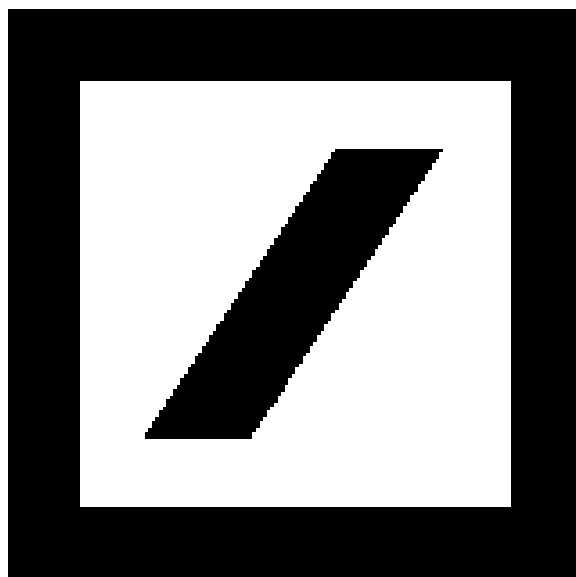


# **Consolidated Financial Statements**

**31 DECEMBER 2022**

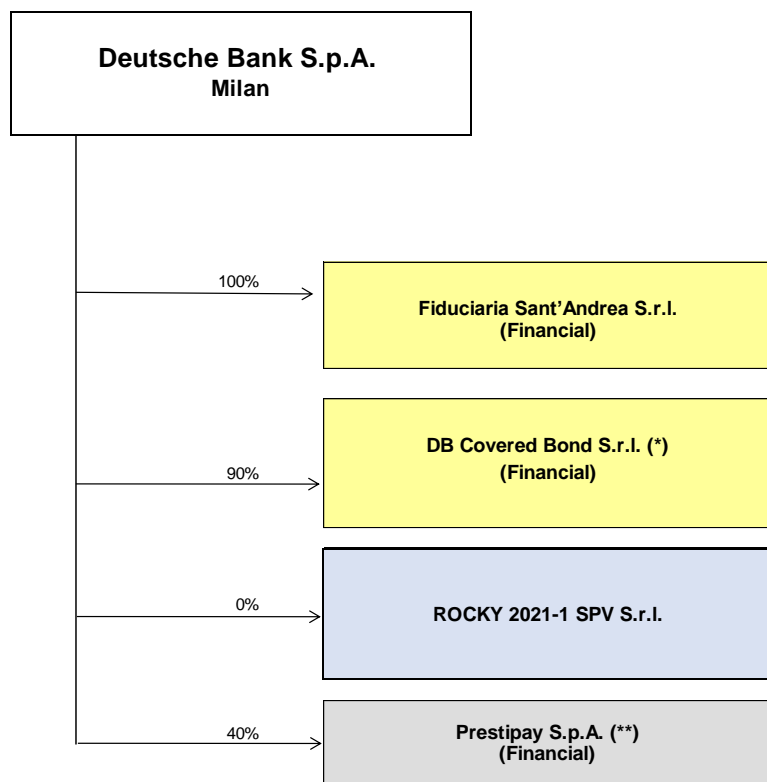



**DEUTSCHE BANK**  
Joint-Stock Company


# **Deutsche Bank S.p.A. Reports and Consolidated Financial Statements 2022**

# Structure of Deutsche Bank Group

Composition of  
**DEUTSCHE BANK S.P.A. Banking Group (at 31 December 2022)**



 = Companies belonging to the Banking Group which are consolidated using the line-by-line method.

 = Company consolidated using the line-by-line method, control as per IFRS 10.

 = Company consolidated using the equity method.

(\*) = The other 10% is held by SVM Securitisation Vehicles Management S.r.l.

(\*\*) = Company established on 5 October 2018 for the development, design and preparation of Financial Products by the Company, to be proposed to the customers of the Cassa Centrale Banca Group, the Adhering Banks and the Customer Banks as well as other customers who may be acquired through online distribution channels. The remaining 60% is held by Cassa Centrale Banca Holding which carries out control activities.

# Management Board's Report on the Consolidated Financial Statements

## The Group's financial position and performance

The report on the Separate Financial Statements of the parent company, Deutsche Bank S.p.A., comments on the Bank's strategies and performance in 2022, making reference to the subsidiaries where necessary. This report on the Consolidated Financial Statements analyses Deutsche Bank Group's performance and provides information on the management of the individual subsidiaries that comprise the Group. The 2022 Management Board's Report supplements the information provided in the Financial Statements schedules and the notes thereto which, as in previous years, are prepared in accordance with IAS/IFRS.

There were no changes in the Group's scope of consolidation in 2022.

Although it does not hold any stake in the Rocky company, the Bank has verified that the requirements for establishing control as set out in IFRS 10 are met.

As described in detail in section A of the Notes to the Consolidated Financial Statements, regarding the accounting policies, from 1 January 2014 the preparation of the Consolidated Financial Statements is governed by IFRS 10 which replaced the previous standards IAS 27 and SIC 12: the application of the new standard did not result in changes to the consolidation scope at 1 January 2014, in particular the structured company DB Covered Bond S.r.l., which had previously been consolidated pursuant to interpretation SIC 12, continued to be considered a subsidiary according to the new control model pursuant to IFRS 10.

The following tables summarise the Group's main Statement of Financial Position and Income Statement data and indicators for the year 2022 compared to the values for the previous year.

### Income Statement

(€ mln)	Financial Year		Change
	2022	2021	
Net interest income	545.4	477.9	14.1%
Net commissions and other net financial revenues	342.6	468.3	-26.8%
Total income	888.0	946.2	-6.2%
Net value adjustments on cash loans and for commitments and guarantees issued	(122.0)	(120.0)	1.7%
Operating costs	(738.2)	(801.4)	-7.9%
ordinary personnel expenses	(301.5)	(311.5)	
other ordinary operating costs	(339.7)	(348.9)	
intercompany costs of the DB AG Group	(97.0)	(81.0)	
other non-recurring economic components	-	(60.0)	
Gross profit (loss) from current operations	27.8	24.8	12.1%
Net Profit (loss) from discontinued operations	283.0	(0.2)	n.s.
Net Profit (loss) attributable to the Group	259.6	36.3	615.2%
Net gain (loss) per share (€)	1.70	0.24	608.3%

The operating costs indicated above were determined by adding to item 240 of the income statement, "Operating costs", also items 140, 250 and 280, respectively "Profits (losses) from contractual amendments without cancellations", "Profit (Losses) from equity investments" and "Profits (Losses) from the sale of investments". In addition, the results of disposal groups held for sale were included and item 200.a) was excluded.

## Statement of Financial Position

(€ mln)	Balance at		Change
	31/12/2022	31/12/2021	
Total assets	30,198.6	30,512.9	-1.0%
Loans and receivables with customers	21,115.8	20,326.4	3.9%
Net interbank position	(3,786.8)	(1,877.8)	101.7%
Direct funding	15,751.4	17,290.3	-8.9%
Indirect customer deposits (administered and managed)	26,389.4	42,958.9	-38.6%
Equity attributable to the Group	2,332.4	2,102.3	10.9%

## Performance indicators

	Data at		Change
	31/12/2022	31/12/2021	
ROE - return on net equity	11.71%	1.82%	9.89%
ROTE - return on tangible net equity	11.90%	1.86%	10.04%
ROA - return on assets	0.86%	0.13%	0.73%
Cost / Income ratio	83.48%	85.26%	-1.77%

## Solvency ratios

	Data at		Change
	31/12/2022 (*)	31/12/2021 (*)	
Regulatory capital/risk weighted assets (CET1 Capital Ratio)	9.25%	9.80%	-0.55%
Tier 1 capital/risk weighted assets	9.95%	10.55%	-0.59%
Total equity/risk weighted assets	12.47%	12.55%	-0.08%

(\*) = in 2019, the parent company, Deutsche Bank S.p.A., obtained an exemption from supervisory reporting on a consolidated basis, given that its risk-weighted assets represent approximately 98-99% of consolidated assets. The data at 31 December 2022 and 2021 therefore refer only to the Bank. They are reported for completeness of information, considering them in any case significant, given the incidence of the parent company on the total data.

## Structure data

	Data at		Change
	31/12/2022	31/12/2021	
Employees	3,098	3,232	( 134)
Sales network advisors	-	1,081	( 1,081)
Branches	276	298	(22)

The following table presents the reconciliation between the profit for the year and the shareholders' equity of Deutsche Bank S.p.A. (Separate Financial Statements) and the corresponding figures of the Consolidated Financial Statements.

<b>Reconciliation between the parent company's shareholders' equity and profit for the year and consolidated shareholders' equity and profit for the year</b>		
<i>in thousands of euro</i>	Shareholders' equity	of which: profit (loss) for the year
<b>Balances at 31 December 2022 as per parent company's Financial Statements</b>	<b>2,330,901</b>	<b>258,462</b>
Contribution of companies consolidated on a line-by-line basis	133	(31)
Contribution of companies valued at equity	1,331	1,206
Other consolidation adjustments	1	1
<b>Balances at 31 December 2022 as per the consolidated Financial Statements</b>	<b>2,332,366</b>	<b>259,638</b>

The reconciliation table above shows the consolidated profit for the year 2022 equal to €259.6 million compared to the result for 2021 which was positive for €36.3 million.

The following table compares the breakdown of consolidated results for 2022 and 2021 and shows the individual changes of each year.

<i>In thousands of euro</i>	Financial Year 2022	Financial Year 2021	Changes Amount	%
Net profit (loss) of the parent company	258,462	35,728	222,734	623.4
<i>dividends from the Group companies</i>	-	-	-	-
Net contribution of the parent company	258,462	35,728	222,734	623.4
Net contribution of companies consolidated on a line-by-line basis	(31)	(304)	273	(89.8)
Net contribution of companies valued at equity	1,206	194	1,012	n.s.
Other consolidation adjustments	1	666	(665)	(99.8)
Net profit (loss) for the year from the Consolidated Financial Statements	259,638	36,284	223,354	615.6
% net contribution of the parent company	99.5%	98.5%		

The profit for the year 2022 is in fact entirely attributable to the parent company, since the contributions of the other Group companies are now marginal in light of the evolution of the consolidation perimeter recorded in previous years: in addition, to be noted are the merger by incorporation into Deutsche Bank S.p.A. of the subsidiary Finanza & Futuro Banca S.p.A. and the transfer of the business unit of all the operating activities of the service consortium company to the parent company, which took place in 2018.

The next part of the Report gives an account of the management and business performance dynamics that determined Deutsche Bank S.p.A.'s profit.

In the financial year 2022, the contribution of the other companies amounted to €1,175 thousand of net profits, of which €31 thousand of losses attributable to the subsidiary Fiduciaria Sant'Andrea S.r.l. and €1,206 thousand of revaluation of the associated company Prestipay S.p.A., valued at equity.

The table below provides details of the contributions of the subsidiaries, the results of which are commented on later in this Report.

<i>In thousands of euro</i>	YEAR 2022	YEAR 2021	Changes Amount	%
Vesta Real Estate S.r.l. (*)	-	(209)	209	-100.0%
Fiduciaria Sant'Andrea S.r.l.	(31)	(95)	64	-67.4%
<b>Total</b>	<b>(31)</b>	<b>(304)</b>	<b>273</b>	<b>-89.8%</b>

(\*) = loss at 18 November 2021 of the company, then de-consolidated in November 2021.

The other consolidation adjustments amounted to one thousand euros for the year 2022. The positive value of €0.7 million of the previous year is to be attributed to the deconsolidation of the investee Vesta R.E. sold on 18 November 2021.

The following table compares the consolidated shareholders' equity breakdown for 2022 and 2021.

In thousands of euro	position at 31 December 2022	position at 31 December 2021	Changes	
			Amount	%
Shareholders' equity of the parent company	2,330,901	2,102,002	228,899	10.9
Net contribution of the other Group companies	1,464	280	1,184	422.9
Other consolidation adjustments	1	-	1	n.s.
Shareholders' equity shown in Consolidated Financial Statements	2,332,366	2,102,282	230,084	10.9

The year-end figure shows an increase in the amounts of consolidated shareholders' equity compared to 2021, with a change of €230.1 million (+10.9%), attributable to the parent company and for which reference should be made to the information provided below on the statement of financial position data.

The following comments on the performance of the statement of financial position and income statement aggregates refer to the absolute values and percentages that can be inferred from the comparative Consolidated Statement of Financial Position and Income Statement schedules reported in the section "structure of the Financial Statements".

In the year 2022, the agreement that Deutsche Bank S.p.A. and Zurich Insurance Company Ltd reached in August 2021 was finalised, on the basis of which Zurich Italia acquired the network of financial advisors of Deutsche Bank in Italy on 17 October 2022.

It should be noted that this agreement was not considered at the end of 2021 as a group of assets held for sale as the transaction was subject to substantial pending regulatory approvals.

## Economic and financial analysis

The results achieved by the Group in 2022 must be read in light of the effects produced by the geopolitical tensions originated by the Russian-Ukrainian conflict, with an inevitable impact on growth and inflation triggered by the increase in the cost of raw materials, in particular energy.

## Income Statement

The 2022 consolidated income statement shows a net profit attributable to the Group of €259.6 million, compared to a profit of €36.3 million in 2021.

*Total income: charges and income of a financial nature*

**Total income** for the financial year 2022 amounted to €888.0 million as the sum of net interest income of €545.4 million, net fee and commission income of €376.1 million, and net other financial income of €33.5 million.

This income aggregate shows a decrease of €58.2 million (-6.2%) compared to 2021.

More in detail, the changes of the three margins that make up the income aggregate can be summarized as follows:

- net interest income, up €67.5 million;
- net fee and commission income, €-57.0 million;
- net other financial income/expense, €-68.6 million.

### *Net interest income*

The figure for 2022, amounting to €545.4 million shows an increase of €67.5 million, compared to the previous year's figure of €477.9 million representing an increase of 14.1%.

This improvement was due to higher interest income, up €76.7 million, offset by higher interest expenses, €9.2 million, an increase related to the rise in interest rates and the change in the net interbank position, the negative balance of which increased from €1.9 billion in 2021 to €3.8 billion at the end of December 2022.

In 2022, the Bank's net interest margin benefited from the increase in the interest rate curve in the Eurozone, as a result of the effects of the restrictive monetary policy implemented by the ECB.

The financing operations obtained from the ECB, TLTRO, contributed to the 2022 results with revenues (due to negative interest expenses) totalling €26.8 million (last year: €46.2 million).

#### *Net fee and commission income*

The margin in question decreased compared to the previous year and amounted to €376.1 million in 2022, a decrease of €57.0 million, or 13.2%, compared to 2021: in 2022, the focus continued to be on credit products (with a stable benefit on net interest income) and income recognised up-front and related to the intermediation of financial instruments.

The main types of commission income are represented by the placement of securities, the distribution of insurance products and traditional banking services.

The negative contribution from net other financial income/expense of €33.5 million includes:

- **dividends** amounted to €1.2 million, a slight increase compared to the €1.0 million figure of 2021;
- the **net trading income** showed a positive result with a net profit of €20.3 million, broken down as follows:

- i) a positive contribution from foreign exchange and foreign exchange derivatives transactions, €+1.0 million;

- ii) a corresponding positive contribution of €19.3 million due to interest rate derivatives, a segment that also includes the valuation effects of management macrohedging transactions, which cannot be classified as "hedging" under the rules of IAS 39; it should be noted that, as permitted by the rules for the application of IFRS 9, the DB Group decided to continue to adopt the hedge accounting model for hedging transactions as governed by the previous IAS 39, in the "carve out" version approved by the EU;

- the **net result of hedging activities** was negative for €3 thousand; during 2022 the existing hedging relationships complied with the quantitative thresholds provided for by IAS 39 (the "80% -125% rule"), as in the previous year;

- **gains on sale of financial assets measured at amortised cost**

amounted to €2.4 million and are due to the early repayment at market conditions of certain maturity deposits granted to the parent company DB AG Frankfurt and DB Mutui S.p.A., generating profits of €1.5 million and €0.9, million, respectively;

- **losses from sale of financial assets measured at amortised cost**

amounted to €9.1 million (profits of €5.8 million were recorded in 2021) and refer to the sale of impaired loans (bad loans) carried out by the Bank; these sales take place on a recurring basis and are aimed at optimising the time profiles and administrative costs for recovering bad loans, as well as at discounting the effects of regulatory regulations on NPLs, such as calendar provisioning;

- the **buybacks of financial liabilities**, not carried out in 2021, originated, in 2022, €21.6 million in costs and are due to the early repayment of medium and long-term fixed-rate deposits received from the treasury of the Frankfurt ultimate parent company.

The **net result of other financial assets and liabilities measured at fair value through profit or loss** showed a loss of €26.7 million in 2022, while in the previous year the Group recorded a profit of €19.5 million.

The amount of €-26.7 represents the net result of some equity interests held by the Bank (NEXI S.p.A., VISA, MTS S.p.A. and CRIF S.p.A.). In particular, gains of €9.6 million were realised on the sale of Visa class A shares and losses of €31.6 million were realised on the sale of the shareholding in NEXI S.p.A..

#### *Value adjustments on financial assets*

In the area of **value adjustments**, there was an increase of about €4.6 million in provisions for **credit risks** compared to the previous year; the figure for the year was €120.5 million, or about 22.1% of net interest income (24.3% in 2021).

The cost of credit indicator (net value adjustments/average loans to customers) was 58 basis points, as for the year 2021.

The provision is in line with the previous year: in 2021 the DB Group had reverted to the standard ECL model calculation of IFRS 9.

Overall, net financial income totalled €767.4 million, down by €61.6 million (-7.4%) compared to 2021, when this economic margin amounted to €829.0 million.

#### *Operating costs*

Operating costs show a decrease of €65.3 million (-8.1%), from €806.7 million in 2021 to €741.3 million in 2022.

**Personnel expenses** decreased by €69.9 million (-18.8%) compared to 2021, when they amounted to €371.4 million; the 2021 figure included a non-ordinary component of €59 million due to the net allocations made by the parent company for recourse to early retirement plans and extraordinary benefits from the "Solidarity Fund". For this fund, the parent company reached an agreement with the trade unions in August 2022 and will generate 248 redundancies, which will be managed through early retirement or access to solidarity fund services to be finalised in the two-year period 2023 - 2024.

Other **administrative expenses** showed a slight increase of €2.0 million (+0.55%) and a total for the year 2022 of €364.2 million, an increase mainly due to the rise in IT expenses.



Other administrative expenses in 2022 include charges for €33.5 million related to the contributions paid to the FITD for the insurance of bank deposits (€17.6 million) and to the national Resolution Fund (€15.9 million), set up at the Bank of Italy. In 2021, these charges amounted to a total of €33.0 million.

**Provisions for risks and charges** amounted to €8.1 million, of which €1.5 million for commitments and guarantees, a calculation based on the rules of IFRS 9, and €6.6 million for other provisions.

**Value adjustments on property, equipment and investment property** are down compared to 2021, going from €53.1 million to €41.6 million (-21.6%), the main cost component is represented by the depreciation of rights of use relating to property leases and the rental of the company fleet for a total of €30.0 million.

**Value adjustments on intangible assets** decreased compared to 2021, from €13.4 million to €9.0 million (lower software amortisation costs).

The aggregate operating costs are completed by **other operating income (expense)**, negative in 2022 for €16.9 million compared to net expenses of €0.3 million in 2021.

The **result from current operations**, before taxes, showed a profit of €27.8 million, an improvement over the year 2021, when the profit amounted to €24.8 million; it should be noted that the 2021 figure was burdened by the provision to the redundancy fund of €59 million.

With regard to **income taxes**, the 2022 figure shows a cost of €84.3 million, of which €51.2 million is attributable to current operations and €33.1 million to discontinued operations (Gotthard Project), which compares with the income of €11.7 million recorded in the previous year. To be noted is the use, during the year, of previous tax losses for €33.5 million and the adjustment made to the value of deferred tax assets, recorded on temporary differences deductible and usable by the parent company in future years against the positive income outlooks resulting from the approved business plan, for €8.7 million. In this regard, it is confirmed that the parent company has also maintained the approach of previous years of not recognising deferred tax assets in respect of losses carried forward in previous years.

At 31 December 2022, therefore, Deutsche Bank S.p.A., taking into account the taxable income forecasts prepared at year-end for future years on the basis of the forecast plans, decided not to record deferred tax assets of €74.6 million in its Financial Statements related to unused tax losses amounting to €279 million. This amount represents a contingent asset for the parent company, which is imprescriptible under current tax law, and whose possible recognition in the Statement of Financial Position assets will be valued at the next reporting dates considering the profitability prospects.

Profit from **discontinued operations** after taxes was €+283.0 million. It referred to the sale to Zurich Italia of the network of financial advisors of Deutsche Bank in Italy, which was finalised on 17 October 2022.

The loss of €209 thousand recorded in the previous year refers to the operating result of the investee Vesta Real Estate, which left the Group on 18 November 2021 as a result of a sale to third parties.

*Profit for the year attributable to non-controlling interests*

This item is zero in both years.

*Performance indicators*

The main performance indicators related to the Group's economic performance in 2022 reflect the effects commented above:

- the *return on equity (RoE)*, the ratio of net loss after tax to average total shareholders' equity for the year was positive and equal to +11.71%;
- the *return on tangible equity (RoTE)*, which measures the profitability of shareholders' equity less intangible assets, showed a value of +11.90%;
- the *RoA, return on assets*, stood at +0.86%;
- the *cost/income ratio* stood at 83.48%.

## Statement of Financial Position

Total assets of €30.2 billion decreased by €0.3 billion, -1.0%, compared to 2021.

The following is a commentary on the individual items of the Financial Statements and the related operation dynamics, which have determined the changes during the year: unless otherwise indicated, these figures are attributable solely to the parent company, Deutsche Bank S.p.A., which accounts for approximately 99.18% of the consolidated data, while the other significant percentage refers to DB Covered Bond S.r.l., which accounts for 0.82% of total assets.

The other two consolidated companies have a more limited asset structure: in particular, Fiduciaria Sant'Andrea S.r.l. carries out mainly brokerage, asset management and service activities with a smaller amount of fixed assets.

*Loans and receivables with banks and customers*

**Loans and receivables with banks** decreased by approximately 27.9% from €5.2 billion to €3.7 billion.

Compared to 31 December 2021, the net interbank position, which continues to be negative, was down by €1,909 million, from a balance of €1.9 billion in the last year to €3.8 billion at 31 December 2022.

**Loans and receivables with customers:** the aggregate shows a balance of €21.1 billion, an increase of €789 million compared to the previous year (+3.9%).

At 31 December 2022, approximately 34,250 loans had been subject to moratoria (ABI / ASSOFIN / Decree Law 17 March 2020) with a book value of €809 million. In addition, 2,850 non-Decree Law and non-association moratoria were granted, with a balance sheet value of €112 million.

Loans and receivables with customers are mainly made up of mortgage loans for €8.6 billion, a stable portfolio compared to 2021, and personal loans and credit cards for €6.7 billion, a segment that has decreased by €0.3 billion compared to 2021.

#### *Financial investments*

Pursuant to IFRS 9 classification criteria, which entered into force on 1 January 2018 and as applied by the DB Group, the segment of investments in financial instruments of the Group companies is divided into two portfolios, which show the following compositions and changes in the period under review.

<i>In thousands of euro</i>	31/12/2022	31/12/2021	Change	
			Absolute	%
Financial assets measured at fair value through profit or loss:				
a) financial assets held for trading	173,222	53,933	119,289	221.18
b) financial assets designated at fair value	-	-	-	-
c) other financial assets mandatorily measured at fair value	36,108	138,233	(102,125)	(73.88)

The segment of **financial assets held for trading** showed an increase of €119.3 million compared to 31 December 2021. The balance mainly consists of interest rate derivatives (IRS and IRO Cap) for €158.9 million (€40.6 million in 2021); the remainder of €14.3 million consists of options on exchange rates and forward currency contracts (€13.3 million in 2021).

The operations carried out by the parent company relate to contracts entered into with corporate customers (mainly in the mid-cap and SME sectors) whose market risk is closed out with equal and opposite transactions with Deutsche Bank AG.

#### **Other financial assets mandatorily measured at fair value**

This item consists exclusively of equity securities, which had been classified, according to the previous rules of IAS 39 up to 31 December 2017, as financial assets available for sale.

The decrease of €-102.1 million reported in the 2022 financial year is attributable to the sale of NEXI shares in the amount of €-97.5 million and to valuation effects resulting in changes in the fair values of securities: the main changes are attributable to CRIF shares in the amount of €-1.0 million, VISA USD shares in the amount of €-7.8 million and MTS shares in the amount of €+4.2 million.

As indicated in part A of the Notes to the Financial Statements in the chapter dedicated to the methods for determining fair value, methods based on market multiples or on prices observed on the market for recent transactions are mainly used for equity securities measured at fair value.

#### **Equity investments**

The item shows a balance of €13,389 thousand, up from the 2021 value of €4,168 thousand, an increase due for €2.4 million to the subscription of new shares in Prestipay S.p.A. and for €1,768 thousand to the positive change reflecting the result of the equity valuation of the associated company Prestipay S.p.A.

#### **Hedging derivatives**

This item shows the fair values as at the reporting date of derivatives used by the parent company to hedge interest rate risk (fair value hedge) of long-term fixed-rate deposits with banks: hedging relationships are of the micro-hedging type.

As regards assets, the value of the contracts showed a decrease by 75.2% compared to the 2021 figure and amounted to €3.9 million.

Hedging derivatives under liabilities showed a balance of zero euros at year-end. The previous year, the amount of €5.6 million referred to hedging derivatives on fixed-rate loans granted to Deutsche Bank Mutui S.p.A.: in December 2022, these loans and the related hedging IRSs were closed early.

All hedged positions relate to loans granted and fixed-rate bank deposits.

Hedging relationships are of the "micro hedging" type and related to the (fixed) interest rate risk, fair value hedge.

The derivatives used for hedging are interest rate swap contracts executed with the parent company Deutsche Bank AG.

The carrying amounts of hedging derivatives are offset, from a risk management perspective, by the fair value measurement of the instruments subject to the fair value hedge, which are included in asset item

40, "Financial assets measured at amortised cost", and in liability item 10, "Financial liabilities measured at amortised cost".

It should be noted that the derivative components (such as implicit options), when present in the structured loans issued, are shown, if separated as required by IFRS 9 (previously by IAS 39), among financial assets and liabilities held for trading.

#### *Property, equipment and investment property and intangible assets*

The change in **property, equipment and investment property**, €-28.6 million (-11.2%), is due to the net effect of capital expenditure, depreciation (€42.5 million, which mainly relate to the rights of use recorded against the rental contracts and car leases of the corporate fleet) and to the sale of assets to Zurich Italia, i.e. assets relating to Deutsche Bank's network of financial advisors in Italy that were sold.

**Intangible assets**, made up entirely of software programmes, also showed a decrease in 2022 compared to the previous year, of €-6.4 million: amortisation during the year amounted to €9.0 million, which was offset by capitalisation for €4.0 million.

This item does not include either goodwill or other intangible assets with an indefinite useful life.

#### *Other asset captions*

**Tax assets** were down by €55.1 million, due to the increase in current tax assets (€+17.6 million) offset by the decrease in deferred taxes (€-72.7 million).

The line "of which" related to deferred tax assets, which may fall within the scope of application of Law no. 214/2011 (transformation into current tax credits in the event of operating losses), amounted to €146.5 million, compared to €168.7 million at 31 December 2021.

**Other assets** increased to €867.2 million, +14.7% compared to the previous year: this book value is almost entirely attributable to the parent company and the most significant element is the Eco-Sisma Bonus credits amounting to €157.6 million.

#### *Due to banks and direct funding from customers*

Changes in these items in 2022, as already mentioned for the corresponding asset items, were determined by the management of the funding activities implemented by the parent company's treasury during the year: the **due to banks** segment showed a 7.6% increase, in the amount of €784 million, compared to the previous year.

The most significant transaction under "due to banks" refers to the loan received for TLTRO III, amounting to €6.1 billion and begun in June 2020, replacing the previous TLTRO II of €2.8 billion, which began in June 2016 and ended in June 2020.

In 2022, the Bank recognised interest income for a total of €26.8 million (€46.2 million in 2021) for the TLTRO transaction.

"Due to banks" also include subordinated deposits for €520 million received from Deutsche Bank AG and computable in the second level regulatory capital, Tier 2.

**Direct funding from customers** was down by -8.9%, i.e. €-1.5 billion; more specifically, the two components (due to customers and securities issued) recorded the following changes:

- **due to customers** amounted to €15.6 billion, a decrease compared to 2021 by €1.7 billion, -10%, and mainly consisted of free current accounts and sight deposits, for €14.6 billion; starting from 2019, this item includes payables to lessors, relating to property and car rental contracts, as required by IFRS 16, and payables amounting to €127 million at the end of 2022.

The decrease in deposits and current accounts with customers is essentially due to the part of the assets managed by the network of financial advisors of Deutsche Bank in Italy sold to Zurich Italia;

- **securities issued** recorded a significant increase compared to the previous year of €189 million; the balance at the end of the year amounted to €191.8 million (the previous year was equal to €2.7 million) and consists of certificates of deposit.

Deutsche Bank S.p.A. has not been issuing new securities to customers for several years now; this management approach is the consequence of the launch in 2009 of a different commercial strategy based on a more intense activity of placement of financial instruments issued by other companies of the Deutsche Bank AG Group, including the Milan branch of the German parent company, active with this operation in the period 2011-2014.

The securities issued liability item is recognised in the Financial Statements, for the part relating to bond loans, net of repurchases settled up to the closing date of 31 December, as required by the international accounting standard IFRS 9: in particular it is relevant, in terms of amounts, the repurchase by Deutsche Bank S.p.A. of the two covered bonds which were issued in 2015 for a total of €3.5 billion, replacing a previous issue of €2.9 billion maturing in the same period.

At 31 December 2021, there was only one outstanding covered bond for €3 billion, which was repaid in advance on 27 May 2022, with a quarterly coupon of 3M Euribor + 18 b.p., while the covered bond in the amount of €0.5 billion with a quarterly coupon of 3M Euribor + 15 b.p. had matured on 28 July 2021.

At 31 December 2022, there are two covered bonds issued on 6 June 2022 for a total amount of 2.7 billion. Repurchased self-issued covered bonds are generally used as collateral to guarantee loan liabilities.

At the date of these Consolidated Financial Statements, the €6.11 billion TLTRO III loan received from the ECB was significant, covered for €2.37 billion by these securities and for €2.87 billion by the bonds subscribed by the Bank and issued by the special purpose vehicle ROCKY 2021-1 SPV S.r.l. following the self-securitisation of consumer loans in 2021 and the remaining €0.87 billion from bonds borrowed from the parent company.

#### *Financial liabilities and other liability items*

**Financial liabilities held for trading** comprise the negative market values of trading derivative contracts and show a balance of €170.5 million, up 154.2% from 2021.

The change in trading assets and liabilities show normally similar trends owing to the type of transaction in derivatives performed by the parent company that envisages, for contracts stipulated with SMEs and Corporate customers, hedging against associated market risks with an opposite balancing transaction with banking counterparties within Deutsche Bank AG Group (in particular the Frankfurt branch).

**Tax liabilities** show a balance of €1.3 million, a decrease compared to the €0.3 million of the previous year.

For **other liabilities**, an increase of 28% was reported, while the staff **severance indemnity fund** decreased by approximately 20.4% with a balance at the end of 2021 of €11.1 million.

The **provisions for risks and charges** have also included, starting from 2018, the provision related to commitments and guarantees given, calculated pursuant to the criteria of IFRS 9.

At 31 December 2022, the total balance was €148.1 million, a net decrease of €34.6 million compared to 2021 (-18.9%).

The **shareholders' equity** of the Group showed an increase of €230.1 million in 2022, a change that is mainly attributable to three factors:

- profit for the year 2022 of €259.6 million;
- the payment of €8.2 million of the coupon on the AT1 capital instrument, which resulted in the gross amount of the coupon paid on the AT1 capital instrument being debited to profit reserves, without recognition of the related tax effect due to potential tax recovery;
- the payment of €24.5 million in dividends.

With reference to the AT1 security, it should be noted that on 21 September 2015, Deutsche Bank S.p.A. issued a euro-denominated Additional Tier 1 capital instrument in the amount of €145 million, the terms of which are in line with the regulatory regulations (CRR, CRD IV), in force since 1 January 2014:

the notes issued are of the Undated Non-Cumulative Fixed to Reset Rate Additional Tier 1 type. The entire amount of the loan had been subscribed and is still held by the parent company Deutsche Bank AG - Frankfurt.

The securities are perpetual (with maturity linked to the statutory duration of Deutsche Bank S.p.A.) and could have been called by the issuer for the first time on 30 April 2021 ("first call date") and subsequently on each coupon payment date.

The fixed-rate coupon recognised until 30 April 2021 was 6.33% per year and is payable on an annual basis; since the early repayment option was not exercised, it was redefined on the basis of the five-year swap rate, in force at the time of periodic recognition: the new annual coupon is 5.675%.

Additional Tier 1 instruments contribute to strengthen the Deutsche Bank S.p.A. Tier 1 ratio.

In compliance with regulatory requirements, the coupon payment of the capital instrument is optional: the settlement of the issued notes provides for a trigger of 5.125% on the Common Equity Tier 1 (CET1) by which, if the CET1 ratio of the Group or Deutsche Bank S.p.A. should fall below this threshold, the nominal value of the notes would be temporarily reduced by the amount necessary to restore the level, taking into consideration other instruments with similar characteristics. This write-down mechanism is regulated by Article 92 (1) (a) of the CRR.

The **equity attributable to non-controlling interests** amounted to approximately €11 thousand and represented the assets attributable to the minority shareholder of the company DB Covered Bond S.r.l. for €1,000 and for €10,000 to 100% of the assets attributable to the sole shareholder of the vehicle ROCKY 2021- 1 SPV S.r.l.

The following are some notes commenting on the 2022 operating performance of the Group companies.

#### **Fiduciaria Sant'Andrea S.r.l. – Milan**

During the financial year, the demand from customers for services in connection with complex escrow accounts, trusts and mandates for collection was confirmed in cooperation with various business divisions of DB S.p.A.. In November and December, a road show was held for the Bank for Entrepreneurs (BfE) area of the International Private Bank (IPB) division in order to advertise the services offered by Fiduciaria Sant'Andrea S.r.l..

Overall, there was a decrease in revenues also attributable to the decrease in the cost applied to the parent company for services provided for assistance, in addition to the lack of extraordinary transactions and the closures of last year.

Compared to the financial year 2021, operating expenses decreased significantly due to lower personnel expenses, mainly due to the agreement for the secondment of the Chief Operating Officer and Chief Executive Officer by DB S.p.A. to Fiduciaria Sant'Andrea S.r.l.. On the other hand, there was an increase in administrative expenses, due to the increase in legal and tax advisory costs, the internal audit that took place in the first half of the year and the outsourcing of company secretarial services.

With reference to the proceedings deriving from the Guardia di Finanza (Finance Police) report, described in previous reports, it should be noted that the appeal filed by the company with the Court of Rome was rejected with judgement issued on 25 January 2022 and it was consequently decided, with the coordination of the legal department, to file an appeal with the Court of Appeal of Rome. The first hearing was set for 13 June 2024.

Lastly, it should be noted that the management of Fiduciaria Sant'Andrea S.r.l. has launched an overall reorganisation plan of the operating activities aimed, inter alia, at remedying some residual shortcomings highlighted by the internal audit function as a result of the validation of the findings raised in January 2020. This plan includes the strengthening of the physical and IT security controls, the efficiency of the activities related to the fulfilment of the role of withholding agent and the review of the activities outsourced or relocated internally within the Group.

The most significant data on the company's performance are shown below.

During 2022, 40 mandates were closed and 14 new mandates were opened. Therefore, the total number of active mandates decreased from 310 to 284.

In the same period, the fiduciary assets decreased from €1,641 million to €1,863 million. At the same time, the assets transferred to the trust rose from €149 million to €100 million.

Ordinary revenues amounted to €1,351,176 against €1,358,691 in costs. Therefore, the result for the year is a net loss of €30,603.

The net loss for the 2022 financial year is €30,603.

This negative result shall be covered by the use of the capital reserve set up in 2020 following the capital account payments made by Deutsche Bank S.p.A..

The fully paid-up share capital of €93,600 is held entirely by the parent company Deutsche Bank S.p.A. No shares of the parent company or of other Group companies have been purchased or subscribed.

#### *Obligations pursuant to Legislative Decree no. 231/2007*

*The Company operates in full compliance with all laws and regulations on combating money laundering and terrorist financing.*

#### *Obligations pursuant to Legislative Decree no. 81/2008*

The company operates in full compliance with the legislative and regulatory requirements regarding health and safety in the workplace.

#### *Significant events occurring after the end of the financial year*

In the period between the reference date of the Financial Statements and the date of preparation of this report, no events have occurred that could significantly alter Fiduciaria Sant'Andrea's economic and financial position.

#### *Outlook*

In 2023, the plan is to increase the offer of fiduciary services to customers with complex wealth and family situations, leveraging not only fiduciary mandates, but also other institutions permitted by law, such as trusts and escrows.

It is also anticipated to adjust the fees of existing mandates to the change in the ISTAT consumer price index (FOI) and to renegotiate the fees that deviate the most from the current fee schedule, or for which the contribution fee borne by DB is disproportionate.

In addition, consultancy and information activities for DB S.p.A. personnel will continue, also by means of thematic meetings and shared customer meetings. To this end, a new road show will take place in 2023 for the Premium Bank area of the International Private Bank (IPB) division.

In parallel, the organisational reorganisation and remediation of audit findings and Self-Identified Issues under the company will continue. In this context, the proposal is to streamline Fiduciaria Sant'Andrea's operating model by outsourcing additional administrative activities to suppliers with whom the company has already established profitable partnerships.

### **DB Covered Bond S.r.l. – Conegliano (TV)**

This vehicle was incorporated as SPV Covered Bond S.r.l. on 11 January 2012 in accordance with Law no. 130 of 30 April 1999 (Law no. 130/99), which regulates the performance of securitisations in Italy.

On 10 April 2012, the company was included in the General Register of Financial Intermediaries under number 42016 as per Art. 106 paragraph 1 of Legislative Decree no. 385 of 1 September 1993, as amended (the "Consolidated Banking Act" or T.U.B.).

On 25 May 2012, it changed its name to DB Covered Bond S.r.l. and became part of the Deutsche Bank Banking Group on 27 September 2012.

As part of one or more transactions to issue covered bonds (i.e., either individual issues or issuance programmes) pursuant to Article 7-bis of Law no. 130/99, DB Covered Bond S.r.l.'s sole business object is:

(A) the acquisition against payment from banks through the assumption of loans granted or guaranteed also by the same assignor banks regarding:

(i) property and mortgage loans, including as a portfolio;

(ii) loans with or secured by public authorities, including as a portfolio;

(iii) securities issued as part of securitisations involving loans of the same nature;

(iv) other eligible or supplementary assets allowed by Law no. 130/99 as subsequently amended and related implementing measures, as well as

(B) the provision of cover for the bonds issued by the same or other banks as part of one or more issues of covered bonds (i.e., either individual issues or issuance programmes) pursuant to Art. 7-bis of Law no. 130/99.

As part of this object, in 2012 the company launched a programme for the issue of covered bonds, through (i) the purchase without recourse on 22 June 2012 pursuant to Articles 4 and 7-bis of Law no. 130/99 by the company of a portfolio of pecuniary credits deriving from land or residential mortgage loans entirely issued by Deutsche Bank S.p.A, (ii) the simultaneous obtainment of a subordinated loan from the same selling bank aimed at obtaining the funds necessary to pay the sale price of the aforementioned portfolio, and (iii) the signing, among others, of the contract by which the assets acquired are placed as irrevocable collateral for the covered bonds issued by Deutsche Bank S.p.A..

The Financial Statements at 31 December 2022 show the vehicle broke even as the net operating costs have been recharged to the segregated assets.

With reference to the segregated assets, the operations that took place in the two-year period 1 January 2021 – 31 December 2022 are reported below, referring to part D of section E of the Notes to the Financial Statement for the details of the operations carried out in the years from 2012 to 2020.

#### *Financial Year 2021*

The transactions carried out 2021 can be grouped as follows:

- 1) a repurchase, on 23 June 2021, for €6,876,319, of portfolios of a limited size related to loan positions with at least two outstanding payments or a loan-to-value ratio greater than 100%;
- 2) no transactions related to the subordinated loan received from Deutsche Bank S.p.A.;
- 3) no further sale transactions were carried out in 2021 after the last two completed in 2019.

#### *Financial Year 2022*

The transactions carried out 2022 can be grouped as follows:

- 1) three repurchases of portfolios of a limited size related to loan positions with at least two outstanding payments or a loan-to-value ratio greater than 100%;
- 2) two repayment transactions related to the subordinated loan received from Deutsche Bank S.p.A.;
- 3) a sale transaction (the last two were completed in 2019);
- 4) three transactions pertaining to the covered bonds issued by the parent company, for which the vehicle acts as guarantor.

The details of these transactions, in chronological order, are as follows:

- on 26 January 2022, a partial repayment of the subordinated loan for an amount equal to €300,000,000 was requested and obtained;
- on 26 January 2022, a repurchase of positions for a value of €3,484,873 was carried out;
- on 23 February 2022, a portfolio was sold for a consideration of €690,927,777.14;



- on 27 May 2022, the covered bond series 1-2015 issued on 5 June 2015 (ISIN IT0005115024) was repaid in advance for an amount of €3,000,000,000;
- on 3 June 2022, covered bond series 3-2022 (ISIN IT0005496788) was issued for an amount of €2,000,000,000;
- on 3 June 2022, covered bond series 3-2022 (ISIN IT0005496762) was issued for an amount of €700,000,000;
- on 21 June 2022, a repurchase of positions for a value of €2,908,127 was carried out;
- on 26 October 2022, a partial repayment of the subordinated loan for an amount equal to €286,642,111 was requested and obtained;
- on 23 November 2022, a repurchase of positions for an equivalent value of €4,533,000 was carried out.

At 31 December 2022, the receivables recorded in the company's segregated assets amounted to €3,300,957,759, while the subordinated loan amounted to €3,576,897,053. The liquidity of the vehicle amounted to €247,566,959 and is deposited in current accounts held with the London branch of Deutsche Bank AG.

For additional information on the above-mentioned transactions please see section D, part E of the Notes to the Consolidated Financial Statements.

With regard to the overall progress of the operation, it should be noted that it is running smoothly and that no irregularities have emerged with respect to the contractual documentation.

In particular, with reference to payments relating to subordinated loans, it should be noted that these took place in accordance with the order of priority of payments according to the reporting prepared by the Computation Agent.

During the year, the vehicle regularly paid the interest accrued on the loans.

Compliance with the ratios indicated below was monitored on a six-monthly basis by the Asset Monitor of the transaction, who, at the request of the issuer of the covered bonds, prepares with the same frequency a Report analysing the following parameters:

- the Nominal Value Test: the total nominal value of the assets forming part of the segregated assets must be at least equal to the nominal value of the outstanding covered bonds;
- the Net Present Value Test: the present value of the segregated assets, net of all the transaction costs borne by the guarantor, including forecast costs and expenses of any derivatives agreed to hedge financial risks arising from the transaction, must be at least equal to the net present value of the outstanding covered bonds;
- the Interest Coverage Test: interest and other income generated on the segregated assets, net of the guarantor's costs, must be sufficient to cover the interest and costs due by the issuer on the outstanding covered bonds, considering any derivatives agreed to hedge financial risks arising from the transaction;
- the Asset Coverage Test: dynamically verifies that the assets forming part of the segregated assets, weighted differently according to type and quality, are sufficient to cover the minimum level of over collateralisation required by the rating agencies.

### **ROCKY 2021-1 SPV S.r.l. – Conegliano (TV)**

The company was incorporated on 14 December 2020 pursuant to Law no. 130 of 30 April 1999, which has governed the implementation of securitisation transactions in Italy.

The Legislative Decree no. 141 of 2010, as amended, provides that special purpose vehicles for securitisation are set up in the form of joint stock companies.

Pursuant to the Bank of Italy's Provision of 7 June 2017 (effective from 30 June 2017), the company is enrolled in the List of Securitisation Vehicle Companies kept by the Bank of Italy.

In compliance with the Articles of Association and the provisions of the afore-mentioned law, the company has the exclusive purpose of carrying out one or more credit securitisation transactions through the acquisition for consideration of both existing and future pecuniary credits, financed through the issuance of securities.

In accordance with the provisions of the afore-mentioned law, the receivables relating to each securitisation transaction constitute assets that are segregated in all respects from those of the company and from those relating to the other transactions on which no actions are allowed by creditors other than the holders of the securities issued to finance the purchase of the afore-mentioned receivables.

Within the limits allowed by the provisions of Law no. 130/1999, the company may carry out the ancillary transactions to be stipulated for the successful completion of the securitisation transactions carried out by it, or in any case instrumental to the achievement of its corporate purpose, as well as transactions involving the reinvestment in other financial assets of the funds deriving from the management of the receivables acquired and not immediately used to satisfy the rights arising from the aforementioned securities.

As part of this purpose, the company completed a securitisation transaction in 2021. More specifically, on 20 April 2021, the company has acquired without recourse from Deutsche Bank S.p.A., pursuant to and by effect of the combined provisions of Art. 1 and Art. 4 of the Securitisation Law (Law no. 130/1999) and the articles of the Factoring Law (Law no. 52/1991) referred to therein, a portfolio of performing loans, arising from consumer credit agreements, originating from Deutsche Bank S.p.A. The company financed the purchase of the receivables through the issue of "Asset Backed Securities", which took place on 30 April 2021, with limited recourse on purchased receivables. The ABS securities issued, senior and junior tranches, were repurchased in full by Deutsche Bank S.p.A.

The Financial Statements at 31 December 2022 showed the vehicle broke even as the net operating costs have been recharged to the segregated assets.

With reference to the segregated assets, the operations that took place from 20 April 2021 to 31 December 2022 are reported below.

#### *Financial Year 2021*

- partial redemption of Class A securities for €459,200,000;
- on 20 April 2021, Deutsche Bank S.p.A. sold to the company a first portfolio of performing loans for a total consideration of €4,757,332,384.50;
- on 14 September 2021, Deutsche Bank S.p.A. sold to the company a second portfolio of performing loans for a total consideration of €280,839,589.20;
- on 11 October 2021, Deutsche Bank S.p.A. sold to the company a third portfolio of performing loans for a total consideration of €164,445,959.80;
- on 8 November 2021, Deutsche Bank S.p.A. sold to the company a fourth portfolio of performing loans for a total consideration of €170,557,546.57;
- on 13 December 2021, Deutsche Bank S.p.A. sold to the company a fifth portfolio of performing loans for a total consideration of €172,033,192.21.

