Business development of the Deka Group
as at 31 December 2022

Frankfurt/Main, 4 April 2023

Deka

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

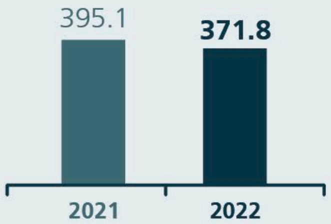
Key indicators at a glance

Net sales
(in €bn)
Retail customers,
institutional customers

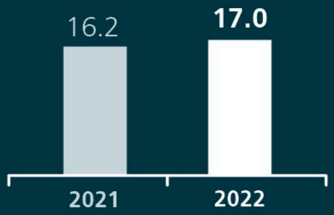
~368,000
new investment savings plans
in 2022
(~1,238,000 in 2021)

Economic result
(in €m)

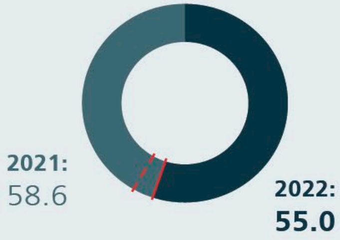
Common equity Tier 1 capital ratio
(in %)



Total customer assets
(in €bn)



Return on equity before tax (balance sheet)
in %



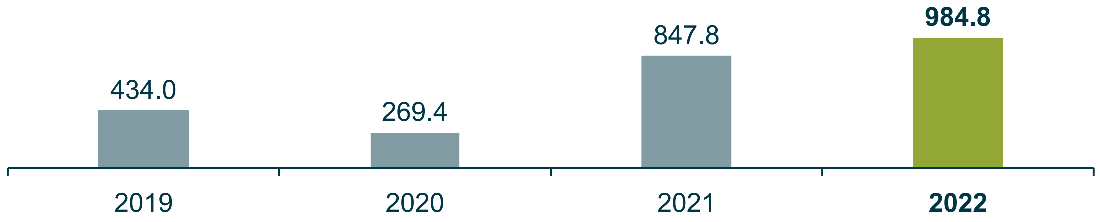
Cost/income ratio
(in %)

Utilisation of risk appetite
(in %)

Business development
Economic result increased significantly

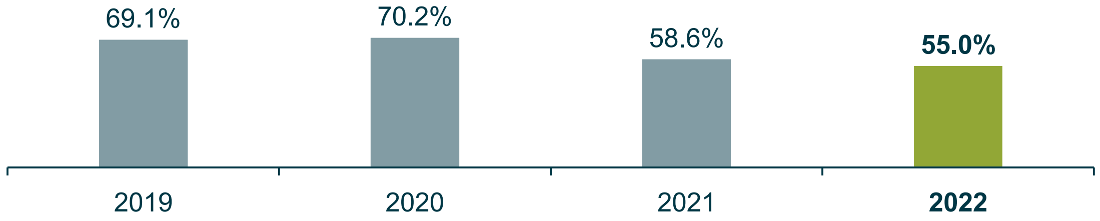
Deka

Economic result (in €m)



- Given the favourable development in operating activities and positive valuation effects due to changed market parameters, the Deka Group achieved an economic result of €984.8m.
- Excluding the positive valuation effects,[1] the result came to €741m.

Cost/income ratio



- Excluding the positive effects,[1] the cost/income ratio came to 61.6%.

Return on equity before tax (balance sheet)

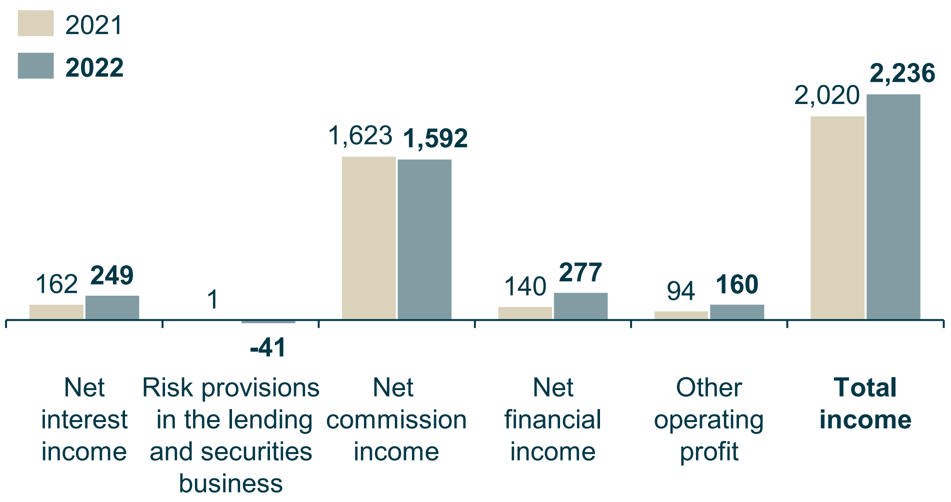
- Excluding the positive effects,[1] return on equity before tax (balance sheet) came to 12.8%.

[1] From own issues and other own credit quality effects in Treasury due to spread developments and actuarial gains on pension provisions caused by a change in the actuarial interest rate.

