Business development of the Deka Group
as at 31 December 2023

Frankfurt/Main, 26 March 2024

Deka Group strategy
Wertpapierhaus of 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

Deka Group strategy
Five business divisions with a clearly defined range of services

simplified representation

The business divisions of the *Wertpapierhaus* and their functions

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

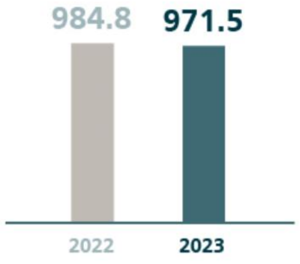
Capital Markets
- Repo/securities lending
- Trading & Structuring
- Issues
- Commission Business unit

Financing
- Financing of savings banks
- Transport financing
- Infrastructure and export financing
- Real estate financing

AM = Asset Management

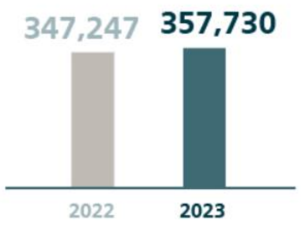
Key indicators at a glance

Economic result



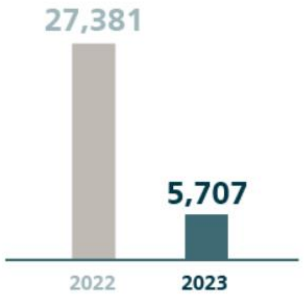
in €m

Asset management volume



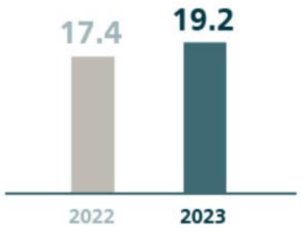
in €m

Total sales



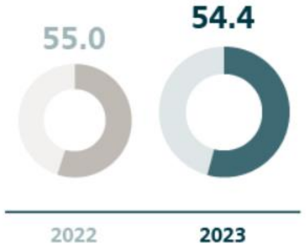
in €m

Common Equity Tier 1 capital ratio



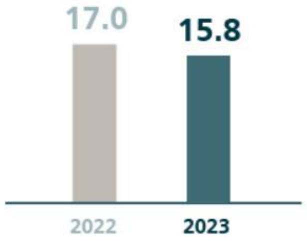
in %

Cost/income ratio



in %

Return on equity before tax (balance sheet)



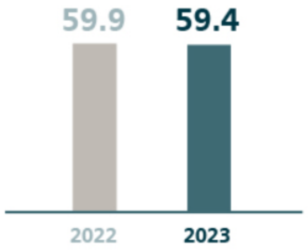
in %

New investment savings plans

~220,000
in 2023

~368,000
in 2022

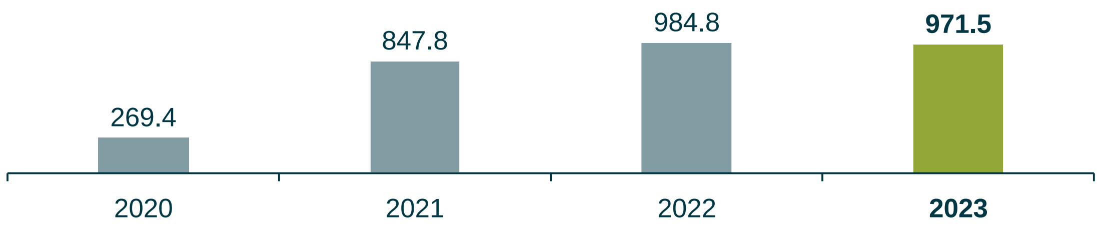
Utilisation of risk appetite



in %

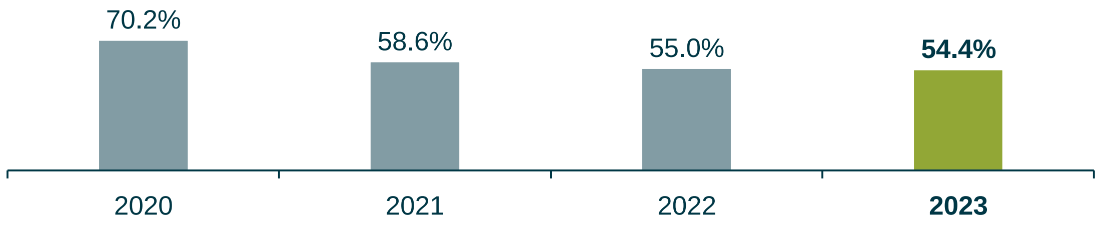
Business development
Economic result close to previous year's level

Economic result (in €m)



- The Deka Group achieved an economic result of €971.5m, which was close to the previous year's level of €984.8m.
- Deka is satisfied overall with its business development and profit performance.

Cost/income ratio



- The cost/income ratio was 54.4%.

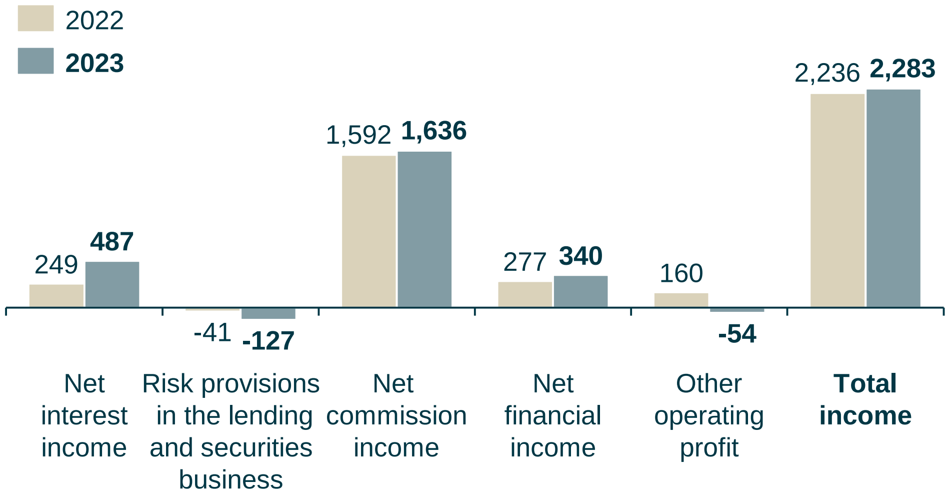
Return on equity before tax (balance sheet)

- The return on equity before tax (balance sheet) was 15.8%.

