Business development of the Deka Group
as at 31 December 2019

Frankfurt/Main, 7 April 2020

Agenda

The Deka Group at a glance (1/3)

Wertpapierhaus of the German savings banks

Corporate object	Clients	Value creation
Administration, management and investment of assets	German savings banks, savings bank clients and institutional investors	At all points in the investment process

The *Wertpapierhaus* strategy and resulting business model assist savings banks with their securities business and promote the acceptance of securities investments in Germany.

The Deka Group at a glance (2/3)

Wertpapierhaus – value creation at all points in the investment process

Sales and sales support

- Advisor training and coaching
- Investment/advisory process
- Marketing support
- Implementation of regulations

Asset servicing

- Custodian
- Master funds
- DekaBank securities account
- S-Komfort securities account

Product management

- ALM
- Strategic asset allocation
- Choice of investment style
- Research

Fund management

- Fundamental fund management
- Quantitative fund management and ETFs
- Asset management and funds of funds
- Real estate/debt funds

Implementation

- Brokerage/execution
- Trading and structuring
- Repo/securities lending
- Primary market activities

The Deka Group at a glance (3/3)

Clear strategic orientation – leading solution provider for asset investment, management and administration

Deka

Savings Banks Sales

Retail clients

Institutional Sales

Institutional clients

Asset Management (AM)

