Business development of the Deka Group
as at 31 December 2020

Frankfurt/Main, 30 March 2021

Agenda

The Deka Group at a glance (1/3)

Deka is the *Wertpapierhaus* for the savings banks

.ıDeka

***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

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The Deka Group at a glance (2/3)

The five business divisions of the *Wertpapierhaus* have 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 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

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)

- AM Securities
- AM Real Estate
- AM Services

Banking business

- Capital Markets
- Financing

Corporate Center

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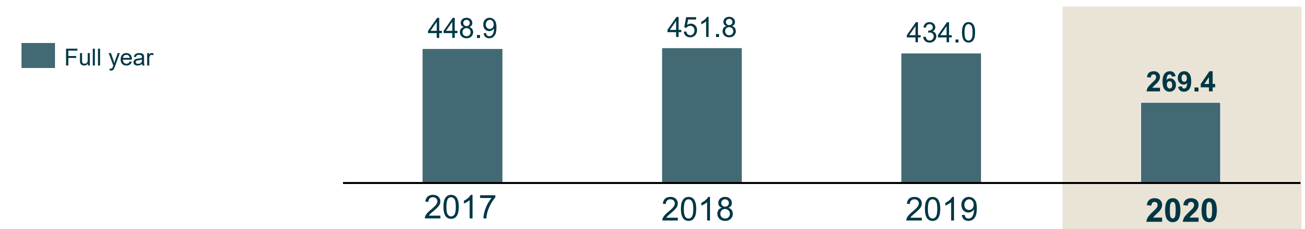
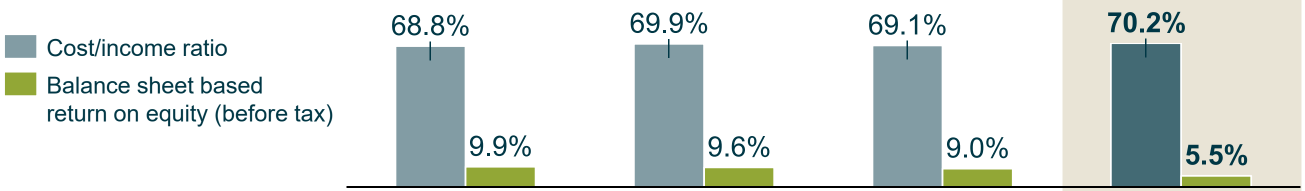
Business development

Economic result sharply below previous year’s figure – however, satisfactory given the circumstances

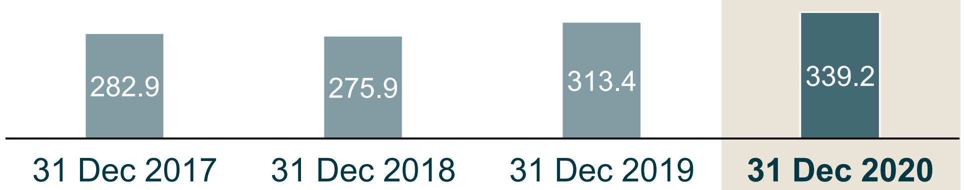
Economic result (in €m)



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



Total customer assets (in €bn)



- At €269.4m, the economic result was down sharply on the previous year’s figure. This is primarily due to increased risk provisioning especially for the transport and real estate financing sectors, which were particularly affected by the coronavirus crisis.
- Given the circumstances, however, profit performance can be considered satisfactory.

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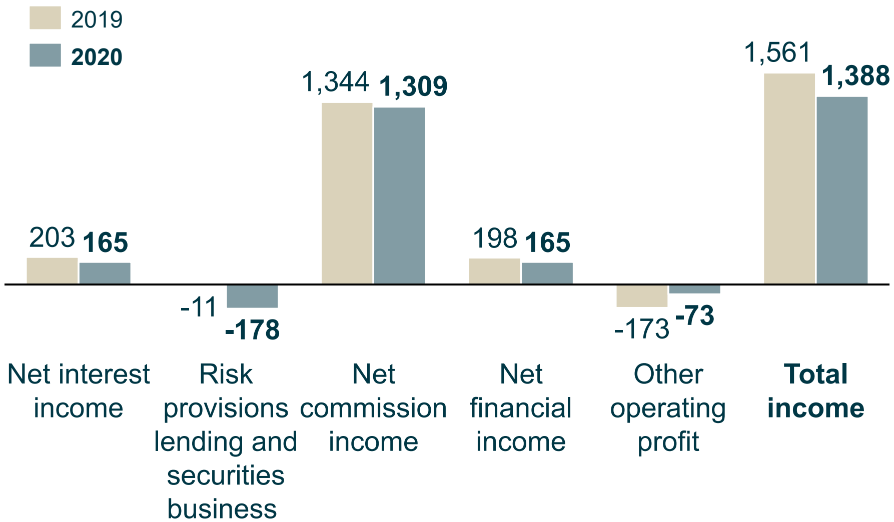
Total income and expenses