#### *Financial Year 2022*

- on 17 January 2022, Deutsche Bank S.p.A. sold to the company a sixth portfolio of performing loans for a total consideration of €165,533,279.26;
- on 14 February 2022, Deutsche Bank S.p.A. sold to the company a seventh portfolio of performing loans for a total consideration of €154,985,082.42;
- on 14 March 2022, Deutsche Bank S.p.A. sold to the company an eighth portfolio of performing loans for a total consideration of €169,340,334.05;
- on 11 April 2022, Deutsche Bank S.p.A. sold to the company a ninth portfolio of performing loans for a total consideration of €177,260,233.42;
- on 16 May 2022, Deutsche Bank S.p.A. sold to the company a tenth portfolio of performing loans for a total consideration of €162,993,516.44;
- on 13 June 2022, Deutsche Bank S.p.A. sold to the company an eleventh portfolio of performing loans for a total consideration of €178,320,588.69.
- on 11 July 2022, Deutsche Bank S.p.A. sold to the company a twelfth portfolio of performing loans for a total consideration of €172,176,677.52.
- on 12 September 2022, Deutsche Bank S.p.A. sold to the company a thirteenth portfolio of performing loans for a total consideration of €317,420,428.92;
- on 10 October 2022, Deutsche Bank S.p.A. sold to the company a fourteenth portfolio of performing loans for a total consideration of €167,933,386.80;
- on 14 November 2022, Deutsche Bank S.p.A. sold to the company a fifteenth portfolio of performing loans for a total consideration of €172,158,960.50;
- on 12 December 2022, Deutsche Bank S.p.A. sold to the company a sixteenth portfolio of performing loans for a total consideration of €169,475,548.65.

On 31/12/2022, the receivables recorded under assets of the company's segregated assets amounted to €4,056,910,857, while securities issued amounted to €4,282,300,000. The liquidity of the vehicle amounted to €205,062,254, almost entirely deposited in current accounts held with Deutsche Bank S.p.A.

With regard to the overall progress of the operation, it should be noted that it is running smoothly and that no irregularities have emerged with respect to the contractual documentation.

In particular, with reference to payments in respect of securities, it should be noted that these took place in accordance with the order of priority of payments prepared by the Calculation Agent. During the year under review, the company duly paid the accrued interest on Class A securities in the amount of €17,694,444.



## **Other information**

### **Treasury shares**

Pursuant to current legislation, the number of treasury shares held, with a nominal value of €2.58 each, total 6,765,307 at 31 December 2022, equal to 4.23% of the share capital of the parent company, Deutsche Bank S.p.A.

In addition, there are 63,710 shares due to shareholders who have not yet withdrawn their shares from free capital increases and 27 shares to be assigned to former shareholders of Deutsche Asset Management Italy S.p.A.

Deutsche Bank Group companies do not hold shares of the parent company Deutsche Bank AG either directly or via trustees.

### **Research and development activities (Article 2428 of the Italian Civil Code)**

The parent company and subsidiaries did not carry out research and development activities in 2022.

### **Use of financial instruments (Article 2428.6-bis of the Italian Civil Code)**

As regards the use of financial instruments and the related risk management (credit risk, market risk and liquidity risk), reference should be made to Section E of the Notes to these Consolidated Financial Statements.

### **Transactions with the parent company and subsidiaries**

The performance of the subsidiaries and their contribution to the Group's overall results are described in this Management Board's Report. Related party transactions are detailed in Part H of the Notes to the Financial Statements.

### **Main risks and uncertainties to which the Deutsche Bank Group is exposed**

As regards the main risks and uncertainties to which the Group is exposed, reference should be made to the information contained in the Notes to the Financial Statements, Part E, information on risks and related hedging policies.

### **Non-financial declaration pursuant to Legislative Decree no. 254/2016**

The parent company Deutsche Bank S.p.A., although falling within the scope of application provided for by Article 2 of Legislative Decree no. 254/2016, has not prepared the declaration of a non-financial nature provided for by the same Decree by availing itself of the case of exemption set forth in Article 6 of the Decree, as it is a "subsidiary" company included in the consolidated declaration of a non-financial nature made by Deutsche Bank AG - Frankfurt (Germany). Furthermore, the Bank has adopted the business model for the management and organisation of the company's activities, including any organisation and management models that may be adopted pursuant to Art. 6, paragraph 1, letter a), of Legislative Decree no. 231 dated 8 June 2001.

### **Tax litigation of the parent company**

Notices of assessment for the years 2014, 2015 and 2016 are under dispute before the Milan Tax Commission. The objections relate to: the non-deductibility of costs for interest rate risk hedging instruments deemed to be uneconomic; the excessive cost of a guarantee commission provided by another DB Group company and, for 2015 and 2016 only, the restatement of intragroup prices relating to commissions for the placement of financial products. These are findings deemed unfounded by the Bank and for which a negative outcome of the dispute is considered unlikely. Consequently, no provisions were made. On 9 March 2022, the judgement of the First Instance Commission for 2015 was filed, rejecting the Bank's appeal and accepting only a reduction in penalties. On 12 July 2022, the same First Instance Commission accepted the Bank's appeal for 2014, with reference to the non-deductibility of costs for interest rate risk hedging instruments, a figure whose value corresponds to approximately 80% of the value of the dispute. For both years the second instance judgement is pending.

The dispute relating to IRES for 2008 is also still pending in the Supreme Court, regarding findings relating to transfer pricing.

### **Other information**

In preparing these Financial Statements, the request made jointly by Bank of Italy, Consob and Isvap, through document no. 4 of 3 March 2010, regarding accurate and exhaustive application of the regulations and the accounting standards was taken into account. There is nothing else significant to report.

### **Events after the reporting period and outlook**

We acknowledge that, following an analysis of the Group's ability to continue as a going concern, considering both the Consolidated Financial Statements under analysis and the foreseeable future evolution of the Group's management, there are no doubts regarding the continuation of the business activity.

In February 2023, Cassa Centrale Banca - Credito Cooperativo Italiano S.p.A. exercised the option to purchase the entire equity investment of Prestipay S.p.A. held by DB S.p.A..

The transaction is expected to be completed by 2023 and did not entail any adjustments to the consolidated financial statements of DB S.p.A. at 31 December 2022.

# mazars

Via Ceresio, 7  
20154 Milan  
Tel: +39 02 32 16 93 00  
[www.mazars.it](http://www.mazars.it)

## Report of the independent auditors pursuant to Art. 14 of Legislative Decree no. 39 of 27 January 2010 and Art. 10 of Regulation (EU) no. 537/2014

To the shareholders of Deutsche Bank S.p.A.

### Report on the audit of the consolidated financial statements

#### Opinion

We audited the consolidated financial statements of Deutsche Bank S.p.A. Banking Group (hereinafter also referred to as the “Group”) which comprise the consolidated statement of financial position at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and the notes to the consolidated financial statements which also include a summary of the most significant accounting principles applied.

In our opinion, the consolidated financial statements give a true and fair view of the equity and financial position of the Group at 31 December 2022, its results of operations and its cash flows for the year then ended, in accordance with the International Financial Reporting Standards adopted by the European Union as well as with the measures issued in implementation of Art. 43 of Legislative Decree no. 136/2015.

#### Basis for the opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those principles are further described in the “*Auditor's responsibilities for the audit of the consolidated financial statements*” of this report. We are independent of Deutsche Bank S.p.A. (hereinafter also referred to as the “Bank” or the “Parent Company”) in accordance with the rules and principles on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key audit matters

Key audit matters are those matters which, in our professional opinion, were most significant during the audit of the consolidated financial statements for the current year. We have addressed these matters in our audit and in the preparation of our opinion on the consolidated financial statements as a whole; therefore, we do not express a separate opinion on these matters.

---

#### **Classification and measurement of financial assets measured at amortised cost – loans and receivables with customers**

for further details, please refer to:

Notes to the Consolidated Financial Statements “Part A - Accounting Policies”: paragraph A.2.3 “Financial assets measured at amortised cost”.

Notes to the Consolidated Financial Statements “Part B - Notes to the consolidated statement of financial position – Assets: Section 4 “Financial assets measured at amortised cost””.

Notes to the Consolidated Financial Statements “Part C - Notes to the consolidated income statement”: Section 8.1 “Net value adjustments for credit risk relating to financial assets measured at amortised cost: breakdown”.

Mazars Italia S.p.A.

Authorised, subscribed and paid-up share capital € 120,000 - Registered office: Via Ceresio, 7 - 20154 Milan, Italy  
Rea MI-2076227 - Tax Code and VAT No. 11176691001  
Enrolled in the Register of Auditors no. 163788 with Ministerial Decree of 14/07/2011 O.G. no. 57 of 19/07/2011

### Description of the key audit matter

---

Financial assets measured at amortised cost - loans and receivables with customers at 31 December 2022 amounted to €21,116 million, net of specific and portfolio value adjustments for a total of €715 million.

Net value adjustments on loans and receivables with customers charged to the income statement for the year ended 31 December 2022 amounted to €121 million.

The classification and measurement criteria are explained in Part A of the Notes to the Financial Statements and include a description of the method used for calculating value adjustments.

This item is relevant for audit purposes both in view of its significance, representing approximately 70% of total assets, and with reference to the intrinsic complexity of the process of determining value adjustments. The latter takes into account the classification of loans into homogeneous risk categories, as well as the determination of the recoverable amount discounted on a historical-statistical basis.

For these reasons, we have considered the classification and measurement of loans and receivables with customers recognised in financial assets measured at amortised cost to be a key audit matter.

### Audit procedures performed

---

As regards this key matter, the audit approach adopted has involved the following main procedures:

- understanding and assessment of the set of organisational structures and controls provided by the internal control procedures, including those relating to the information technology system as regards the disbursement, monitoring, classification and measurement of loans to customers;
- verification, through compliance surveys, of the key controls identified, in particular the controls on the historical-statistical models implemented by the Company;
- performance of procedures for comparative analysis of the loan portfolio and value adjustments, taking into account the evolution of the write-downs carried out periodically for each product, and discussion of the results with the corporate functions involved;
- analysis of the classification criteria used in order to assign the loans and receivables with customers to the homogeneous risk categories set out in IFRS 9 (staging);
- reconciliation of the management archives and in particular of the gross exposure, impairment provision and consequent reconciliation of the net exposure with the accounting data;
- analysis of the analytical and lump-sum valuation policies and models used and of the reasonableness of the main assumptions and variables contained therein;
- selection of a sample of analytically valued loans and assessment of the reasonableness of the impairment indicators identified and the assumptions regarding recoverability, including on the basis of any guarantees received;
- analysis of the appropriateness of financial statement disclosures relating to loans and receivables with customers recognised under financial assets measured at amortised cost.

## Responsibilities of the Directors and Supervisory Board of Deutsche Bank S.p.A. for the consolidated financial statements

The Directors are responsible for the preparation of consolidated financial statements that provide a true and fair view in accordance with the International Financial Reporting Standards adopted by the European Union as well as the measures issued in implementation of Art. 43 of Legislative Decree no. 136/2015 and, pursuant to the law, for that part of the internal control they consider necessary to enable the preparation of financial statements that are free from material misstatements due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue to operate as a going concern and for the appropriateness of the use of the going concern assumption in the preparation of the consolidated financial statements as well as for the adequate disclosure thereof. The Directors prepare the consolidated financial statements on the basis of the going concern assumption unless they have assessed that the conditions exist for the liquidation of the Parent Company or for the discontinuation of operations or have no realistic alternative to such choices.

The Supervisory Board is responsible for supervising, in compliance with the applicable law, the process of preparing the Group's financial reporting.

## Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatements due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance but it is not a guarantee that an audit carried out in accordance with International Standards on Auditing (ISA Italia) will always identify a material misstatement. Misstatements may arise from fraud or from errors and are considered material if, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users taken on the basis of these consolidated financial statements.

As part of the audit carried out in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgment and maintained professional scepticism throughout the audit. Furthermore:

- we identified and assessed the risks of material misstatement in the consolidated financial statements, due to fraud or error; we designed and performed audit procedures in response to those risks; we obtained sufficient and appropriate evidence on which to base our opinion. The risk of not detecting a material misstatement due to fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control;
- we gained an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control system;
- we evaluated the appropriateness of the accounting standards used and the reasonableness of the estimates made by the Directors, including related disclosures;
- we concluded on the appropriateness of the Directors' use of the going concern principle and, on the basis of the evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubts on the Company's ability to continue to operate as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the audit report to the related financial statement disclosures or, where such disclosures are inadequate, to modify our opinion. Our conclusions are based on the evidence available up to the date of this report. However, subsequent events or conditions may cause the Group to cease to be able to continue as a going concern;
- we evaluated the presentation, structure and content of the consolidated financial statements as a whole, including disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that provides a fair representation;
- we obtained sufficient and appropriate audit evidence on the financial information of the companies or of the different economic activities carried out within the Group to express an opinion on the consolidated financial statements. We are responsible for directing the supervision and carrying out the audit of the Group. We are the only responsible for the opinion audit of the consolidated financial statements.

We communicated with those responsible for governance activities, identified at an appropriate level as required by ISA Italia, among other matters, the planned scope and timing of the audit accounting and significant findings, including any significant deficiencies in internal control identified during the audit.

We also provided a statement to those responsible for governance activities that we have complied with the applicable ethical and independence rules under Italian law and we have communicated to them any circumstance that may reasonably have an effect on our independence and, where applicable, related safeguards.

From those matters communicated to those responsible for governance activities, we identified those that were most relevant in the audit of the consolidated financial statements of the current period, and were therefore representing the key audit matters. We have described these matters in our auditor's report.

## Additional disclosures required by Art. 10 of Regulation (EU) 537/2014

On 29 April 2019, the Shareholders' Meeting of Deutsche Bank S.p.A. engaged us to perform the statutory audit of the Bank's annual financial statements and the Group's consolidated financial statements for the years from 31 December 2019 to 31 December 2027.

We declare that we did not provide any prohibited non-audit services under Art. 5, paragraph 1, of Regulation (EU) 537/2014 and that we have remained independent of the Bank in conducting the audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Internal Control Committee, in its capacity as internal control and audit committee, prepared in accordance with Art. 11 of the aforementioned Regulation.

## Report on compliance with other laws and regulations

### Opinion in accordance with Art. 14, paragraph 2, letter e) of Legislative Decree no. 39/10

The Directors of Deutsche Bank S.p.A. are responsible for preparing the Report on Operations of Deutsche Bank S.p.A. Group at 31 December 2022, including its consistency with the relevant consolidated financial statements and its compliance with the law.

We performed the procedures required under Auditing Standard (SA Italia) no. 720B in order to express our opinion on the consistency of the Report on Operations with the consolidated financial statements of the Deutsche Bank S.p.A. Group at 31 December 2022 and its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the Report on Operations is consistent with the consolidated financial statements of the Deutsche Bank S.p.A. Group at 31 December 2022 and has been prepared in accordance with the law.

With reference to the statement referred to in Art. 14, paragraph 2, letter e), of Legislative Decree no. 39/10, issued on the basis of the knowledge and understanding of the Company and its environment acquired during the audit, we have nothing to report.

Milan, 27 March 2023

Mazars Italia S.p.A.

[Signature]

Marco Lumeridi  
Partner - Auditor

# **2022 Consolidated Financial Statements**

## **Application of IAS/IFRS and structure of Financial Statements**

### **Financial Statements tables**

# Consolidated Financial Statements at 31 December 2022

## Application of IAS/IFRS and structure of Financial Statements

The Consolidated Financial Statements at 31 December 2022 have been prepared using IFRS. In this regard, the following should be noted:

- since 1 January 2005, Italian banks that are parent companies of banking groups enrolled in the Register referred to in Article 64 of the T.U.B. have been required to prepare their financial statements in accordance with IAS/IFRS international accounting standards; for Italian banks, this obligation applies both to companies whose shares were listed on European Union markets and for those whose securities were not listed;
- Article 1, paragraph 1070 of Law no. 145 of 30 December 2018 had introduced into Legislative Decree no. 38/2005 (1) a new Article 2-bis, according to which entities that were previously required to apply, in the preparation of their financial statements, international accounting standards could apply such standards on an optional basis if they did not have securities admitted to trading on a regulated market. Pursuant to the following paragraph 1071, this option started from the financial year preceding the entry into force of the new rule (i.e., the financial year ended or in progress at 31 December 2018). As in the year 2019, the Deutsche Bank Group has continued to apply international accounting standards for the financial year 2020 and onwards;

- the IAS (International Accounting Standards) are issued by the International Accounting Standards Board (IASB). Standards issued after July 2002 are called IFRS (International Financial Reporting Standards).

The tables used in these Consolidated Financial Statements comply with the formats issued by the Bank of Italy in Circular no. 262 of 22 December 2005 and its subsequent seventh update published on 29 October 2021, as well as further clarifying and amending communications issued: in this regard, to be noted is the communication of 21 December 2021 relating to the "Updating supplements to the provisions of Circular no. 262 'Bank financial statements: formats and compilation rules' concerning the impacts of COVID-19 and measures to support the economy".

Therefore, these Consolidated Financial Statements consist of the following documents:

- Consolidated statement of financial position and consolidated income statement;
- Consolidated statement of comprehensive income;
- Consolidated statement of changes in equity for 2022 and 2021;
- Consolidated statement of cash flows;
- Notes to the Consolidated Financial Statements.

They are accompanied by the Management Board's Report on the economic performance and financial position of all the companies included in the scope of consolidation.

A reconciliation statement between the parent company's shareholders' equity and profit for the year and the consolidated shareholders' equity and profit for the year is also presented in the Management Board's Report.

For the purpose of preparing the statement of cash flows, coupon payments related to the AT1 capital instrument made in 2022 and 2021 have been reported under funding activities as "dividend distributions and other purposes".

It should be noted that compared to the previous year 2021, there have been no changes in the accounting standards applied in the past, nor have new accounting standards been introduced.

At 31 December 2022, the economic effects of the execution of the agreement that Deutsche Bank S.p.A. and Zurich Insurance Company Ltd reached in August 2021, on the basis of which Zurich Italia acquired Deutsche Bank's network of financial advisors in Italy in the second half of 2022, are recognised in the income statement, in application of IFRS 5, under item 320 "Profit (loss) from discontinued operations net of taxes".



## Consolidated Statement of Financial Position

Assets				
in thousands of euro				
	31/12/2022	31/12/2021	Changes	
			Absolute	%
10. Cash and cash equivalents	3,687,543	3,376,043	311,500	9.23
20. Financial assets measured at fair value through profit or loss	209,330	192,166	17,164	8.93
a) financial assets held for trading	173,222	53,933	119,289	221.18
b) financial assets designated at fair value	-	-	-	-
c) other financial assets mandatorily measured at fair value	36,108	138,233	(102,125)	(73.88)
40. Financial assets measured at amortised cost	24,851,504	25,507,972	(656,468)	(2.57)
a) loans and receivables with banks	3,735,686	5,181,588	(1,445,902)	(27.90)
b) loans and receivables with customers	21,115,818	20,326,384	789,434	3.88
50. Hedging derivatives	3,850	15,515	(11,665)	(75.19)
70. Equity investments	13,389	9,221	4,168	45.20
90. Property, equipment and investment property	228,166	256,815	(28,649)	(11.16)
100. Intangible assets	32,743	39,122	(6,379)	(16.31)
of which:				
- goodwill	-	-	-	-
110. Tax assets	304,854	359,981	(55,127)	(15.31)
(a) current	117,468	99,872	17,596	17.62
(b) prepaid	187,386	260,109	(72,723)	(27.96)
130. Other assets	867,184	756,064	111,120	14.70
<b>Total assets</b>	<b>30,198,563</b>	<b>30,512,899</b>	<b>(314,336)</b>	<b>(1.03)</b>

Chairman of the Management Board and  
Chief Executive Officer

Chief Accounting Officer

Liabilities and equity items				
in thousands of euro			Changes	
	31/12/2022	31/12/2021	Absolute	%
10. Financial liabilities measured at amortised cost	26,847,780	27,602,321	(754,541)	(2.73)
a) due to banks	11,096,346	10,312,071	784,275	7.61
b) due to customers	15,559,669	17,287,516	(1,727,847)	(9.99)
c) securities issued	191,765	2,734	189,031	n.s.
20. Financial liabilities held for trading	170,505	67,089	103,416	154.15
40. Hedging derivatives	-	5,647	(5,647)	(100.00)
60. Tax liabilities	1,308	1,598	(290)	(18.15)
(a) current	2	35	(33)	(94.29)
(b) deferred	1,306	1,563	(257)	(16.44)
80. Other liabilities	687,436	537,376	150,060	27.92
90. Post-employment benefits	11,101	13,942	(2,841)	(20.38)
100. Provisions for risks and charges:	148,056	182,633	(34,577)	(18.93)
a) commitments given and guarantees issued	23,189	41,504	(18,315)	(44.13)
b) pension and similar obligations	1,028	13,341	(12,313)	(92.29)
c) other provisions for risks and charges	123,839	127,788	(3,949)	(3.09)
120. Valuation reserves	1,604	(32)	1,636	n.s.
140. Equity instruments	145,000	145,000	-	-
150. Reserves	1,185,527	1,180,433	5,094	0.43
160. Share premium	331,959	331,959	-	-
170. Share capital	412,154	412,154	-	-
180. Treasury shares (-)	(3,516)	(3,516)	-	-
190. Equity attributable to non-controlling interests (+/-)	11	11	-	-
200. Profit (loss) for the year (+/-)	259,638	36,284	223,354	615.57
<b>Total liabilities and equity</b>	<b>30,198,563</b>	<b>30,512,899</b>	<b>(314,336)</b>	<b>(1.03)</b>

Chairman of the Management Board and  
Chief Executive Officer

Chief Accounting Officer

## Consolidated Income Statement

in thousands of euro				
	Financial Year 2022	Financial Year 2021	Changes	
			Absolute	%
10. Interest and similar income	617,184	540,459	76,725	14.20
of which: interest income calculated using the effective interest method	399,113	396,561	2,552	0.64
20. Interest and similar expense	(71,776)	(62,536)	(9,240)	14.78
<b>30. Net interest income</b>	<b>545,408</b>	<b>477,923</b>	<b>67,485</b>	<b>14.12</b>
40. Fee and commission income	439,806	639,113	(199,307)	(31.18)
50. Fee and commission expense	(63,698)	(205,989)	142,291	(69.08)
<b>60. Net fee and commissions</b>	<b>376,108</b>	<b>433,124</b>	<b>(57,016)</b>	<b>(13.16)</b>
70. Dividends and similar income	1,158	1,034	124	11.99
80. Net trading income (expense)	20,337	8,831	11,506	130.29
90. Net hedging income (expense)	(3)	5	(8)	(160.00)
100. Gains (losses) from sale or repurchase of:	(28,323)	5,797	(34,120)	(588.58)
a) financial assets measured at amortised cost	(6,729)	5,797	(12,526)	(216.08)
c) financial liabilities	(21,594)	-	(21,594)	n.s.
110. Net gains (losses) from other financial assets and liabilities measured at fair value through profit or loss	(26,663)	19,459	(46,122)	(237.02)
b) other financial assets mandatorily measured at fair value	(26,663)	19,459	(46,122)	(237.02)
<b>120. Total income</b>	<b>888,022</b>	<b>946,173</b>	<b>(58,151)</b>	<b>(6.15)</b>
130. Net adjustments/write-backs for credit risk related to:	(120,549)	(115,951)	(4,598)	3.97
a) financial assets measured at amortised cost	(120,549)	(115,951)	(4,598)	3.97
140. Gains (losses) from contractual changes without cancellations	(82)	(1,233)	1,151	(93.35)
<b>150. Net financial income</b>	<b>767,391</b>	<b>828,989</b>	<b>(61,598)</b>	<b>(7.43)</b>
<b>180. Net financial and insurance income</b>	<b>767,391</b>	<b>828,989</b>	<b>(61,598)</b>	<b>(7.43)</b>
190. Administrative expenses:	(665,712)	(733,660)	67,948	(9.26)
a) personnel expenses	(301,492)	(371,429)	69,937	(18.83)
b) other administrative expenses	(364,220)	(362,231)	(1,989)	0.55
200. Net accruals to provisions for risks and charges	(8,099)	(6,219)	(1,880)	30.23
a) commitments given and guarantees issued	(1,479)	(3,851)	2,372	(61.59)
b) other net provisions	(6,620)	(2,368)	(4,252)	179.56
210. Net adjustments/write-backs on property, equipment	(41,608)	(53,098)	11,490	(21.64)
220. Net adjustments/write-backs on intangible assets	(9,041)	(13,366)	4,325	(32.36)
230. Other operating income/expense	(16,883)	(337)	(16,546)	n.s.
<b>240. Operating costs</b>	<b>(741,343)</b>	<b>(806,680)</b>	<b>65,337</b>	<b>(8.10)</b>
250. Gains (losses) from equity investments	1,768	290	1,478	509.66
280. Gains (losses) from sale of investments	(41)	2,168	(2,209)	(101.89)
<b>290. Pre-tax profit (loss) from continuing operations</b>	<b>27,775</b>	<b>24,767</b>	<b>3,008</b>	<b>12.15</b>
300. Income taxes for the year from continuing operations	(51,181)	11,726	(62,907)	n.s.
<b>310. Post-tax profit (loss) from continuing operations</b>	<b>(23,406)</b>	<b>36,493</b>	<b>(59,899)</b>	<b>(164.14)</b>
320. Post-tax profit (loss) from discontinued operations	283,044	(209)	283,253	n.s.
<b>330. Profit (Loss) for the year</b>	<b>259,638</b>	<b>36,284</b>	<b>223,354</b>	<b>615.57</b>
340. Profit (loss) for the year attributable to non-controlling interests	-	-	-	-
<b>350. Profit (loss) for the year attributable to the parent company</b>	<b>259,638</b>	<b>36,284</b>	<b>223,354</b>	<b>615.57</b>

Chairman of the Management Board and  
Chief Executive Officer

Chief Accounting Officer

## Consolidated Statement of Comprehensive Income

in thousands of euro					
Items		Financial Year 2022	Financial Year 2021	Changes Absolute	%
<b>10</b>	<b>Profit (Loss) for the year</b>	<b>259,638</b>	<b>36,284</b>	<b>223,354</b>	<b>615.57</b>
	<b>Other comprehensive income, net of income taxes, not reclassified to income statement</b>				
20.	Equity securities designated at fair value through other comprehensive income	-	-	-	-
30.	Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)	-	-	-	-
40.	Hedges of equity securities designated at fair value through other comprehensive income	-	-	-	-
50.	Property, equipment and investment property	-	-	-	-
60.	Intangible assets	-	-	-	-
70.	Defined benefit plans	1,636	729	907	124.42
80.	Non-current assets and groups of assets held for sale	-	-	-	-
90.	Portion of valuation reserves of equity investments valued with the equity method	-	-	-	-
	<b>Other comprehensive income, net of income taxes, reclassified to income statement</b>				
100.	Hedges of foreign investments	-	-	-	-
110.	Exchange rate gains (losses)	-	-	-	-
120.	Cash flow hedges	-	-	-	-
130.	Hedging instruments (non-designated elements)	-	-	-	-
140.	Financial assets (other than equity securities) measured at fair value through other comprehensive income	-	-	-	-
150.	Non-current assets and groups of assets held for sale	-	-	-	-
160.	Portion of valuation reserves of equity investments valued with the equity method	-	-	-	-
<b>170.</b>	<b>Total comprehensive income, net of income taxes</b>	<b>1,636</b>	<b>729</b>	<b>907</b>	<b>124.42</b>
<b>180.</b>	<b>Comprehensive income (items 10 + 170)</b>	<b>261,274</b>	<b>37,013</b>	<b>224,261</b>	<b>605.90</b>
190.	Consolidated comprehensive income attributable to non-controlling interests	-	-	-	-
<b>200.</b>	<b>Consolidated comprehensive income attributable to the parent company</b>	<b>261,274</b>	<b>37,013</b>	<b>224,261</b>	<b>605.90</b>

Chairman of the Management Board and  
Chief Executive Officer

Chief Accounting Officer

## Consolidated Statement of Changes in Equity

Changes in consolidated equity for the years 2022 and 2021 are shown below.

in thousands of euro	Balance at 31 December 2021	Change to opening balances (FTA IFRS 9)	Balance at 1 January 2022	Allocation of prior year profit		Changes in the half year								Equity attributable to the Group at 31 December 2022	Equity attributable to non-controlling interests at 31 December 2022
				Reserves	Dividends and other allocations	Changes in reserves	Equity transactions						Comprehensive income 2022		
							Issue of new shares	Repurchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Derivatives on treasury shares	Stock options			
Share capital															
a) ordinary shares	412,165		412,165	-		-	-	-						412,154	11
b) other shares	-		-	-			-	-							
Share premium	331,959		331,959	-		-	-							331,959	-
Reserves:															
a) profit	498,760	-	498,760	11,807	-	(6,713)	-	-	-					503,854	-
b) other	681,673	-	681,673	-		-	-		-		-	-		681,673	-
Valuation reserves	(32)	-	(32)			-							1,636	1,604	-
Equity instruments	145,000		145,000											145,000	-
Treasury shares	(3,516)		(3,516)				-	-						(3,516)	-
Profit (Loss) for the year	36,284	-	36,284	(11,807)	(24,477)								259,638	259,638	
Equity attributable to the Group	2,102,282	-	2,102,282	-	(24,477)	(6,713)	-	-	-	-	-	-	261,274	2,332,366	-
Equity attributable to non-controlling interests	11	-	11	-	-	-	-	-	-		-	-	-	-	11

In the column "Changes in the reserves", the negative amount of €6,713 thousand includes the debit to the reserve of €8,229 thousand, related to the payment of the coupon on the AT1 capital instrument.

Chairman of the Management Board and Chief Executive Officer

Chief Accounting Officer

in thousands of euro	Balance at 31 December 2020	Change to opening balances (FTA IFRS 9)	Balance at 1 January 2021	Allocation of prior year profit		Changes in the half year								Equity attributable to the Group at 31 December 2021	Equity attributable to non-controlling interests at 31 December 2021
				Reserves	Dividends and other allocations	Changes in reserves	Equity transactions						Comprehensive income 2021		
							Issue of new shares	Repurchase of treasury shares	Extraordinary dividend distribution	Change in equity instruments	Derivatives on treasury shares	Stock options			
Share capital															
a) ordinary shares	412,155		412,155	-		-	10	-						412,154	11
b) other shares	-		-	-			-	-							
Share premium	331,959		331,959	-		-	-							331,959	-
Reserves:															
a) profit	511,504	-	511,504	-	-	(12,744)	-	-	-					498,760	-
b) other	500,039	-	500,039	(18,366)		200,000	-		-		-	-		681,673	-
Valuation reserves	(761)	-	(761)			-							729	(32)	-
Equity instruments	145,000		145,000											145,000	-
Treasury shares	(3,516)		(3,516)				-	-						(3,516)	-
Profit (Loss) for the year	(18,366)	-	(18,366)	18,366									36,284	36,284	
Equity attributable to the Group	1,878,013	-	1,878,013	-		187,256	-	-	-	-	-	-	37,013	2,102,282	-
Equity attributable to non-controlling interests	1	-	1	-	-	-	10	-	-		-	-	-	-	11

In the column "Changes in the reserves", the negative amount of €12,744 thousand includes the debit to the reserve of €9,179 thousand, related to the payment of the coupon on the AT1 capital instrument.

Chairman of the Management Board and Chief Executive Officer

Chief Accounting Officer

## Consolidated Statement of Cash Flows

### Indirect method

<b>A. OPERATING ACTIVITIES</b>	<b>Financial Year</b>	<b>Financial Year</b>
in thousands of euro	<b>2022</b>	<b>2021</b>
<b>1. Operations</b>	<b>501,122</b>	<b>184,400</b>
- profit (loss) for the year (+/-)	259,638	36,284
- gains/losses on financial assets held for trading and on other assets/liabilities measured at fair value through profit or loss (-/+)	11,084	(24,623)
- gains/losses on hedging activities (-/+)	50	(5)
- net impairment losses/reversals of impairment losses for credit risk (+/-)	120,549	115,951
- net impairment losses/reversals of impairment losses on property, equipment and	50,649	66,464
- net accruals to provisions for risks and charges and other costs/revenue (+/-)	8,254	6,326
- outstanding taxes and tax credits (+/-)	51,181	(11,726)
- other adjustments (+/-)	(283)	(4,271)
<b>2. Cash flows generated/used by financial assets</b>	<b>236,517</b>	<b>(3,471,701)</b>
- financial assets held for trading	(103,710)	54,368
- financial assets designated at fair value	-	-
- other assets mandatorily measured at fair value	75,462	18,975
- financial assets measured at amortised cost	397,553	(3,411,240)
- other assets	(132,788)	(133,804)
<b>3. Cash flows generated/used by financial liabilities</b>	<b>785,295</b>	<b>3,842,062</b>
- financial liabilities measured at amortised cost	547,268	3,858,991
- financial liabilities held for trading	103,416	(54,392)
- financial liabilities designated at fair value	-	-
- other liabilities	134,611	37,463
<b>Net cash flows generated/used by operating activities</b>	<b>1,522,934</b>	<b>554,761</b>
<b>B. INVESTING ACTIVITIES</b>		
<b>1. Cash flows generated/used by</b>	<b>(1,126,283)</b>	<b>-</b>
- sales of equity investments	-	-
- dividends collected on equity investments	-	-
- sales of property, equipment and investment property	-	-
- sales of intangible assets	-	-
- sales of subsidiaries and business units	(1,126,283)	-
<b>2. Cash flows used by</b>	<b>(52,476)</b>	<b>(48,316)</b>
- purchases of equity investments	(2,400)	(5,000)
- purchases of property, equipment and investment property	(46,124)	(38,007)
- purchases of intangible assets	(3,952)	(5,309)
- purchases of subsidiaries and business units	-	-
<b>Net cash flows generated/used by investing activities</b>	<b>(1,178,759)</b>	<b>(48,316)</b>
<b>C. FINANCING ACTIVITIES</b>		
- issue/purchase of treasury shares/contribution to capital	-	200,010
- issue/purchase of equity instruments	-	-
- dividend and other distributions	(32,706)	(9,179)
<b>Net cash flows generated/used by financing activities</b>	<b>(32,706)</b>	<b>190,831</b>
<b>TOTAL NET CASH FLOWS GENERATED/USED IN THE YEAR</b>	<b>311,469</b>	<b>697,276</b>

### RECONCILIATION

-

#### Financial statement items

Opening cash and cash equivalents	3,376,043	2,678,351
Total net cash flows generated/used in the year	311,469	697,276
Cash and cash equivalents: effect of changes in exchange rates	31	416

<b>CLOSING CASH AND CASH EQUIVALENTS</b>	<b>3,687,543</b>	<b>3,376,043</b>
--	------------------	------------------

#### KEY:

(+) generated

(-) used

Chairman of the Management Board and  
Chief Executive Officer

Chief Accounting Officer

# **Notes to the Consolidated Financial Statements at 31 December 2022**

Part A – Accounting policies

Part B – Notes to the consolidated statement of financial position

Part C – Notes to the consolidated income statement

Part D – Consolidated comprehensive income

Part E – Risks and related hedging policies

Part F – Consolidated equity

Part G – Business combinations

Part H – Related party transactions

Part I – Payment agreements based on own equity instruments

Part L – Segment reporting

Part M – Leasing information



# Part A – Accounting policies

## A.1 General part

### Section 1 – Statement of compliance with International Accounting Standards

The Consolidated Financial Statements of the Group have been prepared in compliance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), endorsed by the European Commission with EC Regulation no. 1606 of 19 July 2002. The preparation of the Consolidated Financial Statements at 31 December 2022 was carried out on the basis of the instructions issued by the Bank of Italy in Circular no. 262/05 and its seventh update of 29 October 2021, "Bank financial statements: formats and compilation rules", and also took into account further notes and information on the subject communicated by the Bank of Italy: in this regard, it should be noted that the communication of 21 December 2021 relating to the "Updating supplements to the provisions of Circular no. 262 'Bank financial statements: formats and compilation rules' on the impact of COVID-19 and measures to support the economy".

On the other hand, the joint Bank of Italy/Consob/IVASS press release of 27 October 2022 on the disclosure to be provided in the 2022 financial statements on the transition to IFRS 17 does not apply to Deutsche Bank S.p.A.

These instructions are mandatory for the format and content of the financial statements schedules and the content of the notes.

The Consolidated Financial Statements have been drawn up using the IAS/IFRS standards and related interpretations (SIC/IFRIC) endorsed by the European Union and effective at 31 December 2022. The standards applied by the Group as required by the circumstances are listed below.

Below are the changes for 2022 related to the IFRS accounting standards with reference to EU regulations, interpretations, amendments and draft documents issued by the IASB.

#### **IFRS and IFRIC accounting standards, amendments and interpretations endorsed by the European Union, not yet mandatorily applicable and not adopted early at 31 December 2022**

Commission Regulation (EU) 2022/357 of 2 March 2022 adopting amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors was published in Official Journal L 68 of 3 March 2022.

The amendments clarify the differences between accounting standards and accounting estimates in order to ensure the consistent application of accounting standards and the comparability of financial statements. The companies apply the provisions from 1 January 2023 or later.

The International Sustainability Standards Board (ISSB) published the first two draft on sustainability standards for consultation:

- ED IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, which provides for the general disclosure requirements relating to sustainability;
- ED IFRS S2 Climate-Related Disclosures, which concerns climate-related disclosure.

The consultation ends on 29 July 2022.

Commission Regulation (EU) 2022/1392 of 11 August 2022, which adopts amendments to IAS 12 Income Taxes, was published in Official Journal L 211 of 12 August 2022.

These amendments specify how companies must account for deferred taxes on transactions such as leases and decommissioning obligations and aim to reduce the diversity in the recognition in the financial statements of deferred tax assets and liabilities on leases and decommissioning obligations.

The companies apply the provisions from 1 January 2023 or later.

Commission Regulation (EU) 2022/1491 of 8 September 2022, which adopts amendments to IFRS 17 Insurance Contracts, was published in Official Journal L 234 of 9 September 2022.

The amendment to the transitional provisions of IFRS 17 allows companies to overcome the one-off classification differences of the comparative information of the previous year at the time of the first application of IFRS 17 and IFRS 9 Financial Instruments.

Companies may apply the amendment only to the first-time application of IFRS 17 Insurance Contracts and IFRS 9 Financial Instruments.

#### **IFRS accounting standards, amendments and interpretations not yet in force for the year 2022**

IFRS 16 "Leases"

In September 2022, the IASB issued amendments to IFRS 16 "Leases" which clarify how a seller-lessee subsequently evaluates sales and leaseback transactions that meet the requirements of IFRS 15 to be accounted for as a sale. The amendments apply to financial years beginning on or after 1 January 2024 with early adoption permitted. The amendment is not expected to have a significant impact on the Group's consolidated financial statements. These amendments still need to be endorsed by the EU.

#### IFRS 17 "Insurance Contracts"

In May 2017, the IASB issued IFRS 17, "Insurance Contracts", which establishes the standards for the recognition, measurement, presentation and disclosure of insurance contracts.

IFRS 17 replaces IFRS 4 which authorised companies to account for insurance contracts using national accounting standards, resulting in a multitude of different approaches.

IFRS 17 solves the comparison problems created by IFRS 4 by requiring insurance contracts to be accounted for consistently, to the benefit of both investors and insurance companies.

For insurance companies, bonds will be accounted for using current values, rather than historical cost. The information shall be updated regularly to provide more useful data to the users of the financial statements.

IFRS 17 is effective for years starting on or after 1 January 2023. Based on the current commercial activities of the DB Group it is expected that IFRS 17 will not have a material impact on the companies of the Deutsche Bank Group.

In June 2020, the IASB issued amendments to IFRS 17 "Insurance Contracts" which address the implementation problems that were identified after the publication of IFRS 17 in 2017. The amendments are effective for annual periods starting on or after 1 January 2023 with early adoption permitted.

In December 2021, the IASB issued amendments to IFRS 17 "Insurance Contracts", which is a limited amendment to the transition requirements of IFRS 17 for entities that apply IFRS 17 and IFRS 9 for the first time. The amendments (if adopted) will be effective from the first application of IFRS 17.

#### IAS 12 "Income Taxes"

In May 2021, the IASB issued amendments to IAS 12 "Income Taxes". The IASB amended the deferred tax treatment relating to assets and liabilities of a single transaction so as to introduce an exemption from initial recognition as provided for in IAS 12.15 (b) and IAS 12.24. Therefore, the exemption from initial recognition does not apply to transactions where, upon initial recognition, both deductible and taxable temporary differences arise and result in the recognition of equal deferred tax assets and liabilities. The amendments will become effective for financial years starting on or after 1 January 2023 with early adoption permitted. The amendments have no significant impact on the Financial Statements of Deutsche Bank S.p.A.

#### IAS 1 "Presentation of Financial Statements"

In January 2020 and July 2020, the IASB issued amendments to IAS 1 "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current". These amendments clarify that the classification of liabilities as current or non-current should be based on the rights existing at the end of the reference period. The amendments also clarify that this classification is not affected by expectations that an entity will exercise its right to defer settlement of a liability, and clarify that settlement refers to the transfer of cash, equity instruments, other assets or services to the counterparty.

The amendments will become effective for financial years starting on or after 1 January 2023 with early adoption permitted. These amendment will not have a significant impact on Deutsche Bank S.p.A.'s Financial Statements. These amendments still need to be endorsed by the EU.

### **IFRS accounting standards, amendments and interpretations applied from 2022**

The following are the accounting rulings that are relevant for the DB Group and which were applied for the first time in 2022.

#### IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"

On 1 January 2022, the Group has adopted the amendments to IAS 37, "Provisions, Contingent Liabilities and Contingent Assets" which have clarified which costs an entity must consider in assessing whether a contract is onerous. The amendments specify that the "cost of performance" of a contract includes "costs that relate directly to the contract".

Costs that relate directly to a contract can be incremental costs for performing that contract or an allocation of other costs that relate directly to fulfilling the contracts. The amendments did not have a significant impact on the Consolidated Financial Statements of the DB Group or of Deutsche Bank S.p.A.

#### Improvements to the IFRS 2018-2020 cycles

On 1 January 2022, the Group adopted the amendments to several IFRS standards, deriving from the annual improvement project of the IASB for the 2018-2020 cycles. These amendments have resulted in accounting changes for presentation, recognition or measurement purposes, as well as changes in terminology or wording relating to IFRS 1 "First-time Adoption of International Financial Reporting Standards", IFRS 9 "Financial Instruments", IFRS 16 "Leases" and IAS 41 "Agriculture". The amendments to IFRS 9 have clarified which commissions an entity must include in evaluating whether to derecognise a financial liability. The amendments did not have a significant impact on the Consolidated Financial Statements of the DB Group or of Deutsche Bank S.p.A.

### *Standards and interpretations endorsed and in force (as amended) at 31 December 2022*

The following tables list the accounting standards and related interpretations in force at the date of preparation of these Financial Statements.

In addition, the following new accounting standards are noted, the application of which is expected in the next few years:

- IFRS 14, "Regulatory Deferral Accounts" – pending endorsement by the European Union;
- IFRS 17, "Insurance Contracts" – endorsed by the European Union, with Regulation (EU) 2036/2021 and in force from 1 January 2023.

