

Deutsche Bank Aktiengesellschaft, Hong Kong Branch

(incorporated in the Federal Republic of Germany and
members' liability is limited)

Key Financial Information Disclosure Statement
Half-year Ended June 30, 2022



Deutsche Bank Aktiengesellschaft, Hong Kong Branch (Incorporated in the Federal Republic of Germany and members' liability is limited) releases its Key Financial Information Disclosure Statement for the half-year ended June 30, 2022 as follows:-

Deutsche Bank Aktiengesellschaft, Hong Kong Branch
(Incorporated in the Federal Republic of Germany and members' liability is limited)
Key Financial Information Disclosure Statement for the half-year ended June 30, 2022

Section A – Branch Information (Hong Kong Office Only)

(I) Income Statement Information

HKD Million	Half-year Ended June 30, 2022	Half-year Ended June 30, 2021
Interest income	1,551	1,224
Interest expense	(678)	(459)
Other operating income		
- Gains less losses arising from trading in foreign currencies	188	164
- Gains less losses on securities held for trading purposes	330	1,179
- Gains less losses from other trading activities	381	222
- <i>Net fees and commission income</i>		
- Gross fees and commission income	1,182	1,677
- Gross fees and commission expenses	(37)	(50)
- Others	(74)	124
Operating expenses		
- Staff expenses	(955)	(1,114)
- Rental expenses	(99)	(125)
- Others	(1,092)	(1,133)
Impairment losses and provisions for impaired loans and receivables	(110)	(4)
Impairment losses on assets	-	-
Profit/ (loss) before taxation	<u>587</u>	<u>1,705</u>
Taxation	<u>(106)</u>	<u>(284)</u>
Profit/ (loss) after taxation	<u>481</u>	<u>1,421</u>

(II) Balance Sheet Information

HKD Million	June 30, 2022	December 31, 2021
Assets		
Cash and balances with banks	5,933	7,526
Placements with banks with residual maturity between 1 months and 12 months	42	654
Due from Exchange Fund	952	781
Amount due from overseas offices of the institution	85,782	60,901
Trade bills	2,134	2,020
Securities held for trading purposes	10,974	6,964
Loans and receivables (including derivatives receivables)	66,066	71,064
Investment securities	2,659	2,168
Amount receivable under reverse repos	116	115
Other investments	499	496
Property, plant and equipment	<u>1,313</u>	<u>1,381</u>
Total assets	<u>176,470</u>	<u>154,070</u>
Liabilities		
Deposits and balances from banks	2,811	2,198
Deposits from customers		
- Demand deposits and current accounts	22,488	20,721
- Savings deposits	-	-
- Time, call and notice deposits	68,228	48,377
Amount due to overseas offices of the institution	55,097	56,837
Certificates of deposit issued	300	400
Other negotiable debt instruments	117	122
Other liabilities (including derivatives payables)	<u>27,429</u>	<u>25,415</u>
Total liabilities	<u>176,470</u>	<u>154,070</u>

(III) Additional Information

(i) Basis of preparation

Deutsche Bank Aktiengesellschaft and its subsidiaries ('the Group') prepared its annual consolidated financial statements in accordance with International Financial Reporting Standards ('IFRS') endorsed by the European Union ('EU'). The financial information contained in this statement pertain only to the activities of Deutsche Bank Aktiengesellschaft, Hong Kong Branch (Incorporated in the Federal Republic of Germany and members' liability is limited) ('the Branch') and these have been prepared in accordance with the Group accounting policies, and as required by the Banking (disclosure) rules made under section 60A of the Banking Ordinance ('the Rules').

(ii) Loans and receivables

HKD Million	June 30, 2022	December 31, 2021
Loans and advances to customers	41,867	51,174
Loans and advances to banks	385	410
Accrued interest and other accounts	5,866	5,739
Derivative receivables	18,500	14,204
Less: Allowance for credit losses		
- Collectively assessed	55	19
- Individually assessed	497	444
	<u>66,066</u>	<u>71,064</u>

(iii) Trade bills

HKD Million	June 30, 2022	December 31, 2021
Trade bills	2,163	2,045
Less: Allowance for credit losses		
- Collectively assessed	-	1
- Individually assessed	17	20
Less: Country Risk Provision	<u>12</u>	<u>4</u>
	<u>2,134</u>	<u>2,020</u>