Income and expenses

Net commission income remains the main income component

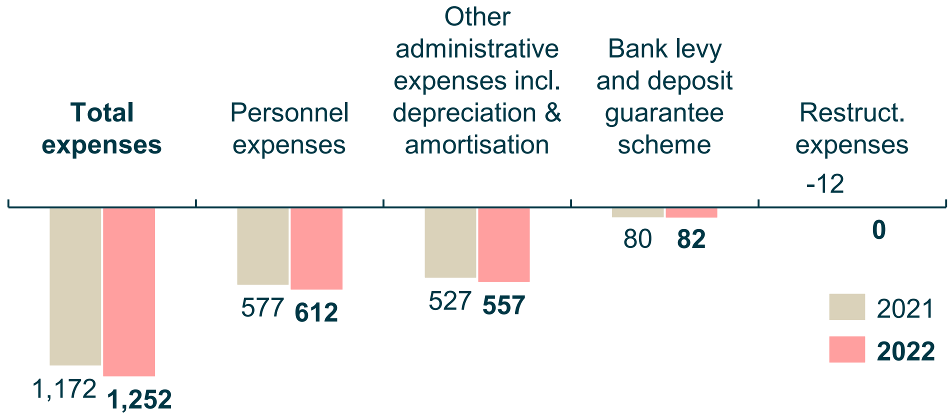
Income (in €m)



Σ €984.8m
(PY: €847.8m)

- **Net interest income** increased, largely due to higher interest rates.
- **Net commission income** was almost unchanged year-on-year.
- **Risk provisions** saw a net increase of €41.0m. The negative risk provisioning result resulted particularly from the application of post-model adjustments due to energy prices and inflation for the corporates and commercial real estate modules and rating downgrades.
- Income from the Trading & Structuring unit due to improved certificate sales to retail customers and positive net income from own issues and other own credit quality effects in Treasury due to spread developments had a positive impact on **net financial income**. An amount of €100.0m was added to the general provision for potential risks.
- **Other operating profit** was positively affected by actuarial gains on provisions for pensions.

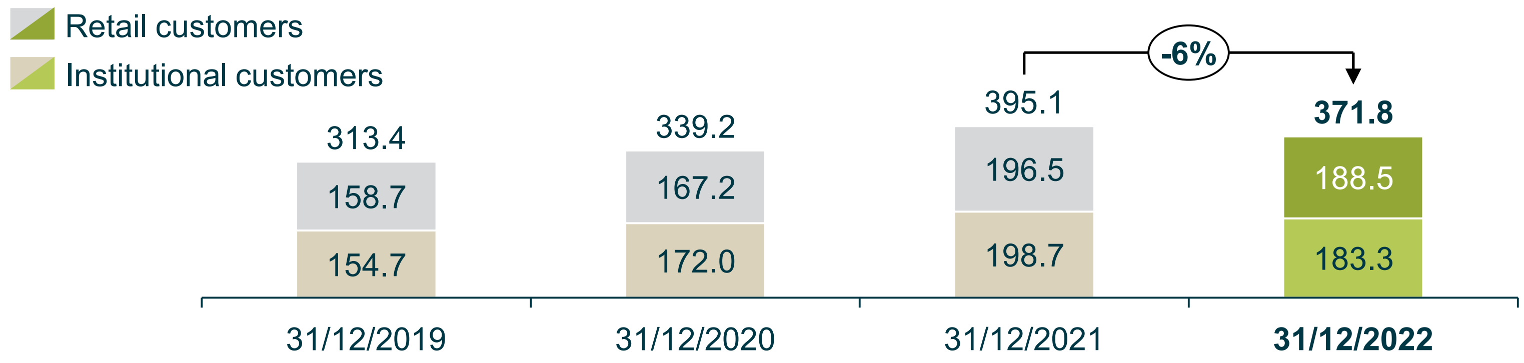
Expenses (in €m)



- **Personnel expenses** were higher than in the previous year. Increases stemmed particularly from effects related to the improved business performance, wage and salary rises under collective agreements, the compensation paid for inflation, and a moderately larger workforce, due among other things to investments in the business model.
- The slight increase in **other administrative expenses** resulted chiefly from higher consultancy expenses for strategic and regulatory projects and greater expenditure for computer equipment and machinery as well as from depreciation of property, plant and equipment.

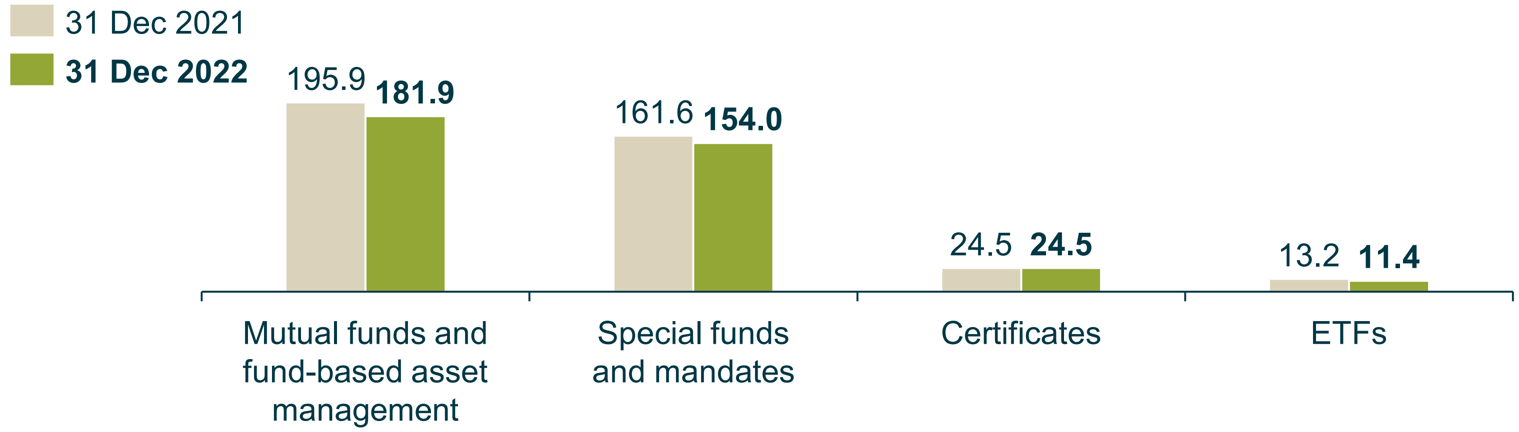
Total customer assets
Around €372bn at the end of the year due to market conditions

