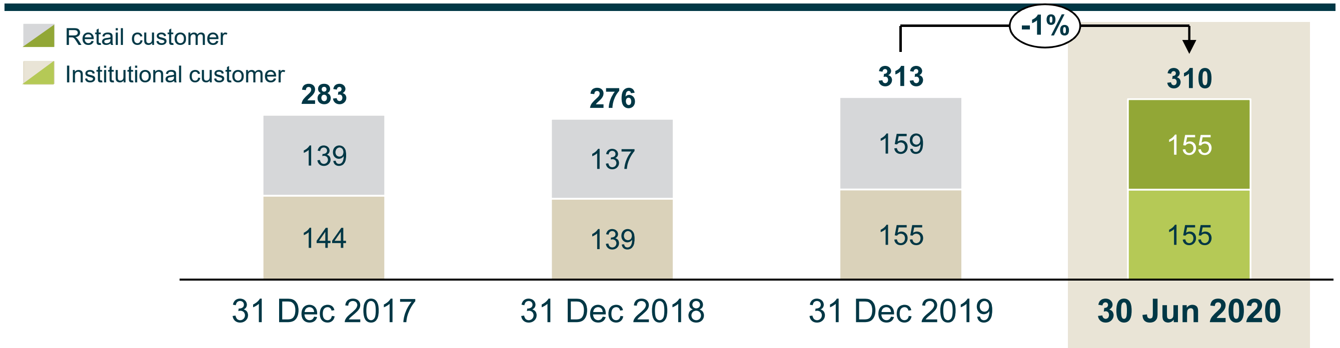


- Risk provisions increased mainly owing to the transport sector, which was particularly affected by the coronavirus crisis.
- Net financial income was up significantly on the same period of the previous year, owing to an increase in net financial income from the trading book. Net financial income from the banking book was influenced by positive net income from own issues and other own credit quality effects, while valuation results on securities in the wake of spread movements had a negative effect. An amount of €50.0m was added to the general provision for potential risks.

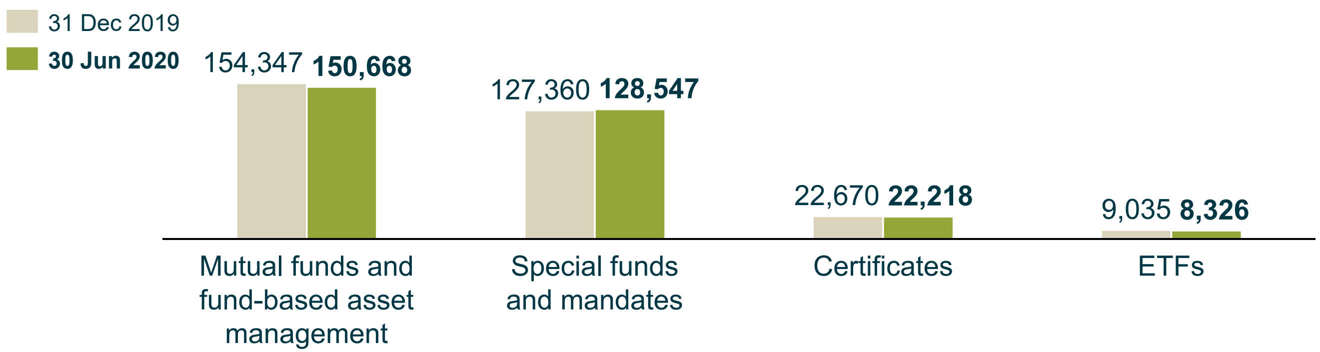
- Personnel and operating expenses rose moderately in line with expectations.
- The bank levy and the annual contribution to the deposit guarantee scheme increased compared with the first half of 2019.
- Restructuring expenses resulted primarily from the strategic cost initiative, which is focusing on a lasting reduction in personnel and operating expenses through initiatives to improve and consolidate operations.