IAS/IFRS	NAME	ENDORISING REGULATION
IAS 1	Presentation of Financial Statements	1274/2008, 53/2009, 70/2009, 494/2009, 243/2010, 149/2011, 475/2012, 1254/2012, 1255/2012, 301/2013, 2113/2015, 2406/2015, 1986/2017, 2075/2019, 2104/2019
IAS 2	Inventories	1126/2008, 1255/2012, 1986/2017
IAS 7	Statement of Cash Flows	1126/2008, 1274/2008, 70/2009, 494/2009, 243/2010, 1254/2012, 1174/2013, 1986/2017, 1990/2017
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1126/2008, 1274/2008, 70/2009, 1255/2012, 2075/2019, 2104/2019
IAS 10	Events after the Reporting Period	1126/2008, 1274/2008, 70/2009, 1142/2009, 1255/2012, 2104/2019
IAS 11	Construction Contracts	1126/2008, 1274/2008
IAS 12	Income Taxes	1126/2008, 1274/2008, 495/2009, 475/2012, 1254/2012, 1255/2012, 1174/2013, 1986/2017, 1989/2017, 412/2019
IAS 16	Property, Plant and Equipment	1126/2008, 1274/2008, 70/2009, 495/2009, 1255/2012, 301/2013, 28/2015, 2113/2015, 2231/2015, 1986/2017
IAS 17	Leases ( <i>in effect until 31 December 2018</i> )	1126/2008, 243/2010, 1255/2012, 2113/2015
IAS 18	Revenue	1126/2008, 69/2009, 1254/2012, 1255/2012
IAS 19	Employee Benefits	1126/2008, 1274/2008, 70/2009, 475/2012, 1255/2012, 29/2015, 2343/2015, 402/2019
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1126/2008, 1274/2008, 70/2009, 475/2012, 1255/2012
IAS 21	The Effects of Changes in Foreign Exchange Rates	1126/2008, 1274/2008, 69/2009, 494/2009, 149/2011, 475/2012, 1254/2012, 1255/2012, 1986/2017
IAS 23	Borrowing Costs	1260/2008, 70/2009, 2113/2015, 1986/2017, 412/2019
IAS 24	Related Party Disclosures	1126/2008, 1274/2008, 632/2010, 475/2012, 1254/2012, 1174/2013, 28/2015
IAS 26	Accounting and Reporting by Retirement Benefit Plans	1126/2008
IAS 27	Consolidated and Separate Financial Statements; <i>from 1 January 2013 as "Separate Financial Statements"</i>	494/2009, 149/2011, 1254/2012, 1174/2013, 2441/2015
IAS 28	Investments in Associates; <i>"Investments in Associates and Joint Ventures" from 1 January 2013</i>	1126/2008, 1274/2008, 70/2009, 494/2009, 495/2009, 149/2011, 1254/2012, 2441/2015, 1703/2016, 182/2018, 237/2019
IAS 29	Financial Reporting in Hyperinflationary Economies	1126/2008, 1274/2008, 70/2009
IAS 31	Investments in Joint Ventures	1126/2008, 70/2009, 494/2009, 149/2011, 1255/2012

IAS 32	Financial Instruments: Presentation	1126/2008, 1274/2008, 53/2009, 70/2009, 495/2009, 1293/2009, 149/2011, 475/2012, 1254/2012, 1255/2012, 1256/2012, 301/2013, 1174/2013, 1986/2017
IAS 33	Earnings per Share	1126/2008, 1274/2008, 495/2009, 475/2012, 1254/2012, 1255/2012
IAS 34	Interim Financial Reporting	1126/2008, 1274/2008, 70/2009, 495/2009, 149/2011, 475/2012, 1255/2012, 301/2013, 1174/2013, 2343/2015, 2406/2015, 2075/2019, 2104/2019
IAS 36	Impairment of Assets	1126/2008, 1274/2008, 69/2009, 70/2009, 495/2009, 243/2010, 1254/2012, 1255/2012, 1374/2013, 2113/2015
IAS 37	Provisions, Contingent Liabilities and Contingent Assets	1126/2008, 1274/2008, 495/2009, 28/2015, 1986/2017, 2075/2019, 2104/2019
IAS 38	Intangible Assets	1126/2008, 1274/2008, 70/2009, 495/2009, 243/2010, 1254/2012, 1255/2012, 28/2015, 2231/2015, 1986/2017, 2075/2019
IAS 39	Financial Instruments: Recognition and Measurement	1126/2008, 1274/2008, 53/2009, 70/2009, 494/2009, 495/2009, 824/2009, 839/2009, 1171/2009, 243/2010, 149/2011, 1254/2012, 1255/2012, 1174/2013, 1375/2013, 28/2015, 1986/2017, 34/2020, 25/2021
IAS 40	Investment Property	1126/2008, 1274/2008, 70/2009, 1255/2012, 2113/2015, 1986/2017, 400/2018
IAS 41	Agriculture	1126/2008, 1274/2008, 70/2009, 1255/2012, 2113/2015, 1986/2017
IFRS 1	First-time Adoption of International Financial Reporting Standards	1136/2009, 550/2010, 574/2010, 662/2010, 149/2011, 1205/2011, 475/2012, 1254/2012, 1255/2012, 183/2013, 301/2013, 313/2013, 1174/2013, 2173/2015, 2343/2015, 2441/2015, 1986/2017, 182/2018, 519/2018, 1595/2018
IFRS 2	Share-based Payment	1126/2008, 1261/2008, 495/2009, 243/2010, 244/2010, 1254/2012, 1255/2012, 28/2015, 289/2018, 2075/2019
IFRS 3	Business Combinations	495/2009, 149/2011, 1254/2012, 1255/2012, 1174/2013, 28/2015, 1986/2017, 412/2019, 2075/2019, 551/2020
IFRS 4	Insurance Contracts	1126/2008, 1274/2008, 1165/2009, 1255/2012, 1986/2017, 1988/2017, 2097/2020, 25/2021
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1126/2008, 1274/2008, 494/2009, 243/2010, 475/2012, 1254/2012, 1255/2012, 2343/2015
IFRS 6	Exploration for and Evaluation of Mineral Resources	1126/2008, 2075/2019
IFRS 7	Financial Instruments: Disclosures	1126/2008, 1274/2008, 53/2009, 70/2009, 495/2009, 824/2009, 1165/2009, 574/2010, 149/2011, 1205/2011, 475/2012, 1256/2012, 1174/2013, 2343/2015, 2406/2015, 1986/2017, 34/2020, 25/2021
IFRS 8	Operating Segments	1126/2008, 1274/2008, 243/2010, 632/2010, 475/2012, 28/2015
IFRS 9	Financial Instruments	2067/2016, 1986/2017, 498/2018, 34/2020, 25/2021
IFRS 10	Consolidated Financial Statements	1254/2012, 313/2013, 1174/2013, 1703/2016
IFRS 11	Joint Arrangements	1254/2012, 313/2013, 2173/2015, 412/2019
IFRS 12	Disclosure of Interests in Other Entities	1254/2012, 313/2013, 1174/2013, 1703/2016, 182/2018
IFRS 13	Fair Value Measurement	1255/2012, 1986/2017
IFRS 15	Revenue from Contracts with Customers	1905/2016, 1986/2017, 1987/2017
IFRS 16	Leases - starting 1 January 2019	1986/2017, 1434/2020, 25/2021

<b>SIC/IFRIC</b>	<b>INTERPRETATION</b>	<b>ENDORISING REGULATION</b>
SIC 7	Introduction of the Euro	1126/2008, 1274/2008, 494/2009

SIC 10	Government Assistance - No Specific Relation to Operating Activities	1126/2008, 1274/2008
SIC 13	Jointly Controlled Entities — Non-Monetary Contributions by Venturers	1126/2008, 1274/2008
SIC 15	Operating Leases – Incentives ( <i>in effect until 31 December 2018</i> )	1126/2008, 1274/2008
SIC 25	Income Taxes — Changes in the Tax Status of an Entity or its Shareholders	1126/2008, 1274/2008
SIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease ( <i>in effect until 31 December 2018</i> )	1126/2008
SIC 29	Service Concession Arrangements: Disclosures	1126/2008, 1274/2008, 70/2009, 1986/2017
SIC 31	Revenue — Barter Transactions Involving Advertising Services	1126/2008
SIC 32	Intangible Assets - Web Site Costs	1126/2008, 1274/2008, 1986/2017, 2075/2019
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1126/2008, 1274/2008, 1986/2017
IFRIC 2	Members' Shares in Cooperative Entities and Similar Instruments	1126/2008, 53/2009, 1255/2012, 301/2013
IFRIC 4	Determining whether an Arrangement contains a Lease ( <i>in effect until 31 December 2018</i> )	1126/2008, 70/2009, 1255/2012
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1126/2008, 1254/2012
IFRIC 6	Liabilities arising from Participating in a Specific Market — Waste Electrical and Electronic Equipment	1126/2008
IFRIC 7	Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies	1126/2008, 1274/2008
IFRIC 9	Reassessment of Embedded Derivatives	1126/2008, 495/2009, 1171/2009, 243/2010, 1254/2012
IFRIC 10	Interim Financial Reporting and Impairment	1126/2008, 1274/2008
IFRIC 12	Service Concession Arrangements	254/2009, 1986/2017, 2075/2019
IFRIC 13	Customer Loyalty Programmes	1262/2008, 149/2011, 1255/2012
IFRIC 14	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1263/2008, 1274/2008, 633/2010, 475/2012
IFRIC 15	Agreements for the Construction of Real Estate	636/2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	460/2009, 243/2010, 1254/2012
IFRIC 17	Distributions of Non-cash Assets to Owners	1142/2009, 1254/2012, 1255/2012
IFRIC 18	Transfers of Assets from Customers	1164/2009
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	662/2010, 1255/2012, 2075/2019
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1255/2012, 2075/2019
IFRIC 21	Levies	634/2014
IFRIC 22	Foreign Currency Transactions and Advance Consideration	519/2018, 2075/2019
IFRIC 23	Uncertainty over Income Tax Treatments	1595/2018

## Section 2 – Basis for presentation

The accounting principles adopted for the preparation of these Consolidated Financial Statements are the same as those adopted for the preparation of the 2021 Financial Statements, as regards the classification, recognition, measurement and derecognition of financial assets and liabilities, as well as the recognition of revenues and costs, since no mandatory application of new international accounting standards took place during the first half of 2022.

These Consolidated Financial Statements comprise the statement of financial position, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and these notes. They are accompanied by a Management Board's Report, which has been prepared for annual consolidated reporting purposes.

The Consolidated Financial Statements have been presented clearly and give a true and fair view of the financial position and operations, changes in equity and cash flows.

In accordance with Article 5 of Legislative Decree no. 38 of 28 February 2005, the consolidated financial statements are prepared using the euro as the accounting currency.

The consolidated financial statements have been prepared using the general requirements of IAS 1, the specific criteria detailed in part A2 of these notes and the general provisions and assumptions for the preparation and presentation of financial statements required by the Framework issued by the IASB.

The Group has applied the IAS/IFRS without any departures.

Specifically, the general requirements of IAS 1 used for the preparation of these Financial Statements are as follows:

a) Business continuity: measurements of assets, liabilities and off-balance sheet transactions are made on a going concern basis.

b) Accrual basis: costs and revenues are recognised in accordance with the accrual and matching principles, except for the statement of cash flows, when prepared using the direct method.

c) Consistency of presentation: the criteria for presenting and classifying items in the financial statements are kept constant from one period to the next, unless a change is required by an International Accounting Standard or by an interpretation thereof or is necessary to increase the significance and reliability of the financial statements.

In the case of a change, the new accounting policy is applied, to the extent possible, on a retroactive basis and the nature, underlying reason and amount of the captions involved are disclosed. The presentation and classification of captions are in line with Bank of Italy's instructions for banks' financial statements.

d) Relevance and aggregation: in accordance with the Bank of Italy's instructions on the banks' financial statements, the various classes of similar items are presented separately, if material. Different items, if material, are presented separately.

e) Prohibition of netting: except as provided for or permitted by an International Accounting Standard or by an interpretation thereof or by the provisions issued by the Bank of Italy on banks' financial statements, assets and liabilities as well as costs and revenues are not subject to netting.

f) Comparative information: comparative information is disclosed for the preceding period for all amounts reported in the financial statements, except when a Standard or an Interpretation permits or requires otherwise. Corresponding disclosures are provided in the notes when they are relevant to better understand the financial statements of the current year.

In preparing these Consolidated Financial Statements, account has also been taken, where applicable, of interpretative and supporting documents for the application of accounting standards in relation to the impacts from COVID-19, issued by European regulatory and supervisory bodies and standard setters.

The documents issued by the various regulators and standard setters, as regards the more purely accounting area, have focused on the following specific issues:

- indications related to the classification of receivables and in particular guidelines for the treatment of moratoria;
- determination of the Expected Credit Loss (ECL) according to IFRS 9 from a forward looking perspective;
- transparency and disclosure to the market.

With regard to the regulatory measures related to the pandemic context, in the year 2022 the general framework defined in the course of 2020 and 2021 is substantially maintained unchanged.

For a detailed discussion, please refer to the specific section of the 2021 consolidated financial statements.

The concepts expressed by the various Authorities, mainly on loans and aimed at avoiding penalising positions in temporary difficulty in the presence of very significant economic support programmes, have also been consistently used by the parent company for the purposes of the measurement and representation of other financial statement items in the preparation of the Financial Statements at 31 December 2022.

### **Section 3 – Consolidation scope and basis of consolidation**

#### *Consolidation scope*

The Consolidated Financial Statements include the financial statements of Deutsche Bank S.p.A. and of the companies which it directly and indirectly controls. The companies operating in dissimilar sectors from the parent are also included in the consolidation scope, if any.

#### *1. Wholly owned equity investments in subsidiaries*

NAME	REGISTERED OFFICE	TYPE OF REL. (1)	INVESTMENT		Voting rights % (2)	Included in banking group	
			Investor	Shareholding			
A. Consolidated companies							
A.1 Companies consolidated line by line							
A.1	Deutsche Bank S.p.A.	Milan				YES	
A.2	Fiduciaria Sant'Andrea S.r.l.	Milan	1	A.1	100	100	YES
A.3	DB Covered Bond S.r.l. (3)	Conegliano (TV)	1	A.1	90	90	YES
A.4	ROCKY 2021-1 SPV S.r.l. (4)	Conegliano (TV)	-	-	0	0	NO
B. Equity investments valued using the equity method							
B.1	Prestipay S.p.A.	Udine	8	A.1	40	40	NO
(1) Type of relationship: 1 = control pursuant to Art. 2359 of the Italian Civil Code, par. 1, no. 1 (majority of voting rights at ordinary share/quota holders' meetings); 8 = associated company.							
(2) Available voting rights at ordinary share/quota holders' meetings.							
(3) The non-controlling interest of 10% is held by SVM Securitisation Vehicles Management S.r.l.							
(4) The holder of 100% of the stake in the SPV is Stichting Escalibur (foundation under Dutch law): control carried out by the parent company as required by IFRS 10.							

## 2. Evaluations and significant assumptions in determining the consolidation scope

It should be noted that the securitisation vehicle Rocky 2021-1 SPV S.r.l. was consolidated at 31 December 2022 and 31 December 2021. This vehicle was established and used by the parent company Deutsche Bank S.p.A. for a self-securitisation transaction involving personal loans originated by the Bank. The ABS securities issued, senior and junior tranches, were repurchased in full by Deutsche Bank S.p.A. Although it does not hold any stake in the Rocky company, the Bank has verified that the requirements for establishing control as set out in IFRS 10 are met.

Companies in which Deutsche Bank is exposed to variable returns, or has rights to such returns, deriving from its relationship with them and at the same time has the ability to affect returns by exercising its power over these entities, are considered subsidiaries.

The control can only be configured with the simultaneous presence of the following elements:

- the power to direct the relevant activities of the investee;
- exposure or rights to variable returns deriving from the relationship with the investee entity;
- the ability to exercise its power over the investee to affect the amount of its returns.

IFRS 10 identifies as "relevant activities" only those activities that significantly affect the returns of the investee company.

In the case of Rocky 2021-1 SPV it is a "structured entity" in which the voting rights do not represent the determining elements for the assessment of control.

Structured entities are generally considered to be controlled where:

- the Group has power through contractual rights that allow for the governance of relevant activities;
- the Group is exposed to the variable returns deriving from these activities.

As at the date of these Consolidated Financial Statements, the structured entity DB Covered Bond S.r.l. was included in the consolidation scope. It was consolidated in application of the definition of "control" provided in IFRS 10. This special purpose vehicle was already included in the scope of consolidation until 31 December 2013 on the basis of the criteria of the previous interpretation document SIC 12: by applying the rules introduced by IFRS 10 in 2014, Deutsche Bank S.p.A. was identified as the entity able to make significant decisions that can affect the results of the segregated assets, thereby resulting in a change in presentation of the vehicle's results; these decisions include, among other things, the disposal of the loan portfolio, the disposal of the subordinated loans and the definition of the related contractual economic terms and conditions, the repurchase of non-performing loans, the re-usage of the liquidity exceeding the limits set for vehicles companies, connected with the issuing of covered bonds.

All the consolidated companies, except for the aforementioned DB Covered Bond S.r.l. and Rocky 2021-1 SPV S.r.l. were included due to the existence of control resulting from the majority of the voting rights held. At 31 December 2022, there are no situations of joint control, nor are there any DB investment companies within the DB Group. Consolidated companies at 31 December 2022 are shown in the table above.

## 3. Equity investments in wholly owned subsidiaries with significant non-controlling interests

At 31 December 2022 and 31 December 2021, the securitisation vehicle Rocky 2021-1 SPV S.r.l. was consolidated, and the parent company, although not holding any interest in the company, has verified the existence of the requirements to establish control as provided for by IFRS 10.

#### 4. Significant restrictions

There are no such situations.

#### 5. Other information

There are no other significant aspects to underline insofar related to these Consolidated Financial Statements.

#### **Basis of consolidation**

With regard to the consolidation methods, we reiterate that, in general, the financial information provided in the Consolidated Financial Statements includes the financial information of the parent company, Deutsche Bank S.p.A., together with the information of its subsidiaries, including structured entities, accounted for as a single economic entity (*note that the International Accounting Standards adopt the "entity theory" for consolidated financial statements as provided, for example, by IFRS 3 for the calculation of the goodwill pertaining to non-controlling interests*).

#### *Subsidiaries*

The subsidiaries of DB Group are the entities that DB Group controls. Control over an entity is measured by the ability of DB Group to unilaterally exercise its power in a manner as to affect the variable returns which DB Group is exposed to, through its involvement in the entity.

In certain cases, DB Group has supported the establishment of structured entities or interacted with structured entities established by third parties for various reasons, including to allow customers to have investments in separate legal entities, to allow customers to jointly invest in alternative assets or for loan securitisation purposes.

When establishing whether to consolidate an entity, DB Group assesses a series of factors, including in particular:

- the scope and structure of the entity;
- the relevant activities and the method by which they are determined;
- whether the rights afforded to it provide the Group with the power to manage relevant activities;
- whether DB Group has exposures or rights in terms of variable returns;
- whether DB Group has the ability to unilaterally exercise its power to influence the value of its returns.

If the voting rights are significant, it is considered that DB Group exercises control when it holds, directly or indirectly, over one half of the voting rights in a company, except where it can be proven that another investor has the material capacity to manage the relevant activities, as could be indicated by one or more of the following factors:

- another investor holds over one half of the voting rights by virtue of an agreement with DB Group; or
- another investor has the power to manage the financial or operating policies of the investee by law or based on a contract; or
- another investor has the power to appoint or remove most of the members of the Board of Directors or an equivalent management body and the investee is controlled by that board or body;
- another investor has the power to exercise the majority of the voting rights at meetings of the Board of Directors or of an equivalent management body and that board or body controls the entity.

Potential voting rights considered to be essential are also taken into account in the valuation of control. Similarly, the DB Group also verifies the existence of control where it does not control the majority of the voting rights, but has the material capacity to manage the relevant activities unilaterally: this may occur in cases where the scope and division of the shares held by the other shareholders give the DB Group the power to manage the activities of the investee. The subsidiaries are consolidated from the date on which control is transferred to DB Group and they are removed from the consolidation scope from the date on which there ceases to be control.

The DB Group evaluates the status of the consolidation at least every six months, on the financial period closing date (normally this is the date on which the annual and half-yearly financial statements are prepared).

Consequently, any change in the structure will be taken under consideration at the time that it occurs. Among the changes in question are changes pertaining to decision making, contractual arrangements, financing, ownership and capital structure, as well as changes caused by events that had been predefined contractually in the initial phases of the acquisition of control of an entity.



Accounting policies that are coherent for the purpose of consolidation are applied throughout DB Group. Shares of subsidiaries issued by third parties are treated as non-controlling interests. Profits or losses attributable to non-controlling interests are recognised separately in the consolidated financial statements and in the consolidated statement of comprehensive income. As a general rule, if applicable, the Group does not consolidate companies for which it has received shares with voting rights as a pledge, as the objective of the pledge is to guarantee the financing granted rather than exercise control and govern the financial and operating policies of another entity so as to obtain benefits from its activities.

On the date on which the control of a subsidiary is lost, DB Group proceeds as follows:

- a) it derecognises the assets (as well as any attributable goodwill) and the liabilities of the subsidiary, at their carrying amount;
- b) it derecognises the carrying amount of any non-controlling interest in the former subsidiary (including the components of other accumulated comprehensive profits attributable to the subsidiary);
- c) it recognises the fair value of the consideration received and any distribution of the subsidiary's shares;
- d) it recognises any equity investment maintained in the former subsidiary at fair value; and
- e) it recognises any differences arising from the aforementioned captions as a profit or loss in the income statement.

Any amount recognised in comprehensive income for the subsidiary in previous years is reclassified to the consolidated income statement on the date that control is lost or is transferred directly to undistributed profits, if so provided by other IFRSs (other income not reclassified to the income statement).

#### *Consolidation on a line-by-line basis*

Investments in subsidiaries are consolidated on a line-by-line basis, i.e. a line-by-line acquisition of the subsidiaries' assets, liabilities, revenue and expenses. After attributing the relevant portions of equity and profit or loss to non-controlling interests, the carrying amount of the investment is eliminated against the residual amount of the subsidiaries' equity.

Any resulting positive difference is first allocated to the subsidiaries' assets and liabilities, and the remainder is recognised as goodwill under intangible assets at the date of first consolidation and under other reserves thereafter. Any resulting negative difference ("badwill") is recognised in the income statement.

Intragroup assets, liabilities, revenue and expenses are eliminated in full.

The profit or loss of a subsidiary acquired during the year is included in the consolidated financial statements from the acquisition date.

Similarly, those of a subsidiary sold during the year are included up until the Group ceases to exert control. The difference between the consideration received for the sale of the investment and its carrying amount at the disposal date, including any exchange rate gains (losses) accumulated in equity upon consolidation, is recognised in the income statement.

Changes in the parent company's investments in subsidiaries that do not entail loss of control are accounted for as owner transactions (i.e., transactions between owners in their capacity as owners).

In these cases, the carrying amounts of investments in subsidiaries and non-controlling interests are adjusted to account for the changes in their related interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent company.

The parent company's and consolidated companies' separate financial statements used for consolidation purposes have the same reporting date.

When necessary, and except for negligible cases, if the consolidated companies' separate financial statements were prepared under different accounting policies, they would be adjusted to comply with Group policies.

#### *Associates*

At the closing date of these Consolidated Financial Statements, the DB Group had an associate company (Prestipay S.p.A.) in which Deutsche Bank S.p.A. held a 40% stake.

It should be noted that, based on IAS/IFRS, an associate is an entity over which an investor has significant influence, but not a controlling interest, over the entity's operating and financial policies.

Influence is considered to be significant when the group holds from 20% to 50% of the voting rights. When assessing whether the Group has significant influence, consideration is taken of the existence and effect of potential voting rights that can be exercised or converted. Other factors taken under consideration in order to establish whether the Group has significant influence include representation in the Board of Directors (or the management committee for German joint stock companies) and the

existence of substantial inter-company transactions. The existence of these factors could require the application of the equity method to a particular investment, even if the Group's investment is lower than 20% of the shares with voting rights.

Associates and companies subject to joint control are consolidated using the synthetic equity method.

The equity method provides for the initial recognition of the investment at cost and its subsequent value adjustment on the basis of the share pertaining to the equity of the investee.

The differences between the value of the investment and the shareholders' equity of the related investee are included in the book value of the investee.

Potential voting rights are not taken into account in the valuation of the share.

The share of the investee's results for the year is recognised in a specific item of the consolidated income statement.

The most recent (annual or interim) financial statements approved by the companies are used to consolidate companies subject to joint control and equity investments in associates.

## **Section 4 – Events after the reporting period**

During the period from the reporting date of these Consolidated Financial Statements to the date of the related Management Board's Report, on 24 March 2023, no events or circumstances have taken place which would require an adjustment to the approved financial figures or disclosures.

In February 2023, Cassa Centrale Banca - Credito Cooperativo Italiano S.p.A. exercised the option to purchase the entire equity investment of Prestipay S.p.A. held by DB S.p.A..

The transaction is expected to be completed by 2023 and did not entail any adjustments to the consolidated financial statements of DB S.p.A. at 31 December 2022.

## **Section 5 – Other aspects**

### **a) Risks, uncertainties and impacts of the war in Ukraine and the energy crisis**

#### *General aspects*

The war in Ukraine and the related further increase in global inflationary pressures due to rising energy prices and supply chain disruptions have led to a significant downward revision of global growth forecasts for 2022 and 2023. The main central banks are responding by tightening monetary policy and market interest rates increased significantly during the quarter consisting of periods of very high market volatility. The risk of a sharp economic recession has significantly increased by the end of the third quarter as the effects of higher inflation, higher interest rates and tighter financial conditions have weighed on economic activity, including in the US economy, as the Federal Reserve leads the cycle of global interest rate tightening. Major European economies are expected to enter recession. Bond yields have resumed their upward path as market participants have raised expectations on the Fed and ECB's final policy interest rates. This could potentially result in higher losses, including higher allowances for impairment and could materially and negatively affect Deutsche Bank's operating results, financial objectives and planned costs.

A further increase in energy prices or physical shortages remain the main downside risks for European businesses and households.

Before the war, Russia accounted for around 40% of the EU's natural gas supply, with greater dependence in Germany and other selected countries.

If energy rationing is necessary, this could further increase the risk of a deeper and longer recession.

The sectors that could be affected by energy rationing, in combination with the existing constraints in the supply chain and the high prices of raw materials, include, but are not limited to, the manufacturing, automotive, construction, chemical and steel sectors, metallurgy and mining, as well as critical infrastructure such as public services, transport or agriculture.

In more severe downward volatility scenarios, potential second-order impacts could lead to a significant deterioration in the quality of Deutsche Bank's portfolio and higher than expected credit and market losses. This could lead to an accelerated decline in ratings among customers, a further increase in credit losses and an increase in the number of customers using credit lines, which would result in higher capital and liquidity requirements for the Bank.

Greater volatility in the financial markets could lead to an increase in both incoming and outgoing margin calls, as well as an impact on RWA market risk.

The Group would also expect to see a higher degree of idiosyncratic insolvency risk in the short term, as growing concerns about energy supply exacerbate existing risks related to interest rates, inflation, tighter financial conditions and supply chains. The developments mentioned above may also affect the

Bank's costs and its revenue generation capabilities, while declines and market volatility could have a negative impact on the value of financial instruments, leading to write-downs of non-financial assets and causing losses.

The war in Ukraine has led countries to impose sanctions against Russia and Russian institutions, including but not limited to major Russian banks, the Russian Central Bank, key companies, members of the Russian parliament and members of the Russian elite (oligarchs, diplomats) and their families. The sanctions prohibited the primary and/or secondary trading of sovereign debt and other selected securities and also imposed the disconnection of some Russian banks from SWIFT (Global Interbank Financial Telecommunications Company). The United States have imposed sanctions on imports of Russian oil, natural gas, coal and gold (including related products) and have also prohibited new investments by US citizens in Russia. The EU has also announced a ban on Russian imports of oil, coal and other solid fuels, as well as gold, restricting access to EU ports for Russian-registered ships, and further export bans. The sanctioning environment remains dependent on the development of the Russian war against Ukraine and it is possible that new direct or indirect secondary sanctions may be imposed at short notice due to ongoing developments.

The unprecedented scope of the sanctions announced to date, not all fully aligned across jurisdictions, has significantly increased operational complexity, including the risk of making mistakes in managing day-to-day business activities within the rapidly changing sanctions environment.

Deutsche Bank continues to use dedicated governance structures, including global and regional crisis management, to manage the crisis.

The impact of the ongoing situation, both financially and non-financially is highly uncertain and will depend on how the crisis develops further. The regulatory environment or other restrictions, including sanctions imposed, may result in secondary effects in the form of credit risk arising from financial difficulties imposed on our customers with business activities in Russia and Ukraine.

#### *Impacts on the estimate valuation process for financial statements areas*

With reference to the changes in accounting estimates related to the war in Ukraine and the energy crisis, which had a significant effect in the year or which are expected to have an effect in future years, the following is noted:

the area most affected by the impacts of the war in Ukraine and the energy crisis was that of the measurement of the provision for credit risks; in this regard, reference should be made to the information provided below on the application of IFRS 9;

there are no impacts with regard to lease contracts, an area in which the Bank operates exclusively as a lessee;

there is no goodwill or other intangible assets with an indefinite useful life in the Financial Statements; the changed economic scenario was considered in the business plans used for the measurement of the controlling shareholdings and for the recoverability tests of the deferred tax assets recognised in the Financial Statements;

with regard to the actuarial gains/losses linked to the severance indemnity provision (IAS 19) and the conditions for the accrual of share-based payments (IFRS 2), there are no significant impacts on the statement of financial position and income statement items affected by these types of measurement.

#### *IFRS 9 – Application of the "forward looking" component in determining the risk provision*

According to IFRS 9, the allowance for impairment is based on reasonable and demonstrable forward-looking information obtainable without undue cost or effort, taking into account past events, current conditions and forecasts of future economic conditions.

To incorporate forward-looking information into Deutsche Bank's allowance for impairment, the Group uses two key elements:

- as a base scenario, the Group uses macro forecasts based on external surveys (consensus view on GDP and unemployment rates) supplemented by implicit projections in the interest and exchange rate markets. Furthermore, the scenario expansion model, which was initially developed for the stress test, is used to predict macroeconomic variables not covered by external consensus reports or market sources.
- Statistical techniques are then applied to transform the baseline scenario into a multiple scenario analysis. The scenarios specify deviations from the baseline forecasts and are used to derive multi-year probability of default (PD) curves for different rating and counterparty classes, which are applied in the calculation of expected credit losses and in the identification of a significant deterioration in the credit quality of financial assets.

The general use of forward-looking information, including macroeconomic factors, as well as adjustments that take extraordinary factors into account, are monitored by the central functions of the Group's *Risk and Finance Credit Loss Provision Forum*.

In certain situations, risk managers and senior management may have additional information in relation to specific portfolios to indicate that the statistical distribution used in calculating the expected loss is inappropriate. In such situations, the Group applies a further subjective adjustment to supplement the calculation of the judgmental overlay component.

During the financial year ending 31 December 2022, the Group continued to apply the same IFRS 9 Impairment Approach as outlined in the accounting policies of the Bank's Financial Statements at 31 December 2021.

As mentioned above, on 1 April 2020, the ECB has submitted a letter to banks regarding the use of forward-looking information in the context of IFRS 9 which stated, among other things, that banks should "use long-term forecasts (for example the long-term GDP growth rate) whenever the specific forecast has lost relevance".

On an ongoing basis and as part of the Group's general control and governance framework, Deutsche Bank S.p.A. assesses at each reporting period whether any overlaps with its IFRS 9 model are required. This model monitoring framework considers whether there are risks not captured in the model, such as a sudden change in the macroeconomic environment and identifies any model limitations or routine improvements to the model that have not yet been fully reflected. Overall, the model monitoring framework ensures that Deutsche Bank reports the best estimate of the management of expected credit losses at each reporting date.

The following tables show the main macroeconomic variables for the estimate of the forecast component of the provision for credit risks at 31 December 2022 and for the year ended 31 December 2021:

Fourth quarter 2022 (values at 31 December 2022)

	Year 1 Average 4 quarters	Year 2 Average 4 quarters
Commodities – Gold	1,745.84	1,797.74
Commodities – WTI	90.19	88.79
Credit – ITX Europe 125	101.26	96.50
Equity – S&P 500	3,933	4,011
GDP – Eurozone	0.87%	0.53%
GDP – Germany	(0.26)%	1.00%
GDP – Italy	0.32%	0.68%
Home prices – US Commercial Real Estate Index	352.41	343.97
Unemployment – Eurozone	7.03%	7.15%
Unemployment – Germany	3.22%	3.33%
Unemployment – Italy	8.24%	8.53%

Fourth quarter 2021 (values at 31 December 2021)

	Year 1 Average 4 quarters	Year 2 Average 4 quarters
Commodities – Gold	1,764.58	1,696.51
Commodities – WTI	73.19	68.21
Credit – ITX Europe 125	61.37	69.93
Equity – S&P 500	4,777	5,033
GDP – Eurozone	4.67%	2.91%
GDP – Germany	3.35%	2.86%
GDP – Italy	5.17%	2.33%
Home prices – US Commercial Real Estate Index	348.86	377.26
Unemployment – Eurozone	7.41%	7.07%
Unemployment – Germany	3.13%	2.83%
Unemployment – Italy	9.18%	8.92%

Over the twelve months of 2022, Deutsche Bank has applied the following overlaps to its IFRS 9 model output:

**Construction risk as a result of the increase in the prices of construction materials**

The Group decided to release the overlay that has addressed the risk of budget overruns and delays due to unavailable or significantly more expensive construction materials, which had led to an increase in the Group's allowances for impairment at the end of 2021. This overlay, which was released in the first quarter of 2022, was recorded against mortgage loans approved, but not yet fully financed, relating to the construction or renovation of properties. At the end of the first quarter of 2022, the most affected borrowers were able to complete the construction of their homes in line with the approved loan amounts and therefore the IFRS 9 model now adequately reflects the credit risk on financed mortgages. For new mortgages, the construction risk is already included in the disbursement criteria and therefore no further overlay is required.

**Calibration of the model (Macro-Economic Variables outside the calibrated range)**

The Group has applied an overlay to manage the model uncertainty associated with extreme projections of the Macro-Economic Variables year-on-year during the COVID-19 pandemic, in particular the GDPs, identified as being out of calibrated range of the FLI model. Since the model was not calibrated on the basis of such extreme changes in the Macro-Economic Variables, the management has considered that the model overestimated the expected losses on receivables in such situations. This has led to a decrease in the allowances for impairment.

**Recalibrations required due to the new Definition of Default**

In the third quarter of 2021, the Group has implemented the new Definition of Default, which is the trigger for Stage 3 in the Group's IFRS 9 framework. The implementation of the new Definition of Default has mainly affected the Private Bank, where the Stage 3 population in homogeneous portfolios has increased. Since an adjustment in the definition of default is not expected to substantially change the expectation of total loss relating to this portfolio, management is of the opinion that this change has led to an overvaluation of Stage 3 exposures and does not reflect the management's loss expectations for the portfolios concerned, as the Loss Given Default (LGD) parameter had not yet been updated in the model. The LGD settings are reviewed on an annual basis with independent validation carried out by the Model Risk Management function. The next recalibration was to take place in the second half of 2022, but it was rescheduled to the second half of 2023 as additional empirical data are needed for the statistical recalibration. Consequently, the overlay will continue to be recorded until the recalibration is complete. The estimate of the recalibration effect was refined in the first quarter of 2022 and has not changed since then. The overlay results in a decrease in the allowances for impairment, but offsets the overvaluation of provisions for Stage 3 loans calculated due to the new Definition of Default, and is unchanged from Q2 2022.

**Uncertainties regarding the war between Russia and Ukraine**

In the first quarter of 2022, the Group introduced an overlay for the overall uncertainties related to the economic outlook due to the war in Ukraine. During the second quarter of 2022, Macro-Economic Variables deteriorated as they reflected the impact of the war in Ukraine, which in turn led to an increase in the level of allowances for impairment. Since the uncertainties existing at the end of the first quarter were adequately considered in the model through the forecasts of the available Macro-Economic Variables, the overlay was released.

Towards the end of June 2022, the macroeconomic outlook weakened further. The main reason for this was growing concerns about gas supplies from Russia to Europe (Germany in particular), as well as the market's expectation of significantly more aggressive monetary tightening in the US and other markets to combat persistent inflation. Both developments accelerated at the end of June and, due to the timing, could not have been adequately reflected in the consensus forecast used for the second quarter of 2022. Therefore, management recorded an overlay to increase the bad debt provision. Since the uncertainties existing at the end of the second quarter are now reflected in the forecasts of the Macro-Economic Variables included in the ECL model, the overlay was subsequently released.

During the third quarter of 2022, the Group closely monitored geopolitical and economic developments. In particular, it monitored the suspension of Russian gas to Germany via the Nord Stream 1 pipeline in early September and then the attacks on the Nord Stream 1 and Nord Stream 2 pipelines in late September. Since the uncertainties relating to Russian gas supplies were incorporated in the consensus forecasts included in the ECL model at 30 September 2022, no overlays were recorded in the third quarter.

At 31 December 2022, no overlays were deemed necessary due to uncertainties relating to the war in Ukraine, geopolitical events, increases in interest rates or inflation since these uncertainties are already reflected in the Macro-Economic Variables of the model.

#### **Calibration of the model (WTI oil price index)**

The Group has introduced an overlay to address the management of methodological considerations relating to the incorporation of forecast information for oil prices in the ECL calculation. In the past, oil price increases were typically demand-driven and reflected a positive economic environment, which is why the IFRS 9 model was set up in this scenario to release ECL provisions. However, the increase in oil prices in the first quarter of 2022 was determined by the expected supply risks and the associated geopolitical developments due to the war in Ukraine and the worsening of the economic environment. Although higher oil prices always tend to have a positive effect on sectors such as oil and gas producers, higher oil prices caused by supply problems generally have a negative impact on many other sectors and portfolios. Therefore, for the period ended 31 March 2022, an overlay was recorded to reflect the worsening economic conditions and cancel the release of provisions based on the increase in the WTI oil price index. The overlay was partially reduced for the period ended 30 June 2022, it was further reduced for the period ended 30 September 2022 and finally fully unblocked at the end of 2022. The overlay has increased the allowances for impairment.

The "Risk Management" unit continues to carry out regular analyses to identify and promptly assess the evolving risks, particularly in the current tense geopolitical and economic situation. These analyses, which include key customer assessments and interviews, key sector analyses and various portfolio analyses did not identify any additional downside risk or upside potential that is not reflected in the IFRS 9 model and requires an overlap with the ECL model at 31 December 2022.

Considering the remaining overlays, the IFRS 9 provision reflects management's best estimate of expected credit losses at 31 December 2022.

#### **b) Non-financial assets, impairment testing and impairment losses**

The Group's companies have taken into account the ESMA guidance, which considers the effects of the COVID-19 pandemic as an indicator of impairment, when performing impairment tests.

IAS 36 *Impairment of Assets* prescribes the treatment of impairment losses on the following assets:

- property, plant and equipment and related rights of use, the latter category from 2019;
- investment property carried at cost;
- intangible assets;
- goodwill arising from business combinations;
- investments in subsidiaries, associates and joint ventures.

Under the standard, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired: in particular, intangibles with an indefinite useful life must always be tested for impairment at least once a year.

If any such indication exists, the entity shall estimate the recoverable amount of the asset or cash-generating unit (CGU).

Under IAS 36, in assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following indications:

a) external sources of information:

- a significant decline in an asset's market value;
- significant changes with an adverse effect on the entity in the technological, market, economic or legal environment in which the entity operates;
- significant increases in market interest rates or other market rates of return on investments;
- the carrying amount of the net assets of the entity is more than its market capitalisation.

b) internal sources of information:

- evidence is available of obsolescence or physical damage of an asset (if uninsured);
- plans to discontinue operations and plans to dispose of an asset before the previously expected date;
- internal reporting that indicates that the performance of an asset is, or will be, worse than expected.

Certain types of assets, such as goodwill and other intangible assets with an indefinite useful life, shall be tested for impairment regardless of whether there is a specific indication of impairment.

The application of the impairment test procedure results in the definition of the recoverable amount of the assets being measured: IAS 36 defines recoverable amount as the higher of an asset's sale value or cash-generating unit's sale fair value less ancillary costs and its value in use, which is the present value of the future cash flows expected to be derived from an asset. Should the carrying amount exceed the recoverable amount, i.e., the asset is impaired, an impairment loss shall be recognised in profit or loss.

The financial statements of the parent company and other consolidated companies do not include goodwill arising from business combinations or intangible assets with an indefinite useful life. Non-current assets include property, equipment and investment property (and rights of use) and intangible assets with a finite useful life (mostly software).

For property, equipment and investment property and intangible assets with a finite useful life, no specific indicators of impairment referable to individual assets have emerged, but rather for the parent company a trigger of a general nature due to the situation of loss in the income statement of some company divisions (i.e. CGU) and the Bank as a whole.

It was therefore necessary to verify the recoverability of the values of these assets by ascertaining the value in use and the net realisable value with a sale on the market.

The value in use criterion was used in particular for the assets deriving from the application of IFRS 16, the rights to use the leased assets (ROU), as well as for both externally and internally developed software.

More in detail, for the verification of ROUs, the value in use is understood to be the current market value of rents for similar real estate units. The values obtained confirm the recoverability of the values recognised in the Financial Statements at 31 December 2022.

It should be noted that owned properties are defined as assets for auxiliary and common activities (corporate assets) and include group and divisional assets located in the buildings in which the parent company's central management offices are located (Bicocca hub - Milan).

To be noted is that the updates of the appraisals on the value of these properties, which were acquired during the first half of 2022 financial year, confirm that the potential fair value obtainable in a (partial) sale and leaseback transaction under current market conditions would be higher than the book value at which the assets are recorded in the Financial Statements.

Note that IAS 36 envisages the following for corporate assets:

the distinctive characteristics of these business assets are such that they do not generate cash inflows independently from other assets or groups of assets and their carrying amounts cannot be entirely allocated to the cash-generating unit under examination. As the aforementioned assets do not generate distinct cash inflows, their recoverable value cannot be determined unless the company management decides to discontinue its activities. As a result, if there is an indication that the building complex had incurred impairment, the recoverable value of the cash-generating unit or the group of cash-generating units to which the asset belongs is calculated and compared with the carrying amount of the cash-generating unit or the group of cash-generating units.

### **c) Disclosure on sovereign debt**

In accordance with the disclosures to be made on sovereign debt, it should be noted that there were no exposures held by Group companies at the end of the financial year 2022.

Last year, the parent company held Italian government bonds classified in the "Hold to Collect" portfolio (financial assets at amortized cost) which, at 31 December 2021, had a book value of approximately €99.7 million.

### **d) Non-current assets held for sale**

At 31 December 2022, there were no assets (or groups of assets) classified under this financial statement item.

### **e) Publication of the Consolidated Financial Statements**

Pursuant to IAS 10, the parent company authorises the publication of its annual consolidated financial statements within the terms provided for by current legislation. This does not apply to its interim financial report as it is not published.

There are no further issues requiring specific mention.

## **A.2 – Accounting policies**

### **1 – Financial assets measured at fair value through profit or loss (FVTPL)**

## Classification

Financial assets other than those classified under financial assets measured at fair value through other comprehensive income and financial assets measured at amortised cost are classified in this category.

This asset item, in particular, can include the following types of financial instruments:

- financial assets held for trading, essentially represented by debt and equity securities and the positive value of derivative contracts held for trading purposes;
- financial assets mandatorily measured at fair value, represented by financial assets that do not meet the requirements for measurement at amortised cost or at fair value through other comprehensive income.

These are financial assets whose contractual terms do not exclusively provide for repayments of capital and payments of interest on the amount of capital to be repaid (so-called "SPPI test" not passed) or which are not held as part of a business model whose objective is the holding of assets in order to collect contractual cash flows ("Hold to Collect" business model) or whose objective is achieved both by collecting contractual cash flows and by selling financial assets ("Hold to Collect and Sell" business model);

- financial assets designated at fair value, i.e. financial assets so defined at the time of initial recognition and where the conditions exist. In this case, an entity can irrevocably designate a financial asset as measured at fair value through profit or loss at recording if, and only if, by doing so, it eliminates or significantly reduces a measurement inconsistency.

For Deutsche Bank, at the date of these financial statements, the following are reported under this item:

- equities and bonds, these are temporary positions due to divisions or transactions on own account with retail customers;
- equity instruments, which cannot be qualified as control, connection and joint control, which are held for trading purposes or for which, at the time of initial recognition, the designation at fair value through other comprehensive income was not chosen;
- derivative contracts, recognised as financial assets held for trading, which are represented as assets if the fair value is positive and as liabilities if the fair value is negative. It is possible to offset the current positive and negative values deriving from existing transactions with the same counterparty only if one currently has the legal right to offset the recognised amounts and intends to settle on a net basis the positions subject to offsetting.

Derivatives also include, when present, those embedded in complex financial contracts - in which the primary contract is a financial liability - that have been recognised separately because:

- the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics of the underlying contract;
- a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative;
- the hybrid (combined) instruments are not measured at fair value with changes recognised in profit or loss.

On the basis of the general criteria set forth in IFRS 9 regarding the reclassification of financial assets (with the exception of equity securities, for which no reclassification is permitted), reclassifications to other categories of financial assets are not permitted, except in the case when the Bank changes its business model for the management of financial assets. In such cases, which are believed to be highly infrequent, the financial assets may be reclassified from the category measured at fair value through profit or loss in one of the other two categories provided for by IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through other comprehensive income).

It is expected that the amount at which the transfer would be accounted for would be the fair value at the time of reclassification and that the effects of the reclassification would operate prospectively from the date of reclassification. In this case, the effective interest rate of the reclassified financial asset is determined based on its fair value at the date of reclassification and this date is considered as the date of initial recognition for the purpose of credit risk stage assignment for impairment purposes.

For further information on the classification criteria of financial instruments, please refer to the section on "The classification criteria of financial assets".

## Recognition

The initial recognition of financial assets takes place on the settlement date for debt securities and equity securities, on the disbursement date for loans and on the execution date for derivative contracts.

Financial assets held for trading are initially recognised at fair value, without considering directly attributable transaction costs or income.



It should be noted that in the context of standardised transactions (so-called "regular way"), the rules of IFRS 9 allow for the possibility of choosing which date to consider for the purposes of initial recognition: it is possible to decide whether to favour the trade date or the settlement date.

Deutsche Bank Group opted to use the settlement date for transactions in securities and currencies and the trade date for derivatives.

Commitments for transactions to be settled at the reporting date are measured using the same criteria as those applied to settled transactions.

### Measurement

After initial recognition, financial assets measured at fair value through profit or loss are measured at fair value.

The effects of the application of this measurement criterion are recognised in the income statement.

The fair value of financial instruments listed on an active market is determined by making reference to market prices. If an active market does not exist, commonly adopted valuation methods and models are used, which take into account all risk factors related to the instruments and which are based on observable market data such as, for example, measurements of listed instruments with similar characteristics, calculation of discounted cash flows, option pricing models and prices registered in recent similar transactions.

For equity securities and derivative instruments involving equity securities that are not listed on an active market, the cost method is used as an estimate of fair value only on a residual basis and limited to a few circumstances, i.e. when all of the above valuation methods cannot be applied, or when there is a wide range of possible fair value measurements, where cost is the most significant estimate.

For more information on the criteria for determining fair value, please refer to Section "A.4 Fair value disclosure" of Part A of the Notes to the Financial Statements.

### Derecognition

Financial assets are derecognised only if the sale has resulted in the transfer of substantially all the risks and rewards associated with the assets. Conversely, if a material portion of the risks and rewards of the transferred financial assets has been retained, said financial assets continue to be recognised in the financial statements, even if legal title to the assets has been transferred.

If the substantial transfer of risks and rewards cannot be ascertained, financial assets are derecognised if no control is retained over them. If even a portion of control is retained, the assets continue to be recognised in the financial statements in line with the Group's continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.

Finally, the financial assets sold are derecognised from the financial statements if the contractual rights to receive the related cash flows are retained, with the simultaneous assumption of an obligation to pay said flows, and only them, without a significant delay, to other third parties.

## **2 – Financial assets measured at fair value through other comprehensive income (FVOCI)**

This classification category is not present at the date of preparation of the Financial Statements, as there are no positions in place for the business model managed with the "Hold to Collect and Sell" method, nor in the case of investments in equity securities for which this measurement option has been chosen. For the sake of completeness of information, however, it is considered appropriate to provide below the criteria provided in IFRS 9 for this accounting category of financial assets.

### Classification

Financial assets that meet both of the following conditions are included in this category:

- the financial asset is held on the basis of a business model whose objective is achieved either by collecting the contractually agreed cash flows or by selling (the "Hold to Collect and Sell" business model), and the contractual terms of the financial asset provide for cash flows, on defined dates, that represent only payments of principal and interest on the principal amount to be repaid (so-called "SPPI test" passed).

In particular, the following are included in this item:

- debt securities that are attributable to a "Hold to Collect and Sell" business model and that have passed the SPPI test;

- equity interests that do not qualify as subsidiaries, associates and joint ventures and are not held for trading purposes, for which the option to designate them at fair value through other comprehensive income has been exercised;

- loans that are attributable to a "Hold to Collect and Sell" business model and that have passed the SPPI test, including the portions of syndicated loans that have been underwritten which, from inception, are intended for sale and which are attributable to the "Hold to Collect and Sell" business model.

Reclassification: in this case, which is expected to be highly infrequent, financial assets may be reclassified from this category into one of the other two categories under IFRS 9 (Financial assets measured at amortised cost or Financial assets measured at fair value through profit or loss). The transfer value is the fair value at the time of reclassification and the effects of reclassification operate prospectively from the reclassification date. In the event of reclassification from the category in question to that of amortised cost, the accumulated profit (loss) recognised in the valuation reserve is adjusted to the fair value of the financial asset at the reclassification date. On the other hand, in the case of reclassification in the category of fair value through profit or loss, the accumulated profit (loss) previously recognised in the valuation reserve is reclassified from equity to profit (loss) for the year. For further information on the classification criteria of financial instruments, please refer to the section on "The classification criteria of financial assets".

### Recognition

The initial recognition of financial assets takes place on the settlement date for debt securities and equity securities, on the disbursement date for loans. They are initially recognised at fair value, including any transaction income or expenses attributable to the instrument.

### Measurement

After initial recognition, assets classified at fair value through other comprehensive income, other than equity securities, are measured at fair value, with the impact of the application of amortised cost, the effects of impairment and any exchange rate effects recognised in the income statement, while other gains or losses arising from a change in fair value are recognised in a specific equity reserve until the financial asset is derecognised.

At the time of total or partial disposal, the accumulated profit or loss in the valuation reserve is reversed, in whole or in part, to the income statement.

The equity instruments for which the choice has been made for classification in this category are measured at fair value and the amounts recognised as a balancing entry in shareholders' equity (Statement of comprehensive income) must not be subsequently transferred to the income statement, even in the case of an assignment. The only component of these equity securities that is recognised in the income statement is the related dividends.

The fair value is determined on the basis of the criteria already illustrated for financial assets measured at fair value through profit or loss.

For equity securities included in this category that are not listed on an active market, the cost method is used as an estimate of the fair value only on a residual basis and limited to a few circumstances, i.e. when all of the above valuation methods cannot be applied, or when there is a wide range of possible fair value measurements, where cost is the most significant estimate.