- AM Securities
- AM Real Estate
- AM Services

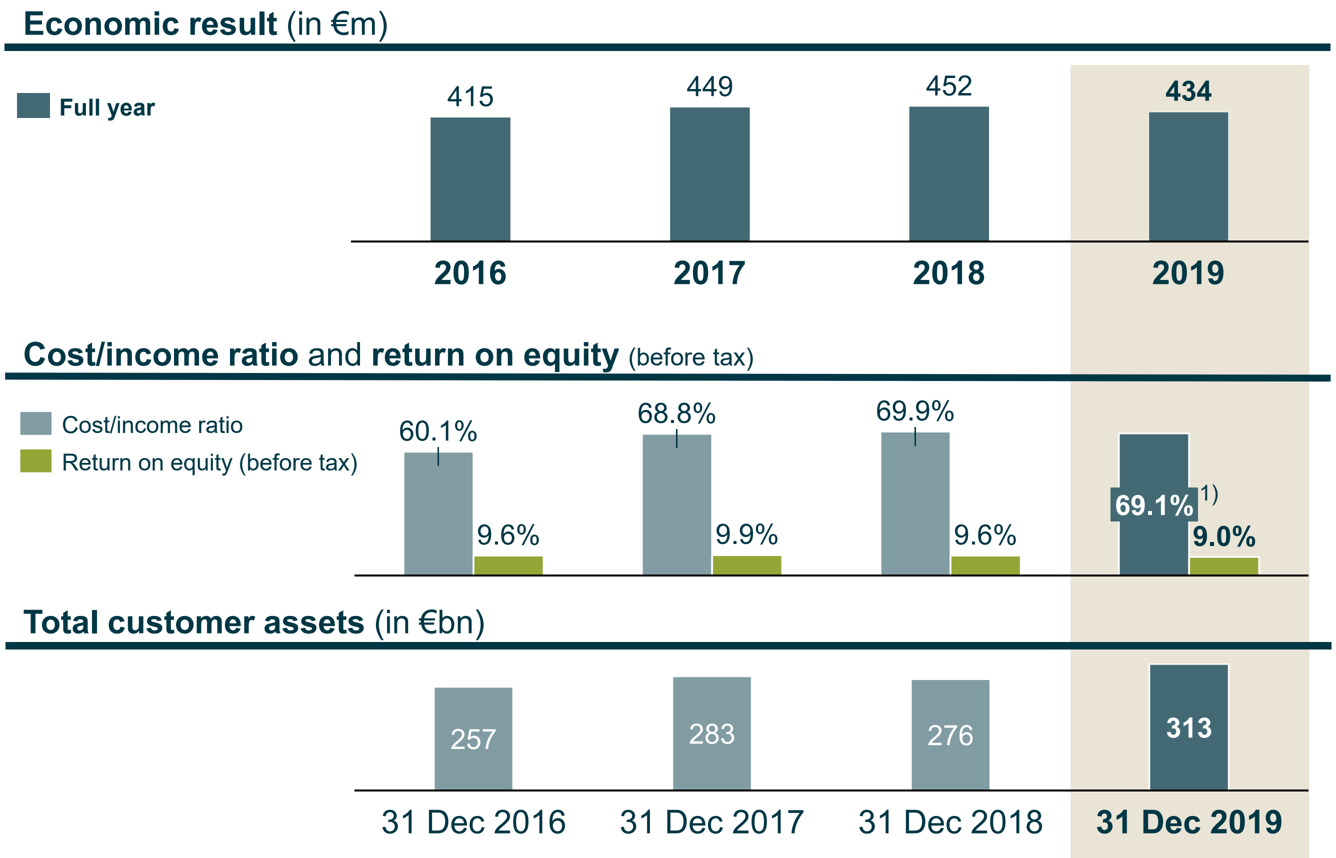
Banking business

- Capital Markets
- Financing

Corporate Center

Presentation "Business development of the Deka Group as at 31 December 2019" published together with the Annual Report 2019 on 7 April 2020

Business development
Economic result moderately down on previous year’s level



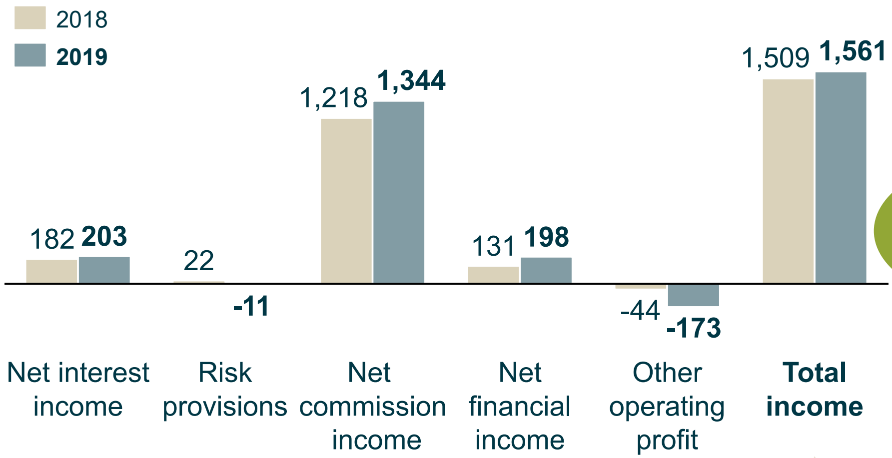
- The economic result was moderately down on the previous year’s level
- Net interest income, net financial income and, in particular, net commission income exceeded the comparable prior-year figures
- Due to persistent low interest rates, other operating profit was hit by a one-off effect from measures to strengthen the capital for a company in the equity investment portfolio
- The low interest rates also led to actuarial losses on pension provisions

[1] Excluding the one-off effect from measures to strengthen the capital for a company in the equity investment portfolio (€-140.0m) in other operating profit, the cost/income ratio was 63.4%.

Total income and expenses

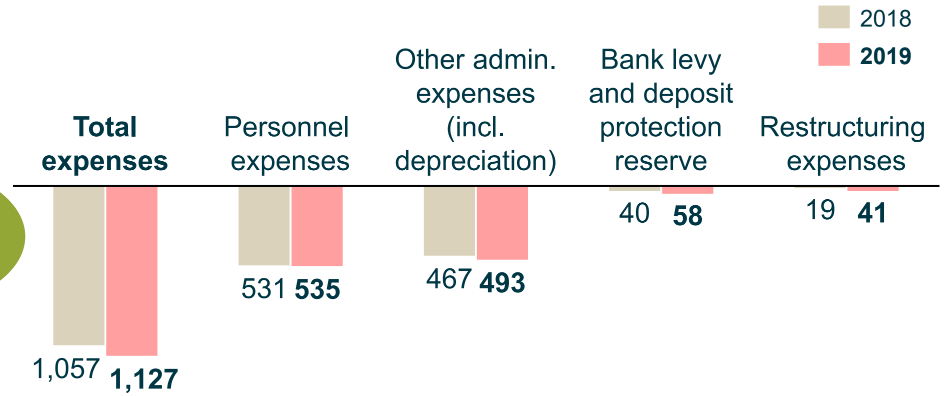
Net commission income an important sustainable component of earnings, accounting for 86% of total income

Income (in €m)



Σ €434m
(py: €452m)

Expenses (in €m)