Total customer assets
Market-induced decline in the first half of 2020

Total customer assets by customer segment (in €bn)



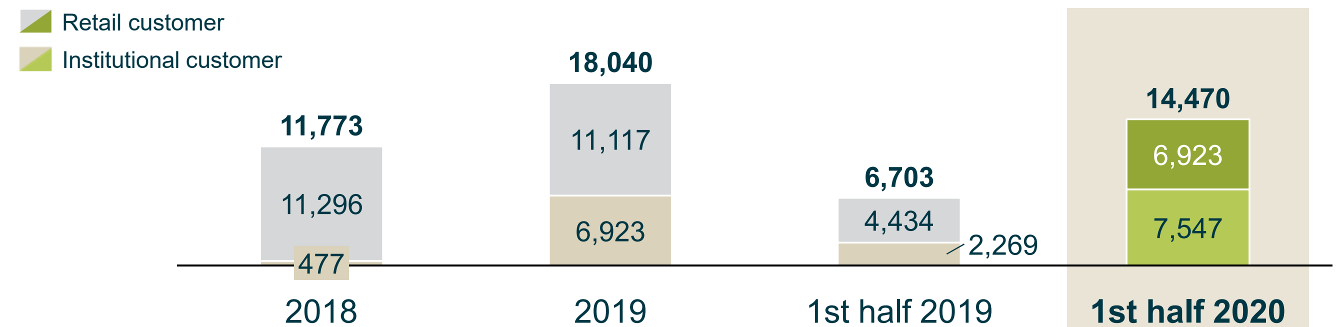
Total customer assets by product category (in €m)



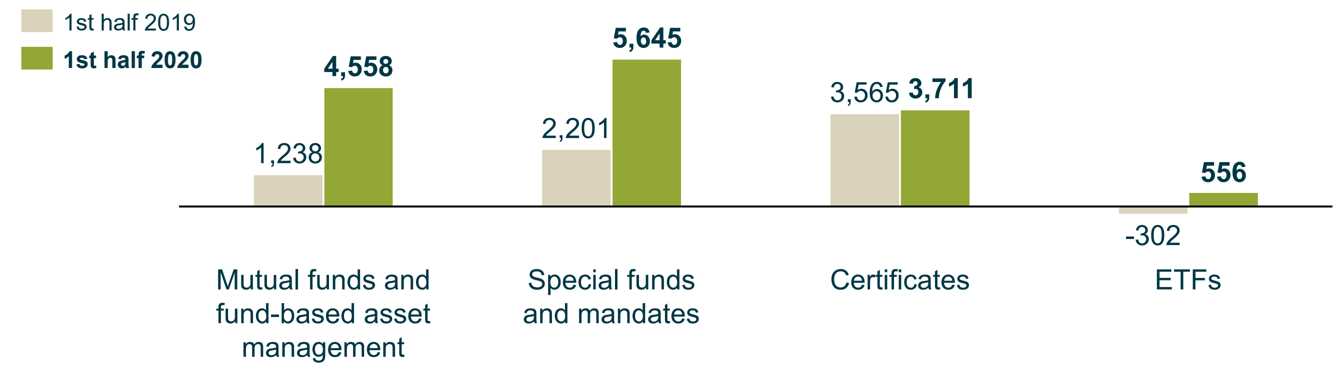
- Despite the very positive sales performance of over €14bn, total customer assets fell by €3.7bn compared with year-end 2019 to €309.8bn.
- This was due to a crisis-related negative investment performance (€–14.0bn), distributions to investors (€–1.9bn) and maturing certificates (€–2.1bn).

Net sales
Significant growth despite the coronavirus crisis

Net sales by customer segment (in €m)



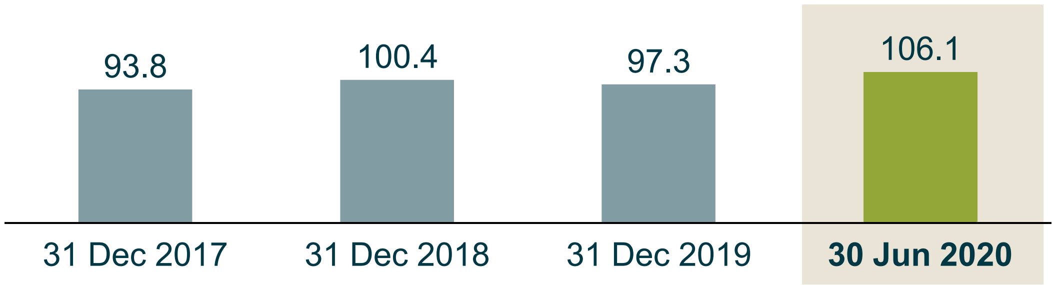
Net sales by product category (in €m)