For more information on the criteria for determining fair value, please refer to Section "A.4 Fair value disclosure" of Part A of the Notes to the Financial Statements.

Financial assets measured at fair value through other comprehensive income – both in the form of debt securities and receivables – are subject to the verification of the significant increase in credit risk (impairment) provided for by IFRS 9, in the same way as assets at amortised cost, with consequent recognition in the income statement of a value adjustment to cover expected losses.

More specifically, on instruments classified as stage 1 (i.e. on financial assets at origination, if not impaired, and on instruments for which there has not been a significant increase in credit risk with respect to the date of initial recognition), a one-year expected loss is recognised at the date of initial recognition and at each subsequent reporting date. For instruments classified as stage 2 (performing loans for which there has been a significant increase in credit risk since initial recognition) and stage 3 (impaired loans), an expected loss is recognised for the entire remaining life of the financial instrument. Conversely, equity securities are not subject to the impairment process.

Please refer to the following chapter "Impairment of financial assets" for further information.

### Derecognition

Financial assets are derecognised only when the sale results in the transfer of substantially all the risks and rewards associated with the assets. Conversely, if a material portion of the risks and rewards of the transferred financial assets has been retained, said financial assets continue to be recognised in the financial statements, even if legal title to the assets has been transferred.

If the substantial transfer of risks and rewards cannot be ascertained, financial assets are derecognised if no control is retained over them. If even a portion of control is retained, the assets continue to be

recognised in the financial statements in line with the Group's continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.

Finally, the financial assets sold are derecognised from the financial statements if the contractual rights to receive the related cash flows are retained, with the simultaneous assumption of an obligation to pay said flows, and only them, without a significant delay, to other third parties.

### **3 – Financial assets measured at amortised cost**

#### Classification

Financial assets that meet both of the following conditions (in particular loans and debt securities) are included in this category:

- the financial asset is held according to a business model whose objective is achieved by collecting the cash flows provided for in the contract ("Hold to Collect" business model), and
- the contractual terms of the financial asset provide, on certain dates, for cash flows consisting solely of payments of principal and interest on the amount of principal to be repaid (so-called "SPPI test" passed).

More specifically, the following items are recognised under this item:

- loans with banks in the various technical forms that meet the requirements referred to in the previous paragraph;
- loans with customers in the various technical forms that meet the requirements referred to in the previous paragraph;
- debt securities that meet the requirements referred to in the previous paragraph.

Also included in this category are operating receivables related to the provision of financial activities and services as defined in the Consolidated Banking Act and the Consolidated Finance Act (e.g. distribution of financial products and servicing activities).

Reclassifications: in this case, which is expected to be highly infrequent, financial assets may be reclassified from this category into one of the other two categories under IFRS 9 (Financial assets measured at fair value through comprehensive income or Financial assets measured at fair value through profit or loss). The transfer value is the fair value at the time of reclassification and the effects of reclassification operate prospectively from the reclassification date. Gains or losses resulting from the difference between the amortised cost of the financial asset and its fair value are recognised in the income statement in the case of reclassification to Financial assets at fair value through profit or loss and equity, in the valuation reserve, in the case of reclassification to Financial assets at fair value through other comprehensive income.

For further information on the classification criteria of financial instruments, please refer to the section on "The classification criteria of financial assets".

#### Recognition

The initial recognition of the financial asset takes place on the settlement date in the case of debt securities, and on the disbursement date in the case of loans. They are initially recognised at fair value, including any transaction income or expenses attributable to the instrument.

In particular, as regards loans, the disbursement date normally coincides with the date when the contract is executed.

If this is not the case, a commitment to disburse funds is entered when the contract is signed and it closes on the date of disbursement of the loan. Loans are recognised on the basis of their fair value, which is equal to the amount disbursed, or subscription price, including income/expenses directly attributable to the individual loan and determinable from the origin of the transaction, even if settled at a later date.

Costs which, despite having the above characteristics, are reimbursed by the debtor counterparty or are part of normal internal administrative expense, are excluded.

#### Measurement

After initial recognition, financial assets are measured at amortised cost, using the effective interest method. In these terms, the asset is recognised in the Financial Statements for an amount equal to its initial recognition value less principal repayments, plus or minus the cumulative amortisation (calculated using the effective interest rate method) of the difference between this initial amount and the amount at maturity (typically attributable to income expenses allocated directly to the individual asset) and adjusted for any provision to cover losses.

The effective interest rate is identified by calculating the rate that equals the present value of the future cash flows of the asset, for principal and interest, to the amount disbursed including income/expenses attributable to the financial asset. This method of accounting, using financial reasoning, allows the economic effect of income/expenses directly attributable to a financial asset to be distributed over its expected remaining life.

The amortised cost method is not used for assets – measured at historical cost – whose short duration makes the effect of applying the discounting logic negligible, for those without a defined maturity and for revocable loans.

The measurement criteria, as better indicated in the chapter "Impairment of financial assets", are strictly connected to the inclusion of the instruments in question in one of the three stages (stages of credit risk) provided for by IFRS 9, the last of which (stage 3) includes the impaired financial assets and the remaining (stage 1 and 2) performing financial assets.

With reference to the accounting representation of the aforementioned measurement effects, the value adjustments referring to this type of asset are recognised in the income statement:

- upon initial recognition, for an amount equal to the expected loss after twelve months;
- at the time of the subsequent measurement of the asset, where the credit risk has not increased significantly compared to the initial recognition, as regards the changes in the amount of the value adjustments for expected losses in the following twelve months;
- at the time of the subsequent measurement of the asset, where the credit risk has increased significantly compared to the initial recognition, as regards the recognition of impairment losses over the entire contractual remaining life of the asset;
- at the time of the subsequent measurement of the asset, where – after there has been a significant increase in credit risk compared to the initial recognition – the "significance" of this increase has subsequently ceased to exist, as regards the correction of cumulative value adjustments to take account of the change from an expected loss over the entire residual life of the instrument ("lifetime"), to a loss at twelve months.

If the financial assets in question are performing, they are subject to a measurement, aimed at defining the value adjustments to be recognised in the financial statements, at the level of the individual credit relationship (or "tranche" of security), based on the risk parameters represented by the probability of default (PD), loss given default (LGD) and exposure at default (EAD), derived from the AIRBA models used for regulatory purposes by the DB AG Group and appropriately adjusted to take account of the provisions of IFRS 9.

If, in addition to a significant increase in credit risk, there is also objective evidence of a loss in value, the amount of the loss is measured as the difference between the book value of the asset – classified as "impaired", like all other relationships with the same counterparty – and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of loss, to be recognised in the income statement, is defined on the basis of an analytical evaluation process or determined by homogeneous categories and, therefore, analytically attributed to each position and takes into account, as detailed in the chapter "Impairment of financial assets", forward looking information and possible alternative recovery scenarios.

Impaired assets include financial instruments that have been assigned the status of non-performing, probable default or past due for more than 90 days according to Bank of Italy rules, consistent with IAS/IFRS and European Supervisory regulations. Please note that Deutsche Bank Group has aligned its internal definition of an impaired loan under IFRS 9 with the definition of a defaulted financial instrument, for regulatory purposes under Article 178 of the EU Capital Requirements Regulation (CRR).

The estimated future cash flows consider the expected recovery times and the estimated realisable value of any guarantees.

The original effective interest rate of each asset remains unchanged over time even when it has been restructured with a change in the contractual interest rate and when it becomes non-interest bearing. When the reason for the impairment loss no longer exists due to an event occurring after the recognition of the impairment loss, write-backs are recognised in the income statement. The write-back may not exceed the amortised cost that the financial instrument would have had in the absence of previous adjustments. Write-backs associated with the passage of time are recognised in the interest margin.

In some cases, during the life of the financial assets under review and, in particular, of loans, the original contractual terms are subject to subsequent modifications by the parties to the contract. When, during the life of an instrument, the contractual clauses are subject to modification, it is necessary to verify whether the original asset must continue to be recognised in the financial statements or if, on the contrary, the original instrument must be derecognised and a new financial instrument must be recognised.

In general, changes to a financial asset lead to its derecognition and the recognition of a new asset when they are "substantial". The evaluation of the "substantiality" of the change must be carried out

considering both qualitative and quantitative elements. In fact, it may be clear that in some cases, without resorting to complex analyses, the changes introduced substantially modify the characteristics and/or the contractual flows of a given asset while, in other cases, further analyses (also of a quantitative nature) will have to be carried out in order to appreciate the effects thereof and to verify the need to proceed or not to proceed with the derecognition of the asset and the recognition of a new financial instrument.

The (qualitative and quantitative) analyses aimed at defining the "substantiality" of the contractual changes made to a financial asset must therefore consider the purposes for which the changes were made, distinguishing between renegotiations for commercial reasons and concessions for any financial difficulties of the counterpart:

- the first, aimed at "retaining" the customer, involve a debtor who is not in a situation of financial difficulty. This case includes all the renegotiations aiming at adjusting the debt burden to market conditions. These transactions involve a change in the original terms of the contract, usually requested by the debtor, concerning aspects related to the onerousness of the debt, with a consequent economic benefit for the debtor. In general it is believed that, whenever the Bank carries out a renegotiation in order to avoid losing its customer, this renegotiation must be considered as substantial since, if it were not carried out, the customer could obtain financing from another intermediary and the Bank would suffer a decrease in expected future revenues;
- the latter, carried out for "credit risk reasons" (forbearance measures), are attributable to the Bank's attempt to maximize the recovery of the cash flows of the original credit. The underlying risks and rewards are generally not substantially transferred after the changes and, consequently, the accounting presentation that provides the most relevant information to the reader of the financial statements (except as discussed below in relation to objective evidence) is that made through modification accounting - which implies the recognition in the income statement of the difference between the carrying amount and the present value of the modified cash flows discounted at the original interest rate - and not through derecognition;
- the presence of specific objective elements ("triggers") that affect the characteristics and/or the contractual flows of the financial instrument (such as, for example, the change of currency or the change of the type of exposure risk, when correlated to "equity" and "commodity" type parameters), which are considered to lead to derecognition in consideration of their impact (expected to be significant) on the original contractual flows.

#### Derecognition

Financial assets are derecognised only if the sale has resulted in the transfer of substantially all the risks and rewards associated with the assets. Conversely, if a material portion of the risks and rewards of the transferred financial assets has been retained, said financial assets continue to be recognised in the financial statements, even if legal title to the assets has been transferred.

If the substantial transfer of risks and rewards cannot be ascertained, financial assets are derecognised if no control is retained over them. If even a portion of control is retained, the assets continue to be recognised in the financial statements in line with the Group's continuing involvement, measured by exposure to changes in the value of the assets transferred and to changes in the related cash flows.

Finally, the financial assets sold are derecognised from the financial statements if the contractual rights to receive the related cash flows are retained, with the simultaneous assumption of an obligation to pay said flows, and only them, without a significant delay, to other third parties.

## **4 – Hedging**

#### Preamble

Deutsche Bank Group companies make use of the possibility, which was provided for in 2018 when IFRS 9 was introduced, to continue to fully apply the provisions of the previous accounting standard IAS 39 on hedge accounting (in the carved-out version endorsed by the European Commission) for all types of hedges (both specific and general hedges). The DB Group has decided to confirm this choice also for the years after 2018.

#### Classification criteria: types of hedging

Risk hedging transactions are aimed at offsetting potential recognisable losses on a determined element or group of elements, due to a determined risk, using the gains arising from a different element or group of elements should that particular risk arise.

IAS 39 provides for the following types of hedges:

- fair value hedges, which hedge exposure to changes in fair value of a recognised asset or liability attributable to a particular risk;

- cash flow hedges, which hedge the exposure to variability in future cash flows attributable to particular risks associated with a recognised asset or liability or with highly probable future transactions;
- hedge of a foreign currency investment which relates to the hedging of the risks of an investment (expressed in foreign currency) in a foreign enterprise.

In 2021, the parent company had the following types of hedges in place:

- specific fair value hedge of fixed-rate loans with banks;
- specific fair value hedge of long-term fixed-rate deposits from banks.

At the date of preparation of these financial statements, only a specific fair value hedge of a long-term fixed-rate deposit liability with the parent company DB AG remained in place.

These are micro hedging with a 1 to 1 ratio between the hedged asset or liability and the hedging derivative. In all the above cases, the Group has used fixed versus floating interest rate swaps. Only instruments involving an external counterparty can be designated as hedging instruments.

### Recognition

Hedging derivatives, like all derivatives, are initially recognised and subsequently measured at fair value.

### Measurement

With regard to initial recognition, the same rules as for financial instruments in general are applied to derivatives: they are initially recognised in the statement of financial position at fair value, which normally corresponds to the fair value of the consideration collected/paid. Given that derivatives are always measured at fair value, the directly attributable transaction costs do not affect their initial recognition. A hedged item is generally an instrument subject to financial risks that may affect profit or loss in the current or future years. The typical risks that may be hedged are interest rate, currency, credit and equity price risks.

Hedging derivatives are measured at fair value. Specifically:

- for fair value hedges, changes in fair value of the hedged item are offset against changes in fair value of the hedging instrument. This offsetting is recognised by posting the related gain or loss in the income statement both for the hedged item (for gains or losses generated by the underlying risk factor) and the hedging instrument. Any difference, which represents the ineffective part of the hedge, is thus recognised as the net gain or loss;
- for cash flow hedges, changes in fair value of derivatives are recognised in equity for the effective portion. They are only recognised in the income statement when, with reference to the hedged item, the change in the cash flow to be offset occurs;
- hedges of an investment in foreign currency are recognised similarly to cash flow hedges.

Derivatives are designated as hedging instruments if there is formal documentation of the relationship between the hedged item and the hedging instrument and the hedge is effective from inception through the periods for which it was designated.

With respect to hedged items, the effect of the recognition of the hedge effectiveness is treated as follows:

- for specific fair value hedges, the book value of the hedged item is amended to take into account the value adjustment due to the interest rate risk hedge;
- for general hedges executed by valuing the loan portfolio as a whole, the related hedge equity effect is recognised separately in the financial statements under item "Value adjustments to macro-hedged financial assets" (asset item 60 in case of positive revaluation or liability item 50 in case of negative revaluation).

Hedge effectiveness is the degree to which changes in the fair value or cash flows of the hedged item that are attributable to a hedged risk are offset by changes in the fair value or cash flows of the hedging instrument. Therefore, effectiveness is measured by comparing the changes, considering the entity's intention when the hedge was put in place.

The hedge is effective (within the range of 80-125%) when changes in fair value (or cash flows) of the hedging financial instrument almost fully offset changes in the fair value (or cash flows) of the hedged item for the hedged risk.

Hedge effectiveness is assessed comparing the fair value or cash flow changes in the hedged items with those of the hedging instrument. The assessment is made at the inception of the hedge and regularly during the period for which the hedge is designated as such. At any rate, on-going hedge effectiveness is assessed at least at every reporting date.

Effectiveness is measured using:

- prospective tests, which justify application of hedge accounting, as they demonstrate its effectiveness;
- *retrospective tests, which show the hedge effectiveness in the period to which they refer.* In other terms, they measure the gap between actual results and perfect hedge.

When the tests do not confirm the hedge effectiveness retrospectively and prospectively, hedge accounting is discontinued and the hedging derivative is reclassified into the held for trading portfolio. When the hedged asset or liability is measured at amortised cost, the higher or lower value obtained from its measurement at fair value should the hedge become ineffective is recognised in the income statement using the effective interest method or in one amount if the hedged item is derecognised.

## **5 – Equity investments**

### Classification, recognition and measurement

The item includes interests held in jointly controlled and associated companies.

Companies subject to joint control (joint ventures) are the entities for which, on a contractual basis, control is shared between the parent company and one or more other third parties, or when unanimous agreement of all parties sharing control is required for decisions regarding the relevant activities.

Companies subject to significant influence (associates) are considered to be entities in which the parent company holds at least 20% of the voting rights (including "potential" voting rights) or in which – albeit with a lower share of voting rights – has the power to participate in the determination of the financial and management policies of the investee by virtue of particular legal ties such as participation in shareholders' agreements.

At the date of preparation of these Consolidated Financial Statements, the Group has an interest in an associate; on the other hand, there are no companies subject to joint control.

### Recognition

Equity investments are recognised on the settlement date. Upon initial recognition, they are accounted for at cost.

### Measurement

Equity investments are measured using the synthetic equity method, adjusted for impairment.

If there is evidence that the value of an equity investment may be impaired, its recoverable value is estimated, taking into account the present value of the future cash flows that the equity investment may generate, including the final disposal value of the investment.

If the recovery value is lower than the book value, the relative difference is recognised in the income statement. In addition, if the reason for the impairment loss no longer exists due to an event occurring after the recognition of the impairment loss, write-backs are recognised in the income statement.

### Derecognition

Equity investments are derecognised when the contractual rights to the cash flows from the assets expire or when the equity investment is sold, transferring substantially all the risks and rewards of ownership.

## **6 – Property, equipment and investment property**

### Classification

Property, equipment and investment property include land, owner-occupied property, investment property, technical systems, furniture and fittings and equipment of any kind, as well as costs for leasehold improvements.

Also included are rights of use acquired under a lease and relating to the use of a tangible asset (for lessee companies).

The cost of an item of property and equipment is recognised as an asset if, and only if, all of the following conditions are met:

- it is probable that future economic benefits associated with the item will flow to the Group;
- the cost of the item can be measured reliably.

These assets are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and are expected to be used during more than one year.

Renovation costs of leased buildings are capitalised in view of the fact that for the duration of the lease the user company has control over the assets and can derive future economic benefits from them.

### Recognition

Property, equipment and investment property are initially recognised at cost.

Cost comprises the purchase price, including import duties and non-refundable purchase taxes, and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating, after deducting trade discounts and rebates.

Examples of directly attributable costs are the costs of site preparation, initial delivery and handling costs, installation and assembly costs, professional fees, such as, for example, those paid to architects and engineers and the estimated costs of dismantling and removing the item and restoring the site.

Extraordinary maintenance costs that give rise to an increase in future economic benefits are recognised as an increase in assets. Ordinary maintenance costs are recognised in the income statement. They are recognised when the risks and rewards are transferred.

In application of IFRS 16, leasing contracts are accounted for on the basis of the right-of-use model, for which, at the initial date, the lessee has a financial obligation to make payments due to the lessor to offset their right to use the underlying asset during the lease term.

When the asset is made available to the lessee for its use (initial date), the lessee recognises both the liability and the asset consisting of the right of use.

### Measurement

After initial recognition, property, equipment and investment property can be measured using the following two alternative models:

- at cost, net of any accumulated depreciation and any accumulated impairment losses (reference model);
- at fair value at the date of the revaluation less any subsequent accumulated depreciation and accumulated impairment losses (alternative model).

If the carrying amount of an asset increases following a revaluation, the increase should be recognised directly in equity in the revaluation reserve, except for investment property, for which fair value gains are recognised in the income statement.

All items of property, equipment and investment property are measured at cost by Deutsche Bank.

The assets are depreciated systematically over their useful lives, using a pattern that reflects the way in which the related future economic benefits are expected to be used by the Group and, therefore, the way in which the asset is being consumed.

Pursuant to IAS 16, the land component of property is considered a separate asset from buildings and, hence, it is recognised separately when purchased.

Land has an indefinite useful life and is not depreciated.

A similar method is applied to works of art as their useful lives cannot be estimated and their carrying amount will not decrease over time.

The depreciation pattern is reviewed at least annually and adjusted for significant changes in the expected way in which the future economic benefits generated by an asset will be used.

Renovation costs of leased buildings are depreciated over a period not exceeding the expected duration of the lease underlying the right of use, provided that this period does not exceed the useful life of the capitalised improvements.

If there is indication of impairment, the asset's carrying amount is compared to its recoverable amount, i.e., the higher of fair value less costs to sell and value in use, represented by the present value of future cash flows.

Any impairment losses are recognised in the income statement unless the asset is recognised at its revalued amount. In this case, the impairment loss is treated as a reduction in the revaluation.

If the reasons for impairment are no longer valid, the impairment loss is reversed to the extent of the carrying amount that the asset would have had, net of depreciation, had it not been impaired.

The right-of-use asset, accounted for in accordance with IFRS 16, is measured using the cost model in accordance with IAS 16 "Property, Plant and Equipment"; in this case, the asset is subsequently depreciated and subject to an impairment test if indicators of impairment emerge.

### Derecognition

An asset is derecognised when divested or when it is no longer used and its disposal is not expected to generate future economic benefits.



The gain or loss arising from the disposal or derecognition of an item of property, equipment and investment property, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is recognised as income or cost in the income statement when the disposal or derecognition takes place.

Normally, in the case of right-of-use assets, the derecognition from the statement of financial position occurs at the completion of the depreciation period, or at the time of the end of the use of the leased asset.

## **7 – Intangible assets**

### Classification

The Group recognises an intangible asset when it meets the following conditions:

- it can be identified separately from any goodwill arising from a business combination;
- the reporting entity controls it;
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group.

If all of the above conditions are met, the Group is required to recognise the costs incurred as intangible assets. If not, the costs are recognised in the income statement.

IAS 38 governs the capitalisation of intangible assets and provides very strict criteria for the recognition of an item in this category, such that, by way of example, research costs, personnel training costs, advertising and/or promotion costs, personnel redeployment or company reorganisation costs, trademarks and internally generated goodwill are not considered eligible for capitalisation.

On the other hand, goodwill recognised as part of a business combination (which can be determined reliably, as opposed to that relating to an asset or business not acquired) and application software to be used for more than one year can be recognised as intangible assets.

Goodwill is the excess between cost and the fair value of the assets and liabilities acquired as part of a business combination.

The other intangible assets are recognised as such if they are identifiable and arise from contractual or other legal rights.

At this reporting date, no rights of use acquired through leasing are included in intangible assets.

### Recognition and measurement

An intangible asset can be recognised as goodwill when the positive difference between the fair value of the assets and liabilities acquired and the investment costs (including transaction costs) reflects the investee's ability to generate future profits.

Should the difference be negative (badwill) or when the positive difference does not reflect the investee's ability to generate future profits, the difference is recognised directly in the income statement.

Goodwill is tested for impairment annually or more frequently when there is an indication of impairment. The cash-generating unit to which goodwill should be allocated is identified for these purposes.

The amount of an impairment loss is determined on the basis of the difference between the carrying amount of goodwill and its recoverable amount, if lower. The recoverable amount is the greater of the fair value of the cash-generating unit less costs to sell and the related value in use. The resulting impairment loss is recognised in the income statement.

All intangible assets meeting the conditions to be recognised as such are initially recognised at cost.

The cost of an intangible asset includes its purchase price and any directly attributable cost of preparing the asset for its intended use, after deducting trade discounts and rebates.

Subsequent expenditure on an intangible asset after its purchase or completion is recognised as an expense when incurred, unless it is probable the expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and the expenditure can be measured and attributed to the asset reliably.

If the above conditions are not met, subsequent expenditures are immediately recognised in the income statement.

Intangible assets are amortised over their estimated useful life and their residual value at the end of their useful life is presumed to be zero, unless there is a third-party commitment to acquire the asset. The amortisation period is the best estimate of useful life, with a rebuttable presumption that it cannot exceed twenty years.

If an asset has an indefinite useful life, it is not amortised but is tested for impairment on a regular basis.

Goodwill is considered an asset with indefinite life. Under IFRS, these assets should be tested for impairment at least annually, on the basis of their recoverable amount. As a result of this accounting standard, the goodwill that was recognised in the Financial Statements under previous accounting

standards was allocated to the corresponding cash-generating units and restated based on the recoverable amount attributed to them.

At every reporting date, when there is an indication of impairment, an asset's recoverable amount is estimated. Any resulting impairment loss recognised in the income statement is the difference between the asset's carrying amount and its recoverable amount.

#### Derecognition

Intangible assets are derecognised upon their disposal or when there are no expected future benefits. The gain or loss arising from the discontinuation or disposal of an intangible asset, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the asset, is recognised as income or cost in the income statement when the discontinuation or disposal takes place.

### **8 – Non-current assets (groups of assets and liabilities) held for sale**

These captions include the non-current assets and liabilities and groups of assets and liabilities held for sale. In particular, these assets/liabilities are measured at the lower of the book value and their fair value net of costs to sell, with the exception of some types of assets (e.g. financial assets falling within the scope of application of IFRS 9) for which IFRS 5 specifically requires that the measurement criteria of the relevant accounting standard must be applied.

Profits or losses (net of taxes) from groups of assets and liabilities held for sale or classified as such during the year are recognised in a specific income statement caption.

At 31 December 2022, this income statement item was measured by reference to the agreement that Deutsche Bank S.p.A. and Zurich Insurance Company Ltd reached in August 2021 under which Zurich Italia acquired Deutsche Bank's network of financial advisors in Italy, a sale that took place on 17 October 2022.

This method of presentation had not been applied at 31 December 2021 for the 2021 financial statements as the transaction was subject to substantial regulatory approvals still pending at 31 December 2021.

The written approval by the Bank of Italy for the conclusion of the transaction was provided to Zurich with a formal letter dated 5 July 2022 and was sent to Deutsche Bank S.p.A. on 7 July 2022.

The sale of the Deutsche Bank Financial Advisors business unit to Zurich resulted in a capital gain on the sale and the write-off of the assets and liabilities sold.

In particular, the transaction involved the sale of the Deutsche Bank Financial Advisors business unit to a newly established bank belonging to the Zurich Group.

The transaction constitutes the sale of a company pursuant to IFRS 3 and from an accounting point of view is an "asset deal", i.e. not the sale of a company but the sale of individual assets and liabilities that have been transferred to the Zurich purchaser upon receipt of a consideration in cash.

### **9 – Current and deferred taxes**

#### Income Taxes

The Bank recognises the effects of current, prepaid and deferred taxes applying the tax rates enacted at the reporting date (current taxes) or of the year when the temporary differences are expected to be reversed (deferred/prepaid taxes).

Income taxes are recognised in the income statement except for those related to captions recognised directly in equity.

Current tax liabilities and current tax assets due to advances and withholdings are presented at their net amount in the statement of financial position when offsetting is allowed by tax legislation and the Group intends to settle the tax liability or asset on a net basis. Current tax assets also include those claimed for reimbursement from the relevant tax authorities.

Income taxes are provided for based on a prudent estimate of the current and deferred taxes. Specifically, prepaid and deferred taxes are determined considering the temporary differences (without time limits) between the carrying amount of assets and liabilities and their tax bases.

Deferred tax assets are recognised to the extent their future recovery is probable, assessed on the basis of the ability of the Bank or the consolidating companies for tax purposes, as a result of exercising the "tax consolidation" option, to generate positive taxable income on an ongoing basis.

Deferred tax liabilities are not recognised only if related to equity investments and reserves taxable on distribution, since, based on the amount of existing available taxed reserves, transactions leading to their taxation are not likely to occur.

Deferred tax assets and liabilities are recognised in the statement of financial position without offsetting in the captions "Tax assets" and "Tax liabilities", respectively.

Assets and liabilities recognised for deferred tax assets and liabilities are systematically measured to take into account any changes in rules or rates. Moreover, deferred tax liabilities are adjusted to cover possible liabilities that may arise from notified assessments or disputes with the tax authorities.

## **10 – Provisions for risks and charges**

### Pension and other internal plans

- *For the benefit of internal staff*

Internal pension plans are set up in accordance with internal agreements and qualify as defined benefit plans. The related liability and current service costs are determined using actuarial valuations. Unlike the previous accounting standards, the IAS/IFRS require that the obligation be discounted to present value to reflect when the Group will be required to extinguish it, if the effect of the time value of money is material.

The present value of the obligation at the reporting date is also adjusted for the fair value of any plan assets.

As required by paragraphs 120 and 127-130 of IAS 19, actuarial gains or losses are fully recognised when they arise in a specific reserve under equity, net of the related deferred taxes.

Contributions under defined contribution plans (external funds) to be borne by the Bank are recognised in the income statement and are determined on the basis of the service provided.

- *To the benefit of agents*

Pension funds at 31 December 2022 include the Supplementary Agents Indemnity Fund (Fondo Indennità Suppletiva di Clientela - FISC) representing the indemnities due to agents in the event of retirement, permanent disability, death, or termination of the contract on the initiative of the principal company (pursuant to Article 1751 of the Italian Civil Code). As these benefits are paid to agents and not employees, they fall under the scope of IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) which provides that they can be measured using various methods. The measurements required by the standard can be carried out using different methodologies.

Given that the agents' termination benefits for agents and post-employment benefits for employees are quite similar, the parent company decided to use the same method adopted under IAS 19 to measure post-employment benefits for the agents' benefits.

### Provisions for risks and charges against commitments and guarantees given

The sub-item of provisions for risks and charges under review consists of provisions for credit risk recognised against commitments to disburse funds and guarantees issued that fall within the scope of application of the impairment rules under IFRS 9.

For these types of endorsement credits, the same methods are adopted, in principle, for the attribution to the three stages (credit risk stages) and for the calculation of the expected loss shown with reference to financial assets measured at amortised cost or at fair value through other comprehensive income.

However, the aggregate also includes the provisions for risks and charges set up for other types of commitments and guarantees given which, by virtue of their characteristics, do not fall within the aforementioned scope of application of the impairment pursuant to IFRS 9.

### Other provisions

Under IAS 37, a provision can be recognised only when an entity has an obligation arising from a past event, it is probable that an outflow of resources will be necessary to settle the obligation and the liability can be reliably estimated.

When the effect of the time value of money is material, the obligation is discounted to present value using current market rates.

Accruals to provisions are recognised in the income statement.

Other provisions also include the actuarial losses recognised under IAS 19, which relate to the following long-term benefits and defined benefit plans:

- loyalty premium for employees who reach the contractually-agreed seniority levels;
- health insurance offered to current and retired employees.

The actuarial gains or losses on long-term benefits, such as the loyalty premium, are recognised in full in the income statement when they arise. The defined benefit plans included in the post-employment benefits category are treated in line with the Italian post-employment benefits by immediately recognising actuarial gains or losses in an equity reserve.

### Derecognition

The provisions are released when it is improbable that the resources accrued to provide economic benefits to comply with the obligation will be used.

## **11 – Financial liabilities measured at amortised cost**

### Classification

Due to banks, due to customers, securities issued and subordinated liabilities include the various types of interbank and customer funding as well as funding through certificates of deposit and bonds issued, net of any repurchases as required by the IAS.

They also include payables recognised by the parent company in its capacity as lessee within the context of leasing operations.

### Recognition

These financial liabilities are recognised when the amounts are received or the debt instruments are issued.

They are initially recognised at fair value, which is normally equal to the consideration received or the issue price, adjusted for any additional costs or income directly attributable to the individual transaction and not reimbursed by the creditor. They exclude internal administrative costs.

The fair value of financial liabilities issued at other than market conditions is estimated and the difference compared to the market value is taken directly to the income statement.

Liabilities relating to payables to lessors are recognised at the same time as the right-of-use assets, when the leased asset is made available to the Bank: the initial value is calculated by discounting expected future payments using either the implicit interest rate, where available, or the marginal lending rate.

### Measurement

After initial recognition, financial liabilities are measured at amortised cost using the effective interest method.

Current financial liabilities continue to be measured at the consideration received when the time value of money is negligible.

Lease payables are revalued in the presence of a lease modification (e.g. a change in the scope of the contract), which is not accounted for/considered as a separate contract.

### Derecognition

Financial liabilities are derecognised when they expire or are extinguished.

They are also derecognised when previously issued securities are repurchased. The difference between their carrying amount and the amount paid to repurchase them is recognised in the income statement. If the repurchased security is subsequently placed on the market again, this is treated as a new issue and is recognised at the new placement price, with no effect on the income statement.

## **12 – Financial liabilities held for trading**

### Recognition

The financial instruments in question are recognised at the subscription date or at the issue date at a value equal to the fair value of the instrument, without considering any transaction costs or income directly attributable to the instruments themselves.

This category of liabilities includes, in particular, trading derivatives with negative fair value, as well as implicit derivatives with negative fair value present in complex contracts - in which the primary contract is a financial liability - but not strictly related to them. Moreover, they may include the liabilities arising from short positions in securities trading.

### Measurement

All trading liabilities are measured at fair value, with the result of the measurement recognized in the income statement.

### Derecognition

Financial liabilities held for trading are derecognised when the contractual rights to the related cash flows expire or when the financial liability is transferred together with substantially all risks and rewards of ownership.

### **13 – Financial liabilities measured at fair value**

None in either 2022 or 2021.

### **14 – Foreign currency transactions**

#### Initial recognition

Upon initial recognition, a foreign currency transaction is translated into the functional currency, which is the currency of the primary economic environment in which an entity operates, using the spot exchange rate in effect on the transaction date.

#### Subsequent measurement

Foreign currency assets and liabilities are retranslated into Euros at each subsequent reporting date using the following criteria:

- monetary items are retranslated using the closing rates;
- non-monetary items measured at historical cost are retranslated using the transaction-date exchange rates;
- non-monetary items measured at fair value are retranslated using the closing rates.

Exchange rate differences arising from the settlement of monetary items or from the translation at exchange rates other than the initial translation rate or the prior closing rate are recognised in the income statement in the period in which they arise.

When the gain or loss on a non-monetary item is recognised in equity, the exchange rate gain or loss is also taken to equity. However, when the gain or loss is recognised in the income statement, the related exchange rate gain or loss is recognised there too.

### **15 – Other information**

#### ***Treasury shares***

Any treasury shares in portfolio reduce the carrying amount of equity. Similarly, their original cost and profits or losses arising from their subsequent sale are recognised in equity.

#### ***Accruals and deferrals***

The accruals and deferrals that include income and expenses for the period accrued on assets and liabilities are recognised in the financial statements as an adjustment to the assets and liabilities to which they refer.

#### ***Expenses for improvements to third party assets***

Renovation costs of leased buildings are capitalised in view of the fact that for the duration of the lease the user company has control over the assets and can derive future economic benefits from them. These costs, which may be classified as Property, equipment and investment properties or Other assets in accordance with the Bank of Italy instructions, are depreciated over the shorter of the duration of the lease, the latter used to determine the right of use, and the useful life of the capitalised improvement.

#### ***Accounting for government grants***

Deutsche Bank accounts for income from government grants associated with interest-bearing assets and liabilities in net interest income when there is reasonable assurance that it will receive the grants and comply with the conditions attached to them.

### ***Equity instruments***

Equity instruments are financial instruments that represent a residual shareholding in the Bank's assets, net of liabilities.

Equity instruments constitute representative elements of an entity's equity and therefore are included in determining consolidated equity.

To be able to classify an issued financial instrument as equity instruments in the financial statements, there must not be any contractual obligations to make repayments of capital, interest or other returns.

More specifically, equity instruments have the following characteristics:

- unlimited duration, in any case equivalent to the duration of the issuer;
- full discretion on the part of the issuer to make coupon payments or to repay the capital, including in advance.

This category includes Additional Tier 1 (AT 1) instruments consistent with EU Regulation no. 575/2013 ("Capital requirements regulations" or CRR) relative to the prudential requirements for credit institutions and investment businesses. In particular, Articles 51 to 55 apply to Additional Tier 1 (AT 1) instruments. In addition to the characteristics described above, these instruments must allow the issuer full discretion in deciding whether to recover the nominal value (write-up) after a trigger event that led to a write-down.

Equity instruments, other than ordinary or savings shares, are shown in item 130. "Equity instruments" under liabilities in the statement of financial position for the amount received, including transaction costs, if significant, that are directly attributable. Coupons, when paid, net of the related tax effect (if calculated), are deducted from item 140. "Reserves". Any difference between the amount paid to extinguish or repurchase these instruments and their carrying amount are recognised in item 140. "Reserves".

### ***Post-employment benefits***

Post-employment benefits consist of defined benefit plans with benefits after the employment relationship is terminated, and are therefore subject to actuarial valuation. This estimate includes the projection of future outlays based on historic statistical analyses, demographic curves, and the discounting of said flows based on market interest rates.

The plan service costs are recognised in personnel expense as the sum of contributions paid, prior year accrued contributions not yet paid, expected returns on plan assets and accrued interest.

As required by IAS 19, actuarial gains or losses are fully recognised when they arise in a specific reserve under equity, net of the related deferred taxes.

Following the Italian supplementary pension reform introduced with Legislative Decree no. 252 of 5 December 2005, benefits vested up to 31 December 2006 have been maintained within the company, whereas benefits accruing from 1 January 2007 are allocated to the company/Group's supplementary fund or the INPS (Italian Social Security Institution) treasury fund, depending on the employees' decision taken before 30 June 2007.

### ***Employee benefits***

Employee benefits are defined as all types of remuneration paid by the company in exchange for the work performed by the employees.

Employee benefits can be classified into the following categories:

- short-term benefits (other than termination benefits and equity compensation benefits) that are expected to be settled wholly within 12 months after the end of the period in which the employees provide the service and recognised wholly in the income statement when they become vested (e.g. wages, salaries and "extraordinary" benefits);
- post-employment benefits due after the termination of the employment relationship which oblige the company to make future payments to employees. These include severance pay and pension funds which, in turn, are divided into defined contribution plans and defined benefit plans or company pension funds;
- employee termination benefits, i.e., compensation that the company pays to employees in return for terminating their employment, following the company's decision to conclude their employment relationship before the normal retirement date;

- long-term benefits, other than the previous ones, which are not expected to be fully extinguished within the twelve months following the end of the year in which the employees performed their work.

### **Revenue recognition**

Revenues can be recognised:

- at a specific time, when the entity fulfils its obligation to perform by transferring the promised good or service to the customer, or
- over time, as the entity fulfils its obligation to perform by transferring the promised good or service to the customer.

The asset is transferred when, or during the period in which the customer acquires control of it.

Specifically:

- interest paid is recognised on a pro rata basis, using the contractual interest rate or the effective interest rate when the amortised cost model is applied. The item interest income (or interest expense) also includes the differentials or margins, positive (or negative), accrued up to the reporting date, related to financial derivative contracts hedging assets and liabilities that generate interest;
- any contractually provided for default interest is recognised in the income statement only when actually collected;
- dividends are recognised in the income statement during the year when their distribution is approved;
- fees for revenues from services are recognised, in compliance with contractual agreements, if any, in the period in which the services are provided. The commissions considered in the amortised cost for the purpose of determining the effective interest rate are recognised under interest;
- revenues from the sale of financial instruments, determined by the difference between the consideration paid or received for the transaction and the fair value of the instrument, are recognised in the income statement at the time the transaction is posted if the fair value can be determined with reference to official prices available on active markets, or for assets and liabilities measured on the basis of valuation techniques that use observable market parameters other than the quoted prices of the financial instrument (level 1 and level 2 of the fair value hierarchy). If the reference parameters used for the valuation are not observable on the market (level 3) or the instruments themselves have reduced liquidity, the financial instrument is recognised for an amount equal to the transaction price; the difference with the fair value is recognised in the income statement over the duration of the transaction;
- gains and losses arising from the trading of financial instruments are recognised in the income statement when the sale is completed, based on the difference between the consideration paid or received and the carrying amount of the instruments;
- revenues deriving from the sale of non-financial assets are recognised when the sale is finalised, or when the obligation to perform towards the customer is fulfilled.

Costs are recognised in the income statement according to the accrual principle; the costs incurred to obtain and perform contracts with customers are recognised in the income statement in the periods in which the related revenues are reported.

In particular, with regard to the assets recognised against the costs of obtaining or performing the contract with the customer, to be noted are the monetary incentive payments, deemed as significant, made to customers in order to obtain managed funding contracts. These monetary incentives are accounted for as a direct reduction of commission income and are spread over a period deemed to reflect the length of time the client has been with the bank, which at this reporting date was determined to be five years. In case of exit/redemption by the customer before five years, the residual portion not yet amortised is charged to the income statement.

Please refer to Section 13 of Part B of the Notes to the Financial Statements for quantitative information on this type of assets recognised for the purpose of obtaining contracts.

The accounting standard IFRS 15, "Revenue from Contracts with Customers", identifies a five-step process to define the timing and amount of revenue to be recognised, of which the main elements are summarized.

#### **Step 1 - Identification of the contracts with customers**

A contract is an agreement between two or more parties that results in legally enforceable obligations and rights. As a general rule, individual contracts must be recognised separately, however, multiple contracts stipulated at the same time with the same customer (or with parties related to the customer) should be aggregated, provided they satisfy certain conditions.

#### **Step 2 - Identify the performance obligations in the contract**

Performance obligations are contractual commitments consisting of providing a customer a good or service. The entity must identify the distinct performance obligations envisaged in the contract, as IFRS 15 requires that the revenue is recognised upon fulfilment of the individual performance obligations.

### *Step 3 - Determine the transaction price*

The transaction price is the consideration to which the entity expects to be entitled in exchange for providing goods or services to a customer. The transaction price, in certain cases, consists of a fixed amount, in other cases, the price may vary depending on elements such as discounts, incentives and bonuses. Variable consideration may be included in the estimate of the transaction price only if it is "highly likely" that in subsequent years the entity will not have to reduce the estimated amount of said variable consideration.

### *Step 4 - Allocate the transaction price*

The transaction price must then be allocated to the individual performance obligations based on the prices to which the individual goods or services could be sold separately. The best representation of these values is given by the price at which the goods or services are sold separately by the entity. If these sales prices do not exist, the entity must make an estimate based on an approach that maximises the use of observable input data.

### *Step 5 - Recognise revenue when the performance obligation is satisfied*

The entity must recognise revenue when the performance obligation is satisfied. A performance obligation is satisfied when control of the goods or services (the asset) underlying said obligation is transferred to the customer. Control is defined as the "ability to direct the use of and obtain substantially all of the remaining benefits from the asset". A performance obligation may be satisfied in a specific moment (typical for commitment to provide goods to the customer) or across a time horizon (generally in the case of providing services to a customer).

## ***Use of estimates and assumptions in the preparation of the Financial Statements***

The general criteria followed by the Bank's management in its estimation processes are outlined below. As regards the impact of the COVID-19 pandemic crisis on the estimates and valuations adopted for the 2022 Consolidated Financial Statements, reference should be made to the initial sections of Part A of the Notes to the Financial Statements.

Preparation of the financial statements entails using estimates and assumptions that may significantly affect the carrying amounts in the statement of financial position and the income statement and on the disclosures about contingent assets and liabilities.

Preparation of estimates implies the use of available information and adoption of discretionary judgements, which are also based on past experience, to formulate reasonable assumptions that are suitable to present group transactions. By their nature, estimates and assumptions may vary from year to year and it cannot be excluded that carrying amounts may differ significantly from one year to another due to changes in the subjective evaluations used.

The financial statements areas most affected by discretionary judgement by management are as follows:

- determination of impairment losses on loans and receivables, equity investments and other financial assets in general;
- the use of valuation models to determine the fair value of financial instruments that are not listed in an active market (levels 2 and 3, based on the fair value hierarchy provided for by the IAS/IFRS);
- assessment of the adequacy of the carrying amount of goodwill and other intangible assets with indefinite lives;
- determination of employee benefits and provisions for risks and charges;
- definition of the annual amortisation and depreciation rates for assets with a finite useful life;
- estimates and assumptions about the recoverability of deferred tax assets.

For some of the above cases, the main factors that are estimated by the Bank and therefore affect the determination of the carrying amount of assets and liabilities are set out below.

For the determination of the fair value of financial instruments not listed on active markets, if it is necessary to use parameters that are not observable in the market, the main estimates concern, on the one hand, the development of future cash flows (or even income flows, in the case of equities), possibly conditioned by future events and, on the other hand, the level of certain input parameters not listed on active markets. For the allocation in the three credit risk stages provided for in IFRS 9 of receivables and debt securities classified under Financial assets at amortised cost and Financial assets at fair value through other comprehensive income and the calculation of the related expected losses, the main estimates concern:

- the determination of the parameters for a significant increase in credit risk, essentially based on models for measuring the probability of default (PD) at the origination of the financial assets and at the reporting date;
- the inclusion of forward looking factors, including macroeconomic ones, for the determination of PD and LGD;
- the determination of the probability of selling impaired financial assets by realising the positions on the market.



In determining estimates of future cash flows from impaired loans, factors such as expected recovery times, the estimated realisable value of any guarantees, and the costs estimated to be incurred in recovering the loan exposure are considered.

For the quantification of the provisions for pensions and similar obligations, the present value of the obligations is estimated, taking into account the flows, appropriately discounted, deriving from historical and statistical analyses, as well as the demographic curve.

In order to quantify the provisions for risks and charges, the amount of the disbursements necessary to fulfil the obligations is estimated – where possible – taking into account the actual probability of having to use resources.

For the measurement of deferred tax items, the probability of actual future taxable income is estimated (taxable temporary differences) and the degree of reasonable certainty – if any – of future taxable amounts when tax deductibility will occur (deductible temporary differences and tax loss carried forward).

### ***The classification criteria of financial assets***

The classification of financial assets into the three categories required by the standard depends on two classification criteria: the business model under which the financial instruments are managed and the contractual characteristics of the financial assets' cash flows (or SPPI test).

With the joint application of the two aforementioned criteria, the classification of financial assets is determined as follows:

- Financial assets measured at amortised cost: assets that pass the SPPI test and fall within the Hold to Collect (HTC) business model;
- Financial assets measured at fair value through other comprehensive income (FVOCI): assets that pass the SPPI test and are under the Hold to Collect and Sell (HTCS) business model;
- Financial assets at fair value through profit or loss (FVTPL): this is a residual category, which includes financial instruments that cannot be classified in the previous categories based on the results of the business model test or the contractual flow characteristics test (SPPI test not passed).

#### ***SPPI test***

In order for a financial asset to be classified at amortised cost or FVOCI, in addition to the business model analysis, the contractual terms of the asset must provide for cash flows at specified dates consisting solely of principal repayments and interest payments on the principal amount due ("solely payment of principal and

interest - SPPI). This analysis must be carried out, in particular, for loans and debt securities.

The SPPI test is carried out on each individual financial instrument, at the time of recording in the financial statements.

After initial recognition, and as long as it is recognised in the financial statements, the asset is no longer subject to new measurements for the purpose of the SPPI test. If a financial instrument is derecognised and a new financial asset is recognised, it is necessary to carry out the SPPI test on the new asset.

For the purpose of the practical application of the SPPI test, IFRS 9 provides the definitions of:

- Capital, is the fair value of the financial asset upon initial recognition. This value may change during the life of the financial instrument, for example as a result of repayments of part of the principal;
- Interest, is the consideration for the time value of money and for the credit risk associated with the capital outstanding in a given period of time. It may also include remuneration for other basic risks and costs associated with lending and a profit margin.

In assessing whether the contractual flows of a financial asset can be defined as SPPI, IFRS 9 adopts the general concept of "basic lending arrangement", which is independent of the legal form of the asset.

When the contractual clauses provide for exposure to risks or volatility of contractual cash flows that are inconsistent with the definition of basic lending arrangement, such as exposure to changes in share or commodity prices, the contractual flows do not comply with the definition of SPPI. The application of the classification criterion based on contractual cash flows sometimes requires a subjective judgment and, therefore, the definition by the Bank of internal application guidelines.

