

Deutsche Bank AG Hong Kong Branch

Key Financial Information Disclosure Statement –
Half-Year Ended June 30, 2016



Deutsche Bank AG (Hong Kong Branch) releases its Key Financial Information Disclosure Statement for the half-year ended June 30, 2016 as follows:-

Deutsche Bank AG (Hong Kong Branch)

Key Financial Information Disclosure Statement for the half-year ended June 30, 2016

Section A – Branch Information (Hong Kong Office Only)

(I) Income Statement Information

<u>HKD Million</u>	<u>Half-Year Ended June 30, 2016</u>	<u>Half-Year Ended June 30, 2015</u>
Interest income	601	689
Interest expense	(439)	(577)
Other operating income		
- Gains less losses arising from trading in foreign currencies	(326)	625
- Gains less losses on securities held for trading purposes	1,261	2,979
- Gains less losses from other trading activities	393	89
- Net fees and commission income		
- Gross fees and commission income	1,151	1,277
- Gross fees and commission expenses	(20)	(29)
- Others	131	372
Operating expenses		
- Staff expenses	(1,592)	(1,868)
- Rental expenses	(164)	(100)
- Others	(1,128)	(1,385)
Impairment losses and provisions for impaired loans and receivables	4	7
(Loss)/ profit before taxation	(128)	2,079
Taxation	116	(345)
(Loss)/ profit after taxation	(12)	1,734

(II) Balance Sheet Information

<u>HKD Million</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Assets		
Cash and balances with banks	9,719	2,707
Due from Exchange Fund	1,105	488
Amount due from overseas offices of the institution	38,859	45,483
Trade bills	2,094	4,864
Certificates of deposit held	-	12
Securities held for trading purposes	1,968	2,634
Loans and receivables	51,207	49,550
Amount receivable under reverse repos	208	208
Other investments	789	1,169
Property, plant and equipment	398	434
Total assets	<u>106,347</u>	<u>107,549</u>
Liabilities		
Deposits and balances of banks	1,057	1,711
Deposits from customers		
- Demand deposits and current accounts	23,954	29,221
- Savings deposits	28	39
- Time, call and notice deposits	15,828	11,290
Amount due to overseas offices of the institution	27,887	26,509
Certificates of deposit issued	4,980	5,810
Other negotiable debt instruments	1,957	3,885
Other liabilities	30,608	29,023
Provisions	48	61
Total liabilities	<u>106,347</u>	<u>107,549</u>

(III) Additional Information

(i) Basis of preparation

Deutsche Bank AG 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 AG Hong Kong Branch ('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

<u>HKD Million</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Advances to customers	21,474	22,767
Advances to banks	219	1,765
Accrued interest and other accounts	<u>29,514</u>	<u>25,018</u>
	<u>51,207</u>	<u>49,550</u>

(iii) Impairment losses for impaired loans and receivables and trade bills

<u>HKD Million</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
<u>Loans and receivables</u>		
- Collective impairment allowances	32	41
- Specific impairment allowances	8	7
- Country risk provision	-	-
<u>Trade bills</u>		
- Collective impairment allowances	7	13
- Specific impairment allowances	-	-
- Country risk provision	<u>1</u>	<u>-</u>
	<u>48</u>	<u>61</u>

(iv) Overdue and rescheduled loans and receivables and trade bills

<u>Overdue and rescheduled advances to customers</u>	<u>June 30, 2016</u>		<u>December 31, 2015</u>	
	<u>HKD Million</u>	<u>As % of advances to customers</u>	<u>HKD Million</u>	<u>As % of advances to customers</u>
Overdue for:				
- Over one month and up to one year	2	-	-	-
- More than one year	<u>10</u>	<u>-</u>	<u>10</u>	<u>-</u>
	<u>12</u>	<u>-</u>	<u>10</u>	<u>-</u>
Representing:				
- Loans for use in Hong Kong	12	-	10	-
- Trade Finance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>12</u>	<u>-</u>	<u>10</u>	<u>-</u>

The amount of advances to customers on which interest accrual has ceased and individually determined to be impaired was HKD 12 million at June 30, 2016 and HKD 12 million at December 31, 2015. There was no interest in suspense and collateral coverage. Individual impairment allowances made in respect of such advances were HKD 8 million at June 30, 2016 and HKD 7 million at December 31, 2015.

There were no overdue trade bills at June 30, 2016 and December 31, 2015.

No repossessed asset was held for impaired and overdue loans and receivables and trade bills at June 30, 2016 and December 31, 2015.

