Deutsche Bank AG Abu Dhabi Branch

Pillar 3 Report

June 30, 2022

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Overview

The following information is compiled in terms of the requirements of the Central Bank of the U.A.E. as per Notice No. CBUAE/BSD/N/2020/66 dated 6 January 2020. This notice requires bank to implement the "Standards for Capital Adequacy of Banks in the UAE, December 2020".

Banks are obliged to report certain qualitative and quantitative information with regards to their risk profile and capital adequacy on a regular basis to the public, which incorporates the revised Basel III Pillar 3 requirements on market discipline.

Reporting framework

The information disclosed in this report is based on the definitions, calculation methodologies and measurements as defined by the Amended Regulations. All tables, diagrams, quantitative information and commentary in this risk and capital management report are unaudited unless otherwise noted.

References to fixed format templates as required under the revised Pillar 3 disclosure requirements are made throughout this document and highlighted in the relevant sections.

Period of reporting

This report is in respect of the quarter ended 30 June 2022, including comparative information (where applicable).

Group Disclosures

The Group employs a predominantly centralized approach to risk management. As such, DB AG Abu Dhabi Branch's approach to risk management follows group policies and procedures as a minimum standard. Where local requirements differ from group's, a local policy/procedure is formulated and adopted. This report should thus be read in conjunction with the group's Management Report, Annual Report and Pillar 3 disclosures.

All Deutsche Bank AG Reports are accessible at following link: https://investor-relations.db.com/

Overview of Risk Management & RWAs

Capital Adequacy (KM1)

The Branch's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position are:

- To comply with the capital requirements set by the Central Bank of U.A.E.,
- To safeguard the Branch's ability to continue as a going concern and increase the returns for the shareholders, and
- To maintain a strong capital base to support the development of its business.

The Branch's regulatory capital is analyzed into two tiers:

- Tier 1 capital, which includes share capital, reserves, retained earnings and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy calculation purposes.
- Tier 2 capital, which includes collective impairment allowance and fair value reserves relating to unrealized gains/losses on investments classified as available for sale. Various limits are applied to elements of the capital base:
  - CET1 must be at least 7.0% of risk weighted assets (RWA),
  - Tier 1 Capital must be at least 8.5% of risk weighted assets, and
  - Total Capital, calculated as the sum of Tier 1 and Tier 2 Capital, must be at least 10.5% of RWAs.

The assets of the Branch are risk weighted as to their relative Credit, Market, and Operational risk.

Credit risk includes both On and Off-balance sheet risks.

Market risk is defined as the risk of losses in on and off-balance sheet positions arising from movements in market prices and includes profit rate risk, foreign exchange risk, equity exposure risk, and commodity risk.

Operational risk is defined as the risk of loss resulting from inadequate or failed internal processes, people, or systems, or from external events.

The Branch follows the standardized approach for Credit, Market and Operational risk, as permitted by the U.A.E. Central Bank and as per Pillar 1 of Basel III.

