

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, 2023



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, 2023 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, 2023
Section A – Branch Information (Hong Kong Office Only)

(I) Income Statement Information

HKD Million	Half-year Ended June 30, 2023	Half-year Ended June 30, 2022
Interest income	2,638	1,551
Interest expense	(1,807)	(678)
Other operating income		
- Gains less losses arising from trading in foreign currencies	173	188
- Gains less losses on securities held for trading purposes	589	330
- Gains less losses from other trading activities	200	381
- <i>Net fees and commission income</i>		
- Gross fees and commission income	866	1,182
- Gross fees and commission expenses	(40)	(37)
- Others	(219)	(74)
Operating expenses		
- Staff expenses	(989)	(955)
- Rental expenses	(104)	(99)
- Others	(1,279)	(1,092)
Impairment losses and provisions for impaired loans and receivables	<u>(62)</u>	<u>(110)</u>
Profit/ (loss) before taxation	(34)	587
Taxation	<u>(17)</u>	<u>(106)</u>
Profit/ (loss) after taxation	<u>(51)</u>	<u>481</u>

(II) Balance Sheet Information

HKD Million	June 30, 2023	December 31, 2022
Assets		
Cash and balances with banks	4,030	7,329
Placements with banks with residual maturity between 1 months and 12 months	1,457	1,847
Due from Exchange Fund	582	1,381
Amount due from overseas offices of the institution	51,412	77,566
Trade bills	550	2,160
Securities held for trading purposes	11,455	6,872
Loans and receivables (including derivatives receivables)	71,844	65,512
Investment securities	3,760	2,105
Amount receivable under reverse repos	116	115
Other investments	498	496
Property, plant and equipment	<u>1,156</u>	<u>1,223</u>
Total assets	<u>146,860</u>	<u>166,606</u>
Liabilities		
Deposits and balances from banks	1,651	2,707
Deposits from customers		
- Demand deposits and current accounts	16,069	20,589
- Time, call and notice deposits	41,474	64,661
Amount due to overseas offices of the institution	37,243	45,811
Certificates of deposit issued	300	300
Other liabilities (including derivatives payables)	<u>50,123</u>	<u>32,538</u>
Total liabilities	<u>146,860</u>	<u>166,606</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, 2023	December 31, 2022
Loans and advances to customers	28,228	36,481
Loans and advances to banks	329	355
Accrued interest and other accounts	6,478	5,555
Derivative receivables	37,068	23,688
Less: Allowance for credit losses		
- Collectively assessed	16	16
- Individually assessed	243	551
	<u>71,844</u>	<u>65,512</u>

(iii) Trade bills

HKD Million	June 30, 2023	December 31, 2022
Trade bills	575	2,184
Less: Allowance for credit losses		
- Collectively assessed	-	-
- Individually assessed	9	7
Less: Country Risk Provision	16	17
	<u>550</u>	<u>2,160</u>

(iv) Impaired loans and advances to customers

	HKD Million	June 30, 2023 As % of advances to customers	HKD Million	December 31, 2022 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	718	2.54%	961	2.63%
- Individually assessed allowance	<u>(206)</u>		<u>(513)</u>	
	<u>512</u>		<u>448</u>	
Representing by geographical segments:				
- Hong Kong	127		607	
- Mainland China	133		327	
- Germany	11		27	
- Ghana	447		-	

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

	June 30, 2023 HKD Million	December 31, 2022 HKD Million
Market value of collateral held against impaired loans and advances to customers	<u>424</u>	<u>175</u>
Covered portion of impaired loans and advances	<u>424</u>	<u>175</u>
Uncovered portion of impaired loans and advances	<u>294</u>	<u>786</u>

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

Impaired trades bills was HKD 16 million at June 30, 2023 and HKD 15 million at December 31, 2022.

There were no impaired advances to banks at June 30, 2023 and December 31, 2022.

