

Deutsche Bank
Risk & Capital Management



Managing risk for our clients

#PositiveImpact

Deutsche Bank AG Johannesburg
Pillar 3 disclosure

For the year ended 31 December 2022

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Overview

The following information is compiled in terms of the requirements of the Banks Act 1990 (as amended) and Regulation 43(1)(e)(iv) and 43(2) of the Banking Regulations, whereby banks (including foreign branches) 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 year ended 31 December 2022, including comparative information (where applicable) for the year ended 31 December 2021.

Group disclosures

The Group employs a predominantly centralised approach to risk management. As such, DBJ'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. Where appropriate this document provides links to the Deutsche Bank AG reports for the year ended 31 December 2022 which can also be found directly at:

Management report - <https://investor-relations.db.com/files/documents/annual-reports/2023/Annual-Financial-Statements-of-Deutsche-Bank-AG-2022.pdf>

Risk report – <https://investor-relations.db.com/files/documents/annual-reports/2023/Annual-Report-2022.pdf>

Compensation report – <https://investor-relations.db.com/files/documents/annual-reports/2023/Human-Capital-Report-2022.pdf>

Pillar 3 report – <https://investor-relations.db.com/files/documents/regulatory-reporting/Pillar-3-Report-Q4-2022.pdf>

Deutsche Bank Group: Our organisation

Headquartered in Frankfurt am Main, Germany, Deutsche Bank is the largest bank in Germany and one of the largest financial institutions in the world, as measured by total assets of € 1,337 billion as of December 31, 2022. As of that date, the bank had 84,930 full-time equivalent internal employees and operated in 58 countries with 1,536 branches, of which 66% were located in Germany. The bank offers a wide variety of investment, financial and related products and services to private individuals, corporate entities and institutional clients around the world.

As of December 31, 2021, the bank was organised into the following segments:

- Corporate Bank (CB)
- Investment Bank (IB)
- Private Bank (PB)
- Asset Management (AM)
- Capital Release Unit (CRU)
- Corporate & Other (C&O)

We refer to CB, IB, PB, AM and C&O as the Core Bank.

Deutsche Bank: South Africa

History

Deutsche Bank has been represented in South Africa since 1979 and expanded its presence in 1995 through the acquisition of local stockbroker Ivor Jones, Roy & Co. Deutsche Bank AG then went on to establish a branch in Johannesburg in 1998 – Deutsche Bank AG Johannesburg Branch.

The South African branch offers a full range of competitive products and services focusing on Fixed Income & Repos, Foreign Exchange, Interest Rate Derivatives, and Loans & Deposits.

Branch Management

The members of the Branch management during the year and up to the date of this report are:

- S Pillay
- J Engel
- K Molefakgotla
- J Gibhard

Financial performance

In terms of the requirements of the Banks Act and Regulations relating to Banks, the financial results presented below have been prepared in accordance with Financial Reporting Standards issued from time to time, with additional disclosure when required. Whilst branches of foreign banks are not required to publish financial statements the information provided below is required in terms of their Pillar 3 disclosures.

Financial position/balance sheet¹

The balance sheet reflects what the branch owns, owes and the equity that is attributable to shareholders at 31 December 2022.

	December 2022 R'000	December 2021 R'000
Assets		
Cash and balances with central bank	347 803	229 614
Short-term negotiable securities	5 849 498	2 702 559
Loans and advances to customers	11 526 626	7 253 923
Investment and trading securities	537 919	2 190 523
Derivative financial instruments	3 370 980	3 597 540
Pledged assets	781 359	737 908
Property and equipment	43 656	50 901
Deferred income tax assets	–	–
Other assets	464 036	683 907
Total assets	22 921 877	17 446 875
Liabilities		
Deposits, current accounts and other creditors	16 321 453	10 767 476
Derivative financial instruments and other trading liabilities	4 416 924	4 452 529
Other liabilities	519 403	649 525
Total liabilities	21 257 780	15 869 530
Equity		
Total equity attributable to equity holders	1 664 097	1 577 342
Dotation capital	2 068 639	2 068 639
Retained earnings	(404 542)	(491 297)
Other reserves	–	–
Preference shareholders and minority shareholders equity	–	–
Total equity	1 664 097	1 577 342
Total equity and liabilities	22 921 877	17 446 872

Results of operations/income statement²

The income statement reflects the revenue generated by the branch as well as the costs incurred in generating that revenue for the year ended 31 December 2022.

	December 2022 R'000	December 2021 R'000
Net interest income	(9 755)	75 574
Non-interest revenue	361 703	24 361
Operating income	351 948	99 935
Operating expenses	251 671	278 439
(Loss)/Profit before income tax	100 277	(178 504)
Income tax expense/(income)	–	–
(Loss)/Profit for the year	100 277	(178 504)

¹ Source: 31 December BA 100 (unaudited)

² Source: 31 December BA 120 (unaudited)

Capital Structure

Capital adequacy

In terms of the requirements of the Banks Act and Regulations relating to Banks, the branch has complied with the minimum capital requirements for the period under review.

The branch's regulatory capital is split into two tiers:

- Tier 1 capital, which is comprised solely of Common Equity Tier 1 capital, which includes dotation capital, and appropriated retained earnings.
- Tier 2 capital, which includes a general allowance for credit impairment.

The minimum capital requirements are defined by three ratios:

- Common Equity Tier 1 capital as a percentage of risk weighted assets;
- Tier 1 capital as a percentage of risk weighted assets; and
- Total qualifying capital as a percentage of risk weighted assets.

