Deutsche Bank AG Abu Dhabi Branch

Pillar 3 Report

2021

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Overview

The following information is compiled in terms of the requirements of the Central Bank of the U.A.E. as per Notice No. CBUAE/BSD/N/2020/66 dated 6 January 2020. This notice requires bank to implement the "Standards for Capital Adequacy of Banks in the UAE, December 2020".

Banks are obliged to report certain qualitative and quantitative information with regards to their risk profile and capital adequacy on a regular basis to the public, which incorporates the revised Basel III Pillar 3 requirements on market discipline.

Reporting framework

The information disclosed in this report is based on the definitions, calculation methodologies and measurements as defined by the Amended Regulations. All tables, diagrams, quantitative information and commentary in this risk and capital management report are unaudited unless otherwise noted.

References to fixed format templates as required under the revised Pillar 3 disclosure requirements are made throughout this document and highlighted in the relevant sections.

Period of reporting

This report is in respect of the year ended 31 December 2021, including comparative information (where applicable).

Group Disclosures

The Group employs a predominantly centralized approach to risk management. As such, DB AG Abu Dhabi Branch's approach to risk management follows group policies and procedures as a minimum standard. Where local requirements differ from group's, a local policy/procedure is formulated and adopted. This report should thus be read in conjunction with the group's Management Report, Annual Report and Pillar 3 disclosures.

All Deutsche Bank AG Reports are accessible at following link: https://investor-relations.db.com/

Where appropriate this document provides links to the Deutsche Bank AG reports for the year ended December 31, 2021 which can also be found directly at following links:

Pillar 3 Report 2021: https://investor-relations.db.com/files/documents/regulatory-reporting/Pillar_3_Report_as_of_December_31_2021.pdf?language_id=1

Annual Financial Statements 2021: https://investor-relations.db.com/files/documents/annual-reports/2022/Annual_Financial_Statements_of_Deutsche_Bank_AG_2021.pdf?language_id=1

Deutsche Bank Group: Our Organization

Headquartered in Frankfurt am Main, Germany, we are the largest bank in Germany and one of the largest financial institutions in Europe and the world, as measured by total assets of €1.3 billion as of December 31, 2021. As of that date, we employed 82,969 full-time equivalent internal employees and operated in 58 countries out of 2,064 branches worldwide, of which 68 % were in Germany. We offer a wide variety of investment, financial and related products and services to private individuals, corporate entities, and institutional clients around the world.

Full year 2021 profit was €2.5 billion, with Profit before tax of €3.4 billion, versus €624 million, and a profit before tax of €1 billion, in 2020. Net revenues were €25.4 billion, up by 6%, in 2021.

As of December 31, 2021, we were organized into the following four business divisions:

– Corporate Bank (CB)
– Investment Bank (IB)
– Private Bank (PB)
– Asset Management (AM)

These four divisions are supported by infrastructure functions. Deutsche Bank has a local and regional organizational layer to facilitate a consistent implementation of global strategies.

Deutsche Bank: Abu Dhabi Branch

History

Deutsche Bank AG, Abu Dhabi Branch is a branch of Deutsche Bank AG (“Head office”), located at Taunusanlage 12, 60325 Frankfurt AM Main, Germany.

Deutsche Bank AG, Abu Dhabi Branch (“the Branch”) was registered with the Department of Economic Development (“DED”) as a Branch of a Foreign Bank in the Emirate of Abu Dhabi. The Branch began operations on December 8, 2009 after obtaining the license to conduct Wholesale Banking Business from the Central Bank of the United Arab Emirates (“CBUAE”) on September 15, 2009.

The principal activity of the Branch is to offer Trade Financing solutions, Cash Management Services, Accepting Deposits and Lending to Customers.

The principal office of the Branch is located at:
Level 1, East Tower, Trade Centre,
Al Zahiya, Abu Dhabi Mall.
PO Box 135056,
Abu Dhabi, United Arab Emirates (“UAE”).

Branch Management

The key members of the Branch management during the year and up to the date of this report are:

- Oliver Funck, Branch Manager
- Muhammad Azhar Iqbal, CFO
- Ramesh Gopal, CRO
- Hazzaa Abdulla Mohamed Alhammadi, Head of Compliance and AFC

Supported by:

- Riaan Visser, MEA CFO & COO, UAE & Qatar COO
- Omer Rahi, Head of Local Coverage
- Marco Gaggino, COO Corporate Bank MEA
- Yaser Altorairi, Treasurer
- Usman Khan, Head of Operations
- Marie Pearson, HR
- Tariq Qayyum, Product Management
- P.G. Matthew, Client Implementation

Note: Previous Branch manager Thomas Haag retired during 2021, with his last working day being Aug 31, 2021. Oliver Funck has since replaced as Branch Manager after approval from CBAUE.

Financial Position

In terms of the requirements of the Banks Act and Regulations relating to Banks, the financial results presented below have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued from time-to-time, with additional disclosures where required.

Branches of Foreign Banks operating in the UAE are not required to publish Annual Financial Statements in English, however, Annual Audited results are published in local new papers in Arabic. The information provided below is required in terms of Pillar 3 disclosure requirement.

Statement of Financial Position

The statement of Financial Position reflects what the branch owns, owes and the equity that is attributable to shareholders as at 31 December 2021.

	Dec 2021	Dec 2020
Assets	**AED'000**	**AED'000**
Balances with UAE Central Bank	729,817	697,977
Due from Banks	1,644,871	1,478,639
Positive fair value of derivatives	382	1,455
Loans and advances to customers	627,619	552,357
Prepayments and other receivables	17,653	30,068
Customers' indebtedness for acceptances	3,431	3,096
Intangible assets	144	287
Property and equipment	1,502	1,867
Right of use asset	1,038	1,422
Total assets	3,026,457	2,767,168
Liabilities		
Due to customers	1,104,191	869,833
Due to banks	1,587,248	1,603,455
Other liabilities	87,427	30,371
Provisions for End of Service Benefits	2,667	2,628
Liabilities under acceptances	3,431	3,096
Lease liability	824	1,169
Total liabilities	2,785,788	2,510,552
Equity		
Total equity attributable to equity holders	240,669	256,616
Dotation capital	246,100	246,100
Legal reserve	5,320	5,320
Actuarial loss on retirement benefit schemes	(700)	(567)
Retained earnings	(10,051)	5,763
Preference shareholders and minority shareholders equity	-	-
Total equity	240,669	256,616
Total equity and liabilities	3,026,457	2,767,168

Statement of Comprehensive Income

The income statement reflects the revenue generated by the Branch as well as the costs incurred in generating that revenue for the year ended 31 December 2021.

	Dec 2021 AED'000	Dec 2020 AED'000
Net Interest Income	804	8,918
Net fee and commission income	20,087	20,515
Fair value change in derivatives	(1,073)	1,455
Other income	7,391	3,308
Operating Income	27,209	34,196
Operating Expenses	30,899	37,823
(Loss)/Profit before income tax	(3,690)	(3,627)
NET IMPAIRMENT CHARGE	12,124	5,525
Income tax	-	-
(Loss)/Profit for the year	(15,814)	(9,152)

Capital Adequacy (KM1)

The Branch's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position are:

- To comply with the capital requirements set by the Central Bank of U.A.E.,
- To safeguard the Branch's ability to continue as a going concern and increase the returns for the shareholders, and
- To maintain a strong capital base to support the development of its business.

The Branch's regulatory capital is analyzed into two tiers:

- Tier 1 capital, which includes share capital, reserves, retained earnings and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy calculation purposes.
- Tier 2 capital, which includes collective impairment allowance and fair value reserves relating to unrealized gains/losses on investments classified as available for sale. Various limits are applied to elements of the capital base:
    - CET1 must be at least 7.0% of risk weighted assets (RWA),
    - Tier 1 Capital must be at least 8.5% of risk weighted assets, and
    - Total Capital, calculated as the sum of Tier 1 and Tier 2 Capital, must be at least 10.5% of RWAs.

The assets of the Branch are risk weighted as to their relative Credit, Market, and Operational risk.

Credit risk includes both On and Off-balance sheet risks.

Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices and includes profit rate risk, foreign exchange risk, equity exposure risk, and commodity risk.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events.

The Branch follows the standardized approach for Credit, Market and Operational risk, as permitted by the U.A.E. Central Bank and as per Pillar 1 of Basel III.

Capital adequacy and the use of regulatory capital are monitored on a regular basis by the Branch's management, employing techniques based on the guidelines developed by the Basel Committee and the Central Bank of United Arab Emirates.