In cases where the time value of money is modified – for example, when the interest rate of the financial asset is periodically reset, but the frequency of the reset or the frequency of coupon payments do not reflect the nature of the interest rate (e.g. the interest rate is reset quarterly on the basis of a one-year rate) or when the interest rate is periodically reset on the basis of an average of particular short- or medium/long-term rates – the Bank must assess, using both quantitative and qualitative elements, whether the contractual flows still meet the definition of SPPI (the "benchmark cash flows test"). If the test shows that the contractual (undiscounted) cash flows are "significantly different" from the cash flows (also

undiscounted) of a benchmark instrument (i.e. without the modified time value element), the contractual cash flows cannot be considered to meet the definition of SPPI.

In contexts such as securitisation transactions, particular analyses (so-called "look through tests") are required by the standard and are therefore also implemented for multiple contractually linked instruments (CLIs) that create concentrations of credit risk for debt repayment and for non-recourse assets, for example when the claim can only be asserted against certain assets of the debtor or against cash flows originating from certain assets.

The presence of contractual clauses that can change the frequency or the amount of the contractual cash flows must also be considered to assess whether these flows comply with the requirements to be considered SPPI (for example prepayment options, possibility of deferring the contractually expected cash flows, instruments with embedded derivatives, subordinated instruments, etc.).

However, as required by IFRS 9, a characteristic of contractual cash flows does not affect the classification of the financial asset if it can only have a *de minimis* effect on the contractual cash flows of the financial asset (in each year and cumulatively). Similarly, if a cash flow feature is not genuine, that is, if it affects the contractual cash flows of the instrument only upon the occurrence of an extremely rare, highly unusual and highly unlikely event, it does not affect the classification of the financial asset.

#### Business model

With regard to the business model, IFRS 9 identifies three cases in relation to how cash flows and sales of financial assets are managed:

- Hold to Collect (HTC): this is a business model whose objective is achieved by collecting the contractual cash flows of the financial assets included in the associated portfolios. The inclusion of a portfolio of financial assets in this business model does not necessarily imply the impossibility of selling the instruments even if it is necessary to consider the frequency, value and timing of sales in previous years, the reasons for the sales and the expected future sales;
- Hold to Collect and Sell (HTCS): this is a mixed business model whose objective is achieved through the collection of the contractual cash flows of the financial assets in the portfolio and (also) through a sales activity which is an integral part of the strategy. Both activities (collection of contractual flows and sales) are essential for achieving the objective of the business model. Therefore, sales are more frequent and significant than an HTC business model and are an integral part of the strategies pursued;
- Others/Trading: this is a residual category which includes both financial assets held for trading purposes and financial assets managed with a business model not attributable to the previous categories (Hold to Collect and Hold to Collect and Sell). In general, this classification is applied to a portfolio of financial assets whose management and performance are measured on the basis of fair value.

The business model reflects the ways in which financial assets are managed to generate cash flows for the benefit of the entity and is defined by top management through the appropriate involvement of the business structures.

It is observed by analysing the way financial assets are managed and, as a consequence, the extent to which the portfolio's cash flows are derived from the collection of contractual flows, the sale of financial assets or both.

The valuation is not based on scenarios that the Bank reasonably expects will not occur, such as "worst case" or "stress case" scenarios. For example, if an entity expects to sell a particular portfolio of financial assets only in a stress case scenario, that scenario does not affect the measurement of the entity's business model for those assets if said scenario, based on the entity's reasonable expectations, is not likely to occur. The business model does not depend on the intentions of the Bank's management with respect to a single financial instrument, but refers to the way in which groups of financial assets are managed in order to achieve a certain business objective.

In summary, the business model:

- reflects the ways in which financial assets are managed to generate cash flows;
- is defined by top management, with the appropriate involvement of the business structures;
- must be observable considering the methods used to manage financial assets.

In operational terms, the assessment of the business model is carried out in line with the corporate organization, the specialization of the business functions, the risk cascading model and the assignment of delegated powers (limits).

In carrying out the assessment of the business model, all the relevant factors available at the date of the assessment are used.

The aforementioned evidence includes strategy, risks and their management, remuneration policies, reporting and amount of sales. In analysing the business model, it is essential that the investigated elements investigated show consistency with each other and in particular are consistent with the strategy pursued by the Bank.

Any evidence of activities not in line with the strategy must be analysed and adequately justified.

For the Hold to Collect portfolios, the Group has defined the admissibility thresholds for sales that do not invalidate the classification (frequent but not significant, individually and in aggregate, or infrequent even if of a significant amount) and, at the same time, the parameters to identify sales consistent with this business model as they can be attributed to an increase in credit risk.

In more detail, under an HTC business model sales are allowed:

- in the event of an increase in credit risk, which occurs, in the case of loans, if there are sales of impaired loans or loans classified as stage 2;
- when they are frequent but not significant in terms of value or occasional even if significant in terms of value.

In order to determine the above, frequency and significance thresholds have been defined.

In cases where either of the frequency or significance thresholds is exceeded, an additional judgement is made in order to confirm the consistency of HTC business model (e.g. to assess whether sales are made close to the deadline).

## **Method of determining the amortised cost**

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability was initially recognised, net of principal repayments, plus or minus the cumulative amortisation, using the effective interest method, of the differences between the initial amount and the amount at maturity, net of any impairment losses.

The effective interest rate is the rate that equates the present value of a financial asset or liability to the contractual flow of future payments in cash or received until maturity or the subsequent price recalculation date. The present value is calculated using the effective interest rate for the flow of future collections or payments over the entire life of the financial asset or financial liability or over a shorter period if certain conditions are met (e.g. revision of market rates).

After the initial recognition phase, the amortised cost makes it possible to allocate revenues and costs which decrease or increase the instrument over its entire expected life through the amortisation process. The determination of amortised cost differs depending on whether the financial assets/liabilities being measured are at fixed or floating rates and – in the latter case – on whether the variability of the rate is known in advance.

For fixed rate or time-based instruments, future cash flows are quantified based on the interest rate set (single or variable) over the life of the loan. For floating-rate financial assets/liabilities whose variability is not known in advance (e.g. because it is linked to an index), cash flows are determined on the basis of the last known rate. At each rate revision date, the amortisation plan and the effective rate of return are recalculated over the entire useful life of the instrument, i.e. up to the expiry date.

The adjustment is recognised as a cost or income in the income statement.

The measurement at amortised cost is carried out on financial assets measured at amortised cost and on those measured at fair value through other comprehensive income, as well as on financial liabilities measured at amortised cost.

Financial assets and liabilities traded at market conditions are initially recognised at their fair value, which normally corresponds to the amount disbursed or paid including, for instruments measured at amortised cost, all directly attributable transaction costs and fees.

Transaction costs are the marginal external costs and income attributable to the issue, acquisition or disposal of a financial instrument, net of expense components recharged to the customer.

Such costs and/or fees, which must be directly attributable to the individual financial asset or financial liability, affect the original effective yield and make the effective interest rate associated with the transaction different from the contractual interest rate.

The costs/income relating to several transactions and the components related to events that may occur during the life of the financial instrument, but which are not certain at the time of the initial definition, are excluded, such as for example: fees for retrocession, non-use, early repayment.

Furthermore, costs that the company would have to incur independently of the transaction, such as administrative, stationery and communication costs, or costs that, although specifically attributable to the transaction, are part of the company's normal lending practices (e.g. activities related to the provision of credit) are not included in the calculation of amortised cost.

With particular reference to receivables, the fees paid to the distribution channels, those paid for consultancy/assistance for the organization and/or participation in syndicated loans are considered costs attributable to the financial instrument.

Amortised cost also applies to the measurement of impairment of the financial instruments listed above as well as to the recognition of any financial instruments issued or purchased at a value other than their fair value.

The latter are recorded at fair value, rather than for the amount collected or paid, calculated by discounting future cash flows at a rate equal to the effective rate of return of similar instruments (in terms of creditworthiness, contractual maturity, currency, etc.), with simultaneous recognition of a financial expense or income in the income statement; subsequent to initial measurement, they are measured at amortised cost, with actual interest higher or lower than nominal interest.

Finally, structured liabilities that are not measured at fair value through profit or loss are also measured at amortised cost, as the derivative contract embedded in the financial instrument was separated and recognised separately.

As indicated by IFRS 9, in some cases, a financial asset is considered impaired at the time of initial recognition since the credit risk is very high and, if purchased, it is acquired at large discounts (compared to the initial disbursement value). If the financial assets in question, based on the application of the classification criteria (i.e. SPPI test and Business model), are classified as assets measured at amortised cost or at fair value through other comprehensive income, they are classified as "Purchased or Originated Credit Impaired" assets (in short, "POCI") and are subject to a special treatment with regard to the impairment process.

A credit-adjusted effective interest rate is calculated on financial assets that qualify as POCI at the date of initial recognition, for which it is necessary to include initial expected losses in cash flow estimates. Therefore, for the application of the amortised cost, and the consequent calculation of the interest, this credit-adjusted effective interest rate is applied.

In addition, measurement at amortised cost does not apply to financial assets/liabilities with an original maturity of up to one year whose short maturity implies that the economic effect of discounting is negligible, nor to loans without a defined or with a revocable maturity.

## **Methods for determining impairment losses**

### Impairment of financial assets, impaired assets

At each reporting date, in accordance with IFRS 9, financial assets other than those measured at fair value through profit or loss are subject to an assessment to determine whether there is any evidence that the carrying amount of the asset may not be fully recoverable. A similar analysis is also carried out for the commitments to disburse funds and for the guarantees issued that fall within the scope of impairment pursuant to IFRS 9.

If such evidence exists (impairment evidence), the financial assets in question – consistent, where applicable, with all remaining financial assets belonging to the same counterparty – are considered impaired and placed in stage 3.

The Bank has aligned its internal definition of default with the regulatory definition established by the CRR in Article 178: credit exposures considered to be in default are assigned to stage 3 for the purpose of calculating risk provisions.

For these credit exposures, consisting of financial assets classified – pursuant to Bank of Italy Circular no. 262/2005 (as amended) – as non-performing loans, probable defaults and exposures past due for more than 90 days, value adjustments must be recognised equal to the expected losses over their entire residual life.

### Impairment of performing financial assets

For financial assets for which there is no evidence of impairment (non-impaired financial instruments), IFRS 9 requires an assessment of whether there are indicators that the credit risk of the individual transaction has significantly increased since initial recognition.

The consequences of this assessment, from the point of view of classification (or, more properly, of the so-called staging) and measurement, are the following:

- where such indicators exist, the financial asset is transferred to stage 2. In this case, even in the absence of a manifest impairment loss, the measurement requires the recognition of value adjustments equal to the expected losses over the entire residual life of the financial instrument. These adjustments are reviewed at each subsequent reporting date both to periodically verify their appropriateness with respect to the constantly updated loss estimates and to take into account – in case the indicators of a "significantly increased" credit risk cease to exist – the changed forecasting horizon for the calculation of the expected loss;
- where these indicators do not exist, the financial asset is transferred to stage 1. In this case, the measurement, again in the absence of manifest impairment, requires the recognition of expected losses for the specific financial instrument over the following twelve months. These adjustments are reviewed at

each subsequent reporting date both to periodically verify their appropriateness with respect to the constantly updated loss estimates and to take into account – in case indicators of a "significantly increased" credit risk appear – the changed forecasting horizon for the calculation of the expected loss.

As regards the measurement of financial assets and, in particular, the identification of the "significant increase" in credit risk (a necessary and sufficient condition for the classification of the asset under measurement in stage 2), the elements that – according to the standard and its operational application carried out by the Deutsche Bank Group – constitute the main determinants are indicators linked to ratings and risk management processes:

- a) as regards the indicators linked to ratings, changes in the probability of default (PD) of a counterparty are observed on a relative basis; in particular, the customer's PD "lifetime" assigned at the time of the initial disbursement of the loan is compared with that measured at the time of the valuation for reporting purposes; if changes are identified that are higher than pre-established levels defined by Group policy, the financial asset is considered "significantly impaired" and therefore assigned to stage 2.
- b) As regards the indicators linked to risk management processes, the Group has defined as relevant situations for the purposes of assigning a loan to stage 2 those related to forbearance (credit granting measures), the start of recovery/recovery activities (work-out status), and the inclusion of the position in credit monitoring systems (so-called "watch-lists").
- c) As a backstop measure, the relative presumption of more than 30 days past due under IFRS 9 is used as the situation in which a significant deterioration of credit risk occurs.

#### Credit expected lifetime

The expected duration (or lifetime) of a credit is a determining factor for the calculation of the expected losses over its entire life: these losses represent the events of default over the expected duration of a financial asset. The Deutsche Bank Group measures expected credit losses by considering the risk of default that could occur during the maximum contractual period (including term extension options in favour of the borrower) in which it is exposed to credit risk.

Technical forms such as overdrafts, credit card-related exposures, and revolving loans to corporate customers typically consist of a cash exposure and an unused portion of the exposure. The expected lifetime of these revocable loans on demand exceeds their contractual maturity because exposures are normally withdrawn when the Bank determines that the risk has increased beyond a predefined level. Therefore, the expected duration is estimated considering both the historical series and the usual risk management activities such as the reduction and the revocation of credit limits. In cases where credit lines of this type are subject to a periodic annual review, the life expectancy for calculating losses is set at twelve months; for other revocable credit facilities not subject to review on an individual basis, Deutsche Bank applies an expected duration of twenty-four months for the purpose of calculating the risk provision.

#### Forecast of future economic conditions.

As required by IFRS 9, the calculation of expected credit losses must be based, *inter alia*, on reasonable and demonstrable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

In order to incorporate the forecast element in the calculation of the provision for credit risks, the Deutsche Bank Group uses two main elements:

- the macroeconomic forecasts provided centrally by the "DB Research" study and research office are used as a basic scenario; these forecasts cover a number of relevant macroeconomic variables (e.g. GDP, unemployment rate, interest rate level) and reflect DB Research's view of the most likely evolution of these variables over a two-year period (with quarterly updates). If there are no reliable economic forecasts, rating migration matrices based on the through-the-cycle approach are used.
- The base scenario is then converted into a multi-scenario analysis using the calculations prepared for the regulatory stress test calculations. These calculations provide the impacts on multiple forecasted economic scenarios and are used as the basis for the calculation of probability of default curves on a multi-period basis for different classes of counterparties; these curves are used in the analyses for verifying the transition to Stage 2 (significant increase in credit risk) and the subsequent calculation of expected losses over the expected life of the credit.

The rating migration matrices are applied to the various loan portfolios that fall within the scope of application of IFRS 9 and are divided into the following classes of counterparties: retail, financial institutions, midcaps, corporate and "sovereign" risk.

## Estimation techniques, assumptions and inputs used to calculate the expected losses

IFRS 9 does not differentiate between individually significant and non-significant credit exposures, therefore Deutsche Bank calculates the expected credit losses for each financial asset individually; similarly, the analysis for the transition between the different risk stages (staging) is performed on an individual basis.

Three main parameters are used to calculate expected credit losses (ECL):

- probability of default (PD);
- loss given default (LGD);
- exposure at default (EAD).

In developing the models for calculating the IFRS 9 risk provision, the DB Group has used, to the maximum extent possible, what was already available for the three parameters mentioned above in the systems in use for calculating regulatory capital and capital requirements for credit risk (internal models).

Although Deutsche Bank S.p.A. currently uses the standard model for calculating credit risk for regulatory purposes in Italy, it contributes to the input data for Deutsche Bank AG's central models that calculate capital and risks for Basel III purposes on the basis of the advanced internal approach, AIRBA.

The Deutsche Bank AG Group has centrally developed the methodologies for calculating the provision for credit risks pursuant to IFRS 9: the calculation engines and the models developed ensure the calculation of the risk provision at individual legal entity level for each of the Group companies, based on input data provided by them.

The estimation techniques used by the DB Group to determine the three main input factors for the calculation of the provision for risks (PD, LGD and EAD) are detailed below.

The one-year PD, relevant for the calculation of the 12-month ECL of credits in stage 1, is derived from the internal rating calculation system. The Group assigns a PD to each counterparty with credit exposure using a 21-rating scale. The assigned counterparty ratings are derived from internal models that detail specific and consistent calculation criteria for each customer. The set of criteria used is generated by the set of information relevant to the respective customer segments, including borrower performance and behavioural data, financial statement and budget data, external and market information.

The methods in use vary from statistical credit-scoring models to those of the expert based type, always with the use of both qualitative and quantitative information available.

Expert-based models are typically used for counterparties in the following exposure classes: "Governments and Central Banks", "Financial Institutions" and "Corporate Clients"; for the latter segment, statistical models are also used if a sufficiently large database is available.

Statistical models and hybrid models that combine the two methods mentioned are used for the "Retail" segment.

PDs calculated on a uni-period basis (at 12 months) are further extended as multi-period PD curves by means of conditional matrices. The first step in the estimation process is the calculation of "through-the-cycle" (TTC) matrices which are derived from the historical series of the ratings. Economic forecasts are available for the next two years and are used to transform the TTC matrices into point-in-time (PIT) rating migration matrices. The calculation of the PIT matrices is carried out using the modelling available for stress tests (DB CDE, credit default engine). The macroeconomic variables are related to the behaviour of the counterparties in terms of rating and default in order to obtain rating migration matrices from which to derive the probability of default.

The calculations are made on the basis of a multiplicity of economic scenarios obtained on the basis of the statistical distribution of macroeconomic factors.

The "loss given default" (LGD) parameter measures the percentage of expected loss in the event of a counterparty's default, i.e. the estimate of the part of the credit exposure that will not be recovered by the bank. From a conceptual point of view, LGD estimates are independent of the probability of default of a counterparty. LGD calculation models ensure that the main loss factors are reflected in specific LGD factors: different quality levels and types of collateral, categories of customers and technical forms, and levels of seniority of the credit claimed by the bank.

The models used by the DB Group provide for the assignment of specific LGD parameters based on the type of guarantee/collateral received by the customer at the related guaranteed exposures. The values of the guarantees received are prudently subject to the calculation of a haircut.

Furthermore, as a general rule, the LGD values used for unsecured exposures can never be lower than those assigned to collateralised exposures.

The calculation of exposure at default (EAD) over the expected life of a financial asset is modelled by considering the expected profile of payments and repayments. The Group uses specific credit conversion factors (CCFs) for guarantees issued and assumed obligations in order to calculate the related EAD.

Conceptually, EAD is defined as the expected amount of a counterparty's credit exposure at the time of its default.

In cases where the loan transaction includes a part of the outstanding exposure, a portion of the unused credit line is added to the cash credit in order to more fully reflect the expected exposure at the time of default. In fact, it is expected that in the event of default the use of the credit line still available by the customer may increase.

The calibration of parameters such as credit conversion factors is based on historical series and statistical calculations as well as on the categories of counterparties and technical forms of credit lines.

#### Estimation of expected losses in the presence of collateral assets

IFRS 9 requires that the expected cash flows deriving from the enforcement of the collaterals pledged to loans be considered when calculating the expected losses (ECL).

The valuation and calculation models used by the DB Group consider, in particular, the following key aspects relating to the guarantees and collateral received:

- eligibility of collateral, i.e. which types of collateral can be considered for the calculation of ECLs;
- valuation of the collateral, i.e. which value must be used to estimate collections;
- projection of the value of the collateral over the life of the collateralised transaction.

#### *Eligibility of collateral*

The treatment and valuation of collateral for the purposes of applying IFRS 9 are consistent with the general principles of risk management and with the policies and processes adopted by the Group.

It follows that the eligibility and utilisation of collateral values must be based on the established methodologies and processes in place as applied for the Economic Capital Calculation Model (Basel Pillar II) and for the former calculation of the risk provisions according to IAS 39.

The eligibility and valuation of collateral are based on risk management standards defined by the policies: in particular, the Group's Global collateral policy defines the valuation processes, which include forward-looking elements. The assessments of the collaterals are reviewed at least annually, usually at the time of the credit review or update of the rating. If necessary, the collaterals are reviewed upon the occurrence of specific events related to the counterparty or the type of collateral received.

#### *Valuation process*

The valuation of collateral is carried out on a liquidation basis, where liquidation value is defined as the expected net cash flow resulting from the process of monetising the collateral in a base case scenario: in this context, a fair value of the collateral is determined as an expression of an orderly recovery process aimed at maximising the achievable value.

Collaterals can have values that vary over time ("dynamic value") or that are fixed ("static value"). The liquidation values considered for collaterals with dynamic value discount a conservative haircut from the realisable value to cover liquidity and marketability issues.

The DB Group policies require that liquidation values be assigned to eligible collaterals taking into account aspects such as:

- the market value, the loan value, the notional value or the nominal value as the starting point in the valuation process;
- the type of collateral, any mismatch between the currency of denomination of the loan and the related collateral or between the maturity of the loan and the collateral;
- the legal and regulatory framework of reference (guarantees to be enforced in foreign countries on the basis of national laws);
- the market liquidity and price volatility, to be related to the contractual clauses for the early termination of the loans;
- the correlation between the economic performance of the debtor and the value of the collateral received, e.g. in the case of a pledge of shares or bonds of the financed company (in the presence of a full correlation, it is possible to reach a zero value of the collateral and therefore of the realisable value);
- the litigation risks associated with the enforcement of guarantees; the quality of physical collateral such as industrial plants and related environmental risks;
- *the haircuts* specific by type of collateral governed by ad-hoc policies (from 0% to 100%) that reflect recovery risks. E.g. the risks of fluctuations in the market price of assets received as collateral during the average liquidation period thereof.

The definition of haircut percentages is normally based on the historical series of recoveries, in addition to taking into account forward-looking elements on actual recovery possibilities and market price developments. If sufficiently reliable estimates are not reached or the data are not sufficient, haircuts are further strengthened.

Revision of the applied haircuts is expected at least on an annual basis.

#### *Projection of the value of the collateral over the life of the transaction*

As part of the calculations carried out by the engine for calculating expected losses over the expected duration of the loans, the levels of collateralisation available at different points in the life of the loans are considered.

The distribution of the values of the guarantees at the reporting date forms the basis for the projection of the values of future collateralisation levels. Therefore, no additional collateral available at future points in the life of the loan is considered.

Regarding the distribution of the values of the guarantees over the life of the loans, the ECL calculation engine uses the following assumptions for the valuation of collaterals:

- if the actual exposure remains constant over the duration of the loan, it is assumed that the value of the collateral will also remain fixed at all times over the life of the financial asset;
- in the event of partial collateralisation that is combined with a decreasing credit exposure (e.g. mortgage loans or loans with annual repayment) the calculation engine projects the levels of guarantee as follows
  - o for personal guarantees, it is assumed that the relative level of collateralisation remains stable over time. In this case, the value of the exposure and that of the guarantee decrease together until maturity;
  - o for guarantees other than personal, the calculation engine assumes that the value of the guarantee remains constant. In such cases the secured part of the credit increases over time and, possibly, a fully secured situation may arise before maturity.

The guarantees are considered only to the extent that they are available to the Bank; if the maturity of the collateral received is prior to that of the loan granted, the value of the guarantee is zeroed at its maturity and therefore from that time the credit becomes unsecured (in whole or in part).

#### **Business Combinations**

A business combination is recognised as such in the financial statements when the Group obtains control over an entity (or a group of integrated businesses and assets that are managed together). In this regard, reference should be made to IFRS 3. The transfer of control, as provided in IAS 27, occurs in the following cases, in which the Group:

- acquires more than half of the voting power of an entity;
- acquires an interest representing less than half of the voting rights of another undertaking, but which nevertheless makes it possible to obtain control of the latter because one has the power: (i) over more than half of the voting rights by virtue of an agreement with other investors; (ii) to govern the financial and operating policies of the entity under a statute or an agreement; (iii) to appoint or remove the majority of the members of the governing body that manages the entity; or (iv) to obtain the majority of votes at meetings of the governing body that manages the entity.

IFRS 3 requires that an acquirer is identified for each business combination, which is the party that obtains control of the other entity or businesses.

When the party that obtains control cannot be identified using the definition set out above (for example, if the business combination is carried out through an exchange of equity investments), other factors are considered to identify the acquirer, such as the entity whose fair value is significantly higher, the entity that pays cash consideration or that issues new shares.

The acquisition and, hence, the acquiree's first consolidation are recognised when the acquirer obtains control of the entity or businesses acquired.

When a business combination is carried out through a single exchange, the exchange date is usually the acquisition date. In any case, a check of any other agreements between the parties entailing the transfer of control before the exchange date is always required.

The cost of a business combination is the aggregate of the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree.

For transactions settled in cash (or cash equivalents), the cost is the consideration defined between the parties, possibly discounted if it is paid in instalments over a period exceeding the short term. If the transaction is settled other than in cash, therefore by issuing equity instruments, the cost is equal to the fair value of the instruments given, less the costs directly attributable to their issue.

When the instruments given are shares listed on active markets, their fair value is the acquisition-date published price or, if unavailable, the latest published price available.

When a business combination agreement provides for an adjustment to the cost of the combination contingent on future events, the acquirer should include the amount of that adjustment in the cost of the combination at the acquisition date if the adjustment is probable, can be measured reliably and will be



realised within twelve months of the acquisition date. Subsequent payments to the seller as compensation for a reduction in the value of the assets are not included as they have already been considered in the fair value of the equity instruments or as a reduction/increase in the issue premium/discount in the case of first issue of debt instruments.

The costs related to a business combination are those costs directly attributable to the combination, such as professional fees paid to accountants, legal advisers, valuers and other consultants to check the accounts (due diligence) and prepare information memoranda where required by the law, and the costs incurred to register and issue debt or equity instruments.

The acquirer should recognise the costs related to the business combination as expenses when the costs are incurred and the services received, except for the costs incurred to issue equity or debt instruments which are to be recognised in line with the provisions of IAS 32 and IFRS 9.

Business combinations are accounted for by applying the purchase method, whereby the identifiable assets acquired (including any intangible assets that the acquiree did not recognise) and identifiable liabilities assumed (including contingent liabilities) are recognised at their acquisition-date fair values.

Any excess of the cost of the business combination over the fair value of the identifiable assets and liabilities is recognised as goodwill and allocated to the cash-generating units identified within the company/Group. If the cost is lower than the value of the assets and liabilities transferred, the difference (badwill) is recognised as revenue in profit or loss.

The fair value of the acquiree's assets, liabilities and contingent liabilities can be measured provisionally at the reporting date of the year in which the business combination is carried out and should be completed definitively within twelve months of the acquisition date.

When a business combination is achieved in stages, the acquirer should remeasure the carrying amount of the previously held equity investment in the acquired company at the related acquisition-date fair value and recognise any difference compared to the previous book value in the income statement. Upon acquisition of control, the overall goodwill is then remeasured on the basis of the acquisition-date fair values of the identifiable assets and liabilities of the acquired company.

IAS/IFRS refer to the "economic entity theory", whereby the consolidated financial statements are the financial statements of a group presented as those of a single economic entity, which is considered as a party economically independent of the parent company that exercises control.

Therefore, considering the Group as a whole, the positive (negative) difference between the acquisition cost and the carrying amount of the acquired minority interests is recognised as a decrease (increase) in equity: the variation is recorded in non-controlling interests offsetting equity captions pertaining to the parent company, charging (crediting) the additional difference between the purchase price and the non-controlling interest shares as an adjustment to available reserves.

Similarly, if non-controlling interests are sold without losing control, the transaction does not affect the income statement but only the Group's equity.

Under IFRS 3, the following transactions cannot be classified as business combinations:

- the acquisition of an asset or a group of assets that does not constitute a business;
- the acquisition of temporary control;
- business combinations carried out for restructuring purposes, therefore among two or more than two entities or businesses that are already part of the same group and that do not entail a change in the controlling structure, regardless of the percentage of non-controlling rights before and after the transaction (a combination between entities or businesses under common control).

Under the IFRS approach, these transactions have no economic substance. Therefore, lacking specific guidance in the standards issued by the IASB and in accordance with IAS 8, which states that when there is no specific standard, an entity shall apply its judgement in the adoption of a standard that provides relevant, reliable and prudent disclosure and reflects the economic substance of the transaction, the above-mentioned business combinations are accounted for in the acquirer's financial statements at the same carrying amounts stated in the acquiree's financial statements.

Mergers are considered business combinations and are, moreover, the most complete form thereof, since they combine the merged parties both economically and legally.

"True mergers", i.e., those carried out by incorporating a new legal entity or merging an existing entity into another, are treated using the above-mentioned criteria for consolidated financial statements purposes. Specifically:

- if the transaction entails the transfer of control of an entity, it is treated as a business combination in accordance with IFRS 3;
- if the transaction does not entail the transfer of control, it is accounted for using the same carrying amounts presented in the merged entity's financial statements.

## **Segment reporting**

Disclosures about the operating segments have been prepared in accordance with the "managerial approach" provided for by IFRS 8, whereby operating segments shall be presented on the basis of the operating results that are regularly reviewed by the entity's chief operating executive to make decisions about resources to be allocated to the segment and assess its performance.

The operating and organisational policies of the Deutsche Bank Group in Italy are described below. These policies are in line with those applied at a global level by the other companies of the Deutsche Bank AG Group.

### *Operating segments*

The following operating segments reflect the Group's organisational structure as set out in internal management reports.

The Group's segment reporting reflects the organisational structure of the internal management reporting systems, on which the assessment of the financial performance of the business segments and the allocation of resources to them are based. In general, reclassifications resulting from changes in the organisational structure are included in the presentation of comparative figures for previous periods when considered in the Group's management reporting systems.

The organisational structure of the DB AG Group is divided into four main business divisions, in addition to a unit responsible for the disposal of non-core activities.

At 31 December 2022, the operating segments were as follows:

- Corporate Bank;
- Private Bank;
- Investment Bank;
- Asset Management;

in addition to the Capital Release Unit (CRU).

This divisional organization has been implemented at the DB AG Group level since the beginning of the third quarter of 2019 as a result of the announcement of the new strategy communicated to investors on 8 July 2019.

The significant aspects of the current sector structure can be summarised as follows:

**Corporate Bank (CB)** – this division provides financing, lending and transaction banking services to corporate and commercial customers;

**Private Bank** – this division includes the sectors that work with private retail customers, as well as carrying out wealth management (WM) activities offered to high net worth individuals, foundations and professional companies operating in the WM sector;

**Investment Bank** – this division operates in the debt capital market, leveraged finance, advisory, structured finance, asset backed securities and commercial real estate sectors;

**Asset Management** – this division performs asset management activities that provide investment solutions to individual investors and financial intermediaries operating in this field;

finally, the purpose of the Capital Release Unit (**CRU**) is to dispose of assets that are no longer required for the Bank's business in order to free up resources, reduce risk-weighted assets and the associated use of regulatory capital.

### *Segment income statement*

The divisional reporting methods adopted by the Deutsche Bank Group, which are also applied by the consolidated companies operating in Italy, are set out below.

Sector (or segment) reporting requires the presentation of segment results based on management reports, including a reconciliation between the operating segment and consolidated figures, which is included in the "Consolidation and Reconciliation" section (see Part L of the Notes to the Consolidated Financial Statements, "Segment reporting").

In general, management reporting is based on the IFRS.

The information provided on each segment is based on internal operating reporting, activities and other information by segment that is reviewed regularly by the operational management of the decision-making body. The segment's activities are presented in the Group's internal management reports on a consolidated basis, i.e. the amounts do not include inter-segment balances.

Non-IFRS accounting methods are only rarely applied in the Group's operating reports and represent differences in valuation or classification. The major valuation differences relate to the fair value measurement in management reporting versus the amortised cost measurement under IFRS and to the recognition of trading results from treasury shares in income in management reporting (mainly in CIB) and in equity under IFRS. The main difference in classification relates to minority interests, which represent the net share of non-controlling interests in revenues, allowances for impairment, general expenses and income

taxes. Non-controlling interests are classified as a pre-tax income component for the entities in the management accounts (with a reversal in the C&A section), whereas they are classified as revenue under IFRS.

Since the Group's commercial activities are diversified and its operations are integrated, estimates and judgements were made to allocate revenue and expenses to the operating segments.

Management reporting systems allocate the Group's net external interest income based on the value of the loan used or granted by each business in the segment, with transfer pricing related to the Group's access to wholesale market financing. In addition, in order to make comparisons with competitors with legally independent units with their own equity financing, the Group allocates the net nominal interest credit to its consolidated capital, in proportion to the average equity of each segment.

Management uses certain measures for equity and related indexes as part of its internal reporting, since it believes that they provide more useful information about the financial performance of the operating segments.

The Group indicates such measures in order to enable investors and analysts to understand how it manages Group operations and have a clear view of the Group's results.

As regards the allocation of average shareholders' equity, it should be noted that starting from 2017, the Group has refined its capital allocation methodology.

Shareholders' equity is now fully allocated to the segments of the Group based on the regulatory capital requirements of each segment and is no longer limited to the amount of shareholders' equity necessary to meet externally reported targets for the Group's Common Equity Tier 1 ratio and the Group's Leverage Ratio.

The regulatory capital requirement reflects the combined contribution of each segment to the Group's Common Equity Tier 1 ratio, the Group's Leverage Ratio and the Group's Capital loss under stress.

The contributions in each of the three areas are weighted to reflect their relative importance and the level of constraint for the Group. Contributions to Common Equity Tier 1 and to the Leverage Ratio are measured through Risk Weighted Assets (RWA) and Leverage Ratio Exposure (LRE) assuming full application of the CRR/CRD 4 standards.

The Group's Capital loss under stress is a measure of the Group's overall exposure to general economic risk in a defined stress scenario. Goodwill and other intangible assets continue to be allocated directly to the Group's segments in order to allow the determination of allocated tangible equity and related returns. Shareholders' equity and tangible equity are allocated on a monthly basis and on average on a quarterly basis and for the entire year.

### **A.3 – Information on the transfers of financial assets between portfolios**

The companies of the Group did not make transfers between portfolios in the years 2022 and 2021.

### **A.4 Fair value disclosure**

#### **Qualitative information**

##### *Introduction and determination of the fair value of financial instruments*

EU Regulation no. 1255 of 2012 has endorsed IFRS 13 - "Fair Value Measurement": this accounting standard, the application of which was required from 1 January 2013, did not modify the scope of application of the fair value measurement, as it became a reference on the manner in which the fair value of financial instruments and non-financial assets and liabilities should be measured and presented, the procedures already being mandatory or allowed in other accounting standards.

In this manner, the rules for fair value measurement were gathered in one single standard, with coherent instructions across all rules.

As regards Deutsche Bank S.p.A. and the other DB Group companies in Italy, IFRS 13 is applicable solely with respect to financial assets and liabilities, the only categories to which they apply fair value measurement.

With regard to financial instruments and as already indicated in the previous reports, IFRS 13 contains a number of specifications regarding the measurement of the risk of default when determining the fair value of the derivative contracts.

This risk includes changes in counterparty credit worthiness (CVA, credit value adjustment) and the issuer's credit worthiness (DVA, debit value adjustment).

More generally, the various types of fair value adjustments include the following:

- *credit/debit valuation adjustment;*

- model risk;
- closing cost;
- other adjustments.

Adjustment amounts were determined through this measurement model (recognition of the CVA and DVA adjustments) and the total positive aggregate amount of which was equal to €719 thousand of change in the fair value of derivative contracts calculated at 31 December 2022, compared to the equivalent negative adjustment of €678 thousand for the year 2021; the overall impact on the income statement for the year 2022, therefore, amounted to €1,397 thousand of revenue.

This change is attributable to the reduction in the fair value of derivative contracts.

Under IFRS 13, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (i.e., not a forced liquidation or distress sale) between market participants at the measurement date.

Therefore, the definition of fair value is based on the assumption that an entity is fully operational and is not forced to sell or significantly reduce its activities, or to carry out transactions at unfavourable conditions. Moreover, the fair value reflects the credit quality of the financial instrument as it incorporates the counterparty risk (positive fair value) or the issuer risk (negative fair value).

Fair value is a market valuation criterion that is not specific to the company (group) preparing the financial statements: an entity shall measure the fair value of an asset or a liability using the assumptions that market operators would use when pricing the asset or liability, assuming that market operators act in their economic best interest.

Under IFRS 13, an entity shall consider the following to determine fair value:

- the asset or liability to be measured (depending on its unit of account, defined as the level at which an asset or liability is aggregated or disaggregated for IFRS recognition purposes);
- the principal market (or the most advantageous market) in which the entity can enter into a transaction to sell the asset or to transfer the liability (in the absence of evidence to the contrary, this market is the normally used market);
- the most appropriate valuation techniques for estimating fair value: they should maximise the use of relevant observable inputs and minimise unobservable inputs. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability;
- the fair value of the liabilities or an entity's own equity instruments is determined assuming that the instrument is transferred at the measurement date but not settled (transfer value and not a settlement/extinguishment cost);
- the non-performance risk (including the credit risk of the instrument's issuer) shall be considered.

The standard provides that if there are directly observable market transactions involving the assets or liabilities to be measured, fair value is determined immediately. If these conditions do not exist, an entity shall use the following valuation techniques, as provided by IFRS 13:

- **Market approach:** a technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets or liabilities. It includes the market multiples valuations.
- **Cost approach:** fair value is the amount that would be required currently to replace the service capacity of an asset.
- **Income approach:** according to this approach, the fair value corresponds to the present value of future amounts (e.g., cash flows or income and expenses). When the income approach is used, the fair value measurement reflects market expectations about those future amounts.

Income approach includes the following valuation techniques:

- present value techniques;
- option pricing models, such as those based on the Black-Scholes-Merton formula, that reflect both the time value and the intrinsic value of an option;
- the multi-period excess earnings method, which is used to measure the fair value of some intangible assets.

An entity preparing financial statements should preferably use valuation techniques that maximise the use of observable input data and IFRS 13 proposes a three-level input data hierarchy:

- **level 1:** includes quoted prices in active markets for identifiable assets or liabilities identical to those that shall be measured;
- **level 2:** inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, for example:  
quoted prices for similar assets or liabilities in active markets;  
quoted prices for identical assets or liabilities in markets that are not active;  
interest rate curves, implied volatilities and credit spreads;

- **level 3:** non-observable data. They shall be used to measure fair value to the extent that relevant observable inputs are not available. IFRS 13 clarifies that unobservable input used to measure fair value shall reflect the assumptions that market participants would use when pricing the asset or liability.

IFRS 13 allows the application of premiums or discounts to inputs to consider all those factors that would be considered by market participants. This implies that the premiums or discounts that reflect size as a characteristic of the entity's holding (specifically, a blockage factor that adjusts the quoted price of an asset or a liability because the market's normal daily trading volume is not sufficient to absorb the quantity held by the entity) rather than as a characteristic of the asset or liability (e.g., a control premium when measuring the fair value of a controlling interest) are not permitted in a fair value measurement.

A market is considered to be active when transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis, the bid-ask spreads and volatility levels are sufficiently contained, the transactions take place in a suitable reference period and the prices are readily and promptly available from stock exchanges, brokers, intermediaries, sector companies, rating agencies or authorised bodies.

If a financial instrument that is measured at fair value has both a "bid" and an "ask" price, pursuant to paragraph 70 of IFRS 13, a value included in the "bid-ask" spread must be used which is considered the most representative of fair value: in this regard, the DB Group policy relating to "fair value measurement" provides for the use of "bid" prices for financial assets and "ask" prices for financial liabilities, as they are considered the most representative of the value in the two cases. The Group applied this technique before introduction of the applicable accounting standards.

The following types of financial instruments are usually considered to be listed on an active market:

- shares and bonds listed on a regulated market, bonds for which the executable prices are available on a regular basis from the rating agencies with a spread (difference between the ask and bid price) that does not exceed a range considered suitable to express market liquidity;
- mutual funds;
- spot exchange rate transactions;
- futures and options listed on regulated markets.

On the contrary, all equities, bonds and derivatives not included in the above categories are not considered as listed on an active market.

When a financial instrument is not listed on an active and liquid market, its fair value is usually determined using valuation techniques, which have the objective of identifying the price of a hypothetical transaction between third parties carried out for normal market reasons at the reporting date.

The IFRS require that the valuation models adopted to determine the price shall consider, inter alia, the time value of money measured using the risk-free interest rate, the credit risk, prepayment risk and surrender risk and the volatility of the financial instrument price, as well as, if applicable, foreign currency exchange rates, commodity prices and share prices.

When the calculation model is very complex, inputs are not directly observable on the market or when the financial instrument is a highly innovative product, the fair value determined using valuation techniques is prudently reduced by adjusting factors, determined based on the risk level due to the complexity of the model adopted and the liquidity level of the financial instrument.

The application of valuation techniques to determine the fair value entails management estimates and judgements, whose extent may vary depending on the complexity level and the liquidity of the market. The valuation techniques include models that are based on the analysis of discounted cash flows, which depend on the estimated future cash flows and the discount rate used.

For complex products, the valuation models use modelling techniques, more complex assumptions and parameters, such as correlation, prepayment rate, unobservable default rates and the seriousness of the loss. Management judgement is required for the selection and application of suitable parameters, assumptions and modelling techniques.

Fair value adjustments are an integral part of the valuation process requiring judgement. In this process, the Deutsche Bank Group has adopted methodologies that consider inputs such as the settlement costs, liquidity risk and credit risk (CVA, DVA). The valuation model adopted for a financial instrument should remain the same over time, adjusted only in the case of significant changes in market conditions or subjective changes affecting the issuer.

For bonds and derivatives, the Group has defined valuation models that refer to the current market value of instruments that are substantially the same, the time value of money and option pricing models. In using a pricing method, any adjustments necessary to include the counterparty or issuer credit risk are also considered.

Specifically, bonds are measured by discounting the expected future cash flows of the contractual plan, adjusted for the issuer credit risk.

Derivatives are measured using the following valuation guidelines defined at Group level for each instrument category:

- calculation algorithms;
- computing models;
- market inputs used;
- basic assumptions of the methods.

For equity instruments (including equity investments), the Group uses analytical valuation techniques based on financial and performance figures.

It also considers the following techniques/information as a comparison to the main method:

- when available, direct transactions, i.e., significant transactions involving the instrument recorded over a period of time deemed to be adequate compared to the measurement date and under normal market conditions;
- when available, comparable transactions carried out by companies operating in the same market involving similar types of products/services to the investee being measured;
- application of the average market multiples of comparables in terms of the investee's financial figures.

The fair value of financial assets and liabilities carried at cost or amortised cost is disclosed in the notes and is determined as follows:

- for non-current financial assets and liabilities, the discounted cash flow method is mainly used;
- for on-demand assets and liabilities, with a short term or undetermined maturity, the carrying amount net of a collective/individual impairment loss is deemed to reasonably reflect fair value;
- for floating-rate and current fixed-rate securities issued, the carrying amount is deemed to adequately reflect fair value, since it reflects both changes in interest rates and the issuer credit risk;
- for non-current fixed-rate securities issued and structured instruments whose fair value fluctuations are hedged, the carrying amount determined for hedge accounting purposes is used as it already includes the effect of market risks.

In preparing financial statements, the IFRS require that the following categories of financial instruments be measured at fair value:

- 1) financial assets and liabilities held for trading, both on-statement of financial position and derivative instruments;
- 2) financial assets and liabilities measured at fair value, both through profit or loss and through other comprehensive income;
- 3) hedging derivatives.

With respect to derivatives, fair value gains or losses on fair value hedges are recognised in the income statement, while those on cash flow and future forecast transaction hedges are recognised in a valuation reserve.

Available official prices of an active market (effective market quotes) are the best evidence of fair value and are, therefore, primarily used for the measurement of financial assets and liabilities held for trading or available-for-sale financial assets and liabilities.

A financial instrument is considered to be listed on an active market if the listed prices that reflect ordinary market transactions carried out during a normal reference period are readily and regularly available through stock exchanges, intermediaries, rating agencies or authorised bodies, and if those prices reflect actual and regular market transactions carried out over an ordinary reference period.

When there are no regular market activities, i.e., if the market does not show a sufficient and ongoing number of transactions, shows high ask-bid spreads and volatility is not contained within normal levels, the fair value cannot be determined by direct reference to market prices and requires the adoption of other market inputs.

Therefore, in the absence of an active market, the fair value is determined using valuation techniques aimed at defining the valuation date price of the instruments in an arm's length transaction motivated by normal business considerations.

These techniques include:

- reference to market values that are indirectly related to the instruments being measured and inferred from products with a similar risk profile and return (comparable approach);
- valuations made using, including partially, non-market inputs calculated using estimates and assumptions (mark-to-model approach).

The decision about which technique should be used is not optional as they should be applied in a hierarchical order. Specifically, when a listed price of an active market is available, the other two alternative methods cannot be used.

### Fair value hierarchy

As mentioned above, the order for the adoption of a fair value measurement model gives priority to official prices observable on active markets (effective market quotes), then to comparable assets and liabilities (comparable approach) and, lastly, to unobservable inputs, which are more discretionary (mark-to-model approach).

The characteristics of the three methods may be summarised as follows:

#### *1- Effective market quotes*

Fair value reflects the market value of the financial instrument expressed by market quotes observable in an active market on the last trading date of the reporting period.

This category mostly includes securities listed on regulated markets.

#### *2 - Valuation techniques: comparable approach*

In this case, fair value is not based on the market value of the financial instrument (unavailable or meaningless), but rather on the prices or credit spreads observable on the market for instruments that are substantially similar in terms of risk and return, using specific pricing methods.

Under this approach, transactions carried out on active markets involving financial instruments comparable in terms of risk and return are taken into account.

The pricing methods used under the comparable approach allow the reproduction of the prices of financial instruments listed on active markets (gauging), without using discretionary inputs, i.e., those that cannot be derived from the prices of financial instruments listed on active markets and relevant to the extent that they significantly affect the final fair value.

This category includes unlisted securities and unlisted derivatives (OTC), such as, interest rate swaps and plain vanilla currency options, which are agreements that do not require particularly complex or structured pricing methods.

#### *3 - Valuation techniques: Mark-to-Model approach*

Under this approach, inputs of a different nature are used, not all of which are derived from observable market data and, therefore, entail that the valuer makes estimates and assumptions.

This category may include more complex OTC derivatives, private equity investments, illiquid financing and certain highly structured bonds.

Specifically, this approach requires the use of a specific pricing method that is based on special assumptions, such as, for example:

- estimates of future cash flows, that reflect, where necessary, future events, the likelihood of which is based on the Bank's past experience or conduct assumptions;
- identification of discount rates and related "risk premiums" to be applied to the various financial assets;
- the level of certain inputs that do not derive from active market data, the estimate of which is, however, primarily based on observable market price and spread inputs.

In 2022, value adjustments for the "level 3" category shares for €8,822 thousand were recognised in the income statement, while in 2021 the value adjustments were equal to zero Euro.

For some interest rate derivative contracts of the same fair value category 3, the related net valuation effects had been recognised in 2021, which were on the whole not significant and amounted to €28 thousand in costs, while in the year 2022, the related net valuation effects amounted to €10 thousand in revenue.

#### **A.4.1 Fair value levels 2 and 3, valuation techniques and inputs used**

Reference should be made to the previous paragraph "Determination of the fair value of financial instruments" and the general comments set out above for general information.

Held for trading financial assets and liabilities classified as Level 2 only consist of derivatives.

Level 3 of financial assets mandatorily measured at fair value through profit or loss includes equity interests, normally in shares, held in financial and service companies where the Bank's interest is less than 20%.

#### *Level 2 – Derivatives*

The category includes derivatives on interest rates, I.R.S. and I.R.O., and on exchange rates, forward foreign exchange contracts and options.