(iv) 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)

<u>HKD Million</u>	<u>June 30, 2016</u>		<u>December 31, 2015</u>	
	<u>Gross</u>	<u>Collateral</u>	<u>Gross</u>	<u>Collateral</u>
	<u>advances</u>	<u>or other</u>	<u>advances</u>	<u>or other</u>
		<u>security</u>		<u>security</u>
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Manufacturing	1,073	1,034	1,458	1,421
- Building & construction, property development & investment	-	-	1,605	-
- Information technology	14	-	11	-
- Wholesale and retail trade	273	-	415	-
- Transport and transport equipment	168	160	389	186
- Hotels	-	-	100	-
- Financial concerns	55	-	83	-
- Stockbrokers	752	-	778	-
- Others	<u>1,090</u>	<u>1,053</u>	<u>2,386</u>	<u>2,265</u>
	3,425	2,247	7,225	3,872
Individuals				
- Others	<u>1,216</u>	<u>1,164</u>	<u>851</u>	<u>840</u>
Total loans for use in Hong Kong	4,641	3,411	8,076	4,712
Trade finance	5,431	276	4,788	-
Loans for use outside Hong Kong	<u>11,402</u>	<u>2,496</u>	<u>9,903</u>	<u>2</u>
	<u>21,474</u>	<u>5,907</u>	<u>22,767</u>	<u>4,714</u>

(v) 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)

<u>HKD Million</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Developed countries	6,020	4,599
Offshore centres	2,508	4,463
Developing Europe	1,260	838
Developing Latin America and Caribbean	1,111	582
Developing Africa and Middle East	1,514	1,114
Developing Asia and Pacific	5,445	4,140
Hong Kong	<u>3,616</u>	<u>7031</u>
	<u>21,474</u>	<u>22,767</u>

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

<u>HKD Million</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
<u>At June 30, 2016</u>			
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	2,638	108	2,746
Local governments, local government-owned entities and their subsidiaries and JVs	692	108	800
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	2,472	8	2,480
Other entities of central government not reported above	54	-	54
Other entities of local governments not reported above	1	-	1
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	310	16	326
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	<u>88</u>	<u>3</u>	<u>91</u>
Total	<u>6,255</u>	<u>243</u>	<u>6,498</u>
Total assets after provision	<u>106,299</u>		
On-balance sheet exposures as percentage of total assets	5.88%		

<u>HKD Million</u>	<u>On-balance sheet exposure</u>	<u>Off-balance sheet exposure</u>	<u>Total</u>
<u>At December 31, 2015</u>			
Central government, central government-owned entities and their subsidiaries and JVs	2,887	287	3,174
Local governments, local government-owned entities and their subsidiaries and JVs	829	674	1,503
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3,313	122	3,435
Other entities of central government not reported above	-	-	-
Other entities of local governments not reported above	1	-	1
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	407	62	469
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	<u>124</u>	<u>85</u>	<u>209</u>
Total	<u>7,561</u>	<u>1,230</u>	<u>8,791</u>
Total assets after provision	<u>107,488</u>		
On-balance sheet exposures as percentage of total assets	7.03%		

(vii) 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, 2016	Non-bank private sector				Total
	Banks	Official Sector	Non-bank Financial institutions	Non-financial private sector	
Developed countries, of which	35,929	4	-	7,097	43,030
- <i>Germany</i>	35,412	-	-	2,091	37,503
Developing Africa and Middle East	52	-	-	1,515	1,567
Developing Asia and Pacific, of which	7,522	-	-	5,440	12,962
- <i>China</i>	7,253	-	-	3,326	10,579
Developing Latin America and Caribbean	3	-	-	1,134	1,137
Developing Europe	14	-	-	1,306	1,320
Offshore centres, of which	7,671	-	32	22,701	30,404
- <i>Hong Kong</i>	7,651	-	32	19,869	27,552
International organization	-	-	186	-	186
Total	51,191	4	218	39,193	90,606

HKD Million At December 31, 2015	Non-bank private sector				Total
	Banks	Official Sector	Non-bank Financial institutions	Non-financial private sector	
Developed countries, of which	41,586	4	-	7,889	49,489
- <i>Germany</i>	41,219	-	-	1,145	42,364
Developing Africa and Middle East	48	-	-	1,233	1,281
Developing Asia and Pacific, of which	6,832	-	-	4,732	11,564
- <i>China</i>	6,610	-	-	2,698	9,308
Developing Latin America and Caribbean	10	-	-	597	607
Developing Europe	62	-	-	854	916
Offshore centres, of which	5,462	-	27	26,264	31,753
- <i>Hong Kong</i>	5,373	-	27	22,357	27,757
International organization	-	-	431	-	431
Total	54,000	4	458	41,579	96,041

(viii) Currency risk
At June 30, 2016

<u>Equivalent in HKD</u> <u>Million</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>RMB</u>	<u>JPY</u>	<u>Other Foreign Currencies</u>	<u>Total</u>
Spot assets	54,195	6,044	194	13,036	929	1,196	75,594
Spot liabilities	(64,832)	(6,527)	(179)	(7,690)	(374)	(1,072)	(80,674)
Forward purchases	283,017	13,748	6,766	236,580	6,889	2,214	549,214
Forward sales	(273,123)	(12,385)	(7,174)	(239,221)	(8,670)	(2,281)	(542,854)
Net options positions	-	-	-	-	-	-	-
Net long / (short) position	<u>(743)</u>	<u>880</u>	<u>(393)</u>	<u>2,705</u>	<u>(1,226)</u>	<u>57</u>	<u>1,280</u>

