

**DZ BANK AG Hong Kong Branch**  
Interim Financial Disclosure  
For the half-year ended 30 June 2021

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

**Section A - Branch Information**

|  | <b>30-Jun-21</b><br><b>in mio HKD</b> | <b>30-Jun-20</b><br><b>in mio HKD</b> |
|--|---------------------------------------|---------------------------------------|
| <b>I. Profit and loss information</b>  |                                       |                                       |
| Interest income  | 123                                   | 205                                   |
| Interest expense   | (52)                                  | (131)                                 |
| <b>Net interest income</b>   | <b>71</b>                             | <b>74</b>                             |
| Other operating income   |                                       |                                       |
| - Gains less losses arising from trading in foreign currencies                                 | (2)                                   | (3)                                   |
| - Gains less losses on securities held for trading purposes                                    | -                                     | -                                     |
| - Gains less losses from other trading activities  | -                                     | -                                     |
| - Net fees and commission income   | 32                                    | 19                                    |
| - Fees and commission income   | 37                                    | 23                                    |
| - Fees and commission expenses   | (5)                                   | (4)                                   |
| - Others   | -                                     | -                                     |
| <b>Other operating income</b>  | <b>30</b>                             | <b>16</b>                             |
| <b>Total income</b>  | <b>101</b>                            | <b>90</b>                             |
| Operating expenses   |                                       |                                       |
| - Staff and rental expenses  | (38)                                  | (36)                                  |
| - Other expenses   | (22)                                  | (15)                                  |
| - Net credit / (charge) for other provisions   | (4)                                   | 54                                    |
| <b>Operating expenses</b>  | <b>(64)</b>                           | <b>3</b>                              |
| <b>Operating profit/(loss) before provisions</b>   | <b>37</b>                             | <b>93</b>                             |
| Credit / (Charge) for bad and doubtful debts   | (43)                                  | (69)                                  |
| <b>Operating profit/(loss)</b>   | <b>(6)</b>                            | <b>24</b>                             |
| Gains less losses from the disposal of property, plant and equipment and investment properties | -                                     | -                                     |
| <b>Profit/(loss) before taxation</b>   | <b>(6)</b>                            | <b>24</b>                             |
| Taxation charge  | -                                     | -                                     |
| <b>Profit/(loss) after taxation</b>  | <b>(6)</b>                            | <b>24</b>                             |

## II. Balance Sheet Information

|   | 30-Jun-21<br>in mio HKD | 31-Dec-20<br>in mio HKD |
|---|-------------------------|-------------------------|
| <b><u>Assets</u></b>  |                         |                         |
| Cash and balances with banks  | 1,311                   | 424                     |
| Due from Exchange Fund  | 26                      | -                       |
| Placements with banks which have a residual contractual maturity of more than one month but not more than twelve months | 3,033                   | 4,947                   |
| Amount due from overseas offices  | 6,619                   | 5,654                   |
| Trade bills   | 613                     | 649                     |
| Certificates of deposit held  | 1,452                   | 1,643                   |
| Securities held for trading purposes  | -                       | -                       |
| Loans and receivables   | 7,949                   | 8,598                   |
| Investment securities   | 10                      | 10                      |
| Other investments   | 2                       | 2                       |
| Property, plant and equipment and investment properties   | 33                      | 36                      |
| <b>Total assets</b>   | <b>21,048</b>           | <b>21,963</b>           |
| <b><u>Liabilities</u></b>   |                         |                         |
| Deposits and balances from banks  | 2,077                   | 12                      |
| Deposits and balances from sovereign  | -                       | 2,700                   |
| Deposits from customers:  |                         |                         |
| - Demand deposits and current accounts  | 349                     | 313                     |
| - Savings deposits  | -                       | -                       |
| - Time, call and notice deposits  | 98                      | 140                     |
| Amount due to overseas offices  | 17,815                  | 17,610                  |
| Certificates of deposit issued  | 402                     | 851                     |
| Issued debt securities  | -                       | -                       |
| Other liabilities   | 76                      | 53                      |
| Provisions  | 231                     | 284                     |
| <b>Total liabilities</b>  | <b>21,048</b>           | <b>21,963</b>           |

