

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, 2020



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, 2020 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, 2020

Section A – Branch Information (Hong Kong Office Only)

(I) Income Statement Information

HKD Million	Half-year Ended June 30, 2020	Half-year Ended June 30, 2019
Interest income	1,478	1,620
Interest expense	(791)	(1,081)
Other operating income		
- Gains less losses arising from trading in foreign currencies	217	257
- Gains less losses on securities held for trading purposes	226	846
- Gains less losses from other trading activities	530	588
- <i>Net fees and commission income</i>		
- Gross fees and commission income	1,364	1,382
- Gross fees and commission expenses	(71)	(110)
- Others	372	460
Operating expenses		
- Staff expenses	(1,133)	(1,458)
- Rental expenses	(169)	(149)
- Others	(1,242)	(1,455)
Impairment losses and provisions for impaired loans and receivables	(261)	(2)
Impairment losses on assets	-	(508)
Profit/ (loss) before taxation	520	390
Taxation	(89)	(378)
Profit/ (loss) after taxation	<u>431</u>	<u>12</u>

(II) Balance Sheet Information

HKD Million	June 30, 2020	December 31, 2019
Assets		
Cash and balances with banks	4,648	7,109
Placements with banks with residual maturity between 1 months and 12 months	700	-
Due from Exchange Fund	1,528	1,424
Amount due from overseas offices of the institution	35,838	31,022
Trade bills	1,184	3,835
Securities held for trading purposes	6,843	5,015
Loans and receivables	71,985	62,825
Investment securities	4,285	2,494
Amount receivable under reverse repos	115	115
Other investments	549	577
Property, plant and equipment	1,039	1,090
Total assets	<u>128,714</u>	<u>115,506</u>
Liabilities		
Deposits and balances from banks	494	435
Deposits from customers		
- Demand deposits and current accounts	16,393	19,437
- Savings deposits	194	559
- Time, call and notice deposits	27,819	14,002
Amount due to overseas offices of the institution	59,094	62,294
Certificates of deposit issued	400	1,957
Other negotiable debt instruments	110	366
Other liabilities	24,210	16,456
Total liabilities	<u>128,714</u>	<u>115,506</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, 2020	December 31, 2019
Loans and advances to customers	45,600	45,332
Loans and advances to banks	489	548
Accrued interest and other accounts	26,782	17,365
Less: Allowance for credit losses		
- Collectively assessed	47	33
- Individually assessed	839	387
	<u>71,985</u>	<u>62,825</u>

(iii) Trade bills

HKD Million	June 30, 2020	December 31, 2019
Trade bills	1,189	3,839
Less: Allowance for credit losses		
- Collectively assessed	1	1
- Individually assessed	-	-
Less: Country Risk Provision	4	3
	<u>1,184</u>	<u>3,835</u>

(iv) Impaired loans and advances

	HKD Million	June 30, 2020 As % of advances to customers	HKD Million	December 31, 2019 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	3,006	6.59%	1,503	3.32%
- Individually assessed allowance	<u>(804)</u>		<u>(387)</u>	
	<u>2,202</u>		<u>1,116</u>	
Representing by geographical segments:				
- Brazil	-		399	
- Hong Kong	2,051		1,083	
- Republic of Ecuador	904		-	
- Germany	<u>51</u>		<u>21</u>	
	<u>3,006</u>		<u>1,503</u>	

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

	June 30, 2020 HKD Million	December 31, 2019 HKD Million
Market value of collateral held against impaired loans and advances to customers	<u>1,442</u>	<u>652</u>
Covered portion of impaired loans and advances	<u>1,442</u>	<u>652</u>
Uncovered portion of impaired loans and advances	<u>1,564</u>	<u>851</u>

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

There were no impaired advances to banks and trade bills at June 30, 2020 and December 31, 2019.

(v) Overdue loans and receivables and trade bills

	June 30, 2020 As % of advances to customers	December 31, 2019 As % of advances to customers
	HKD Million	HKD Million
Overdue for:		
- Over 3 months and up to 6 months	-	-
- Over 6 months and up to one year	1,072	-
- More than one year	<u>10</u>	<u>409</u>
	<u>1,082</u>	<u>409</u>
Representing:		
- Loans for use in Hong Kong	10	10
- Loans and advances for use outside Hong Kong	1,072	399
- Trade Finance	<u>-</u>	<u>-</u>
	<u>1,082</u>	<u>409</u>
By geographical segments:		
- Hong Kong	1,082	10
- Brazil	<u>-</u>	<u>399</u>
	<u>1,082</u>	<u>409</u>
Market value of collateral held against overdue loans and advances to customers	<u>272</u>	<u>379</u>
Covered portion of overdue loans and advances to customers	<u>272</u>	<u>379</u>
Uncovered portion of overdue loans and advances to customers	<u>810</u>	<u>30</u>

The amount of advances to customers on which interest accrual has ceased and individually assessed to be impaired was HKD 1,082 million at June 30, 2020 and HKD 409 million at December 31, 2019. There was no interest in suspense. Allowances for credit losses made in respect of such advances were HKD 722 million at June 30, 2020 and HKD 25 million at December 31, 2019.