As per the latest Standards of Capital Adequacy of Banks in the UAE (Notice No. CBUAE/BSD/N/2020/4980 dated 12Nov2020), all banks operating in the UAE must use the revised standards to calculate their Capital requirements for Credit risk with effect from June 30, 2021. Prior to Jun-21, Deutsche Bank Abu Dhabi Branch's exposures to other Deutsche Bank entities were risk weighted at 0%, thus resulting in lower Risk weighted assets and higher Total Capital Ratio for the Branch. The current rating of Deutsche Bank Group ("DBAG") of A- (S&P, Nov 2021) attracts Risk Weight of 50% based on CBUAE regulations.

	Dec-21	Sep-21	Jun-21	Mar-21	Dec-20
	AED'000	AED'000	AED'000	AED'000	AED'000
Available capital (amounts)					
Common Equity Tier 1 (CET1)	240,669	257,183	256,006	262,648	256,616
Fully loaded ECL accounting model					
Tier 1	240,669	257,183	256,006	262,648	256,616
Fully loaded accounting model Tier 1					
Total capital	266,777	280,224	281,746	274,724	272,620
Fully loaded ECL accounting model total capital					
Risk-weighted assets (amounts)					
Total risk-weighted assets (RWA)	2,166,581	1,923,073	2,137,061	1,044,233	1,370,706
Risk-based capital ratios as a percentage of RWA					
Common Equity Tier 1 ratio (%)	11.11%	13.37%	11.98%	25.15%	18.72%
Fully loaded ECL accounting model CET1 (%)					
Tier 1 ratio (%)	11.11%	13.37%	11.98%	25.15%	18.72%
Fully loaded ECL accounting model Tier 1 ratio (%)					
Total capital ratio (%)	12.31%	14.57%	13.18%	26.31%	19.89%
Fully loaded ECL accounting model total capital ratio (%)					
Additional CET1 buffer requirements as a percentage of RWA					
Capital conservation buffer requirement (2.5% from 2019) (%)					
Countercyclical bugger requirement (%)					
Bank D-SIB additional requirements (%)					
Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)					
CET1 available after meeting the bank's minimum capital requirements (%)	1.81%	4.07%	2.68%	15.81%	9.39%

Basel III Leverage Ratio					
Total Basel III leverage ratio measure	5,784,881	5,096,038	5,037,765	5,628,060	5,774,464
Basel III leverage ratio (%) (row 2/row 13)	4.16%	5.05%	5.08%	4.67%	4.44%
Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)					

As per CBUAE regulations, Branch is not required to report LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio). Branch reports ELAR (Eligible Assets Ratio) and LSRR (Lending to Stable Resources Ratio) as an alternate.

ICAAP under Pillar 2

The internal capital adequacy assessment process (“ICAAP”) as stipulated in Pillar 2 of Basel 3 requires banks to identify and assess risks, to apply effective risk management techniques and to maintain adequate capitalization. Our internal assessment process aims to ensure that sufficient levels of liquidity are maintained on an ongoing basis by identifying the key liquidity and funding risks to which the Group is exposed, by monitoring and measuring these risks, and by maintaining tools and resources to manage and mitigate these risks.

The Branch also discloses detailed Risk Management Framework (“RMF”) under Pillar 2 ICAAP Report, that should be reach in conjunction with the details provided in this report.

Risk Management Overview (OVA)

The diversity of our business model requires us to identify, assess, measure, aggregate and manage our risks, and to allocate our capital among our businesses. Our aim is to help reinforce our resilience by encouraging a holistic approach to the management of risk and return throughout our organization as well as the effective management of our risk, capital, and reputational profile. We actively take risks in connection with our business and as such the following principles underpin our risk management framework:

— Risk is taken within a defined risk appetite.
— Every risk taken needs to be approved within the risk management framework.
— Risk taken needs to be adequately compensated; and
— Risk should be continuously monitored and managed.

We promote a strong risk culture where employees at all levels are responsible for the management and escalation of risks and are empowered and encouraged to act as risk managers. We expect employees to exhibit behaviors that support a strong risk culture in line with our Code of Business Conduct. To promote this, our policies require that risk-related behavior is considered during our performance assessment and compensation processes. This expectation continues to be reinforced through communications campaigns and mandatory training courses for all DB employees. In addition, our Management Board members and senior management frequently communicate the importance of a strong risk culture to support a consistent tone from the top.

A standards-based assessment of risk culture, focusing on risk awareness, risk ownership and management of risk within risk appetite has been undertaken. Assessment results are incorporated into existing risk reporting, reinforcing the message that risk culture is an integral part of effective day-to-day risk management.

Overall Risk Assessment

Key risk types include credit risk (including default, migration, transaction, settlement, exposure, country, mitigation and concentration risks), market risk (including interest rate, foreign exchange, equity, credit spread, commodity and cross-asset & other risks), liquidity risk, business risk (including tax and strategic risk), cross risk, reputational risk and operational risk (with important sub-categories like compliance, legal, model, information security, fraud, and money laundering risks). We manage the identification, assessment, and mitigation of top and emerging risks through an internal governance process and the use of risk management tools and processes. Our approach to identification and impact assessment aims to ensure that we mitigate the impact of these risks on our financial results, long term strategic goals and reputation.

Risk Management Framework

Deutsche Bank operates as an integrated Group through its business divisions and infrastructure functions. At DB Abu Dhabi branch level, risk and capital are managed via a framework of principles, organizational structures and measurement and monitoring processes that are closely aligned with the activities of the divisions and business units. This policy is structured along the following four building blocks of the Risk Management framework of DB Group, as illustrated below:

- Risk governance and strategy.
- Risk management by major risk category.
- Risk methods – analytics and modelling; and
- Risk infrastructure, policies, and documentation.

Risk Governance and Strategy

DBAG Group risk report for comprehensive assessment can be found within the Annual Report at https://investor-relations.db.com/files/documents/annual-reports/2022/Annual_Report_2021.pdf?language_id=1

From an internal governance perspective, we have several layers of management to provide cohesive risk governance:

- The Abu Dhabi Branch ExCo, which has overall responsibility to exercise governance over the proper functioning of each business and infrastructure function.
- The Asset and Liability Committee of DB Abu Dhabi Branch ("ALCO") fulfills the role of the local Capital and Risk Committee (CaR). The ALCO also provides the forum for managing the capital, funding, and liquidity risk of DB Abu Dhabi Branch. Regular ALCO voting members include representatives of Finance, Treasury, ExCo, representatives of the various business divisions and risk management. The ALCO has responsibility for aligning the capital requirements as well as liquidity and funding needs of DBAG Abu Dhabi's activities, within the risk profile of the businesses and risk appetite of the bank. It reviews the capital, liquidity and funding profile on a regular basis and decides on measures to avoid regulatory and/or bank-internal limit breaches. The ALCO establishes a link between the local, regional and Group's perspective on capital, liquidity, and funding.
- The CRO function is responsible for the monitoring and governance of risk management relating to Deutsche Bank Abu Dhabi and all its associated legal entities. Risk areas of focus include credit, operational, market and further oversight over liquidity and capital management.

Risk Management by Major Risk Category

An overview of significant risks faced by DBAG Abu Dhabi, together with methods employed in respect of the management thereof, follow in this report under the headings of Credit, Operational, Market, Liquidity, and Interest rate risk. The local ALCO has overall responsibility for identifying and assessing all relevant risks.

Risk Methods - Analytics and Modelling

Risk measurement methods are primarily developed and performed centrally by DB Group risk management functions in collaboration with DBAG Abu Dhabi's finance and risk management staff. Regular training is held, and ongoing updates are provided by the Group to ensure full understanding of methodologies. The Group's methodologies are also adapted and extended if required to comply with specific local regulatory requirements (e.g., for specific stress testing purposes).

Risk Infrastructure, Policies and Documentation

Risk infrastructure is established at the Group level, and DBAG Abu Dhabi is supported by the Group's existing infrastructure and processes. Furthermore, DBAG Abu Dhabi has its own infrastructure, processes and policies in place that complement the Group's standards. In case of more stringent local requirements DBAG Abu Dhabi, supplements the Group standards and follows local regulatory requirements as defined in the Central Bank Regulations upon agreement with DB Group.

Key Prudential Metrics and RWA (OV1)

Following metrics and RWA is calculated based on latest applicable CBUAE Capital Adequacy regulations for Banks operating in the UAE.