Income and expenses

Net commission income remains the main income component

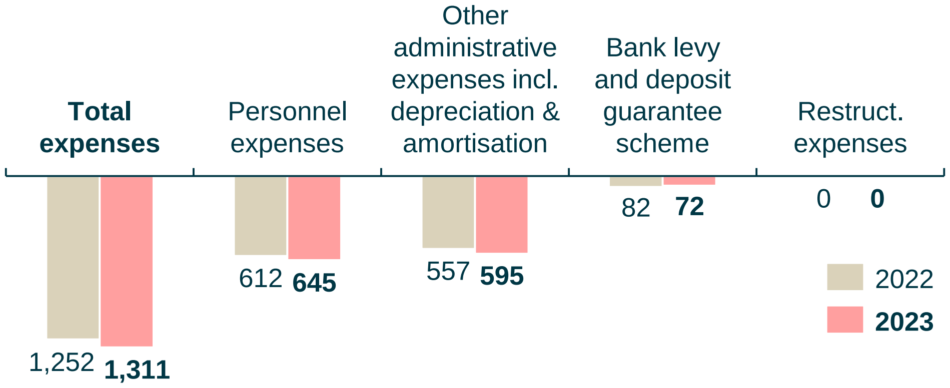
Income (in €m)



Σ €971.5m

(PY: €984.8m)

Expenses (in €m)

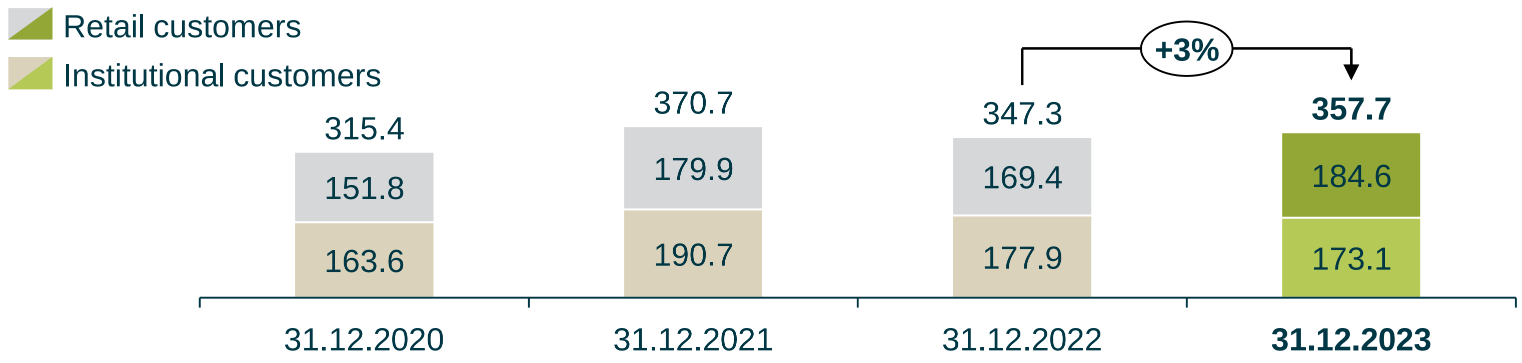


- **Net interest income** primarily reflected the rise in interest rates.
- **Net commission income** remained the main component of the Deka Group's income, accounting for around 70% of the total income.
- **Risk provisions** saw a net increase of €126.8m. The subdued real estate environment resulted in specific provisions and a post model adjustment.
- The favourable performance in the capital markets business and a positive valuation result from own issues due to an increased spread had a positive effect on **net financial income**.
- **Other operating profit** was adversely affected by actuarial losses on provisions for pensions. By contrast, there was an increase in plan assets due to market conditions.

- **Personnel expenses** were moderately higher than in the previous year. This was due to the increase in the workforce to exploit growth opportunities, in particular in expanding the sales units, multichannel management and in connection with digitalisation activities, as well as to increases in wages and salaries under collective agreements.
- The slight increase in **other administrative expenses** was largely due to higher investment in the business model and the associated increase in project expenses, primarily for the expansion of sales units and digitalisation activities.
- The decline in the **bank levy and the deposit guarantee scheme** overall was due to a lower annual bank levy contribution, while the annual contribution to the deposit protection scheme increased.

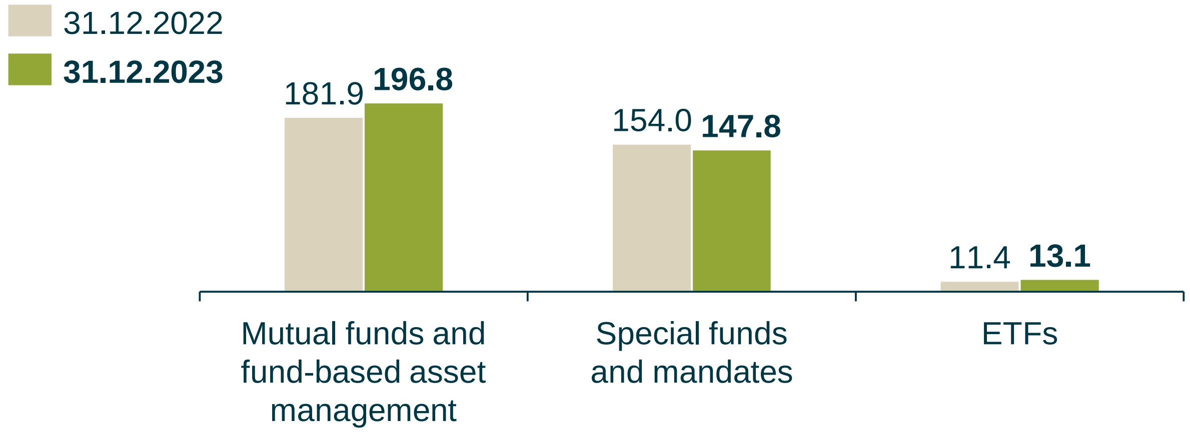
Asset management volume
Year-on-year increase to around €358bn

Asset management volume by customer segment (in €bn)