(v) Overdue loans and advances and trade bills

	June 30, 2023 As % of advances to customers	December 31, 2022 As % of advances to customers
	HKD Million	HKD Million
Overdue advances to customers:		
- Over 3 months and up to 6 months	447	-
- Over 6 months and up to one year	-	-
- More than one year	<u>260</u>	<u>934</u>
	<u>707</u>	<u>934</u>
Allowances for credit losses		
- individually assessed allowances	196	510
Representing:		
- Loans for use in Hong Kong	105	569
- Loans and advances for use outside Hong Kong	602	365
By geographical segments:		
- Ghana	447	-
- Hong Kong	127	607
- Mainland China	133	327
Market value of collateral held against overdue loans and advances to customers	<u>424</u>	<u>175</u>
Covered portion of overdue loans and advances to customers	<u>424</u>	<u>175</u>
Uncovered portion of overdue loans and advances to customers	<u>283</u>	<u>759</u>

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

There were no overdue advances to banks and trade bills at June 30, 2023 and December 31, 2022.

(vi) Resheduled 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, 2023 and December 31, 2022.

No repossessed asset was held for impaired and overdue loans and receivables and trade bills at June 30, 2023 and December 31, 2022.

(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, 2023		December 31, 2022	
	Gross advances	Collateral or other security	Gross advances	Collateral or other security
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Manufacturing	143	-	521	165
- Electricity and Gas	-	-	-	-
- Wholesale and retail trade	14	-	19	-
Transport and transport equipment	34	-	-	-
- Financial concerns	738	-	723	-
- Stockbrokers	-	-	-	-
- Others	<u>5,023</u>	<u>5,020</u>	<u>8,050</u>	<u>7,996</u>
	5,952	5,020	9,313	8,161
Individuals				
- Others	<u>915</u>	<u>915</u>	<u>3,499</u>	<u>3,499</u>
Total loans for use in Hong Kong	6,867	5,935	12,812	11,660
Trade finance	7,904	2,849	8,061	2,145
Loans for use outside Hong Kong	<u>13,457</u>	<u>12,989</u>	<u>15,608</u>	<u>14,794</u>
	<u>28,228</u>	<u>21,773</u>	<u>36,481</u>	<u>28,599</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, 2023	December 31, 2022
Hong Kong	3,201	7,429
United States	4,350	4,638
South Korea	6,745	301
Mainland China	5,742	2,511
Others	<u>8,190</u>	<u>21,602</u>
	<u>28,228</u>	<u>36,481</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, 2023			
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1,553	1,255	2,808
Local governments, local government-owned entities and their subsidiaries and JVs	239	140	379
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,542	1,303	2,845
Other entities of central government not reported above	119	-	119
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>1,724</u>	<u>84</u>	<u>1,808</u>
Total	<u>5,177</u>	<u>2,782</u>	<u>7,959</u>
Total assets after provision	<u>146,860</u>		
On-balance sheet exposures as percentage of total assets	3.53%		

HKD Million	On-balance sheet exposure	Off-balance sheet exposure	Total
At December 31, 2022			
Central government, central government-owned entities and their subsidiaries and JVs	2,796	1,276	4,072
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	2,861	1,069	3,930
Other entities of central government not reported above	-	-	-
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>1,846</u>	<u>21</u>	<u>1,867</u>
Total	<u>7,503</u>	<u>2,366</u>	<u>9,869</u>
Total assets after provision	<u>166,606</u>		
On-balance sheet exposures as percentage of total assets	4.50%		

- (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, 2023

	Banks	Official Sector	Non-bank Financial institutions	Non-bank private sector Non-financial private sector	Total
Developed countries, of which	83,457	-	3	11,882	95,342
- <i>Germany</i>	59,269	-	-	1,281	60,550
- <i>United Kingdom</i>	23,328	-	3	1,317	24,648
- <i>United States</i>	479	-	-	4,622	5,101
Developing Africa and Middle East	231	-	-	90	321
Developing Asia and Pacific, of which	14,228	380	-	13,791	28,399
- <i>China</i>	13,654	380	-	6,751	20,785
Developing Latin America and Caribbean	-	-	-	493	493
Developing Europe	39	-	-	50	89
Offshore centres, of which	2,731	-	1	6,271	9,003
- <i>Hong Kong</i>	741	-	-	3,468	4,209
International organization	-	-	-	-	-
Total	<u>100,686</u>	<u>380</u>	<u>4</u>	<u>32,577</u>	<u>133,647</u>