Total customer assets by customer segment (in €bn)



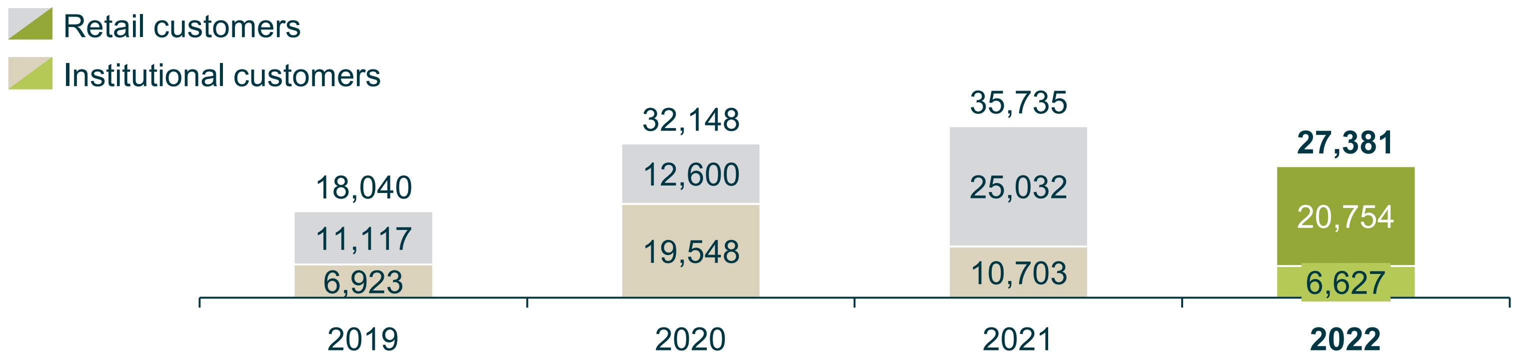
- The positive overall net sales performance only partially offset the market-induced negative trend in total customer assets. The drop in total customer assets reflects distributions (from which customers benefited) and certificate redemptions of €8.8bn.

Total customer assets by product category (in €bn)

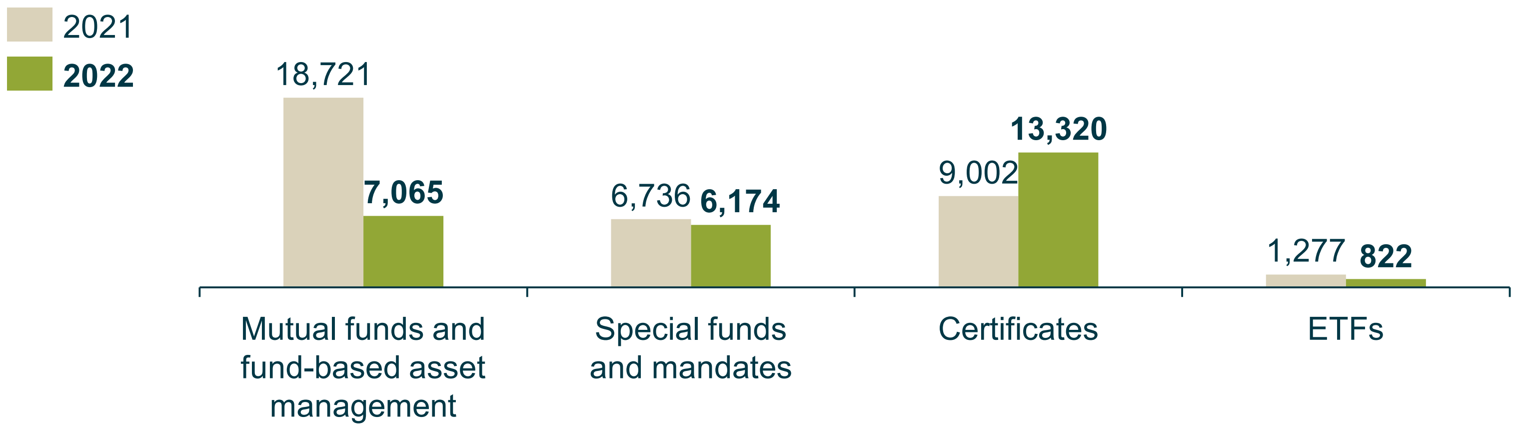


Net sales
Net sales clearly in positive territory

Net sales by customer segment (in €m)



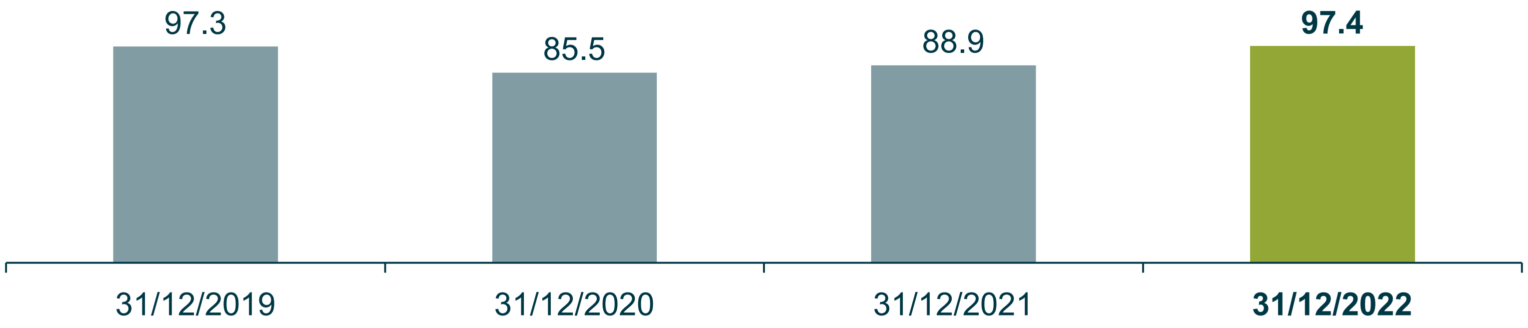
Net sales by product category (in €m)



