

# 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, 2021



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, 2021 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, 2021

Section A – Branch Information (Hong Kong Office Only)

(I) Income Statement Information

HKD Million	Half-year Ended June 30, 2021	Half-year Ended June 30, 2020
Interest income	1,224	1,478
Interest expense	(459)	(791)
Other operating income		
- Gains less losses arising from trading in foreign currencies	164	217
- Gains less losses on securities held for trading purposes	1,179	226
- Gains less losses from other trading activities	222	530
- <i>Net fees and commission income</i>		
- Gross fees and commission income	1,677	1,364
- Gross fees and commission expenses	(50)	(71)
- Others	124	372
Operating expenses		
- Staff expenses	(1,114)	(1,133)
- Rental expenses	(125)	(169)
- Others	(1,133)	(1,242)
Impairment losses and provisions for impaired loans and receivables	(4)	(261)
Impairment losses on assets	-	-
Profit/ (loss) before taxation	<u>1,705</u>	<u>520</u>
Taxation	<u>(284)</u>	<u>(89)</u>
Profit/ (loss) after taxation	<u>1,421</u>	<u>431</u>

(II) Balance Sheet Information

HKD Million	June 30, 2021	December 31, 2020
<b>Assets</b>		
Cash and balances with banks	11,389	6,195
Placements with banks with residual maturity between 1 months and 12 months	1,243	1,234
Due from Exchange Fund	1,950	1,589
Amount due from overseas offices of the institution	33,617	24,379
Trade bills	846	1,315
Securities held for trading purposes	9,087	8,247
Loans and receivables (including derivatives receivables)	78,316	81,038
Investment securities	9,652	10,064
Amount receivable under reverse repos	115	115
Other investments	497	519
Property, plant and equipment	<u>1,443</u>	<u>1,469</u>
Total assets	<u>148,155</u>	<u>136,164</u>
<b>Liabilities</b>		
Deposits and balances from banks	4,325	915
Deposits from customers		
- Demand deposits and current accounts	19,979	18,411
- Savings deposits	6	119
- Time, call and notice deposits	32,579	33,600
Amount due to overseas offices of the institution	60,971	50,609
Certificates of deposit issued	400	400
Other negotiable debt instruments	120	119
Other liabilities (including derivatives payables)	<u>29,775</u>	<u>31,991</u>
Total liabilities	<u>148,155</u>	<u>136,164</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, 2021	December 31, 2020
Loans and advances to customers	54,574	49,141
Loans and advances to banks	435	462
Accrued interest and other accounts	12,456	12,532
Derivative receivables	11,986	20,067
Less: Allowance for credit losses		
- Collectively assessed	25	40
- Individually assessed	<u>1,110</u>	<u>1,124</u>
	<u>78,316</u>	<u>81,038</u>

#### (iii) Trade bills

HKD Million	June 30, 2021	December 31, 2020
Trade bills	863	1,330
Less: Allowance for credit losses		
- Collectively assessed	1	1
- Individually assessed	-	-
Less: Country Risk Provision	<u>16</u>	<u>14</u>
	<u>846</u>	<u>1,315</u>

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

	HKD Million	June 30, 2021 As % of advances to customers	HKD Million	December 31, 2020 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	3,440	6.30%	3,530	7.18%
- Individually assessed allowance	<u>(1,070)</u>		<u>(1,095)</u>	
	<u>2,370</u>		<u>2,435</u>	
Representing by geographical segments:				
- Hong Kong	2,043		2,071	
- Republic of Ecuador	770		845	
- China	451		425	
- Marshall Islands	166		183	
- Germany	10		6	

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

	June 30, 2021 HKD Million	December 31, 2020 HKD Million
Market value of collateral held against impaired loans and advances to customers	<u>1,813</u>	<u>1,996</u>
Covered portion of impaired loans and advances	<u>1,813</u>	<u>1,996</u>
Uncovered portion of impaired loans and advances	<u>1,627</u>	<u>1,534</u>

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

Impaired trades bills was HKD 11 million at June 30, 2021 and HKD 9 million at December 31, 2020.

There were no impaired advances to banks at June 30, 2021 and December 31, 2020.