	Dec-21 AED'000	Sep-21 AED'000	@10.5% AED'000
	a	b	c
	RWA		Minimum capital requirements
	T	T-1	T
Credit risk (excluding counterparty credit risk)	**2,088,553**	**1,843,277**	**219,298**
Of which: standardised approach (SA)	2,088,553	1,843,277	219,298
Counterparty credit risk (CCR)	**-**	**-**	**-**
Credit valuation adjustment (CVA)			-
Equity positions under the simple risk weight approach			-
Equity investments in funds - look-through approach			-
Equity investments in funds - mandate-based approach			-
Equity investments in funds - fall-back approach			-
Settlement risk			-
Securitisation exposures in the banking book			-
Market risk	**420**	**2,188**	**44**
Of which: standardised approach (SA)	420	2,188	44
Capital charge for switch between trading book and banking book			-
Operational risk	77,608	77,608	8,149
Total	**2,166,581**	**1,923,073**	**227,491**

Linkage Between Financial Statements and Regulatory Exposures (LI2)

The table below provides a comparison between the Balance Sheet for Accounting and Prudential purposes and highlights how the amounts reported in our Financial Statements, once the regulatory filters are applied, are impacted by the different risk frameworks in the Capital regulations. The regulatory balance sheet is split further into the parts subject to credit risk, counterparty credit risk, securitization positions in the regulatory banking book, market risk as well as the part which is not subject to capital requirements or relevant for deduction from capital.

Assets and liabilities are subject to regulatory Credit Risk framework.

	a	b	c	d	e
		Items subject to:			
	Total	Credit Risk Framework	Securitisation Framework	Counterparty credit risk Framework	Market risk Framework
Total Assets Carrying values as reported in published financial statements	**3,026,457**	3,026,457			
Total Liabilities & Equity Carrying values as reported in published financial statements	**3,026,457**				
Total net amount under regulatory scope of consolidation	-				
Off-balance sheet amounts	**2,758,425**	2,758,425			
Differences in valuations	-	2,291,488			
Differences due to different netting rules					

Total Assets Carrying values under scope of prudential	**3,026,457**	3,026,457			
Total Liabilities & Equity Carrying values under scope of prudential	**3,026,457**				
Off-balance sheet amounts under scope of prudential	**5,049,913**	2,758,425			

Composition of Capital

Capital Management Process

Detailed Capital Management and Planning process for the Branch is listed under ICAAP report for the Branch. Branch's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position are:

- To comply with the capital requirements set by the Central Bank of U.A.E.
- To safeguard the Branch's ability to continue as a going-concern and increase the returns for parent (shareholders),
- To maintain a strong capital base to support the development of its business.

The Branch's Regulatory Capital is composed of following two tiers:

1. Tier 1 capital, which includes Share capital (Dotation Capital), Reserves, retained earnings and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy calculation purposes.
2. Tier 2 capital, which includes collective impairment allowance and fair value reserves relating to unrealized gains/losses on investments classified as available for sale.

Table: Composition of Capital CC1

	AED '000
Common Equity Tier 1 capital: instruments and reserves	
Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	
Retained earnings	(10,051)
Accumulated other comprehensive income (and other reserves)	4,620
Common share capital issued by third parties (amount allowed in group CET1)	246,100
Common Equity Tier 1 capital before regulatory deductions	**240,669**
Common Equity Tier 1 capital regulatory adjustments	
Total regulatory adjustments to Common Equity Tier 1	-
Common Equity Tier 1 capital (CET1)	**240,669**
Total regulatory adjustments to additional Tier 1 capital	-
Additional Tier 1 capital (AT1)	**-**
Tier 1 capital (T1= CET1 + AT1)	**240,669**
Tier 2 capital: instruments and provisions	
Provisions	26,108
Tier 2 capital before regulatory adjustments	26,108
Tier 2 capital: regulatory adjustments	
Total regulatory adjustments to Tier 2 capital	-
Tier 2 capital (T2)	**26,108**
Total regulatory capital (TC = T1 + T2)	**266,777**
Total risk-weighted assets	**2,166,581**
Capital ratios and buffers	
Common Equity Tier 1 (as a percentage of risk-weighted assets)	11.11%
Tier 1 (as a percentage of risk-weighted assets)	11.11%
Total capital (as a percentage of risk-weighted assets)	12.31%
Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	1.81%

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Table: Composition of Capital CC2

AED '000	a	b
Dec-21	Balance sheet as in published financial statements	Under regulatory scope of consolidation
Assets		
Cash and balances at central banks	729,817	729,817
Financial assets designated at fair value		
Derivative financial instruments	382	382
Loans and advances to banks	1,644,871	1,644,871
Loans and advances to customers	627,619	627,619
Current and deferred tax assets		
Prepayments, accrued income and other assets	21,084	21,084
Goodwill and other intangible assets	144	144
Of which: goodwill		
Of which: intangibles (excluding MSRs)	144	144
Of which: MSRs		
Property, plant and equipment	2,540	2,540
Total assets	3,026,457	3,026,457
Liabilities		
Deposits from banks	1,587,248	1,587,248
Items in the course of collection due to other banks		
Customer accounts	1,104,191	1,104,191
Financial liabilities designated at fair value		
Derivative financial instruments	-	
Debt securities in issue		
Accruals, deferred income and other liabilities	60,354	60,354
Current and deferred tax liabilities		
Provisions	31,328	31,328
Retirement benefit liabilities	2,667	2,667
Total liabilities	2,785,788	2,785,788
Shareholders' equity		
Paid-in share capital	246,100	246,100
Of which: amount eligible for CET1	246,100	246,100
Of which: amount eligible for AT1		
Retained earnings	(4,731)	(4,731)
Accumulated other comprehensive income	(700)	(700)
Total shareholders' equity	240,669	240,669

Leverage Ratio (LR2)

Leverage Position

The Leverage ratio (LR) was introduced as a complementary measure to the risk-based capital framework to help ensure broad and adequate capture of both the on-and off-balance sheet sources of banks leverage.

This simple, non-risk based "Backstop" measure will restrict the build-up of excessive leverage in the banking sector to avoid destabilizing deleveraging processes that can damage the broader financial system and the economy.

Illustrated below is DBAG Abu Dhabi's Leverage position as measured by the Basel III Leverage ratio where last two quarters resulting LR was more than the minimum requirement of 3% Leverage Ratio.

		Dec 21	Sep 21
		AED'000	AED'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	3,026,457	2,664,652
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-	-
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)**	3,026,457	2,664,652
Derivative exposures			
4	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)		
5	Add-on amounts for PFE associated with *all* derivatives transactions		
6	Gross-up for derivatives collateral provide where deducted from the balance sheet assets pursuant to the operative accounting framework		
7	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)		
8	(Exempted CCP leg of client-cleared trade exposures)		
9	Adjusted effective notional amount of written credit derivatives		
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
11	**Total derivative exposures (sum of rows 4 to 10)**	-	-
Securities financing transactions			
12	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions		
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
14	CCR exposure for SFT assets		
15	Agent transaction exposures		
16	**Total securities financing transaction exposures (sum of rows 12 to 15)**	-	-
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	5,049,913	4,395,810
18	(Adjustments for conversion to credit equivalent amounts)	(2,291,488)	(1,964,424)
19	**Off-balance sheet items (sum of rows 17 and 18)**	2,758,424	2,431,386
Capital and total exposures			
20	**Tier 1 capital**	240,669	257,183
21	**Total exposures (sum of rows 3, 11, 16 and 19)**	5,784,881	5,096,038
Leverage ratio			
22	**Basel III leverage ratio**	4.16%	5.05%

Liquidity Risk (LIQA)

Liquidity risk is the risk arising from our potential inability to meet all payment obligations when they come due or only being able to meet these obligations at excessive costs. Management of liquidity risk at DBAG Abu Dhabi is fully integrated into the Group's Liquidity Risk Management Framework.

The objective of the Group's liquidity risk management framework is to ensure that the Group can always fulfill its payment obligations and can manage liquidity and funding risks within its risk appetite. The framework considers relevant and significant drivers of liquidity risk, whether on-balance sheet or off-balance sheet.

DBAG Abu Dhabi Branch manages Liquidity risk in line with the overall Group's liquidity risk management framework and according to policies and guidelines set locally by Treasury and LRM.

An overview of the risk management responsibilities, processes and methods follows, with more detailed information in our Group risk report which can be found within the annual report at https://investor-relations.db.com/files/documents/annual-reports/2022/Annual_Report_2021.pdf?language_id=1

Branch's Liquidity risk is that the Branch will not be able to meet its financial obligations as they fall due. The approach of the Branch to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Branch's reputation.

Monitoring and management of liquidity risk limits

As per the guidance of Liquidity Circular 30-2012, DB Abu Dhabi can only submit NSFR once LCR reporting starts (subject to approval by CB). Until then, the submission would only be Liquid Assets Ratio (BRF 8) & LSRR (BRF 7). Several tools/ metrics are used to measure and manage short- and long-term liquidity risk at DBAG Abu Dhabi level including but not limited to monthly Liquid Assets Ratio (LAR), Intra-group funding lines and utilization, Funding Matrix, etc.

Key liquidity ratios and figures are monitored in the ALCO report on a regular basis and form the basis of Liquidity reports.

