

Deutsche Bank Aktiengesellschaft, Hong Kong Branch

(incorporated in the Federal Republic of Germany and
members' liability is limited)

Key Financial Information Disclosure Statement
Year Ended December 31, 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 year ended December 31, 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 year ended December 31, 2020

Section A – Branch Information (Hong Kong Office Only)

(I) Income Statement Information

HKD Million	Year Ended December 31, 2020	Year Ended December 31, 2019
Interest income	2,629	3,361
Interest expense	(1,309)	(2,191)
Other operating income		
- Gains less losses arising from trading in foreign currencies	386	486
- Gains less losses on securities held for trading purposes	591	1,527
- Gains less losses from other trading activities	360	214
- <i>Net fees and commission income</i>		
- Gross fees and commission income	2,533	2,559
- Gross fees and commission expenses	(135)	(151)
- Others	758	556
Operating expenses		
- Staff expenses	(2,277)	(2,668)
- Rental expenses	(346)	(308)
- Others	(2,142)	(3,250)
Impairment losses and provisions for impaired loans and receivables	(502)	(362)
Impairment losses on assets	-	(669)
Profit/ (loss) before taxation	546	(896)
Taxation	226	(175)
Profit/ (loss) after taxation	<u>772</u>	<u>(1,071)</u>

(II) Balance Sheet Information

HKD Million	December 31, 2020	June 30, 2020
Assets		
Cash and balances with banks	6,195	4,648
Placements with banks with residual maturity between 1 months and 12 months	1,234	700
Due from Exchange Fund	1,589	1,528
Amount due from overseas offices of the institution	24,379	35,838
Trade bills	1,315	1,184
Securities held for trading purposes	8,247	6,843
Loans and receivables (including derivatives receivables)	81,038	71,985
Investment securities	10,064	4,285
Amount receivable under reverse repos	115	115
Other investments	519	549
Property, plant and equipment	<u>1,469</u>	<u>1,039</u>
Total assets	<u>136,164</u>	<u>128,714</u>
Liabilities		
Deposits and balances from banks	915	494
Deposits from customers		
- Demand deposits and current accounts	18,411	16,393
- Savings deposits	119	194
- Time, call and notice deposits	33,600	27,819
Amount due to overseas offices of the institution	50,609	59,094
Certificates of deposit issued	400	400
Other negotiable debt instruments	119	110
Other liabilities (including derivatives payables)	<u>31,991</u>	<u>24,210</u>
Total liabilities	<u>136,164</u>	<u>128,714</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	December 31, 2020	June 30, 2020
Loans and advances to customers	49,141	45,600
Loans and advances to banks	462	489
Accrued interest and other accounts	12,532	13,025
Derivative receivables	20,067	13,757
Less: Allowance for credit losses		
- Collectively assessed	40	47
- Individually assessed	<u>1,124</u>	<u>839</u>
	<u>81,038</u>	<u>71,985</u>

(iii) Trade bills

HKD Million	December 31, 2020	June 30, 2020
Trade bills	1,330	1,189
Less: Allowance for credit losses		
- Collectively assessed	1	1
- Individually assessed	-	-
Less: Country Risk Provision	<u>14</u>	<u>4</u>
	<u>1,315</u>	<u>1,184</u>

(iv) Impaired loans and advances

	December 31, 2020		June 30, 2020	
	As % of		As % of	
HKD Million	advances to	HKD Million	advances to	
	customers		customers	
Impaired loans and advances to customer net of allowance for individually assessed credit losses				
- Impaired loans and advances to customers	3,530	7.18%	3,006	6.59%
- Individually assessed allowance	<u>(1,095)</u>		<u>(804)</u>	
	<u>2,435</u>		<u>2,202</u>	
Representing by geographical segments:				
- Hong Kong	2,071		2,051	
- Republic of Ecuador	845		904	
- China	425		-	
- Marshall Islands	183		-	
- Germany	6		51	

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

	December 31, 2020 HKD Million	June 30, 2020 HKD Million
Market value of collateral held against impaired loans and advances to customers	<u>1,996</u>	<u>1,442</u>
Covered portion of impaired loans and advances	<u>1,996</u>	<u>1,442</u>
Uncovered portion of impaired loans and advances	<u>1,534</u>	<u>1,564</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 December 31, 2020 and June 30, 2020.

(v) Overdue loans and receivables and trade bills

	December 31, 2020		June 30, 2020	
	HKD Million	As % of advances to customers	HKD Million	As % of advances to customers
Overdue advances to customers:				
- Over 3 months and up to 6 months	-	-	-	-
- Over 6 months and up to one year	989	2.01%	1,072	2.35%
- More than one year	<u>1,082</u>	2.20%	<u>10</u>	0.02%
	<u>2,071</u>		<u>1,082</u>	
Allowances for credit losses				
- individually assessed allowances	1,074		722	
Representing:				
- Loans for use in Hong Kong	10		10	
- Loans and advances for use outside Hong Kong	2,061		1,072	
By geographical segments:				
- Hong Kong	2,071		1,082	
Market value of collateral held against overdue loans and advances to customers	<u>585</u>		<u>272</u>	
Covered portion of overdue loans and advances to customers	<u>585</u>		<u>272</u>	
Uncovered portion of overdue loans and advances to customers	<u>1,486</u>		<u>810</u>	

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

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

(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 December 31, 2020 and June 30, 2020.