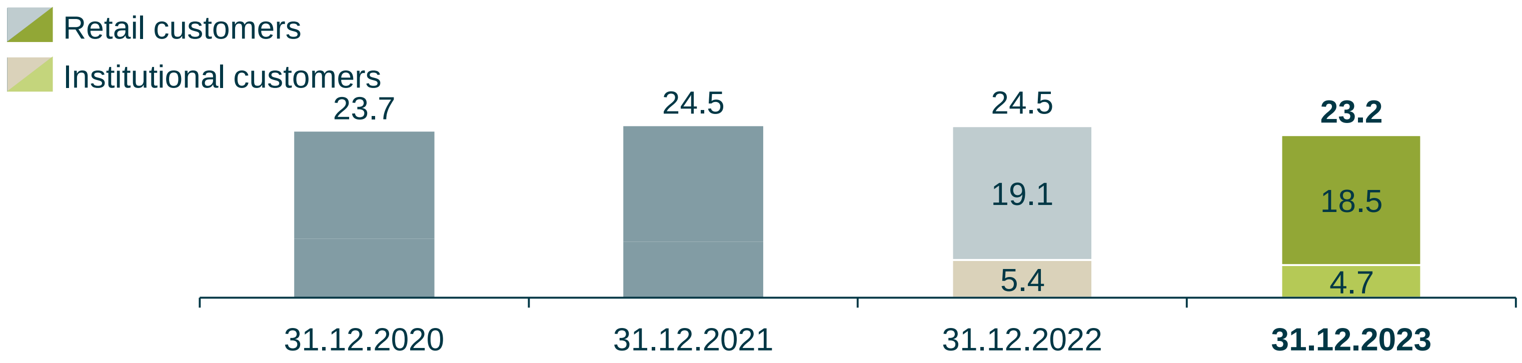
- The asset management volume was €357.7bn at year-end, which was €10.5bn higher than at the end of 2022 (€347.3bn).

Asset management volume by product category (in €bn)



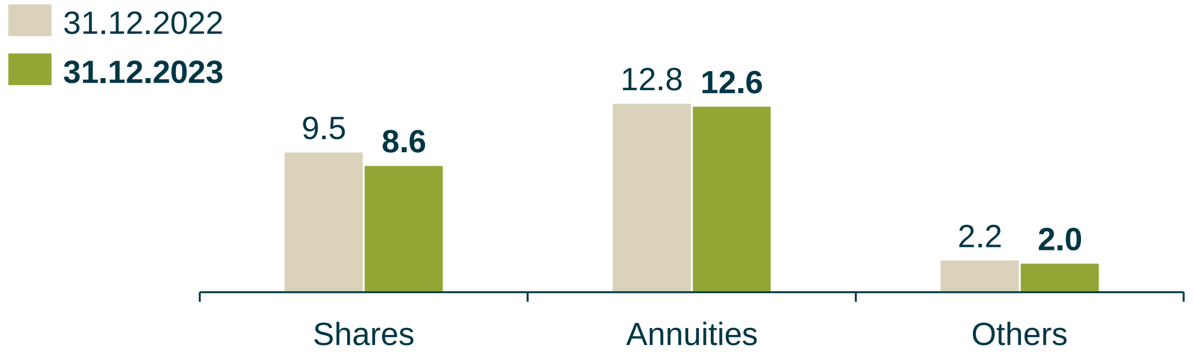
Deka certificate volume
Around €23bn at year-end

Deka certificate volume (in €bn)



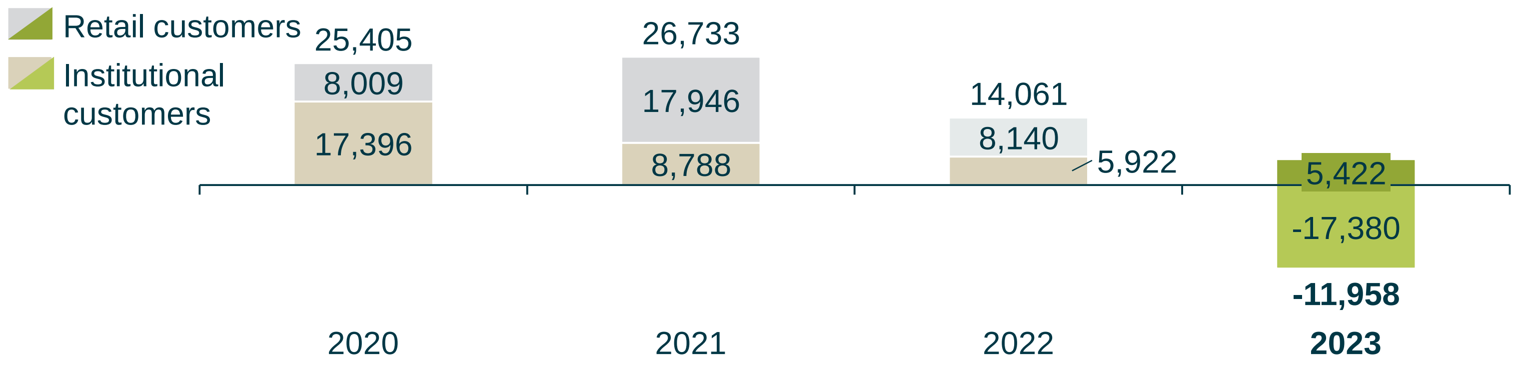
- The Deka certificate volume was €23.2bn. The Deka certificate volume comprises Deka certificates only; cooperation certificates are not included.