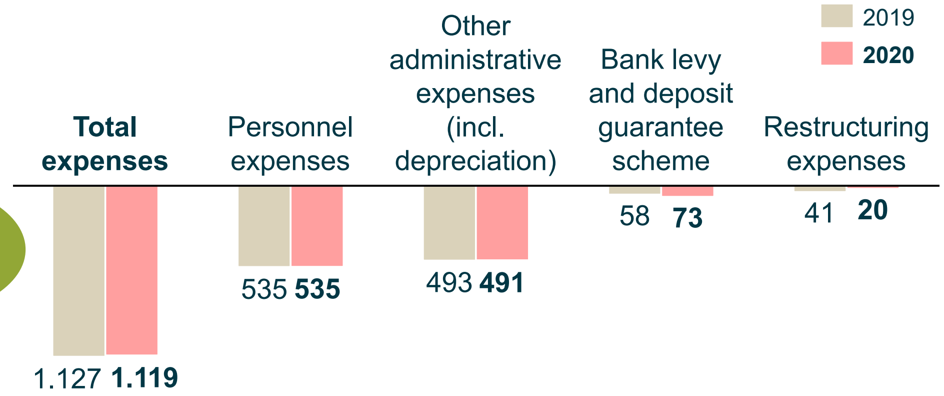
Net commission income is the main sustainable income component

Total income (in €m)



Σ €269.4m
(py: €434.0m)

Total expenses (in €m)

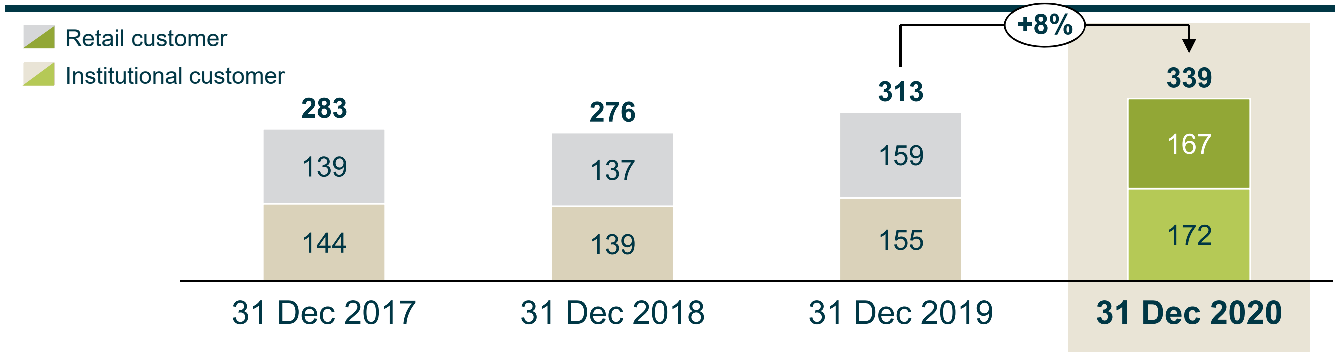


- Net **commission income** was only moderately down on the previous year, mainly due to market-induced provisions for guarantee products.
- **Risk provisions** increased mainly owing to the transport and real estate financing sector, which was particularly affected by the coronavirus crisis.
- Actuarial losses on provisions for pensions had a negative impact on the **other operating profit**.