	Jun-22	Mar-22	Dec-21	Sep-21	Jun-21
	AED'000	AED'000	AED'000	AED'000	AED'000
Available capital (amounts)					
Common Equity Tier 1 (CET1)	428,639	240,639	240,669	257,183	256,006
Fully loaded ECL accounting model					
Tier 1	428,639	240,639	240,669	257,183	256,006
Fully loaded accounting model Tier 1					
Total capital	453,725	268,296	266,777	280,224	281,746
Fully loaded ECL accounting model total capital					
Risk-weighted assets (amounts)					
Total risk-weighted assets (RWA)	2,074,094	2,280,373	2,166,581	1,923,073	2,137,061
Risk-based capital ratios as a percentage of RWA					
Common Equity Tier 1 ratio (%)	20.67%	10.55%	11.11%	13.37%	11.98%
Fully loaded ECL accounting model CET1 (%)					
Tier 1 ratio (%)	20.67%	10.55%	11.11%	13.37%	11.98%
Fully loaded ECL accounting model Tier 1 ratio (%)					
Total capital ratio (%)	21.88%	11.77%	12.31%	14.57%	13.18%
Fully loaded ECL accounting model total capital ratio (%)					
Additional CET1 buffer requirements as a percentage of RWA					
CET1 available after meeting the bank's minimum capital requirements (%)	11.38%	1.27%	1.81%	4.07%	2.68%
Basel III Leverage Ratio					
Total Basel III leverage ratio measure	5,342,458	6,072,682	5,784,881	5,096,038	5,037,765
Basel III leverage ratio (%) (row 2/row 13)	8.02%	3.96%	4.16%	4.72%	5.11%
Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)					
ELAR					
Total HQLA	898,032	1104977	729818	644655	419650
Total liabilities	2,149,424	3152065	2785788	2395101	2186775
Eligible Liquid Assets Ratio (ELAR) (%)	41.78%	35.06%	26.20%	26.92%	19.19%
ASRR					
Total available stable funding	2372676	1,234,775	1,094,555	624,186	2249228
Total Advances	850206	3,113,910	2,781,113	2,310,720	791220
Advances to Stable Resources Ratio (%)	35.83%	39.65%	39.36%	27.01%	35.18%

As per CBUAE regulations, Branch is not required to report LCR (Liquidity Coverage Ratio) and NSFR (Net Stable Funding Ratio). Branch reports ELAR (Eligible Assets Ratio) and LSRR (Lending to Stable Resources Ratio) as an alternate.

Total Capital Ratio & Capital Increase for the Branch

TCR for the Branch as of June 2022 is 21.88%. Deutsche Bank AG had approved Branch capital increase of AED 188mn in Q1-22 which was successfully impacted post necessary regulatory approval during Q2-22.

Key Prudential Metrics and RWA (OV1)

Following metrics and RWA is calculated based on latest applicable CBUAE Capital Adequacy regulations for Banks operating in the UAE.

	Jun-22 AED'000	Mar-22 AED'000	@10.5% AED'000
	a	b	c
	RWA		Minimum capital requirements
	T	T-1	T
Credit risk (excluding counterparty credit risk)	**2,006,900**	**2,212,572**	**210,724**
Of which: standardised approach (SA)	2,006,900	2,212,572	210,724
Counterparty credit risk (CCR)	-	-	-
Credit valuation adjustment (CVA)			-
Settlement risk			-
Securitisation exposures in the banking book			-
Of which: securitisation standardised approach (SEC-SA)			-
Market risk	**502**	**1,109**	**53**
Of which: standardised approach (SA)	502	1,109	53
Operational risk	66,692	66,692	7,003
Amounts below thresholds for deduction (subject to 250% risk weight)			-
Floor adjustment			-
Total	**2,074,094**	**2,280,373**	**217,780**

Leverage Ratio (LR2)

The Leverage ratio (LR) was introduced as a complementary measure to the risk-based capital framework to help ensure broad and adequate capture of both the on-and off-balance sheet sources of banks leverage.

This simple, non-risk based “Backstop” measure will restrict the build-up of excessive leverage in the banking sector to avoid destabilizing deleveraging processes that can damage the broader financial system and the economy.

Illustrated below is DBAG Abu Dhabi's Leverage position as measured by the Basel III Leverage ratio where last two quarters resulting LR was more than the minimum requirement of 3% Leverage Ratio.