### III. Additional balance sheet information

|   | 30-Jun-21<br>in mio HKD | 31-Dec-20<br>in mio HKD |
|---|-------------------------|-------------------------|
| (i) <b>Loans and receivables</b>                |                         |                         |
| Gross amount of loans and receivables           |                         |                         |
| - Loans and advances to customers               | 7,821                   | 8,234                   |
| - Loans and advances to banks                   | 67                      | 84                      |
| - Accrued interest and other accounts           | 61                      | 280                     |
|   | <u>7,949</u>            | <u>8,598</u>            |
| <br>Provisions for impaired loans and advances* |                         |                         |
| - General provisions                            | -                       | -                       |
| - Specific provisions                           |                         |                         |
| - Loans and advances to customers               | 111                     | 165                     |
| - Loans and advances to banks                   | -                       | -                       |
| - Accrued interest and other accounts           | -                       | -                       |
|   | <u>111</u>              | <u>165</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   | 174  | 333  |
| Specific provisions - individually assessed  | 111  | 165  |
| Gross impaired loans and advances to customers as a % of gross loans and advances to customers | 2.2% | 4.0% |

As at 30 June 2021 and 31 December 2020, 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     | 87 | 228 |
| - United States | 12 | 30  |
| - Vietnam       | 75 | 75  |

### (ii) Loans and advances to customers by sector

|   | 30-Jun-21    |   | 31-Dec-20    |   |
|---|--------------|---|--------------|---|
|   | 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                                | 150          | 0.0%  | 120          | 0.0%  |
| - Stockbrokers                                      | -            | 0.0%  | -            | 0.0%  |
| - Wholesale and retail trade                        | 60           | 0.0%  | 79           | 0.0%  |
| - Manufacturing                                     | 21           | 0.0%  | 116          | 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                                       | 145          | 0.0%  | 372          | 0.0%  |
| Loans and advances for use outside Hong Kong        | 7,445        | 41.6%   | 7,547        | 41.6%   |
| Gross amount of loans and advances to customers     | <u>7,821</u> | 39.6%   | <u>8,234</u> | 38.1%   |



(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 :

|               | 30-Jun-21         | 31-Dec-20         |
|---------------|-------------------|-------------------|
|               | <u>in mio HKD</u> | <u>in mio HKD</u> |
| - Australia   | 2,272             | 2,034             |
| - Italy       | 905               | 916               |
| - South Korea | 1,480             | 1,532*            |

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

|                            | 30-Jun-21    |                        |                                |                       |               |              |
|----------------------------|--------------|------------------------|--------------------------------|-----------------------|---------------|--------------|
|                            |              |                        | <u>Non-bank private sector</u> |                       |               |              |
|                            |              |                        | <u>Non-bank</u>                | <u>Non-financial</u>  |               |              |
|                            | <u>Banks</u> | <u>Official Sector</u> | <u>financial</u>               | <u>private sector</u> | <u>Others</u> | <u>Total</u> |
| 1. Developed Countries     | 6,626        | -                      | 1,830                          | 3,427                 | -             | 11,883       |
| of which: - Australia      | 5            | -                      | 227                            | 2,054                 | -             | 2,286        |
| - Germany                  | 6,620        | -                      | 129                            | 373                   | -             | 7,122        |
| 2. Developing Asia Pacific | 6,407        | -                      | 1,564                          | 364                   | -             | 8,335        |
| of which: - China          | 2,040        | -                      | -                              | 143                   | -             | 2,183        |
| - South Korea              | 4,366        | -                      | 1,564                          | -                     | -             | 5,930        |