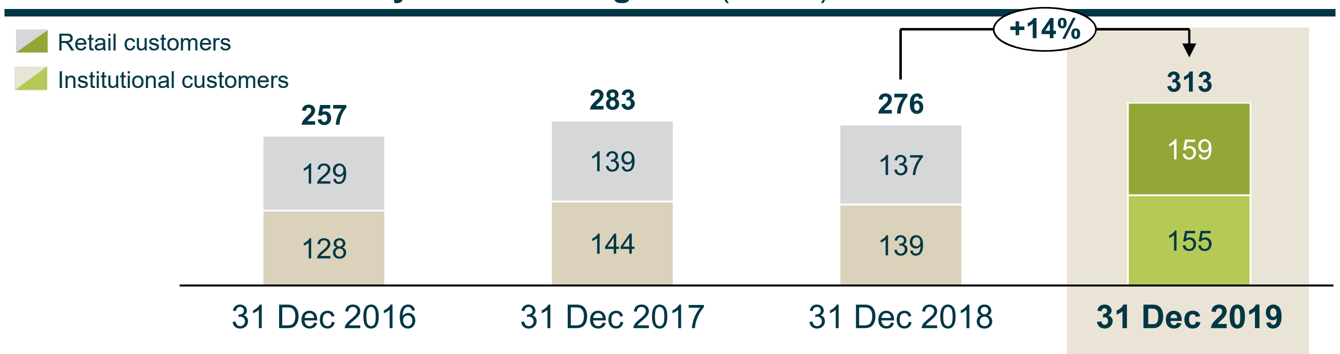


- Net commission income rose primarily due to an increase in portfolio-based commission and performance fees
- Positive valuation effects on securities in the wake of spread movements were reflected in the net financial income from the banking book
- Other operating profit was impacted by a one-off effect (€-140.0m) from measures to strengthen the capital for a company in the equity investment portfolio. Actuarial losses on pension provisions (€-38.6m) also had an impact

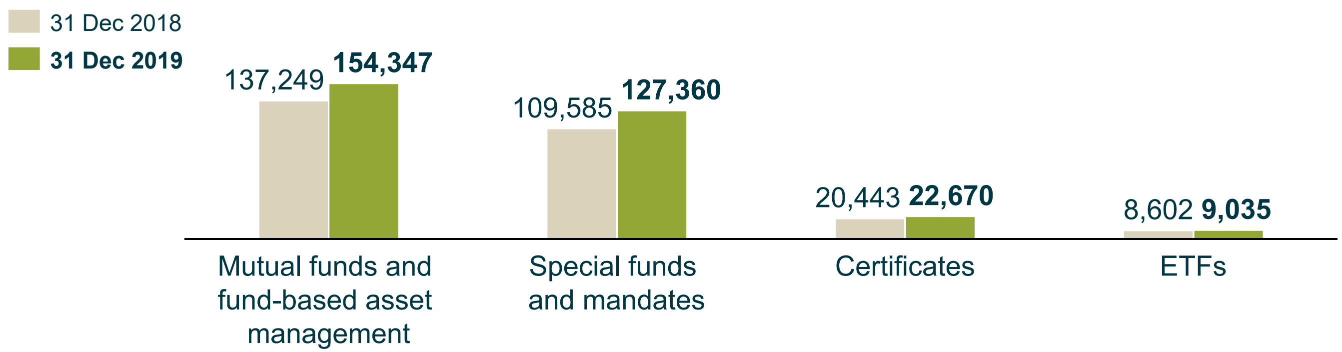
- There was only a minor increase in personnel expenses. This was particularly attributable to wage and salary increases as a result of the collective bargaining rounds
- Other administrative expenses (including depreciation and amortisation) rose moderately year-on-year as expected
- Restructuring expenses of €41.0m were incurred and 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
Increase due to positive investment performance and net sales

Total customer assets by customer segment (in €bn)