		Jun 22	Mar 22
		AED'000	AED'000
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	2,607,836	3,426,573
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-	-
3	**Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)**	2,607,836	3,426,573
Derivative exposures			
4	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)		5,924
5	Add-on amounts for PFE associated with *all* derivatives transactions		5,921
6	Gross-up for derivatives collateral provide where deducted from the balance sheet assets pursuant to the operative accounting framework		
7	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)		
8	(Exempted CCP leg of client-cleared trade exposures)		
9	Adjusted effective notional amount of written credit derivatives		
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)		
11	**Total derivative exposures (sum of rows 4 to 10)**	-	11,845
Securities financing transactions			
12	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions		
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
14	CCR exposure for SFT assets		
15	Agent transaction exposures		
16	**Total securities financing transaction exposures (sum of rows 12 to 15)**	-	-
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	4,987,806	4,786,183
18	(Adjustments for conversion to credit equivalent amounts)	(2,253,185)	(2,151,918)
19	**Off-balance sheet items (sum of rows 17 and 18)**	2,734,621	2,634,264
Capital and total exposures			
20	**Tier 1 capital**	428,639	240,639
21	**Total exposures (sum of rows 3, 11, 16 and 19)**	5,342,458	6,072,682
Leverage ratio			
22	**Basel III leverage ratio**	8.02%	3.96%

Liquidity

Eligible Liquid Assets Ratio

Eligible Liquid Assets Ratio is a measure to ensure banks hold minimum buffers of liquid assets. The ratio requires the bank to hold an amount equivalent to 10% of its total balance sheet liabilities (excluding those included in regulatory capital) in high quality liquid assets.

As of June 30, 2022, branch's ELAR is 41.78% which is more than the required minimum of 10%.

		30-Jun-22	31-Mar-22	31-Dec-21	30-Sep-21
		Q2 2022	Q1 2022	Q4 2021	Q3 2021
1	**High Quality Liquid Assets**	**Eligible Liquid Asset**	**Eligible Liquid Asset**	**Eligible Liquid Asset**	**Eligible Liquid Asset**
1.1	Physical cash in hand at the bank	1	1	1	1
1.2	Statutory reserves with Central Bank	898,031	117,976	729,817	97,654
1.3	Free and other account balances at the Central Bank (excluding statutory reserves)	0	987,000	0	547,000
1.4	Central Bank CDs (unencumbered)				
1.5	UAE Federal Government Bonds and Sukuks				
	Sub Total (1.1 to 1.5)	898,032	1,104,977	729,818	644,655
1.6	UAE local governments publicly traded debt securities (0% Risk Weighted under BII Standardized Approach) Rated A+ and above	0			
1.7	UAE local governments publicly traded debt securities (0% Risk Weighted under BII Standardized Approach) Rated A and below or unrated	0			
1.8	UAE Public sector publicly traded debt securities (non commercial, 0% Risk Weighted under BII Standardized Approach) Rated A+ and above	0			
1.9	UAE Public sector publicly traded debt securities (non commercial, 0% Risk Weighted under BII Standardized Approach) Rated A and below or unrated	0			
	Sub total (1.6 to 1.9)	0	0	0	0
1.10	Foreign Sovereign debt instruments or instruments issued by their respective central banks (0% Risk Weighted under Basel II Standardized Approach)	0	0	0	0
1.11	Total	**898,032**	**1,104,977**	**729,818**	**644,655**
2	Total liabilities (BRF-2 LIAB: Item nos. 29- 18.1- **(25- 25.5)- 26.7**- 28)	2,149,424	3,152,065	2,785,788	2,395,101
3	**Eligible Liquid Assets Ratio (ELAR)**	**41.78%**	**35.06%**	**26.20%**	**26.92%**

Lending to Stable Resources Ratio (LSRR)

The Lending to Stable Resources Ratio (LSRR) is a measure that recognizes both the actual uses as well as the likely uses of funds in terms of the contractual maturity and behavioral profile of the sources of funds available to the bank, to ensure that there are limited maturity mismatches and cliff effects. Central Bank reporting for BRF 7 details the requirements of the ratio.

LSRR should not exceed 100%. The branch's ratio is 39.65%, this is the equivalent percentage of the total advances being funded by stable resources (i.e., customer deposits). This provides the branch enough flexibility in managing extra resources and its balance sheet in the long-term.