Equivalent in millions of HKD

|                            | 31-Dec-20    |                        |                                |                       |               |              |
|----------------------------|--------------|------------------------|--------------------------------|-----------------------|---------------|--------------|
|                            |              |                        | <u>Non-bank private sector</u> |                       |               |              |
|                            |              |                        | <u>Non-bank</u>                | <u>Non-financial</u>  |               |              |
|                            | <u>Banks</u> | <u>Official Sector</u> | <u>financial</u>               | <u>private sector</u> | <u>Others</u> | <u>Total</u> |
| 1. Developed Countries     | 5,654        | -                      | 1,874*                         | 3,432*                | -             | 10,960       |
| of which: - Germany        | 5,652        | -                      | 141*                           | 498*                  | -             | 6,291        |
| 2. Developing Asia Pacific | 7,568*       | -                      | 1,630*                         | 513*                  | -             | 9,711        |
| of which: - China          | 2,430*       | -                      | -*                             | 328                   | -             | 2,758        |
| - South Korea              | 5,103        | -                      | 1,630*                         | -*                    | -             | 6,733        |

\* Amounts as at 31 December 2020 are restated.

(v) Overdue or rescheduled assets

|   | 30-Jun-21  |   | 31-Dec-20  |   |
|---|------------|---|------------|---|
|   | in mio HKD | <u>% to total loans<br/>and advances<br/>to customers</u> | in mio HKD | <u>% to total loans<br/>and advances<br/>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         | 16         | 0.2%  | 160        | 1.9%  |
| - more than one year                                      | 102        | 1.3%  | 74         | 0.9%  |
|   | <u>118</u> |   | <u>234</u> |   |

As at 30 June 2021 and 31 December 2020, there were no overdue loans and advances to banks and other accounts.

Specific provision for overdue loans and advances to customers 79 122

As at 30 June 2021 and 31 December 2020, 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    | 31 | 160 |
| - Vietnam      | 75 | 74  |
| - United State | 12 | -   |

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 30 June 2021 and 31 December 2020, 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 30 June 2021

| Types of Counterparties  | On-balance<br>sheet<br>exposure<br>in mio HKD | Off-balance<br>sheet<br>exposure<br>in mio HKD | Total<br>in mio HKD |
|--|---|--|---------------------|
| 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                            | 118   | -  | 118                 |
| 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 | 50  | 427  | 477                 |
| 7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures                        | -   | -  | -                   |
| <b>Total</b>   | <b>168</b>                                    | <b>427</b>                                     | <b>595</b>          |
| <b>Total assets after provision</b>  | <b>20,816</b>                                 |  |                     |
| <b>On-balance sheet exposures as percentage of total assets</b>  | <b>0.81%</b>                                  |  |                     |

As at 31 December 2020

| Types of Counterparties  | On-balance<br>sheet<br>exposure<br>in mio HKD | Off-balance<br>sheet<br>exposure<br>in mio HKD | Total<br>in mio HKD |
|--|---|--|---------------------|
| 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                            | 212   | -  | 212                 |
| 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 | 311   | 303  | 614                 |
| 7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures                        | -   | -  | -                   |
| <b>Total</b>   | <b>523</b>                                    | <b>303</b>                                     | <b>826</b>          |
| <b>Total assets after provision</b>  | <b>21,680</b>                                 |  |                     |
| <b>On-balance sheet exposures as percentage of total assets</b>  | <b>2.41%</b>                                  |  |                     |

(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

**30-Jun-21**

|                           | EUR      | USD      | AUD     | Total    |
|---------------------------|----------|----------|---------|----------|
| Spot assets               | 9,044    | 8,403    | 2,280   | 19,727   |
| Spot liabilities          | (13,499) | (3,718)  | (928)   | (18,145) |
| Forward purchases         | 8,952    | 6,614    | 294     | 15,860   |
| Forward sales             | (4,372)  | (11,379) | (1,699) | (17,450) |
| Net option position       | -        | -        | -       | -        |
| Net long (short) position | 125      | (80)     | (53)    | (8)      |