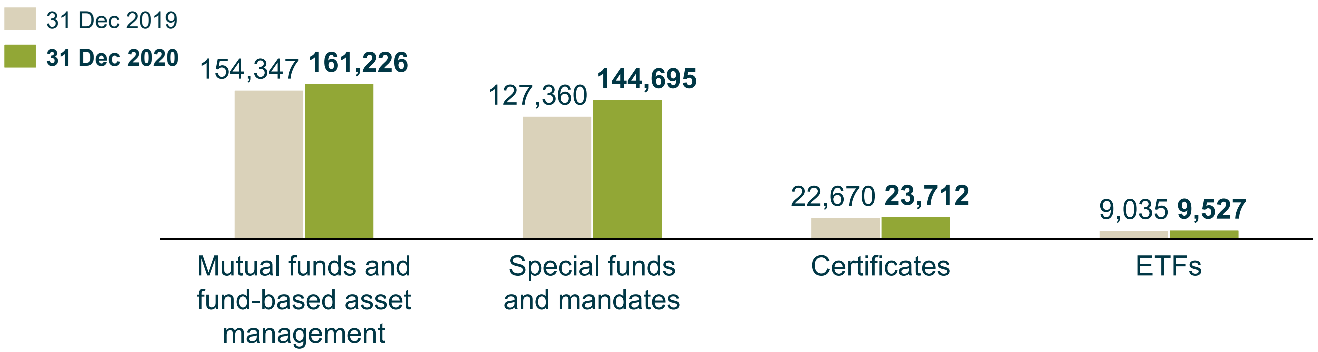
- Within the framework of active cost management, **expenses** were kept almost stable overall.
- **Personnel and other administrative expenses** remained almost unchanged.
- The **bank levy and the annual contribution to the deposit guarantee scheme** rose compared to the previous year.
- **Restructuring expenses** were incurred in connection with HR measures and resulted primarily from the strategic cost initiative, which is focusing on a lasting reduction in personnel and admin. expenses.

Total customer assets
Increase due to a very strong net sales performance

Total customer assets by customer segment (in €bn)



Total customer assets by product category (in €m)



- As a result of a very strong net sales performance the total customer assets of Deka Group rose by €25.7bn to €339.2bn.
- Over the year as a whole, the investment performance was slightly positive.
- Distributions to investors (€–3.5bn) and maturing certificates (€–3.3bn) had a mitigating effect.

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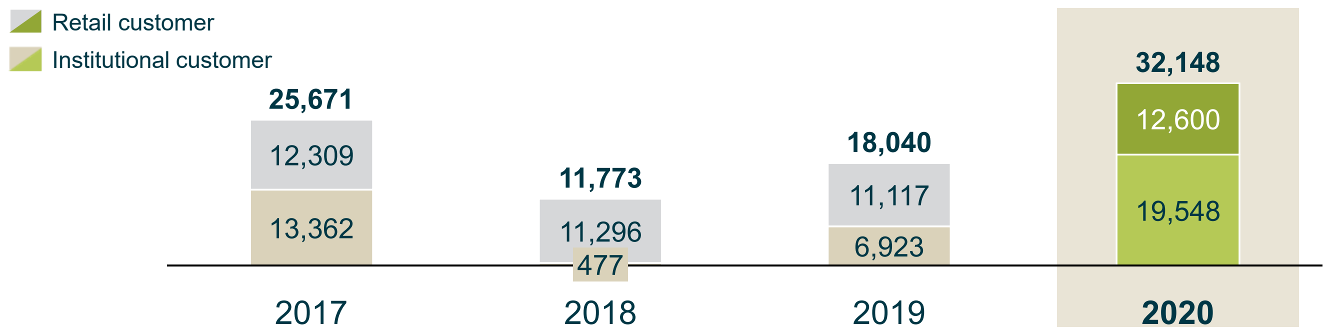
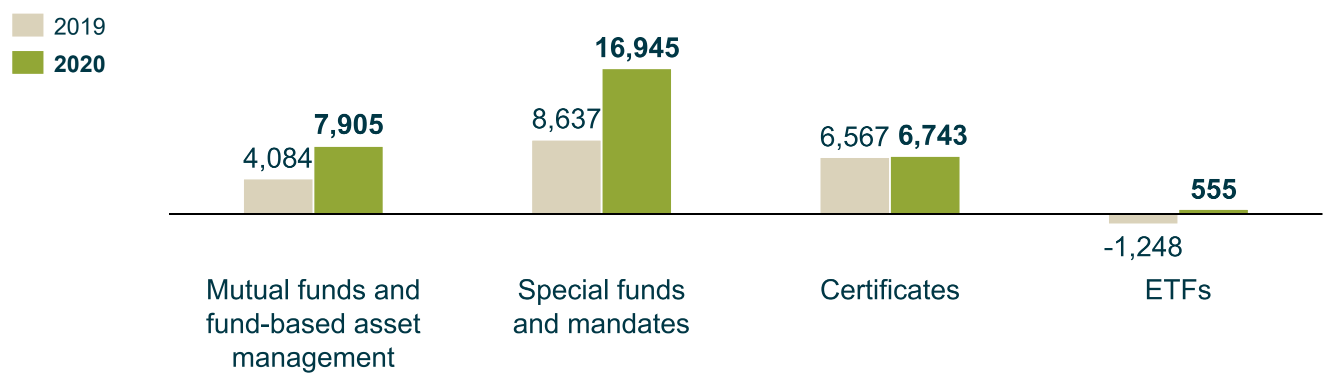
Net sales
Increased to around €32bn in 2020