Liquidity risk mitigation

Treasury may decide to temporarily reduce limits in the event of contingency situations to reduce (potential) liquidity risk. Additional local contingency measures form part of a local contingency plan including a stress funding line available to the branch from the Group's Liquid Asset Pool.

Deutsche Bank has a wide range of funding sources, including retail and institutional deposits, unsecured and secured wholesale funding, and debt issuance in the capital markets. ALCo is the Bank's decisive Governance body that has been mandated to optimize the sourcing and deployment of the Bank's balance sheet and financial resources in line with the Management Board risk appetite and strategy. As such, it has the overarching responsibilities to define, approve and optimize the Bank`s funding strategy.

Liquidity risk mitigation techniques

Treasury may decide to temporarily reduce limits in the event of contingency situations to reduce (potential) liquidity risk. Additional local contingency measures form part of a local contingency plan including a stress funding line available to the branch from the Group's Liquid Asset Pool. The bank does not consider additional capital as an appropriate mitigant for liquidity risk.

Liquidity Stress Testing

Liquidity stress testing entails a quantitative simulation of the Group’s funding development under five stress scenarios (including systemic, idiosyncratic, and combined). The outcome determines the worst possible “Net Liquidity Position” DB would expect to experience in a stress (the sNLP), at a Group level, and for all major currencies. Stress testing is performed on ongoing basis, with daily projections alongside a formal month end process. DB uses liquidity stress testing to:

- Determine whether the current liquidity position is in line with the MB’s risk appetite.
- Set the Liquidity Reserves (“LRs”) requirement, including the Treasury SLR.
- Help identify potential future liquidity shortfalls; and
- Assist in calibrating WSF limits.

DBAD has a local Liquidity Stress Testing report.

Bank's Contingency Funding Plans

A key objective of the DB Liquidity Risk Management Framework is to ensure that DB can always fulfill its payment obligations and respond to deterioration challenging its risk appetite for liquidity metrics (e.g., the stressed net liquidity position (“sNLP”), and the Liquidity Coverage Ratio (“LCR”)).

Market related as well as DB specific (idiosyncratic) events can lead to a temporary or longer-term disruption of DB’s access to funding. To safeguard DB’s liquidity position under moderate and severe idiosyncratic, systemic, or combined stress, Treasury has established a Group CFP and established entity specific CFPs. The CFP supports the effective operational management of a stress situation by providing a clear menu of options for safeguarding the bank’s funding and liquidity position, and operational procedures for executing those actions.

DBAD local branch-specific CFP describes the process by which local Treasury would manage an entity-specific liquidity stress. These documents follow a consistent approach across the Group and are aligned to the Global Liquidity Risk Management Framework.

The Local Treasurer is responsible for maintaining the CFP and for ensuring that it is reviewed and approved at least once a year by local ALCO.

In addition, the Local Treasurer is responsible for ensuring that the CFP is tested, absent of an actual acute liquidity stress, on an annual basis in a real-time scenario.

Liquid Assets Ratio

	AED'000	Dec-21	Dec-20
1	**High Quality Liquid Assets**	**Eligible Liquid Asset**	**Eligible Liquid Asset**
1.1	Physical cash in hand at the bank	1	1
1.2	Statutory reserves with Central Bank	729,817	84,977
1.3	Free and other account balances at the Central Bank (excluding statutory reserves)	0	613,000
1.4	Central Bank CDs (unencumbered)	0	0
1.5	UAE Federal Government Bonds and Sukuks	0	0
	Sub Total (1.1 to 1.5)	729,818	697,978
1.6	UAE local governments publicly traded debt securities (0% Risk Weighted under BII Standardized Approach) Rated A+ and above	0	0
1.7	UAE local governments publicly traded debt securities (0% Risk Weighted under BII Standardized Approach) Rated A and below or unrated	0	0
1.8	UAE Public sector publicly traded debt securities (non commercial, 0% Risk Weighted under BII Standardized Approach) Rated A+ and above	0	0
1.9	UAE Public sector publicly traded debt securities (non commercial, 0% Risk Weighted under BII Standardized Approach) Rated A and below or unrated	0	0
	Sub total (1.6 to 1.9)	0	0
1.10	Foreign Sovereign debt instruments or instruments issued by their respective central banks (0% Risk Weighted under Basel II Standardized Approach)	0	0
1.11	Total	**729,818**	**697,978**
2	Total liabilities (BRF-2 LIAB: Item nos. 29- 18.1- **(25- 25.5)- 26.7**- 28)	2,785,788	2,510,552
3	**Eligible Liquid Assets Ratio (ELAR)**	**26.20%**	**27.80%**

Eligible Liquid Assets Ratio

Eligible Liquid Assets Ratio is a measure to ensure banks hold minimum buffers of liquid assets. The ratio requires the bank to hold an amount equivalent to 10% of its total balance sheet liabilities (excluding those included in regulatory capital) in high quality liquid assets.

As of December 31, 2021, branch's ELAR is 26% which is more than the required minimum of 10%.

		31-Mar-21	**30-Jun-21**	**30-Sep-21**	**31-Dec-21**
		Q1 2021	**Q2 2021**	**Q3 2021**	**Q4 2021**
1	**High Quality Liquid Assets**	**Eligible Liquid Asset**	**Eligible Liquid Asset**	**Eligible Liquid Asset**	**Eligible Liquid Asset**
1.1	Physical cash in hand at the bank	1	1	1	1
1.2	Statutory reserves with Central Bank	15,593	110,649	97,654	729,817
1.3	Free and other account balances at the Central Bank (excluding statutory reserves)	521,000	309,000	547,000	0
1.4	Central Bank CDs (unencumbered)		0		
1.5	UAE Federal Government Bonds and Sukuks		0		
	Sub Total (1.1 to 1.5)	536,594	419,650	644,655	729,818
1.6	UAE local governments publicly traded debt securities (0% Risk Weighted under BII Standardized Approach) Rated A+ and above	0	0		
1.7	UAE local governments publicly traded debt securities (0% Risk Weighted under BII Standardized Approach) Rated A and below or unrated	0	0		
1.8	UAE Public sector publicly traded debt securities (non commercial, 0% Risk Weighted under BII Standardized Approach) Rated A+ and above	0	0		
1.9	UAE Public sector publicly traded debt securities (non commercial, 0% Risk Weighted under BII Standardized Approach) Rated A and below or unrated	0	0		
	Sub total (1.6 to 1.9)	0	0	0	0
1.10	Foreign Sovereign debt instruments or instruments issued by their respective central banks (0% Risk Weighted under Basel II Standardized Approach)	0	0	0	0
1.11	Total	**536,594**	**419,650**	**644,655**	**729,818**
2	Total liabilities (BRF-2 LIAB: Item nos. 29- 18.1- **(25- 25.5)- 26.7**- 28)	2,713,285	2,186,775	2,395,101	2,785,788
3	**Eligible Liquid Assets Ratio (ELAR)**	**19.78%**	**19.19%**	**26.92%**	**26.20%**

Lending to Stable Resources Ratio (LSRR)

The Lending to Stable Resources Ratio (LSRR) is a measure that recognizes both the actual uses as well as the likely uses of funds in terms of the contractual maturity and behavioral profile of the sources of funds available to the bank, to ensure that there are limited maturity mismatches and cliff effects. Central Bank reporting for BRF 7 details the requirements of the ratio.

LSRR should not exceed 100%. The branch's ratio is 39.36%, this is the equivalent percentage of the total advances being funded by stable resources (i.e., customer deposits). This provides the branch enough flexibility in managing extra resources and its balance sheet in the long-term.