	RWA R'000 December 2022	RWA R'000 December 2021	Minimum capital requirements ⁽¹⁾ R'000 December 2022
1 Credit risk (excluding counterparty credit risk) (CCR)	490 963	789 866	61 370
2 Of which standardised approach (SA)	490 963	789 866	61 370
3 Of which: internal ratings-based (IRB) approach	–	–	–
4 Counterparty credit risk	2 020 638	2 082 142	252 580
5 Of which standardised approach for counterparty credit risk (SA-CCR)	2 020 638	2 082 142	252 580
6 Of which internal model method (IMM)	–	–	–
7 Equity positions in banking book under market-based approach	–	–	–
8 Equity investments in funds – look-through approach	–	–	–
9 Equity investments in funds – mandate-based approach	–	–	–
10	–	–	–
11 Settlement risk	–	–	–
12 Securitisation exposures in banking book	–	–	–
13 Of which: securitisation internal ratings-based approach (SEC-IRBA)	–	–	–
14 Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	–	–	–
15 Of which: securitisation standardised approach (SEC-SA)	–	–	–
16 Market risk	349 200	274 300	43 650
17 Of which standardised approach (SA)	349 200	274 300	43 650
18 Of which internal model approaches (IMA)	–	–	–
19 Operational risk	346 547	145 268	43 318
20 Of which basic indicator approach	346 547	145 268	43 318
21 Of which standardised approach	–	–	–
22 Of which advanced measurement approach	–	–	–
23 Amounts below the thresholds for deduction (subject to 250% risk weight)	–	–	–
24 Floor adjustment	–	–	–
25 Other assets risk	46 586	73 940	5 823
Total (1+4+7+8+9+10+11+12+16+19+23+24+25)	3 253 934	3 365 516	406 742

⁽¹⁾ Minimum capital requirements – This value is 11.5%, consisting of a Pillar 1 requirement of 8.00%, Pillar 2A of 1%, and a phased in Capital Conservation Buffer of 2.5%.

Capital structure continued

Composition of Regulatory Capital

The branch is applying the BASEL III regulatory adjustments in full as implemented by the South African Reserve Bank (SARB).

	December 2022 R'000	December 2021 R'000
Tier 1		
Common Equity Tier 1 capital: instruments and reserves	2 068 639	2 068 639
Dotation capital	2 068 639	2 068 639
Retained earnings (appropriated)	–	–
Common Equity Tier 1 capital: regulatory adjustments	(448 526)	(491 297)
Deferred tax assets	–	–
Other regulatory adjustments: accumulated losses	(404 542)	(491 297)
Other Regulatory adjustments: Prudent Valuation Adjustments	(40 787)	–
Debit value adjustment: cumulative gains and losses due to changes in own credit risk on fair valued liabilities	(3 197)	–
Tier 1 capital (T1)	1 620 113	1 577 342
Tier 2		
ECL Provisions	8 652	4 053
Tier 2 capital (T2)	8 652	4 053
Total capital (TC = T1 + T2)	1 628 765	1 581 395
Total risk weighted assets	3 253 934	3 365 516
Capital ratios		
Common Equity Tier 1 (as a percentage of risk weighted assets)	49,79%	46,87%
Tier 1 (as a percentage of risk weighted assets)	49,79%	46,87%
Total capital (as a percentage of risk weighted assets)	50,06%	46,99%
	December 2022 R'000	December 2021 R'000
Reconciliation of accounting capital to regulatory capital		
Accounting capital – as reported per unaudited financial statements	2 068 639	2 068 639
Dotation capital	2 068 639	2 068 639
Retained earnings	–	–
Less: Unappropriated income	–	–
	2 068 639	2 068 639
<i>Add:</i> General allowance for credit impairments (ECL)	8 652	4 053
	2 077 291	2 072 692
<i>Less:</i> Regulatory adjustments and deductions	(448 526)	(491 297)
Total regulatory capital	1 628 765	1 581 395

Leverage position

Illustrated below is DBJ's Leverage position as measured by the Basel III Leverage ratio.

The Leverage ratio 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 destabilising deleveraging processes that can damage the broader financial system and the economy.

	December 2022 %	December 2021 %
Leverage ratio	6.70	8.50
Specified minimum ratio as per SARB	4.00	4.00

Risk Management overview

The diversity of our business model requires us to identify, assess, measure, aggregate and manage our risks, and to allocate our capital among our businesses. Our aim is to help reinforce our resilience by encouraging a holistic approach to the management of risk and return throughout our organization as well as the effective management of our risk, capital and reputational profile. We actively take risks in connection with our business and as such the following principles underpin our risk management framework:

- Risk is taken within a defined risk appetite;
- Every risk taken needs to be approved within the risk management framework;
- Risk taken needs to be adequately compensated; and
- Risk should be continuously monitored and managed.

We promote a strong risk culture where employees at all levels are responsible for the management and escalation of risks and are empowered and encouraged to act as risk managers. We expect employees to exhibit behaviour that support a strong risk culture in line with our Code of Business Conduct. To promote this, our policies require that risk-related behaviour is taken into account during our performance assessment and compensation processes. This expectation continues to be reinforced through communications campaigns and mandatory training courses for all DB employees. In addition, our Management Board members and senior management frequently communicate the importance of a strong risk culture to support a consistent tone from the top.

Overall Risk Assessment

Key risk types include credit risk (including default, migration, transaction, settlement, exposure, country, mitigation and concentration risks), market risk (including interest rate, foreign exchange, equity, credit spread, commodity and cross-asset & other risks), liquidity risk, business risk (including tax and strategic risk), cross risk, reputational risk and operational risk (with important sub-categories like compliance, legal, model, information security, fraud, and money laundering risks). We manage the identification, assessment and mitigation of top and emerging risks through an internal governance process and the use of risk management tools and processes. Our approach to identification and impact assessment aims to ensure that we mitigate the impact of these risks on our financial results, long term strategic goals and reputation.