(iv) Impaired loans and advances to customers

	HKD Million	June 30, 2022 As % of advances to customers	HKD Million	December 31, 2021 As % of advances to customers
Impaired loans and advances to customer net of allowance for individually assessed credit losses				
- Impaired loans and advances to customers	2,116	5.05%	2,294	4.48%
- Individually assessed allowance	<u>(476)</u>		<u>(422)</u>	
	<u>1,640</u>		<u>1,872</u>	
Representing by geographical segments:				
- Hong Kong	1,750		1,751	
- Mainland China	352		381	
- Marshall Islands	-		149	
- Germany	14		13	

(iv) Impaired loans and advances to customers (Continued)

	June 30, 2022 HKD Million	December 31, 2021 HKD Million
Market value of collateral held against impaired loans and advances to customers	<u>1,120</u>	<u>1,298</u>
Covered portion of impaired loans and advances	<u>1,120</u>	<u>1,298</u>
Uncovered portion of impaired loans and advances	<u>996</u>	<u>996</u>

The collateral held in respect of the impaired loans and advances to customers are cash, credit insurance and properties.

Impaired trades bills was HKD 26 million at June 30, 2022 and HKD 36 million at December 31, 2021.

There were no impaired advances to banks at June 30, 2022 and December 31, 2021.

(v) Overdue loans and advances and trade bills

	June 30, 2022 As % of advances to customers	December 31, 2021 As % of advances to customers
	HKD Million	HKD Million
Overdue advances to customers:		
- Over 3 months and up to 6 months	-	-
- Over 6 months and up to one year	471	-
- More than one year	<u>1,279</u>	<u>1,432</u>
	<u>1,750</u>	<u>1,432</u>
Allowances for credit losses		
- individually assessed allowances	469	379
Representing:		
- Loans for use in Hong Kong	10	10
- Loans and advances for use outside Hong Kong	1,740	1,422
By geographical segments:		
- Hong Kong	1,750	1,283
- Marshall Islands	-	149
Market value of collateral held against overdue loans and advances to customers	<u>769</u>	<u>449</u>
Covered portion of overdue loans and advances to customers	<u>769</u>	<u>449</u>
Uncovered portion of overdue loans and advances to customers	<u>981</u>	<u>983</u>

The collateral held in respect of the overdue loans and advances to customers are cash and credit insurance.

There were no overdue advances to banks and trade bills at June 30, 2022 and December 31, 2021.

(vi) Resheduled loans and receivables and trade bills

No rescheduled assets to customers which have been overdue for more than 1 month but not more than 3 months at June 30, 2022 and December 31, 2021.

No repossessed asset was held for impaired and overdue loans and receivables and trade bills at June 30, 2022 and December 31, 2021.

(vii) Analysis of advances to customers by industry sectors (as defined in the "Return of Quarterly Analysis of Loans and Advances and Provisions"- MA(BS)2A)

HKD Million	June 30, 2022		December 31, 2021	
	Gross advances	Collateral or other security	Gross advances	Collateral or other security
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Manufacturing	910	289	1,359	289
- Electricity and Gas	-	-	-	-
- Wholesale and retail trade	50	-	122	-
Transport and transport equipment	126	120	144	136
- Financial concerns	125	-	505	-
- Stockbrokers	-	-	-	-
- Others	<u>7,799</u>	<u>7,754</u>	<u>12,095</u>	<u>11,694</u>
	9,010	8,163	14,225	12,119
Individuals				
- Others	<u>3,549</u>	<u>3,549</u>	<u>6,336</u>	<u>6,256</u>
Total loans for use in Hong Kong	12,559	11,712	20,561	18,375
Trade finance	11,917	2,284	12,339	1,658
Loans for use outside Hong Kong	<u>17,391</u>	<u>16,241</u>	<u>18,274</u>	<u>15,176</u>
	<u>41,867</u>	<u>30,237</u>	<u>51,174</u>	<u>35,209</u>

(viii) Analysis of advances to customers by geographical areas (as defined in the "Return of International Banking Statistics"- MA(BS)21 after taking into consideration, transfers of risk)

HKD Million	June 30, 2022	December 31, 2021
Hong Kong	7,865	11,816
United States	5,954	6,751
South Korea	5,477	5,828
Cayman Islands	2,185	5,558
Mainland China	3,205	3,028
Others	<u>17,181</u>	<u>18,193</u>
	<u>41,867</u>	<u>51,174</u>