Deka certificate volume by product category (in €bn)

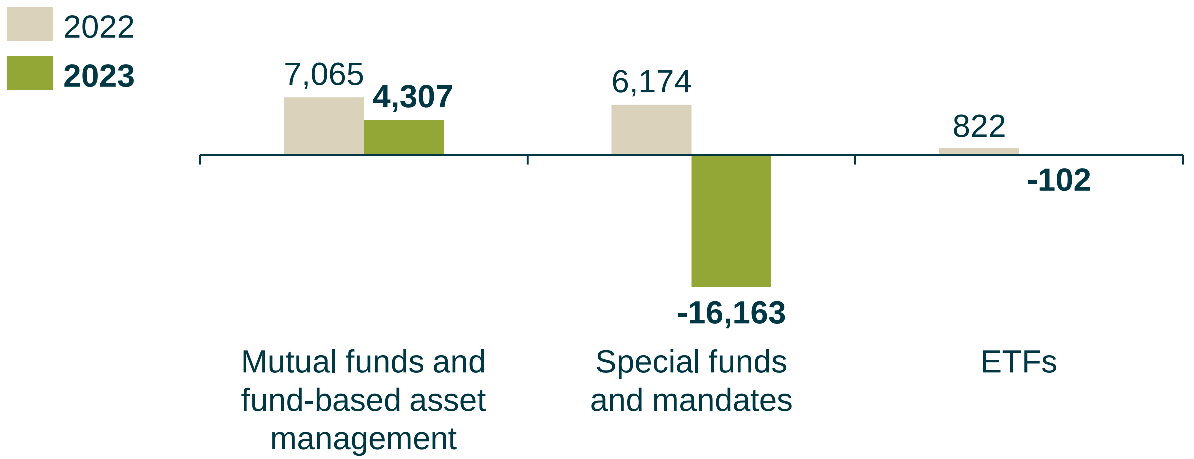


Asset management net sales
Sales in retail business remain positive

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



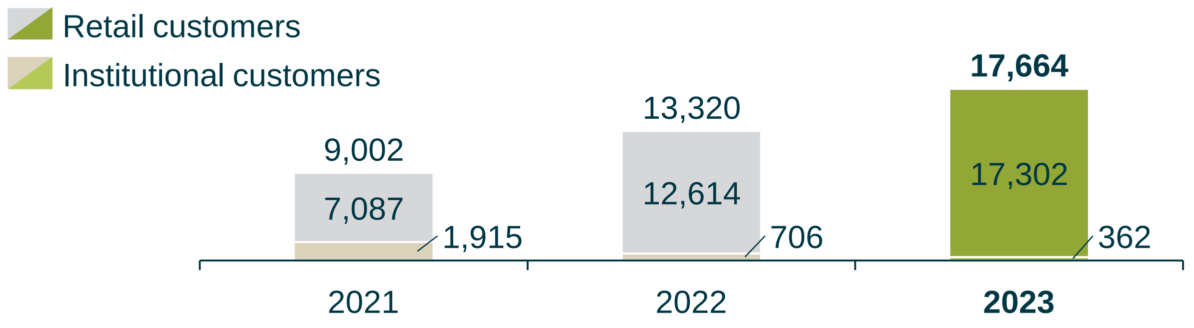
Asset Management net sales by product category (in €m)



- Asset management net sales in the reporting period amounted to €5.4bn. Equity funds (€4.2bn) and real estate funds (€1.5bn) accounted for a significant share of sales.
- Business with institutional customers recorded net sales of €–17.4bn. As already reported, this includes the loss of a customer's high-volume mandate in the amount of approximately €19bn.
- Asset management net sales in the reporting period therefore amounted to €–12.0bn.
- Investors signed up to around 222,000 (net figure) new Deka investment savings plans. The number of savings plans managed rose to some 7.6 million contracts.

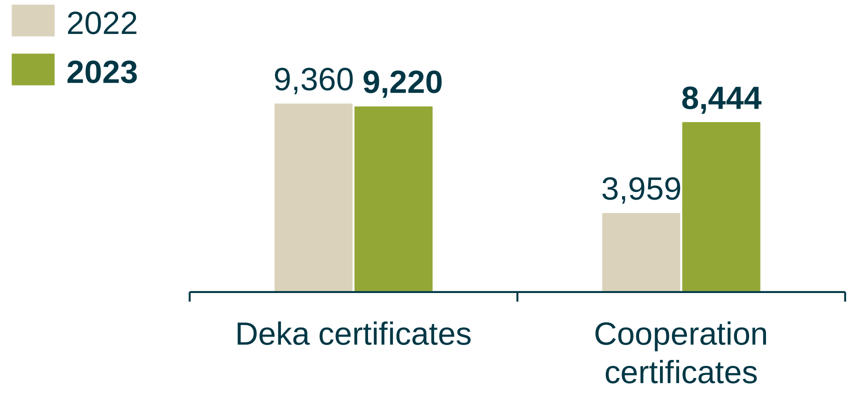
Gross certificate sales
Driven by the sale of short-dated straight bonds

Gross certificate sales by customer segment (in €m)



- The gross certificate sales of €17.7bn were a significant increase on the prior-year figure.
- The majority of these certificate sales (€17.3bn) were to retail customers. Stepped coupon bonds (€12.1bn) and express certificates (€4.1bn) were in particular demand.
- Certificate sales to institutional customers totalled €0.4bn in the reporting period.

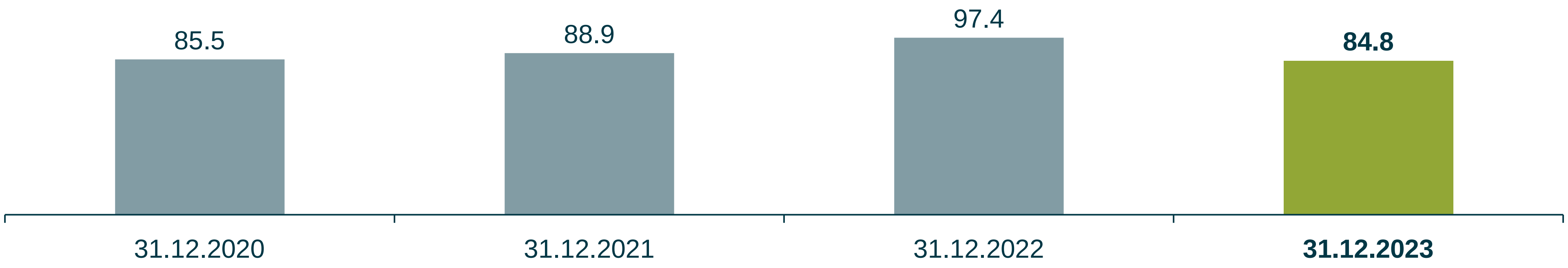
Gross certificate sales by product category (in €m)