- The Deka Group's total net sales were well into positive territory at €27.4bn.
- At €20.8bn, net sales in the retail customer segment fell short of the prior-year figure. Sales of funds came to €8.1bn. Sales of certificates totalled €12.6bn.
- The institutional customer segment recorded net sales of €6.6bn. The investment fund business accounted for net sales of €5.9bn. While sales in master funds were well into positive territory, there were outflows of funds in the case of advisory/management mandates. Sales of certificates totalled €0.7bn.
- Investors signed up to around 368,000 (net figure) new Deka investment savings plans. The number of savings plans managed rose to around 7.4 million contracts.

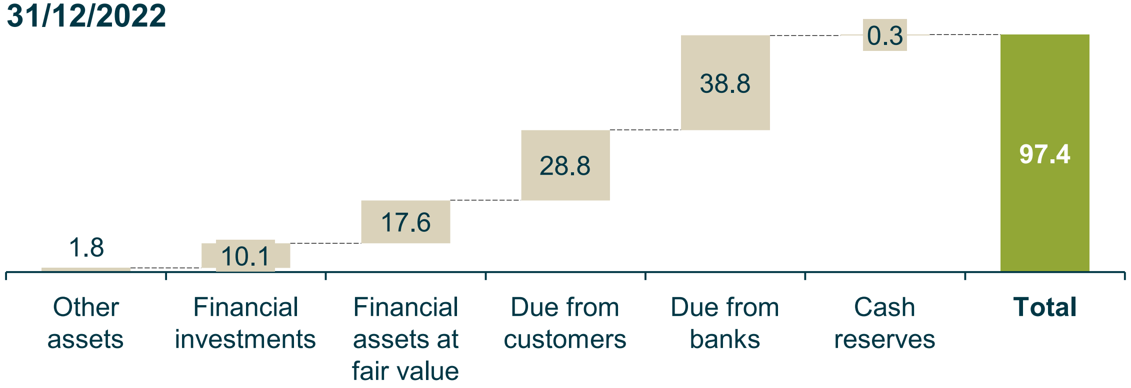
Total assets
Around €97bn at the end of the year

Total assets (in €bn)

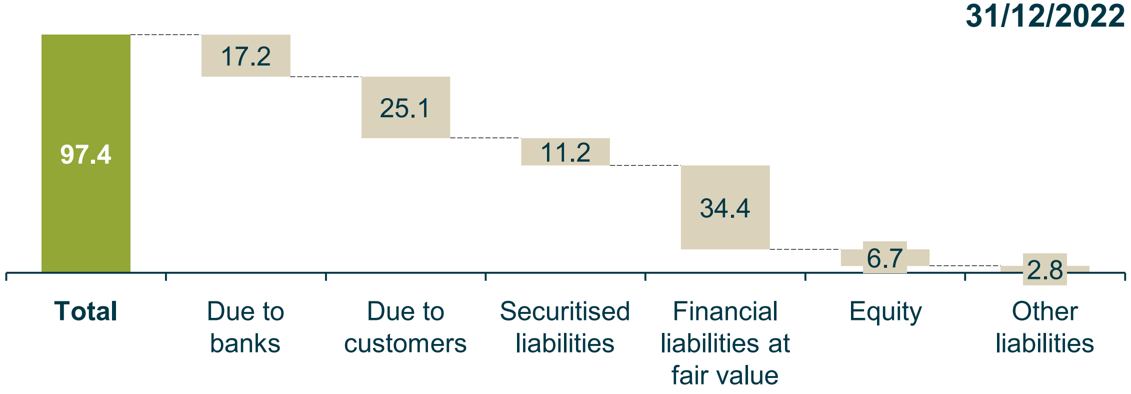


- Total assets were up by 9.6% year-on-year.

Assets (in €bn)