Net sales by customer segment (in €m)



Net sales by product category (in €m)



- In the **retail customer segment** net sales increased by €1.5bn compared to 2019 to €12.6bn. Fund sales increased to €8.0bn. In the reporting period equity funds (€4.7bn) and real estate funds (€2.5bn) accounted for a significant share. Sales of certificates amounted to €4.6bn.
- The **institutional customer segment** recorded a strong increase with net sales of €19.5bn compared to the previous year (€6.9bn). The fund business accounted for €17.4bn[1)]. Certificates in the amount of €2.2bn were sold.

[1)] Also favoured by a change in master KVG by a major client.

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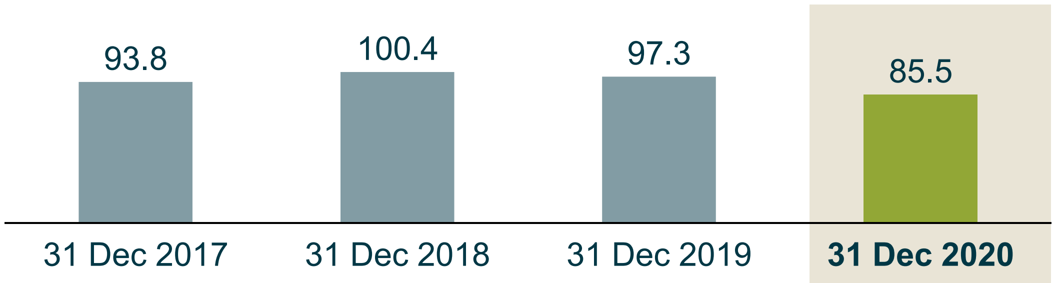
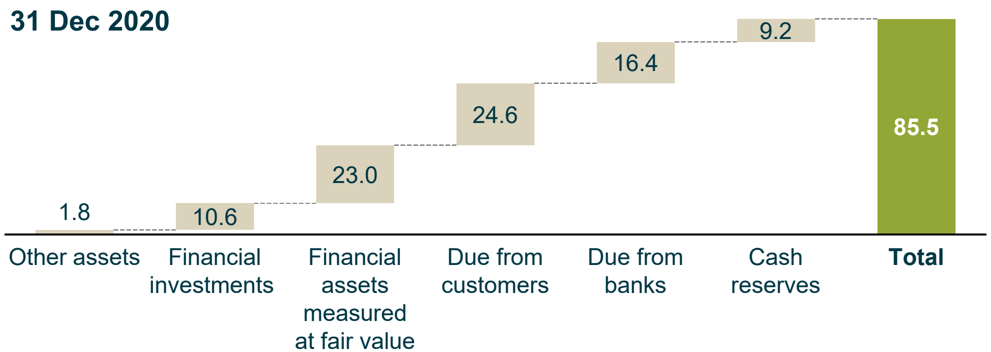
Total assets
At year-end around €86bn

Total assets (in €bn)

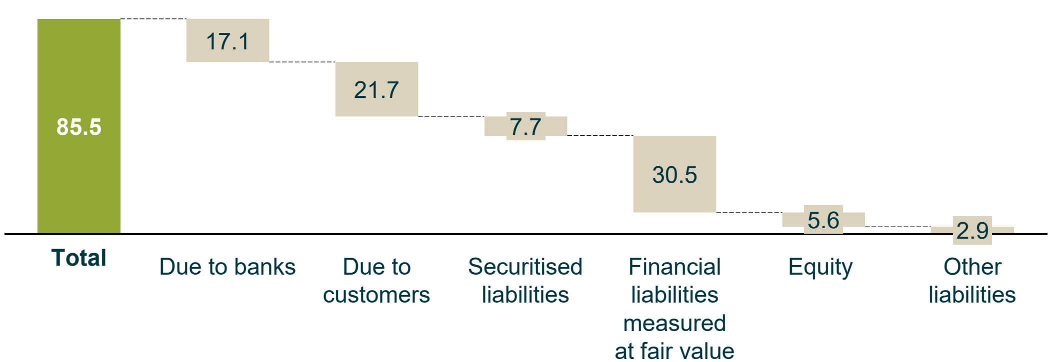


- Total assets decreased by 12.1%.
- Securities in the banking book were significantly reduced as part of active risk management. In the course of liquidity management, maturing reverse repo and short-term money market transactions were not fully replaced.
- On the liabilities side, there was a reduction in refinancing (especially commercial papers).

