

DZ BANK AG Hong Kong Branch
Interim Financial Disclosure
For the half-year ended 30 June 2023

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

Section A - Branch Information

	30-Jun-23 in mio HKD	30-Jun-22 in mio HKD
I. Profit and loss information		
Interest income	550	144
Interest expense	(460)	(88)
Net interest income	90	56
Other operating income		
- Gains less losses arising from trading in foreign currencies	7	(9)
- Gains less losses on securities held for trading purposes	-	-
- Gains less losses from other trading activities	-	-
- Net fees and commission income	51	60
- Fees and commission income	54	63
- Fees and commission expenses	(3)	(3)
- Others	-	-
Other operating income	58	51
Total income	148	107
Operating expenses		
- Staff and rental expenses	(41)	(35)
- Other expenses	(24)	(21)
- Net credit / (charge) for other provisions	(7)	7
Operating expenses	(72)	(49)
Operating profit/(loss) before provisions	76	58
Credit / (Charge) for bad and doubtful debts	(8)	(4)
Operating profit/(loss)	68	54
Gains less losses from the disposal of property, plant and equipment and investment properties	-	-
Profit/(loss) before taxation	68	54
Taxation charge	-	-
Profit/(loss) after taxation	68	54

II. Balance Sheet Information

	30-Jun-23 in mio HKD	31-Dec-22 in mio HKD
<u>Assets</u>		
Cash and balances with banks	991	1,856
Due from Exchange Fund	8	1
Placements with banks which have a residual contractual maturity of more than one month but not more than twelve months	4,181	3,198
Amount due from overseas offices	15,961	9,169
Trade bills	737	586
Certificates of deposit held	1,563	1,533
Securities held for trading purposes	-	-
Loans and receivables	8,629	7,790
Investment securities	-	-
Other investments	3	3
Property, plant and equipment and investment properties	28	28
Total assets	32,101	24,164
<u>Liabilities</u>		
Deposits and balances from banks	6,345	1,172
Deposits and balances from sovereign	1,871	-
Deposits from customers:		
- Demand deposits and current accounts	210	221
- Savings deposits	-	-
- Time, call and notice deposits	121	276
Amount due to overseas offices	15,429	15,885
Certificates of deposit issued	7,318	6,086
Issued debt securities	-	-
Other liabilities	580	313
Provisions	227	211
Total liabilities	32,101	24,164

III. Additional balance sheet information

	30-Jun-23 <u>in mio HKD</u>	31-Dec-22 <u>in mio HKD</u>
(i) Loans and receivables		
Gross amount of loans and receivables		
- Loans and advances to customers	7,404	7,481
- Loans and advances to banks	379	144
- Accrued interest and other accounts	846	165
	<u>8,629</u>	<u>7,790</u>
 Provisions for impaired loans and advances*		
- General provisions	-	-
- Specific provisions		
- Loans and advances to customers	68	59
- Loans and advances to banks	-	-
- Accrued interest and other accounts	-	-
	<u>68</u>	<u>59</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	96	81
Specific provisions - individually assessed	68	59
Gross impaired loans and advances to customers as a % of gross loans and advances to customers	1.3%	1.1%

As at 30 June 2023 and 31 December 2022, 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	96	81
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(ii) Loans and advances to customers by sector

	30-Jun-23		31-Dec-22	
	<u>in mio HKD</u>	<u>% of advances covered by collateral or other securities</u>	<u>in mio HKD</u>	<u>% of advances covered by collateral or other securities</u>
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	70	0.0%	110	0.0%
- Stockbrokers	-	0.0%	-	0.0%
- Wholesale and retail trade	85	0.0%	73	0.0%
- Manufacturing	13	0.0%	9	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	11	0.0%	11	0.0%
Loans and advances for use outside Hong Kong	7,225	35.3%	7,278	36.9%
Gross amount of loans and advances to customers	<u>7,404</u>	34.4%	<u>7,481</u>	35.9%

(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 :

	30-Jun-23 in mio HKD	31-Dec-22 in mio HKD
- Australia	2,559	2,484
- Italy	728	757
- South Korea	1,863	1,839

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-23					
			Non-bank private sector			
			Non-bank financial institutions	Non-financial private sector	Others	Total
1. Developed Countries	16,052	-	1,461	3,566	-	21,079
of which: - Germany	16,044	-	81	338	-	16,463
2. Developing Asia Pacific	8,012	-	1,539	471	-	10,022
of which: - China	2,738	-	288	11	-	3,037
- South Korea	5,143	-	1,251	-	-	6,394

Equivalent in millions of HKD

	31-Dec-22					
			Non-bank private sector			
			Non-bank financial institutions	Non-financial private sector	Others	Total
1. Developed Countries	9,190	-	1,527	3,635	-	14,352
of which: - Australia	2	-	198	2,307	-	2,507
- Germany	9,186	-	91	350	-	9,627
2. Developing Asia Pacific	7,485	-	1,482	395	-	9,362
of which: - South Korea	5,494	-	1,337	-	-	6,831

(v) Overdue or rescheduled assets

	30-Jun-23		31-Dec-22	
	<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	11	0.1%	11	0.1%
	<u>11</u>		<u>11</u>	

As at 30 June 2023 and 31 December 2022, there were no overdue loans and advances to banks and other accounts.