- In the **retail customer segment** net sales increased. Fund sales rose to €4.6bn. In particular, equity funds (€2.5bn), real estate funds (€1.6bn) and mixed funds (€0.7bn) accounted for a significant share of this. Certificate sales came to €2.3bn.
- The **institutional customer segment** also recorded strong growth. This positive development was chiefly attributable to the institutional fund business (€6.1bn). Sales of certificates came to €1.4bn.

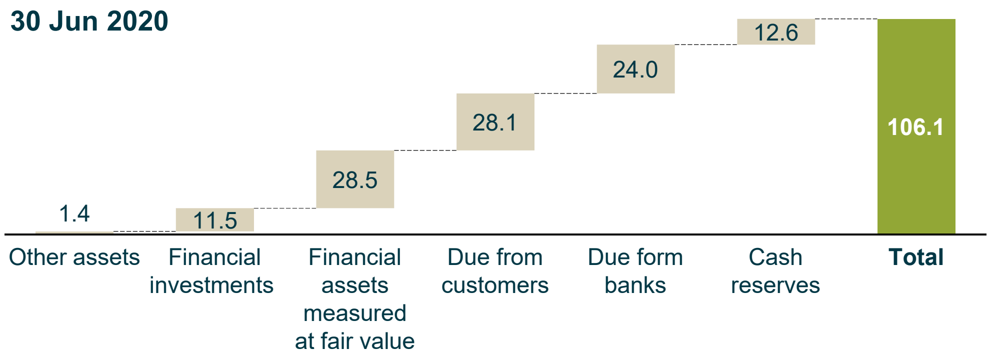
Total assets
Around €106bn at mid-year

Total assets (in €bn)

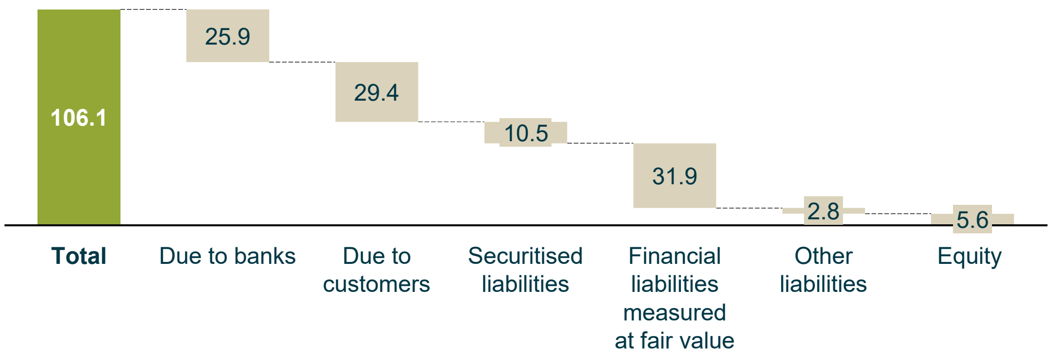


- Total assets were up by 9% compared with the end of 2019
- On the liabilities side, this was due to higher volumes in the repo business and increased amounts due to customers.
- Opposite these, on the assets side, were increased balances with central banks.