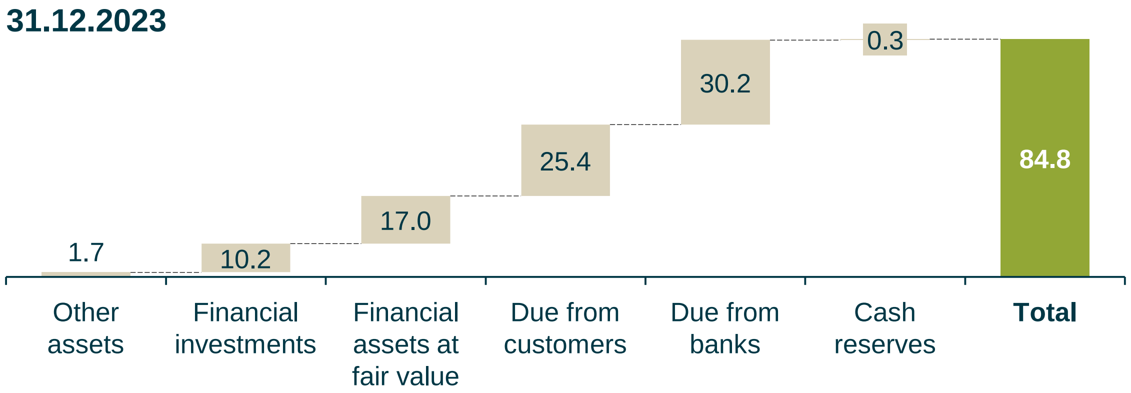
- Gross certificate sales include both Deka certificates and cooperation certificates.
- Deka certificates accounted for €9.2bn of sales. Cooperation certificates, which complement Deka's certificate range, accounted for €8.4bn.

Total assets
Around €85bn at year-end

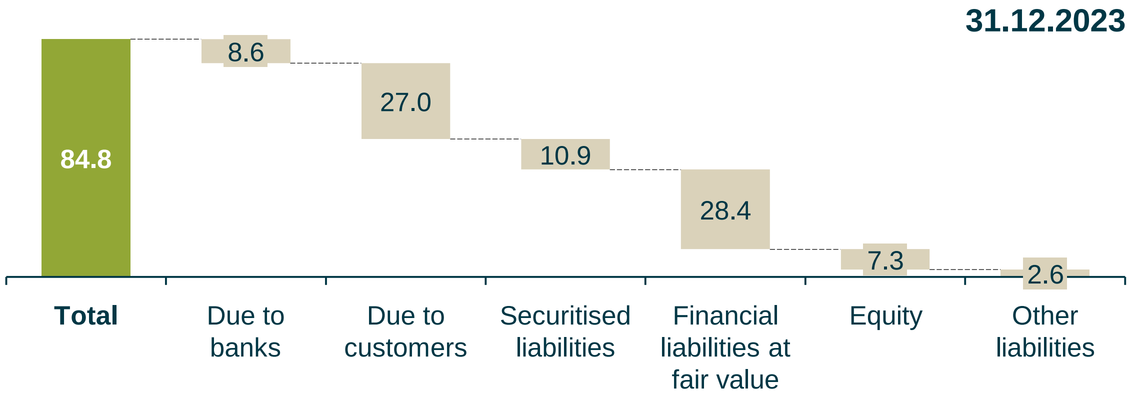
Total assets (in €bn)



Assets (in €bn)

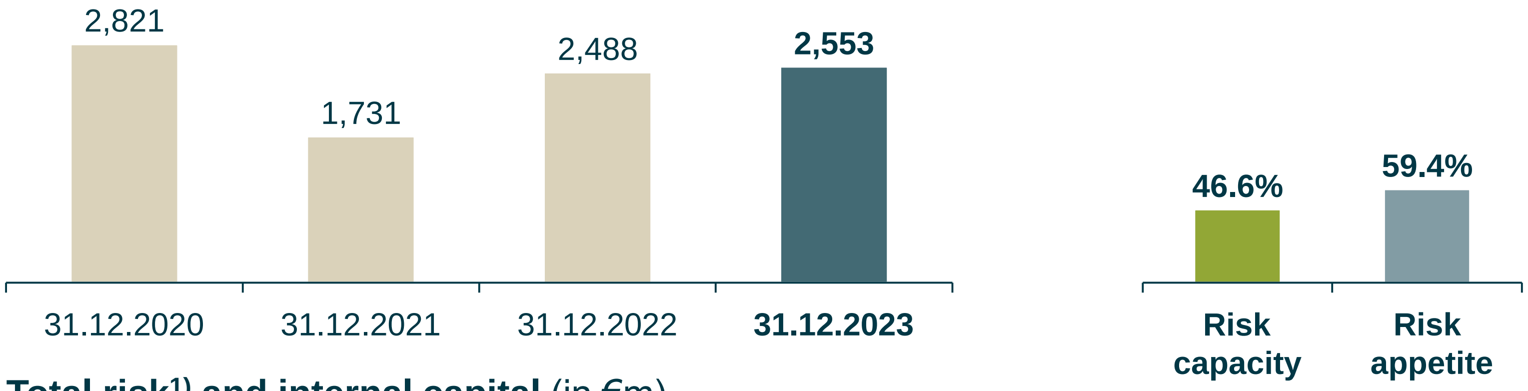


Liabilities (in €bn)

