



Volksbanken Raiffeisenbanken
cooperative financial network

DZ BANK AG Hong Kong Branch
Annual Financial Disclosure
For the year ended 31 December 2024



DZ BANK
Bank on Germany



DZ BANK
Hong Kong Branch
9th Floor, Tower II
Admiralty Centre
18 Harcourt Road
Hong Kong

Telephone +852 2864 3100
Telefax +852 2864 3160
hongkong@dzbank.de
www.dzbank.de

KEY FINANCIAL INFORMATION DISCLOSURE STATEMENT OF DZ BANK AG HONG KONG BRANCH

Section A - Branch Information

	31-Dec-24 in mio HKD	31-Dec-23 in mio HKD
I. Profit and loss information		
Interest income	1,459	1,246
Interest expense	(1,266)	(1,054)
Net interest income	193	192
Other operating income		
- Gains less losses arising from trading in foreign currencies	12	7
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income	65	79
- Fees and commission income	69	83
- Fees and commission expenses	(4)	(4)
- Others	-	-
Other operating income	77	86
Total income	270	278
Operating expenses		
- Staff and rental expenses	(74)	(83)
- Other expenses	(52)	(55)
- Net credit / (charge) for other provisions	7	(9)
Operating expenses	(119)	(147)
Operating profit/(loss) before provisions	151	131
Credit / (Charge) for bad and doubtful debts	4	(9)
Operating profit/(loss)	155	122
Gains less losses from the disposal of property, plant and equipment and investment properties	-	-
Profit/(loss) before taxation	155	122
Taxation charge	-	-
Profit/(loss) after taxation	155	122

II. Balance Sheet Information

	31-Dec-24 in mio HKD	30-Jun-24 in mio HKD
<u>Assets</u>		
Cash and balances with banks	637	576
Due from Exchange Fund	31	15
Placements with banks which have a residual contractual maturity of more than one month but not more than twelve months	4,578	5,070
Amount due from overseas offices	10,368	9,970
Trade bills	3,770	2,571
Certificates of deposit held	2,206	3,109
Held-to-maturity investments	-	115
Loans and receivables	8,303	7,916
Investment securities	-	-
Other investments	3	3
Property, plant and equipment and investment properties	22	24
Total assets	29,918	29,369
<u>Liabilities</u>		
Deposits and balances from banks	2,461	787
Deposits and balances from sovereign	1,425	-
Deposits from customers:		
- Demand deposits and current accounts	137	162
- Savings deposits	-	-
- Time, call and notice deposits	195	317
Amount due to overseas offices	14,326	15,200
Certificates of deposit issued	10,688	12,320
Issued debt securities	-	-
Other liabilities	578	447
Provisions	108	136
Total liabilities	29,918	29,369

III. Additional balance sheet information

	31-Dec-24 in mio HKD	30-Jun-24 in mio HKD
(i) Loans and receivables		
Gross amount of loans and receivables		
- Loans and advances to customers	7,492	7,152
- Loans and advances to banks	267	303
- Accrued interest and other accounts	544	461
	<u>8,303</u>	<u>7,916</u>
Provisions for impaired loans and advances*		
- General provisions	-	-
- Specific provisions		
- Loans and advances to customers	45	48
- Loans and advances to banks	-	-
- Accrued interest and other accounts	-	-
	<u>45</u>	<u>48</u>

* Impaired loans are advances to customers which have been classified as "substandard", "doubtful" and "loss" in accordance with the HKMA Return of Loans and Advances and Provisions (Form MA(BS)2A) completion instructions.

Gross impaired loans and advances to customers	73	73
Specific provisions - individually assessed	45	48
Gross impaired loans and advances to customers as a % of gross loans and advances to customers	1.0%	1.0%

As at 31 December 2024 and 30 June 2024, there were no collateral held against the impaired loans and advances to customers.