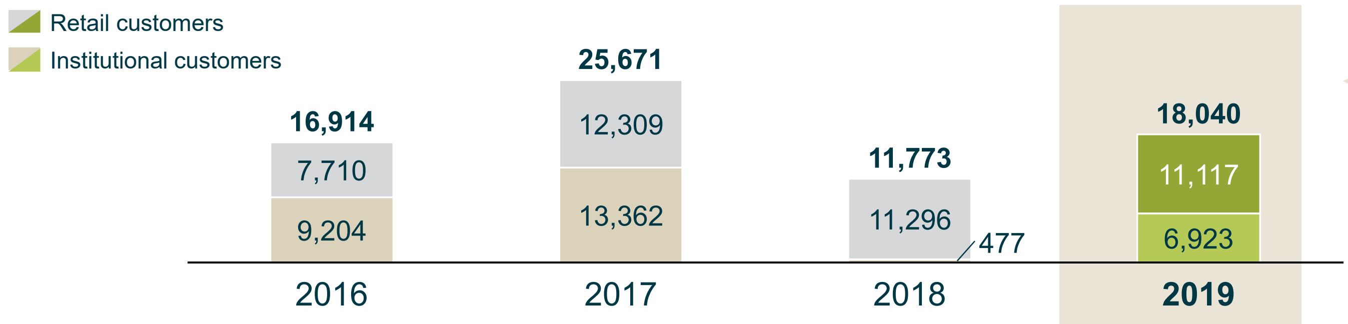
Total customer assets by product category (in €m)



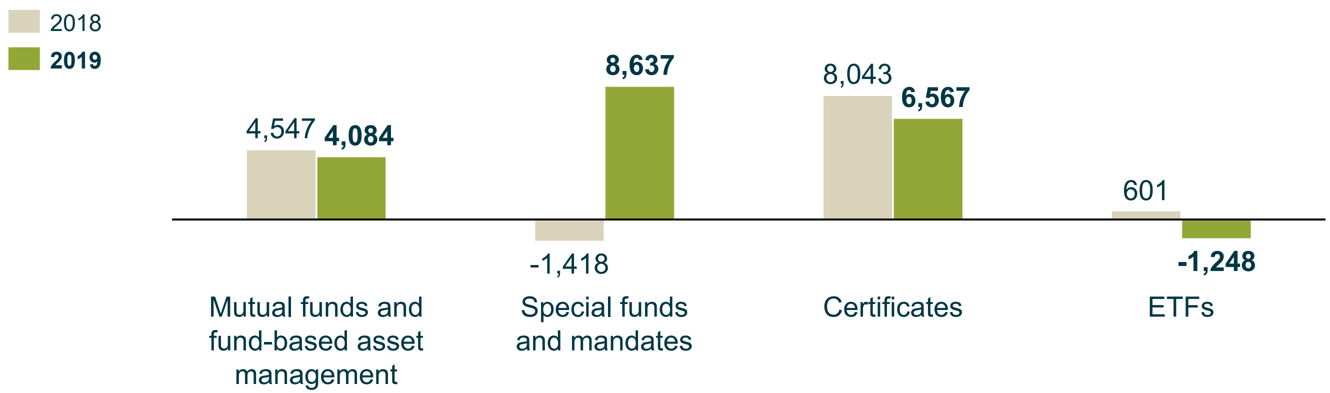
- Total customer assets were up by around 14% as against the end of 2018 to €313.4bn
- In addition to sales, this was primarily attributable to the positive investment performance as against the end of the previous year
- This trend was offset by distributions to investors and maturing certificates

Net sales
As the *Wertpapierhaus* a key part of the *Sparkassen-Finanzgruppe*

Net sales by customer segment (in €m)



Net sales by product category (in €m)

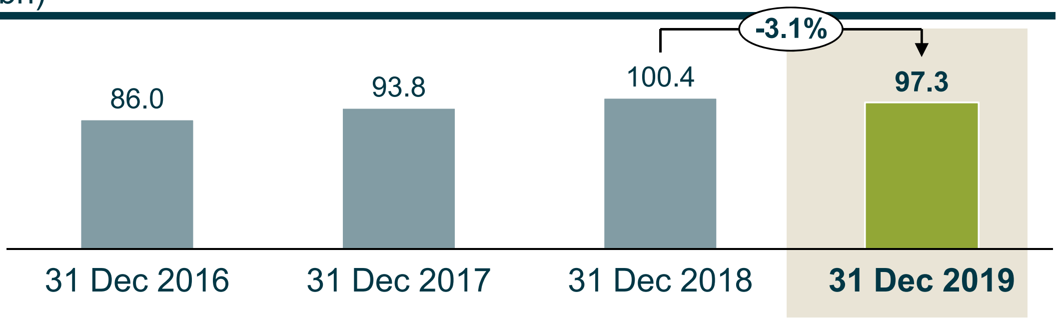


- In the **retail customer** segment, net sales of €11.1bn were well into positive territory again. In the fund business (€5.9bn), equity funds (€3.2bn) and real estate funds (€2.1bn) made up a particularly significant proportion of sales. Sales of certificates totalled €5.3bn.
- Net sales in the **institutional customer** segment were significantly positive again at €6.9bn[1]. The institutional investment fund business accounted for a large portion (€5.6bn) of sales. Certificate sales came to €1.3bn.