Equivalent in millions of HKD

**31-Dec-20**

|                           | EUR      | USD      | AUD     | Total    |
|---------------------------|----------|----------|---------|----------|
| Spot assets               | 10,184   | 8,217    | 2,035   | 20,436   |
| Spot liabilities          | (16,078) | (1,559)  | (463)   | (18,100) |
| Forward purchases         | 8,902    | 4,530    | -       | 13,432   |
| Forward sales             | (2,693)  | (11,221) | (1,620) | (15,534) |
| Net option position       | -        | -        | -       | -        |
| Net long (short) position | 315      | (33)     | (48)    | 234      |

**IV. Off-balance sheet exposures**

**30-Jun-21**

in mio HKD

**31-Dec-20**

in mio HKD

**Contingent liabilities and commitments**

Contractual or notional amounts

|   |       |       |
|---|-------|-------|
| - Direct credit substitutes                           | 580   | 596   |
| - Transaction-related contingencies                   | 12    | 9     |
| - Trade-related contingencies                         | 137   | 118   |
| - Note issuance and revolving underwriting facilities | -     | -     |
| - Other commitments                                   | 2,039 | 2,120 |
| - Others  | 5,465 | -     |

**Derivatives**

Notional amounts

|                           |        |        |
|---------------------------|--------|--------|
| - Exchange rate contracts | 19,035 | 17,163 |
| - Interest rate contracts | 1,743  | 3,340  |
| - Others                  | -      | -      |

Fair values Assets

|                           |    |     |
|---------------------------|----|-----|
| - Exchange rate contracts | 88 | 311 |
| - Interest rate contracts | 2  | 3   |
| - Others                  | -  | -   |
|                           | 90 | 314 |

Fair values Liabilities

|                           |     |     |
|---------------------------|-----|-----|
| - Exchange rate contracts | 149 | 117 |
| - Interest rate contracts | 4   | 3   |
| - Others                  | -   | -   |
|                           | 153 | 120 |

As at 30 June 2021 and 31 December 2020, the Bank has no bilateral netting arrangements.

**V. Liquidity ratio**

**Q2 2021**

**Q2 2020**

|  |         |        |
|--|---------|--------|
| The average liquidity maintenance ratio for the financial period | 153.28% | 94.89% |
|--|---------|--------|

The above ratios are calculated based on the arithmetic mean of the average values of each calendar month for the reporting period. Both Q2 2021 and Q2 2020 ratios are based on 3 months average.



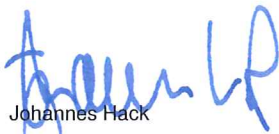
**Section B - Bank Information (DZ BANK Group)**

|  | 31-Dec-20         | 30-Jun-20         |
|--|-------------------|-------------------|
| <b>I. Capital and capital adequacy</b>                     |                   |                   |
| Regulatory capital ratios with full application of the CRR |                   |                   |
| - Consolidated Common Equity Tier 1 capital ratio          | 15.2%             | 14.0%             |
| - Consolidated Tier 1 capital ratio                        | 16.6%             | 15.4%             |
| - Consolidated Total capital ratio                         | 19.4%             | 17.3%             |
|  | <b>31-Dec-20</b>  | <b>30-Jun-20</b>  |
|  | <u>in mio EUR</u> | <u>in mio EUR</u> |
| Consolidated shareholders' fund (Capital & Reserves)       | 29,159            | 28,175            |
| <b>II. Other financial information</b>                     | <b>31-Dec-20</b>  | <b>30-Jun-20</b>  |
|  | <u>in mio EUR</u> | <u>in mio EUR</u> |
| - Total assets   | 594,573           | 604,196           |
| - Total liabilities  | 565,414           | 576,021           |
| - Total loans and advances                                 | 293,314           | 296,065           |
| - Banks  | 103,020           | 105,968           |
| - Non-bank customers                                       | 190,294           | 190,097           |
| - Total customer deposits                                  | 133,925           | 143,403           |
|  | <b>31-Dec-20</b>  | <b>31-Dec-19</b>  |
|  | <u>in mio EUR</u> | <u>in mio EUR</u> |
| - Pre-tax profit*  | 1,455             | 2,658             |
| - After-tax profit*  | 980               | 1,880             |

\* 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 Annual Report.

**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