

# Deutsche Bank Aktiengesellschaft, Hong Kong Branch

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

Key Financial Information Disclosure Statement  
Year Ended December 31, 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 year ended December 31, 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 year ended December 31, 2021

Section A – Branch Information (Hong Kong Office Only)

(I) Income Statement Information

HKD Million	Year Ended December 31, 2021	Year Ended December 31, 2020
Interest income	2,431	2,629
Interest expense	(917)	(1,309)
Other operating income		
- Gains less losses arising from trading in foreign currencies	245	386
- Gains less losses on securities held for trading purposes	574	591
- Gains less losses from other trading activities	360	360
- <i>Net fees and commission income</i>		
- Gross fees and commission income	2,908	2,533
- Gross fees and commission expenses	(28)	(135)
- Others	257	758
Operating expenses		
- Staff expenses	(2,195)	(2,277)
- Rental expenses	(263)	(346)
- Others	(2,285)	(2,142)
Impairment losses and provisions for impaired loans and receivables	(89)	(502)
Impairment losses on assets	-	-
Profit/ (loss) before taxation	<u>998</u>	<u>546</u>
Taxation	<u>(173)</u>	<u>226</u>
Profit/ (loss) after taxation	<u>825</u>	<u>772</u>

(II) Balance Sheet Information

HKD Million	December 31, 2021	June 30, 2021
<b>Assets</b>		
Cash and balances with banks	7,526	11,389
Placements with banks with residual maturity between 1 months and 12 months	654	1,243
Due from Exchange Fund	781	1,950
Amount due from overseas offices of the institution	60,901	33,617
Trade bills	2,020	846
Securities held for trading purposes	6,964	9,087
Loans and receivables (including derivatives receivables)	71,064	78,316
Investment securities	2,168	9,652
Amount receivable under reverse repos	115	115
Other investments	496	497
Property, plant and equipment	<u>1,381</u>	<u>1,443</u>
Total assets	<u>154,070</u>	<u>148,155</u>
<b>Liabilities</b>		
Deposits and balances from banks	2,198	4,325
Deposits from customers		
- Demand deposits and current accounts	20,721	19,979
- Savings deposits	-	6
- Time, call and notice deposits	48,377	32,579
Amount due to overseas offices of the institution	56,837	60,971
Certificates of deposit issued	400	400
Other negotiable debt instruments	122	120
Other liabilities (including derivatives payables)	<u>25,415</u>	<u>29,775</u>
Total liabilities	<u>154,070</u>	<u>148,155</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	December 31, 2021	June 30, 2021
Loans and advances to customers	51,174	54,574
Loans and advances to banks	410	435
Accrued interest and other accounts	5,739	12,456
Derivative receivables	14,204	11,986
Less: Allowance for credit losses		
- Collectively assessed	19	25
- Individually assessed	444	1,110
	<u>71,064</u>	<u>78,316</u>

#### (iii) Trade bills

HKD Million	December 31, 2021	June 30, 2021
Trade bills	2,045	863
Less: Allowance for credit losses		
- Collectively assessed	1	1
- Individually assessed	20	-
Less: Country Risk Provision	4	16
	<u>2,020</u>	<u>846</u>

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

	December 31, 2021		June 30, 2021	
	HKD Million	As % of advances to customers	HKD Million	As % of advances to customers
Impaired loans and advances to customer net of allowance for individually assessed credit losses				
- Impaired loans and advances to customers	2,294	4.48%	3,440	6.30%
- Individually assessed allowance	<u>(422)</u>		<u>(1,070)</u>	
	<u>1,872</u>		<u>2,370</u>	
Representing by geographical segments:				
- Hong Kong	1,751		2,043	
- Republic of Ecuador	-		770	
- China	381		451	
- Marshall Islands	149		166	
- Germany	13		10	

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

	December 31, 2021 HKD Million	June 30, 2021 HKD Million
Market value of collateral held against impaired loans and advances to customers	<u>1,298</u>	<u>1,813</u>
Covered portion of impaired loans and advances	<u>1,298</u>	<u>1,813</u>
Uncovered portion of impaired loans and advances	<u>996</u>	<u>1,627</u>

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

Impaired trades bills was HKD 36 million at December 31, 2021 and HKD 11 million at June 30, 2021.

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

(v) Overdue loans and advances and trade bills

	December 31, 2021		June 30, 2021	
	HKD Million	As % of advances to customers	HKD Million	As % of advances to customers
Overdue advances to customers:				
- Over 3 months and up to 6 months	-	-	-	-
- Over 6 months and up to one year	-	-	166	0.30%
- More than one year	<u>1,432</u>	2.80%	<u>2,043</u>	3.74%
	<u>1,432</u>		<u>2,209</u>	
Allowances for credit losses				
- individually assessed allowances	379		1,059	
Representing:				
- Loans for use in Hong Kong	10		10	
- Loans and advances for use outside Hong Kong	1,422		2,199	
By geographical segments:				
- Hong Kong	1,283		2,043	
- Marshall Islands	149		166	
Market value of collateral held against overdue loans and advances to customers	<u>449</u>		<u>632</u>	
Covered portion of overdue loans and advances to customers	<u>449</u>		<u>632</u>	
Uncovered portion of overdue loans and advances to customers	<u>983</u>		<u>1,577</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 December 31, 2021 and June 30, 2021.