[1] The previous year's figure of €0.5bn was affected by the termination of an individual mandate (as planned) as part of the integration of Deka Vermögensmanagement GmbH (formerly LBB INVEST GmbH).

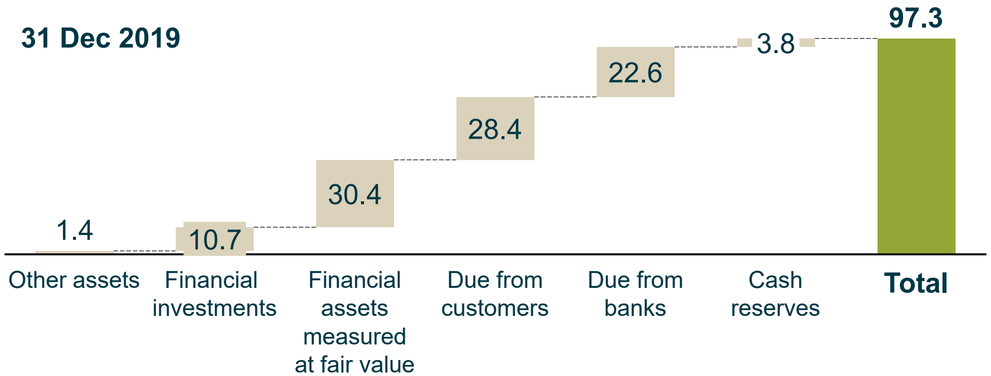
Total assets
Around €97bn at year-end

Total assets (in €bn)

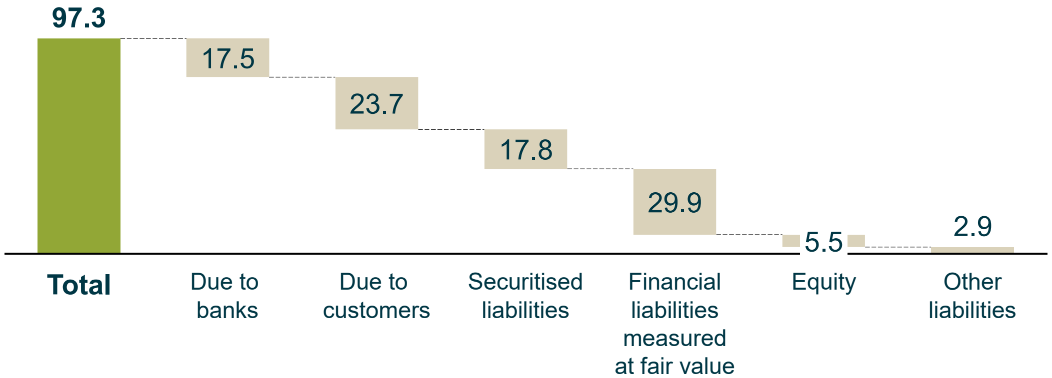


- Total assets fell by around 3% year-on-year. This was due in particular to the lower volume of repo business and a decline in cash reserves with central banks

Assets (in €bn)

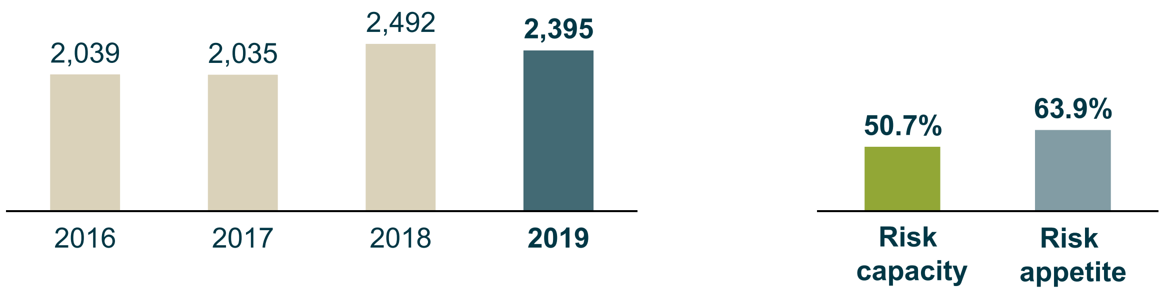


Liabilities (in €bn)