AED '000			Amount
1		**Computation of Advances**	
	1.1	Net Lending (BRF1 Item 7+8) minus {Specific (BRF-2: item 25.1) + Collective impairment provision (BRF-2 items 25.2.1+25.2.2) + interest in Suspense (BRF-2 item: 25.3}	627,619
	1.2	Lending to NBFI (BRF 1, item 4)	-
	1.3	Financial Guarantees & Stand-by LC Issued (BRF 3-Item 3.1)	466,936
	1.4	Financial Guarantees & Stand -by LCs Received	-
	1.5	Interbank Placements with a remaining life of more than 3 months (BRF 9)	-
	1.6	**Total Advances**	1,094,555
2		**Calculation of Net Stable Ressources**	
	2.1	Total own funds (BRF2 Liab: item 28 + item 26.7)+ Gen provision (BRF-2 Liab: item 25.2.3)	272,062
		Deduct:	
	2.1.1	Goodwill and other intangible assets (BRF1 Assets: 11.3 and 11.4)	-
	2.1.2	Fixed Assets (BRF1 Assets: 9.1 + 9.2 + 9.3 + 9.5)	2,684
	2.1.3	Funds allocated to branches abroad (BRF1 Assets: 9.4)	-
	2.1.4	Treasury shares held / No INPUT required here	-
	2.1.5	Unquoted Investments (BRF 5- Applicable items)	-
	2.1.6	Investment in subsidiaries, associates and affiliates (BRF5- Applicable items)	-
	2.1.7	**Total deduction**	2,684
	2.2	**Net Free Capital Funds**	269,378
	2.3	**Other stable resources:**	
	2.3.1	Non repayable head office funds (BRF2 Liab- Item 26.5)	-
	2.3.2	Interbank deposits with remaining life of more than 6 months (BRF 9)	-
	2.3.3	Refinancing of Housing Loans	-
	2.3.4 (a)	Borrowing from non-Banking Financial Institutions remaining life of more than 6 months (BRF 9)	-
	2.3.4 (b)	85% of the rest of NBFI Deposits	167,731
	2.3.5 (a)	Customer Deposits with remaining life of more than 6 months (BRF 9)	-
	2.3.5 (b)	85% of the rest of Customer Deposits	756,774
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date (BRF 9)	-
	2.3.7	Head Office loans towards meeting Large Exposure Funding (BRF 2 Liab- item 26.6)	1,587,230
	2.3.8	**Total other stable resources**	2,511,735
	2.4	**Total Stable Resources (2.2+2.3.8)**	2,781,113
3		**LENDING TO STABLE RESOURCES RATIO (1.6/ 2.4*100)**	39.36

Credit Risk

Credit Risk arises from all transactions where actual, contingent, or potential claims against any counterparty, borrower, obligor, or issuer (which we refer to collectively as "counterparties") exist, including those claims that we plan to distribute. These transactions are typically part of our non-trading lending activities (such as loans and contingent liabilities) as well as our direct trading activity with clients (such as OTC derivatives). These also include traded bonds and debt securities. Based on the annual risk identification and materiality assessment, Credit risk is grouped into five categories, namely default/migration risk, country risk, transaction/ settlement risk (exposure risk), mitigation (failure) risk and concentration risk.

- Default risk is the risk that a counterparty defaults on its payment obligations or experiences material credit quality deterioration increasing the likelihood of a default.
- Country Risk is the risk that otherwise solvent and willing counterparties are unable to meet their obligations due to direct sovereign intervention or policies.
- Transaction/Settlement Risk (Exposure Risk) is the risk that arises from any existing, contingent, or potential future positive exposure.
- Mitigation Risk is the risk of higher losses due to risk mitigation measures not performing as anticipated.
- Concentration Risk is the risk of an adverse development in a specific single counterparty, country, industry, or product leading to a disproportionate deterioration in the risk profile of Deutsche Bank's credit exposures to that counterparty, country, industry, or product.

An overview of the risk management responsibilities, processes and methods follows, with more detailed information in our Group risk report which can be found within the annual report at https://investor-relations.db.com/files/documents/annual-reports/2022/Annual_Report_2021.pdf?language_id=1

Credit Risk Responsibilities and Processes

DB's credit risk appetite is set globally and is broken down to divisions and business units via the Strategic, Risk & Capital Plan approved by the Management Board of Deutsche Bank Group. As a result, each credit exposure is authorized only if the relevant business division at Deutsche Bank global level is satisfied that the exposure meets the pre-set criteria and limits.

CRM is globally organized and carries out risk identification, assessments, management, and reporting. The CRM department is independent from the business. Accordingly, the credit policies of DB Group are adopted and the local CRO is responsible for ensuring that they remain suitable for the business of DBAG Abu Dhabi.

Credit Risk is managed for DB Group globally based on a "one obligor principle"; new credit exposures as well as annual / bi-annual reviews of credit exposures require approval by the appropriate authority holder covering the entire DB Group exposure. All credit risk decisions relevant to DBAG Abu Dhabi are subject to the approval of DBAG Abu Dhabi's management and Deutsche Bank's Credit Risk Management (CRM).

Management of limits

Global limits are monitored by CRM at DB Group level via a Credit IT System based on the risk appetite approved by the Group Management Board. DB measures and aggregates all exposures to the same obligor ("one obligor principle"). At DBAG Abu Dhabi, the ultimate responsibility for management of the credit risk limits resides with the CRO function. All credit limits and exposures are monitored on a frequent basis and reviewed at least quarterly. Individually significant transactions that subject DBAG Abu Dhabi to credit risk are subject to rigorous local review and sign-off prior to commitment.

Monitoring and Management of Concentrations

The large exposure regulations and credit policies on Group level limiting concentration risk are adopted for DBAG Abu Dhabi. Besides the limits of DB Group, there are the regulatory single-name and portfolio limits in place as described above. Both limits are monitored by risk management function. Credit risk concentration is not only closely monitored at a single-name level, but also on an industry and country basis.

Local Large Exposure Monitoring

Deutsche Bank AG Abu Dhabi Branch's external business prospects are also impacted and governed by Central Bank of UAE's Regulations for Monitoring of Large Exposure Limits (Circular 32/2013). Deutsche Bank AG in principle follows the LE limits as prescribed under the LE limit monitoring regulations and as agreed with Central Bank of the UAE in various separate discussions and official communications.

DBAD has established a bi-weekly "LE Review Meeting" which is represented by following:

1. Business COO,
2. Branch Manager,
3. CFO,
4. Business line managers, and
5. Treasury.

The forum meets regularly to review business deals in the pipeline and manage proactively the pipeline to limit any LE breaches and to ensure that any excesses are adequately covered via collateral as per the applicable regulations. The committee also reviews the business plans for new transactions, maturity of existing deals and overall impact on required Cash under lien amount to ensure that adequate amount of Cash under lien is always maintained in-line with the regulatory requirements.

Large Exposures reporting is done on monthly and quarterly basis to Central Bank of UAE as part of BRF reporting requirements and any exceptions in-between are also monitored and escalated where required.

Credit Risk Mitigation Technique

In addition to determining counterparty credit quality and our risk appetite, we also use various credit risk mitigation techniques to optimize credit exposure and reduce potential credit losses. Credit risk mitigants are applied in the following forms:

- Comprehensive and enforceable credit documentation with adequate terms and conditions.
- Collateral held as security to reduce losses by increasing the recovery of obligations.
- Risk transfers, which shift the loss arising from the probability of default risk of an obligor to a third-party including hedging executed by our CIB - Counterparty Portfolio Management division.
- Netting and collateral arrangements which reduce the credit exposure from derivatives and securities financing transactions

Credit Risk Approach

The branch currently applies the standardized approach for its credit portfolios.

Counterparty Credit risk Approach

The branch currently applies the current exposure method for its portfolios subject to Counterparty credit risk.

The maximum credit exposure of the Branch at the date of statement of financial position is as follows:

	2021 AED '000	2020 AED '000
Balances with CB UAE	**729,817**	697,977
Due from Banks	**1,644,871**	1,478,639
Loans and advances to customers	**637,581**	559,670
Intergroup receivables	**13,786**	9,460
Other receivables (excluding prepayments)	**3,246**	20,041
	3,029,301	2,765,787

Off Balance Sheet credit exposure

	2021 AED '000	2020 AED '000
Guarantees	**4,334,981**	4,270,930
Letters of credit	**714,912**	568,242
Unutilized commitments	**0**	367,096
Other contingencies		5,847
	5,049,893	5,212,115

None of the loans and advances to customers were past due or impaired at the reporting date. Amounts due from related parties are expected to be fully recoverable.

Analysis by economic activity for loans and advances to customers

The analysis by economic activity is as follows:

	2021	2020
	AED '000	AED '000
Oil & Gas	**128,147**	256,775
Manufacturing	**91,448**	9,342
Renewable energy	**-**	121,219
Construction	**1,797**	68,226
Trade	**416,189**	104,108
Gross Loans and advances	**637,581**	559,670
Less: impairment allowance	**-9,962**	-7,313
Total Loans and advances	**627,619**	552,357

Geographical distribution of loans and advances to customers

The Branch's loan book, before considering any collateral held or other credit enhancement, can be analyzed by the following regions:

	2021	2020
	AED '000	AED '000
Middle East & Africa	**323,924**	559670
Europe	**26,011**	
Asia	**287,646**	
Gross Loans and advances	**637,581**	559,670
Less: impairment allowance	**-9,962**	-7,313
Total Loans and advances	**627,619**	552,357

Credit Quality of Assets (CR1)

The determination of impairment losses and allowance uses an expected loss model, where provisions are taken upon initial recognition of the financial asset (or the date that the Branch becomes a party to the loan commitment or financial guarantee), based on expectations of potential credit losses at that time.

For financial assets originated or purchased, the Branch recognizes a loss allowance at an amount equal to 12-month expected credit losses if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1). This amount represents the expected credit losses resulting from default events that are possible within the next 12 months.

The lifetime expected credit losses represent default events over the expected life of a financial instrument. The Branch measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Branch considers a longer period.