(v) Overdue loans and advances and trade bills

	June 30, 2021 As % of advances to customers	December 31, 2020 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	166	989
- More than one year	<u>2,043</u>	<u>1,082</u>
	<u>2,209</u>	<u>2,071</u>
Allowances for credit losses		
- individually assessed allowances	1,059	1,074
Representing:		
- Loans for use in Hong Kong	10	10
- Loans and advances for use outside Hong Kong	2,199	2,061
By geographical segments:		
- Hong Kong	2,043	1,888
- Marshall Islands	166	183
Market value of collateral held against overdue loans and advances to customers	<u>632</u>	<u>585</u>
Covered portion of overdue loans and advances to customers	<u>632</u>	<u>585</u>
Uncovered portion of overdue loans and advances to customers	<u>1,577</u>	<u>1,486</u>

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

There were no overdue advances to banks and trade bills at June 30, 2021 and December 31, 2020.

(vi) Rescheduled 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, 2021 and December 31, 2020.

No repossessed asset was held for impaired and overdue loans and receivables and trade bills at June 30, 2021 and December 31, 2020.

(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, 2021		December 31, 2020	
	Gross advances	Collateral or other security	Gross advances	Collateral or other security
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Manufacturing	956	293	1,101	301
- Electricity and Gas	-	-	-	-
- Wholesale and retail trade	115	-	21	-
Transport and transport equipment	200	153	218	170
- Financial concerns	186	-	165	-
- Stockbrokers	-	-	-	-
- Others	10,783	10,306	9,959	9,487
	<u>12,240</u>	<u>10,752</u>	<u>11,464</u>	<u>9,958</u>
Individuals				
- Others	6,272	6,271	6,861	6,858
Total loans for use in Hong Kong	<u>18,512</u>	<u>17,023</u>	<u>18,325</u>	<u>16,816</u>
Trade finance	12,656	1,279	11,999	989
Loans for use outside Hong Kong	<u>23,407</u>	<u>15,288</u>	<u>18,817</u>	<u>13,907</u>
	<u>54,575</u>	<u>33,590</u>	<u>49,141</u>	<u>31,712</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, 2021	December 31, 2020
Hong Kong	20,580	20,378
Saudi Arabia	5,500	2,370
United States	4,770	5,545
Mainland China	1,608	2,078
Others	<u>22,117</u>	<u>18,770</u>
	<u>54,575</u>	<u>49,141</u>

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

HKD Million At June 30, 2021	On-balance sheet exposure	Off- balance sheet exposure	Total
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	5,766	837	6,603
Local governments, local government-owned entities and their subsidiaries and JVs	556	159	715
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	6,740	943	7,683
Other entities of central government not reported above	211	-	211
Other entities of local governments not reported above	777	-	777
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	196	-	196
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	<u>1,138</u>	<u>25</u>	<u>1,163</u>
Total	<u>15,384</u>	<u>1,964</u>	<u>17,348</u>
Total assets after provision	<u>148,155</u>		
On-balance sheet exposures as percentage of total assets	10.38%		

HKD Million At December 31, 2020	On-balance sheet exposure	Off- balance sheet exposure	Total
Central government, central government-owned entities and their subsidiaries and JVs	3,449	747	4,196
Local governments, local government-owned entities and their subsidiaries and JVs	119	417	536
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	6,400	966	7,366
Other entities of central government not reported above	571	-	571
Other entities of local governments not reported above	776	-	776
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	316	-	316
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	<u>472</u>	<u>-</u>	<u>472</u>
Total	<u>12,103</u>	<u>2,130</u>	<u>14,233</u>
Total assets after provision	<u>136,164</u>		
On-balance sheet exposures as percentage of total assets	8.89%		

- (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, 2021

	Banks	Official Sector	Non-bank private sector Non-bank Financial institutions	Non-financial private sector	Total
Developed countries, of which	41,208	-	-	16,029	57,237
- <i>Germany</i>	34,407	-	-	3,154	37,561
- <i>United States</i>	1,829	-	-	2,738	4,567
Developing Africa and Middle East	2	-	-	1,408	1,410
Developing Asia and Pacific, of which	8,591	-	-	16,334	24,925
- <i>China</i>	8,006	-	-	7,960	15,966
Developing Latin America and Caribbean	-	-	-	1,328	1,328
Developing Europe	143	-	-	454	597
Offshore centres, of which	7,477	12,041	64	23,642	43,224
- <i>Hong Kong</i>	6,426	12,041	64	12,958	31,489
International organization	-	-	-	-	-
Total	<u>57,421</u>	<u>12,041</u>	<u>64</u>	<u>59,195</u>	<u>128,721</u>