(ix) Mainland Activities (as defined in the “Return of Mainland Activities” – MA(BS)20)

HKD Million	On-balance sheet exposure	Off- balance sheet exposure	Total
At June 30, 2022			
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	2,618	1,542	4,160
Local governments, local government-owned entities and their subsidiaries and JVs	328	-	328
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,521	1,256	4,777
Other entities of central government not reported above	-	-	-
Other entities of local governments not reported above	-	-	-
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	<u>1,023</u>	<u>39</u>	<u>1,062</u>
Total	<u>7,490</u>	<u>2,837</u>	<u>10,327</u>
Total assets after provision	<u>176,470</u>		
On-balance sheet exposures as percentage of total assets	4.24%		

HKD Million	On-balance sheet exposure	Off- balance sheet exposure	Total
At December 31, 2021			
Central government, central government-owned entities and their subsidiaries and JVs	3,603	528	4,131
Local governments, local government-owned entities and their subsidiaries and JVs	354	-	354
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	5,476	1,647	7,123
Other entities of central government not reported above	195	-	195
Other entities of local governments not reported above	-	-	-
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	<u>1,026</u>	<u>1,341</u>	<u>2,367</u>
Total	<u>10,654</u>	<u>3,516</u>	<u>14,170</u>
Total assets after provision	<u>154,070</u>		
On-balance sheet exposures as percentage of total assets	6.92%		

- (x) International claims (other than local claims in HKD) by geographical segments (as defined in the "Return of International Banking Statistics" – MA(BS)21 after taking into consideration, transfer of risks)

HKD Million
At June 30, 2022

	Banks	Official Sector	Non-bank Financial institutions	Non-bank private sector Non-financial private sector	Total
Developed countries, of which	105,121	-	-	19,001	124,122
- <i>Germany</i>	92,794	-	-	2,470	95,264
- <i>United States</i>	313	-	-	6,469	6,782
Developing Africa and Middle East	44	-	-	1,700	1,744
Developing Asia and Pacific, of which	10,827	-	-	10,364	21,191
- <i>China</i>	10,166	-	-	3,523	13,689
Developing Latin America and Caribbean	-	-	-	818	818
Developing Europe	23	-	-	426	449
Offshore centres, of which	4,051	2,333	-	12,894	19,278
- <i>Hong Kong</i>	2,093	2,333	-	8,749	13,175
International organization	-	-	-	-	-
Total	120,066	2,333	-	45,203	167,602

HKD Million
At December 31, 2021

	Banks	Official Sector	Non-bank Financial institutions	Non-bank private sector Non-financial private sector	Total
Developed countries, of which	75,111	-	-	18,092	93,203
- <i>Germany</i>	63,166	-	-	1,199	64,365
- <i>United States</i>	206	-	-	7,241	7,447
Developing Africa and Middle East	63	-	-	1,412	1,475
Developing Asia and Pacific, of which	7,579	-	-	12,230	19,809
- <i>China</i>	6,694	-	-	4,303	10,997
Developing Latin America and Caribbean	-	-	-	1,566	1,566
Developing Europe	77	-	-	467	544
Offshore centres, of which	2,505	2,642	-	23,607	28,754
- <i>Hong Kong</i>	633	2,642	-	11,965	15,240
International organization	-	-	-	-	-
Total	85,335	2,642	-	57,374	145,351

(xi) Currency risk

At June 30, 2022

Equivalent in HKD Million	USD	SGD	RMB	EUR	Other Foreign Currencies	Total
Spot assets	105,005	1,089	17,231	11,944	2,962	138,231
Spot liabilities	(97,708)	(2,272)	(14,410)	(19,530)	(2,940)	(136,860)
Forward purchases	412,268	2,846	309,916	30,769	11,121	766,920
Forward sales	(417,048)	(1,810)	(314,624)	(23,356)	(11,171)	(768,009)
Net options positions	-	-	-	-	-	-
Net long / (short) position	<u>2,517</u>	<u>(147)</u>	<u>(1,887)</u>	<u>(173)</u>	<u>(28)</u>	<u>282</u>

At December 31, 2021

Equivalent in HKD Million	USD	SGD	RMB	EUR	Other Foreign Currencies	Total
Spot assets	84,873	412	13,353	16,340	2,376	117,354
Spot liabilities	(80,101)	(2,483)	(15,769)	(16,494)	(2,364)	(117,211)
Forward purchases	326,480	3,156	245,782	16,675	18,229	610,322
Forward sales	(329,672)	(983)	(245,253)	(16,517)	(18,327)	(610,752)
Net options positions	-	-	-	-	-	-
Net long / (short) position	<u>1,580</u>	<u>102</u>	<u>(1,887)</u>	<u>4</u>	<u>(86)</u>	<u>(287)</u>

Internal reporting method is adopted as basis of calculating the net options positions.