The determination of the maximum contractual period considers the date at which the Branch has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Retail overdrafts, credit card facilities and certain corporate revolving facilities typically include both a loan and an undrawn commitment component, and in these cases the contractual ability of the Branch to demand repayment and cancel the undrawn commitment does not limit the Branch's credit loss exposure to the facility's contractual term. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. While the Branch can cancel these facilities with immediate effect, this contractual right is not enforced in normal day-to-day credit risk management process, but only when the Branch becomes aware of an increase in credit risk on the facility. Consequently, for such facilities, the Branch measures expected credit losses over a period longer than the maximum contractual term. This longer period is estimated taking into consideration credit risk management actions which the Branch expects to take to mitigate credit losses. These credit risk management actions include reducing limits and facility cancellation.

		a	b	c	d	e	f
		Gross carrying values of		Allowances/ Impairments	Of which ECL accounting provisions for credit losses		Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans		637,581			9,962	627,619
2	Debt securities						-
3	Off-balance sheet exposures		5,049,893			21,366	5,049,893
4	**Total**	-	**5,687,474**	-	-	**31,328**	**5,677,512**

Additional Details for Credit Quality of Exposures (CRB)

Definition of Past Due and Impaired Exposures

Exposures are past due if contractually agreed payments of principal and/or interest remain unpaid by the borrower, except if those are acquired through consolidation. The latter are past due if payments of principal and/or interest, which were expected at a certain payment date at the time of the initial consolidation of the loans, are unpaid by the borrower. The Group has aligned its definition of "credit impaired" under IFRS 9. Consequently, Credit impaired financial assets (or Stage 3 financial assets) consist of two types of defaulted financial assets: firstly, financial assets, where the Group expects an impairment loss and the amount is reflected in the allowance for credit losses and secondly financial assets, where the group does not expect an impairment loss (e.g., due to high quality collateral or sufficient expected future cash flows following thorough due diligence).

The determination of impairment losses and allowances is based on the expected credit loss model under IFRS 9, where allowances for loan losses are recorded upon initial recognition of the financial asset, based on expectations of potential credit losses at the time of initial recognition.

The impairment requirements of IFRS 9 apply to all credit exposures that are measured at amortized cost or fair value through other comprehensive income and to off balance sheet lending commitments, such as loan commitments and financial guarantees. For purposes of our impairment approach, we refer to these instruments as financial assets.

The Group determines its allowance for credit losses in accordance with IFRS 9 as follows:

- Stage 1 reflects financial instruments where it is assumed that credit risk has not increased significantly after initial recognition
- Stage 2 contains all financial assets, that are not defaulted, but have experienced a significant increase in credit risk since initial recognition.
- Stage 3 consists of financial assets of clients which are defaulted in accordance with DB's policies on regulatory default. The Group defines these financial assets as impaired, non-performing and defaulted.

Significant increase in Credit Risk is determined using quantitative and qualitative information based on the Group's historical experience, credit risk assessment and forward-looking information.

Purchased or Originated Credit Impaired (POCI) financial assets are assets where at the time of initial recognition there is objective evidence of impairment.

The IFRS 9 impairment approach is an integral part of the Group's Credit Risk Management procedures. The estimation of Expected Credit Losses (ECL's) is either performed via the automated, parameter based ECL calculation using the Group's ECL model or determined by Credit Officers. In both cases, the calculation takes place for each financial asset individually. Similarly, the determination of the need to transfer between stages is made on an individual asset basis.

The Group's ECL model is used to calculate the allowance for credit losses for all financial assets in Stage 1 and Stage 2, as well as for Stage 3 in the homogeneous portfolio (i.e., retail, and small business loans with similar credit risk characteristics). For financial assets in our non-homogeneous portfolio in Stage 3 and for POCI assets, the allowance for credit losses is determined by Credit Officers.

The Group uses three main components to measure ECL. These are Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The Group leverages existing parameters used for determination of capital demand under the Basel Internal Ratings Based Approach and internal risk management practices as much as possible to calculate ECL. These parameters are adjusted where necessary to comply with IFRS 9 requirements (e.g., use of point in time ratings and removal of downturn add-ons in the regulatory parameters). Incorporating forecasts of future economic conditions into the measurement of expected credit losses influences the allowance for credit losses in Stage 1 and 2. To calculate lifetime expected credit losses, the Group's calculation derives the corresponding lifetime PDs from migration matrices that reflect economic forecasts.

December 31, 2021 — **AED '000**

Assets	On demand	Up to 3 months	3 months to 1 year	1 to 3 years	Over 3 years	Total
Balance with Central Bank of UAE	**729,817**	-	-	-	-	**729,817**
Due from Banks	**1,644,871**	-	-	-	-	**1,644,871**
Loans and advances to customers	**81,534**	**223,050**	**332,997**			**637,581**
Other financial assets		**7,300**				**7,300**
Due from related parties		**13,786**				**13,786**
Positive fair value on derivatives		**382**				**382**
Fixed assets					**2,684**	**2,684**
TOTAL	**2,456,222**	**244,518**	**332,997**	-	**2,684**	**3,036,421**

Assets	Geographical areas	Amount
Balance with Central Bank of UAE	United Arab Emirates	**729,817**
Due from Banks	Middle East and Africa	**17,059**
Due from Banks	Australia	**140**
Due from Banks	Europe	**1,627,672**
Loans and advances to customers	Middle East and Africa	**323,924**
Loans and advances to customers	Europe	**26,011**
Loans and advances to customers	Asia	**287,646**
Other financial assets	United Arab Emirates	**7,300**
Due from related parties	Europe	**8,224**
Due from related parties	United Arab Emirates	**1,853**
Due from related parties	Other Jurisdictions	**3,709**
Positive fair value on derivatives	United Arab Emirates	**382**
Fixed assets	United Arab Emirates	**2,684**
TOTAL		**3,036,421**

Assets	Industry	Amount
Balance with Central Bank of UAE	Central Bank	**729,817**
Due from Banks	Banks	**1,644,871**
Loans and advances to customers	Oil and Gas	**128,147**
Loans and advances to customers	Manufacturing	**91,448**
Loans and advances to customers	Renewable energy	**-**
Loans and advances to customers	Construction	**1,797**
Loans and advances to customers	Trade	**416,189**
Other financial assets	Trade	**7,300**
Due from related parties	Banks	**13,786**
Positive fair value on derivatives	Banks	**382**
Fixed assets	Banks	**2,684**
TOTAL		**3,036,421**

Standardized Approach – Credit Risk Exposures & CRM Impact (CR4)

The Branch has in place group standards, regulations of the U.A.E. Central Bank and policies and procedures dedicated to monitor and manage risk from such activities.

The financial assets of the Branch which are potentially subject to concentration of credit risk consist of Balances with CB UAE, due from banks, loans and advances to customers, intergroup receivables, and other receivables. Credit risk is managed by placing funds with banks with appropriate credit ratings.

The exposures are secured by Cash Collateral, External Bank Guarantee (SBLC) and Third-party Insurance Coverage. These collaterals are reported under different categories of Credit Risk Mitigation (CRM) which yields Net Exposure amounts.

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amoun	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	729,817	-	729,817	-	-	
2	Non-central government public sector entities						
3	Multilateral development banks						
4	Banks	2,122,176	4,155,721	2,122,176	2,311,328	1,573,177	75%
5	Securities firms						
6	Corporates	177,684	894,192	177,684	447,096	508,133	24%
7	Regulatory retail portfolios						
8	Secured by residential property						
9	Secured by commercial real estate						
10	Equity						
11	Past-due loans						
12	Higher-risk categories						
13	Other assets	7,242		7,242		7,242	0%
14	**Total**	**3,036,919**	**5,049,913**	**3,036,919**	**2,758,424**	**2,088,552**	**100%**

Standardized Approach – Exposures by Asset Class & Risk Weights (CR5)

		a	b	c	d	e	f	g	h	i	j
	Risk weight* / **Asset classes**	**0%**	**10%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Others**	**Total credit exposures amount (post CCF and post-CRM)**
1	Sovereigns and their central banks	729,817									729,817
2	Non-central government public sector entities										-
3	Multilateral development banks										-
4	Banks	196,488		1,999,921		2,127,807		109,290			4,433,505
5	Securities firms										-
6	Corporates	348		31,261		182,579		410,591			624,780
7	Regulatory retail portfolios										-
8	Secured by residential property										-
9	Secured by commercial real estate										-
10	Equity										-
11	Past-due loans										-
12	Higher-risk categories										-
13	Other assets							7,242			7,242
14	**Total**	926,653	-	2,031,182	-	2,310,385	-	527,123	-	-	5,795,344

Market Risk

Most of our businesses are subject to market risk, defined as the potential for change in the market value of our trading and invested positions. Risk can arise from changes in interest rates, credit spreads, foreign exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatility and market implied default probabilities.