Risk management framework

Deutsche Bank operates as an integrated Group through its business divisions and infrastructure functions. At DBJ branch level, risk and capital are managed via a framework of principles, organisational structures and measurement and monitoring processes that are closely aligned with the activities of the divisions and business units. This policy is structured along the following four building blocks of the Risk Management framework of DB Group, as illustrated below:

- Risk governance and strategy;
- Risk management by major risk category;
- Risk methods – analytics and modelling; and
- Risk infrastructure, policies and documentation.

Risk Management overview continued

Risk Governance and Strategy

(Refer to Group risk report for comprehensive assessment which can be found within the annual report at <https://investor-relations.db.com/files/documents/annual-reports/2023/Annual-Report-2022.pdf>)

From an internal governance perspective, we have several layers of management to provide cohesive risk governance:

- The South Africa ExCo, which has overall responsibility to exercise governance over the proper functioning of each business and infrastructure function.
- The Asset and Liability Committee of DBJ (ALCO), this committee's mandate is to manage capital, funding and liquidity risk of the region as outlined in the Regional/Local Asset & Liability Committee (ALCO) Policy.
- South Africa Risk Management Forum (SA RMF), the Forums mandate is to cover, govern and organise risk management in the country, and to oversee day-to-day risk management, including portfolio management. The forum serves as an escalation platform to discuss resolution of risk matters in addition to ensuring that both local and international regulatory risk requirements, as well as adherence to DB policies.
- The CRO function is responsible for the monitoring and governance of risk management relating to Deutsche Bank Johannesburg and all its associated legal entities. Risk areas of focus include credit, operational, market and further oversight over liquidity and capital management.

Risk Management by major risk category

(Refer to Group risk report for comprehensive assessment which can be found within the annual report at <https://investor-relations.db.com/files/documents/annual-reports/2023/Annual-Report-2022.pdf>)

- An overview of significant risks faced by DBJ, together with methods employed in respect of the management thereof, follow in this report under the headings of Credit, Operational, Market, Liquidity and Interest rate risk. The local Risk forum has overall responsibility for identifying and assessing all relevant risks.

Risk Methods - analytics and modelling

(Refer to Group risk report for comprehensive assessment which can be found within the annual report at <https://investor-relations.db.com/files/documents/annual-reports/2023/Annual-Report-2022.pdf>)

- Risk measurement methods are primarily developed and performed centrally by DB Group risk management functions in collaboration with DBJ's finance and risk management staff. Regular training is held and ongoing updates are provided by the Group to ensure full understanding of methodologies. The Group's methodologies are also adapted and extended if required to comply with specific local regulatory requirements (e.g. for specific stress testing purposes).

Risk infrastructure, policies and documentation

(Refer to Group risk report for comprehensive assessment which can be found within the annual report at <https://investor-relations.db.com/files/documents/annual-reports/2023/Annual-Report-2022.pdf>)

- Risk infrastructure is established at the Group level, and DBJ is supported by the Group's existing infrastructure and processes. Furthermore, DBJ has its own infrastructure, processes and policies in place that complement the Group's standards. In case of more stringent local requirements DBJ, supplements the Group standards and follows local regulatory requirements as defined in the Banks Act and Regulations upon agreement with DB Group.

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/2023/Annual-Report-2022.pdf> (refer to pages 77 to 109).

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 authorised 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 organised 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 DBJ.

Credit Risk is managed for DB Group globally on the basis of 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 DBJ are subject to the approval of DBJ’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 DBJ, 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 DBJ 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 DBJ. 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.

Credit risk mitigation techniques

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 (e.g. repo transactions).

Basel approaches adopted to measure risk

The branch currently applies the standardised approach for its credit portfolios.

Credit risk continued

Counterparty Credit risk

The branch currently applies the current exposure method for its portfolios subject to Counterparty credit risk.

The section below presents key measurement metrics of DBJ's credit position as at 31 December 2022, as required by the revised Pillar 3 disclosures.

Credit quality of assets

The table below provides a comprehensive picture of the credit quality of a bank's on- and off-balance sheet assets.

	Gross carrying values of:			Net values R'000
	Defaulted exposures R'000	Non-defaulted exposures R'000	Allowances/ impairments R'000	
1 Loans	–	7 513 146	5 633	7 507 513
2 Debt securities	–	7 171 795	3 019	7 249 005
3 Off-balance sheet exposures	–	273 411	–	273 411
4 Total	–	14 958 352	8 652	15 029 929

Changes in stock of defaulted loans and debt securities

The table below identifies the changes in a bank's stock of defaulted exposures, the flows between non-defaulted and defaulted exposure categories and reductions in the stock of defaulted exposures due to write-offs.

	December 2022
1 Defaulted loans and debt securities at end of the previous reporting period	–
2 Loans and debt securities that have defaulted since the last reporting period	–
3 Returned to non-defaulted status	–
4 Amounts written off	–
5 Other changes	–
6 Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	–

Credit risk continued

Credit risk mitigation techniques – overview

The table below discloses the extent of use of credit risk mitigation techniques.

	Exposures unsecured: carrying amount R'000	Exposures secured by collateral R'000	Exposures secured by collateral, of which: secured amount R'000	Exposures secured by financial guarantees R'000	Exposures secured by financial guarantees, of which: secured amount R'000	Exposures secured by credit derivatives R'000	Exposures secured by credit derivatives, of which: secured amount R'000
1 Loans	8 465 577	–	–	3 212 876	3 212 876	–	–
2 Debt securities	7 168 776	–	–	–	–	–	–
3 Total	15 634 353	–	–	3 212 876	3 212 876	–	–
4 Of which defaulted	–	–	–	–	–	–	–

Standardised approach – credit risk exposure and credit risk mitigation (CRM) effects

The table below illustrates the effect of CRM (comprehensive and simple approach) on standardised approach capital requirements' calculations. RWA density provides a synthetic metric on riskiness of each portfolio.