(xii) Off-Balance Sheet Exposures

The following table summarizes contractual or notional amounts of off-balance sheet exposures:

HKD Million	June 30, 2022	December 31, 2021
Contingencies and commitments		
- Direct credit substitutes	493	395
- Transaction-related contingencies	3,317	3,850
- Trade-related contingencies	2,157	2,300
- Other commitments	3,204	4,636
- Others	-	618
	<u>9,171</u>	<u>11,799</u>
Derivatives		
- Exchange rate related derivative contracts	919,046	721,783
- Interest rate derivative contracts	1,823,259	1,241,183
- Others	2,584	2,244
	<u>2,744,889</u>	<u>1,965,210</u>

(x) Off-Balance Sheet Exposures (continued)

The following table summarizes the fair value of the derivatives. There is no change in the fair value after the consideration of bilateral netting arrangements:

HKD Million	June 30, 2022	December 31, 2021
Fair value assets		
- Exchange rate related derivative contracts	10,750	9,356
- Interest rate derivative contracts	6,160	4,220
- Others	<u>1,590</u>	<u>628</u>
	<u>18,500</u>	<u>14,204</u>
Fair value liabilities		
- Exchange rate related derivative contracts	10,684	9,525
- Interest rate derivative contracts	6,965	4,750
- Others	<u>41</u>	<u>12</u>
	<u>17,690</u>	<u>14,287</u>

(xi) Liquidity Maintenance Ratio

The liquidity maintenance ratio (LMR) is calculated in accordance with the Banking (Liquidity) Rules effective from 1 January 2015.

	Quarter ended June 30, 2022	Quarter ended June 30, 2021
3 months average LMR	57.42%	71.15%

The average LMR is the arithmetic mean of the average value of LMR for each calendar month as reported in the liquidity position return submitted for the reporting period. Average LMR are calculated based on 3 month average in according to Banking (disclosure) rules (BDR) section 103B.

(xii) Core Funding Ratio

The core funding ratio (CFR) is calculated in accordance with the Banking (Liquidity) (Amendment) Rules 2017.

	Quarter ended June 30, 2022	Quarter ended June 30, 2021
3 months average CFR	205.31%	176.05%

The average CFR is the arithmetic mean of the average value of CFR for each calendar month as reported in the return submitted for the reporting period.

(xiii) Liquidity risk management

Liquidity risk is defined as the risk arising from the branch's potential inability to meet all payment obligations when they fall due or to only being able to meet these obligations at excessive costs. The branch's liquidity management model provides a framework to identify, mitigate and manage the liquidity and funding risks to which the branch is exposed. The framework ensures that roles and responsibilities are clearly defined and understood, in both normal and stressed liquidity conditions.

Liquidity risk governance

Treasury is responsible for the overall liquidity risk management of the Branch, under the stewardship of local Treasury, Deutsche Bank Hong Kong Assets and Liabilities Committee provides the forum for managing capital, funding and liquidity risk of the Branch.

Liquidity Risk Management acting as an independent control function, responsible for the oversight of liquidity and funding risk management strategy and the validation of Liquidity Risk models which are developed by Treasury, to measure and manage the liquidity risk profile.

Liquidity and Treasury Reporting and Analysis Team is responsible for the internal reporting on liquidity and funding across the firm on a global and local level.

Treasury and LRM work with businesses and relevant functional areas to identify the relevant inherent liquidity risks and look to ensure that they are controlled and mitigated through its liquidity management framework.

Liquidity Management Tools

Liquidity risk is managed through the main below items:

- **Internal Stress testing**

Daily stress testing is one of the key tools for measuring liquidity risk and evaluating the Branch short-term liquidity position within the liquidity framework.

The stress testing approach is based on the use of Liquidity Risk Drivers, where each Liquidity Risk Drives reflects the potential liquidity outflows or inflows associated with different on and off-Balance sheet funding relevant items.