One of the primary objectives of Market Risk Management, a part of our independent Risk function, is to ensure that our business units' risk exposure is within the approved appetite commensurate with its defined strategy. To achieve this objective, Market Risk Management works closely together with risk takers ("the business units") and other control and support groups.

We distinguish between three substantially different types of market risk:

- Trading market risk arises primarily through the market-making and client facilitation activities of the Corporate & Investment Bank Corporate Division. This involves taking positions in debt, equity, foreign exchange, other securities, and commodities as well as in equivalent derivatives.
- Traded default risk arising from defaults and rating migrations relating to trading instruments.
- Nontrading market risk arises from market movements, primarily outside the activities of our trading units, in our banking book and from off-balance sheet items. This includes interest rate risk, credit spread risk, investment risk and foreign exchange risk as well as market risk arising from our pension schemes, guaranteed funds, and equity compensation. Nontrading market risk also includes risk from the modelling of client deposits as well as savings and loan products.

Market risks assumed by DBAG Abu Dhabi are managed by the Market Risk Management (MRM) department as part of MRM's global risk management framework.

DBAG Abu Dhabi passes on most of its market risk to DB Group by entering risk transfer trades which mirror external market risk assumed.

An overview of the risk management responsibilities, processes and methods follows, with more detailed information in our Group risk report which can be found within the annual report at https://investor-relations.db.com/files/documents/annual-reports/2022/Annual_Report_2021.pdf?language_id=1.

Market Risk Responsibilities and Processes

Our primary mechanism to manage trading market risk is the application of our Risk Appetite framework of which the limit framework is a key component. Our Management Board, supported by Market Risk Management, sets group-wide value-at-risk, economic capital, and portfolio stress testing limits for market risk in the trading book. Market Risk Management allocates this overall appetite to our Corporate Divisions and individual business units within them based on established and agreed business plans. We also have business aligned heads within Market Risk Management who establish business limits, by allocating the limit down to individual portfolios, geographical regions, and types of market risks. The types of risks that are assumed by DBAG Abu Dhabi may include one or more of these market risks types.

Value-at-risk, economic capital and Portfolio Stress Testing limits are used for managing all types of market risk at an overall portfolio level. As an additional and important complementary tool for managing certain portfolios or risk types, Market Risk Management performs risk analysis and business specific stress testing. Limits are also set on sensitivity and concentration/liquidity, exposure, business-level stress testing and event risk scenarios, taking into consideration business plans and the risk vs return assessment.

Business units are responsible for adhering to the limits against which exposures are monitored and reported. The market risk limits set by Market Risk Management are monitored on a daily, weekly, and monthly basis, dependent on the risk management tool being used.

Management of Limits

DBAG Abu Dhabi is integrated into Deutsche Bank Group's global limit system, which is defined, monitored, and controlled by MRM. MRM supports the use of key risk management metrics to monitor the bank's market risks.

Market Risk Monitoring and Management

Market risk measures are calculated daily by Market Risk Operations (MRO) centrally and exposures monitored against the established limits, if applicable. Risk reports are sent daily to businesses as well as submitted to oversight functions daily.

Basel Approach Adopted to Measure Risk

The branch currently applies the standardized approach to portfolios that attract market risk.

Market Risk Under Standardized Approach

The table below presents the components of the capital requirement under the standardized approach for market risk.

Market risk: Risk Weighted Assets

		Dec-21	Dec-20
Risk Weighted Assets		**AED'000**	**AED'000**
	Outright products		
1	Interest rate risk (general and specific)	-	-
2	Equity risk (general and specific)	-	-
3	Foreign exchange risk	420	629
4	Commodity risk	-	-
	Options		
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	**Total**	420	629

Table MR1

		AED '000
		Capital charge in SA
1	General interest rate risk	
2	Equity risk	
3	Commodity risk	
4	Foreign exchange risk	420
5	Credit spread risk - non-securitisations	
6	Credit spread risk - securitisations (non-correlation trading portfolio)	
7	Credit spread risk - securitisation (correlation trading portfolio)	
8	Default risk - non-securitisations	
9	Default risk - securitisations (non-correlation trading portfolio)	
10	Default risk - securitisations (correlation trading portfolio)	
11	Residual risk add-on	
12	**Total**	

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Interest Rate Risk in the Banking Book

Interest rate risk in the banking book (IRRBB) is the current or prospective risk, to both the Bank's capital and earnings, arising from movements in interest rates, which affect the Bank's banking book exposures. This includes gap risk, which arises from the term structure of banking book instruments, basis risk, which describes the impact of relative changes in interest rates for financial instruments that are priced using different interest rate curves, as well as option risk, which arises from option derivative positions or from optional elements embedded in financial instruments.

The Bank manages its IRRBB exposure using economic value as well as earnings-based measures. Our Group Treasury division is mandated to manage the interest rate risk centrally on a fiduciary basis, with Market Risk Management acting as an independent oversight function.

In DBAG Abu Dhabi most of the interest rate risk arising from non-trading asset and liability positions has been transferred through internal transactions to Treasury Pool Management, subject to banking book value-at-risk limits. Treasury Pool Management hedges the transferred net banking book risk with Deutsche Bank's trading books within the CIB division. The treatment of interest rate risk in our trading portfolios and the application of the value-at-risk model is discussed in detail in “Market Risk section” of the Group risk report.

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Financial instruments which are potentially subject to interest rate risks include balances with UAE Central Bank, due from banks, loans, and advances to customers, due to customers and due to banks.

For the year ended December 31, 2021, had the interest rates on net interest-bearing assets increased / decreased by 100 basis points with all other variables remaining constant, the impact on the results of the Branch would have been as follows:

	December 2021	December 2020
	AED'000	AED'000
Change in interest rates	±917	±3,292

Equity Risk in the Banking Book

DBAG Abu Dhabi is not exposed to material Equity position risk.

Other risks

Other risk includes business (strategic) risk, model risk, and reputational risk. For detailed disclosures on these risks please refer to the 2021 Group Risk Report which can be found within the annual report at:https://investor-relations.db.com/files/documents/annual-reports/2022/Annual_Report_2021.pdf?language_id=1

Table: Interest Rate Risk in Banking Book

AED 'k	ΔEVE	ΔNII	
Period	**Inst.**	**12 mnth**	**60 mnth**
Parallel up	739	8,772	43,022
Steepener	1,053		
Flattener	(1,053)		
Short rate up	(1,387)		
Short rate down	1,065		
Maximum			
Period	**Inst.**	**60 mnth**	
Tier 1 capital	246,100		

Operational Risk

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events, and includes legal risk. Operational Risk excludes business and reputational Risk. It forms a subset of the Bank's Non-Financial Risks, as does reputational risk. It is inherent to every business organization and covers a wide spectrum of issues.

The governance of operational risks follows the Three Lines of Defense ("3LoD") approach, to protect the Bank, its customers and shareholders against risk losses and resulting reputational damages. It seeks to ensure that all our operational risks are identified and covered, that accountabilities regarding the management of operational risks are clearly assigned and risks are taken on and managed in the best and long-term interest of the Bank. The 3LoD approach and its underlying principles, i.e., the full accountability of the First Line of defense ("1st LoD") to manage its own risks and the existence of an independent Second Line of Defense ("2nd LoD") to oversee and challenge risk taking and risk management, applies to all levels of the organization including the Group-level, regions, countries, and legal entities.

In 2019, we enhanced the ORMF and the management of operational risks by focusing on the further simplification of our risk management processes, and by promoting an active and continuous dialogue between the 1st and 2nd LoDs with the objective to make the management of operational risks more transparent, meaningful, and embedded in day-to-day business decisions.

DBAG Abu Dhabi manages operational risk based on a Group-wide consistent framework which enables DB Group to determine the Operational risk profile in comparison to the risk tolerance, to systematically identify Operational risk themes and to define appropriate risk mitigation measures and priorities.

An overview of the risk management responsibilities, processes and methods follows, with more detailed information in our Group risk report which can be found within the annual report at https://investor-relations.db.com/files/documents/annual-reports/2022/Annual_Report_2021.pdf?language_id=1

Organizational & Governance Structure

Operational risk responsibilities and processes

Group Operational Risk Management (Group ORM) is a portfolio risk management function for operational risk and is responsible for developing and maintaining the Group ORMF, defining the roles and responsibilities for the OR Management Process to identify, assess, mitigate, monitor, report and escalate operational risks. Group ORM is mandated to define an effective risk management framework and outline the components, processes, and responsibilities for a consistent management across all Deutsche Bank Divisions / Infrastructure Functions / Legal Entities for all operational risk types.