Assets (in €bn)

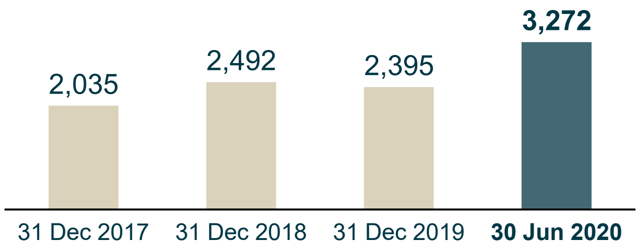


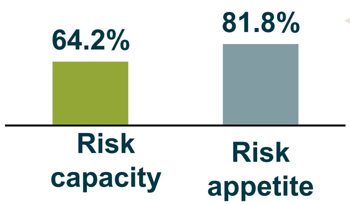
Liabilities (in €bn)



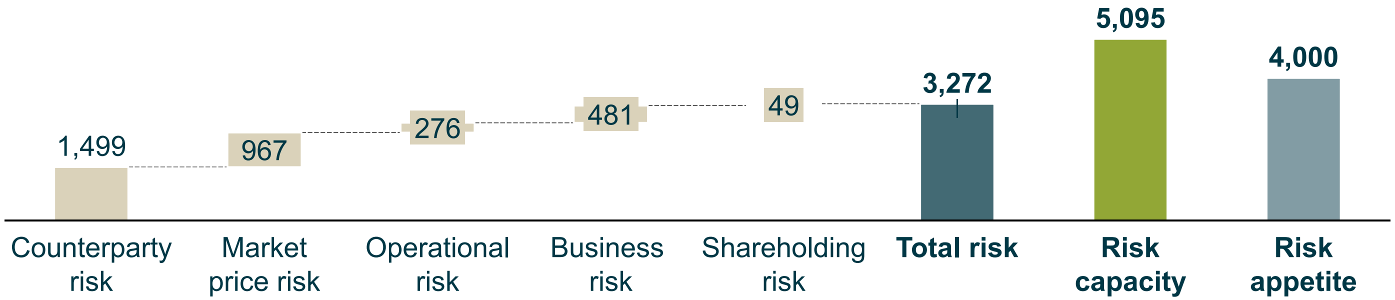
Internal capital adequacy (1/4)
Economic perspective

Change in total risk[1] (in €m) and utilisation ratios as at 30 June 2020





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

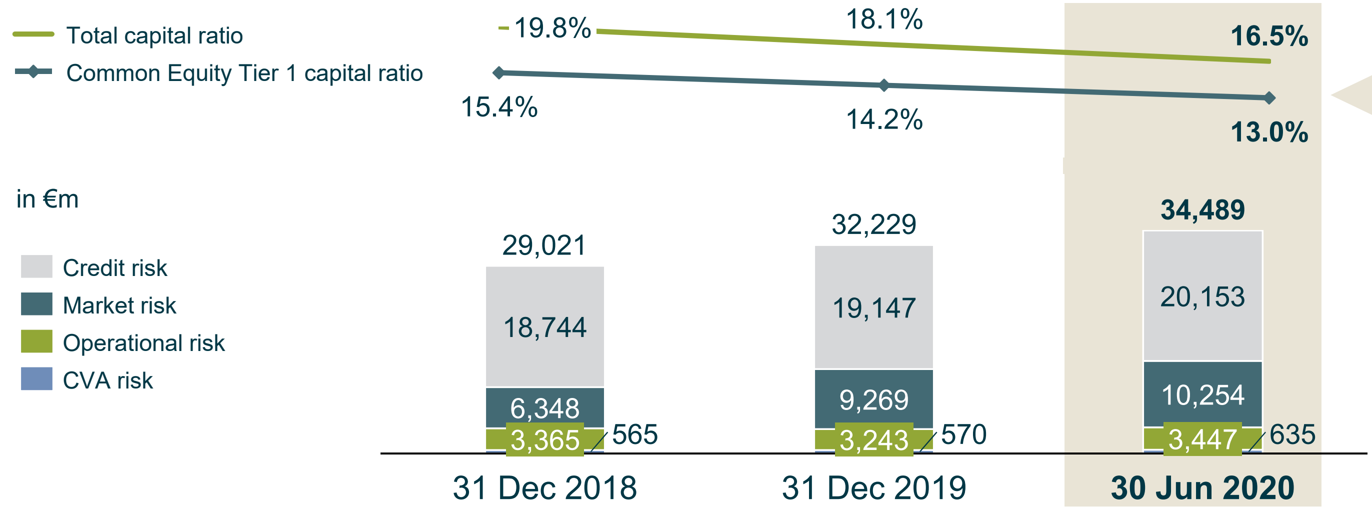


- Risk capacity utilisation in the economic perspective was overall at a non-critical level as at mid-2020.
- Utilisation of risk appetite (81.8%) was up significantly compared with the end of the previous year (63.9%), mainly due to the development of market price, counterparty and business risk given the impact of the coronavirus crisis.
- At 64.2%, utilisation of risk capacity was also well above year-end 2019 (50.7%).