	Exposures before CCF and CRM		Exposures post CCF and CRM		RWA and RWA density	
	On-balance sheet amount R'000	Off-balance sheet amount R'000	On-balance sheet amount R'000	Off-balance sheet amount R'000	RWA R'000	RWA density %
Asset classes						
Sovereigns and their central banks	7 252 024	–	7 252 024	–	–	–
Non-central government public sector entities	3 037 939	–	1 516 085	–	–	–
Multilateral development banks	–	–	–	–	–	–
Banks	5 050 730	–	6 572 584	–	60 598	1
Securities firms	–	–	–	–	–	–
Corporates	634 346	1 012 884	634 346	136 706	430 365	56
Regulatory retail portfolios	–	–	–	–	–	–
Secured by residential property	–	–	–	–	–	–
Secured by commercial real estate	–	–	–	–	–	–
Equity	–	–	–	–	–	–
Past-due loans	–	–	–	–	–	–
Higher-risk categories	–	–	–	–	–	–
Other assets	–	–	–	–	–	–
Total	15 975 039	1 012 884	15 975 039	136 706	490 964	3

Credit risk continued

Standardised approach – exposures by asset classes and risk weights

The table below presents the breakdown of credit risk exposures under the standardised approach by asset class and risk weight (corresponding to the riskiness attributed to the exposure according to standardised approach).

Asset class/risk weight	0% R'000	10% R'000	20% R'000	35% R'000	50% R'000	75% R'000	100% R'000	150% R'000	Others R'000	Total credit exposures amount (post CCF and post-CRM) R'000
Sovereigns and their central banks	7 252 024	-	-	-	-	-	-	-	-	7 252 024
Non-central government public sector entities (PSEs)	1 516 085	-	-	-	-	-	-	-	-	1 516 085
Multilateral development banks (MDBs)	-	-	-	-	-	-	-	-	-	-
Banks	6 269 593	-	302 990	-	-	-	-	-	-	6 572 584
Securities firms	-	-	-	-	-	-	-	-	-	-
Corporates	340 686	-	-	-	-	-	430 365	-	-	771 052
Regulatory retail portfolios	-	-	-	-	-	-	-	-	-	-
Secured by residential property	-	-	-	-	-	-	-	-	-	-
Secured by commercial real estate	-	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	-	-
Past-due loans	-	-	-	-	-	-	-	-	-	-
Higher-risk categories	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	-	-	-	-	-	-	-
Total	15 378 388	-	302 990	-	-	-	430 365	-	-	16 111 744

Analysis of counterparty credit risk (CCR) exposure by approach

	Replacement cost R'000	Potential future exposure R'000	EEPE R'000	Alpha used for computing regulatory EAD R'000	EAD post-CRM R'000	RWA R'000
1 SA-CCR (for derivatives)	1 402 731	1 048 070		1.4	3 431 121	621 988
2 Internal model method (for derivatives and SFTs)			-	-	-	-
3 Simple approach for credit risk mitigation (for SFTs)					-	-
4 Comprehensive approach for credit risk mitigation (for SFTs)					235 701	61 801
5 VaR for SFTs					-	-
6 Total						683 789

Counterparty credit risk

Credit valuation adjustment (CVA) capital charge

The table provides the CVA regulatory calculations (with a breakdown by standardised and advanced approaches).

	EAD post-CRM R'000	RWA R'000
Total portfolios subject to the advanced CVA capital charge		
1 (i) VaR component (including the 3×multiplier)		–
2 (ii) Stressed VaR component (including the 3×multiplier)		–
3 All portfolios subject to the standardised CVA capital charge	698 117	1 336 849
4 Total subject to the CVA capital charge	698 117	1 336 849

Standardised approach – CCR exposures by regulatory portfolio and risk weights

The table provides a breakdown of counterparty credit risk exposures calculated according to the standardised approach: by portfolio (type of counterparties) and by risk weight (riskiness attributed according to standardised approach).

Regulatory portfolio	0% R'000	10% R'000	20% R'000	50% R'000	75% R'000	100% R'000	150% R'000	Others R'000	Total credit exposure R'000
Sovereigns	5 400	–	–	–	–	–	–	–	5 400
Non-central government public sector entities (PSEs)	–	–	244 912	–	–	–	–	–	244 912
Multilateral development banks (MDBs)	–	–	–	–	–	–	–	–	–
Banks	2 607 039	–	218 330	–	–	152 945	–	–	2 978 314
Securities firms	–	–	–	–	–	–	–	–	–
Corporates	–	–	–	–	–	438 196	–	–	438 196
Regulatory retail portfolios	–	–	–	–	–	–	–	–	–
Other assets	–	–	–	–	–	–	–	–	–
Total	2 612 439	–	463 242	–	–	591 141	–	–	3 666 822

Composition of collateral for CCR exposure

The table provides a breakdown of all types of collateral posted or received by banks to support or reduce the counterparty credit risk exposures related to derivative transactions or to SFTs, including transactions cleared through a CCP.