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

(vi) Rescheduled loans and receivables and trade bills

The rescheduled assets was HKD1,072 million at June 30, 2020 and was none at December 31, 2019.

No repossessed asset was held for impaired and overdue loans and receivables and trade bills at June 30, 2020 and December 31, 2019.

(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, 2020		December 31, 2019	
	Gross advances	Collateral or other security	Gross advances	Collateral or other security
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Manufacturing	1,085	310	1,131	973
- Electricity and Gas	-	-	389	-
- Wholesale and retail trade	82	8	57	19
Transport and transport equipment	236	187	255	205
- Financial concerns	150	-	210	-
- Stockbrokers	752	-	753	-
- Others	<u>8,334</u>	<u>7,750</u>	<u>7,398</u>	<u>6,680</u>
	10,639	8,255	10,193	7,877
Individuals				
- Others	<u>5,716</u>	<u>5,710</u>	<u>1,827</u>	<u>1,826</u>
Total loans for use in Hong Kong	16,355	13,968	12,020	9,703
Trade finance	8,338	1,100	11,168	420
Loans for use outside Hong Kong	<u>20,907</u>	<u>13,474</u>	<u>22,144</u>	<u>14,960</u>
	<u>45,600</u>	<u>28,539</u>	<u>45,332</u>	<u>25,083</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, 2020	December 31, 2019
Hong Kong	17,946	11,229
Mainland China	1,701	5,772
Others	<u>25,953</u>	<u>28,331</u>
	<u>45,600</u>	<u>45,332</u>

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

HKD Million	On-balance sheet exposure	Off- balance sheet exposure	Total
At June 30, 2020			
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	5,820	527	6,347
Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	4,239	1,348	5,587
Other entities of central government not reported above	282	-	282
Other entities of local governments not reported above	775	-	775
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	436	-	436
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	<u>473</u>	<u>26</u>	<u>499</u>
Total	<u>12,025</u>	<u>1,901</u>	<u>13,926</u>
Total assets after provision	<u>128,714</u>		
On-balance sheet exposures as percentage of total assets	9.34%		

HKD Million	On-balance sheet exposure	Off- balance sheet exposure	Total
At December 31, 2019			
Central government, central government-owned entities and their subsidiaries and JVs	8,799	1,161	9,960
Local governments, local government-owned entities and their subsidiaries and JVs	140	34	174
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	4,795	1,564	6,359
Other entities of central government not reported above	-	-	-
Other entities of local governments not reported above	780	-	780
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	566	-	566
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	<u>526</u>	<u>189</u>	<u>715</u>
Total	<u>15,606</u>	<u>2,948</u>	<u>18,554</u>
Total assets after provision	<u>115,506</u>		
On-balance sheet exposures as percentage of total assets	13.51%		

- (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, 2020

	Banks	Official Sector	Non-bank Financial institutions	Non-bank private sector Non-financial private sector	Total
Developed countries, of which	40,676	-	-	13,581	54,257
- <i>Germany</i>	28,531	-	-	1,481	30,012
- <i>United States</i>	1,568	-	-	4,619	6,187
Developing Africa and Middle East	2	-	-	1,466	1,468
Developing Asia and Pacific, of which	11,033	-	-	17,604	28,637
- <i>China</i>	7,573	-	-	12,290	19,863
Developing Latin America and Caribbean	-	-	-	961	961
Developing Europe	491	-	-	1,045	1,536
Offshore centres, of which	13,661	774	928	17,711	33,074
- <i>Hong Kong</i>	9,714	774	928	10,812	22,228
International organization	-	-	-	-	-
Total	65,863	774	928	52,368	119,933