) 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 2018	31 Dec 2019	30 Jun 2020
Own funds	5,741	5,828	**5,703**
Tier 1 capital	4,933	5,053	**4,954**
CET1 capital	4,460	4,579	**4,481**

- The Common Equity Tier 1 capital ratio amounted to 13.0%.
- The SREP requirements as at 30 June 2020 for the Common Equity Tier 1 capital ratio (phase in) were 9.04%. For the total capital ratio (phase in) they were 12.54%.
- Both requirements were clearly exceeded at all times.
- Risk-weighted assets rose by 7%. The increase in market risk was mainly due to significantly higher general market risks given increased volatility and spread risk in the coronavirus crisis. In particular, rating downgrades linked to the coronavirus crisis led to a rise in credit risk.

Internal capital adequacy (3/4)
Normative perspective

MREL-Ratio (balance sheet based[1])

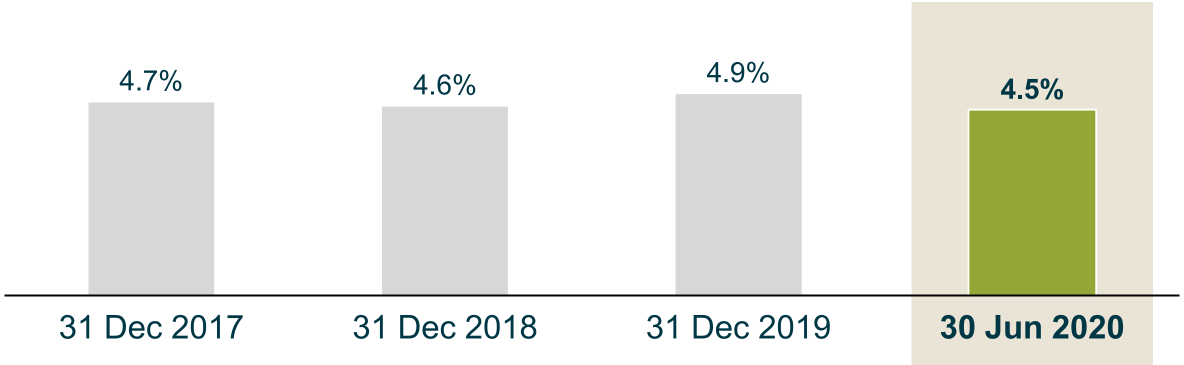
- As at the reporting date, the MREL ratio stood at 19.9% (end of 2019: 22.0%), well above the specified minimum ratio.
- European banks must hold a minimum volume of own funds and MREL-eligible liabilities in order to provide sufficient loss coverage and recapitalisation in the event of resolution.

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

[1] The balance sheet based approach calculates the ratio of own funds and MREL-eligible liabilities to own funds and total liabilities (TLOF).

Internal capital adequacy (4/4)
Normative perspective and statement on both perspectives

Leverage Ratio (fully loaded)