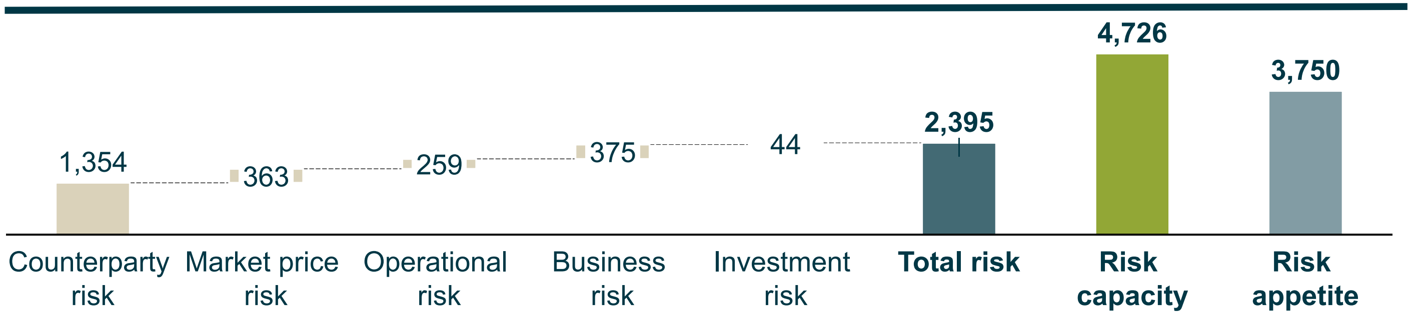


Internal capital adequacy (1/3)
Economic perspective

Change in total risk[1)] (in €m) **and utilisation ratios as at 31 December 2019**



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

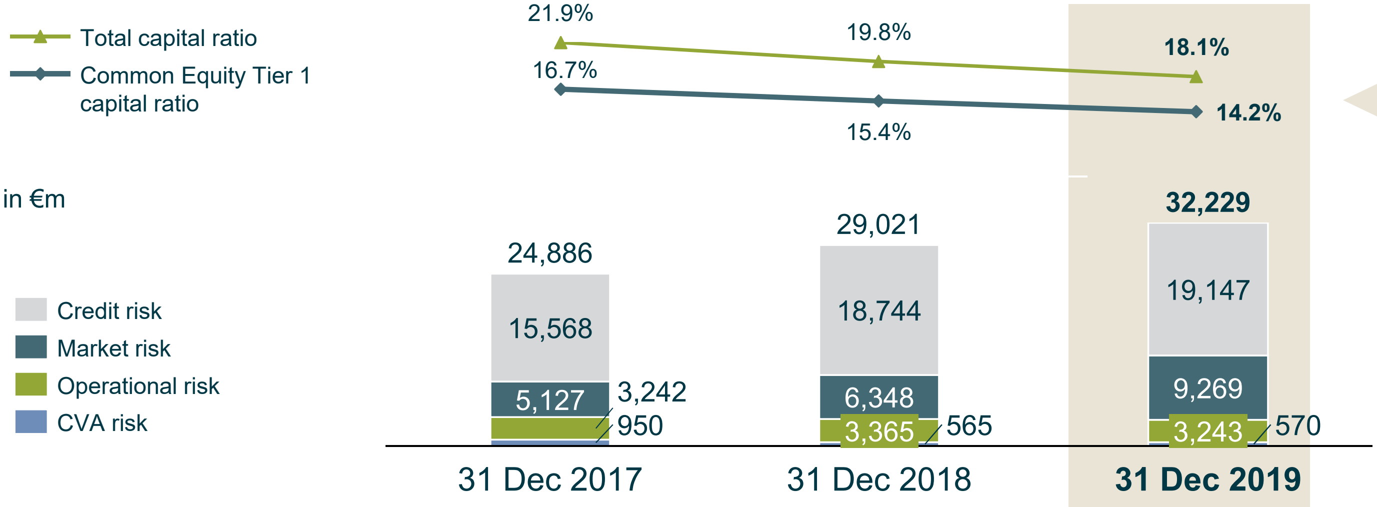


- Decline in total risk over the course of the year mainly due to lower counterparty and market price risk
- Risk appetite utilisation stood at 63.9% (utilisation of risk capacity was 50.7%)
- Overall, the economic risk situation with regard to the utilisation ratios remained at a non-critical level at the 2019 reporting date