			30-Jun-22	31-Mar-22	31-Dec-21	30-Sep-21
		Items	**AED '000**	**AED '000**	**AED '000**	**AED '000**
1		**Computation of Advances**				
	1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	368,769	752,429	627,619	157,224
	1.2	Lending to non-banking financial institutions	0	0	0	0
	1.3	Net Financial Guarantees & Stand-by LC (issued - received)	481,437	482,346	466,936	466,962
	1.4	Interbank Placements				
	1.5	**Total Advances**	850,206	1,234,775	1,094,555	624,186
2		**Calculation of Net Stable Resources**				
	2.1	Total capital + general provisions	458,414	274,509	272,062	269,553
		Deduct:				
	2.1.1	Goodwill and other intangible assets	72			
	2.1.2	Fixed Assets	2,078	2,399	2,684	2,883
	2.1.3	Funds allocated to branches abroad				
	2.1.5	Unquoted Investments				
	2.1.6	Investment in subsidiaries, associates and affiliates				
	2.1.7	**Total deduction**	2,150	2,399	2,684	2,883
	2.2	**Net Free Capital Funds**	456,264	272,110	269,378	266,670
	2.3	**Other stable resources:**				
	2.3.1	Funds from the head office with Head Office loans towards meeting Large Exposure Funding (BRF 2 Liab- item 26.6)	940,200	1,551,084	1,587,230	1,183,858
	2.3.2	Interbank deposits with remaining life of more than 6 months				
	2.3.3	Refinancing of Housing Loans				
	2.3.4	Borrowing from non-Banking Financial Institutions	173,147	185,388	167,731	170,048
	2.3.5	Customer Deposits	803,066	1,105,328	756,774	690,144
	2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date				
	2.3.7	**Total other stable resources**	1,916,412	2,841,800	2,511,735	2,044,050
	2.4	**Total Stable Resources (2.2+2.3.7)**	2,372,676	3,113,910	2,781,113	2,310,720
3		**Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)**	35.83	39.65	39.36	27.01

Composition of Capital

Capital Management Process

Detailed Capital Management and Planning process for the Branch is listed under ICAAP report for the Branch. Branch's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position are:

- To comply with the capital requirements set by the Central Bank of U.A.E.
- To safeguard the Branch's ability to continue as a going-concern and increase the returns for parent (shareholders),
- To maintain a strong capital base to support the development of its business.

The Branch's Regulatory Capital is composed of following two tiers:

1. Tier 1 capital, which includes Share capital (Dotation Capital), Reserves, retained earnings and other regulatory adjustments relating to items that are included in equity but are treated differently for capital adequacy calculation purposes.
2. Tier 2 capital, which includes collective impairment allowance and fair value reserves relating to unrealized gains/losses on investments classified as available for sale.

Table: Composition of Capital CC1

	AED '000
Common Equity Tier 1 capital: instruments and reserves	
Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	
Retained earnings	(10,051)
Accumulated other comprehensive income (and other reserves)	4,590
Common share capital issued by third parties (amount allowed in group CET1)	434,100
Common Equity Tier 1 capital before regulatory deductions	**428,639**
Common Equity Tier 1 capital regulatory adjustments	
Total regulatory adjustments to Common Equity Tier 1	-
Common Equity Tier 1 capital (CET1)	**428,639**
Total regulatory adjustments to additional Tier 1 capital	-
Additional Tier 1 capital (AT1)	**-**
Tier 1 capital (T1= CET1 + AT1)	**428,639**
Tier 2 capital: instruments and provisions	
Provisions	25,086
Tier 2 capital before regulatory adjustments	25,086
Tier 2 capital: regulatory adjustments	
Total regulatory adjustments to Tier 2 capital	-
Tier 2 capital (T2)	**25,086**
Total regulatory capital (TC = T1 + T2)	**453,725**
Total risk-weighted assets	**2,074,094**
Capital ratios and buffers	
Common Equity Tier 1 (as a percentage of risk-weighted assets)	20.67%
Tier 1 (as a percentage of risk-weighted assets)	20.67%
Total capital (as a percentage of risk-weighted assets)	21.88%
Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	11.38%