HKD Million
At December 31, 2022

	Banks	Official Sector	Non-bank Financial institutions	Non-bank private sector Non-financial private sector	Total
Developed countries, of which	99,790	-	5	16,737	116,532
- <i>Germany</i>	85,592	-	5	3,957	89,554
- <i>United States</i>	724	-	-	4,667	5,391
Developing Africa and Middle East	12	-	-	6,589	6,601
Developing Asia and Pacific, of which	6,323	2,362	-	4,608	13,293
- <i>China</i>	5,645	2,362	-	2,892	10,899
Developing Latin America and Caribbean	-	-	-	1,317	1,317
Developing Europe	151	-	-	361	512
Offshore centres, of which	6,838	6	-	11,829	18,673
- <i>Hong Kong</i>	5,295	6	-	8,042	13,343
International organization	-	-	-	-	-
Total	<u>113,114</u>	<u>2,368</u>	<u>5</u>	<u>41,441</u>	<u>156,928</u>

(xi) Currency risk

At June 30, 2023

Equivalent in HKD Million	USD	RMB	EUR	Other Foreign Currencies	Total
Spot assets	55,474	16,527	10,177	5,411	87,589
Spot liabilities	(59,828)	(13,352)	(13,186)	(5,236)	(91,602)
Forward purchases	631,405	520,851	26,269	24,396	1,202,921
Forward sales	(631,796)	(520,307)	(22,758)	(24,602)	(1,199,463)
Net options positions	-	-	-	-	-
Net long / (short) position	<u>(4,745)</u>	<u>3,719</u>	<u>502</u>	<u>(31)</u>	<u>(555)</u>

At December 31, 2022

Equivalent in HKD Million	USD	RMB	EUR	Other Foreign Currencies	Total
Spot assets	85,920	15,122	13,597	6,507	121,146
Spot liabilities	(80,273)	(15,984)	(19,510)	(7,120)	(122,887)
Forward purchases	447,513	373,447	20,410	17,168	858,538
Forward sales	(454,781)	(370,365)	(14,564)	(16,550)	(856,260)
Net options positions	-	-	-	-	-
Net long / (short) position	<u>(1,621)</u>	<u>2,220</u>	<u>(67)</u>	<u>5</u>	<u>537</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, 2023	December 31, 2022
Contingencies and commitments		
- Direct credit substitutes	303	307
- Transaction-related contingencies	4,572	3,908
- Trade-related contingencies	1,109	1,440
- Other commitments	3,906	1,991
- Others	298	-
	<u>10,188</u>	<u>7,646</u>
Derivatives		
- Exchange rate related derivative contracts	1,351,686	970,494
- Interest rate derivative contracts	1,332,381	1,860,158
- Others	3,041	2,760
	<u>2,687,108</u>	<u>2,833,412</u>

(xii) 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, 2023	December 31, 2022
Fair value assets		
- Exchange rate related derivative contracts	29,127	15,281
- Interest rate derivative contracts	7,919	8,347
- Others	<u>22</u>	<u>60</u>
	<u>37,068</u>	<u>23,688</u>
Fair value liabilities		
- Exchange rate related derivative contracts	29,195	14,743
- Interest rate derivative contracts	9,264	9,991
- Others	<u>6</u>	<u>32</u>
	<u>38,465</u>	<u>24,766</u>

(xiii) 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, 2023	Quarter ended June 30, 2022
3 months average LMR	59.54%	57.42%

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.

(xiv) Core Funding Ratio

The core funding ratio (CFR) is calculated in accordance with the Banking (Liquidity) (Amendment) Rules 2017.

	Quarter ended June 30, 2023	Quarter ended June 30, 2022
3 months average CFR	193.19%	205.31%

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.

(xv) 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) interim disclosure statement as of June 30, 2023 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 (reported):

	June 30, 2023	December 31, 2022
- Common Equity Tier 1 capital ratio	13.8%	13.4%
- Tier 1 capital ratio	16.1%	15.7%
- Total capital ratio	18.6%	18.4%

Total shareholders' equity was EUR 62.4 billion at June 30, 2023 and EUR 62.0 billion at December 31, 2022.

(II) Other Financial Information

Extracts from the consolidated financial statements for the half-year ended June 30, 2023:

EUR Billion	June 30, 2023	December 31, 2022
- Total assets	1,300	1,337
- Total liabilities	1,228	1,264
- Total loans and advances	477	484
- Total deposits	593	621

EUR Million	Period Ended June 30, 2023	Period Ended June 30, 2022
Income/ (loss) before income taxes	3,258	3,205

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 2023 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.