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

Internal capital adequacy (2/3)
Normative perspective

Development of regulatory capital and RWA



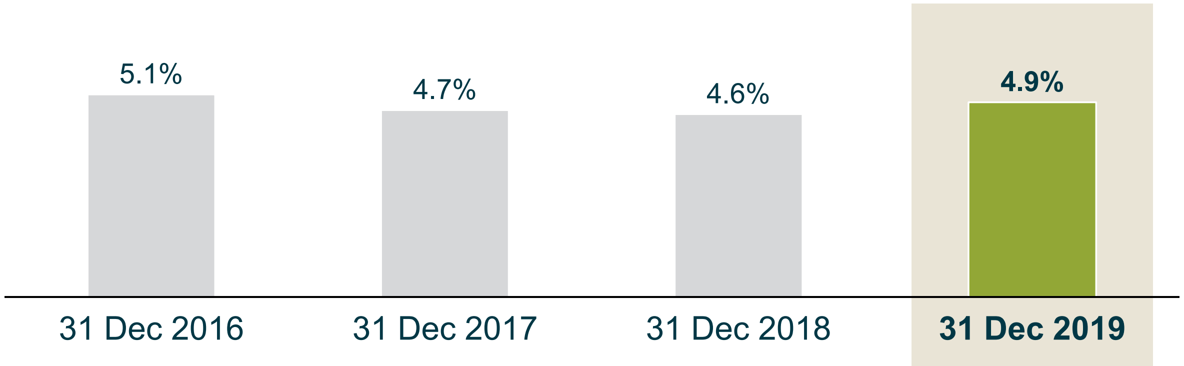
in €m

	31 Dec 2017	31 Dec 2018	31 Dec 2019
Own funds	5,442	5,741	**5,828**
Tier 1 capital	4,619	4,933	**5,053**
Common Equity Tier 1 capital	4,145	4,460	**4,579**

- The Common Equity Tier 1 capital ratio stood at 14.2%
- The total capital ratio amounted to 18.1%
- The increase in Common Equity Tier 1 capital (due especially to profit retention) was offset by an increase in risk-weighted assets (mainly market risk and credit risk)
- The SREP requirement as at 31 December 2019 for the Common Equity Tier 1 capital ratio (P2R requirement including combined capital buffer, phase-in) was 9.04%

Internal capital adequacy (3/3)
Normative perspective and statement on both perspectives

Leverage Ratio (fully loaded)



- At 4.9% the leverage ratio was above the minimum ratio requirement of 3.0% to be observed from June 2021

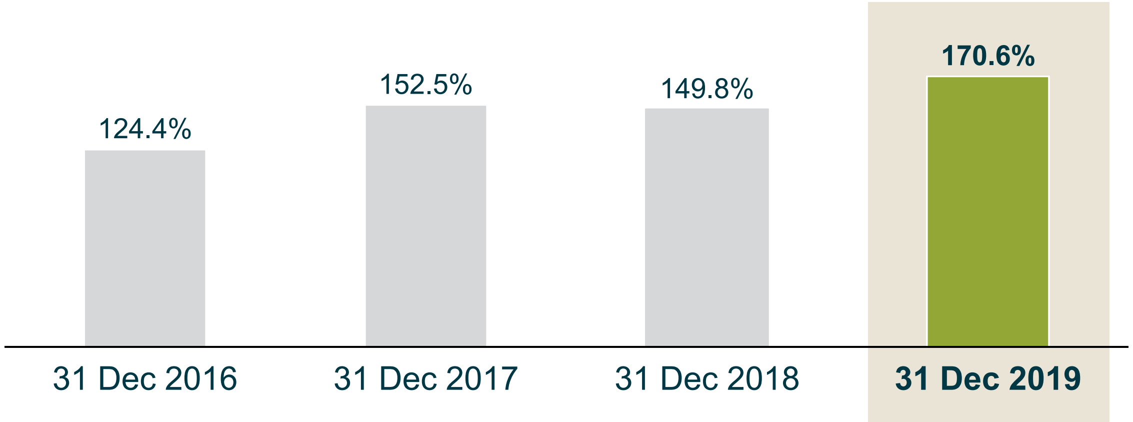
- At the reporting date the MREL ratio (balance sheet-based) stood at 22.0%, considerably above the statutory minimum ratio

Statement on both perspectives 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 the utilisation of risk capacity and of risk appetite remained at non-critical levels throughout the reporting period

Internal liquidity adequacy
Normative perspective and statement on both perspectives