	Collateral used in derivative transactions				Collateral used in SFTs	
	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received R'000	Fair value of posted collateral R'000
	Segregated R'000	Unsegregated R'000	Segregated R'000	Unsegregated R'000		
Cash – domestic currency	–	320 870	–	–	–	–
Cash – other currencies	–	–	–	–	–	–
Domestic sovereign debt	1 064 226	–	–	–	3 846 858	1 003 002
Other sovereign debt	–	–	–	–	–	–
Government agency debt	–	–	–	–	–	–
Corporate bonds	–	–	–	–	–	–
Equity securities	–	–	–	–	–	–
Other collateral	–	–	–	–	–	–
Total	1 064 226	320 870	–	–	3 846 858	1 003 002

Liquidity risk

Liquidity risk is the risk arising from our potential inability to meet all payment obligations when they come due or only being able to meet these obligations at excessive costs. Management of liquidity risk at DBJ is fully integrated into the Group's Liquidity Risk Management framework. The objective of the Group's liquidity Risk Management framework is to ensure that the Group can fulfill its payment obligations at all times and can manage liquidity and funding risks within its risk appetite. The framework considers relevant and significant drivers of liquidity risk, whether on-balance sheet or off-balance sheet. DBJ manages liquidity risk in line with the overall Group's Liquidity Risk Management framework and according to policies and guidelines set locally by Treasury. The Internal Liquidity Adequacy Assessment Policy (ILAAP) provides comprehensive documentation of the Bank's Liquidity Risk Management framework, including: identifying the key liquidity and funding risk to which the Group is exposed; describing how these risk are identified, monitored and measured and describing the techniques and resources used to manage and mitigate these risks.

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/2023/Annual-Report-2022.pdf>

Monitoring and management of liquidity risk limits

Several tools/ metrics are used to measure and manage short- and long-term liquidity risk at DBJ level including but not limited to Stressed Net Liquidity Position (SNLP), Intra-group funding lines and utilisation, Funding Matrix, Regulatory Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR).

Key liquidity ratios and figures are monitored in the ALCO and Risk forum report on a regular basis and form the basis of Liquidity reports.

Liquidity risk mitigation

Treasury may decide to temporarily reduce limits in the event of contingency situations to reduce (potential) liquidity risk. Additional local contingency measures form part of a local contingency plan including a stress funding line available to the branch from the Group's Liquid Asset Pool. The bank does not consider additional capital as an appropriate mitigant for liquidity risk.

Liquidity risk continued

Liquidity coverage ratio (LCR)

Illustrated below is DBJ's short-term liquidity position as measured by the LCR.

	Total unweighted value 31 December 2022 R'000	Total weighted value 31 December 2022 R'000
Deutsche Bank AG – Johannesburg branch		
High-quality liquid assets		
1 Total high-quality liquid assets (HQLA)	9 493 084	9 493 084
Cash outflows		
2 Retail deposits and deposits from small business customers, of which:	–	–
3 Stable deposits	–	–
4 Less-stable deposits	–	–
5 Unsecured wholesale funding, of which:	15 287 542	7 743 639
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	–	–
7 Non-operational deposits (all counterparties)	15 287 542	7 743 639
8 Unsecured debt	–	–
9 Secured wholesale funding	1 013 070	–
10 Additional requirements, of which:	–	–
11 Outflows related to derivative exposures and other collateral requirements	–	–
12 Outflows related to loss of funding on debt products	–	–
13 Credit and liquidity facilities	1 013 070	64 315
14 Other contractual funding obligations	–	–
15 Other contingent funding obligations	–	–
16 Total cash outflows	17 313 496	7 807 954
Cash inflows		
17 Secured lending (e.g. reverse repos)	4 019 113	–
18 Inflows from fully performing exposures	4 449 293	4 291 821
19 Other cash inflows	27 788	5 506
20 Total cash inflows	8 496 194	4 297 327
21 Total HQLA		9 493 084
21 Total net cash outflows		3 510 627
23 Liquidity coverage ratio (%)		270%

	Quarter ending December 2022
LCR for the period 1 October 2022 to 31 December 2022	
1 Total high-quality liquid assets (HQLA)	9 704 678
2 Total net cash outflows	3 650 412
3 Liquidity coverage ratio (%)	369%

	December 2022
NSFR Ratio	
4 Available Stable Funding (ASF)	9 108 019
5 Required Stable Funding (RSF)	3 992 630
6 Net Stable Funding Ratio	228%

Operational risk

Operational Risk (OR) means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk. Operational Risk excludes business and reputational Risk. It forms a subset of the Bank's non-financial Risks, as does reputational risk.

The governance of operational risks follows the Three Lines of Defence ("3LoD") approach, to protect the Bank, its customers and shareholders against risk losses and resulting reputational damages. It seeks to ensure that all our operational risks are identified and covered, that accountabilities regarding the management of operational risks are clearly assigned and risks are taken on and managed in the best and long term interest of the Bank. The 3LoD approach and its underlying principles, i.e., the full accountability of the First Line of defence ("1st LoD") to manage its own risks and the existence of an independent Second Line of Defence ("2nd LoD") to oversee and challenge risk taking and risk management, applies to all levels of the organization including the Group-level, regions, countries, and legal entities.

DBJ manages operational risk based on a Group-wide consistent framework which enables DB Group to determine the Operational risk profile in comparison to the risk tolerance, to systematically identify Operational risk themes and to define appropriate risk mitigation measures and priorities.

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/2023/Annual-Report-2022.pdf> (pages 117 to 122).

Operational risk responsibilities and processes

Group Operational Risk Management (Group ORM) is a portfolio risk management function for operational risk and is responsible for developing and maintaining the Group ORMF, defining the roles and responsibilities for the OR Management Process to identify, assess, mitigate, monitor, report and escalate operational risks. Group ORM is mandated to define an effective risk management framework and outline the components, processes and responsibilities for a consistent management across all Deutsche Bank Divisions / Infrastructure Functions / Legal Entities for all operational risk types.