At December 31, 2015

<u>Equivalent in HKD</u> <u>Million</u>	<u>USD</u>	<u>EUR</u>	<u>GBP</u>	<u>RMB</u>	<u>JPY</u>	<u>Other Foreign Currencies</u>	<u>Total</u>
Spot assets	60,925	6,322	459	10,937	388	1,162	80,193
Spot liabilities	(68,832)	(5,789)	(457)	(9,412)	(366)	(1,256)	(86,112)
Forward purchases	346,353	9,131	7,955	307,416	6,274	1,383	678,512
Forward sales	(341,204)	(8,357)	(8,511)	(305,279)	(6,298)	(1,274)	(670,923)
Net options positions	-	-	-	-	-	-	-
Net long / (short) position	<u>(2,758)</u>	<u>1,307</u>	<u>(554)</u>	<u>3,662</u>	<u>(2)</u>	<u>15</u>	<u>1,670</u>

 (ix) Off-Balance Sheet Exposures

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

<u>HKD Million</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
<u>Contingencies and commitments</u>		
- Direct credit substitutes	294	841
- Transaction-related contingencies	3,164	3,528
- Trade-related contingencies	2,305	2,894
- Other commitments	<u>4,463</u>	<u>7,500</u>
	<u>10,226</u>	<u>14,763</u>
<u>Derivatives</u>		
- Exchange rate related derivative contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	582,413	693,075
- Interest rate derivative contracts	175,600	216,050
- Others	<u>571</u>	<u>513</u>
	<u>758,584</u>	<u>909,638</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:

<u>HKD Million</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Fair value assets		
- Exchange rate related derivative contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	13,471	17,398
- Interest rate derivative contracts	7,450	1,225
- Others	<u>2</u>	<u>83</u>
	<u>20,923</u>	<u>18,706</u>
Fair value liabilities		
- Exchange rate related derivative contracts (excluding forward foreign exchange contracts arising from swap deposit arrangements)	13,530	17,200
- Interest rate derivative contracts	7,122	709
- Others	<u>6</u>	<u>7</u>
	<u>20,658</u>	<u>17,916</u>

(xi) Liquidity Maintenance Ratio

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

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
Average LMR	57.88%	61.32%

The average LMR is arithmetic mean of each calendar month's average LMR calculated in accordance with the Banking (Liquidity) Rules.

(xii) Liquidity risk management

Liquidity risk is defined as the risk arising from the branch's potential inability to meet all payment obligations when due, or to only meet these obligations at excessive costs.

The Group's Management Board (MB) defines the Group's liquidity risk strategy, and in particular the Group's appetite for liquidity risk based on recommendations made by Treasury and/or Liquidity Risk Control (LRC) via Group Risk Committee (GRC). At least once every year the Group's MB will review and approve the limits which are applied to the Group to measure and control liquidity risk as well as the Group's long-term funding and issuance plan. The Branch's liquidity risk management framework is based on the global liquidity risk strategy and risk appetite with considerations of local regulatory requirements.

The Treasury function is responsible for the management of the Branch's liquidity and funding risk as defined in the liquidity risk strategy. The Branch's liquidity risk management framework is designed to identify, measure and manage the Branch's liquidity risk position. Liquidity and Treasury Reporting and Analysis (LTRA) Team is responsible for the internal reporting on liquidity and funding across the firm on a global and local level. In addition Liquidity Risk Control is responsible for the oversight and validation of the branch's liquidity risk management framework.

The Branch's cash-flow based reporting system provides daily liquidity risk information to local management. Stress testing and scenario analysis plays a central role in the Branch's liquidity risk management framework. This also incorporates an assessment of asset liquidity, i.e., the characteristics of the Branch's asset inventory, under various stress scenarios as well as contingent funding requirements from off-balance-sheet commitments. Daily stress test results are used to monitor the Branch's ongoing compliance with the overall liquidity risk appetite.

Section B – Deutsche Bank Group Information - Consolidated (Unaudited)

(I) Capital and Capital Adequacy

BIS capital ratios under CRR/CRD 4 (fully loaded):-

	<u>June 30, 2016</u>	<u>December 31, 2015</u>
- Common Equity Tier 1 capital ratio	10.8%	11.1%
- Tier 1 capital ratio	12.0%	12.3%
- Total capital ratio	15.1%	15.4%

Total shareholders' equity was EUR 62 billion at June 30, 2016 and EUR 63 billion at December 31, 2015.

(II) Other Financial Information

Extracts from the consolidated financial statements for the half-year ended June 30, 2016:

<u>EUR Billion</u>	<u>June 30, 2016</u>	<u>December 31, 2015</u>
- Total assets	1,803	1,629
- Total liabilities	1,736	1,562
- Total loans and advances	428	428
- Total deposits	566	567
	Half-Year Ended	Half-Year Ended
<u>EUR Million</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Income before income taxes	987	2,708

Further details of Deutsche Bank Group can be obtained from Interim Report for 2Q 2016 at www.db.com.

Chief Executive's Declaration of Compliance

It is certified by the Chief Executive of Deutsche Bank AG Hong Kong Branch 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.

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