Assets (in €bn)

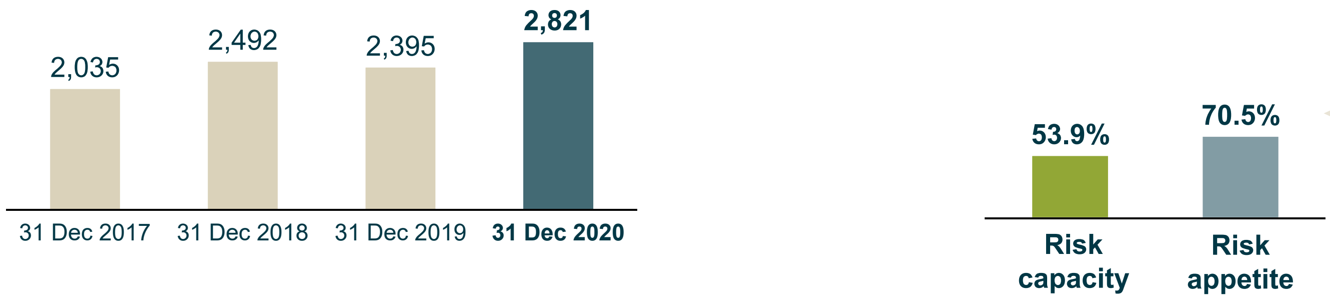


Liabilities (in €bn)

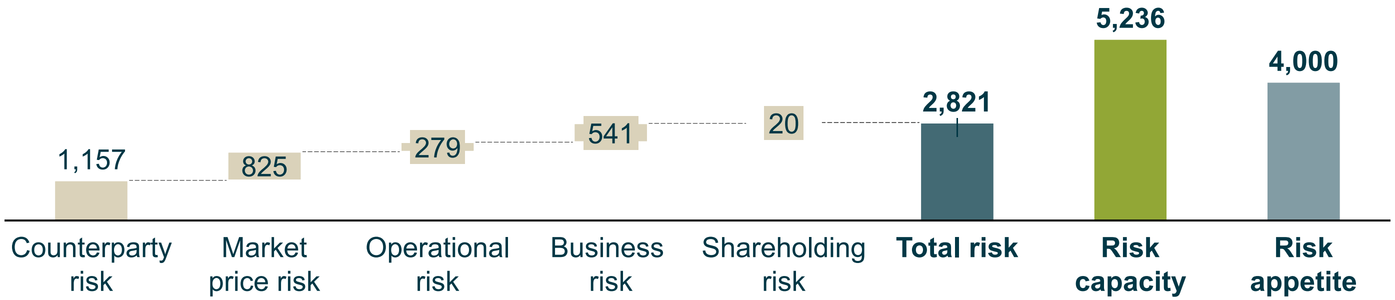


Internal capital adequacy (1/4)
Economic perspective

Change in total risk[1)] (in €m) **and utilisation ratios as at 31 Dec 2020**



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



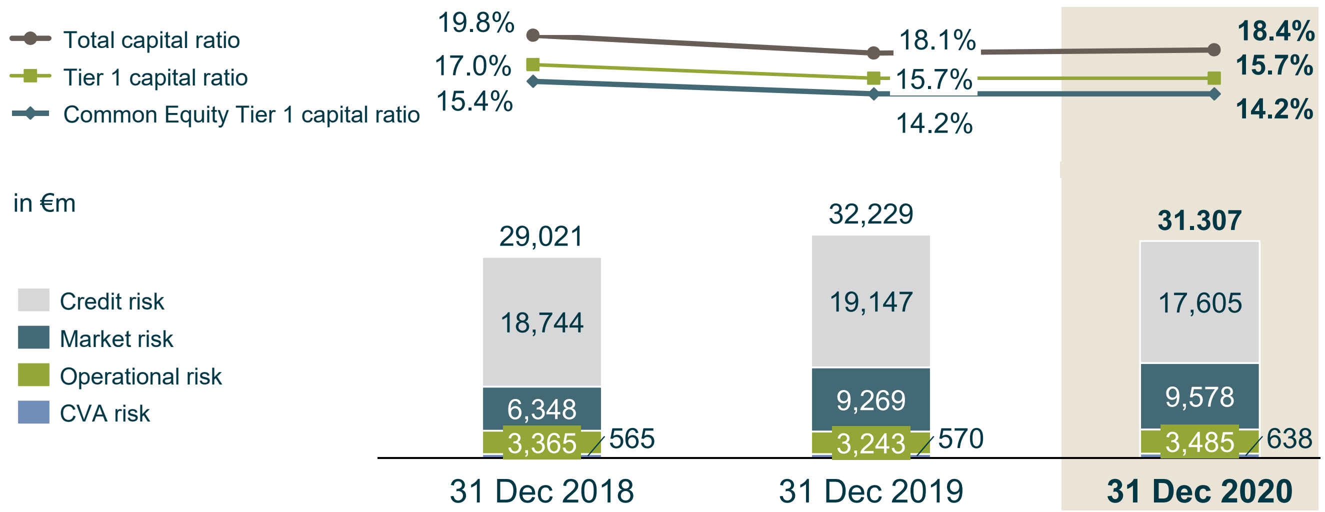
- Risk capacity utilisation in the economic perspective was overall at a non-critical level as at year-end 2020.
- Utilisation of risk appetite (70.5%) showed an increase compared to the end of the previous year (63.9%). Significantly increased market price and business risks as well as moderately higher operational risk were offset by a significant decline in counterparty risk.
- At 53.9%, utilisation of risk capacity was also slightly than at year-end 2019 (50.7%).