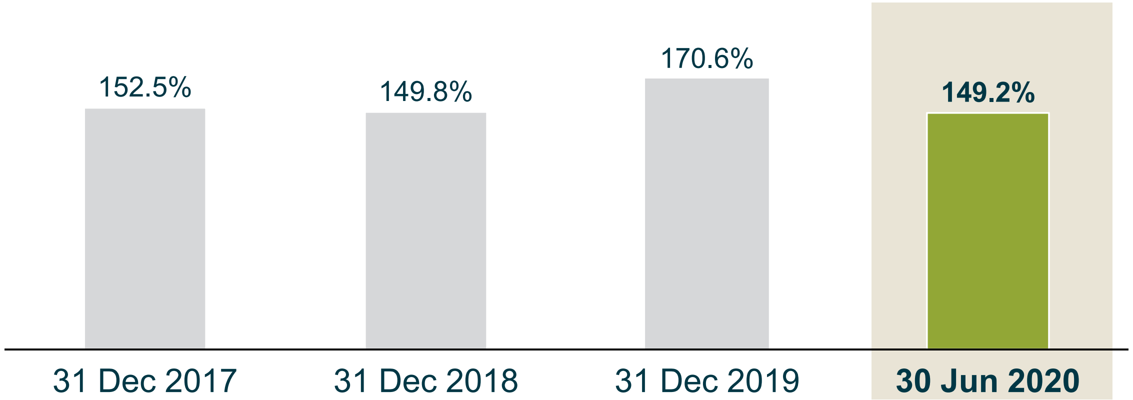
- The decrease is attributable to a reduction in Tier 1 capital, accompanied by an increase in leverage ratio exposure – in line with the development of total assets.
- The minimum ratio of 3.0% that must be adhered to from June 2021 onwards was significantly exceeded.

Statement on both perspectives regarding the internal capital adequacy

- The Deka Group held adequate capital throughout the reporting period.

Internal liquidity adequacy
Normative perspective and statement on both perspectives

Liquidity Coverage Ratio (LCR)



- The regulatory requirements for the LCR were fulfilled throughout the reporting period.
- The LCR at Deka Group level was down compared with 31 December 2019, owing to a greater increase in percentage terms in cash outflows compared with holdings of high-quality, liquid assets.
- The LCR as at mid-year 2020 stood at 149.2%. It was thus always substantially above the minimum limit of 100% applicable in 2020.

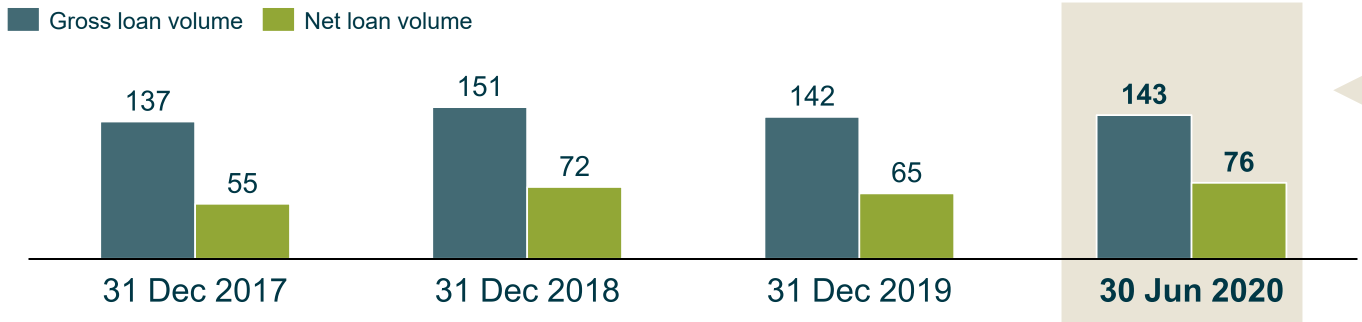
Statement on both perspectives regarding the internal liquidity adequacy

- The Deka Group had ample liquidity, measured using the liquidity balances and the LCR, throughout the first half of 2020.

Gross and net loan volume

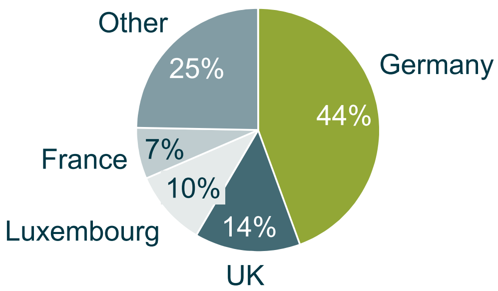
Difference between gross and net loan volume shows extent of collateralisation