The bank has established the ORMF to manage its operational risks. Building on the ORMF, risk type controllers establish risk type specific frameworks for the OR type they control. The ORMF applies to the management of operational risks on all levels of the NFRTT, regardless of the specific OR type. Building on the ORMF, the Risk Type Controllers for operational (sub) Risk Types, OR-RTCs, establish Risk Type specific frameworks for the operational Risk Type they control.

The ORMF is designed to support three key objectives:

- Proactive identification and mitigation of operational risks where they originate
- Acceptance and understanding of risk ownership by the 1st LoD and strong challenge, engagement and facilitation by the 2nd LoD control functions
- Standardisation and aggregation to allow reporting of the OR profile on bank / unit / risk type levels and the quantification of OR (OR capital calculation).

It comprises of several interconnected components, following the cycle of risk identification, assessment, mitigation, and monitoring.

DBJ is covered within the existing Group ORM Framework. This framework governs issues such as reporting, recording and escalation of OR events and losses. At local level all business units in addition to Risk are responsible for adequate monitoring and reporting to Group ORM.

Operational risk monitoring and management

To enable pro-active management of operational risks, the bank constantly monitors its business and control environment, and the risk level for each operational risk type against the defined operational risk appetite. Early warning signals ensure that trends in the development of the risk profiles are identified before they materialise, including the major known but also emerging risks.

The bank reports regularly (ongoing risk reporting) as well as on an ad-hoc basis (escalations) on its units' / Risk Type / Group Operational Risk Profile, including particular focus on non-financial top risks. Reporting on the Operational Risk Profile takes into account all ORMF components and follows Global reporting standards.

Operational risk continued

Operational risk mitigation techniques

The bank mitigates the assessed risks to a level where the residual risk fits into the defined risk appetite. Issues are identified, mitigating actions clearly tracked and are sufficient to reduce the residual risk to within risk appetite.

Where within appetite, further mitigation can be deferred following a defined risk acceptance process, including the (opt-in) review and challenge by the primary risk control functions who have a veto authority.

As part of DB Group's operational risk mitigation, risk transfer comprehends the use of all kind of insurance lines available in any market worldwide but is limited to the mitigation of insurable risk only. These policies cover a variety of risks including professional indemnity, errors and omissions liability, directors & officers liability and credit risks. The insurance covers DB AG and all majority owned subsidiaries.

Basel approaches adopted to measure risk

The branch currently applies the basic indicator approach for operational risk.

	December 2022 R'000	December 2021 R'000
Risk weighted assets		
Operational risk	346 547	145 268

Market risk

The vast majority 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 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 DBJ are managed by the Market Risk Management (MRM) department as part of MRM's global risk management framework.

DBJ passes on the majority of its market risk to DB Group by entering into 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/2023/Annual-Report-2022.pdf> pages 110 to 117.

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 DBJ may include one or more of these market risk 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.

Market risk continued

Management of limits

DBJ 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 on a daily basis 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 on a daily basis.

Basel approaches adopted to measure risk

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

Market risk under standardised approach

The table below presents the components of the capital requirement under the standardised approach for market risk.

Market risk: Risk weighted assets

	December 2022 R'000	December 2021 R'000
Risk weighted assets		
Outright products		
1 Interest rate risk (general and specific)	323 502	214 588
2 Equity risk (general and specific)	–	–
3 Foreign exchange risk	25 698	59 717
4 Commodity risk	–	–
Options		
5 Simplified approach	–	–
6 Delta-plus method	–	–
7 Scenario approach	–	–
8 Securitisation	–	–
9 Total	349 200	274 305

Interest rate risk in the banking book

Interest rate risk in the banking book (IRRBB) is the current or prospective risk, to both the Bank's capital and earnings, arising from movements in interest rates, which affect the Bank's banking book exposures. This includes gap risk, which arises from the term structure of banking book instruments, basis risk, which describes the impact of relative changes in interest rates for financial instruments that are priced using different interest rate curves, as well as option risk, which arises from option derivative positions or from optional elements embedded in financial instruments.

The Bank manages its IRRBB exposure using economic value as well as earnings based measures. Our Group Treasury division is mandated to manage the interest rate risk centrally on a fiduciary basis, with Market Risk Management acting as an independent oversight function.

In DBJ the majority of the interest rate risk arising from non-trading asset and liability positions has been transferred through internal transactions to Treasury Pool Management, subject to banking book value-at-risk limits. Treasury Pool Management hedges the transferred net banking book risk with Deutsche Bank's trading books within the CIB division. The treatment of interest rate risk in our trading portfolios and the application of the value-at-risk model is discussed in detail in "Market Risk section" of the Group risk report. The market risk var limits set by Market Risk Management are monitored on a daily, weekly and monthly basis. The measurement and reporting of interest rate risk in the banking book is reported on a monthly basis to the local regulator.

The equity sensitivity analysis below shows how the value of DBJ's equity would be impacted by a 200 basis point increase or decrease in interest rates.

	December 2022 R'000	December 2021 R'000
Economic value of equity sensitivity		
200 basis points parallel shift		
Increase	(16 303)	(17 673)
Decrease	16 303	17 673

The maximum negative change of present values of the banking book positions when applying the regulatory required parallel yield curve shifts of -200 and +200 basis points was 1.0% of our total regulatory capital at December 31, 2022. Consequently, outright interest rate risk in the banking book is considered immaterial for the branch.

Equity risk in the banking book

DBJ is not exposed to equity position risk.