Table: Composition of Capital CC2

AED '000 Jun-22	a Balance sheet as in published financial statements	b Under regulatory scope of consolidation
Assets		
Cash and balances at central banks	898,032	898,032
Items in the course of collection from other banks		-
Trading portfolio assets		-
Financial assets designated at fair value		-
Derivative financial instruments	-	-
Loans and advances to banks	1,319,352	1,319,352
Loans and advances to customers	368,769	368,769
Reverse repurchase agreements and other similar secured lending		-
Available for sale financial investments		-
Current and deferred tax assets		-
Prepayments, accrued income and other assets	19,463	19,463
Investments in associates and joint ventures		-
Goodwill and other intangible assets	144	144
Of which: goodwill		-
Of which: intangibles (excluding MSRs)	72	72
Of which: MSRs		-
Property, plant and equipment	2,078	2,078
Total assets	2,607,838	2,607,838
Liabilities		
Deposits from banks	49,223	49,223
Items in the course of collection due to other banks		-
Customer accounts	1,111,958	1,111,958
Financial liabilities designated at fair value		-
Derivative financial instruments	14	14
Debt securities in issue		-
Accruals, deferred income and other liabilities	984,878	984,878
Current and deferred tax liabilities		-
Provisions	33,189	33,189
Retirement benefit liabilities	3,351	3,351
Total liabilities	2,182,613	2,182,613
Shareholders' equity		
Paid-in share capital	434,100	434,100
Of which: amount eligible for CET1	434,100	434,100
Of which: amount eligible for AT1		-
Retained earnings	(8,875)	(8,875)
Accumulated other comprehensive income	-	-
Total shareholders' equity	425,225	425,225

Credit Risk

Credit Risk arises from all transactions where actual, contingent, or potential claims against any counterparty, borrower, obligor, or issuer (which we refer to collectively as "counterparties") exist, including those claims that we plan to distribute. These transactions are typically part of our non-trading lending activities (such as loans and contingent liabilities) as well as our direct trading activity with clients (such as OTC derivatives). These also include traded bonds and debt securities. Based on the annual risk identification and materiality assessment, Credit risk is grouped into five categories, namely default/migration risk, country risk, transaction/ settlement risk (exposure risk), mitigation (failure) risk and concentration risk.

- Default risk is the risk that a counterparty defaults on its payment obligations or experiences material credit quality deterioration increasing the likelihood of a default.
- Country Risk is the risk that otherwise solvent and willing counterparties are unable to meet their obligations due to direct sovereign intervention or policies.
- Transaction/Settlement Risk (Exposure Risk) is the risk that arises from any existing, contingent, or potential future positive exposure.
- Mitigation Risk is the risk of higher losses due to risk mitigation measures not performing as anticipated.
- Concentration Risk is the risk of an adverse development in a specific single counterparty, country, industry, or product leading to a disproportionate deterioration in the risk profile of Deutsche Bank's credit exposures to that counterparty, country, industry, or product.

An overview of the risk management responsibilities, processes and methods follows, with more detailed information in our Group risk report which can be found within the annual report at https://investor-relations.db.com/files/documents/annual-reports/2022/Annual_Report_2021.pdf?language_id=1

Credit Risk Responsibilities and Processes

DB's credit risk appetite is set globally and is broken down to divisions and business units via the Strategic, Risk & Capital Plan approved by the Management Board of Deutsche Bank Group. As a result, each credit exposure is authorized only if the relevant business division at Deutsche Bank global level is satisfied that the exposure meets the pre-set criteria and limits.

CRM is globally organized and carries out risk identification, assessments, management, and reporting. The CRM department is independent from the business. Accordingly, the credit policies of DB Group are adopted and the local CRO is responsible for ensuring that they remain suitable for the business of DBAG Abu Dhabi.