The Group ORMF defines the consistent management of risk across all operational risk types and is comprised of several processes, specified in the "Operational Risk Management Policy":

- timely and complete OR identification/ loss capture through continuous collection of internal operational risk events and external loss information. Internal scenarios are also developed to complete the Bank's Risk profile,
- timely, accurate and complete assessment of risks and controls mainly through a comprehensive Risk and Control Assessment (R&CA), Lessons Learned and Read Across processes,

- holistic and efficient risk mitigation/risk acceptance within the defined operational risk appetite/tolerance,
- effective risk and mitigation monitoring, and
- timely, accurate and effective risk reporting/escalation.

DBAG Abu Dhabi is covered within the existing GORMF. This GORMF governs issues such as reporting, recording and escalation of OR events and losses. At local level all business units in addition to Risk are responsible for adequate monitoring and reporting to ORM.

Operational risk monitoring and management

Flashcards are prepared on a regular basis representing current operational risks in DBAG Abu Dhabi and are reviewed and discussed with the regional ORM management. The flashcard is built on new operational risk events that have taken place, trend analysis and economic capital over the past quarters and key actions agreed and tracked via a DB tool.

Operational risk mitigation techniques

Once operational risks are identified and assessed, a determination of the most appropriate action is required within the risk specific appetite through remediation actions, insurance, risk acceptance or by ceasing/reducing business activities.

The GORMF supports these decisions, based on an evaluation of remediation costs and potential impacts, resulting in three possible mitigating strategies:

- Self-Identified Issue: control gaps or weaknesses are supported by remediation actions and monitored to resolution in a timely manner
- Risk Acceptance: where remediation is not feasible, having appropriate regard to cost of control and potential impacts, risks may be accepted subject to appropriate evaluation and governance
- Ceasing or reducing business activities

As part of DB Group's operational risk mitigation, risk transfer comprehends the use of all kind of insurance lines available in any market worldwide but is limited to the mitigation of insurable risk only. These policies cover a variety of risks including professional indemnity, errors and omissions liability, directors & officers' liability, and credit risks. The insurance covers DB AG and all majority owned subsidiaries.

The Branch is governed by the regulations of the U.A.E. Central Bank which are monitored by the Compliance and Internal Audit.

The Branch is responsible for managing this risk through a controls-based environment in which processes are documented, authorization is independent, and transactions are reconciled and monitored. This is supported by an independent programme of periodic reviews undertaken by the Compliance department and Group Internal Audit, and by monitoring external operational risk events, which ensure that the Branch stays in line with best practice and takes account of lessons learned from publicized operational failures within the industry.

The Branch is responsible for implementing the following standards:

- Assigning responsibility for the operational risk at the Branch.
- Use of information systems to record the identification and assessment of operational risks and to generate appropriate, regular operational risk reporting.
- Assessment of risks inherent in the processes, activities, and products.
- Reporting of the operational risk loss data to the management; and
- Consideration of risk mitigation, including insurance, where it is cost-effective.

Basel Approach Adopted to Measure Operational Risk

The Branch applies Basic Indicator Approach for Operational Risk reporting under Pillar 1.

Operational risk: Risk Weighted Assets

	December 2021	December 2020
Risk Weighted Assets	**AED'000**	**AED'000**
Operational risk	77,608	89,785

Remuneration

Compensation Strategy

Deutsche Bank recognizes that its compensation system plays a vital role in supporting its strategic objectives. It enables us to attract and retain the individuals required to achieve our bank's objectives. The Group Compensation Strategy is aligned to Deutsche Bank's strategic objectives and to its corporate values and beliefs. The Group Compensation Policy informs our employees about the implementation of the Compensation Strategy, governance processes as well as compensation structures and practices. All relevant documents are available to employees via our intranet site.

Total Compensation Framework

Our compensation framework emphasizes an appropriate balance between Fixed Pay (FP) and Variable Compensation (VC) – together Total Compensation (TC). It aligns incentives for sustainable performance at all levels of Deutsche Bank whilst ensuring the transparency of compensation decisions and their impact on shareholders and employees. The underlying principles of our compensation framework are applied to all employees equally, irrespective of differences in seniority, tenure, or gender.

The bank has assigned a Reference Total Compensation (RTC) to eligible employees that describes a reference value for their role. This value provides our employees orientation on their FP and VC. Actual individual TC can be at, above or below the Reference Total Compensation, based on Group affordability, and performance expectations having been satisfied at Group, divisional and individual levels, as determined by Deutsche Bank at its sole discretion.

Fixed Pay is used to compensate employees for their skills, experience, and competencies, commensurate with the requirements, size, and scope of their role. The appropriate level of FP is determined with reference to the prevailing market rates for each role, internal comparisons, and applicable regulatory requirements. FP plays a key role in permitting us to meet our strategic objectives by attracting and retaining the right talent. For most of our employees, FP is the primary compensation component with a share of greater than 50% of TC.

Variable Compensation reflects affordability and performance at Group, divisional, and individual level. It allows us to differentiate individual performance and to drive behavior through appropriate incentive systems that can positively influence culture. It also allows for flexibility in the cost base. VC generally consists of two elements – the Group VC Component and the Individual VC Component. The Individual VC Component is delivered either in the form of Individual VC (generally applicable for employees at the level of Vice President (VP) and above) or as Recognition Award (generally applicable for employees at the level of Assistant Vice President (AVP) and below). In cases of negative performance contributions or misconduct, an employee's VC can be reduced accordingly and can go down to zero. VC is granted and paid out subject to Group affordability. Under our compensation framework, there continues to be no guarantee of VC in an existing employment relationship. Such arrangements are utilized only on a very limited basis for new hires in the first year of employment and are subject to the bank's standard deferral requirements.

The Group VC Component is based on one of the overarching goals of the compensation framework – to ensure an explicit link between VC and the performance of the Group.

Individual VC takes into consideration several financial and non-financial factors, including the applicable divisional performance, the employee's individual performance, conduct, and adherence to values and beliefs, as well as additional factors such as the comparison of pay levels with the employee's peer group and retention considerations.

Recognition Awards provide the opportunity to acknowledge and reward outstanding contributions made by the employees of lower seniority levels in a timely and transparent manner. Generally, the overall size of the Recognition Award budget is directly linked to a set percentage of FP for the eligible population, and it is currently paid out twice a year, based on a review of nominations and contributions in a process managed at the divisional level.

Employee benefits complement Total Compensation and are considered FP from a regulatory perspective, as they have no direct link to performance or discretion. They are granted in accordance with applicable local market practices and requirements. Pension expenses represent the main element of the bank's benefits portfolio, globally.

Limited to extraordinary circumstances, the bank reserves the right to grant Retention Awards to help induce select employees which are at risk of leaving and that are critical to the bank's future, to remain at the bank. Retention Awards are generally linked to certain critical events in which the bank has a legitimate interest in retaining the employee for a defined period. This serves to minimize operational, financial, or reputational risk. These awards are considered VC in a regulatory sense and are generally subject to the same requirements as other VC elements.

For details on Deutsche Bank AG's Compensation Framework and other related Disclosures, please refer to Compensation Report and Corporate Governance Report 2021:

https://investor-relations.db.com/files/documents/reports/Compensation_Report_2021.pdf?language_id=1

https://investor-relations.db.com/files/documents/reports/Corporate_Governance_Report_2021.pdf?language_id=1

	AED '000		**a**	**b**
	Remuneration Amount		**Senior Management**	**Other Material Risk-takers**
1	Fixed Remuneration	Number of employees *	3	2
2		Total fixed remuneration	3,952.00	2,067.34
3		Of which: cash-based	3,952.00	2,067.34
4		Of which: deferred		
5		Of which: shares or other share-linked instruments		
6		Of which: deferred		
7		Of which: other forms		
8		Of which: deferred		
9	Variable Remuneration	Number of employees *	3	2
10		Total variable remuneration	227.00	218.229
11		Of which: cash-based	227.00	218.229
12		Of which: deferred		
13		Of which: shares or other share-linked instruments		
14		Of which: deferred		
15		Of which: other forms		
16		Of which: deferred		
17	**Total Remuneration (2+10)**		4,179.00	2,285.57

Note: The previous Branch manager retired during the year, with last working day Aug 31, 2021.

Benefits included under Fixed Remuneration consist of: Housing Allowance, Leave / Travel Allowance, Severance Payments, leave encashment and Relocation expenses paid to the outgoing Branch Manager as per employment contract.

Group Disclosure

Deutsche Bank AG Abu Dhabi Branch is a branch of Deutsche Bank AG, incorporated in Federal Republic of Germany.

For additional information on Deutsche Bank AG Pillar 3 disclosures, please refer to 2021 Pillar 3 Report, available at following link:

https://investor-relations.db.com/files/documents/regulatory-reporting/Pillar_3_Report_as_of_December_31_2021.pdf?language_id=1