HKD Million
At December 31, 2019

	Banks	Official Sector	Non-bank Financial institutions	Non-bank private sector Non-financial private sector	Total
Developed countries, of which	34,464	-	-	12,305	46,769
- <i>Germany</i>	30,099	-	-	745	30,844
- <i>United States</i>	2,930	-	-	3,172	6,102
Developing Africa and Middle East	22	-	-	5,108	5,130
Developing Asia and Pacific, of which	9,683	-	-	5,736	15,419
- <i>China</i>	8,867	-	-	1,025	9,892
Developing Latin America and Caribbean	-	-	-	1,500	1,500
Developing Europe	585	-	-	1,107	1,692
Offshore centres, of which	14,365	447	149	30,470	45,431
- <i>Hong Kong</i>	10,535	447	149	23,940	35,071
International organization	-	-	-	-	-
Total	59,119	447	149	56,226	115,941

(xi) Currency risk

At June 30, 2020

Equivalent in HKD Million	USD	EUR	RMB	JPY	Other Foreign Currencies	Total
Spot assets	58,705	18,842	15,940	160	4,606	98,253
Spot liabilities	(66,671)	(24,848)	(9,420)	(153)	(3,904)	(104,996)
Forward purchases	255,326	24,941	160,670	14,725	10,712	466,374
Forward sales	(249,325)	(18,083)	(164,524)	(14,338)	(11,437)	(457,707)
Net options positions	-	-	-	-	-	-
Net long / (short) position	<u>(1,965)</u>	<u>852</u>	<u>2,666</u>	<u>394</u>	<u>(23)</u>	<u>1,924</u>

At December 31, 2019

Equivalent in HKD Million	USD	EUR	RMB	GOL	Other Foreign Currencies	Total
Spot assets	53,369	17,744	14,026	20	4,435	89,594
Spot liabilities	(61,081)	(19,745)	(8,855)	(20)	(3,590)	(93,291)
Forward purchases	164,597	8,613	128,566	3,228	4,415	309,419
Forward sales	(157,645)	(6,442)	(132,859)	(2,433)	(5,213)	(304,592)
Net options positions	-	-	-	-	-	-
Net long / (short) position	<u>(760)</u>	<u>170</u>	<u>878</u>	<u>795</u>	<u>47</u>	<u>1,130</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, 2020	December 31, 2019
Contingencies and commitments		
- Direct credit substitutes	47	187
- Transaction-related contingencies	2,398	2,356
- Trade-related contingencies	1,311	2,210
- Other commitments	2,931	3,496
- Others	<u>1,617</u>	<u>589</u>
	<u>8,304</u>	<u>8,838</u>
Derivatives		
- Exchange rate related derivative contracts	603,824	407,895
- Interest rate derivative contracts	1,296,959	696,902
- Others	<u>662</u>	<u>1,094</u>
	<u>1,901,445</u>	<u>1,105,891</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, 2020	December 31, 2019
Fair value assets		
- Exchange rate related derivative contracts	4,490	4,420
- Interest rate derivative contracts	8,774	2,754
- Others	<u>493</u>	<u>492</u>
	<u>13,757</u>	<u>7,666</u>
Fair value liabilities		
- Exchange rate related derivative contracts	4,612	4,425
- Interest rate derivative contracts	8,427	2,765
- Others	<u>386</u>	<u>389</u>
	<u>13,425</u>	<u>7,579</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, 2020	Quarter ended June 30, 2019
3 months average LMR	83.06%	110.99%

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, 2020	Quarter ended June 30, 2019
3 months average CFR	167.38%	151.22%

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, 2020 at www.db.com/hongkong/.

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

(I) Capital and Capital Adequacy

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

	June 30, 2020	December 31, 2019
- Common Equity Tier 1 capital ratio	13.3%	13.6%
- Tier 1 capital ratio	15.0%	15.0%
- Total capital ratio	17.0%	17.4%

Total shareholders' equity was EUR 55.3 billion at June 30, 2020 and EUR 55.9 billion at December 31, 2019.

(II) Other Financial Information

Extracts from the consolidated financial statements for the half-year ended June 30, 2020:

EUR Billion	June 30, 2020	December 31, 2019
- Total assets	1,407	1,298
- Total liabilities	1,344	1,236
- Total loans and advances	437	429
- Total deposits	573	572

EUR Million	Period Ended June 30, 2020	Period Ended June 30, 2019
Income/ (loss) before income taxes	364	(654)

Further details of Deutsche Bank Aktiengesellschaft Group (Incorporated in the Federal Republic of Germany and members' liability is limited) can be obtained from the semi-annual report as of June 30 2020 at www.db.com.

Chief Executive's Declaration of Compliance

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