Credit Risk is managed for DB Group globally based on a "one obligor principle"; new credit exposures as well as annual / bi-annual reviews of credit exposures require approval by the appropriate authority holder covering the entire DB Group exposure. All credit risk decisions relevant to DBAG Abu Dhabi are subject to the approval of DBAG Abu Dhabi's management and Deutsche Bank's Credit Risk Management (CRM).

Management of limits

Global limits are monitored by CRM at DB Group level via a Credit IT System based on the risk appetite approved by the Group Management Board. DB measures and aggregates all exposures to the same obligor ("one obligor principle"). At DBAG Abu Dhabi, the ultimate responsibility for management of the credit risk limits resides with the CRO function. All credit limits and exposures are monitored on a frequent basis and reviewed at least quarterly. Individually significant transactions that subject DBAG Abu Dhabi to credit risk are subject to rigorous local review and sign-off prior to commitment.

Monitoring and Management of Concentrations

The large exposure regulations and credit policies on Group level limiting concentration risk are adopted for DBAG Abu Dhabi. Besides the limits of DB Group, there are the regulatory single-name and portfolio limits in place as described above. Both limits are monitored by risk management function. Credit risk concentration is not only closely monitored at a single-name level, but also on an industry and country basis.

Local Large Exposure Monitoring

Deutsche Bank AG Abu Dhabi Branch's external business prospects are also impacted and governed by Central Bank of UAE's Regulations for Monitoring of Large Exposure Limits (Circular 32/2013). Deutsche Bank AG in principle follows the LE limits as prescribed under the LE limit monitoring regulations and as agreed with Central Bank of the UAE in various separate discussions and official communications.

DBAD has established a bi-weekly "LE Review Meeting" which is represented by following:

1. Business COO,
2. Branch Manager,
3. CFO,
4. Business line managers, and
5. Treasury.

The forum meets regularly to review business deals in the pipeline and manage proactively the pipeline to limit any LE breaches and to ensure that any excesses are adequately covered via collateral as per the applicable regulations. The committee also reviews the business plans for new transactions, maturity of existing deals and overall impact on required Cash under lien amount to ensure that adequate amount of Cash under lien is always maintained in-line with the regulatory requirements.

Large Exposures reporting is done on monthly and quarterly basis to Central Bank of UAE as part of BRF reporting requirements and any exceptions in-between are also monitored and escalated where required.

Credit Risk Mitigation Technique

In addition to determining counterparty credit quality and our risk appetite, we also use various credit risk mitigation techniques to optimize credit exposure and reduce potential credit losses. Credit risk mitigants are applied in the following forms:

- Comprehensive and enforceable credit documentation with adequate terms and conditions.
- Collateral held as security to reduce losses by increasing the recovery of obligations.
- Risk transfers, which shift the loss arising from the probability of default risk of an obligor to a third-party including hedging executed by our CIB - Counterparty Portfolio Management division.

Netting and collateral arrangements which reduce the credit exposure from derivatives and securities financing transactions.

Credit Quality of Assets (CR1)

The determination of impairment losses and allowance uses an expected loss model, where provisions are taken upon initial recognition of the financial asset (or the date that the Branch becomes a party to the loan commitment or financial guarantee), based on expectations of potential credit losses at that time.

For financial assets originated or purchased, the Branch recognizes a loss allowance at an amount equal to 12-month expected credit losses if the credit risk at the reporting date has not increased significantly since initial recognition (Stage 1). This amount represents the expected credit losses resulting from default events that are possible within the next 12 months.

The lifetime expected credit losses represent default events over the expected life of a financial instrument. The Branch measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension options) over which it is exposed to credit risk, even if, for risk management purposes, the Branch considers a longer period.

The determination of the maximum contractual period considers the date at which the Branch has the right to require repayment of an advance or terminate a loan commitment or guarantee.