Liquidity Coverage Ratio (LCR)



- The Deka Group's LCR was 170.6%, considerably above the minimum ratio requirement

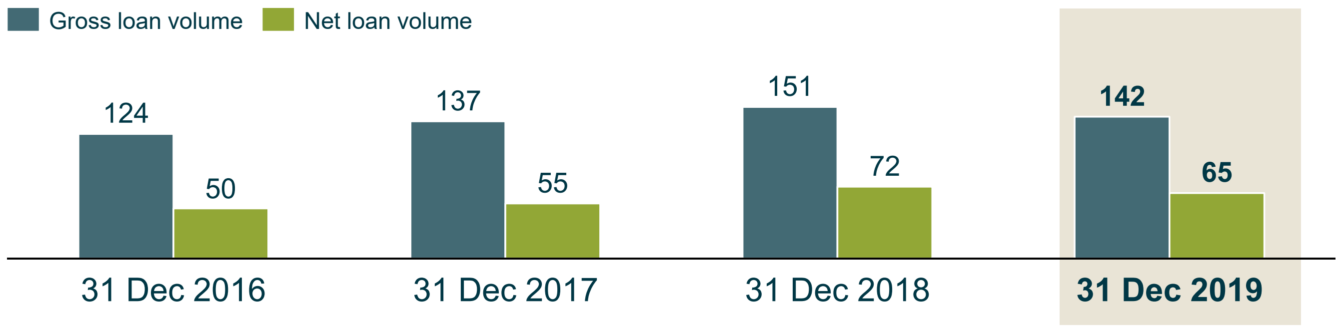
Statement on both perspectives regarding the internal liquidity adequacy

- The Deka Group continued to have sufficient liquidity, measured using the liquidity balances and LCR, throughout the reporting period.

Gross and net loan volume

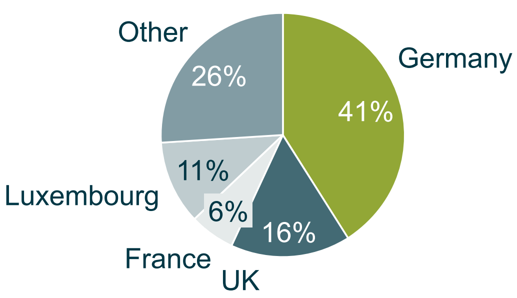
Difference between gross and net loan volume shows extent of collateralisation

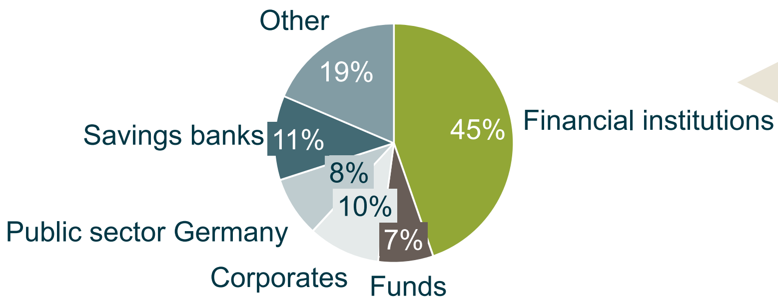
Change in gross and net loan volume (in €bn)



- Average rating for the gross loan volume improved by one notch to a rating of 2 on the DSGV master scale (corresponds to BBB+ on the S&P scale)

Gross loan volume by country and risk segment (as at 31 December 2019)





- The eurozone accounted for 68.0% of the gross loan volume (previous year: 71.8%)

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
Covered Bonds	N/A	AAA 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: 31 March 2020

Sustainability ratings
Ratings confirm our sustainable governance

	MSCI	ISS ESG (Corporate ESG Performance, Prime)	imug Sustainability Rating	Sustainalytics
Current rating	**AA**	**C+** (prime)	**BB** **positive**	**83** (# 11 / 332) **„Leader“**

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

ISS ESG 2017	ISS ESG 2018	ISS ESG **2019**
C+	C+	**C+**

imug 2017	imug 2018	imug **2019**
CC	B	**BB**

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

Status of sustainability ratings according to the respective rating reports: MSCI: 26 August 2019; ISS-ESG: 31 May 2019; imug rating: 21 March 2019 (Sustainability Rating: positive (BB); Mortgage Covered Bonds: positive (BBB); Public Sector Covered Bonds: positive (BBB)) Sustainalytics: 12 October 2017 (update expected in 2020)

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 equity 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.