Other risks

Other risk includes business (strategic) risk, model risk, and reputational risk. For detailed disclosures on these risks please refer to the 2020 Group Risk Report which can be found within the annual report at <https://investor-relations.db.com/files/documents/annual-reports/2023/Annual-Report-2022.pdf>

Remuneration

Compensation Strategy

Deutsche Bank recognizes that its compensation system plays a vital role in supporting its strategic objectives. It enables us to attract and retain the individuals required to achieve our bank's objectives. The Group Compensation Strategy is aligned to Deutsche Bank's strategic objectives and to its corporate values and beliefs. The Group Compensation Policy informs our employees about the implementation of the Compensation Strategy, governance processes as well as compensation structures and practices. All relevant documents are available to employees via our intranet site.

Total Compensation Framework

The compensation framework, generally applicable globally across all regions and business lines, emphasizes an appropriate balance between Fixed Pay (FP) and Variable Compensation (VC) – together forming Total Compensation (TC). It aligns incentives for sustainable performance at all levels of Deutsche Bank whilst ensuring the transparency of compensation decisions and their impact on shareholders and employees. The underlying principles of the compensation framework are applied to all employees equally, irrespective of differences in seniority, tenure, gender or ethnicity.

Pursuant to CRD and the requirements subsequently adopted in the German Banking Act, Deutsche Bank is subject to a maximum ratio of 1:1 with regard to fixed-to-variable remuneration components, which was increased to 1:2 with shareholder approval on May 22, 2014 with an approval rate of 95.27%, based on valid votes by 27.68% of the share capital represented at the Annual General Meeting. Nonetheless, the bank has determined that employees in specific infrastructure functions (such as Legal, Group Tax and Human Resources) should continue to be subject to a maximum ratio of 1:1 while Control Functions as defined by InstVV are subject to a maximum ratio of 2:1. These Control Functions comprise Risk, Compliance, Anti-Financial Crime, Group Audit and the Compensation Officer and his Deputy.

The bank has assigned a Reference Total Compensation (RTC) to eligible employees that describes a reference value for their role. This value provides employees with orientation on their FP and VC. Actual individual TC can be at, above or below the Reference Total Compensation, depending on VC decisions. Fixed Pay is used to compensate employees for their skills, experience and competencies, commensurate with the requirements, size and scope of their role. The appropriate level of FP is determined with reference to the prevailing market rates for each role, internal comparisons and applicable regulatory requirements.

FP plays a key role in order to attract and retain the right talent. For the majority of employees, FP is the primary compensation component. Variable Compensation reflects affordability and performance at Group, divisional, and individual level. It allows the bank to differentiate individual performance and to drive behavior through appropriate incentives that can positively influence culture. It also allows for flexibility in the cost base. VC generally consists of two elements – the Group VC Component and the Individual VC Component.

The Group VC Component is based on one of the overarching goals of the compensation framework – to ensure an explicit link between VC and the performance of the Group. To assess the bank's annual achievements in reaching its strategic targets, the four Key Performance Indicators (KPIs) utilized as the basis for determining the 2022 Group VC Component were: Common Equity Tier 1 (CET 1) Capital Ratio, Cost/Income Ratio (CIR), Post-Tax Return on Tangible Equity (RoTE) and ESG – Sustainable Finance Volume. These four KPIs represent the bank's capital, cost, profitability and sustainability targets.

The Individual VC Component is delivered either in the form of Individual VC or as Recognition Award. An employee's eligibility to receive either of these VC elements depends on division, region, profession, and Corporate Title. In case of negative performance contributions or misconduct, an employee's VC can be reduced accordingly and can go down to zero. VC is granted and paid out subject to Group affordability. Under the compensation framework, there continues to be no guarantee of VC in an existing employment relationship. Such arrangements are utilized only on a very limited basis for new hires in the first year of employment and are subject to the bank's standard deferral requirements. Individual VC takes into consideration a number of financial and nonfinancial factors, including the applicable divisional performance, the employee's individual performance, conduct, and adherence to values and beliefs, as well as additional factors such as the bank's strategic decisions and retention considerations.

Recognition Awards provide the opportunity to acknowledge and reward outstanding contributions made by the employees of lower seniority levels in a timely and transparent manner. Generally, the overall size of the Recognition Award budget is directly linked to a set percentage of FP for the eligible population and it can be paid out up to four times a year, following a review of nominations and contributions in a process managed at the divisional level. In the context of InstVV, severance payments are considered variable compensation. The bank's severance framework ensures full alignment with the respective InstVV requirements.

Remuneration continued

Employee benefits complement Total Compensation and are considered FP from a regulatory perspective, as they have no direct link to performance or discretion. They are granted in accordance with applicable local market practices and requirements. Pension expenses represent the main element of the bank's benefits portfolio globally.

DBJ is subject to the Group's compensation framework, as outlined above, further details can be found at <https://investor-relations.db.com/files/documents/annual-reports/2023/Annual-Report-2022.pdf> (page 425)

Illustrated below is salient information with respect to Branch Management remuneration as of 31 December 2022.

The table below sets out the key components of the remuneration expense borne by DBJ in respect of the year ended 31 December 2022:

	Fixed compensation R'000	Variable cash bonus expense R'000	Deferred bonus expense R'000	Total expense R'000
Branch management	17 582	4 665	7 769	30 016

The table below sets out a reconciliation of the deferred compensation, split between cash-based and equity-linked, awarded to Branch Management:

	Deferred compensation (1 Jan 2022)		Awarded 2022		Paid 2022		Valuation/ management changes		Deferred compensation (31 Dec 2022)	
	Cash R'000	Equity- linked R'000	Cash R'000	Equity- linked R'000	Cash R'000	Equity- linked R'000	Cash R'000	Equity- linked R'000	Cash R'000	Equity- linked R'000
Branch management	14 550	16 227	3 500	3 487	(5 683)	(4 002)	(12 367)	(15 711)	-	-