Retail overdrafts, credit card facilities and certain corporate revolving facilities typically include both a loan and an undrawn commitment component, and in these cases the contractual ability of the Branch to demand repayment and cancel the undrawn commitment does not limit the Branch's credit loss exposure to the facility's contractual term. These facilities do not have a fixed term or repayment structure and are managed on a collective basis. While the Branch can cancel these facilities with immediate effect, this contractual right is not enforced in normal day-to-day credit risk management process, but only when the Branch becomes aware of an increase in credit risk on the facility. Consequently, for such facilities, the Branch measures expected credit losses over a period longer than the maximum contractual term. This longer period is estimated taking into consideration credit risk management actions which the Branch expects to take to mitigate credit losses. These credit risk management actions include reducing limits and facility cancellation.

		a	b	c	d	e	f
		Gross carrying values of		Allowances/ Impairments	Of which ECL accounting provisions for credit losses		Net values (a+b-c)
		Defaulted exposures	Non-defaulted exposures		Allocated in regulatory category of Specific	Allocated in regulatory category of General	
1	Loans		368,769			11,630	357,139
2	Debt securities						-
3	Off-balance sheet exposures		4,987,808			21,559	4,987,808
4	**Total**	**-**	**5,356,577**	**-**	**-**	**33,189**	**5,344,947**

Standardized Approach – Credit Risk Exposures & CRM Impact (CR4)

The Branch has in place group standards, regulations of the U.A.E. Central Bank and policies and procedures dedicated to monitor and manage risk from such activities.

The financial assets of the Branch which are potentially subject to concentration of credit risk consist of Balances with CB UAE, due from banks, loans and advances to customers, intergroup receivables, and other receivables. Credit risk is managed by placing funds with banks with appropriate credit ratings.

The exposures are secured by Cash Collateral, External Bank Guarantee (SBLC) and Third-party Insurance Coverage. These collaterals are reported under different categories of Credit Risk Mitigation (CRM) which yields Net Exposure amounts.

		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amoun	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	898,032	-	898,032	-	-	
2	Non-central government public sector entities	271,784		271,784		271,784	14%
3	Multilateral development banks						
4	Banks	1,335,143	4,007,645	1,335,143	2,244,541	1,256,078	63%
5	Securities firms						
6	Corporates	96,261	980,161	96,261	490,080	473,151	24%
7	Regulatory retail portfolios						
8	Secured by residential property						
9	Secured by commercial real estate						
10	Equity						
11	Past-due loans						
12	Higher-risk categories						
13	Other assets	6,617		6,617		6,617	0%
14	**Total**	**2,607,836**	**4,987,806**	**2,607,836**	**2,734,621**	**2,007,630**	**100%**

Standardized Approach – Exposures by Asset Class & Risk Weights (CR5)

		a	b	c	d	e	f	g	h	i	j
	Risk weight* / Asset classes	0%	10%	20%	35%	50%	75%	100%	150%	Others	Total credit exposures amount (post CCF and post-CRM)
1	Sovereigns and their central banks	898,032									898,032
2	Non-central government public sector entities							271,784			271,784
3	Multilateral development banks										-
4	Banks	336,728		1,382,570		1,761,645		98,741			3,579,684
5	Securities firms										-
6	Corporates	348		38,934		163,388		383,671			586,341
7	Regulatory retail portfolios										-
8	Secured by residential property										-
9	Secured by commercial real estate										-
10	Equity										-
11	Past-due loans										-
12	Higher-risk categories										-
13	Other assets							6,617			6,617
14	**Total**	1,235,108	-	1,421,504	-	1,925,033	-	760,813	-	-	5,342,458

* Banks subject to the simplified standardised approach should indicate risk weights determined by the supervisory authority in the columns.

Market Risk

Most of our businesses are subject to market risk, defined as the potential for change in the market value of our trading and invested positions. Risk can arise from changes in interest rates, credit spreads, foreign exchange rates, equity prices, commodity prices and other relevant parameters, such as market volatility and market implied default probabilities.