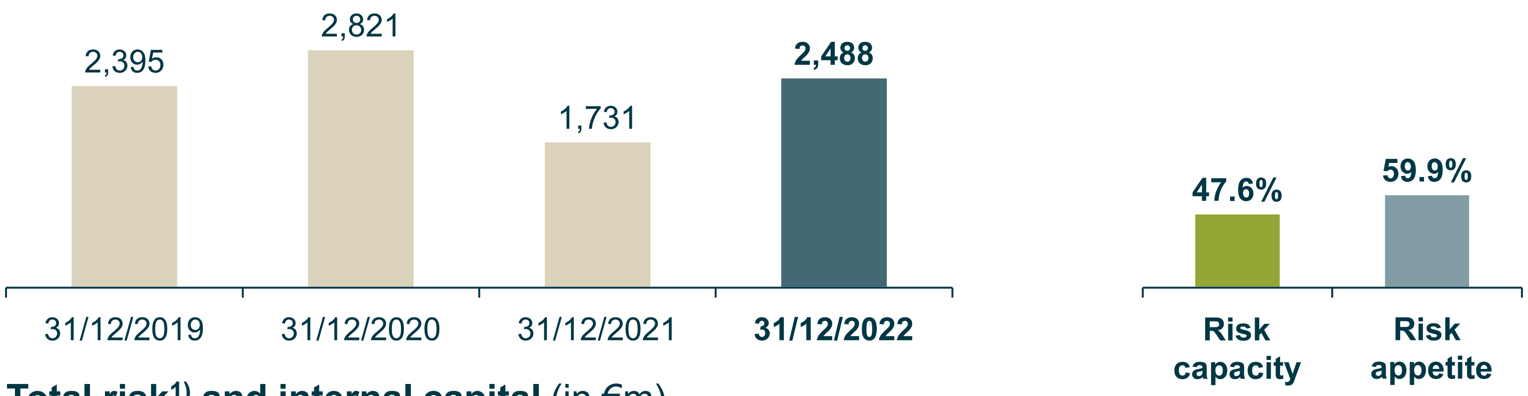


Liabilities (in €bn)

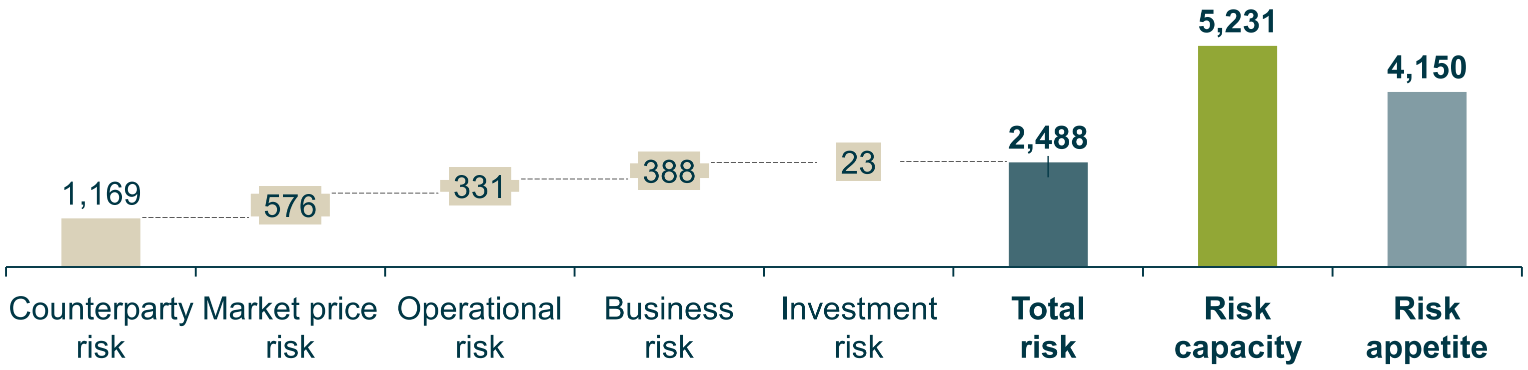


Capital adequacy (1/4)
Economic perspective

Development in total risk[1)] (in €m) and utilisation ratios as at 31/12/2022



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

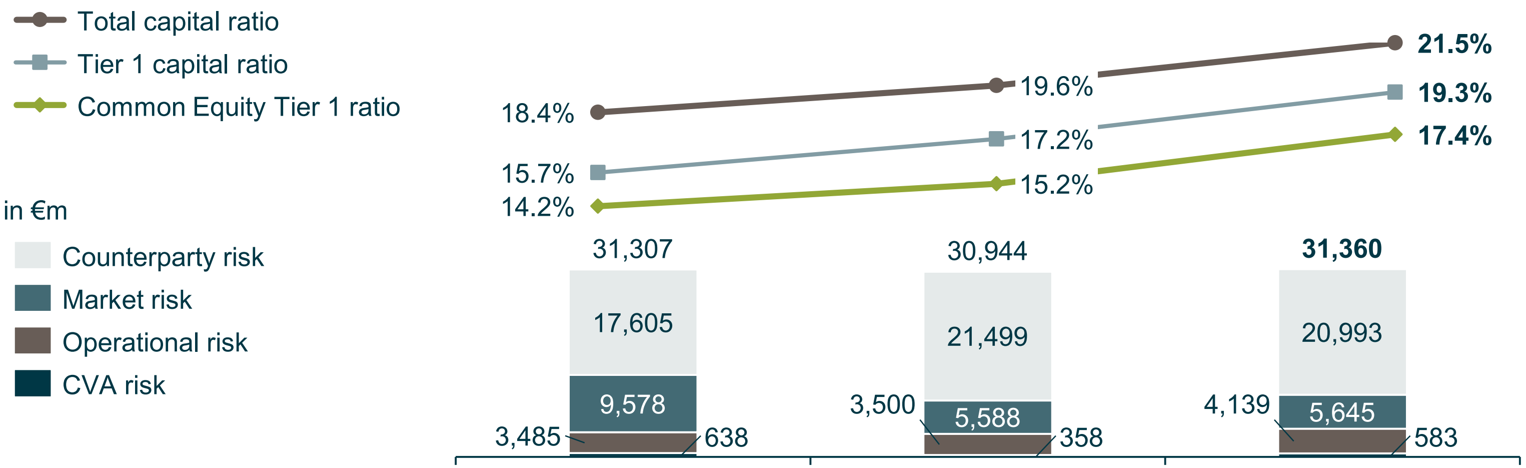


- The utilisation ratios in the economic perspective were once again at a non-critical level at the end of 2022.
- Utilisation of risk appetite (59.9%) increased considerably versus the end of the previous year (43.3%). This was chiefly attributable to increased counterparty, market price, business and operational risks.
- Utilisation of risk capacity was also above the level seen at the end of 2021 (32.6%), coming in at 47.6%.