HKD Million  
At December 31, 2020

	Banks	Official Sector	Non-bank private sector Non-bank Financial institutions	Non-financial private sector	Total
Developed countries, of which	44,166	-	-	16,638	60,804
- <i>Germany</i>	33,088	-	-	1,186	34,274
- <i>United States</i>	2,888	-	-	5,675	8,563
Developing Africa and Middle East	38	-	-	1,991	2,029
Developing Asia and Pacific, of which	8,825	-	-	7,566	16,391
- <i>China</i>	8,229	-	-	3,041	11,270
Developing Latin America and Caribbean	-	-	-	983	983
Developing Europe	41	-	-	880	921
Offshore centres, of which	4,546	10,707	5,170	28,398	48,821
- <i>Hong Kong</i>	4,039	10,707	5,170	19,743	39,659
International organization	-	-	-	-	-
Total	<u>57,616</u>	<u>10,707</u>	<u>5,170</u>	<u>56,456</u>	<u>129,949</u>

(xi) Currency risk

At June 30, 2021

Equivalent in HKD Million	USD	SGD	RMB	Other Foreign Currencies	Total
Spot assets	63,930	402	20,976	20,974	106,282
Spot liabilities	(70,262)	(1,532)	(22,765)	(19,722)	(114,281)
Forward purchases	358,571	1,728	234,684	45,997	640,980
Forward sales	(350,175)	(1,249)	(234,826)	(47,222)	(633,472)
Net options positions	-	-	-	-	-
Net long / (short) position	<u>2,064</u>	<u>(651)</u>	<u>(1,931)</u>	<u>27</u>	<u>(491)</u>

At December 31, 2020

Equivalent in HKD Million	USD	EUR	RMB	Other Foreign Currencies	Total
Spot assets	66,285	16,285	24,063	4,773	111,406
Spot liabilities	(67,661)	(19,066)	(16,598)	(4,928)	(108,253)
Forward purchases	295,828	16,471	202,117	21,264	535,680
Forward sales	(296,176)	(13,243)	(205,125)	(21,308)	(535,852)
Net options positions	-	-	-	-	-
Net long / (short) position	<u>(1,724)</u>	<u>447</u>	<u>4,457</u>	<u>(199)</u>	<u>2,981</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, 2021	December 31, 2020
<b>Contingencies and commitments</b>		
- Direct credit substitutes	202	134
- Transaction-related contingencies	2,732	2,536
- Trade-related contingencies	2,119	2,123
- Other commitments	2,540	6,517
- Others	<u>1,196</u>	<u>2,240</u>
	<u>8,789</u>	<u>13,550</u>
<b>Derivatives</b>		
- Exchange rate related derivative contracts	790,424	672,944
- Interest rate derivative contracts	677,970	1,263,317
- Others	<u>2,222</u>	<u>415</u>
	<u>1,470,616</u>	<u>1,936,676</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, 2021	December 31, 2020
Fair value assets		
- Exchange rate related derivative contracts	8,670	10,920
- Interest rate derivative contracts	3,022	7,118
- Others	<u>294</u>	<u>2,029</u>
	<u>11,986</u>	<u>20,067</u>
Fair value liabilities		
- Exchange rate related derivative contracts	9,016	11,729
- Interest rate derivative contracts	3,428	6,830
- Others	<u>57</u>	<u>1,968</u>
	<u>12,501</u>	<u>20,527</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, 2021	Quarter ended June 30, 2020
3 months average LMR	71.15%	83.06%

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, 2021	Quarter ended June 30, 2020
3 months average CFR	176.05%	167.38%

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, 2021 at [www.db.com/hongkong/](http://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 (fully loaded):

	June 30, 2021	December 31, 2020
- Common Equity Tier 1 capital ratio	13.2%	13.6%
- Tier 1 capital ratio	15.2%	15.4%
- Total capital ratio	17.4%	17.4%

Total shareholders' equity was EUR 56.6 billion at June 30, 2021 and EUR 54.8 billion at December 31, 2020.

(II) Other Financial Information

Extracts from the consolidated financial statements for the half- year ended June 30, 2021:

EUR Billion	June 30, 2021	December 31, 2020
- Total assets	1,320	1,325
- Total liabilities	1,255	1,263
- Total loans and advances	440	427
- Total deposits	581	568

  

EUR Million	Period Ended June 30, 2021	Period Ended June 30, 2020
Income/ (loss) before income taxes	2,754	364

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 2021 at [www.db.com](http://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.