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

(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	December 31, 2020		June 30, 2020	
	Gross advances	Collateral or other security	Gross advances	Collateral or other security
Loans for use in Hong Kong				
Industrial, commercial and financial				
- Manufacturing	1,101	301	1,085	310
- Electricity and Gas	-	-	-	-
- Wholesale and retail trade	21	-	82	8
Transport and transport equipment	218	170	236	187
- Financial concerns	165	-	150	-
- Stockbrokers	-	-	752	-
- Others	9,959	9,487	8,334	7,750
	<u>11,464</u>	<u>9,958</u>	<u>10,639</u>	<u>8,255</u>
Individuals				
- Others	6,861	6,858	5,716	5,710
Total loans for use in Hong Kong	<u>18,325</u>	<u>16,816</u>	<u>16,355</u>	<u>13,965</u>
Trade finance	11,999	989	8,338	1,100
Loans for use outside Hong Kong	<u>18,817</u>	<u>13,907</u>	<u>20,907</u>	<u>13,474</u>
	<u>49,141</u>	<u>31,712</u>	<u>45,600</u>	<u>28,539</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	December 31, 2020	June 30, 2020
Hong Kong	20,378	17,946
United States	5,545	3,269
Mainland China	2,078	1,701
Others	<u>21,140</u>	<u>22,684</u>
	<u>49,141</u>	<u>45,600</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 December 31, 2020			
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	3,449	747	4,196
Local governments, local government-owned entities and their subsidiaries and JVs	119	417	536
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	6,400	966	7,366
Other entities of central government not reported above	571	-	571
Other entities of local governments not reported above	776	-	776
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	316	-	316
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	<u>472</u>	<u>-</u>	<u>472</u>
Total	<u>12,103</u>	<u>2,130</u>	<u>14,233</u>
Total assets after provision	<u>136,164</u>		
On-balance sheet exposures as percentage of total assets	8.89%		

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 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%		

- (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 December 31, 2020

	Banks	Official Sector	Non-bank Financial institutions	Non-bank private sector Non-financial private sector	Total
Developed countries, of which	44,166	-	-	16,638	60,804
- <i>Germany</i>	33,088	-	-	1,186	34,274
- <i>United States</i>	2,888	-	-	5,675	8,563
Developing Africa and Middle East	38	-	-	1,991	2,029
Developing Asia and Pacific, of which	8,825	-	-	7,566	16,391
- <i>China</i>	8,229	-	-	3,041	11,270
Developing Latin America and Caribbean	-	-	-	983	983
Developing Europe	41	-	-	880	921
Offshore centres, of which	4,546	10,707	5,170	28,398	48,821
- <i>Hong Kong</i>	4,039	10,707	5,170	19,743	39,659
International organization	-	-	-	-	-
Total	<u>57,616</u>	<u>10,707</u>	<u>5,170</u>	<u>56,456</u>	<u>129,949</u>

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	<u>65,863</u>	<u>774</u>	<u>928</u>	<u>52,368</u>	<u>119,933</u>

(xi) Currency risk

At December 31, 2020

Equivalent in HKD Million	USD	EUR	RMB	Other Foreign Currencies	Total
Spot assets	66,285	16,285	24,063	4,773	111,406
Spot liabilities	(67,661)	(19,066)	(16,598)	(4,928)	(108,253)
Forward purchases	295,828	16,471	202,117	21,264	535,680
Forward sales	(296,176)	(13,243)	(205,125)	(21,308)	(535,852)
Net options positions	-	-	-	-	-
Net long / (short) position	<u>(1,724)</u>	<u>447</u>	<u>4,457</u>	<u>(199)</u>	<u>2,981</u>

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>

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	December 31, 2020	June 30, 2020
Contingencies and commitments		
- Direct credit substitutes	134	47
- Transaction-related contingencies	2,536	2,398
- Trade-related contingencies	2,123	1,311
- Other commitments	6,517	2,931
- Others	<u>2,240</u>	<u>1,617</u>
	<u>13,550</u>	<u>8,304</u>
Derivatives		
- Exchange rate related derivative contracts	672,944	603,824
- Interest rate derivative contracts	1,263,317	1,296,959
- Others	<u>415</u>	<u>662</u>
	<u>1,936,676</u>	<u>1,901,445</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	December 31, 2020	June 30, 2020
Fair value assets		
- Exchange rate related derivative contracts	10,920	4,490
- Interest rate derivative contracts	7,118	8,775
- Others	<u>2,029</u>	<u>492</u>
	<u>20,067</u>	<u>13,757</u>
Fair value liabilities		
- Exchange rate related derivative contracts	11,729	4,612
- Interest rate derivative contracts	6,830	8,424
- Others	<u>1,968</u>	<u>389</u>
	<u>20,527</u>	<u>13,425</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 December 31, 2020	Quarter ended December 31, 2019
3 months average LMR	75.79%	102.44%

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 December 31, 2020	Quarter ended December 31, 2019
3 months average CFR	186.86%	140.76%

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) yearly disclosure statement as of December 31, 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):

	December 31, 2020	June 30, 2020
- Common Equity Tier 1 capital ratio	13.6%	13.3%
- Tier 1 capital ratio	15.3%	15.0%
- Total capital ratio	17.3%	17.0%

Total shareholders' equity was EUR 54.8 billion at December 31, 2020 and EUR 55.3 billion at June 30, 2020.

(II) Other Financial Information

Extracts from the consolidated financial statements for the year ended December 31, 2020:

EUR Billion	December 31, 2020	June 30, 2020
- Total assets	1,325	1,407
- Total liabilities	1,263	1,344
- Total loans and advances	427	437
- Total deposits	568	573

EUR Million	Period Ended December 31, 2020	Period Ended December 31, 2019
Income/ (loss) before income taxes	1,021	(2,634)

Further details of Deutsche Bank Aktiengesellschaft Group (Incorporated in the Federal Republic of Germany and members' liability is limited) can be obtained from the annual report as of December 31 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.