Breakdown of impaired loans and advances to customers by countries:

- Hong Kong	73	73
-------------	----	----

(ii) Loans and advances to customers by sector

	31-Dec-24		30-Jun-24	
	in mio HKD	% of advances covered by collateral or other securities	in mio HKD	% of advances covered by collateral or other securities
Loans and advances for use in Hong Kong				
<u>Industrial, commercial and financial sectors</u>				
- Property development	-	0.0%	-	0.0%
- Property investment	-	0.0%	-	0.0%
- Financial concerns	180	0.0%	180	0.0%
- Stockbrokers	-	0.0%	-	0.0%
- Wholesale and retail trade	92	0.0%	55	0.0%
- Manufacturing	-	0.0%	19	0.0%
- Transport and transport equipment	-	0.0%	-	0.0%
- Recreational activities	-	0.0%	-	0.0%
- Information technology	-	0.0%	-	0.0%
- Others	-	0.0%	-	0.0%
Trade finance	-	0.0%	11	0.0%
Loans and advances for use outside Hong Kong	7,220	33.7%	6,887	38.3%
Gross amount of loans and advances to customers	<u>7,492</u>	32.5%	<u>7,152</u>	36.9%

(iii) **Loans and advances to customers by geographical segments**

Breakdown of exposures to countries outside Hong Kong that exceed 10% of the aggregate amount of advances to customers :

	31-Dec-24 in mio HKD	30-Jun-24 in mio HKD
- Australia	2,482	2,605
- South Korea	1,532	1,648
- Turkey	977	196

The reported amounts have been taken into account the fact of risk transfer.

(iv) **International Claims**

(Countries or geographical segments constituting 10% or more of international claims after taking into account the effect of any recognised risk transfer)

Equivalent in millions of HKD

	31-Dec-24					
			Non-bank private sector			
			Non-bank financial institutions	Non-financial private sector	Others	Total
1. Developed Countries	10,468	-	1,464	2,790	-	14,722
of which: - Germany	10,419	-	46	287	-	10,752
2. Developing Asia Pacific	10,384	-	1,415	689	-	12,488
of which: - South Korea	7,977	-	1,415	117	-	9,509

Equivalent in millions of HKD

	30-Jun-24					
			Non-bank private sector			
			Non-bank financial institutions	Non-financial private sector	Others	Total
1. Developed Countries	10,060	-	1,296	3,301	-	14,657
of which: - Germany	10,043	-	59	285	-	10,387
2. Developing Asia Pacific	11,125	-	1,648	560	-	13,333
of which: - China	2,983	-	-	11	-	2,994
- South Korea	7,772	-	1,648	-	-	9,420

(v) Overdue or rescheduled assets

	31-Dec-24		30-Jun-24	
	<u>in mio HKD</u>	<u>% to total loans and advances to customers</u>	<u>in mio HKD</u>	<u>% to total loans and advances to customers</u>
Gross amount of overdue loans and advances to customers :				
- more than three months but not more than six months	-	0.0%	-	0.0%
- more than six months but not more than one year	-	0.0%	-	0.0%
- more than one year	-	0.0%	11	0.2%
	<u>-</u>		<u>11</u>	

As at 31 December 2024 and 30 June 2024, there were no overdue loans and advances to banks and other accounts.

Specific provision for overdue loans and advances to customers - 11

As at 31 December 2024 and 30 June 2024, there were no collateral held against the overdue loans and advances to customers.

Breakdown of overdue loans and advances to customers by countries:
- Hong Kong - 11

Gross amount of rescheduled loans and advances
(excluding those which have been overdue for over three months and reported above)

- to customers	-	0.0%	-	0.0%
- to banks	-	0.0%	-	0.0%

As at 31 December 2024 and 30 June 2024, there were no repossessed assets held against loans and advances to customers, banks and other accounts. Upon repossession, DZ BANK AG HK Branch would continue to record loans concerned as loans and advances until realisation of the assets repossessed.

(vi) **Non-Bank Mainland exposures**

As at 31 December 2024

Types of Counterparties	On-balance sheet exposure <u>in mio HKD</u>	Off-balance sheet exposure <u>in mio HKD</u>	Total <u>in mio HKD</u>
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	73	534	607
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	20	28	48
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	93	562	655
Total assets after provision	29,810		
On-balance sheet exposures as percentage of total assets	0.31%		

As at 30 June 2024

Types of Counterparties	On-balance sheet exposure <u>in mio HKD</u>	Off-balance sheet exposure <u>in mio HKD</u>	Total <u>in mio HKD</u>
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	54	572	626
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local governments not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	21	23	44
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	75	595	670
Total assets after provision	29,234		
On-balance sheet exposures as percentage of total assets	0.26%		

(vii) **Currency Risk**

Foreign currency exposure arising from trading, non-trading and structural positions :

(Individual currency constituting 10% or more of total net position in all foreign currencies)