(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 December 31, 2021 and June 30, 2021.

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

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

HKD Million	December 31, 2021		June 30, 2021	
	Gross advances	Collateral or other security	Gross advances	Collateral or other security
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Manufacturing	1,359	289	956	293
- Electricity and Gas	-	-	-	-
- Wholesale and retail trade	122	-	115	-
Transport and transport				
- equipment	144	136	200	153
- Financial concerns	505	-	186	-
- Stockbrokers	-	-	-	-
- Others	12,095	11,694	10,783	10,306
	<u>14,225</u>	<u>12,119</u>	<u>12,240</u>	<u>10,752</u>
Individuals				
- Others	<u>6,336</u>	<u>6,256</u>	<u>6,272</u>	<u>6,271</u>
Total loans for use in Hong Kong	20,561	18,375	18,512	17,023
Trade finance	12,339	1,658	12,656	1,279
Loans for use outside Hong Kong	<u>18,274</u>	<u>15,176</u>	<u>23,407</u>	<u>15,288</u>
	<u>51,174</u>	<u>35,209</u>	<u>54,575</u>	<u>33,590</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	December 31, 2021	June 30, 2021
Hong Kong	13,961	20,580
Saudi Arabia	5,328	5,500
United States	6,738	4,770
Cayman Islands	5,558	3,743
Mainland China	1,001	1,608
Others	<u>18,588</u>	<u>18,374</u>
	<u>51,174</u>	<u>54,575</u>

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

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

HKD Million	On-balance sheet exposure	Off- balance sheet exposure	Total
<b>At June 30, 2021</b>			
Central government, central government-owned entities and their subsidiaries and 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%		

- (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 December 31, 2021

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

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>

(xi) Currency risk

At December 31, 2021

Equivalent in HKD Million	USD	SGD	RMB	Other Foreign Currencies	Total
Spot assets	84,873	412	13,353	18,716	117,354
Spot liabilities	(80,101)	(2,483)	(15,769)	(18,858)	(117,211)
Forward purchases	326,480	3,156	245,782	34,904	610,322
Forward sales	(329,672)	(983)	(245,253)	(34,844)	(610,752)
Net options positions	-	-	-	-	-
Net long / (short) position	<u>1,580</u>	<u>102</u>	<u>(1,887)</u>	<u>(82)</u>	<u>(287)</u>

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>

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	December 31, 2021	June 30, 2021
<b>Contingencies and commitments</b>		
- Direct credit substitutes	395	202
- Transaction-related contingencies	3,850	2,732
- Trade-related contingencies	2,300	2,119
- Other commitments	4,636	2,540
- Others	618	1,196
	<u>11,799</u>	<u>8,789</u>
<b>Derivatives</b>		
- Exchange rate related derivative contracts	721,783	790,424
- Interest rate derivative contracts	1,241,183	677,970
- Others	2,244	2,222
	<u>1,965,210</u>	<u>1,470,616</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	December 31, 2021	June 30, 2021
Fair value assets		
- Exchange rate related derivative contracts	9,356	8,670
- Interest rate derivative contracts	4,220	3,022
- Others	<u>628</u>	<u>294</u>
	<u>14,204</u>	<u>11,986</u>
Fair value liabilities		
- Exchange rate related derivative contracts	9,525	9,016
- Interest rate derivative contracts	4,750	3,428
- Others	<u>12</u>	<u>57</u>
	<u>14,287</u>	<u>12,501</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 December 31, 2021	Quarter ended December 31, 2020
3 months average LMR	63.26%	75.79%

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 December 31, 2021	Quarter ended December 31, 2020
3 months average CFR	199.71%	186.86%

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) yearly disclosure statement as of December 31, 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):

	December 31, 2021	June 30, 2021
- Common Equity Tier 1 capital ratio	13.2%	13.2%
- Tier 1 capital ratio	15.6%	15.2%
- Total capital ratio	17.7%	17.4%

Total shareholders' equity was EUR 58.0 billion at December 31, 2021 and EUR 56.6 billion at June 30, 2021.

(II) Other Financial Information

Extracts from the consolidated financial statements for the year ended December 31, 2021:

EUR Billion	December 31, 2021	June 30, 2021
- Total assets	1,324	1,320
- Total liabilities	1,256	1,255
- Total loans and advances	471	440
- Total deposits	604	581

  

EUR Million	Period Ended December 31, 2021	Period Ended December 30, 2020
Income/ (loss) before income taxes	3,390	1,021

Further details of Deutsche Bank Aktiengesellschaft Group (Incorporated in the Federal Republic of Germany and members' liability is limited) can be obtained from the annual report as of December 31 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.