[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	31/12/2020	31/12/2021	**31/12/2022**
Own funds	5,753	6,075	**6,751**
Tier 1 capital	4,911	5,314	**6,061**
Common Equity Tier 1 capital	4,437	4,716	**5,462**

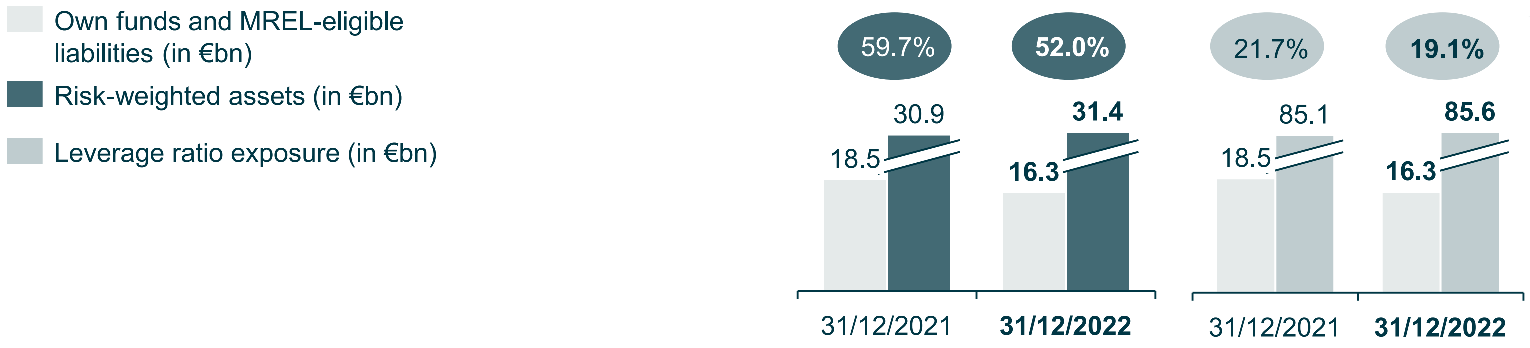
- The Common Equity Tier 1 capital ratio had risen to 17.4% by the end of the year.
- RWA were up in a year-on-year comparison to €31.4bn. Credit risk was down as against the end of 2021. This was countered by an increase in operational risk and CVA risk. Market risk was virtually unchanged.
- Common Equity Tier 1 capital was up year-on-year, primarily as a result of the inclusion of year-end effects from 2021 and 2022 (mainly profit retention).[1)]

- The **SREP requirements as at 31 December 2022** stood at 8.29% for the Common Equity Tier 1 capital ratio, 10.07% for the Tier 1 capital ratio and 12.45% for the total capital ratio. These requirements were clearly exceeded at all times. The SREP Pillar 2 requirements remain unchanged for 2023.

[1)] As at 31 December 2022, the year-end profit less foreseeable charges and dividends was recognised for the first time in Common Equity Tier 1 capital within the same period (dynamic approach).

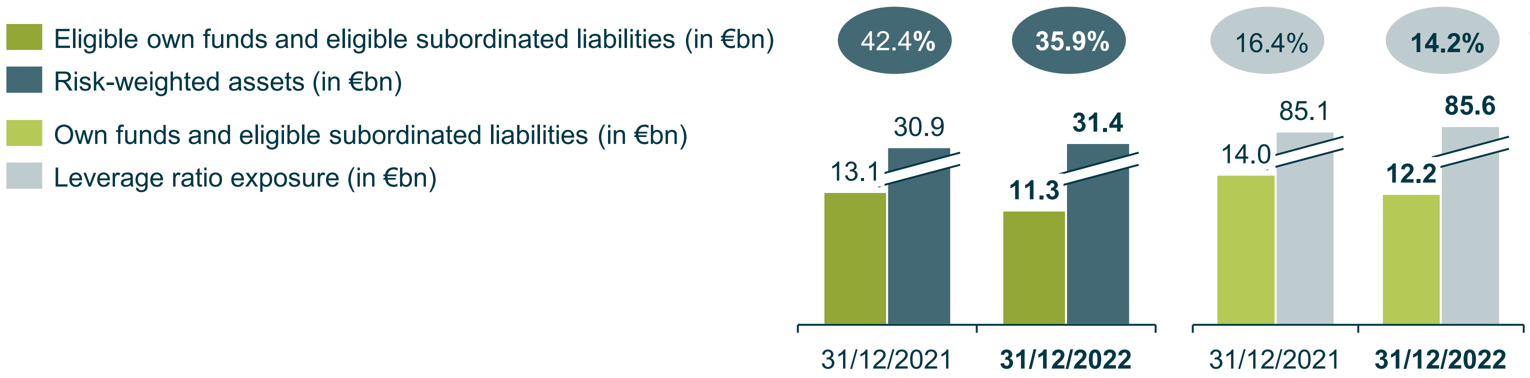
Capital adequacy (3/4)
Normative perspective

MREL ratios (RWA-based/LRE-based)