Equivalent in millions of HKD

31-Dec-24

	EUR	USD	AUD	Total
Spot assets	13,317	13,395	2,226	28,938
Spot liabilities	(8,732)	(5,982)	(2,092)	(16,806)
Forward purchases	3,549	28,620	810	32,979
Forward sales	(8,087)	(36,025)	(952)	(45,064)
Net option position	-	-	-	-
Net long (short) position	47	8	(8)	47

Equivalent in millions of HKD

30-Jun-24

	EUR	USD	AUD	Total
Spot assets	15,615	10,220	2,331	28,166
Spot liabilities	(9,993)	(7,107)	(2,027)	(19,127)
Forward purchases	4,757	44,772	478	50,007
Forward sales	(10,449)	(47,939)	(795)	(59,183)
Net option position	-	-	-	-
Net long (short) position	(70)	(54)	(13)	(137)

IV. **Off-balance sheet exposures**

31-Dec-24

30-Jun-24

in mio HKD

in mio HKD

Contingent liabilities and commitments

Contractual or notional amounts

- Direct credit substitutes	156	164
- Transaction-related contingencies	21	8
- Trade-related contingencies	288	177
- Note issuance and revolving underwriting facilities	-	-
- Other commitments	3,860	3,994
- Others	349	-

Derivatives

Notional amounts

- Exchange rate contracts	65,170	92,772
- Interest rate contracts	2,175	1,989
- Others	-	-

Fair values Assets

- Exchange rate contracts	780	443
- Interest rate contracts	-	-
- Others	-	-
	780	443

Fair values Liabilities

- Exchange rate contracts	630	389
- Interest rate contracts	5	5
- Others	-	-
	635	394

As at 31 December 2024 and 30 June 2024, the Bank has no bilateral netting arrangements.

V. Liquidity ratio	Q4 2024	Q4 2023
The average liquidity maintenance ratio for the financial period	147.54%	222.10%

The above ratios are calculated based on the arithmetic mean of the average values of each calendar month for the reporting period. Both Q4 2024 and Q4 2023 ratios are based on 3 months average.

Section B - Bank Information (DZ BANK Group)

	30-Jun-24	31-Dec-23
I. Capital and capital adequacy		
Regulatory capital ratios with full application of the CRR		
- Consolidated Common Equity Tier 1 capital ratio	15.7%	15.5%
- Consolidated Tier 1 capital ratio	17.8%	17.7%
- Consolidated Total capital ratio	20.2%	20.1%
	30-Jun-24	31-Dec-23
	<u>in mio EUR</u>	<u>in mio EUR</u>
Consolidated shareholders' fund (Capital & Reserves)	31,181	31,069
II. Other financial information	30-Jun-24	31-Dec-23
	<u>in mio EUR</u>	<u>in mio EUR</u>
- Total assets	664,107	644,589
- Total liabilities	632,926	613,520
- Total loans and advances	344,872	333,643
- Banks	137,191	128,867
- Non-bank customers	207,681	204,776
- Total customer deposits	159,941	159,641
	30-Jun-24	30-Jun-23
	<u>in mio EUR</u>	<u>in mio EUR</u>
- Pre-tax profit*	1,711	1,932 #
- After-tax profit*	1,246	1,397 #

* Pre-tax profit and After-tax profit presented in this disclosure statement are referred to the "Profit before taxes" and "Group net profit" respectively in DZ Bank Half-Year Financial Report.

Amounts as at 30 June 2023 are restated.

Section C - Other Disclosures

Disclosure on Liquidity Risk Management

Below is prepared according to the Pillar 3 disclosure requirements for Table LIQA. Further disclosure on liquidity risk can be found in section VI 'DZ BANK Group and DZ BANK risk report' of the annual report.

(<https://www.dzbank.com/content/dzbank/en/home/we-are-dz-bank/investor-relations/reports/latest-reports.html>)

Governance

The Liquidity risk management of Hong Kong Branch is governed by the DZ BANK Group's internal liquidity risk framework. A local liquidity risk management policy has been set up to integrate the framework into local business environment and local regulatory standards (Supervisory Policy Manual LM1 and LM2), which is reviewed on an annual basis by local Asset & Liability Committee (ALCO).

Hong Kong Treasury is responsible for liquidity management to ensure the Branch has sufficient liquidity and liquefiable assets to meet business transactions' payment obligations. Hong Kong Risk Controlling is responsible for monitoring of liquidity risk.

Funding strategy

The funding strategy is centralized and the main source of liquidity of the Branch is from Head Office, which has a diversified funding base backed by the cooperative banks network and capital markets. The long-term funding requirements in foreign currencies are covered through the basis swap market while short-term foreign currencies funding requirements are managed through foreign exchange swaps with matching maturities.