One of the primary objectives of Market Risk Management, a part of our independent Risk function, is to ensure that our business units' risk exposure is within the approved appetite commensurate with its defined strategy. To achieve this objective, Market Risk Management works closely together with risk takers ("the business units") and other control and support groups.

We distinguish between three substantially different types of market risk:

- Trading market risk arises primarily through the market-making and client facilitation activities of the Corporate & Investment Bank Corporate Division. This involves taking positions in debt, equity, foreign exchange, other securities, and commodities as well as in equivalent derivatives.
- Traded default risk arising from defaults and rating migrations relating to trading instruments.
- Nontrading market risk arises from market movements, primarily outside the activities of our trading units, in our banking book and from off-balance sheet items. This includes interest rate risk, credit spread risk, investment risk and foreign exchange risk as well as market risk arising from our pension schemes, guaranteed funds, and equity compensation. Nontrading market risk also includes risk from the modelling of client deposits as well as savings and loan products.

Market risks assumed by DBAG Abu Dhabi are managed by the Market Risk Management (MRM) department as part of MRM's global risk management framework.

DBAG Abu Dhabi passes on most of its market risk to DB Group by entering risk transfer trades which mirror external market risk assumed.

An overview of the risk management responsibilities, processes and methods follows, with more detailed information in our Group risk report which can be found within the annual report at https://investor-relations.db.com/files/documents/annual-reports/2022/Annual_Report_2021.pdf?language_id=1.

Market Risk Responsibilities and Processes

Our primary mechanism to manage trading market risk is the application of our Risk Appetite framework of which the limit framework is a key component. Our Management Board, supported by Market Risk Management, sets group-wide value-at-risk, economic capital, and portfolio stress testing limits for market risk in the trading book. Market Risk Management allocates this overall appetite to our Corporate Divisions and individual business units within them based on established and agreed business plans. We also have business aligned heads within Market Risk Management who establish business limits, by allocating the limit down to individual portfolios, geographical regions, and types of market risks. The types of risks that are assumed by DBAG Abu Dhabi may include one or more of these market risks types.

Value-at-risk, economic capital and Portfolio Stress Testing limits are used for managing all types of market risk at an overall portfolio level. As an additional and important complementary tool for managing certain portfolios or risk types, Market Risk Management performs risk analysis and business specific stress testing. Limits are also set on sensitivity and concentration/liquidity, exposure, business-level stress testing and event risk scenarios, taking into consideration business plans and the risk vs return assessment.

Business units are responsible for adhering to the limits against which exposures are monitored and reported. The market risk limits set by Market Risk Management are monitored on a daily, weekly, and monthly basis, dependent on the risk management tool being used.

Management of Limits

DBAG Abu Dhabi is integrated into Deutsche Bank Group's global limit system, which is defined, monitored, and controlled by MRM. MRM supports the use of key risk management metrics to monitor the bank's market risks.

Market Risk Monitoring and Management

Market risk measures are calculated daily by Market Risk Operations (MRO) centrally and exposures monitored against the established limits, if applicable. Risk reports are sent daily to businesses as well as submitted to oversight functions daily.

Basel Approach Adopted to Measure Risk

The branch currently applies the standardized approach to portfolios that attract market risk.

Table MR1

		AED '000
		Capital charge in SA
1	General interest rate risk	
2	Equity risk	
3	Commodity risk	
4	Foreign exchange risk	502
5	Credit spread risk - non-securitisations	
6	Credit spread risk - securitisations (non-correlation trading portfolio)	
7	Credit spread risk - securitisation (correlation trading portfolio)	
8	Default risk - non-securitisations	
9	Default risk - securitisations (non-correlation trading portfolio)	
10	Default risk - securitisations (correlation trading portfolio)	
11	Residual risk add-on	
12	**Total**	

Group Disclosure

Deutsche Bank AG Abu Dhabi Branch is a branch of Deutsche Bank AG, incorporated in Federal Republic of Germany.

For additional information on Deutsche Bank AG and its Financial results and disclosures, please refer to following website: https://investor-relations.db.com/