The Stressed Net Liquidity Positions reflect the Branch's ability to withstand certain defined stress scenarios - severe downgrade, emerging market and combined – through an eight-week horizon.

- **BAU Cash Flow Projection**

The liquidity position under normal conditions is calculated to supplement the stress test for day-to-day liquidity management. The cash inflows and outflows from assets, liabilities and off-balance sheets items are projected based on their contractual maturities or behavioural assumptions without any stress elements.

In deriving behavioural cash-flow assumptions, the Bank analyses historical observations on cash-flow patterns. Treasury has to make sure assumptions used are consistent and reasonable and they are supported by sufficient historical or empirical evidence. The assumptions will be presented in ALCO for review at least annually.

(xiii) Liquidity risk management (continued)

- **Funding Matrix**

Funding Matrix is the Branch's primary tool for monitoring and managing funding risk. The Funding Matrix assesses the Branch's structural funding profile for the greater than one year time horizon.

All funding-relevant assets and liabilities are mapped into time buckets corresponding to their maturities. The liquidity maturity profile is based on contractual cash flow information. If the contractual maturity profile of a product does not adequately reflect the liquidity maturity profile, it is replaced by modelling assumptions. This enables the identification of expected excesses and shortfalls in term liabilities over assets in each time bucket, facilitating the management of potential liquidity exposures.

- **Liquidity Dashboard and Early Warning Indicators**

The liquidity Dashboard monitors a number of the Group's specific liquidity risk and market indicators which are considered to provide early warning indicators of deteriorations in the bank's liquidity risk profile and financial market conditions.

Contingency Funding Plan

The branch's CFP outlines how the branch would respond to an actual or anticipated liquidity risk scenario. This includes a decisive set of actions that can be taken to raise cash and/ or recover branch's liquidity metrics in a stress scenario.

Liquidity Cushion

The Branch maintains a liquidity cushion that is largely made up of the most liquid and readily marketable assets. The bank defines the following liquid assets can be included in its liquidity cushion:

- Cash on hand
- Unencumbered exchange Fund debt securities.
- Other unencumbered high quality government debt securities or similar instruments that can be easily or immediately monetized at all times irrespective.

Deutsche Bank Aktiengesellschaft, Hong Kong Branch (Incorporated in the Federal Republic of Germany and members' liability is limited) also diversifies the maturity bucket of debt securities to minimise re-financing risks.

Liquidity information disclosures can be obtained from the Deutsche Bank Aktiengesellschaft, Hong Kong Branch (Incorporated in the Federal Republic of Germany and members' liability is limited) half-yearly disclosure statement as of June 30, 2022 at www.db.com/hongkong/.

Section B – Deutsche Bank Aktiengesellschaft Group (Incorporated in the Federal Republic of Germany and members' liability is limited) Information - Consolidated (Unaudited)

(I) Capital and Capital Adequacy

BIS capital ratios under CRR/CRD 4 (reported):

	June 30, 2022	December 31, 2021
- Common Equity Tier 1 capital ratio	13.0%	13.2%
- Tier 1 capital ratio	14.9%	15.7%
- Total capital ratio	17.6%	17.8%

Total shareholders' equity was EUR 59.8 billion at June 30, 2022 and EUR 58.0 billion at December 31, 2021.

(II) Other Financial Information

Extracts from the consolidated financial statements for the half-year ended June 30, 2022:

EUR Billion	June 30, 2022	December 31, 2021
- Total assets	1,387	1,324
- Total liabilities	1,318	1,256
- Total loans and advances	488	471
- Total deposits	613	604

EUR Million	Period Ended June 30, 2022	Period Ended June 30, 2021
Income/ (loss) before income taxes	3,205	2,754

Further details of Deutsche Bank Aktiengesellschaft Group (Incorporated in the Federal Republic of Germany and members' liability is limited) can be obtained from the interim report as of June 30 2022 at www.db.com.

Chief Executive's Declaration of Compliance

It is certified by the Chief Executive of Deutsche Bank Aktiengesellschaft Hong Kong Branch (incorporated in the Federal Republic of Germany and members' liability is limited) that the information disclosed above is in compliance with the Banking (disclosure) rules and the disclosure standards of the Supervisory Policy Manual – "Guideline on the Application of the Banking (Disclosure) Rules" issued by the Hong Kong Monetary Authority.