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

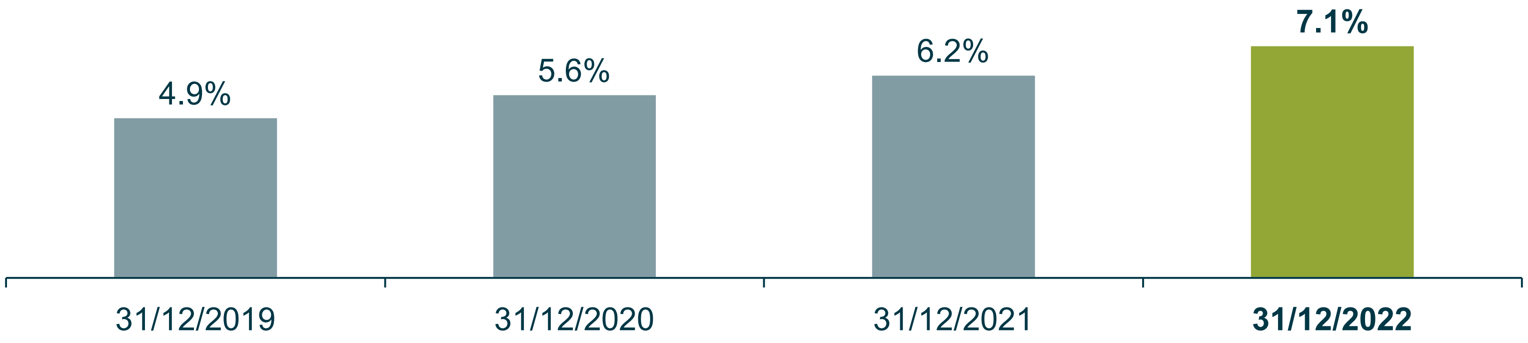
Subordinated MREL requirements (RWA-based/LRE-based)



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

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

Leverage ratio (fully loaded)



- The leverage ratio was 7.1%. The increase was due to higher Tier 1 capital combined with a significantly smaller increase by comparison in leverage ratio exposure.
- This was above the minimum leverage ratio of 3.0% at all times.

Capital adequacy statements 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 throughout.

Liquidity adequacy
Normative perspective and statements for both perspectives

Liquidity Coverage Ratio (LCR)

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

Net Stable Funding Ratio (NSFR)

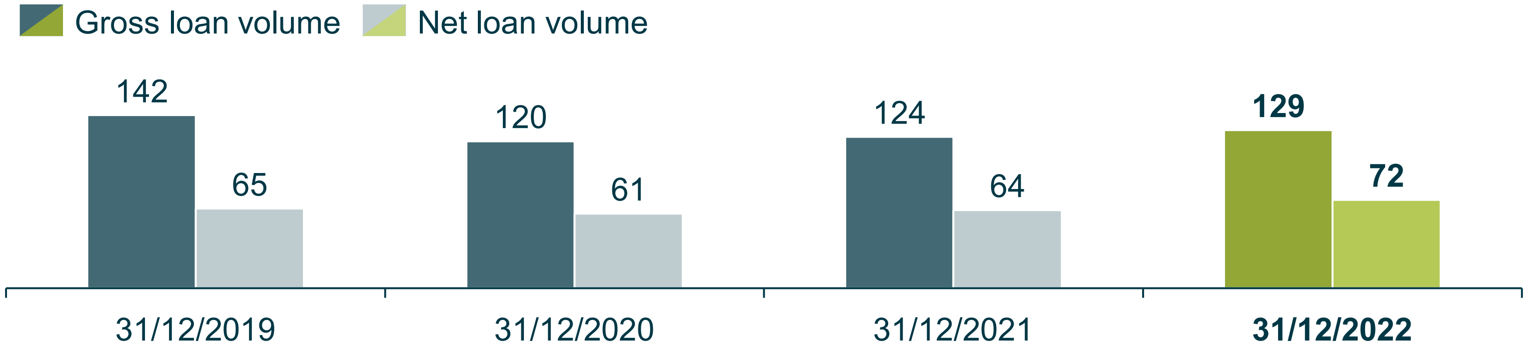
- The NSFR was significantly above the required minimum ratio.

Liquidity adequacy statements for 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.

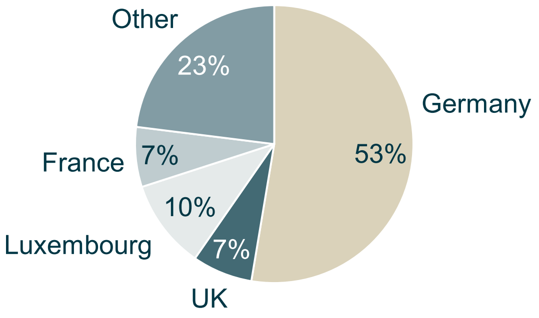
Gross and net loan volume
Difference between gross and net loan volume shows extent of collateralisation

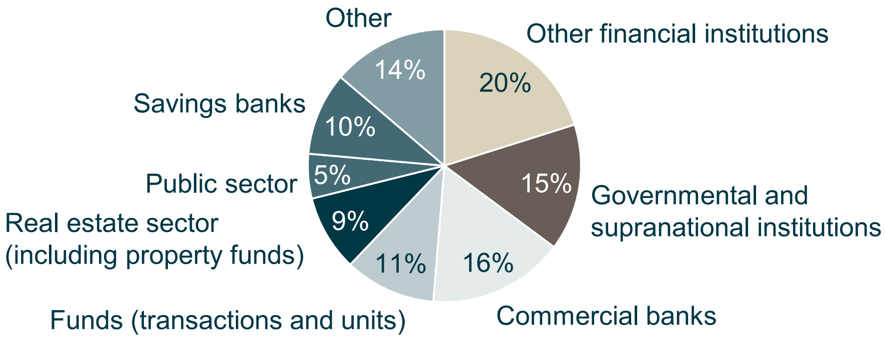
Development of gross and net loan volume (in €bn)



- 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 31/12/2022)





- The eurozone accounted for 78.5% of the gross loan volume (year-end 2021: 78.0%).
- The gross loan volume for counterparties in Russia came to €43m. The net loan volume came to around €2m (securing of loans through ECA guarantees). There was once again no gross loan volume and no country limit for counterparties in Ukraine and Belarus.