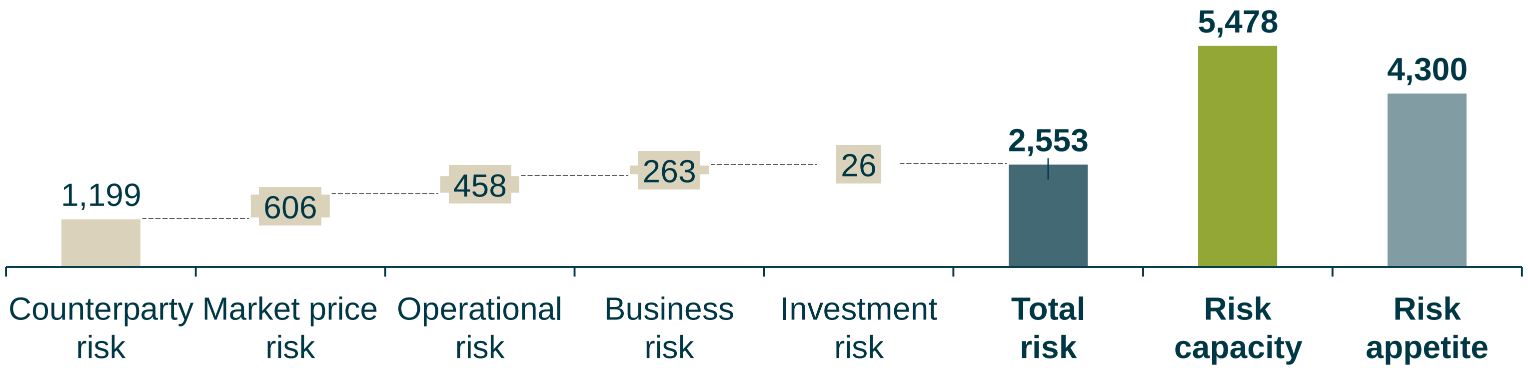


Capital adequacy (1/4)
Economic perspective

Development in total risk[1)] (in €m) and utilisation ratios as at 31.12.2023



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

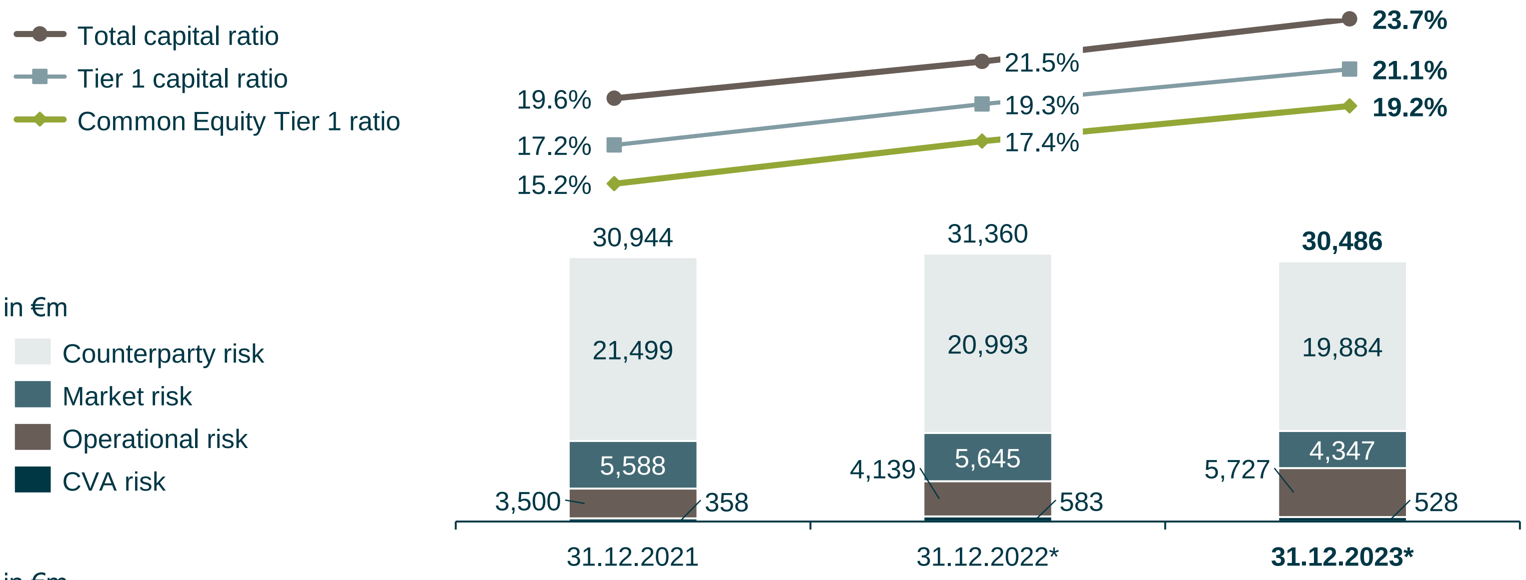


- The utilisation ratios in the economic perspective remained at a non-critical level at the end of 2023.
- Utilisation of risk appetite (59.4%) was practically unchanged compared with the end of the previous year (59.9%). There was a slight increase in overall risk as well as a slight increase in risk capacity due to positive development in retained earnings and earnings components.
- At 46.6%, utilisation of risk capacity was down slightly as against the end of 2022 (47.6%) as a result of these developments.

[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

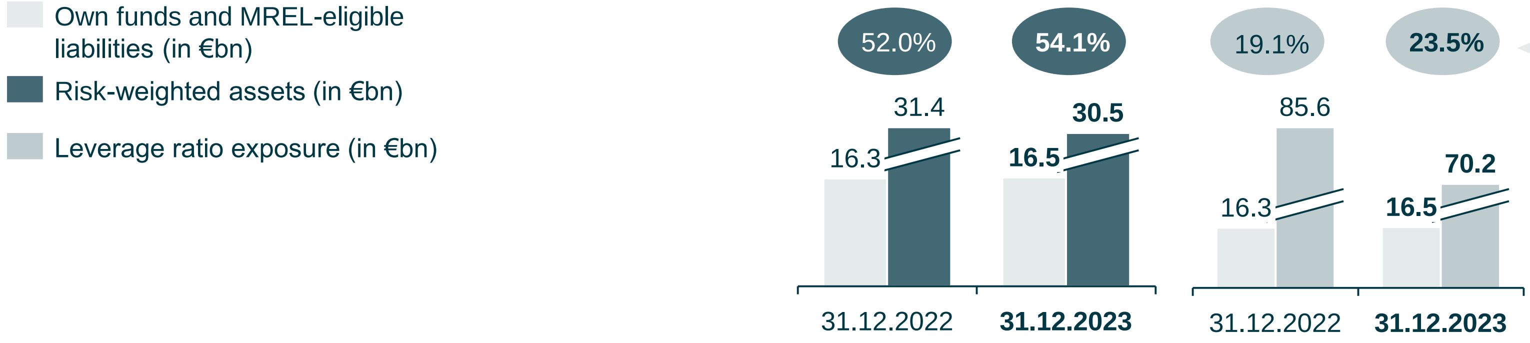
	31.12.2021	31.12.2022*	31.12.2023*
Own funds	6,075	6,751	**7,230**
Tier 1 capital	5,314	6,061	**6,446**
Common Equity Tier 1 capital	4,716	5,462	**5,848**

- The Common Equity Tier 1 capital ratio rose to 19.2% by the end of the year.
- RWA were down year on year at €30.5bn. Market risk declined significantly over the course of the year, whereas operational risk showed a marked increase.
- Common Equity Tier 1 capital was up year-on-year, primarily as a result of the inclusion of year-end effects from 2023 (mainly profit retention).
- The SREP requirements as at 31 December 2023 were 8.91% for the Common Equity Tier 1 capital ratio, 10.69% for the Tier 1 capital ratio and 13.06% for the total capital ratio. These requirements were clearly exceeded at all times. The SREP Pillar 2 requirements remain unchanged for 2024.