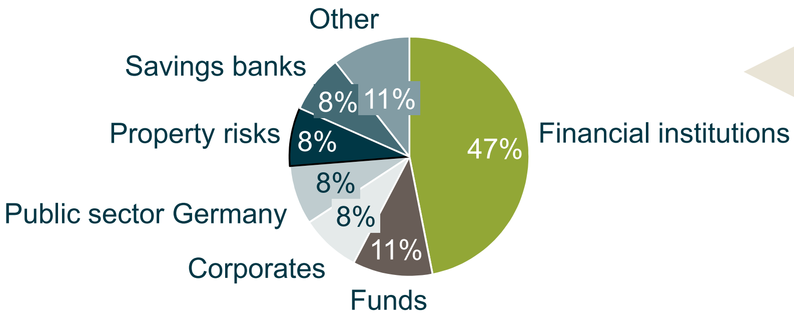
Gross and net loan volume (in €bn)



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

Gross loan volume by countries and segments (as at 30 June 2020)





- 72.1% of the gross loan volume related to the eurozone (2019: 68.0%).

Financial ratings
Good ratings 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+ (negative) Issuer Credit Rating	Aa2 (stable) Issuer Rating
Counterparty Rating	A+ Counterparty Credit Rating	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 2020

Sustainability ratings
Ratings confirm sustainability of our governance

As of 2019, Deka received an MSCI ESG Rating of **AA***

2017	2018	**2019**
AA	AA	**AA**

C+ (prime)
„Industry Leader"

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

Sustainability Rating: **Positive BB**
Mortgage Covered Bonds: **Positive BBB**
Public Sector Covered Bonds: **Positive BBB**

2018	2019	**2020**
B	BB	**BB**

83 (# 11 / 332)
„Leader"

2013	2015	**2017**
66	73	**83**

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Status of sustainability ratings according to the respective rating reports: MSCI: 26 August 2019; ISS-ESG: 22 June 2020; imug rating: 3 Mach 2020 (Sustainability Rating: positive (BB); Mortgage Covered Bonds: positive (BBB); Public Sector Covered Bonds: positive (BBB)) Sustainalytics: 12 October 2017 (update 2020 in progress)

Extract from the forecast in the Interim Report 2020

Deka

"It is still not yet possible in mid-2020 to reach a conclusive estimate as to the effects of the coronavirus pandemic on the world economy. This means that a high degree of uncertainty remains about future market developments"

- "For 2020, the Deka Group anticipates that the **economic result** will be between 20% and 30% below the prior-year figure. This prediction takes particular account of higher than planned risk provisions in the lending and securities business and lower than originally planned commission-based earnings components due to market conditions."
- "Despite the negative investment performance in the first half of the year, moderate year-on-year growth in **total customer assets** is still expected in the fund and certificates business for 2020 as a whole. However, market conditions mean this will not be as high as originally planned."
- "Total **net sales** are still expected to exceed the previous year's level. The forecast for net sales to retail customers remains slightly up on the 2019 figure, which was well into positive territory. A stronger year-on-year increase is predicted for institutional customer business."
- "We continue to aim for a **Common Equity Tier 1 capital ratio** above the strategic target of 13%. Due to the effects of the coronavirus crisis, we anticipate that this ratio will be on a level with the strategic target at the end of 2020, i.e. approximately equal to the ratio at mid-year."
- "In terms of risk-bearing capacity analysis, **risk appetite utilisation** is expected to remain at a non-critical level in future. The further development of the market environment will be a major driver of changes in risk in the second half of the year."

The Deka Group plans its future economic development on the basis of the assumptions that appear most likely from today's viewpoint. However, plans and statements about future development in 2020 are subject to uncertainty.

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.
  As well as the total of profit or loss before tax, the economic result 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 in respect of AT1 bonds, 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 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 be-cause 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. The overall risk is then compared against the internal capital derived from the balance sheet, taking 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 measure in the normative perspective is the LCR in accordance with the CRR in conjunction with Commission Delegated Regulation (EU) 2015/61.

Gross loan volume

- Based on the definition of section 19 (1) of the German Banking Act (*Kreditwesengesetz* – KWG), gross loan volume includes additional risk exposures such as, among other things, underlying risks from derivative transactions and 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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Annual figures refer to both key dates and time periods.