For interest rate derivatives, without pricing mechanism options, a discounted cash flow measurement is used.

This technique generally consists of estimating the future cash flows expected throughout the life of the derivative financial instruments: the model requires an estimate of the cash flows and the adoption of

market parameters for the discount. The rate or discount margin reflects the credit spread and/or loan spread required of market operators for instruments with similar risk profiles and liquidity in order to determine the discounted value. The fair value of the derivative contract is the sum of the discounted future cash flows.

In the case of structured derivatives containing optionality, valuation techniques are based on option pricing models: models of this type are used for instruments in which the holder has a right or potential obligation related to the occurrence or non-occurrence of a future event, such as exceeding the price of a reference financial asset by a predetermined strike price. Option pricing models estimate the probability that a specific event will occur, incorporating the assumptions regarding the volatility of the estimates, the price of the instrument underlying the option and the expected rate of return for the portfolio being evaluated.

Valuation of interest rate derivatives is based on the interest rate curve adopted by Deutsche Bank AG Group which determines the par rate, zero coupon rate (ACT/365 base) and 3-month forward rate (ACT/360 base) levels using market inputs.

In particular, the zero-coupon interest rates used for the calculation of the current values are taken from interest rates observed on the market using a bootstrapping procedure.

The values obtained by applying the above curve to the outstanding contracts are then supplemented by the assessment of the counterparty risk: this risk must include both changes in the counterparty's creditworthiness (CVA, credit value adjustment) and those of the issuer itself (DVA, debit value adjustment).

As regards forward foreign exchange transactions, the revaluation exchange rate was determined on the basis of year-end quotations for the respective contractual maturities of outright and swaps: forward exchange rates are determined, as is well known, by the spot rates of the respective currencies to which are added, as a premium or discount, the "forward points" given by the rate differentials between the euro and foreign currencies. The forward rate is calculated using an interpolation mechanism for contract maturities that do not match the price intervals.

#### *Level 3 – Derivatives*

This category, present in 2022 and 2021, includes a small number of swaps and caps structured on "exotic" interest rates which refer to "back to back" transactions carried out by the parent company and with the counterparties being, on the one hand, domestic corporate customers and on the other hand the Deutsche Bank AG based in Frankfurt.

The transactions were exposed to a closed market risk.

#### *Level 3 – Equities included in the portfolio of financial assets mandatorily measured at fair value through profit or loss (FVTPL)*

For equity securities measured at fair value, a method based on market multiples was mainly used, when reflecting better the fair value to be attributed in the financial statements to the securities subject to valuation, compared to income methods based on the discounting of expected cash flows ("Discounted Cash Flows" and "Dividend discounted model" methods).

In particular, for the valuation of the interests in Nomisma S.p.A., CRIF S.p.A. and MTS S.p.A., an approach based on multiples of EBITDA (earnings before interest, taxes, depreciation and amortisation) and net profit for the year (P/E, price/earnings) was used.

For VISA, the unlisted US dollar class C shares in the portfolio were valued by means of a conversion ratio to the market-listed class A shares and using an internal Deutsche Bank valuation model.

With this type of approach, it is possible to estimate the company value (enterprise value - "EV") by identifying the relationship between the EV and the EBITDA (or the P/E) of a comparable observable subject, and applying this ratio to the EBITDA (or P/E) of the subject whose valuation is to be estimated. A high EV/EBITDA and/or P/E multiple produces a higher fair value.

The values of EBITDA and net profits have been taken from the official financial statements of the companies and appropriately normalised to eliminate the impact of non-recurring components and/or components extraneous to typical business transactions.

The multiples were identified using those observable on the market for comparable Italian and foreign companies and determining the average of the values recorded for the years 2019, 2020 and 2021. In particular, the value of the first quartile of the distribution of the assessed values was used, favouring a conservative approach.

In the presence of a significant difference between the enterprise value deduced from the EBITDA multiple and that obtainable from the P/E, the average value was calculated.

The enterprise value was then adjusted by the amount of the net financial position to arrive at the equity value, i.e. the value to be attributed to the shareholding, with a possible adjustment to take into account the liquidity of the share.



Applying this approach to illiquid securities requires a liquidity correction to take account of the difference in the level of liquidity between the normally listed comparable companies used and the company being measured.

In the three cases in question, a difference of 20% was applied.

In other cases, valuations were also based on income methods that quantified the value of companies by capitalising the weighted average cost of capital (WACC) and the net financial position.

When the financial position is structurally positive for the purposes of calculating the WACC, only the cost of equity  $K_e$  is considered, while the cost of financial debt  $K_d$ , i.e. the interest rate at which it was assumed that the company under assessment could have financed itself, is not.

The method applied by Deutsche Bank S.p.A. is part of the Gordon growth model, a method that determines the intrinsic value of a share based on a number of future dividends that grow at a constant rate: after having determined a dividend payable in one year and subsequently defined the constant rate at which the dividend will grow over time, the model calculates the present value of future dividends.

The CAPM (capital asset pricing model) is used to estimate the cost of equity ( $K_e$ ):

$$K_e = R_f + \text{Beta} * (R_m - R_f) + \text{ARP}$$

where:

$R_f$  = the risk free rate parameter increased by the country risk premium, generally quantified by the average annual yield on 10-year Treasury bonds issued by the Italian government.

The *Beta* was calculated considering the investees' operating characteristics and average data of its business sectors.

$R_m - R_f$  = the market risk premium is set on the basis of data available in the Damodaran database.

*ARP* = *Additional Risk Premium*, that is, the additional yield required of a rational investor who invests in small or unlisted companies, the investment in which is of lesser liquidity, or with situations such as a limited diversification of business risks in terms of customers served or the variety of the product range or services offered.

The applied values of this parameter for valuations carried out at 31 December 2022 have been set at 200 basis points.

The estimate of average normalised operating income is based on an analysis of the companies' historical financial statements, as budget data and/or medium-term plans cannot be used.

The validity of the estimates was tested using alternative calculation methods such as those based on market multiples, EV/EBITDA and EV/EBIT (source of market multiples: Damodaran).

#### **A.4.2 Valuation processes and sensitivity**

In the case of valuations carried out using the market multiples method, values were determined that fell within the most prudent part of the values between the minimum and maximum data: the use of the multiples of the first quartile of the distribution therefore made it possible to obtain valuations with a margin of "safety", a margin enlarged by a haircut of 20% on the equity values obtained from the valuations.

Regarding Level 3 interest rate derivatives, given their status as transactions bearing a closed market risk, the change in the valuation parameters produces effects that offset each other, net of the different impact of the CVA/DVA adjustments, and in any case for insignificant amounts.

#### **A.4.3 Fair value hierarchy**

The composition of the portfolios of financial instruments broken down into three levels of fair value remained stable in 2022 and 2021. To this end, it is noted that Level 2 includes only over-the-counter derivative contracts which, due to their characteristics, are not quoted on regulated markets.

At 31 December 2022, as well as at 31 December 2021, the valuation of the VISA shareholding is processed, starting from the conversion ratio with the listed VISA class A shares, with an internal valuation model of Deutsche Bank.

Finally, non-financial assets and liabilities measured at fair value on a recurring basis are not reported.

#### A.4.4 Other information

The Group companies (specifically Deutsche Bank S.p.A.) did not avail of the option to measure the fair value of a group of financial assets and liabilities on the basis of the price that would be received to sell a net long position (i.e., an asset) for a particular risk exposure or paid to transfer a net short position (i.e., a liability) for a particular risk exposure in an orderly transaction between market participants (IFRS 13.48/51).

There are no relevant cases to be disclosed based on paragraph 93(i) of IFRS 13 on non-financial assets whose effective use differs from its highest and best use.

#### Quantitative information

##### A.4.5 Fair value hierarchy

The following table provides a breakdown of the type of valuation approach for financial assets and liabilities measured at fair value at 31 December 2022, compared with the figures of the previous year.

##### A.4.5.1 Financial assets/liabilities measured at fair value on a recurring basis: breakdown by fair value levels

Financial assets/liabilities measured at fair value	Data at 31 December 2022			Data at 31 December 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	Prices quoted in active markets	Valuation based on observable market inputs	Valuation based on unobservable market inputs	Prices quoted in active markets	Valuation based on observable market inputs	Valuation based on unobservable market inputs
1. Financial assets measured at fair value through profit or loss						
a) financial assets held for trading	10	171,931	1,281	28	52,828	1,077
b) financial assets designated at fair value	-	-	-	-	-	-
c) other financial assets mandatorily measured at fair value	-	501	35,607	97,493	501	40,239
2. Financial assets measured at fair value through other comprehensive income						
3 Hedging derivatives	-	3,850	-	-	15,515	-
4 Property, equipment and investment property	-	-	-	-	-	-
5 Intangible assets	-	-	-	-	-	-
<b>Total financial assets at fair value</b>	<b>10</b>	<b>176,282</b>	<b>36,888</b>	<b>97,521</b>	<b>68,844</b>	<b>41,316</b>
<b>Financial liabilities at fair value</b>						
1 Financial liabilities held for trading	6	169,201	1,298	94	65,888	1,107
2 Financial liabilities designated at fair value	-	-	-	-	-	-
3 Hedging derivatives	-	-	-	-	5,647	-
<b>Total financial liabilities at fair value</b>	<b>6</b>	<b>169,201</b>	<b>1,298</b>	<b>94</b>	<b>71,535</b>	<b>1,107</b>

With regard to the values of the derivative contracts shown in the tables above, the application of the adjustments for CVA and DVA to the valuation model resulted in adjustment values whose aggregate positive value amounted to €719 thousand of change in the fair value of the derivative contracts calculated at 31 December 2022, compared to the equivalent negative adjustment of €678 thousand in 2021; the overall impact on the income statement for the year 2022, therefore, amounted to €1,397 thousand of revenue.

In 2022 and 2021 there were no transfers of financial assets and liabilities between levels 1 and 2 of the fair value hierarchy.

#### A.4.5.2 Changes in assets and liabilities measured at fair value on a recurring basis (level 3)

	Financial assets measured at fair value through profit or loss				Financial assets measured at fair value through other comprehensive income	Hedging derivatives	Property, equipment and investment property	Intangible assets
	Total	of which: a) financial assets held for trading	of which: b) financial assets designated at fair value	of which: c) other financial assets mandatorily measured at fair value				
<b>1. Opening balances</b>	<b>41,316</b>	1,077	-	40,239		-	-	-
<b>2. Increases</b>								
2.1 Purchases	-	-	-	-		-	-	-
2.2 Profits recognised in:								
2.2.1 Income statement	4,393	204	-	4,189		-	-	-
- of which gains on sales	4,430	241	-	4,189		-	-	-
2.2.2 Equity	-	X	X	-		-	-	-
2.3 Transfers from other levels	-	-	-	-		-	-	-
2.4 Other increases	1	-	-	1		-	-	-
<b>3. Decreases</b>								
3.1 Sales	-	-	-	-		-	-	-
3.2 Repayments	-	-	-	-		-	-	-
3.3 Losses recognised in:								
3.3.1 Income statement	( 8,822)	-	-	( 8,822)		-	-	-
- of which losses on sales	( 8,822)	-	-	( 8,822)		-	-	-
3.3.2 Equity	-	X	X	-		-	-	-
3.4 Transfers to other levels	-	-	-	-		-	-	-
3.5 Other decreases	-	-	-	-		-	-	-
<b>4. Closing inventories</b>	<b>36,888</b>	1,281	-	35,607		-	-	-

The transfers from level 3 are associated with changes in the observability of the input parameters.

#### A.4.5.3 Changes in financial liabilities measured at fair value on a recurring basis (level 3)

	Financial liabilities held for trading	Financial liabilities designated at fair value	Hedging derivatives
<b>1. Opening balances</b>	<b>1,107</b>	-	-
<b>2. Increases</b>			
2.1 Purchases	-	-	-
2.2 Losses recognised in:			
2.2.1 Income statement	191	-	-
- of which losses on sales	230	-	-
2.2.2 Equity	X	X	-
2.3 Transfers from other levels	-	-	-
2.4 Other increases	-	-	-
<b>3. Decreases</b>			
3.1 Repayments	-	-	-
3.2 Repurchases	-	-	-
3.3 Profits recognised in:			
3.3.1 Income statement	-	-	-
- of which gains on sales	-	-	-
3.3.2 Equity	X	X	-
3.4 Transfers to other levels	-	-	-
3.5 Other decreases	-	-	-
<b>4. Closing inventories</b>	<b>1,298</b>	-	-

**A.4.5.4 Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis: breakdown by fair value levels**

Assets/liabilities not measured at fair value or measured at fair value on a non-recurring basis	Data at 31 December 2022				Data at 31 December 2021			
	carrying amount	Level 1	Level 2	Level 3	carrying amount	Level 1	Level 2	Level 3
1. Financial assets measured at amortised cost	24,851,504	-	3,558,087	20,671,981	25,507,972	100,271	5,218,222	20,352,039
of which Loans and receivables with banks	3,735,686	-	3,558,087	-	5,181,588	-	5,218,222	-
of which Loans and receivables with customers	21,115,818	-	-	20,671,981	20,326,384	100,271	-	20,352,039
2. Investment property	-	-	-	-	-	-	-	-
3. Non-current assets and groups of assets held for sale	-	-	-	-	-	-	-	-
<b>Total</b>	<b>24,851,504</b>	<b>-</b>	<b>3,558,087</b>	<b>20,671,981</b>	<b>25,507,972</b>	<b>100,271</b>	<b>5,218,222</b>	<b>20,352,039</b>
1. Financial liabilities measured at amortised cost	26,847,780	-	26,748,390	-	27,602,321	-	27,817,020	-
of which Due to banks	11,096,346	-	10,997,025	-	10,312,071	-	10,526,758	-
of which Due to customers	15,559,669	-	15,559,669	-	17,287,516	-	17,287,516	-
of which Securities issued	191,765	-	191,696	-	2,734	-	2,746	-
2. Liabilities associated with assets held for sale	-	-	-	-	-	-	-	-
<b>Total</b>	<b>26,847,780</b>	<b>-</b>	<b>26,748,390</b>	<b>-</b>	<b>27,602,321</b>	<b>-</b>	<b>27,817,020</b>	<b>-</b>

**A.5 Information on "day one profit/loss"**

Under IFRS 9, a financial instrument should be initially recognised at an amount that is equal to its fair value, which is generally considered to be the price paid/collected from its trading. However, in practice the two amounts may sometimes differ.

In these cases, the standard stipulates that a financial instrument can be recognised at a fair value different from the amount paid/collected only if it is determined:

- using prices from current and observable market transactions in the same instrument;
- using valuation techniques exclusively based on observable market data.

In other words, IFRS 9 states that the presumption that the fair value is equal to the price paid/collected can be rebutted only if it is determined using the most objective method available, i.e., reducing valuation discretion to the minimum.

The difference between fair value and negotiated price, when the above conditions are met, is called the "day one profit" and is immediately taken to the income statement.

If, conversely, fair value measurement is based on internal models:

- in the case of a fair value gain, the day one profit is deferred over the financial instrument's expected life, with the possible recognition of the remaining profit when one or more than one of the valuation inputs used become data observable on an active market;
- in the case of a fair value loss, it is recognised directly in the income statement.

For the years 2021 and 2022, no profits or losses were recognised related to financial instruments whose valuation was based on internal models.

In 2020, €1,901 thousand of day one profits were deferred due to the non-observability on the market of certain valuation parameters relating to the credit risk component: the amount recognised in the 2022 income statement was €317 thousand, the amount recognised in the 2021 income statement was €314 thousand, the amount recognised in the 2020 income statement was €100 thousand, with the remaining €1,170 thousand at the end of 2022 deferred to future years. In addition, there are no residual values deferred in years prior to 2022 whose recognition in the income statement is still in progress.

## PART B - NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

All the figures in these Notes are in thousands of euro, unless stated otherwise.

All the companies included in these Consolidated Financial Statements as at and for the year ended 31 December 2022 belong to the banking group.

### Assets

#### Section 1

##### Cash and cash equivalents - Item 10

###### 1.1 Cash and cash equivalents: breakdown

	Total 31.12.2022	Total 31.12.2021
a) Cash	113,697	123,337
b) Demand deposits with central banks	1,140,063	-
c) Current accounts and demand deposits with banks	2,433,783	3,252,706
<b>Total</b>	<b>3,687,543</b>	<b>3,376,043</b>

#### Section 2 - Financial assets measured at fair value through profit or loss - Item 20

##### 2.1 Financial assets held for trading: product breakdown

Items/Amounts	Total 31.12.2022			Total 31.12.2021		
	L1	L2	L3	L1	L2	L3
<b>A. On-statement of financial position assets</b>						
1. Debt instruments	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt instruments	-	-	-	-	-	-
2. Equity securities	-	-	-	5	-	-
3. OEIC units	-	-	-	-	-	-
4. Financing	-	-	-	-	-	-
4.1 Reverse purchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
<b>Total A</b>	-	-	-	5	-	-
<b>B. Derivatives</b>						
1. Financial derivatives:	10	171,931	1,281	23	52,828	1,077
1.1 trading	10	171,931	1,281	23	52,828	1,077
1.2 associated with fair value option	-	-	-	-	-	-
1.3 others	-	-	-	-	-	-
2. Credit derivatives:	-	-	-	-	-	-
2.1 trading	-	-	-	-	-	-
2.2 associated with fair value option	-	-	-	-	-	-
2.3 other	-	-	-	-	-	-
<b>Total B</b>	<b>10</b>	<b>171,931</b>	<b>1,281</b>	<b>23</b>	<b>52,828</b>	<b>1,077</b>
<b>Total (A+B)</b>	<b>10</b>	<b>171,931</b>	<b>1,281</b>	<b>28</b>	<b>52,828</b>	<b>1,077</b>

The balance mainly consists of interest rate derivatives (IRS and IRO Cap) for €158.9 million (€40.6 million in 2021); the remainder of €14.3 million consists of options on exchange rates and forward currency contracts (€13.3 million in 2021).

The operations carried out by the Bank relate to contracts entered into with corporate customers (mainly in the mid-cap and SME sectors) whose market risk is closed out with equal and opposite transactions with Deutsche Bank AG.

L1 = Level 1

L2 = Level 2

L3 = Level 3

## 2.2 Financial assets held for trading: breakdown by debtors/issuers

Items/Amounts	Total 31.12.2022	Total 31.12.2021
<b>A. On-statement of financial position assets</b>		
<b>1. Debt instruments</b>	-	-
a) Central banks	-	-
b) Public authorities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
<b>2. Equity securities</b>	-	5
a) Banks	-	-
b) Other financial companies	-	-
of which: insurance companies	-	-
c) Non-financial companies	-	5
d) Other issuers	-	-
<b>3. OEIC units</b>	-	-
<b>4. Financing</b>	-	-
a) Central banks	-	-
b) Public authorities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total A</b>	-	5
<b>B. Derivatives</b>		
a) Central counterparties	-	-
b) Other	173,222	53,928
<b>Total B</b>	173,222	53,928
<b>Total A + B</b>	173,222	53,933

Derivative contracts are stipulated with corporate customers and as regards banking counterparties exclusively with banks belonging to the Deutsche Bank AG Group.

## 2.3 Financial assets designated at fair value: product breakdown

None.

## 2.4 Financial assets designated at fair value: breakdown by debtors/issuers

None.

## 2.5 Other financial assets mandatorily measured at fair value: product breakdown

Items/Amounts	Total 31.12.2022			Total 31.12.2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
1. Debt instruments	-	-	-	-	-	-
1.1 Structured securities	-	-	-	-	-	-
1.2 Other debt instruments	-	-	-	-	-	-
2. Equity securities	-	501	35,607	97,493	501	40,239
3. OEIC units	-	-	-	-	-	-
4. Financing	-	-	-	-	-	-
4.1 Repurchase agreements	-	-	-	-	-	-
4.2 Other	-	-	-	-	-	-
<b>Total</b>	-	501	35,607	97,493	501	40,239

This Financial Statements item consists exclusively of equity securities, which had been classified, according to the previous provisions of IAS 39 up to 31 December 2017, as financial assets available for sale.

The decrease of €-102.1 million reported in the 2022 financial year is attributable to the sale of NEXI shares (formerly SIA shares) in the amount of €-97.5 million and to valuation effects resulting in changes in the fair values of securities: the main changes are attributable to CRIF shares in the amount of €-1.0 million, VISA USD shares in the amount of €-7.8 million and MTS shares in the amount of €+4.2 million.

As described in Part A of the Notes to the Financial Statements in the section on methods of determining fair value, equity securities were mainly measured at fair value using a method based on market multiples, when reflecting better the fair value to be attributed in the Financial Statements to the securities subject to measurement, compared to income methods based on the discounting of expected cash flows ("Discounted Cash Flows" and "Dividend discounted model" methods).

In particular, for the measurement of the interests in Nomisma S.p.A., CRIF S.p.A. and MTS S.p.A., an approach based on multiples of EBIT or EBITDA (earnings before interest, taxes, depreciation and amortisation) and net profit for the year (P/E, price/earnings) was used.

For the company VISA, reference was made to the price of the ordinary share and the market discount factors applicable for the classes of shares owned by the Bank.

#### 2.6 Other financial assets mandatorily measured at fair value: breakdown by debtors/issuers

Items/Amounts	Total 31 12 2022	Total 31 12 2021
<b>1. Equity securities</b>	<b>36,108</b>	<b>138,233</b>
of which: banks	-	-
of which: other financial companies	7,368	15,211
of which: other non-financial companies	28,740	123,022
<b>2. Debt instruments</b>	-	-
a) Central banks	-	-
b) Public authorities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
<b>3. OEIC units</b>	-	-
<b>4. Financing</b>	-	-
a) Central banks	-	-
b) Public authorities	-	-
c) Banks	-	-
d) Other financial companies	-	-
of which: insurance companies	-	-
e) Non-financial companies	-	-
f) Households	-	-
<b>Total</b>	<b>36,108</b>	<b>138,233</b>

#### Section 3 - Financial assets measured at fair value through other comprehensive income - Item 30

At 31 December 2022, there were no financial assets measured at fair value through other comprehensive income.

#### Section 4 - Financial assets measured at amortised cost - Item 40

##### 4.1 Financial assets measured at amortised cost: product breakdown of loans and receivables with banks

Transaction type/Amounts	Total at 31 December 2022						Total at 31 December 2021					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stage	Third stage	Purchased or originated credit	Level 1	Level 2	Level 3	First and second stage	Third stage	Purchased or originated credit	Level 1	Level 2	Level 3
<b>A. Loans and receivables with central banks</b>	154,365	-	-	-	154,365	-	1,196,873	-	-	-	1,196,873	-
1. Maturity deposits	-	-	-	X	X	X	-	-	-	X	X	X
2. Mandatory reserve	154,365	-	-	X	X	X	1,196,873	-	-	X	X	X
3. Repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
4. Other	-	-	-	X	X	X	-	-	-	X	X	X
<b>B. Loans and receivables with banks</b>	3,581,321	-	-	-	3,403,722	-	3,984,715	-	-	-	4,021,349	-
1. Financing	3,581,321	-	-	-	3,403,722	-	3,984,715	-	-	-	4,021,349	-
1.1 Current accounts	-	-	-	X	X	X	-	-	-	X	X	X
1.2 Maturity deposits	3,567,642	-	-	X	X	X	3,976,676	-	-	X	X	X
1.3 Other financing:	13,679	-	-	X	X	X	8,039	-	-	X	X	X
Reverse repurchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
Lease financing	-	-	-	X	X	X	-	-	-	X	X	X
Other	13,679	-	-	X	X	X	8,039	-	-	X	X	X
2. Debt instruments	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt instruments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total (carrying amount)</b>	<b>3,735,686</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,558,087</b>	<b>-</b>	<b>5,181,588</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,218,222</b>	<b>-</b>

Loans and receivables with banks show a decrease of 28% compared to 31 December 2021.

The decrease in loans and receivables with banks is mainly due to the reduction of the Mandatory reserve from €1.2 billion in 2021 to €0.1 billion in 2022: the amount of €1.1 billion was used in an Overnight current account with the Bank of Italy classified for financial statement purposes under item 10 "Cash and cash equivalents".

##### 4.2 Financial assets measured at amortised cost: product breakdown of loans and receivables with customers

Transaction type/Amounts	Total 31 12 2022						Total 31 12 2021					
	Carrying amount			Fair value			Carrying amount			Fair value		
	First and second stage	Third stage	Purchased or originated credit impaired	Level 1	Level 2	Level 3	First and second stage	Third stage	Purchased or originated credit impaired	Level 1	Level 2	Level 3
<b>1. Financing</b>	<b>20,619,176</b>	<b>472,173</b>	<b>24,469</b>	-	-	<b>20,671,981</b>	<b>19,841,137</b>	<b>367,291</b>	<b>18,258</b>	-	-	<b>20,352,039</b>
1.1 Current accounts	2,015,355	14,228	57	X	X	X	1,791,341	13,174	176	X	X	X
1.2 Reverse purchase agreements	-	-	-	X	X	X	-	-	-	X	X	X
1.3 Mortgages	8,409,782	155,751	1,861	X	X	X	8,452,286	189,833	1,855	X	X	X
1.4 Credit cards, personal loans and salary-backed loans	6,565,915	112,324	188	X	X	X	6,899,609	121,133	142	X	X	X
1.5 Lease financing	-	-	-	X	X	X	-	-	-	X	X	X
1.6 Factoring	-	-	-	X	X	X	-	-	-	X	X	X
1.7 Other financing	3,628,124	189,870	22,363	X	X	X	2,697,901	43,151	16,085	X	X	X
<b>2. Debt instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,698</b>	<b>-</b>	<b>-</b>	<b>100,271</b>	<b>-</b>	<b>-</b>
2.1 Structured securities	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Other debt instruments	-	-	-	-	-	-	99,698	-	-	100,271	-	-
<b>Total</b>	<b>20,619,176</b>	<b>472,173</b>	<b>24,469</b>	<b>-</b>	<b>-</b>	<b>20,671,981</b>	<b>19,940,835</b>	<b>367,291</b>	<b>18,258</b>	<b>100,271</b>	<b>-</b>	<b>20,352,039</b>

##### 4.3 Financial assets measured at amortised cost: breakdown of loans and receivables with customers by debtors/issuers

Transaction type/Amounts	Total 31 12 2022			Total 31 12 2021		
	First and second stage	Third stage	Purchased or originated credit impaired	First and second stage	Third stage	Purchased or originated credit impaired
<b>1. Debt instruments</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99,698</b>	<b>-</b>	<b>-</b>
a) Public authorities	-	-	-	99,698	-	-
b) Other financial companies	-	-	-	-	-	-
of which: insurance companies	-	-	-	-	-	-
c) Non-financial companies	-	-	-	-	-	-
<b>2. Financing to:</b>	<b>20,619,176</b>	<b>472,173</b>	<b>24,469</b>	<b>19,841,137</b>	<b>367,291</b>	<b>18,258</b>
a) Public authorities	78,892	146,542	-	197,531	5	-
b) Other financial companies	862,574	51	-	670,691	66	-
of which: insurance companies	34	-	-	17	-	-
c) Non-financial companies	7,505,809	163,736	22,163	6,054,696	196,137	16,081
d) Households	12,171,901	161,844	2,306	12,918,219	171,083	2,177
<b>Total</b>	<b>20,619,176</b>	<b>472,173</b>	<b>24,469</b>	<b>19,940,835</b>	<b>367,291</b>	<b>18,258</b>



4.4 Financial assets measured at amortised cost: gross value and total value adjustments

	Gross value					Total value adjustments				Write-offs
	First stage		Second stage	Third stage	Purchased or originated credit impaired	First stage	Second stage	Third stage	Purchased or originated credit impaired	partial overall
		of which: Instruments with low credit risk								(*)
Debt instruments	-	-	-	-	-	-	-	-	-	-
Financing	20,988,606	9,319,056	3,535,694	1,016,369	26,077	74,396	95,042	544,196	1,608	18,541
<b>Total at 31 12 2022</b>	20,988,606	9,319,056	3,535,694	1,016,369	26,077	74,396	95,042	544,196	1,608	18,541
<b>Total 31 12 2021</b>	22,572,541	-	2,718,587	954,093	19,800	81,920	86,785	586,802	1,542	24,748

(\*) Value to be disclosed for information purposes

4.4a Loans measured at amortised cost subject to Covid-19 support measures: gross value and total value adjustments

ITEMS/VALUES	Gross value					Total value adjustments				Overall partial write-offs ( *)
	First stage		Second stage	Third stage	Purchased or originated credit impaired	First stage	Second stage	Third stage	Purchased or originated credit impaired	
		of which instruments with low credit risk								
1. Loans subject to forbearance measures in accordance with the GL	419,506	145,467	285,485	103,391	-	(1,089)	(5,903)	(28,469)	-	-
2. Loans subject to moratorium measures no longer complying with the GL and not assessed as forbearance	-	-	-	-	-	-	-	-	-	-
3. Loans subject to other forbearance measures	68,951	13,744	18,675	24,322	-	(158)	(519)	(16,753)	-	-
4. New loans	-	-	-	-	-	-	-	-	-	-
Total at 31-12-2022	488,457	159,211	304,160	127,713	-	(1,247)	(6,422)	(45,222)	-	-
Total at 31-12-2021	732,095	235,604	377,219	145,986	-	(1,764)	(7,141)	(47,438)	-	-

(\*) Value to be disclosed for information purposes

## Section 5 - Hedging derivatives - Item 50

### 5.1 Hedging derivatives: breakdown by hedge type and level

	FV (31.12.2022)			NA	FV (31.12.2021)			NA
	L1	L2	L3	31.12.2022	L1	L2	L3	31.12.2021
<b>A. Financial derivatives</b>	-	3,850	-	50,000	-	15,515	-	50,000
1) Fair value	-	3,850	-	50,000	-	15,515	-	50,000
2) Cash flows	-	-	-	-	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
<b>B. Credit derivatives</b>	-	-	-	-	-	-	-	-
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total (A+B)	-	3,850	-	50,000	-	15,515	-	50,000

Key

FV = fair value

NA = notional amount

L1 = Level 1

L2 = Level 2

L3 = Level 3

This item shows the fair values as at the reporting date of derivatives used by the parent company to hedge interest rate risk (fair value hedge) of long-term fixed-rate deposits received from banks: hedging relationships are of the micro-hedging type.

### 5.2 Hedging derivatives: breakdown by hedged portfolio and type (carrying amount)

Transaction/Type of hedge	Fair value							Cash flows		Investments in foreign operations
	Specific						Generic	Specific	Generic	
	debt instruments and interest rates	equity securities and share	currencies and gold	credit	commodities	other				
1. Financial assets measured at fair value through other comprehensive income	-	-	-	-	X	X	X	-	X	X
2. Financial assets measured at amortised cost	-	X	-	-	X	X	X	-	X	X
4. Portfolio	X	X	X	X	X	X	-	X	-	X
5. Other transactions	-	-	-	-	-	-	X	-	X	-
<b>Total assets</b>	-	-	-	-	-	-	-	-	-	-
1. Financial liabilities	3,850	X	-	-	-	-	X	-	X	X
2. Portfolio	X	X	X	X	X	X	-	X	-	X
<b>Total liabilities</b>	3,850	X	-	-	-	-	-	-	-	X
1. Expected transactions	X	X	X	X	X		X	-	X	X
2. Portfolio of financial assets and liabilities	X	X	X	X	X	X	-	X	-	-

Hedged financial liabilities comprise a long-term fixed rate term deposit received from the parent company Deutsche Bank AG, as part of the more general activity of managing the interest rate risk implicit in the provision of fixed rate loans to customers.

## Section 6 - Adjustments to generically hedged financial assets - Item 60

None at the reporting date.

## Section 7 - Equity investments - Item 70

### 7.1 Equity investments: information on equity investments

Names	Registered office	Operational headquarters	Type of relationship	Investment relationship		Voting available %
				Investing company	Shareholding %	
A. Jointly controlled companies						
NONE						
B. Companies subject to significant influence						
Prestipay S.p.A.	Udine	Udine	4	Deutsche Bank S.p.A.	40%	40%
Type of relationship:						
4 - company subject to significant influence						

### 7.2 Significant equity investments: carrying amount, fair value and dividends received

(thousands of euro)

Names	Carrying amount	Fair value	Dividends received
A. Jointly controlled companies			
NONE			
B. Companies subject to significant influence			
Prestipay S.p.A.	13,389	13,389	-

The Prestipay company was established in the second half of 2018.

For the purposes of the valuation using the equity method, the book value was adjusted to the shareholders' equity of the company, recognising 40% of the accumulated profits. The start-up of the ordinary financing activity started in the first quarter of 2021 and allowed for the rapid achievement of a positive profitability.

### 7.3 Significant equity investments: accounting information

data in euro

Names	Cash and cash equivalents	Financial assets	Non-financial assets	Financial liabilities	Non-financial liabilities	Total revenue	Total income	Net adjustments and write-backs for credit risk	Operating costs	Pre-tax profit (loss) from continuing operations	Post-tax profit (loss) from continuing operations	Post-tax profit (loss) from discontinued operations	Profit (loss) for the year (1)	Other income components net of taxes (2)	Comprehensive income (3) = (1) + (2)
A. Jointly controlled companies															
NONE															
B. Companies subject to significant influence															
Prestipay S.p.A.	40,116,692	358,279,865	8,069,197	(358,439,634)	(14,553,978)	27,375,146	19,121,033	(4,819,124)	(8,431,808)	5,870,101	4,000,626	-	4,000,626	474,848	4,475,474

### 7.4 Non-significant equity investments: accounting information

None.

### 7.5 Equity investments: annual changes

	Total 31 12 2022	Total 31 12 2021
A. Opening balance	9,221	3,931
B. Increases	4,168	5,290
B.1 Purchases	2,400	5,000
B.2 Write-backs	-	-
B.3 Revaluations	1,768	290
B.4 Other changes	-	-
C. Decreases	-	-
C.1 Sales	-	-
C.2 Value adjustments	-	-
C.3 Write-downs	-	-
C.4 Other changes	-	-
D. Closing inventories	13,389	9,221
E. Total revaluations	2,058	-
F. Total adjustments	-	-

In the course of 2022 and 2021, €2.4 and €5.0 million were paid respectively, following the capital increases carried out by the company Prestipay to acquire the capital necessary for operations.

Items B.3 Revaluations and C.3 Write-downs show the value of the equity valuation.

#### 7.6 Significant assessments and assumptions to determine the existence of joint control or significant influence

In the case of Prestipay S.p.A., significant influence was inferred both from the shareholding and the agreements between the shareholders.

#### 7.7 Commitments related to equity investments in jointly controlled companies

None.

#### 7.8 Commitments related to equity investments in companies subject to significant influence

In 2022, no further capital increases are planned for the investee Prestipay S.p.A.

#### 7.9 Significant restrictions

None at the date of these Financial Statements.

#### 7.10 Other information

Nothing relevant to report.

### Section 8 - Technical reserves of reinsurers - Item 80

None at the reporting date.

### Section 9 - Property, equipment and investment property - Item 90

#### 9.1 Property, equipment and investment property for functional use: breakdown of assets valued at cost

Assets/Amounts	Total 31.12.2022	Total 31.12.2021
<b>1 Owned assets</b>	<b>110,509</b>	<b>112,885</b>
a) land	49,983	49,983
b) buildings	40,405	37,255
c) furniture	4,585	5,161
d) electronic systems	529	729
e) other	15,007	19,757
<b>2 Rights of use acquired through leasing</b>	<b>117,657</b>	<b>143,930</b>
a) land	-	-
b) buildings	115,151	141,878
c) furniture	-	-
d) electronic systems	-	-
e) others (motor vehicles)	2,506	2,052
<b>Total</b>	<b>228,166</b>	<b>256,815</b>
of which: obtained through the enforcement of the guarantees received	-	-

#### 9.2 Property, equipment and investment property held for investment purposes: breakdown of assets valued at cost

None at the reporting date.

9.3 Property, equipment and investment property for functional use: breakdown of revalued assets

None at the reporting date.

9.4 Property, equipment and investment property held for investment purposes: breakdown of assets measured at fair value

None at the reporting date.

9.5 Inventories of Property, equipment and investment property according to IAS 2: breakdown

None at the reporting date.

9.6 Property, equipment and investment property for functional use: annual changes

	Land	Buildings	Furniture	Electronic systems	Other	Total
<b>A. Opening gross balance</b>	<b>49,983</b>	<b>331,610</b>	<b>46,823</b>	<b>9,829</b>	<b>176,699</b>	<b>614,944</b>
A.1 Total net impairment losses	-	(152,477)	(41,662)	(9,100)	(154,890)	(358,129)
<b>A.2 Opening net balance</b>	<b>49,983</b>	<b>179,133</b>	<b>5,161</b>	<b>729</b>	<b>21,809</b>	<b>256,815</b>
<b>B. Increases:</b>	-	<b>37,672</b>	<b>691</b>	<b>89</b>	<b>8,521</b>	<b>46,973</b>
B.1 Purchases	-	36,823	691	89	8,521	46,124
B.2 Capitalised improvement costs	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Fair value gains recognised in:	-	849	-	-	-	849
a) equity	-	-	-	-	-	-
b) income statement	-	849	-	-	-	849
B.5 Exchange rate gains	-	-	-	-	-	-
B.6 Transfers from investment property	-	-	X	X	X	-
B.7 Other changes	-	-	-	-	-	-
<b>C. Decreases:</b>	-	<b>(61,249)</b>	<b>(1,267)</b>	<b>(289)</b>	<b>(12,817)</b>	<b>(75,622)</b>
C.1 Sales	-	(20,266)	(417)	-	(632)	(21,315)
C.2 Depreciation	-	(31,910)	(690)	(289)	(9,568)	(42,457)
C.3 Impairment losses recognised in:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.4 Fair value losses recognised in:	-	-	-	-	-	-
a) equity	-	-	-	-	-	-
b) income statement	-	-	-	-	-	-
C.5 Exchange rate losses	-	-	-	-	-	-
C.6 Transfers to:	-	-	-	-	-	-
a) investment property	-	-	X	X	X	-
b) assets held for sale	-	-	-	-	-	-
C.7 Other changes	-	(9,073)	(160)	-	(2,617)	(11,850)
<b>D. Closing net balance</b>	<b>49,983</b>	<b>155,556</b>	<b>4,585</b>	<b>529</b>	<b>17,513</b>	<b>228,166</b>
D.1 Total net impairment losses	-	(158,818)	(37,032)	(9,308)	(149,514)	(354,672)
<b>D.2 Gross closing balance</b>	<b>49,983</b>	<b>314,374</b>	<b>41,617</b>	<b>9,837</b>	<b>167,027</b>	<b>582,838</b>
<b>E. Measurement at cost</b>	<b>49,983</b>	<b>155,556</b>	<b>4,585</b>	<b>529</b>	<b>17,513</b>	<b>228,166</b>

Items "A Opening gross balance" and "A.1 Net impairment losses" both reflect the derecognition of assets that have been fully depreciated.

9.7 Property, equipment and investment property held for investment: annual changes

None.

9.8 Property, equipment and investment property according to IAS 2: annual changes

None.

The useful lives of the assets (unchanged from previous year) used to calculate depreciation are set out below:

Categories	Useful life (in years)
- land	indefinite
- buildings	33
- furniture and fittings	7 - 8
- systems	4 - 13
- EAD electronic systems	4
- IT equipment	5
- non-IT equipment	4 - 8
- works of art	indefinite

9.9 Commitments to acquire property, equipment and investment property

These commitments are as follows:

- buildings	-
- furniture	437
- systems	411
- other	1,592
<b>Total</b>	<b>2,440</b>

## Section 10 - Intangible assets - Item 100

### 10.1 Intangible assets: breakdown by type of asset

Assets/Amounts	Total 31.12.2022		Total 31.12.2021	
	Finite life	Indefinite life	Finite life	Indefinite life
<b>A.1 Goodwill:</b>	X		X	
A.1.1 Attributable to the Group	X	-	X	-
A.1.2 Attributable to non-controlling interests	X	-	X	-
<b>A.2 Other intangible assets</b>				
of which: software	32,743		39,122	
A.2.1 Assets measured at cost:				
a) Internally generated intangible assets	32,657	-	39,025	-
b) Other assets	86	-	97	-
A.2.2 Assets measured at fair value:				
a) Internally generated intangible assets	-	-	-	-
b) Other assets	-	-	-	-
<b>Total</b>	<b>32,743</b>	<b>-</b>	<b>39,122</b>	<b>-</b>

### 10.2 Intangible assets: annual changes

	Goodwill	Other intangible assets: internally generated		Other intangible assets: other		Total
		FINITE	INDEF.	FINITE	INDEF.	
<b>A. Opening gross balance</b>	-	258,125	-	30,070	-	288,195
A.1 Total net impairment losses	-	219,100	-	29,973	-	249,073
<b>A.2 Opening net balance</b>	-	<b>39,025</b>	-	<b>97</b>	-	<b>39,122</b>
<b>B. Increases</b>						
B.1 Purchases	-	3,879	-	73	-	3,952
B.2 Increase in internally generated assets	-	-	-	-	-	-
B.3 Write-backs	-	-	-	-	-	-
B.4 Fair value gains recognised in:	-	-	-	-	-	-
- equity	-	-	-	-	-	-
- income statement	-	-	-	-	-	-
B.5 Exchange rate gains	-	-	-	-	-	-
B.6 Other changes	-	-	-	-	-	-
<b>C. Decreases</b>						
C.1 Sales	-	(884)	-	-	-	(884)
C.2 Value adjustments	-	(8,957)	-	(84)	-	(9,041)
- Amortisation	-	(8,957)	-	(84)	-	(9,041)
- Write-downs	-	-	-	-	-	-
+ equity	-	-	-	-	-	-
+ income statement	-	-	-	-	-	-
C.3 Fair value losses recognised in:	-	-	-	-	-	-
- equity	-	-	-	-	-	-
- income statement	-	-	-	-	-	-
C.4 Transfers to non-current assets held for sale	-	-	-	-	-	-
C.5 Exchange rate losses	-	-	-	-	-	-
C.6 Other changes	-	(406)	-	-	-	(406)
<b>D. Closing net balance</b>	-	<b>32,657</b>	-	<b>86</b>	-	<b>32,743</b>
D.1 Total net value adjustments	-	(154,003)	-	(12,934)	-	(166,937)
<b>E. Closing gross balance</b>	-	<b>186,660</b>	-	<b>13,020</b>	-	<b>199,680</b>
F. Measurement at cost	-	32,657	-	86	-	32,743

#### Key

FINITE: finite duration

INDEF: indefinite duration

### 10.3 Other information

Intangible assets acquired under government concession	-
Intangible assets given to guarantee group liabilities	-
Commitments to acquire intangible assets	-
Intangible assets under finance lease	-

Commitments for the purchase of intangible assets amounted to a total of €0.

## Section 11 - Tax assets and liabilities - Item 110 of assets and item 60 of liabilities

### 11.1 Deferred tax assets: breakdown

	Total 31.12.2022	Total 31.12.2021
Employee benefits	2	3
Allowance for impairment (cash and endorsement)	146,459	174,541
IFRS 9 FTA	38,592	41,663
Costs deductible in subsequent years (provisions and other costs)	2,288	19,701
Tax loss from credit recovery in excess Law no. 214/2011 (*)	-	23,891
Other financial statements items	45	310
<b>Total</b>	<b>187,386</b>	<b>260,109</b>

### 11.2 Deferred tax liabilities: breakdown

	Total 31.12.2022	Total 31.12.2021
Revaluation of financial assets	-	1,171
Other financial statements items	1,306	392
<b>Total</b>	<b>1,306</b>	<b>1,563</b>

### 11.3 Changes in deferred tax assets (balancing entry in income statement)

	Total 31.12.2022	Total 31.12.2021
<b>1. Opening balance</b>	259,799	260,122
<b>2. Increases</b>		
2.1 Deferred tax assets recognised in the year	1	7
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) reversals of impairment losses	-	-
d) other	1	7
2.2 New taxes or increase in tax rates	-	2,982
2.3 Other increases	-	23,891
<b>3. Decreases</b>		
3.1 Deferred tax assets derecognised in the year	39,839	25,311
a) reversals	39,830	25,306
b) impairment due to non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	9	5
3.2 Decreases in tax rates	-	-
3.3 Other decreases	32,619	1,892
a) conversion into tax credits as per Law no. 214/2011	23,890	1,892
b) other	8,729	-
<b>4. Closing balance</b>	<b>187,342</b>	<b>259,799</b>

The amount of item 2.3 Other increases refers to the posting of deferred tax liabilities relating to tax losses arising from excess credit adjustments pursuant to Law no. 214/2011.

### 11.4 Changes in deferred tax assets as per Law no. 214/2011 (balancing entry in income statement)

	Total 31.12.2022	Total 31.12.2021
<b>1. Opening balance</b>	168,678	195,876
<b>2. Increases</b>	-	-
<b>3. Decreases</b>		
3.1 Reversals	22,223	25,306
3.2 Conversion into tax credits	-	1,892
a) from the loss for the year	-	1,892
b) from tax losses	-	-
3.3 Other decreases	-	-
<b>4. Closing balance</b>	<b>146,455</b>	<b>168,678</b>

11.5 Changes in deferred tax liabilities (balancing entry in income statement)

	Total 31.12.2022	Total 31.12.2021
<b>1. Opening balance</b>	1,267	-
<b>2. Increases</b>		
2.1 Deferred tax liabilities recognised in the year	562	1,267
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	562	1,267
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	-	-
<b>3. Decreases</b>		
3.1 Deferred tax liabilities derecognised in the year	1,171	-
a) reversals	1,171	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Decrease in tax rates	-	-
3.3 Other decreases	-	-
<b>4. Closing balance</b>	<b>658</b>	<b>1,267</b>

11.6 Changes in deferred tax assets (balancing entry in equity)

	Total 31.12.2022	Total 31.12.2021
<b>1. Opening balance</b>	310	343
<b>2. Increases</b>		
2.1 Deferred tax assets recognised in the year	-	-
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	-	-
<b>3. Decreases</b>		
3.1 Deferred tax assets derecognised in the year	266	33
a) reversals	266	33
b) impairment due to non-recoverability	-	-
c) due to changes in accounting policies	-	-
d) other	-	-
3.2 Decreases in tax rates	-	-
3.3 Other decreases	-	-
<b>4. Closing balance</b>	<b>44</b>	<b>310</b>

11.7 Changes in deferred tax liabilities (balancing entry in equity)

	Total 31.12.2022	Total 31.12.2021
<b>1. Opening balance</b>	296	53
<b>2. Increases</b>		
2.1 Deferred tax liabilities recognised in the year	352	243
a) related to previous years	-	-
b) due to changes in accounting policies	-	-
c) other	352	243
2.2 New taxes or increase in tax rates	-	-
2.3 Other increases	-	-
<b>3. Decreases</b>		
3.1 Deferred tax liabilities derecognised in the year	-	-
a) reversals	-	-
b) due to changes in accounting policies	-	-
c) other	-	-
3.2 Decreases in tax rates	-	-
3.3 Other decreases	-	-
<b>4. Closing balance</b>	<b>648</b>	<b>296</b>

11.8 Other information

It should be noted that in the last two years the parent company Deutsche Bank did not recognise any deferred tax assets as detailed in the table below.