Glossary of risk terms and definitions

Term	Definition
Asset liability management	<p>Asset liability management is the on-going process of formulating, implementing, monitoring, and revising strategies related to banking book assets and liabilities in an attempt to:</p> <ul style="list-style-type: none"> • maximise the interest margin and • manage the risk to earnings and capital from changes in financial market rates, which result from the branch's mix of assets and liabilities. <p>ALM encompasses the management of liquidity risk, interest rate risk and exchange rate risk in the banking book through the use of both on-and off-balance sheet instruments and strategies."</p>
Banking Book	Bank assets, liabilities and off-balance sheet items that are not in the trading book.
Corporate Governance	<p>Corporate governance encompasses the structures, systems, processes, procedures, and controls within an organisation, at both board of directors level and within the management structure, that are designed to ensure the branch achieves its business objectives effectively, efficiently, ethically and within prudent risk management parameters.</p> <p>Good governance requires that an effective risk management process exists that can ensure that the risks to which the branch is exposed are addressed effectively.</p>
Currency	Referred to as foreign exchange.
Hedge	<p>A risk management technique used to reduce the possibility of loss resulting from adverse movements in commodity prices, equity prices, interest rates or exchange rates arising from normal banking operations. Most often, the hedge involves the use of a financial instrument or derivative such as a forward, futures, option or swap. Hedging may prove to be ineffective in reducing the possibility of loss as a result of, inter alia, breakdowns in observed correlations between instruments, or markets or currencies and other market rates.</p>
Hedging	Action taken by the branch to reduce or eliminate the possibility of loss resulting from adverse movements in commodity prices, equity prices, interest rates or exchange rates.
Interest rate risk in the banking book (sub risk of market risk in the banking book)	<p>Interest rate risk in the banking book is the risk that the branch's earnings or economic value will decline as a result of changes in interest rates. The sources of interest rate risk in the banking book are:</p> <ul style="list-style-type: none"> • Repricing risk (mismatch risk): timing differences in the maturity (for fixed-rate) and repricing (for floating-rate) of bank assets, liabilities, and off balance sheet positions; • Basis risk: imperfect correlation in the adjustment of the rates earned and paid on different instruments with otherwise similar repricing characteristics; • Yield curve risk: changes in the shape and slope of the yield curve; • Embedded options risk: the risk pertaining to interest-related options embedded in bank products.
Regulatory Capital	The total of Tier 1 and Tier 2 capital.
Risk	Risk is anything which may prevent the bank from achieving its objectives or otherwise have an adverse impact on the bank.
Risk appetite	The quantum of risk the branch is willing to accept in pursuit of its business strategy. Risk appetite is expressed quantitatively as risk measures such as economic capital and risk limits, and qualitatively in terms of policies and controls.
Risk-weighted Assets	Risk-weighted Assets are determined by applying risk weights to balance sheet assets and off-balance sheet financial instruments according to the relative credit risk of the counterparty. The risk weighting for each balance sheet asset and off-balance sheet financial instrument is regulated by the South African Banks Act, 94 of 1990.
Trading book	<p>Positions in financial instruments and commodities, including derivative products and other off-balance sheet instruments that are held with trading intent or to hedge other elements of the trading book. This will include financial instruments and commodities that:</p> <ul style="list-style-type: none"> • are held for short-term resale; or • are held with the intention of benefiting from short-term price variations; or • arise from broking and market making; or • are held to hedge other elements of the trading book.
Value-at-Risk (VAR)	<p>Formally, the probabilistic bound of losses over a given period of time (the holding period) expressed in terms of a specified degree of confidence (the confidence interval). Put more simply, VaR is the worst-case loss expected over the holding period within the probability set out by the confidence interval. Larger losses are possible but with a lower probability.</p> <p>For example: if a portfolio has a VaR of R10million over a one-day holding period with a 95% confidence interval, the portfolio would have a 5% chance of suffering a one-day loss greater than R10 million.</p>

Acronyms and abbreviations

A

ALCO – Asset & Liability Management Committee

B

BA – South African Banks Act 1990 (as amended)

BIA – Basic Indicator Approach

C

CaR – Capital and Risk Committee

CCP – Central Clearing Counterparty

CET1 – Common Equity Tier 1

CIB – Corporate & Investment Banking

CEM – Current Exposure Method

CPSG – Credit Portfolio Strategies Group

CSA – Credit Support Annexes

CRM – Credit Risk Management

CRO – Chief Risk Officer

D

DB – Deutsche Bank

DBJ – Deutsche Bank Johannesburg Branch

DAM – Deutsche Asset Management

E

EXCO – Executive Committee

F

FX – Foreign Exchange

G

GTB – Global Transaction Banking

GM – Global Markets

H

HQLA – High Quality Liquid Assets

I

IT – Information Technology

ILAAP – Internal Liquidity Adequacy Assessment Policy

ISDA – International Swaps and Derivatives Association

L

LCR – Liquidity Coverage Ratio

M

MCO – Maximum Cash Outflow

MR – Market Risk

MRC – Minimum Required Capital

MRM – Market Risk Management

MRSA – Market Risk Standardised Approach

MRO – Market Risk Operations

N

NCOU – Non-Core Operations Unit

NPA – New Product Approval

NSFR – Net Stable Funding Ratio

NTMR – Non-traded Market Risk

O

OR – Operational Risk

OTC – Over The Counter

ORM – Operational Risk Management

R

RWA – Risk Weighted Assets

S

SA – Standardised Approach

SFT – Securities Financing Transactions

T

T1 – Tier 1 capital

T2 – Tier 2 capital

TC – Total Capital

TDR – Traded default risk

TLAC – Total Loss Absorbing Capacity

V

VaR – Value-at-risk