Liquidity risk mitigation

The projected cash flow of the Branch, including off-balance sheet cash flows, is monitored under business-as-usual and stress scenarios. The Branch also adopts funding gap limits on significant regional currencies to limit the Branch's liquidity exposure on foreign currencies. Meanwhile, on the regulatory ratio front, a projection and a stress computation of LMR are performed regularly on a weekly and monthly basis.

Stress testing

Liquidity risk is measured and managed on a liquidity surplus, in which projected cumulative cash flow is compared against available liquidity reserves, and is stressed against the liquidity risk limit under various scenarios including 'corporate crisis', market crisis' and 'combination crisis'. The Branch is informed on a daily basis of the stress testing result, alongside with other liquidity information of the Branch, to identify any source of liquidity risk at an early stage.

Contingency funding plan

The contingency funding plan enables the Branch to respond swiftly to crisis events in a coordinated manner in accordance to the outlined structure and funding strategies to minimize impacts of a liquidity shock.

Liquidity Risk Mismatch

The following table is prepared with reference to the completion instruction for the Returns of Liquidity Monitoring Tools.

As at 31 December 2024 Expressed in thousands HKD	Up to 1 month	Over 1 month up to 3 months	Over 3 months up to 12 months	Over 1 year up to 5 years	Over 5 years	Balancing amount
On-balance sheet liabilities						
Deposits from non-bank customers	156,244	4,398	176,415	-	-	-
Amount payable arising from derivative contracts	21,406,334	23,171,797	17,431,199	2,594,833	964,262	-
Due to overseas central banks	1,432,906	-	-	-	-	-
Due to banks	6,132,718	19,403	633,405	6,146,431	2,647,190	1,373,440
Debt securities, prescribed instruments and structured financial instruments issued and outstanding	-	5,055,822	5,351,595	440,000	-	-
Other liabilities	2,610	220	14,855	4,363	461	7,281
Capital and reserves	-	-	-	-	-	154,670
Total on-balance sheet liabilities	29,130,812	28,251,640	23,607,469	9,185,627	3,611,913	1,535,391
Off-balance sheet obligations						
Irrevocable loan commitments or facilities granted	3,739,836	21,279	50,313	48,174	-	-
Contractual obligations arising from derivative contracts	12,784	10,322	63,588	192,471	54,069	-
Other off-balance sheet obligations	621,997	176,604	15,549	-	-	-
Total off-balance sheet obligations	4,374,617	208,205	129,450	240,645	54,069	-
On-balance sheet assets						
Currency notes and coins	6	-	-	-	-	-
Amount receivable arising from derivative contracts	21,466,527	23,226,092	17,490,492	2,523,563	880,954	-
Due from MA for a/c of Exchange Fund	30,870	-	-	-	-	-
Due from banks	6,538,987	3,243,452	5,939,639	198,213	68,340	-
Debt securities, prescribed instruments and structured financial instruments held (net of short)	2,192,992	-	-	-	-	-
Acceptances and bills of exchange held	1,691,845	1,290,608	858,545	-	-	-
Loans and advances to non-bank customers	299,554	73,824	1,188,376	2,284,364	3,637,471	73,334
Other assets	2,252	-	-	-	-	28,066
Total on-balance sheet assets	32,223,033	27,833,976	25,477,052	5,006,140	4,586,765	101,400
Off-balance sheet claims						
Contractual claims arising from derivative contracts	8,644	12,603	58,779	186,070	49,066	-
Other off-balance sheet claims	349,467	-	-	-	-	-
Total off-balance sheet claims	358,111	12,603	58,779	186,070	49,066	-
Contractual Maturity Mismatch	(924,285)	(613,266)	1,798,912	(4,234,062)	969,849	
Cumulative Contractual Maturity Mismatch	(924,285)	(1,537,551)	261,361	(3,972,701)	(3,002,852)	

Hong Kong Branch does not have concentration limits on collateral pools.



Statement of Compliance

In preparing this financial information disclosure statement, DZ BANK AG HK Branch has fully complied with the disclosure standards set out in the "Banking (Disclosure) Rules" and "Guideline on the Application of the Banking (Disclosure) Rules" issued by the Hong Kong Monetary Authority ("HKMA").

A handwritten signature in blue ink, appearing to read "Johannes Hack".

Johannes Hack

Chief Executive
DZ BANK AG Hong Kong Branch