	Total 31 12 2022			Total 31 12 2021		
	Temporary differences	Tax effect	Rate %	Temporary differences	Tax effect	Rate %
Tax loss	279,002	74,562	26.72%	426,764	112,147	26.28%
Deferred deduction - costs attributable to the IFRS 9 FTA	11,390	3,132	27.50%	19,498	6,448	33.07%
Deferred deduction - ordinary costs	163,167	46,649	28.59%	106,879	29,392	27.50%
	<b>453,559</b>	<b>124,343</b>	<b>27.41%</b>	<b>553,141</b>	<b>147,987</b>	<b>26.75%</b>

The non-recognition is the result of the tax loss in the Consolidated Financial Statements and the income forecasts for the next few years, which do not allow for the certainty of their recovery in a timeframe considered reasonable by the prevailing accounting practice.

As there is no limit on future carry forward loss, these aggregates represent an asset that can potentially be recognised in future years as the bank's earnings prospects improve.



**Section 12 - Non-current assets held for sale and disposal groups and associated liabilities - Asset item 120 and Liability item 70**

None.

Please note that in October 2022 the agreement that Deutsche Bank S.p.A. and Zurich Insurance Company Ltd had reached in August 2021 was finalised. Based on this agreement, Zurich Italia acquired Deutsche Bank's network of financial advisors in Italy. As already stated in the Management Board's Report, it was a transaction subject to substantial pending regulatory approvals and was therefore not considered as group of assets held for sale at the end of 2021. The sale of the Deutsche Bank Financial Advisors ("DBFA") business unit to Zurich resulted in a capital gain on the sale and the write-off of the assets and liabilities sold.

*12.1 Non-current assets held for sale and disposal groups: breakdown by type of assets*

None.

*12.2 Other information*

None.

**Section 13 - Other assets - Item 130**

*13.1 Other assets: breakdown*

	<b>Total</b>	<b>Total</b>
	<b>31.12.2022</b>	<b>31.12.2021</b>
Adjustment for illiquid portions of the portfolio (Advance under reserve and DI)	136,435	149,391
Other items	302,315	391,047
	3,485	1
Instructions to be carried out for customers and/or correspondent banks		
Items in the course of collection between branches not attributed to pertinent accounts	9,959	9,731
Receivables for tax consolidation	5,074	5,041
Prepayments	71,202	46,306
Accrued income not relative to the item itself	1,135	2,038
Suspended costs	3,901	204
Tax receivables	130,014	94,150
Insurance compensation receivables	4,546	5,504
Receivables for supplies of goods and services	28,977	25,816
Current account cheques drawn on other banks	12,280	15,224
Tax assets other than income tax assets	243	-
Receivables for Eco-Sisma Bonus	157,618	11,424
Consolidation adjustments	-	187
<b>Total</b>	<b>867,184</b>	<b>756,064</b>

The item "prepayments" includes the costs incurred to obtain contracts with customers.

In particular, these are the monetary incentives granted to customers for asset management contracts.

These costs are amortised over a period of five years by directly reducing the commission income charged to

If the customer closes the contract before five years have elapsed, the unamortised portion of the cost is immediately written off.

The changes that took place in the years 2022, 2021, 2020, 2019 and 2018 were as follows:

<b>Opening balance at 1 January 2018</b>	23,712
New capitalisations made during the year	-
Amortisation and derecognition	(10,775)
<b>Closing balance at 31 December 2018</b>	<b>12,937</b>

<b>Opening balance at 1 January 2019</b>	12,937
New capitalisations made during the year	13,868
Amortisation and derecognition	(9,381)
<b>Closing balance at 31 December 2019</b>	<b>17,424</b>

<b>Opening balance at 1 January 2020</b>	17,424
New capitalisations made during the year	16,152
Amortisation and derecognition	(8,460)
<b>Closing balance at 31 December 2020</b>	<b>25,116</b>

<b>Opening balance at 1 January 2021</b>	25,116
New capitalisations made during the year	26,718
Amortisation and derecognition	(9,505)
<b>Closing balance at 31 December 2021</b>	<b>42,329</b>

<b>Opening balance at 1 January 2022</b>	42,329
New capitalisations made during the year	31,869
Amortisation and derecognition	(35,169)
Other decreases	(14,155)
<b>Closing balance at 31 December 2022</b>	<b>24,874</b>

## LIABILITIES

### Section 1 - Financial liabilities measured at amortised cost - Item 10

#### 1.1 Financial liabilities measured at amortised cost: product breakdown of due to banks

Transaction type/Amounts	Total 31 12 2022				Total 31 12 2021			
	Carrying amount	fair value level 1	fair value level 2	fair value level 3	Carrying amount	fair value level 1	fair value level 2	fair value level 3
1. Due to central banks	6,119,848	X	X	X	6,146,639	X	X	X
2. Due to banks	4,976,498	X	X	X	4,165,432	X	X	X
2.1 Current accounts and demand deposits	592,376	X	X	X	456,100	X	X	X
2.2 Maturity deposits	3,798,048	X	X	X	3,091,697	X	X	X
2.3 Financing	520,000	X	X	X	560,000	X	X	X
2.3.1 Repurchase agreements	-	X	X	X	-	X	X	X
2.3.2 Other	520,000	X	X	X	560,000	X	X	X
2.4 Commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
2.5 Lease payables	1,460	X	X	X	1,625	X	X	X
2.6 Other payables	64,614	X	X	X	56,010	X	X	X
<b>Total</b>	<b>11,096,346</b>	<b>-</b>	<b>10,997,025</b>	<b>-</b>	<b>10,312,071</b>	<b>-</b>	<b>10,526,758</b>	<b>-</b>

Due to banks show an increase of 7.6% compared to 31 December 2021.

This is mainly due to the increase in deposits payable with the parent company.

It should be noted that with the TLTRO III agreement, the parent company received in 2020 a loan of €2.7 billion in June and in 2021 two loans of €2.5 billion and €1 billion, respectively, in September and in June.

#### 1.2 Financial liabilities measured at amortised cost: product breakdown of due to customers

Transaction type/Amounts	Totale 31 12 2022				Totale 31 12 2021			
	Carrying amount	fair value level 1	fair value level 2	fair value level 3	Carrying amount	fair value level 1	fair value level 2	fair value level 3
1. Current accounts and demand deposits	14,634,102	X	X	X	16,176,975	X	X	X
2. Maturity deposits	156,762	X	X	X	97,269	X	X	X
3. Financing	-	X	X	X	-	X	X	X
3.1 Repurchase agreements	-	X	X	X	-	X	X	X
3.2 Others	-	X	X	X	-	X	X	X
4. Commitments to repurchase own equity instruments	-	X	X	X	-	X	X	X
5. Lease payables	126,612	X	X	X	140,852	X	X	X
6. Other	642,193	X	X	X	872,420	X	X	X
<b>Total</b>	<b>15,559,669</b>	<b>-</b>	<b>15,559,669</b>	<b>-</b>	<b>17,287,516</b>	<b>-</b>	<b>17,287,516</b>	<b>-</b>

Due to customers show a decrease of 10% compared to 31 December 2021.

The decrease is mainly due to the sale of the business unit.

#### 1.3 Financial liabilities measured at amortised cost: product breakdown of outstanding securities

Transaction type/Amounts	Total 31 12 2022				Total 31 12 2021			
	Carrying amount	fair value level 1	fair value level 2	fair value level 3	Carrying amount	fair value level 1	fair value level 2	fair value level 3
A. Securities								
1. Bonds	26	-	26	-	31	-	31	-
1.1 Structured	-	-	-	-	-	-	-	-
1.2 Other	26	-	26	-	31	-	31	-
2. Other securities	191,739	-	191,670	-	2,703	-	2,715	-
2.1 Structured	-	-	-	-	-	-	-	-
2.2 Other	191,739	-	191,670	-	2,703	-	2,715	-
<b>Total</b>	<b>191,765</b>	<b>-</b>	<b>191,696</b>	<b>-</b>	<b>2,734</b>	<b>-</b>	<b>2,746</b>	<b>-</b>

The category of other securities consists of certificates of deposit.

#### 1.4 Detail of payables/subordinated securities

At 31 December 2022, the parent company had one subordinated loan with banks for a total amount of €520,000 thousand, which replaced the two subordinated loans outstanding at 31 December 2021, detailed below:

Counterpart: Deutsche Bank AG Frankfurt  
 Currency: Euro  
 Loan start date: 28 January 2022  
 Reimbursement date: 28 January 2032  
 Interest rate: Coupon frequency: quarterly  
 Rate: indexed to 3M Euribor + 1.85%  
 Book balance (nominal value): 520,000 thousand euros

There is no provision for early repayment upon initiative of the Bank.  
 Should the Bank be wound up, the liability will only be repaid after all not equally subordinated creditors have been paid.

At 31 December 2021, the parent company had two subordinated loans with banks for a total amount of €560,000 thousand, detailed below:

Counterpart: Deutsche Bank AG Frankfurt  
 Currency: Euro  
 Loan start date: 24 March 2015  
 Reimbursement date: 24 March 2025  
 Interest rate: Coupon frequency: quarterly  
 Rate: indexed to 3M Euribor + 2.07%  
 Book balance (nominal value): 150,000 thousand euros

There is no provision for early repayment upon initiative of the Bank.  
 Should the Bank be wound up, the liability will only be repaid after all not equally subordinated creditors have been paid.

Counterpart: Deutsche Bank AG Frankfurt  
 Currency: Euro  
 Loan start date: 16 July 2015  
 Reimbursement date: 16 July 2025  
 Interest rate: Coupon frequency: quarterly  
 Rate: indexed to 3M Euribor + 2.528%  
 Book balance (nominal value): 410,000 thousand euros

There is no provision for early repayment upon initiative of the Bank.  
 Should the Bank be wound up, the liability will only be repaid after all not equally subordinated creditors have been paid.

#### 1.5 Details of structured debts

None.

1.6 Lease payables	31 12 2022	31 12 2021
Payables to lessors - leasing of properties for functional use	119,193	140,461
Payables to lessors - company car leasing	2,420	2,016
Payables to lessors - IFRS 16 rent reintegration costs	6,459	-
<b>Total</b>	<b>128,072</b>	<b>142,477</b>

The payable to lessors has the following residual maturities at 31 December 2022 and 2021:

	31 12 2022	31 12 2021
Payables due within the year	32,377	34,943
Payables due in one to two years	29,156	31,224
Payable due in two to five years	57,293	65,824
Payable due beyond five years	9,246	10,486
<b>Total</b>	<b>128,072</b>	<b>142,477</b>

The expected payments (in nominal value) for the set out contractual durations of the leasing agreements in place at 31 December 2022 and 2021 are as follows:

	31 12 2022	31 12 2021
within twelve months	30,748	35,888
in one to two years	28,791	31,790
in two to five years	55,897	66,576
over five years	8,808	10,220
<b>Total</b>	<b>124,244</b>	<b>144,474</b>

## Section 2 - Financial liabilities held for trading - Item 20

### 2.1 Financial liabilities held for trading: product breakdown

Transaction types/Group components	Total 31.12.2022					Total 31.12.2021				
	NA	FV			FV *	NA	FV			FV *
		L1	L2	L3			L1	L2	L3	
<b>A. On-statement of financial position</b>										
1. Due to banks	-	-	-	-	-	-	-	-	-	-
2. Due to customers	-	-	-	-	-	-	-	-	-	-
3. Debt instruments	-	-	-	-	-	-	-	-	-	-
3.1 Bonds	-	-	-	-	-	-	-	-	-	-
3.1.1 Structured	-	-	-	-	X	-	-	-	-	X
3.1.2 Other bonds	-	-	-	-	X	-	-	-	-	X
3.2 Other securities	-	-	-	-	-	-	-	-	-	-
3.2.1 Structured	-	-	-	-	X	-	-	-	-	X
3.2.2 Other	-	-	-	-	X	-	-	-	-	X
<b>Total A</b>	-	-	-	-	-	-	-	-	-	-
<b>B. Derivatives</b>										
1. Financial derivatives		6	169,201	1,298			94	65,888	1,107	
1.1 Trading	X	6	169,201	1,298	X	X	94	65,888	1,107	X
1.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
1.3 Others	X	-	-	-	X	X	-	-	-	X
2. Credit derivatives		-	-	-			-	-	-	
2.1 Trading	X	-	-	-	X	X	-	-	-	X
1.2 Associated with fair value option	X	-	-	-	X	X	-	-	-	X
2.3 Others	X	-	-	-	X	X	-	-	-	X
<b>Total B</b>	X	6	169,201	1,298	X	X	94	65,888	1,107	X
<b>Total (A + B)</b>	-	6	169,201	1,298	-	-	94	65,888	1,107	-

#### Key

FV = fair value

NA = nominal or notional amount

L1 = Level 1

L2 = Level 2

L3 = Level 3

The balance mainly consists of interest rate derivatives (IRS and IROCap) for €156.1 million (€54 million in 2021); the remainder of €14.4 million consists of foreign exchange options and forward foreign exchange contracts (€13 million in 2021).

The operations carried out by the Bank relate to contracts entered into with corporate customers (mainly in the mid-cap and SME sectors) whose market risk is closed out with equal and opposite transactions with Deutsche Bank AG.

### 2.2 Detail of "Financial liabilities held for trading": subordinated liabilities

None.

### 2.3 Details of "Financial liabilities held for trading": structured debts

None.

## Section 3 - Financial liabilities designated at fair value - Item 30

None.

## Section 4 - Hedging derivatives - Item 40

### 4.1 Hedging derivatives: breakdown by hedge type and level

	Notional value	Total 31 12 2022			Notional value	Total 31 12 2021		
		Fair value				Fair value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
A. Financial derivatives								
1) Fair value		-		-	27,000	-	5,647	-
2) Cash flows	-	-	-	-	-	-	-	-
3) Investments in foreign operations	-	-	-	-	-	-	-	-
B. Credit derivatives								
1) Fair value	-	-	-	-	-	-	-	-
2) Cash flows	-	-	-	-	-	-	-	-
Total	-	-	-	-	27.000	-	5.647	

#### Key

NA = Nominal amount

L1 = Level 1

L2 = Level 2

L3 = Level 3

### 4.2 Hedging derivatives: breakdown by hedged portfolio and type of hedge

None at 31.12.2022.

In the previous year, hedged assets consisted of fixed-rate loans granted to Deutsche Bank Mutui S.p.A.: in December 2022, these loans and the related hedging IRSs were closed early.

**Section 5 - Adjustments to generically hedged financial liabilities - Item 50**

None.

**Section 6 - Tax liabilities - Item 60**

See section 11 of Assets.

**Section 7 - Liabilities associated with disposal groups - Item 70**

See section 12 of Assets.

**Section 8 - Other liabilities - Item 80***8.1 Other liabilities: breakdown*

	<b>Total</b> <b>31.12.2022</b>	<b>Total</b> <b>31.12.2021</b>
Amounts available to customers/banks for future transactions	5,461	9,524
Payables due to personnel expense	59,406	62,891
Items in transit	16,472	9,227
Pending bank accounts	228,810	61,324
Sundry taxes to be paid on behalf of customers	23,422	41,050
Payables to social security institutions and tax authorities for contributions and withholdings	17,694	28,391
Trade payables and invoices expected	118,715	124,281
Payables for internal restructuring projects	34,037	44,795
Accrued expenses not relative to the item itself	2,516	6,180
Deferred income	17,444	21,120
Payables for tax consolidation	31,644	350
	6,096	9,021
Instalments not yet due of consumer credit financing collected from customers		
Other items	125,589	119,222
Consolidation adjustments	130	-
<b>Total</b>	<b>687,436</b>	<b>537,376</b>

## Section 9 - Post-employment benefits - Item 90

### 9.1 Post-employment benefits: annual changes

	<b>Total 31.12.2022</b>	<b>Total 31.12.2021</b>
<b>A. Opening balance</b>	13,942	18,301
<b>B. Increases</b>		
B.1 Accruals for the period	155	107
B.2 Other changes	99	1
<b>C. Decreases</b>		
C.1 Payments made	1,613	4,346
C.2 Other changes	1,482	121
<b>D. Closing balance</b>	<b>11,101</b>	<b>13,942</b>

### 9.2 Other information

Post-employment benefits classify as a defined benefit plan and, as such, are subject to actuarial valuation.

The main actuarial assumptions adopted to value the benefits are as follows:

	used for economic effects 2022	used on the date of 31-12-2022
- Economic assumptions		
annual discount rate	1.10%	3.80%
annual increase in cost of living	2.19%	2.62%
- Demographic assumptions		
probability of an employee's death	ISTAT2017 unisex tables identified on the basis of a study conducted by the CNR on behalf of the University of Rome reduced by 60%	
probability of an employee's disability		

## Section 10 - Provisions for risks and charges - Item 100

### 10.1 Provisions for risks and charges: breakdown

Items/Components	<b>Total 31.12.2022</b>	<b>Total 31.12.2021</b>
1. Provisions for credit risk related to commitments and financial guarantees issued	13,943	36,276
2. Provisions for other commitments and other guarantees issued	9,246	5,228
3. Internal pension funds	1,028	13,341
4. Other provisions for risks and charges	123,839	127,788
4.1 legal disputes	31,918	16,726
4.2 personnel expense	16,537	15,579
4.3 corporate reorganization	52,039	65,118
4.4 others	23,345	30,365
<b>Total</b>	<b>148,056</b>	<b>182,633</b>

The provisions for risks and charges include, starting from 2018, the provision related to commitments and guarantees issued, calculated pursuant to the criteria of IFRS 9. Previously, this provision was included among other liabilities.

#### 10.2 Provisions for risks and charges: annual changes

Items/Components				
	Provisions for other commitments and other guarantees issued	Pension funds	Other provisions for risks and charges	Total
<b>A. Opening balance</b>	5,228	13,341	127,788	146,357
<b>B. Increases</b>				
B.1 Accruals for the period	-	633	26,042	26,675
B.2 Changes due to the passage of time	-	12	167	179
B.3 Changes due to changes in discount rate	-	-	-	-
B.4 Other changes	4,018	-	6	4,024
<b>C. Decreases</b>				
C.1 Usage during the period	-	457	19,882	20,339
C.2 Changes due to variable discount rate	-	-	-	-
C.3 Other changes		12,501	10,282	22,783
<b>D. Closing balance</b>	<b>9,246</b>	<b>1,028</b>	<b>123,839</b>	<b>134,113</b>

Utilisations for the year include, among the main items, the amount of €12,012 thousand relating to the utilisation of charges set aside for the personnel solidarity fund set up in previous years.

The other decreases in the pension fund include among the main items the amount of €12,401 thousand relating to the sale of the pension fund of the network of financial advisors to Zurich.

#### 10.3 Provisions for credit risk related to commitments and financial guarantees issued

	guarantees issued				Total
	First stage	Second stage	Third stage	Purchased or originated credit impaired	
<b>1. Commitments to disburse funds</b>	8,595	2,620	2,077	-	13,292
<b>2. Financial guarantees issued</b>	476	175	-	-	651
<b>Total at 31 December 2021</b>	<b>9,071</b>	<b>2,795</b>	<b>2,077</b>	-	<b>13,943</b>
<b>Total at 31 December 2022</b>	<b>31,515</b>	<b>3,027</b>	<b>1,734</b>	-	<b>36,276</b>

#### 10.4 Provisions for other commitments and other guarantees issued

Guarantees of a commercial nature at 31.12.2022 amounted to €9.2 million, the previous year they amounted to €5.2 million.

#### 10.5 Defined benefit internal pension funds

The pension funds at 31 December 2022 include the agents' termination benefits (FISC), treated as a defined benefit plan. In 2013, following the merger of the subsidiary New Prestitempo S.p.A., its transactions with the agency network at 31 December 2012 were transferred to the parent company, including the above agents' termination benefits (FISC), which comprise amounts due to agents when they retire, for permanent disability, death and termination of the agency contract by the bank (Article 1751 of the Italian Civil Code).

A similar situation had occurred in 2018 with the merger by incorporation of Finanza e Futuro Banca, which had brought in the FISC relating to the advisor network.

In October 2022, the network of financial advisors was sold to Zurich Italia and the related FISC was sold to Zurich Italia.

The agents' termination benefits, as they are offered to agents, and not to employees, fall within the scope of IAS 37 (Provisions, Contingent Liabilities and Contingent Assets). The valuations required by the standard can be carried out using different methodologies.

Given that the agents' termination benefits for agents and post-employment benefits for employees are quite similar, the parent company decided to use the same method adopted under IAS 19 to measure post-employment benefits for the agents' termination benefits.

Given their nature, agents' termination benefits have no legal personality and the amount accrued is invested in the parent company's assets.

The main assumptions adopted at 31 December 2022 in the actuarial valuation required by IAS 19 for defined benefit plans are as follows:

- Financial assumptions	
annual discount rate	3.24%
annual increase in cost of living	2.64%
increase in annual provisions	4.27%
- Demographic assumptions	
probability of an agent's death	ISTAT2020
probability of an agent's disability	unisex tables identified on the basis of a study conducted by the CNR on behalf of the University of Rome reduced by 60%



#### 10.6 Provisions for risks and charges - other provisions

Other provisions comprise:

- legal disputes: the provision mainly includes accruals made to cover losses arising from lawsuits;
- personnel expense: the provision includes charges for seniority and loyalty bonuses, as well as charges related to health coverage granted to employees no longer in service.

The main assumptions adopted in the actuarial valuation carried out at 31 December 2022 are as follows:

Seniority and loyalty bonuses

- Economic assumptions

annual discount rate 3.24%

annual increase in cost of living 2.64%

- Demographic assumptions

probability of an employee's death ISTAT200

probability of an employee's disability unisex tables identified on the basis of a study conducted by the CNR on behalf of the University of Rome reduced by 60%

Health coverage for employees no longer in service

- Economic assumptions

annual discount rate 3.80%

annual increase in cost of living 2.62%

increase in average health

reimbursement 4.52%

- Demographic assumptions

probability of an employee's death RG 48 tables published by the State General

Accounting Office increased by 20%

probability of an employee's disability unisex tables identified on the basis of a study conducted by the CNR on behalf of the University of Rome reduced by 60%

- Other provisions: they include accruals for probable future charges.

Other assets include expected insurance compensation of €4,546 thousand for disputes that defendant expects to lose.

#### Contingent liabilities

Contingent liabilities arise from current obligations and possible obligations arising from past events.

Group companies recognise a provision for potential losses only when there is a current obligation deriving from a past event which could involve a probable economic outlay and which can be reliably estimated.

For significant potential liabilities for which the possibility of a future loss is more than remote, but less than probable, the companies of the Group estimate the possible loss when they believe that an estimate can be made.

In determining which claims have a more than remote probability and therefore estimating their possible loss, the companies of the Group take into account numerous factors including, by way of example, the nature of the claim and the underlying facts, the procedural position and the legal background of each case, decisions of courts or tribunals, experience gained in similar cases, previous settlement negotiations, settlements among others in similar cases (to the extent known to Group companies), available compensation and opinions and advice of lawyers and other experts.

With reference to the proceedings pending at 31 December 2022, the estimate of the maximum total future loss with a more than remote, but less than likely, probability is approximately €6.9 million.

This estimated possible loss is based on currently available information and is subject to significant judgement and a number of known and unknown assumptions, variables and uncertainties. Such uncertainties may include inaccuracy or incompleteness of information available to Group companies, particularly in the early stages of the case, and the possibility that assumptions made regarding future decisions by courts or other tribunals or possible actions or positions taken by supervisory authorities or opponents, prove to be incorrect. In addition, estimates of possible loss for these matters often cannot be derived from the use of statistical or other quantitative analysis tools frequently used to make judgements and estimates, and are exposed to even greater uncertainty than in many other areas in which Group companies are required to exercise judgement and make estimates.

#### Section 11 - Technical reserves - Item 110

None at the reporting date.

## Section 12 - Redeemable shares - Item 130

### 12.1 Redeemable shares: breakdown

None.

## Section 13 - Group equity - Items 120, 130, 140, 150, 160, 170 and 180

### 13.1 "Share capital" and "Treasury shares": breakdown

The parent company's share capital of €412,154 thousand consists of 159,749,610 ordinary shares with a nominal amount of €2.58 each, including 6,765,307 held by the parent (4.23%), 63,710 by shareholders that have not yet collected their shares resulting from the free capital increases and 27 shares to be assigned to the former shareholders of Deutsche Asset Management Italy S.p.A..

The 6,765,307 treasury shares held by the parent company have a carrying amount of €3,516 thousand, equal to an average unit carrying amount of €0.52.

The parent company's percentage of 4.23% is within the threshold set by the last paragraph of Article 2357 of the Italian Civil Code. The total nominal amount is €17,454 thousand.

The amount deducted from item 180 of the Statement of financial position liabilities corresponds, in accordance with Article 2357 ter of the Italian Civil Code, to the resulting reserve included in item 150 of the liabilities "Reserves".

### 13.2 Share capital - Number of shares of the parent company: annual changes

Items/Types	Ordinary	Other
<b>A. Shares at the beginning of the financial year</b>	159,749,610	-
- fully paid-in	159,749,610	-
- not fully paid-in	-	-
A.1 Treasury shares (-)	(6,765,307)	-
<b>A.2 Outstanding shares: opening balance</b>	<b>152,984,303</b>	<b>-</b>
<b>B. Increases</b>		
B.1 New issues		
- against consideration:	-	-
- business combinations	-	-
- bond conversions	-	-
- exercise of warrants	-	-
- other	-	-
- free of charge:	-	-
- to employees	-	-
- to directors	-	-
- other	-	-
B.2 Sale of treasury shares	-	-
B.3 Other changes	-	-
<b>C. Decreases</b>		
C.1 Cancellation	-	-
C.2 Purchases of treasury shares	-	-
C.3 Disposals of entities	-	-
C.4 Other changes	-	-
<b>D. Outstanding shares: closing balance</b>	<b>152,984,303</b>	<b>-</b>
D.1 Treasury shares (+)	6,765,307	-
D.2 Existing shares at the end of the financial year	159,749,610	-
- fully paid-in	159,749,610	-
- not fully paid-in	-	-

### 13.3 Share capital: other information

In the 2019 financial year, the parent company Deutsche Bank AG had carried out a capital payment transaction, as described in more detail in the comment on item 150 "other reserves" for €250 million. Also in 2020, the parent company carried out a further capital strengthening operation for €150 million.

In the 2021 financial year, the parent company made another capital contribution for €200 million.

### 13.4 Retained earnings: other information

Item 150 can be broken down as follows:

- legal reserve	76,167
- reserve for own shares or quotas	3,516
- statutory reserves	64,545
- other profit reserves	526,821
- capital contributions	681,673
- negative reserve for coupons paid AT1	(55,697)
- IAS/IFRS FTA reserve	57,527
- overall effect of IFRS 9 FTA	(169,025)
<b>Total item 150 "Reserves"</b>	<b>1,185,527</b>

The overall effect of first-time application (FTA) of IFRS 9 had resulted in a net decrease in profit reserves of €169 million as well as a decrease in valuation reserves of €27.6 million. Please refer to the management report of the 2018 Financial Statements for a detailed comment on the effects of the introduction of IFRS 9.

In 2018, the parent company Deutsche Bank AG of Frankfurt carried out two capital strengthening operations of Deutsche Bank S.p.A.:

a first capital payment of €210 million on 27 March 2018 in order to offset the overall impact of the FTA of IFRS 9 of €196.7 million and consequently allow the Bank to be able to maintain its capitalisation levels with respect to the regulatory obligations and objectives set within the SREP;

a second capital payment of €190 million on 13 November 2018 with the aim of protecting the equity from the impact of the loss of €168.2 million recognised in the income statement as a result of the early termination of a series of deposit transactions with a banking counterparty of the Deutsche Bank Group.

On 4 April 2019, the German parent company had further strengthened its equity with a capital payment of €250 million; the new contribution is linked to the growth in loans to customers and therefore to the RWAs relevant to the calculation of regulatory capital for regulatory purposes.

In 2020, a further payment of €150 million was made and in 2021 a further payment of €200 million, bringing the total contribution provided to the Italian parent company to a total of €1,000 million.

The negative reserve of €55,697 thousand charged to retained earnings refers to the coupon amounts paid in the period 2016-2022 on the AT1 capitalisation instrument, net of the related tax effect; more in detail, the changes that took place are shown in the following table.

Reason	Amounts
AT1 gross coupon paid in 2016	(5,567)
2016 coupon tax effect	1,470
AT1 gross coupon paid in 2017	(9,179)
2017 coupon tax effect	2,524
AT1 gross coupon paid in 2018	(9,179)
2018 coupon tax effect	-
AT1 gross coupon paid in 2019	(9,179)
2019 coupon tax effect	-
AT1 gross coupon paid in 2020	(9,179)
2020 coupon tax effect	-
AT1 gross coupon paid in 2021	(9,179)
2021 coupon tax effect	-
AT1 gross coupon paid in 2022	(8,229)
2022 coupon tax effect	-
Total at 31 December 2022	(55,697)

### 13.5 Equity instruments: breakdown and annual changes

The item in question amounts to €145 million, the balance is unchanged from the end of the previous year.

On 21 September 2015, Deutsche Bank S.p.A. had issued an Additional Tier 1 instrument, denominated in euro, for €145 million, whose terms were in accordance with the CRD IV regulation, in effect from 1 January 2014: the notes issued are Undated Non-Cumulative Fixed to Reset Rate Additional Tier 1. The entire amount of the loan was subscribed by the ultimate parent company Deutsche Bank AG - Frankfurt.

The securities are perpetual (with maturity linked to the statutory duration of Deutsche Bank S.p.A.) and can be called by the issuer for the first time on 30 April 2021 ("first call date") and subsequently on each coupon payment date.

An annual fixed-rate coupon of 6.33% was payable until 30 April 2021; since the early repayment option was not exercised, it was redefined on the basis of the five-year swap rate, in force at the time of periodic recognition: the new annual coupon is 5.675%.

Additional Tier 1 instruments contribute to strengthen the Deutsche Bank S.p.A. Tier 1 ratio.

As envisaged in regulatory requirements, the coupon payment of the equity instrument is optional. The settlement of the issued notes provides for a trigger of 5.125% on the Common Equity Tier 1 (CET1) by which, if the CET1 ratio of the Group or Deutsche Bank S.p.A. should fall below this threshold, the nominal value of the notes will be temporarily reduced by the amount necessary to restore the level, taking into consideration other instruments with similar characteristics. This write-down mechanism is regulated by Article 92 (1) (a) of the CRR.

### 13.6 Other information

No further significant information to be disclosed.

## Section 14 - Equity attributable to non-controlling interests - Item 190

### 14.1 Breakdown of item 190 "Equity attributable to non-controlling interests"

The equity attributable to non-controlling interests amounted to approximately €11 thousand and represented the assets attributable to the minority shareholder of the company DB Covered Bond S.r.l. for €1,000 and for €10,000 to the vehicle ROCKY 2021-1 SPV S.r.l.

Reference should be made to the table showing changes in equity for information on equity attributable to non-controlling interests.

### 14.2 Equity instruments: breakdown and annual changes

None.

## OTHER INFORMATION

### 1. Commitments and financial guarantees issued (other than those designated at fair value)

	Nominal value on commitments and financial guarantees issued				Total 31 12 2022	Total 31 12 2021
	First stage	Second stage	Third stage	Purchased or originated credit impaired		
<b>1. Commitments to disburse funds</b>	<b>7,621,856</b>	<b>821,677</b>	<b>89,132</b>	<b>-</b>	<b>8,532,665</b>	<b>7,675,627</b>
a) Central banks	-	-	-	-	-	-
b) Public authorities	156	-	69,171	-	69,327	55,888
c) Banks	646,064	10,559	-	-	656,623	533,840
d) Other financial companies	417,448	19,201	11	-	436,660	532,560
e) Non-financial companies	5,858,893	695,048	10,401	-	6,564,342	5,851,707
f) Households	699,295	96,869	9,549	-	805,713	701,632
<b>2. Financial guarantees issued</b>	<b>1,502,185</b>	<b>76,890</b>	<b>73</b>	<b>-</b>	<b>1,579,148</b>	<b>1,474,339</b>
a) Central banks	-	-	-	-	-	-
b) Public authorities	16	-	-	-	16	16
c) Banks	1,261,289	61,796	-	-	1,323,085	1,351,433
d) Other financial companies	113,561	-	-	-	113,561	616
e) Non-financial companies	125,419	15,070	73	-	140,562	117,404
f) Households	1,900	24	-	-	1,924	4,870

### 2. Other commitments and other guarantees issued

		Nominal amount	Nominal amount
		Total 31 12 2022	Total 31 12 2021
<b>1. Other guarantees issued</b>		<b>5,207,669</b>	<b>4,525,921</b>
of which: impaired		10,870	5,385
a) Central banks		-	-
b) Public authorities		175	175
c) Banks		98,955	54,756
d) Other financial companies		86,685	103,847
e) Non-financial companies		5,002,464	4,356,421
f) Households		19,390	10,722
<b>2. Other commitments</b>		<b>-</b>	<b>-</b>
of which: impaired		-	-
a) Central banks		-	-
b) Public authorities		-	-
c) Banks		-	-
d) Other financial companies		-	-
e) Non-financial companies		-	-
f) Households		-	-

### 3. Assets pledged as guarantee for own liabilities and commitments

Portfolios	Amount 31 12 2022	Amount 31 12 2021
1 - Financial assets measured at fair value through profit or loss	-	-
2 - Financial assets measured at fair value through other comprehensive income	-	-
3 - Financial assets measured at amortised cost	7,428,900	7,188,047
4 - Property, equipment and investment property	-	-
of which: property, equipment and investment property that represent inventories	-	-

Regarding the issue of covered bonds to be used as a guarantee instrument in secured financing transactions, which was launched by the parent company during 2012, as at the reporting date €3,305 million of performing mortgage loans issued to customers had been transferred to the specifically established special purpose vehicle company. It should be noted that the parent company is the originator bank, the financing bank and the issuer, and that the covered bond issue was fully subscribed by the parent company.

As part of the self-securitisation of its consumer finance portfolio, activated by the parent company during the 2021 financial year, and the subscription of bonds with the appropriate guarantees to participate in the ECB's "TLTRO III" programme, at the date of these financial statements, €4,124 million of performing consumer loans issued to customers had been transferred to the specifically established special purpose vehicle company ROCKY 2021-1 SPV S.r.l. It should be noted that the parent company is the originator bank and also the financing bank, and that the covered bonds issued by the vehicle were fully subscribed by the parent company.

4. Investments for unit-linked and index-linked policies

None.

5. Management and trading on behalf of third parties

Type of service	Amount
<b>1. Fulfilment of orders on behalf of customers</b>	
a) Purchases	-
1. settled	-
2. unsettled	-
b) Sales	-
1. settled	-
2. unsettled	-
<b>2. Individual portfolio management</b>	4,209,525
a) individual	4,209,525
b) collective	-
<b>3. Securities custody and administration</b>	
a) third party securities held as part of depository bank services (excluding portfolio management)	-
1. securities issued by the company preparing the financial statements	-
2. other securities	
b) other third party securities on deposit (excluding portfolio management)	11,148,571
1. securities issued by the company preparing the financial statements	149,615
2. other securities	10,998,956
c) third party securities deposited with others	9,186,183
d) securities owned by the bank deposited with others	30,086
<b>4. Other transactions</b>	
4.1 Receipt and transmission of orders and brokerage	
a) Purchases	8,040,530
1. settled	8,034,764
2. unsettled	5,766
b) Sales	8,118,161
1. settled	8,113,320
2. unsettled	4,841

6. Financial assets offset or subject to master offsetting or similar agreements

None.

7. Financial liabilities offset or subject to master offsetting or similar agreements

None.

8. Securities lending transactions

At 31 December 2022, the parent company had a securities lending agreement with its own parent company (Deutsche Bank AG), concerning debt securities issued by top-rated primary foreign issuers, for a total nominal value of €1,905.5 million.

These securities are deposited for €1,864.5 million with the Bank of Italy as collateral for intraday advances and open market operations and for €26 million with Euroclear as collateral for securities settlement operations. The residual €10 million of securities received on loan were lent to Deutsche Bank Mutui S.p.A., a company of the DB AG Group.

9. Notes on jointly controlled assets

None.

## Part C - NOTES TO THE CONSOLIDATED INCOME STATEMENT

### Section 1 - Interest - Items 10 and 20

#### 1.1 Interest and similar income: breakdown

Items/Products	Debt instruments	Financing	Other transactions	Total 2022	Total 2021
<b>1. Financial assets measured at fair value through profit or loss</b>	-	-	-	-	-
1.1. Financial assets held for trading	-	-	-	-	-
1.2. Financial assets designated at fair value	-	-	-	-	-
1.3. Other financial assets mandatorily measured at fair value	-	-	-	-	-
<b>3. Financial assets measured at amortised cost:</b>	<b>245</b>	<b>583,791</b>	-	<b>584,036</b>	490,872
3.1 Loans and receivables with banks	-	40,105	X	<b>40,105</b>	13,620
3.2 Loans and receivables with customers	245	543,686	X	<b>543,931</b>	477,252
<b>4. Hedging derivatives</b>	X	X	1,325	<b>1,325</b>	1,140
<b>5. Other assets</b>	X	X	4,180	<b>4,180</b>	31
<b>6. Financial liabilities</b>	X	X	X	<b>27,643</b>	48,416
<b>Total</b>	<b>245</b>	<b>583,791</b>	<b>5,505</b>	<b>617,184</b>	<b>540,459</b>
of which: interest income on impaired financial assets	-	8,879	-	<b>8,879</b>	<b>7,561</b>
of which: interest income on finance leases	-	-	-	-	-

Interest income on financial liabilities includes the contribution of €26,791 thousand related to the financing transactions received from the Bank of Italy for the TLTRO III. In 2021, the amount was €46,236 thousand.

#### 1.2 Interest and similar income: other information

##### 1.2.1 Interest income on foreign currency financial assets

6,630

##### 1.2.2 Interest income on finance leases

None.

#### 1.3 Interest and similar expense: breakdown

Items/Products	Liabilities	Securities	Other transactions	Total 2022	Total 2021
<b>1. Financial liabilities measured at amortised cost</b>					
1.1 Due to central banks	-	X	X	-	-
1.2 Due to banks	(59,144)	X	X	(59,144)	(57,006)
1.3 Due to customers	(7,937)	X	X	(7,937)	(3,727)
1.4 Securities issued	X	(166)	X	(166)	(10)
2. Financial liabilities held for trading	-	-	-	-	-
3. Financial liabilities designated at fair value	-	-	-	-	-
4. Other liabilities and provisions	X	X	(2,778)	(2,778)	(198)
5. Hedging derivatives	X	X	-	-	-
6. Financial assets	X	X	X	(1,751)	(1,595)
<b>Total</b>	<b>(67,081)</b>	<b>(166)</b>	<b>(2,778)</b>	<b>(71,776)</b>	<b>(62,536)</b>
of which: interest expense relating to lease payables	(1,536)	-	-	<b>(1,536)</b>	<b>(1,670)</b>

#### 1.4 Interest and similar expense: other information

##### 1.4.1 Interest expense on foreign currency liabilities

(1,701)

#### 1.5 Differences on hedging transactions

Items	Total 2022	Total 2021
A. Gains on hedging transactions	2,256	2,526
B. Losses on hedging transactions	(931)	(1,386)
C. Balance (A-B)	<b>1,325</b>	<b>1,140</b>

## Section 2 - Fees and commissions - Items 40 and 50

### 2.1 Fee and commission income: breakdown

Type of service/Values	Total 2022	Total 2021
<b>a) Financial instruments</b>	<b>160,520</b>	<b>302,115</b>
1. Securities placement	129,540	265,476
1.1 With underwriting commitment and/or on the basis of an irrevocable commitment	-	-
1.2 Without irrevocable commitment	129,540	265,476
2. Receiving and transmitting orders and fulfilling orders on behalf of clients	9,179	10,451
2.1 Receiving and transmitting orders for one or more financial instruments	9,179	10,451
2.2 Fulfilment of orders on behalf of customers	-	-
3. Other fees and commissions related to financial instruments activities	21,801	26,188
of which: trading on own account	-	-
of which: individual portfolio management	21,801	26,188
<b>b) Corporate Finance</b>	<b>-</b>	<b>-</b>
1. Merger and acquisition consultancy	-	-
2. Treasury services	-	-
3. Other fees and commissions associated with corporate finance services	-	-
<b>c) Investment advisory activities</b>	<b>1,484</b>	<b>12,529</b>
<b>d) Clearing and settlement</b>	<b>-</b>	<b>-</b>
<b>e) Collective portfolio management</b>	<b>-</b>	<b>-</b>
<b>f) Custody and administration</b>	<b>512</b>	<b>714</b>
1. Depository bank	-	-
2. Other fees and commissions related to custody and administration activities	512	714
<b>g) Central administrative services for collective portfolio management</b>	<b>-</b>	<b>-</b>
<b>h) Fiduciary activity</b>	<b>660</b>	<b>845</b>
<b>i) Payment services</b>	<b>91,172</b>	<b>85,749</b>
1. Current accounts	548	568
2. Credit cards	47,708	43,226
3. Debit and other payment cards	6,171	6,096
4. Wire transfers and other payment orders	7,245	7,136
5. Other fees related to payment services	29,500	28,723
<b>j) Distribution of third party services</b>	<b>40,787</b>	<b>100,308</b>
1. Collective portfolio management	-	-
2. Insurance products	39,967	99,535
3. Other products	820	773
of which: individual portfolio management	-	-
<b>k) Structured finance</b>	<b>-</b>	<b>-</b>
<b>l) Servicing activities for securitisation transactions</b>	<b>3,087</b>	<b>3,708</b>
<b>m) Commitments to disburse funds</b>	<b>-</b>	<b>-</b>
<b>n) Financial guarantees issued</b>	<b>41,374</b>	<b>40,133</b>
of which: credit derivatives	-	-
<b>o) Financing operations</b>	<b>-</b>	<b>-</b>
of which: for factoring transactions	-	-
<b>p) Foreign currency transactions</b>	<b>16</b>	<b>16</b>
<b>q) Commodities</b>	<b>-</b>	<b>-</b>
<b>r) Other fee and commission income</b>	<b>100,194</b>	<b>92,996</b>
of which: for the management of multilateral trading systems	-	-
of which: for the management of organised trading systems	-	-
<b>Total</b>	<b>439,806</b>	<b>639,113</b>

## 2.1.2 Commission income: distribution channels of products and services

Channels/Sectors	Totale 2022	Totale 2021
<b>a) own branches:</b>	<b>190,276</b>	<b>201,566</b>
1. asset management	21,801	26,188
2. securities placement	129,540	128,451
3. third party services and products	38,935	46,927
<b>b) off-premises distribution:</b>	<b>10</b>	<b>189,606</b>
1. asset management	-	-
2. securities placement	-	137,025
3. third party services and products	10	52,581
<b>c) other distribution channels:</b>	<b>1,842</b>	<b>800</b>
1. asset management	-	-
2. securities placement	-	-
3. third party services and products	1,842	800

## 2.2 Fee and commission expense: breakdown

Services/Values	Total 2022	Total 2021
<b>a) Financial instruments</b>	<b>(4,421)</b>	<b>(4,743)</b>
of which: trading in financial instruments	(4,383)	(4,699)
of which: placement of financial instruments	-	-
of which: individual portfolio management	-	-
- Own	(38)	(44)
- Delegated to third parties	-	-
<b>b) Clearing and settlement</b>	<b>-</b>	<b>-</b>
<b>c) Collective portfolio management</b>	<b>-</b>	<b>-</b>
1. Own	-	-
2. Delegated to third parties	-	-
<b>d) Custody and administration</b>	<b>(600)</b>	<b>(609)</b>
<b>e) Collection and payment services</b>	<b>(18,286)</b>	<b>(17,385)</b>
of which: credit cards, debit cards and other payment cards	(14,559)	(13,677)
<b>f) Servicing activities for securitisation transactions</b>	<b>-</b>	<b>-</b>
<b>g) Commitments to receive funds</b>	<b>-</b>	<b>-</b>
<b>h) Financial guarantees received</b>	<b>(14,720)</b>	<b>(15,510)</b>
of which: credit derivatives	-	-
<b>i) Off-premises distribution of financial instruments, products and services</b>	<b>(1,124)</b>	<b>(139,688)</b>
<b>j) Foreign currency transactions</b>	<b>-</b>	<b>-</b>
<b>k) Other fee and commission expense</b>	<b>(24,547)</b>	<b>(28,054)</b>
<b>Total</b>	<b>(63,698)</b>	<b>(205,989)</b>

## Section 3 - Dividends and similar income - Item 70

### 3.1 Dividends and similar income: breakdown

Items/Income	Total		Total	
	2022		2021	
	Dividends	Income from OEIC units	Dividends	Income from OEIC units
A. Financial assets held for trading	-	-	-	-
B. Other financial assets mandatorily measured at fair value	1,158	-	1,034	-
C. Financial assets measured at fair value	-	-	-	-
D. Equity investments	-	X	-	X
<b>Total</b>	<b>1,158</b>	<b>-</b>	<b>1,034</b>	<b>-</b>



## Section 4 - Net trading income (expense) - Item 80

### 4.1 Net trading income (expense): breakdown

Transactions/Income components	Gains (A)	Trading income (B)	Losses (C)	Trading losses (D)	Net result [(A+B) - (C+D)]
<b>1. Financial assets held for trading</b>	-	2	-	(6)	(4)
1.1 Debt instruments	-	-	-	-	-
1.2 Equity securities	-	2	-	(6)	(4)
1.3 OEIC units	-	-	-	-	-
1.4 Financing	-	-	-	-	-
1.5 Other	-	-	-	-	-
<b>2. Financial liabilities held for trading</b>	-	-	-	-	-
2.1 Debt instruments	-	-	-	-	-
2.2 Payables	-	-	-	-	-
2.3 Other	-	-	-	-	-
<b>Other financial assets and liabilities: foreign exchange differences</b>	X	X	X	X	1,033
<b>3. Derivatives</b>	173,317	26,477	(157,738)	(22,734)	19,308
3.1 Financial derivatives	173,317	26,477	(157,738)	(22,734)	19,308
- On debt instruments and interest rates	173,317	26,477	(157,738)	(22,734)	19,322
- On equity securities and share indexes	-	-	-	-	-
- On currencies and gold	X	X	X	X	(14)
- Other	-	-	-	-	-
3.2 Credit derivatives	-	-	-	-	-
of which: natural hedges associated with the fair value option	X	X	X	X	-
<b>Total</b>	<b>173,317</b>	<b>26,479</b>	<b>(157,738)</b>	<b>(22,740)</b>	<b>20,337</b>

The assessment of credit risk inherent in the fair value of derivative contracts with customer counterparties showed a revenue of €1,424 thousand during the year, recognised in the income statement. The exact figure at 31 December 2022, which derives from applying the measurement model of CVA and DVA adjustments, was €746 thousand as positive value adjustments, compared to the previous year's value of €678 thousand in negative value adjustments.