[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

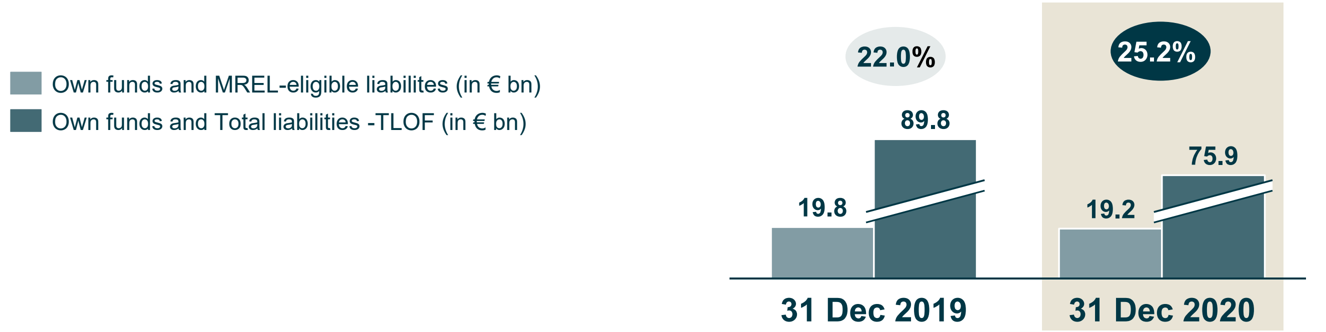
	31 Dec 2018	31 Dec 2019	31 Dec 2020
Own funds	5,741	5,828	**5,753**
Tier 1 capital	4,933	5,053	**4,911**
CET1 capital	4,460	4,579	**4,437**

The **SREP requirements as at 31 December 2020** for the Common Equity Tier 1 capital ratio were 8.42%, for the Tier 1 capital ratio (phase in) 9.92% and for the Total capital ratio (phase in) 12.3%. These requirements were clearly exceeded at all times.

- The decline in credit risk is primarily due to the portfolio optimisation measures initiated as part of active risk management and the associated reduction in securities holdings in the banking book. In market risk, a significant decrease in general market risk was offset by a significant increase in market risk according to the standard approach.
- The slight decrease in Common Equity Tier 1 capital is mainly due to a larger shortfall of provisions and the neutralisation of valuation effects from own issues from the 2019 financial year. This is offset by a positive effect from the reinvestment of profits from the 2019 annual financial statements.

Internal capital adequacy (3/4)
Normative perspective

MREL-Ratio (balance sheet-based)[1)]



- As at the reporting date, the MREL ratio increased by 3,2 percentage points to 25.2% and was thus significantly above the specified minimum ratio.

- The subordination ratio (calculated using the balance sheet-based approach) as at 31 December 2020 was 19.2% and was thus significantly above the minimum ratio to be complied with.