Specific provision for overdue loans and advances to customers 11 10

As at 30 June 2023 and 31 December 2022, 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 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 30 June 2023 and 31 December 2022, 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 2023

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	83	469	552
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	27	14	41
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	110	483	593
Total assets after provision	31,874		
On-balance sheet exposures as percentage of total assets	0.35%		

As at 31 December 2022

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	189	592	781
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	33	26	59
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	222	618	840
Total assets after provision	23,953		
On-balance sheet exposures as percentage of total assets	0.93%		

(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-23

	EUR	USD	TWD	Total
Spot assets	12,725	15,312	-	28,037
Spot liabilities	(9,285)	(6,982)	(93)	(16,360)
Forward purchases	3,998	11,926	-	15,924
Forward sales	(7,809)	(20,128)	-	(27,937)
Net option position	-	-	-	-
Net long (short) position	(371)	128	(93)	(336)

Equivalent in millions of HKD

31-Dec-22

	EUR	USD	AUD	CNY	TWD	Total
Spot assets	12,720	7,589	2,327	212	-	22,848
Spot liabilities	(11,209)	(5,753)	(1,604)	(2,896)	(82)	(21,544)
Forward purchases	4,652	6,855	344	2,915	-	14,766
Forward sales	(6,065)	(8,740)	(1,128)	(193)	-	(16,126)
Net option position	-	-	-	-	-	-
Net long (short) position	98	(49)	(61)	38	(82)	(56)

IV. **Off-balance sheet exposures**

30-Jun-23

in mio HKD

31-Dec-22

in mio HKD

Contingent liabilities and commitments

Contractual or notional amounts

- Direct credit substitutes	348	356
- Transaction-related contingencies	8	8
- Trade-related contingencies	48	190
- Note issuance and revolving underwriting facilities	-	-
- Other commitments	1,734	1,835
- Others	-	-

Derivatives

Notional amounts

- Exchange rate contracts	33,206	17,231
- Interest rate contracts	1,367	1,359
- Others	-	-

Fair values Assets

- Exchange rate contracts	110	231
- Interest rate contracts	-	-
- Others	-	-
	<u>110</u>	<u>231</u>

Fair values Liabilities

- Exchange rate contracts	372	289
- Interest rate contracts	4	5
- Others	-	-
	<u>376</u>	<u>294</u>

As at 30 June 2023 and 31 December 2022, the Bank has no bilateral netting arrangements.

V. Liquidity ratio	Q2 2023	Q2 2022
The average liquidity maintenance ratio for the financial period	309.77%	156.61%

The above ratios are calculated based on the arithmetic mean of the average values of each calendar month for the reporting period. Both Q2 2023 and Q2 2022 ratios are based on 3 months average.

<u>Section B - Bank Information (DZ BANK Group)</u>	31-Dec-22	30-Jun-22
I. Capital and capital adequacy		
Regulatory capital ratios with full application of the CRR		
- Consolidated Common Equity Tier 1 capital ratio	13.7%	13.3%
- Consolidated Tier 1 capital ratio	15.2%	14.8%
- Consolidated Total capital ratio	18.0%	16.4%
	31-Dec-22	30-Jun-22
	<u>in mio EUR</u>	<u>in mio EUR</u>
Consolidated shareholders' fund (Capital & Reserves)	23,076	24,304
II. Other financial information	31-Dec-22	30-Jun-22
	<u>in mio EUR</u>	<u>in mio EUR</u>
- Total assets	627,041	658,657
- Total liabilities	603,965	634,353
- Total loans and advances	327,090	318,948
- Banks	123,444	115,946
- Non-bank customers	203,646	203,002
- Total customer deposits	159,429	163,668
	31-Dec-22	31-Dec-21
	<u>in mio EUR</u>	<u>in mio EUR</u>
- Pre-tax profit*	1,797	3,096
- After-tax profit*	1,073	2,176

* Pre-tax profit and After-tax profit presented in this disclosure statement are referred to the "Profit before taxes" and "Net profit" respectively in DZ BANK Group 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', written over the printed name.

Johannes Hack
Chief Executive
DZ BANK AG Hong Kong Branch