Financial ratings
Good rating assessment remain unchanged

Issuance Ratings	Standard & Poor´s	Moody´s
Preferred Senior Unsecured Debt	**A** Senior Unsecured Debt	**Aa2** (stable) Senior Unsecured Debt
Non-Preferred Senior Unsecured Debt	A- Senior Subordinated Debt	A2 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	Aa2 (stable) Issuer Rating
Counterparty Rating	N/A	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: 4 April 2023
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-gruppe/investor-relations/ratings

Sustainability ratings
Ratings confirm sustainability of our corporate governance

MSCI ESG RATINGS

As of 2022, Deka received an MSCI ESG Rating of **A***

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

ISS ESG – Corporate ESG Performance Prime

C+ (prime)
"Industry Leader"

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

SUSTAINALYTICS – a Morningstar company

16.5
"Low Risk"**

2020	2021	**2022**
17.8	17.4	**16.5**

MOODY'S ESG Solutions

55/100
"Robust"

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

Status of sustainability ratings according to the annual rating reports: MSCI: 10/06/2022; ISS-ESG: 22/06/2020; Sustainalytics: 10/08/2021, Update 21/12/2022;
MOODY'S ESG (rebranding in the process of the acquisition of V.E): 05/2021

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

Forecast for 2023 from the 2022 Annual Report

Excerpt from expected business development and profit performance

"In the context of the current geopolitical and economic risks and the exceptionally high uncertainty in the planning assumptions for 2023, we expect an **economic result** slightly above €500m."

"The Deka Group is aiming for a **return on equity before tax (balance sheet)** of over 8% in financial year 2023."

"The **cost/income ratio** should come to less than 70%."

"The Deka Group anticipates a slight year-on-year rise in **total customer assets** in 2023."

"(…) for the **retail customer** business, we expect **net sales** of between €20bn and €25bn. Due to the loss of an institutional securities mandate, **net sales** for business with **institutional customers** (…) are expected to be significantly below the prior-year figure."

"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."

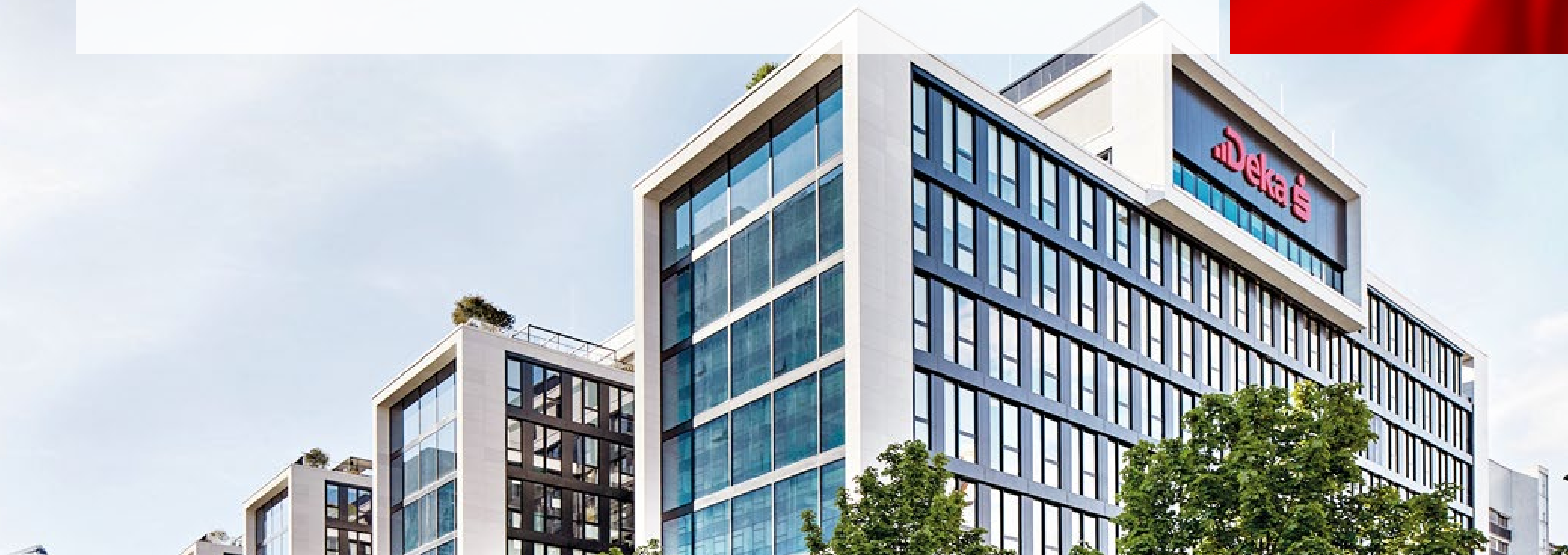
Forecast for the key performance indicators

Economic result	€m	Slightly above 500
Return on equity before tax (balance sheet)	%	Above 8
Cost/income ratio	%	Below 70
Total customer assets	€bn	Up slightly year-on-year
Net sales		
Retail customers	€bn	20 to 25
Institutional customers	€bn	Down significantly on the previous year due to a one-off effect
Common Equity Tier 1 capital ratio	%	Above 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 2023 are subject to uncertainty. (…) The consequences of the war between Russia and Ukraine remain impossible to fully predict in 2023. If the war in Ukraine worsens further or other geopolitical tensions escalate, this may hit economic growth and the capital markets. It also cannot yet be predicted how changes in supply chains and structural changes in energy prices will be reflected in corporate profitability. As a result, estimates of the development of growth and inflation are subject to change. This would also have implications for the monetary policy environment set by central banks. 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 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:
  - 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 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 Deka 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 and the NSFR in accordance with the requirements of the CRR.

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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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.