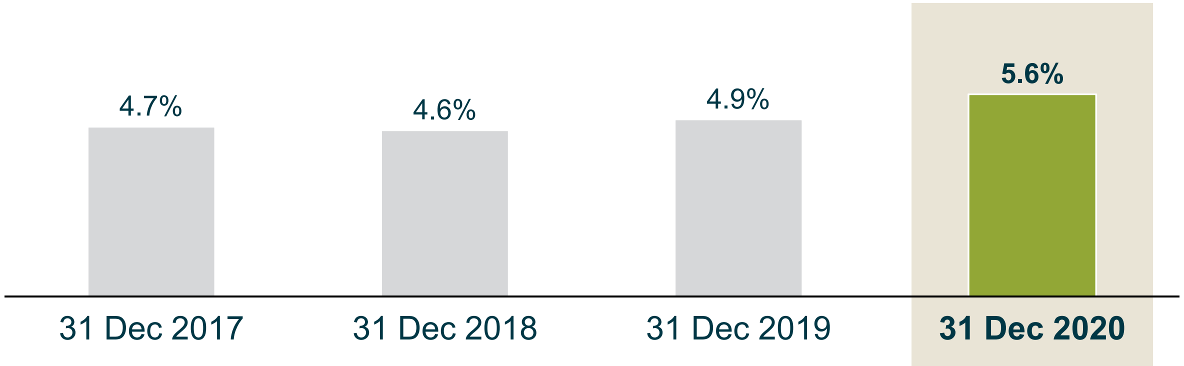
Composition of own funds and MREL-eligible liabilities (in €bn)

[1)] The balance sheet-based approach comprises the sum of own funds and MREL-eligible liabilities, which are set in relation to the sum of own funds and total liabilities (TLOF).

Internal capital adequacy (4/4)

Normative perspective and cross-perspective statements

Leverage Ratio (fully loaded)



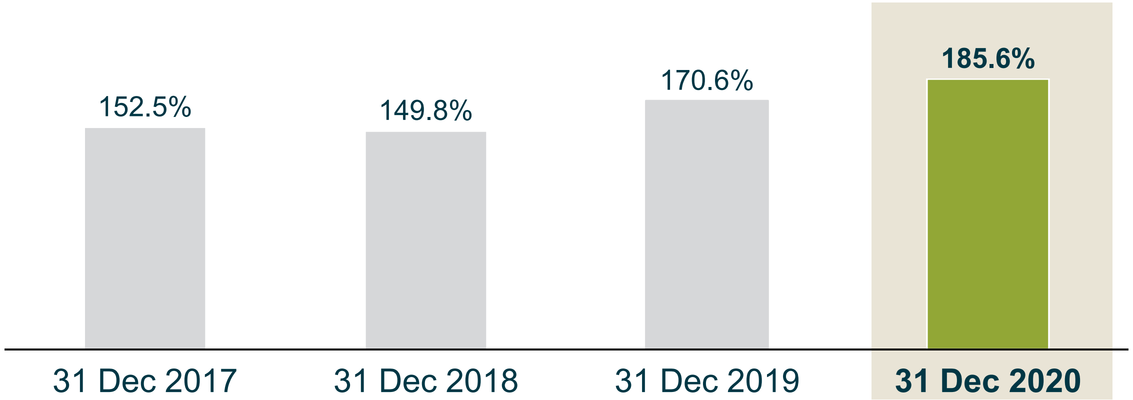
- The leverage ratio (fully loaded) was 5.6%.
- The increase was largely attributable to a significantly reduced leverage ratio exposure (€–14,607m; decline in line with the development of total assets) to €88,039m, while Tier 1 capital was down by €142m to €4,911m.
- The minimum ratio of 3.0% that must be adhered to from June 2021 onwards was therefore substantially exceeded at all times.

Cross-perspective statements regarding the internal capital adequacy

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

Internal liquidity adequacy
Normative perspective and cross-perspective statements

Liquidity Coverage Ratio (LCR)



- The liquidity and funding position remained comfortable, as expressed in a liquidity coverage ratio (LCR) of 185.6%, has increased by 15 percentage points compared to previous year.
- In percentage terms, the decline in net cash outflows was greater than the decline in holdings of high-quality liquid assets.
- The LCR was always substantially above the minimum of 100% applicable in 2020.

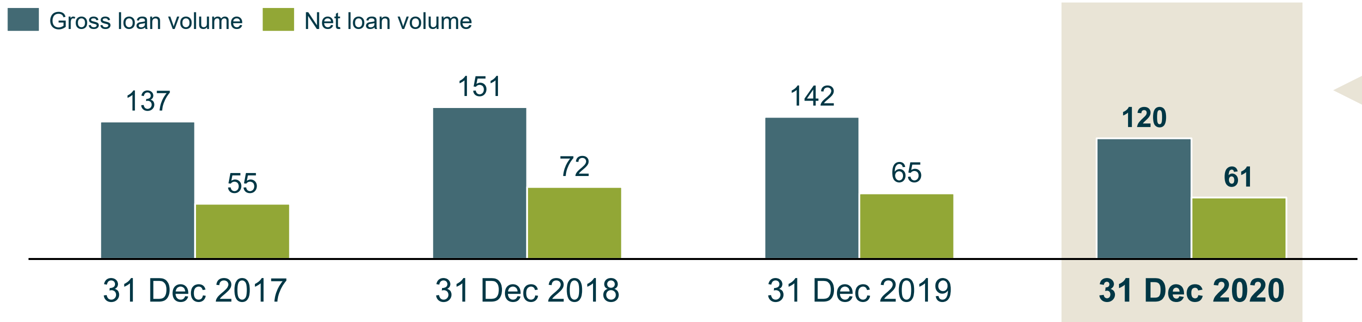
Cross-perspective statements regarding the internal liquidity adequacy