* As in the previous year, pursuant to Article 26 (2) CRR, the year-end profit less foreseeable charges and dividends was recognised in Common Equity Tier 1 capital in the same period as at 31 December 2023 (dynamic approach).

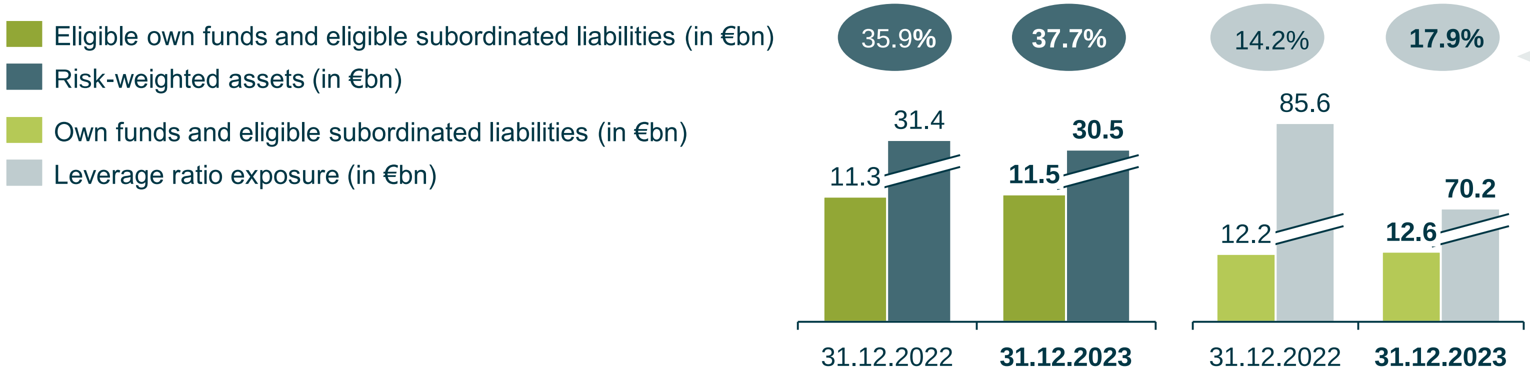
Capital adequacy (3/4)
Normative perspective

MREL ratios (RWA-based/LRE-based)



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

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

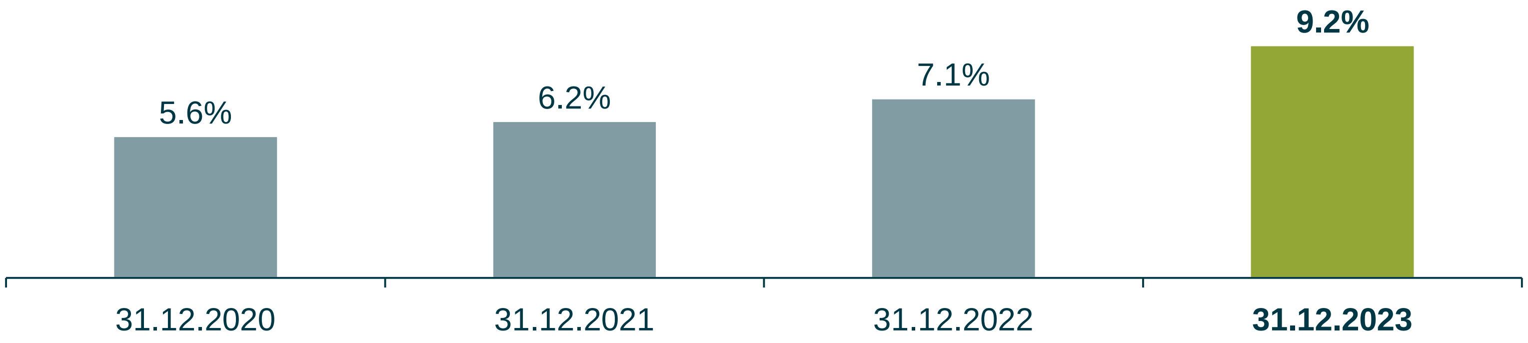


- Both subordinated MREL requirements were well above the applicable minimum ratios.

Capital adequacy (4/4)

Normative perspective and statements on both perspectives

Leverage ratio (fully loaded)



- The leverage ratio was 9.2%. The increase was due to higher Tier 1 capital and the decline in the leverage ratio exposure due to lower total assets.
- This was above the minimum leverage ratio of 3.0% at all times.

Statements on capital adequacy from 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 throughout.

Liquidity adequacy

Normative perspective and statements on both perspectives

Liquidity Coverage Ratio (LCR)

- The regulatory LCR requirements were met throughout the period under review.

Net Stable Funding Ratio (NSFR)

- The NSFR was significantly above the required minimum ratio.

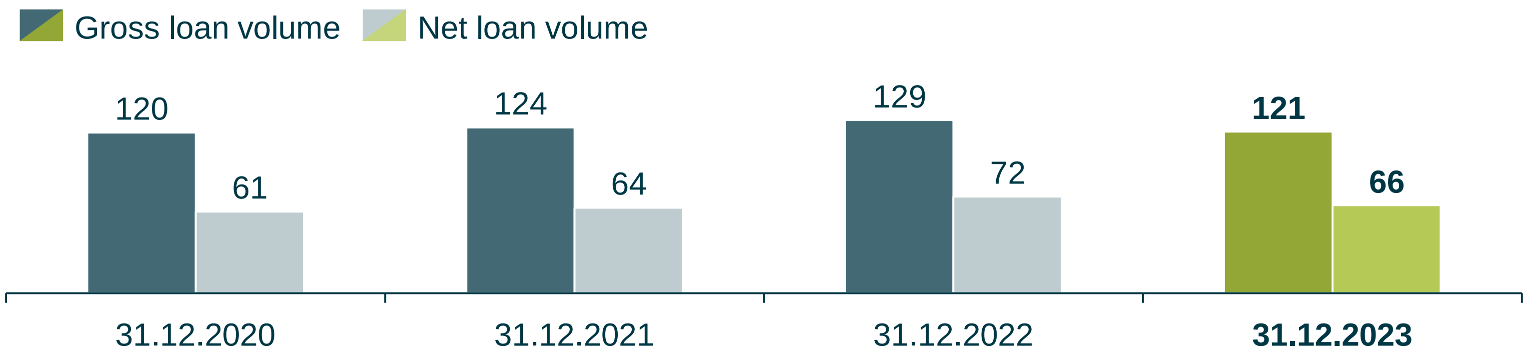
Liquidity adequacy statements from both perspectives

- The Deka Group once again had sufficient liquidity, measured using the liquidity balances and normative indicators, throughout the reporting period.
- There were no breaches of the internal limits and emergency triggers or the external minimum LCR and NSFR at any time.