- The Deka Group continued to have ample liquidity, measured using the liquidity balances and LCR, throughout the reporting period.
- Even in the severe stress situation on the money and capital markets caused by the Corona pandemic from March 2020 onwards, there were no breaches of the internal limits and emergency triggers as well as the external minimum requirements of the LCR at any time.

Gross and net loan volume

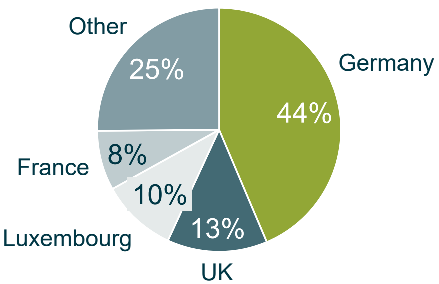
Difference between gross and net loan volume shows extent of collateralisation

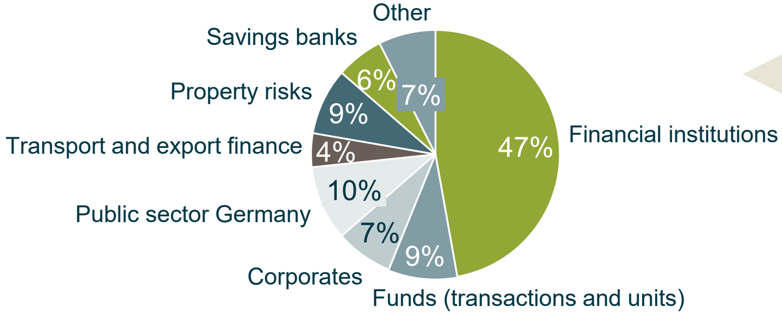
Gross and net loan volume (in €bn)



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

Gross loan volume by countries and segments (as at 31 Dec 2020)





- The eurozone accounted for 72.5% of the gross loan volume (year-end 2019: 68.0%).

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+ (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: 30 March 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

MSCI ESG RATINGS

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

2018	2019	**2020**
AA	AA	**AA**

Corporate ESG Performance – Prime – RATED BY ISS ESG

C+ (prime)
„Industry Leader“

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

SUSTAINALYTICS – a Morningstar company

17,8 (# 4 / 350)
„Low Risk“**

2019	2020
19,1	17,8

Status of sustainability ratings according to the respective rating reports: MSCI: 20 November 2020; ISS-ESG: 22 June 2020; Sustainalytics: 16 September 2020

 Further Details: https://www.deka.de/deka-gruppe/unsere-verantwortung/wie-wir-nachhaltigkeit-leben/nachhaltigkeitsberichte--ratings

Extract from the forecast for 2021 – in the Group Management Report 2020

“It is still not yet possible to reach a conclusive estimate as to the effects of the coronavirus pandemic on the world economy for the year 2021. Thus, there is still a high degree of uncertainty regarding future market developments.”

- “Following the hit to earnings in 2020 due to the COVID-19 crisis, the Deka Group expects its **economic result** in 2021 to return to around €400m – the average figure for the last five years. This will ensure that DekaBank remains able to distribute profits and to make the reinvestments necessary for the purposes of capital management.”
- “The Deka Group anticipates a moderate year-on-year rise in **total customer assets** in 2021.”
- “Total **net sales** are expected to fall significantly short of the previous year’s high level. However, net sales to retail customers are expected to be higher than in 2020. In institutional customer business, we expect net sales to be below the previous year’s high figure.”
- “We continue to aim for a **Common Equity Tier 1 capital ratio** above the strategic target of 13%.”
- “In the risk-bearing capacity analysis, **risk appetite utilisation** is expected to rise slightly, particularly due to the planned new business in the Financing business division, but not to a critical level. There is increased uncertainty about risk development, however, with regard to the future development of the market environment.”

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

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:
  - 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.

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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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.