Gross and net loan volume

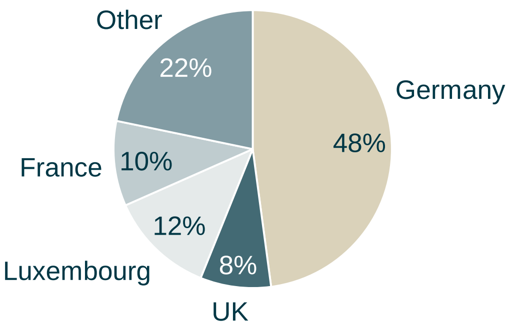
Difference between gross and net loan volume shows extent of collateralisation

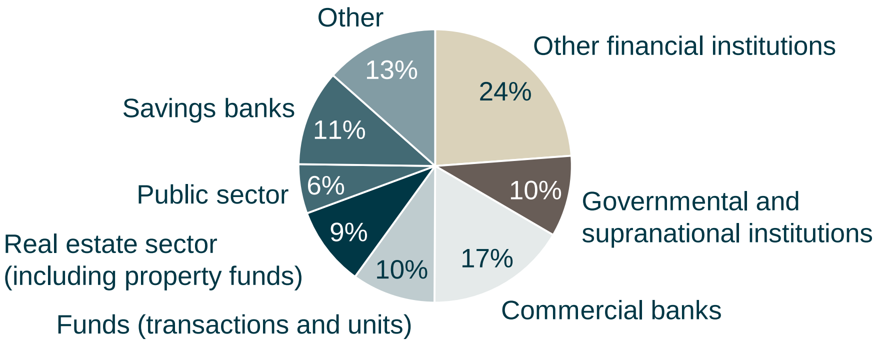
Development of gross and net loan volume (in €bn)



- The average rating for the gross loan volume was unchanged at a score of 4 on the DSGV master scale (corresponds to "BBB–" on the S&P scale).

Gross loan volume by country and risk segment (as at 31.12.2023)





- The eurozone accounted for 78.3% of the gross loan volume (year-end 2022: 78.5%).
- The gross loan volume for counterparties in Russia was €33m. Due to the securing of loans through ECA guarantees for energy supply financing, the net loan volume attributable to Russia was significantly lower than the gross loan volume at around €1m. There was still no gross loan volume attributable to counterparties in Ukraine or Belarus at year-end 2023 and no country limit.

Financial 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: 26 March 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“).
For current rating reports see: https://www.deka.de/deka-gruppe/investor-relations/ratings

Sustainability ratings

Ratings confirm sustainability of our corporate governance

	MSCI ESG Ratings	ISS ESG Corporate ESG Performance	Sustainalytics	Moody's ESG Solutions
Current rating	A	C Prime	16.9 „Low Risk“**	55/100 „Robust“

MSCI ESG Ratings

2020	2021	**2022**
AA	AA	**A**

ISS ESG

2019	2020	**2023**
C+	C+	**C**

Sustainalytics

2021	2022	**2024**
17.4	16.5	**16.9**

Moody's ESG Solutions

2020	**2021**
41	**55**

Status of sustainability ratings according to annual ESG ratings reports: MSCI ESG ratings: 10 June 2022; ISS-ESG: 23 August 2023; Sustainalytics: 24 January 2024; Moody's ESG Solutions (formerly V.E): May 2021

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

Forecast for 2024 from the 2023 Annual Report

Excerpt from expected business development and profit performance

"With the continuing geopolitical tensions and challenging economic environment as a backdrop, the Deka Group expects an **economic result** of around €700m in 2024."

"The Deka Group is aiming for a **return on equity before tax (balance sheet)** of around 11% in financial year 2024.."

"The **cost/income ratio** should come to around 60%."

"The Deka Group anticipates a significant year-on-year rise in **the asset management volume** in 2024."

"As part of its forecast, Deka expects **total sales** of around €35bn."

"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. With regard to risk development, however, elevated uncertainty regarding the further development of the market environment cannot be ruled out."

Forecast for the key performance 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	Approx. €35bn
Common Equity Tier 1 capital ratio	Appropriate: over 13%
Utilisation of risk appetite	At a non-critical level

Forecast report

"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 2024 are subject to uncertainty. (…) The impacts of a continuation of the wars in Ukraine and the Middle East are again impossible to fully predict in 2024. The same applies to the tensions between western industrialised nations and the emerging economies, led by China. If the hostilities worsen further or if further geopolitical conflicts develop, this may hit economic growth and the capital markets. Moreover, the economic effects of the changes to value chains, the disrupted supply chains and, in particular, the future inflation trend are still impossible to gauge. The monetary policy of the central banks will be a relevant factor here. As a result of this, estimates of the development of growth are subject to revision. Future market developments therefore remain highly uncertain, and the earnings, risk and capital situation, as well as the corresponding key management indicators, may show less favourable development than that presented in the forecast report.."

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.

Contacts

Tobias Versen

Head of Reporting & Rating

+49 (0)69 7147-3872

investor.relations@deka.de

Sven Jacoby

Head of External Reporting & Rating

+49 (0)69 7147-2469

investor.relations@deka.de

Johannes Weiffenbach

External Reporting & Rating

+49 (0)69 7147-5122

investor.relations@deka.de

Silke Spannknebel-Wettlaufer

External Reporting & Rating

+49 (0)69 7147-7786

investor.relations@deka.de

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