## Section 5 - Net hedging income (expense) - Item 90

### 5.1 Net hedging income (expense): breakdown

Income/Amounts	Total 2022	Total 2021
<b>A. Gains on:</b>		
A.1 Fair value hedging derivatives	500	2,050
A.2 Hedged financial assets (fair value)	-	-
A.3 Hedged financial liabilities (fair value)	11,507	4,399
A.4 Cash flow hedging derivatives	-	-
A.5 Foreign currency assets and liabilities	-	-
<b>Total hedging income (A)</b>	<b>12,007</b>	<b>6,449</b>
<b>B. Losses on:</b>		
B.1 Fair value hedging derivatives	(11,557)	(4,391)
B.2 Hedged financial assets (fair value)	(453)	(2,053)
B.3 Hedged financial liabilities (fair value)	-	-
B.4 Cash flow hedging derivatives	-	-
B.5 Foreign currency assets and liabilities	-	-
<b>Total hedging expense (B)</b>	<b>(12,010)</b>	<b>(6,444)</b>
<b>C. Net hedging income (expense) (A - B)</b>	<b>(3)</b>	<b>5</b>
of which: result of hedging on net positions	-	-

Hedging relationships were within the quantitative thresholds set by IAS 39 for both 2022 and 2021.

## Section 6 - Profit (loss) on sale or repurchase - Item 100

### 6.1 Profit (loss) on sale or repurchase: breakdown

Items/Income components	Total			Total		
	2022			2021		
	Profit	Loss	Net result	Profit	Loss	Net result
<b>Financial assets</b>						
1. Financial assets measured at amortised cost	2,404	(9,133)	(6,729)	5,797	-	5,797
1.1 Loans and receivables with banks	2,404	-	2,404	-	-	-
1.2 Loans and receivables with customers	-	(9,133)	(9,133)	5,797	-	5,797
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
2.1 Debt instruments	-	-	-	-	-	-
2.2 Financing	-	-	-	-	-	-
<b>Total assets (A)</b>	<b>2,404</b>	<b>(9,133)</b>	<b>(6,729)</b>	<b>5,797</b>	<b>-</b>	<b>5,797</b>
<b>Financial liabilities</b>						
1. Due to banks	-	(21,594)	(21,594)	-	-	-
2. Due to customers	-	-	-	-	-	-
3. Securities issued	-	-	-	-	-	-
<b>Total liabilities (B)</b>	<b>-</b>	<b>(21,594)</b>	<b>(21,594)</b>	<b>-</b>	<b>-</b>	<b>-</b>

In 2022, losses were reported from the transfer of loans to customers in the amount of €9.1 million (in 2021, gains of €5.8 million were recognised) and relate exclusively to sales of non-performing loans ("bad loans") made by the Bank during 2022 (and 2021).

Repurchase earnings amounted to €2.4 million in 2022 and are due to the early repayment at market conditions of certain maturity deposits granted to the parent company DB AG Frankfurt and DB Mutui S.p.A., generating profits of €1.5 million and €0.9, million, respectively.

Repurchase losses of €21.6 million in 2022 are due to the early repayment at market conditions of some time deposits received by the parent company DB AG Frankfurt.

## Section 7 - Net gains (losses) on financial assets and liabilities measured at fair value through profit or loss - Item 110

### 7.1 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of financial assets and liabilities designated at fair value

None.

### 7.2 Net change in value of other financial assets and liabilities measured at fair value through profit or loss: breakdown of other financial assets mandatorily measured at fair value

Transactions/Income components	Gains	Realised gains	Losses	Realised losses	Net result
	(A)	(B)	(C)	(D)	[(A+B) - (C+D)]
<b>1. Financial assets</b>					
1.1 Debt instruments	-	-	-	-	-
1.2 Equity securities	4,188	9,608	(9,763)	(31,638)	(27,605)
1.3 OEIC units	-	-	-	-	-
1.4 Financing	-	-	-	-	-
<b>2. Foreign currency financial assets: exchange rate differences</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>942</b>
<b>Total</b>	<b>4,188</b>	<b>9,608</b>	<b>(9,763)</b>	<b>(31,638)</b>	<b>(26,663)</b>

The net result of other financial assets and liabilities measured at fair value through profit or loss showed a cost for €26.7 million in 2022, while in the previous year the Bank had reported a profit of €19.5 million.

Revaluations by updating the fair values of investee companies as determined in 2022 refer to MTS S.p.A. and write-downs refer to VISA inc (share denominated in US dollars) and CRIF S.p.A.

The realised gains of €9.6 million in 2022 refer to the sale of Visa shares for €9.6 million while the losses of €31.6 million refer to the sale of NEXI S.p.A. shares (formerly SIA S.p.A. shares).

## Section 8 - Net value adjustments/write-backs for credit risk - Item 130

8.1 Net value adjustments for credit risk relating to financial assets measured at amortised cost: breakdown

Transactions/Income components	Value adjustments						Reversals of impairment losses				Total 2022	Total 2021
	(1)						(2)					
	First stage	Second stage	Third stage		Purchased or originated credit impaired		First stage	Second stage	Third stage	Purchased or originated credit impaired		
			write-offs	other	write-offs	other					(1) – (2)	
A. Loans and receivables with banks	(13)	(232)	-	-	-	-	1,171	-	-	-	926	(1,849)
- Financing	(13)	(232)	-	-	-	-	1,171	-	-	-	926	(1,849)
- Debt instruments	-	-	-	-	-	-	-			-	-	-
B. Loans and receivables with customers	(28,085)	(60,437)	8,920	(231,293)	-	(403)	26,929	50,561	112,305	28	(121,475)	(114,102)
- Financing	(28,085)	(60,437)	8,920	(231,293)	-	(403)	26,870	50,561	112,305	28	(121,534)	(114,099)
- Debt instruments			-	-	-	-	59	-	-	-	59	(3)
C. Total	(28,098)	(60,669)	8,920	(231,293)	-	(403)	28,100	50,561	112,305	28	(120,549)	(115,951)

8.1a Net value adjustments for credit risk relating to loans measured at amortised cost subject to COVID-19 support measures: breakdown

Transactions/Income components	Net value adjustments						Total 31/12/2022	Total 31/12/2021
	First stage	Second stage	Third stage		Purchased or originated credit impaired			
			write-offs	other	write-offs	other		
1. Loans subject to forbearance measures in accordance with the GL	1,060	49	-	(12,600)	-	(72)	(11,563)	(25,065)
2. Loans subject to moratorium measures in place, no longer complying with the GL and not assessed as forbearance	-	-	-	-	-	-	-	-
3. Loans subject to other forbearance measures	234	133	-	(6,957)	-	(303)	(6,893)	(1,663)
4. New loans	-	-	-	-	-	-	-	-
<b>Total</b>	1,294	182	-	(19,557)	-	(375)	(18,456)	(26,728)

8.2 Net value adjustments for credit risk relating to financial assets measured at fair value through other comprehensive income: breakdown

None.

## Section 9

### Profit/losses from contractual amendments without cancellations - Item 140

9.1 Profits (losses) from contractual amendments: breakdown

9.1 Profits (losses) from contractual amendments: breakdown		
Transactions/Values	Total 2022	Total 2021
Losses from mortgage renegotiations	(104)	(1,102)
Losses from renegotiation of personal loans	22	(131)
<b>Total</b>	(82)	(1,233)

## Section 10 - Net premiums - Item 160

None.

## Section 11 - Other operating income (expense) of the insurance business - Item 170

None.

## Section 12 - Administrative expenses - Item 190

### 12.1 Personnel expenses: breakdown

Type of expense/Sectors	Total 2022	Total 2021
1) Employees	(297,217)	(365,233)
a) wages and salaries	(212,524)	(213,786)
b) social security charges	(50,656)	(54,922)
c) post-employment benefits	(12,368)	(12,606)
d) pension costs	(8)	(5)
e) accrual for post-employment benefits	(122)	(108)
f) accrual for pension and similar provisions:	-	-
- defined contribution plans	-	-
- defined benefit plans	-	-
g) payments to external supplementary pension funds:	(13,270)	(13,251)
- defined contribution plans	(13,270)	(13,251)
- defined benefit plans	-	-
h) costs of share-based payment plans	-	-
i) other employee benefits	(8,269)	(70,555)
2) Other personnel	(3,587)	(5,841)
- atypical employment contracts	(4,434)	(5,782)
- group personnel on secondment at the bank	(741)	(855)
- cost recoveries for personnel seconded to other group companies	1,588	796
3) Directors and statutory auditors	(688)	(355)
4) Retired personnel	-	-
<b>Total</b>	<b>(301,492)</b>	<b>(371,429)</b>

### 12.2 Average number of employees per category

Employees	2022	2021
a) managers	163	155
b) total middle managers	1,773	1,851
c) other employees	1,136	1,186
<b>total</b>	<b>3,072</b>	<b>3,192</b>
Other personnel	91	91
<b>Total</b>	<b>3,163</b>	<b>3,283</b>

Post-employment benefits - total costs		
a) current service cost		
b) interest expense		122
c) expected return rate on plan assets		-
d) recognised actuarial gains (losses)		-
e) past service cost		-
f) loss (gain) on curtailments or reductions		-
<b>total</b>		122

### 12.3 Defined benefit company pension funds: total costs

None.

12.4 Other employee benefits	2022	2021
- lunch vouchers	(3,737)	(4,047)
- insurance	(5,392)	(5,895)
- leaving incentives	-	(59,232)
- other benefits (*)	860	(1,381)
<b>Total</b>	<b>(8,269)</b>	<b>(70,555)</b>

(\*) A positive effect was recorded during the year as a result of the actuarial valuations.

### 12.5 Other administrative expenses: breakdown

Items/Components	2022	2021
- legal and notary fees	(5,638)	(4,653)
- sundry consultancy	(35,314)	(35,621)
- printed matter and stationery	(803)	(806)
- IT expenses: hardware and software	(112,690)	(108,968)
- third party services	(91,948)	(99,752)
- postage, telegraph, telephone and telex	(13,577)	(15,525)
- cleaning	(3,920)	(5,178)
- security	(2,326)	(2,709)
- lighting and heating	(4,661)	(4,205)
- maintenance, repair and transformation costs	(19,116)	(16,043)
- premises lease	(2,794)	(1,135)
- sundry insurance policies	(3,129)	(3,774)
- advertising and publicity	(4,805)	(5,456)
- information and examinations	(1,509)	(1,744)
- travel costs	(906)	(756)
- contribution to the Resolution Fund - ordinary	(15,939)	(13,046)
- contribution to the Resolution Fund - additional	-	(4,250)
- contribution to the Interbank Deposit Protection Fund - ordinary	(11,110)	(11,465)
- contribution to the Interbank Deposit Protection Fund - additional	(6,455)	(4,241)
- other	(22,715)	(18,754)
<b>SUBTOTAL (A)</b>	<b>(359,355)</b>	<b>(358,081)</b>
<b>Income taxes and duties</b>		
- stamp duty paid to tax authorities	(2,232)	(1,980)
- local property tax	(971)	(959)
- other taxes and duties	(1,662)	(1,211)
<b>SUBTOTAL (B)</b>	<b>(4,865)</b>	<b>(4,150)</b>
<b>TOTAL (A) + (B)</b>	<b>(364,220)</b>	<b>(362,231)</b>

Third party services mainly consist of services provided by other Deutsche Bank Group companies to the parent company.

Most of these services relate to IT activities.

The following events occurred in the years 2021 and 2020.

**- Interbank Deposit Protection Fund - ordinary contribution**

Legislative Decree no. 30/2016, transposing Directive 2014/49/EU, sets at 0.8% of protected deposits the target level that the financial endowment of deposit guarantee schemes must reach, by 3 July 2024, with the contributions paid by banks (Art. 96.1, paragraphs 1 and 2 of the TUB).

The financing mechanism defined by European legislation has already been regulated in the FITD Articles of Association with the reform approved by the Extraordinary Shareholders' Meeting of 26 November 2015 and, subsequently, aligned with the regulatory framework introduced by Legislative Decree no. 30/2016.

The Board of the Fund set the total contribution of the members for 2022 at €1,406.4 million. The share payable by the parent company was €19,044 thousand (€15,653 thousand in 2021). Operating grants for the year 2022 amount to €52 thousand (€53 thousand in 2021). For the year 2022, the amount of €1,531 thousand was classified under item 320 of the Income Statement as it pertains to the business unit sold.

**- Single Resolution Fund (SRF)**

Legislative Decrees no. 180 and 181 of 16 November 2015 implemented in national law Directive 2014/59/EU (so called Banking Resolution and Recovery Directive - BRRD), which establishes a framework for recovery and resolution of credit institutions and investment companies and envisages the creation of resolution funds.

Subjecting a bank to resolution means initiating a restructuring process managed by independent authorities - the resolution authorities - which, through the use of techniques and powers now offered by the BRRD, aims to avoid disruptions in the provision of essential services offered by the bank (e.g. deposits and payment services), to restore viable conditions for the healthy part of the bank and to wind down the remaining parts.

During the initial set-up phase of the Single Resolution Fund (transitional period), "national compartments" are provided for; the Bank of Italy, in its capacity as national resolution authority, has therefore established the National Resolution Fund.

Articles 78 and subsequent of Legislative Decree no. 180/15 envisage that these funds are  
a) ordinary contributions, paid on an annual basis by banks with registered office in Italy and by Italian branches of non-EU banks, with the amount to be determined by Bank of Italy consistent with the amount established by the European Commission. These contributions are paid until the target level for the fund, specified in Art. 81 of the decree, has been reached.

b) extraordinary contributions, paid by the same parties as those referred to in point a) above, when the ordinary contributions are insufficient to cover the obligations, losses, costs and other expenses relating to the measures provided for in the Resolution Initiation Measures.

During 2022, the Group was only required to pay the ordinary contribution calculated by the Single Resolution Board in collaboration with the Bank of Italy and due to the Single Resolution Fund, in the amount of €15,939 thousand. In 2021, the Group was asked to pay both an ordinary contribution of €13,046 thousand and an additional contribution of €4,250 thousand.

### Section 13 - Net accruals to provisions for risks and charges - Item 200

13.1 Net provisions for credit risk related to commitments to disburse funds and financial guarantees issued: breakdown

Items/Components	Total 2022	Total 2021
Commitments to disburse funds and financial guarantees issued:		
- 1st and 2nd stage	(3,312)	500
3rd stage	1,809	(4,234)
- country risk	24	(117)
	<b>(1,479)</b>	<b>(3,851)</b>

13.2 Net allocations relating to other commitments and other guarantees issued: breakdown

None.

13.3 Net allocations to other provisions for risks and charges: breakdown

Items/Components	2022	2021
legal disputes	(6,076)	(3,628)
interest on discounting - time effect	-	-
interest on discounting - interest rate effect	-	-
insurance compensation - adjustment	1,156	1,931
other risks and charges	(2,222)	(2,096)
release of excess provisions	522	1,425
Total	<b>(6,620)</b>	<b>(2,368)</b>

### Section 14 - Net value adjustments on property, equipment and investment property - Item 210

14.1 Net value adjustments on property, equipment and investment property: breakdown

Assets/Income components	Depreciation (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b - c)
A. Property, equipment and investment property				
1. For functional use				
- Owned	(12,439)	-	-	(12,439)
- Rights of use acquired through leasing	(30,018)		849	(29,169)
2. Held for investment purposes				
- Owned	-	-	-	-
- Rights of use acquired through leasing	-	-	-	-
3. Inventories	X	-	-	-
Total	<b>(42,457)</b>	<b>-</b>	<b>849</b>	<b>(41,608)</b>

The depreciation of rights of use, an item in the statement of financial position introduced by IFRS 16 in 2019, refers for €28.7 million to the rental of buildings and for €1.3 million to company cars.

### Section 15 - Net value adjustments/write-backs on intangible assets - Item 220

15.1 Net value adjustments on intangible assets: breakdown

Assets/Income components	Amortisation (a)	Impairment losses (b)	Write-backs (c)	Net result (a + b - c)
A. Intangible assets				
of which: software	(9,041)			(9,041)
A.1 Owned				
- Internally generated assets	(8,957)	-	-	(8,957)
- Other	(84)	-	-	(84)
A.2 Rights of use acquired through leasing	-	-	-	-
Total	<b>(9,041)</b>	<b>-</b>	<b>-</b>	<b>(9,041)</b>

## Section 16 - Other operating income and expenses - Item 230

### 16.1 Other operating expenses: breakdown

Items/Components	2022	2021
Intragroup consolidation adjustments	(106)	(342)
Tax penalties	(12,908)	-
Losses on credit cards for fraud and irregularities	(183)	(455)
Purchased portfolio premiums	-	(5,424)
Charges for promoters and consortia associated to the "Finanza & Futuro" network	(3,036)	(1,639)
Costs of the covered bond issue	(3,577)	(6,498)
Charges associated with self-securitisation	-	-
Assets not otherwise attributable and other operating expenses	(6,000)	(7,969)
	(25,810)	(22,327)

### 16.2 Other operating income: breakdown

Items/Components	2022	2021
Lease income	481	3,063
Portfolio premium awarded	-	4,998
Income not otherwise attributable and other operating income	8,446	13,929
	8,927	21,990

	2022	2021
Net other operating income (expense)	(16,883)	(337)

The amount of €4,998 thousand in 2021 related to premiums collected as a result of the assignment of portfolios to advisors of the Finanza & Futuro network.

## Section 17 - Gains (losses) on equity investments - Item 250

The amount of €1,768 thousand of profit refers to the result of the valuation at equity of the investee company Prestipay S.p.A., a company subject to significant influence. In 2021, a profit of €290 thousand was recorded for the same equity investment.

## Section 18 - Fair value gains (losses) on property, equipment and investment property and intangible assets - Item 260

None.

## Section 19 - Impairment losses on goodwill - Item 270

### 19.1 Impairment losses on goodwill: breakdown

None.



## Section 20 - Net gains (losses) on sales of investments - Item 280

### 20.1 Net gains (losses) on sales of investments: breakdown

Income components/Sectors	2022	2021
A. Property	-	-
- Gains on sales	-	-
- Losses on sales	-	-
B. Other assets	(41)	2,168
- Gains on sales	-	2,480
- Losses on sales	(41)	(312)
<b>Net result</b>	<b>(41)</b>	<b>2,168</b>

At 31 December 2022, a loss on sales of €41 thousand was recorded. In 2021, the amount of €2,480 thousand refers to the profit earned on 18 November 2021 following the sale of the controlling interest held in Vesta Real Estate S.r.l.

## Section 21 - Income taxes for the year from continuing operations - Item 300

### 21.1 Income taxes for the year from continuing operations: breakdown

Income components/Sectors	2022	2021
1. Current taxes (-)	(4,071)	(2,782)
2. Changes in current taxes from previous years (+/-)	847	-
3. Decrease in current taxes for the year (+)	-	14,205
3.bis Decrease in current taxes for the year due to the tax credit as per Law no. 214/2011 (+)	-	-
4. Change in deferred tax assets (+/-)	(48,559)	1,569
5. Change in deferred tax liabilities (+/-)	602	(1,266)
<b>6. Taxes for the year (-) (-1+/-2+3+/-4+/-5)</b>	<b>(51,181)</b>	<b>11,726</b>

### 21.2 Reconciliation between the theoretical and effective tax expense

	Financial Year 2022		Financial Year 2021	
Pre-tax profit (loss) from continuing operations		27,775		24,767
Pre-tax profit from discontinued operations		316,142		(171)
<b>Theoretical taxable profit, as per the financial statements</b>		<b>343,917</b>		<b>24,596</b>
theoretical tax expense - IRES	rate 2022 27.50%	theoretical tax (94,577)	theoretical tax (6,811)	rate 2021 27.50%
theoretical tax expense - IRAP	5.57%	(19,156)	(1,380)	5.57%
theoretical tax benefit - IRES	27.50%	-	-	27.50%
<b>Total theoretical tax expense</b>	<b>33.07%</b>	<b>(113,733)</b>	<b>(8,190)</b>	<b>33.07%</b>
<b>Effective tax expense</b>		<b>(84,279)</b>	<b>11,688</b>	
including tax expense on profit from continuing operations		(51,181)	11,726	
cluding tax expense on profit from discontinued operations		(33,098)	(38)	
effective rate		<b>24.51%</b>	<b>-47.52%</b>	
(higher) lower taxes set aside, difference between actual and theoretical tax expense		<b>29,454</b>	<b>19,878</b>	
Effects of the most significant changes:				
- non-taxable revenue - permanent differences (IRES)		10,543	14,895	
- non-deductible costs - permanent differences (IRES)		(16,715)	(6,625)	
- IRES Prepaid taxes on temporarily non-deductible costs not recognised by the parent company		(1,331)	(570)	
Changes in the IRAP tax base		12,590	(1,409)	
Adjustments to recognition/valuation of deferred tax assets and liabilities		(8,729)	-	
Offsetting previous tax losses		33,519	-	
- other effects		(423)	13,587	
<b>total effects</b>		<b>29,454</b>	<b>19,878</b>	

## Section 22 - Post-tax profit (loss) from discontinued operations - Item 320

### 22.1 Post-tax profit (loss) from discontinued operations: breakdown

Income components/Sectors	2022	2021
<b>Group of assets/liabilities</b>		
1. Gains	150,103	-
2. Losses	(142,466)	(171)
3. Result of the valuations of the group of assets and associated liabilities		
4. Realised gains (losses)	308,505	-
5. Income taxes and duties	(33,098)	(38)
<b>Profit (loss)</b>	<b>283,044</b>	<b>(209)</b>

At 31 December 2022, this income statement item was valued with reference to the agreement that Deutsche Bank S.p.A. and Zurich Insurance Company Ltd reached in August 2021, on the basis of which Zurich Italia acquired the network of financial advisors of Deutsche Bank in Italy, a sale that took place on 17 October 2022.

This method of presentation had not been applied at 31 December 2021 for the 2021 financial statements as the transaction was subject to substantial regulatory approvals still pending at 31 December 2021.

The loss of €209 thousand for the year 2021 refers to the operating result of the investee Vesta Real Estate, which left the Group on 18 November 2021 as a result of a sale to third parties.

### 22.2 Detail of income taxes related to discontinued operations

	Amount 2022	Amount 2021
1. Current taxation (-)	(33,098)	(38)
2. Change in deferred tax assets (+/-)	-	-
3. Change in deferred tax liabilities (-/+)	-	-
<b>4. Income taxes for the year (-1 +/-2 +/-3)</b>	<b>(33,098)</b>	<b>(38)</b>

## Section 23 - Profit (loss) for the year attributable to non-controlling interests - Item 340

None.

## Section 24 - Other information

Nothing to report.

## Section 25 - Gain (loss) per share

### 25.1 Average number of ordinary shares with dilutive effect

### 25.2 Other information

The disclosure required by IAS 33 Earnings per Share is given below.

	31/12/2022	31/12/2021
<b>Basic EPS (€/000)</b>		
Profit (loss) attributable to the Group	259,638	36,284
<b>Diluted EPS (€/000)</b>		
Profit (loss) attributable to the Group	259,638	36,284
less profits/losses due to dilutive components (not present)	-	-
Diluted profit (loss) attributable to the Group	259,638	36,284
<b>Average outstanding shares (no.)</b>		
average outstanding shares	152,984,303	152,984,303
potential ordinary shares with dilutive effect	-	-
average outstanding shares, including potential shares	152,984,303	152,984,303
<b>Gain (loss) per share (€)</b>		
basic gain (loss) per share	1.70	0.24
diluted gain (loss) per share	1.70	0.24

## Part D – COMPREHENSIVE INCOME

The detailed information required by IAS 1 regarding the statement of comprehensive income is provided below.

Breakdown of comprehensive income			
	Items	Total 2022	Total 2021
10.	<b>Profit (loss) for the year</b>	<b>259,638</b>	<b>36,284</b>
	<b>Other comprehensive income not reclassified to income statement</b>		
20.	Equity securities designated at fair value through other comprehensive income:	-	-
	a) fair value changes	-	-
	b) transfers to other components of equity	-	-
30.	Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness):	-	-
	a) fair value changes	-	-
	b) transfers to other components of equity	-	-
40.	Hedges of equity securities designated at fair value through other comprehensive income:	-	-
	a) changes in fair value (hedged instrument)	-	-
	b) changes in fair value (hedging instrument)	-	-
50.	Property, equipment and investment property	-	-
60.	Intangible assets	-	-
70.	Defined benefit plans	2,253	1,005
80.	Non-current assets and groups of assets held for sale	-	-
90.	Portion of valuation reserves of equity investments valued with the equity method	-	-
100.	Income tax relating to other income components not recognised in the income statement	(617)	(276)
	<b>Other income components that will be reclassified to income statement</b>		
110.	Hedges of foreign investments:	-	-
	a) fair value changes	-	-
	b) reclassification to the income statement	-	-
	c) other changes	-	-
120.	Exchange rate gains (losses):	-	-
	a) value changes	-	-
	b) reclassification to the income statement	-	-
	c) other changes	-	-
130.	Cash flow hedges:	-	-
	a) fair value changes	-	-
	b) reclassification to the income statement	-	-
	c) other changes	-	-
	of which: result of net positions	-	-
140.	Hedging instruments (non-designated elements):	-	-
	a) value changes	-	-
	b) reclassification to the income statement	-	-
	c) other changes	-	-
150.	Financial assets (other than equity securities) measured at fair value through other comprehensive income:	-	-
	a) fair value changes	-	-
	b) reclassification to the income statement	-	-
	- adjustments for credit risk	-	-
	- gains/losses on sales	-	-
	c) other changes	-	-
160.	Non-current assets and groups of assets held for sale:	-	-
	a) fair value changes	-	-
	b) reclassification to the income statement	-	-
	c) other changes	-	-
170.	Portion of valuation reserves of equity investments valued with the equity method:	-	-
	a) fair value changes	-	-
	b) reclassification to the income statement	-	-
	- impairment losses	-	-
	- gains/losses on sales	-	-
	c) other changes	-	-
180.	Income tax relating to other income components reclassified to income statement	-	-
190.	<b>Total other comprehensive income</b>	<b>1,636</b>	<b>729</b>
200.	<b>Comprehensive income (items 10 + 190)</b>	<b>261,274</b>	<b>37,013</b>
210.	Comprehensive income attributable to non-controlling interests	-	-
220.	<b>Comprehensive income attributable to the parent company</b>	<b>261,274</b>	<b>37,013</b>

## Part E - RISKS AND RELATED HEDGING POLICIES

In this Part E, the qualitative and quantitative information is presented in the order established by Circular no. 262 of the Bank of Italy. In accordance with the Basel II guidelines, Bank of Italy has regulated the methods and terms to be complied with by banks when providing the market with information about capital adequacy, exposure to risks and the general characteristics of their systems used to identify, measure and manage risks. These regulations are summarised in the third pillar of Basel II. This information is published by the Bank on its website in the section dedicated to Financial Statements data: [https://country.db.com/italia/chi-siamo/financial-reports?language\\_id=3](https://country.db.com/italia/chi-siamo/financial-reports?language_id=3).

The information provided in the following section is based on internal management data and therefore may not coincide with those reported in parts B and C. The tables and information for which the indication of the "carrying amount" is specifically requested are an exception.

### INTRODUCTION

#### Organisation of risk management and internal controls

Internal controls, as defined by Bank of Italy in its supervisory provisions, consist of a set of rules, functions, structures, human resources, processes and procedures that aim to ensure, in compliance with the principle of sound and prudent management, that the following objectives are achieved:

- verification that the strategies and corporate policies are implemented;
- containment of the risk within the limits indicated in the reference framework for the determination of the Bank's risk propensity (Risk Appetite Framework - "RAF");
- protection of assets and against losses;
- efficient and effective internal processes;
- reliability and safety of corporate information and information procedures;
- prevention of the risk of the Bank becoming involved in illegal activities, even if involuntarily;
- compliance of operations with the law, supervisory regulations and internal policies, regulations and procedures.

The Bank's internal controls, in line with the instructions above, are split into four levels:

- decision-making and strategic supervision, carried out by the corporate bodies, specifically, the Supervisory Committee (strategic supervision), the Management Board and the CEO; these bodies define strategies and take resolutions to adapt and improve internal controls and implement such guidelines, by making the necessary interventions and ensuring that they are followed. In carrying out these activities, the Management Board makes use of the contribution of eight bodies (Assets & Liabilities Committee, Credit Committee, Audit Council, Non-Financial Risk Committee, Data Privacy Council, Customer Protection Council, Investment Committee and the Regional Data Council);

- internal audit (**third level controls**), designed to identify irregular activities, violations of procedures and regulations as well as to periodically assess the comprehensiveness, adequacy, functionality and reliability of the internal controls system and the information system. These activities are performed by the Group Audit Organisational Unit on all the production and management processes of the Bank;

- controls over management of specific risks (**second level controls**) are performed, for all of DB S.p.A. Group and in line with prudential supervisory provisions issued by Bank of Italy, by the risk control function (Macro Area Chief Risk Officer \*) and the compliance and anti-money laundering functions (within the AFC&Compliance Management), both established within the parent company, in accordance with the general principle that the primary responsibility for operational risk management should be delegated to the managers of the individual operating units. Macro Area Chief Risk Officer and Compliance O.U. are dedicated structures, independent and separate from the business divisions. Monitoring of risk levels, any mitigation actions and related reporting are performed continuously, with the support of automated processes, or, on an exception basis, through sample testing.

The objective of the second level control units is to assist in defining the methodologies for identification, assessment, and measurement of risk, to support in defining the limits assigned to the various operational units, and to supervise compliance (within the defined Risk Appetite Framework), by also verifying the consistency of the operations of the individual areas with the assigned risk - return objectives, as well as adherence to the internal and external reference regulations.

The Macro Area Chief Risk Officer, as part of the Bank's holistic view of risks, coordinates the preparation of ICAAP reporting, that is, coordinates the periodic recognition and configuration of the first and second pillar risks, ensuring the appropriate reporting is provided to top management and that the risks are consistent with the Risk Appetite Framework. As such, it assists in defining any risk mitigation actions and constantly monitors their status.

The Macro Area Chief Risk Officer participates in the inter-functional committees that oversee the assumption of major risks (Risk Committee, Assets & Liabilities Committee, Credit Committee, Non-Financial Risk Committee, as well as Audit Council and Regional Data Council) and is called upon to assess the Bank's most important transactions, on which he/she expresses a binding opinion.

- line controls (**first level controls**), designed to ensure the Group companies' operations are performed correctly. They are performed by the same units that carry out the transactions or as part of back office procedures, which are often automated through IT procedures. They basically consist of hierarchical controls, applying the "four eyes" principle to transactions, and ensuring separation of duties, reconciliation with external sources and monitoring of access to systems.

The Bank's general system of internal controls also includes specific organisational and control procedures to comply with the regulatory capital requirements as set out and defined in the Bank's ICAAP (Internal Capital Adequacy Assessment Process) policy and specific documents that regulate the related operating procedures.

#### Risk culture

The Bank ensures circulation of a suitable risk culture based on the relevant principles defined by the ultimate parent company, Deutsche Bank AG:

- the risks must be assumed on the basis of a defined "risk appetite" compatible with the sustainability of the Institute's long-term value proposition;
- each risk shall be carefully assessed and approved as part of the more general risk management framework;
- risks shall be adequately balanced;
- risks shall be continuously monitored and managed.

---

(\*) In order to preserve the independence requirement of the Risk Control Function and in consideration of the presence of credit proxies in the Macro Area Chief Risk Officer, the Credit Risk Control/Asset Quality Review Function was also established, reporting directly to the Management Board and with responsibilities for second-level controls on Credit Risk.

The Bank promotes a strong risk culture, which is an integral part of its organisational processes and structures, through a holistic approach. All employees are responsible for risk management and are required to adopt a conduct that reinforces the Group's risk culture, aspects that are included in the assessment processes, as part of the broader overall performance evaluation for compensation purposes.

Specifically, employees are required to be fully responsible for any risks they take, to adopt strict risk assessment procedures and adequately consider the Bank's position and reputation. The Bank's Supervisory Committee ensures, inter alia, that the incentive and remuneration systems properly consider risk containment policies and that they are consistent with the Bank's long-term objectives, culture, corporate governance structure and internal controls. In 2022, the Bank strengthened and completed the implementation of the iCMF ("Individual consequence management framework") adopted within the DB AG Group and aimed at ensuring an adequate degree of awareness and accountability in the assumption and management of corporate risks.

In order to strengthen these behaviours and facilitate the development and promotion of an integrated risk culture at all levels, the Group has a number of internal projects which include the circulation of its specific reference values and in-depth training, supported by the contribution of the CRO macro-function.

Such training activities include mandatory courses on various types of risk and applicable regulations to assist the growth of an internal risk culture based on honesty, correctness and compliance with the spirit and nature of regulations. In addition, the internal communications system ensures circulation of these messages at all levels.

In this context, the Group Audit O.U. also plays a role in assuring the organisation's risk and control culture, monitoring adherence to risk appetite and tolerance limits and aligning its risk assessment and rating of its findings to the Bank's risk thresholds.

## SECTION 1 - Risks of the consolidated accounting

### QUANTITATIVE DISCLOSURE

#### A. CREDIT QUALITY

##### A.1 NON-IMPAIRED AND IMPAIRED CREDIT EXPOSURES: AMOUNTS, VALUE ADJUSTMENTS, DYNAMICS AND ECONOMIC DISTRIBUTION

Starting from the 2015 financial statements, credit quality is presented according to the classification introduced with the 7th update of Circular no. 272 of the Bank of Italy of 20 January 2015. This update modified the definitions of impaired financial assets in order to align them with the concept of "Non-Performing Exposures" (NPE) developed in the technical implementation rules (ITS) for consolidated statistical supervisory reporting defined by the European Banking Authority (EBA) and approved by the European Commission on 9 January 2015.

A.1.1 Breakdown of financial assets by portfolio and credit quality (carrying amounts)						
Portfolio/quality	Non-performing loans	Unlikely to pay	Impaired past due exposures	Non-impaired past due exposures	Other non-impaired exposures	Total
1. Financial assets measured at amortised cost	60,462	335,746	98,568	590,213	23,766,515	24,851,504
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	-	-
5. Financial assets held for sale	-	-	-	-	-	-
<b>Total 2022</b>	<b>60,462</b>	<b>335,746</b>	<b>98,568</b>	<b>590,213</b>	<b>23,766,515</b>	<b>24,851,504</b>
<b>Total 2021</b>	<b>82,994</b>	<b>194,987</b>	<b>105,759</b>	<b>634,993</b>	<b>24,489,239</b>	<b>25,507,972</b>

A.1.2 Breakdown of financial assets by portfolio and credit quality (gross amount and carrying amount)								
Portfolio/quality	Impaired				Non-impaired			Total (carrying amount)
	Gross amount	Total value adjustments	Carrying amount	Overall partial write-offs (*)	Gross amount	Collective impairment	Carrying amount	
1. Financial assets measured at amortised cost	1,040,577	(545,801)	494,776	18,541	24,526,168	(169,440)	24,356,728	24,851,504
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-
3. Financial assets designated at fair value	-	-	-	-	X	X	-	-
4. Other financial assets mandatorily measured at fair value	-	-	-	-	X	X	-	-
5. Financial assets held for sale	-	-	-	-	-	-	-	-
<b>Total 2022</b>	<b>1,040,577</b>	<b>(545,801)</b>	<b>494,776</b>	<b>18,541</b>	<b>24,526,168</b>	<b>(169,440)</b>	<b>24,356,728</b>	<b>24,851,504</b>
<b>Total 2021</b>	<b>972,076</b>	<b>(588,336)</b>	<b>383,740</b>	<b>24,748</b>	<b>25,292,942</b>	<b>(168,710)</b>	<b>25,124,232</b>	<b>25,507,972</b>

(\*) Value to be disclosed for information purposes

As regards "Financial assets held for trading" and "Hedging derivatives", the cumulative capital losses and net exposures of financial instruments with evident poor credit quality, as well as the net exposures of the remaining financial assets, are provided below.

Portfolio/quality	Assets with evident low credit quality		Other assets	Carrying amount
	Cumulative losses	Carrying amount	Carrying amount	
1. Financial assets held for trading	-	-	173,222	173,222
2. Hedging derivatives	-	-	3,850	3,850
<b>Total 2022</b>	<b>-</b>	<b>-</b>	<b>177,072</b>	<b>177,072</b>
<b>Total 2021</b>	<b>49</b>	<b>1,041</b>	<b>68,402</b>	<b>69,443</b>

It should be noted that during the year the parent company did not make partial derecognition of impaired financial assets and that it did not make any purchases of these assets.

#### B. INFORMATION ON STRUCTURED ENTITIES (OTHER THAN FOR SECURITISATION PURPOSES)

None.

## SECTION 2 - Risks of the Prudential Consolidation

### 1.1 - CREDIT RISK

#### QUALITATIVE DISCLOSURE

##### 1. General aspects

Over the years, credit risk control activities have been characterised by effective management and at the same time by the ability to substantiate and support the strategic planning and business model adopted by the Institute, ultimately aimed at a balanced growth aligned with the risk remuneration objectives of the assets under management.

In 2022, the Bank's strategy was focused on revising the value proposition, substantiated by optimising the composition of the mix of products in the portfolio and the service model by reducing mortgages and increasing exposure on the business lines of Wealth Management and Commercial Banking as part of the Mid-Cap and Entrepreneur & Wealth initiatives.

The year 2022 was also characterised by the constant monitoring of credit quality, pursued through the adoption and progressive optimisation of the operating methods in all the management phases of the credit line.

At 31 December 2022, the parent company's gross impaired cash exposures amounted to €1,041 million, up by €69 million (+7%) compared to the previous year, mainly attributable to a new entry under unlikely to pay of a Corporate Bank position backed by a guarantee subject to sovereign risk. The incidence of gross impaired loans therefore increased by 16 bps (from 4.61% in 2021 to 4.77% at the end of 2022). The incidence of impaired loans, net of the aforementioned idiosyncratic event, was down by 60 bps on an annual basis, as a result of the de-risking strategy finalised during the year.

More specifically, at the end of December 2022, loans classified as non-performing, net of recognised value adjustments, amounted to €60 million (-27% since the beginning of the year), with a ratio on total net receivables equal to 0.29% and a coverage level of 85%. Unlikely to pay, equal to €336 million, up compared to 2021, with a ratio of 1.59% and a coverage level of 22%. Past due and overdue receivables amounted to €99 million (-7% compared to the previous year), with a ratio of 0.47% and a coverage level of 54%. Forborne exposures, generated by concessions to debtors in difficulty in meeting their financial commitments, as part of impaired assets, fell to €221 million, with a level of adjustments in the financial statements equal to 40% of the gross exposure; exposures classified as forborne in performing loans amounted to €315 million.

The coverage of performing loans was 0.8%, in line with the previous year.

##### 1.1 Impacts from the COVID-19 pandemic

With reference to credit risk, Deutsche Bank S.p.A. managed, in continuity with the previous year, the initiatives aimed at supporting the real economy put in place by the Italian Government, which ended during the year following the end of the State of Emergency.

In fact, both additional initiatives that specifically meet the requirements of governmental or assimilated non-governmental moratoria ("ABI", "Assofin") as they are widely applied by credit institutions on the basis of national laws, as well as other moratorium initiatives not specifically referred to the aforementioned EBA guidelines and granted, therefore, as additional support instruments, have been maintained until physiological maturity.

All the concessions were aimed at responding as quickly as possible to the problems deriving from the temporary slowdown in the economic cycle and the related possible liquidity impacts, until the pre-crisis conditions were completely restored in the final phase of the year in question.

Overall, most of the loans affected by the moratoria mainly concerned companies; consumer loans and mortgages were less affected. When the moratoria were granted, the book value of the loan was adjusted by rescheduling the new expected cash flows and discounting them to the original effective interest rate.

In 2022, with the exit from the health emergency phase and the easing of health restrictions, the uncertainties specifically attributable to Covid subsided and no particular increase in credit risk was observed on exposures that had been subject to moratoria. The latter have now all returned to a repayment phase, and continue to record settlements and decreases in exposures.

For further details, refer to the information required by the EBA "Guidelines on reporting and disclosure of exposures subject to measures applied in response to the COVID-19 crisis" provided through the Third Pillar disclosure document (i.e. "Pillar III").

##### 1.2 Impacts deriving from the macroeconomic situation

As a result of the Russia/Ukraine geopolitical crisis, uncertainties about the economic outlook have gradually increased, mainly due to the energy crisis that has arisen in the context of the ongoing war, and the effects of rising inflation, rising business costs and rising interest rates.

Given the aforementioned scenario, the Bank has implemented a number of initiatives, described below, aimed at mitigating the negative impacts of the crisis.

- IPB Private customers: amendment to the criteria for underwriting new loans to reflect the reduction in the expected financial availability due to inflation/increase in energy prices during the year starting from the end of April 2022, in order to adjust the sustainability forecasts of the debt incurred due to the changed inflationary environment
- IPB Corporate customers: greater monitoring of the credit portfolio was activated with a specific focus on energy companies (in order to rotate the portfolio for the weaker counterparties, with a reduction in the ceiling) and companies with existing state guarantees. An accelerated recovery process is in place for outstanding state-guaranteed loans with arrears.
- Corporate Bank customers: a policy of active derisking was activated on direct exposures to Russian companies/subsidiaries or projects/contracts on Russian territory in order to contain the effects of the increase in geopolitical risk on assets. A policy of precise monitoring of the counterparties classified as "energy-intensive" was established in order to mitigate the impacts deriving from the volatility of the prices of the production factors.

In addition to the above, further actions are planned to be undertaken in the coming months to further reduce credit risk.

##### 1.3 Impacts deriving from climate and/or environmental risks in the context of credit risk management

During 2022, the Bank started a gap analysis covering the Bank of Italy's expectations, the status quo and the DB AG Group's initiatives on climate and/or environmental risks in order to outline a preliminary implementation plan to monitor environmental risks for our lending operations in the future, consistent with the Group's climate change objective and the need to protect our balance sheet, brand and reputation.

## 2. Credit risk management policies

### 2.1 Organisational aspects

The qualitative disclosures regarding the management of credit risks and derivative transactions are provided below.

As a general rule, it should be noted that the granting of credit to the various counterparties can be only authorised by persons/bodies having the appropriate decision-making powers, the definition and attribution of which is the responsibility of the Management Board. Lending powers, which with respect to the same entity are higher or lower depending on the level of expected risk, are reviewed periodically, taking into account the qualifications and experience of the counterparties responsible for providing the credit.

All Deutsche Bank S.p.A. divisions apply uniform criteria in their credit granting processes, in line with the size and type of customer, using a set of qualitative and quantitative information that enables them to make an accurate estimate of the risk assumed. The granting of the relevant decision-making powers is also conditional on the passing of an aptitude test, the taking of which may be requested at any time, at the initiative of the power grantors.

Furthermore, the processes in place for the collaboration and sharing of knowledge and skills with the ultimate parent company Deutsche Bank AG make it possible to share, among other things, the main analyses on the markets and on the various economic sectors, and therefore to improve the portfolio screening and credit risk assessment. In particular, possible areas of vulnerability of the portfolio assets in unfavourable macroeconomic scenarios are carefully analysed and the assets are continuously monitored on a geo-sectoral basis, in order to identify in advance any necessary risk mitigation actions and safeguard the quality of the assets.

In compliance with regulatory requirements and in line with the Bank's banking book management strategies, the procedures for managing the late-collection operational phase were rationalised, with initiatives focused on defining paths capable of optimising the non-performing stock and, at the same time, reducing average processing times. The year under review saw further refinement of customer segmentation processes in the delinquency management phase aimed at prioritising processing queues and modulating corrective actions according to the characteristics of the case under management. This approach has allowed greater control of asset quality by reducing exposure to counterparties with behavioural profiles compatible with a potential deterioration, and by strengthening the relationship with the most virtuous clients.

With a view to optimising the management strategies of the Bank's banking book, the decision was made to include all cases with an unfrozen moratorium in the recovery strategies classified as "High Risk" for private customers, in order to favour timely contact with the customer and the search for a solution to the late payment of instalments or to amounts to be recovered.

### 2.2 Management, measuring and control systems

The Bank continued to improve and optimise its main credit risk monitoring tools as part of the procedures and systems adopted to manage, measure and control risk. The key risk measurement procedures can be summarised as follows:

- attribution of the credit risk rating;
- determining the credit facility amount and approval procedure;
- ongoing risk monitoring;
- timely identification of irregular trends and identification of derisking strategies;
- monitoring and restructuring;
- regular review of policies and guidelines for the granting of credit;
- conducting stress testing exercises.

#### - Attribution of the credit risk rating

A fundamental aspect of the credit approval and ongoing monitoring of asset quality process is the in-depth valuation of the underlying risk. The approach used is based on the creditworthiness of the counterparty, assessed by summarising elements of direct and indirect risk, i.e. linked to the technical form of the credit facility. The result is expressed in terms of risk rating (understood as the "probability of default" (PD) over a period of one year) and, together with the technical characteristics of the credit facility granted, determines the approval level required and the subsequent monitoring actions.

The methodological approach adopted to determine the rating depends primarily on the nature and size of the customers assessed, together with the degree of exposure to the Institution.

Specifically, in the case of larger customers in the non-retail portfolio who, because of their financial requirements, are potential users of the full range of credit products and services offered by the Bank, the rating assignment is a result of a review of the financial, operational and business characteristics of the counterparty and the specific characteristics of the facility in question. Positions that are characterised, on the other hand, by greater granularity typical of the "Retail" portfolio base the assignment of the rating on assessments of financial sustainability and predisposition to risk through socio-demographic profiling, again from a customer-centric perspective.

At the conclusion of this process, the counterparty is assigned a rating encoded within the internal scale of twenty-one distinct ratings that correspond to specific probabilities of default. The credit risk rating is used to determine the possible loss associated with the credit risk, together with other elements such as the expected recovery rate, amount and duration of the credit exposure. The parameters used to determine the expected loss are periodically reviewed and validated by the Bank's designated business units.

All rating models are constantly reviewed to detect sources of instability in the credit risk dynamics and to continuously update the risk quantification component in order to preserve their full predictive capacity with respect to the most recent portfolio dynamics. It is also specified that the rating models are being updated in order to ensure the extension of their use in the process of quantifying expected losses and the integration of recent regulatory developments regarding the calibration of risk parameters.

#### - Determining the credit facility amount and approval procedure

Decisions about whether to grant credit are based on all the credit facilities granted to a counterparty (or a group of counterparties). The periodic renewal of existing credit facilities only takes place after a new decision is taken, which reviews all the risk elements pertinent for the granting of credit and, as such, consists of the relevant procedures and approvals.

For the typical lending activities of the commercial and corporate divisions, the credit report represents the outcome of the preliminary investigation and the main basis of assessment for the approval, renewal and review of the credit granted. These reports are usually updated once a year, in line with the expected frequency of updates on information used for assessing a customer's creditworthiness. They include sector figures, financial statements figures, a brief description of the reasons for requesting the credit facility and a summary of the counterparty's credit rating. In the case of renewals and revisions, this information is completed by details of the customer's lending history with the Bank or the banking sector.

Financial and qualitative information is used to calculate the forecast risk and to take the final decision about the granting of credit. In particular, there has recently been a review of the acceptance strategy with the adoption of more homogeneous portfolio construction criteria consistent with the level of risk appetite.

The control of credit risk based on the precise assessment of individual positions is integrated with the assessment of the degree of diversification of the portfolio as a whole, in order to mitigate the potential risk of credit concentration. To this end, diversification strategies are employed depending on the major risk drivers and exposure limits are applied per borrower unit, which are subject to monitoring via specific reports.

The assessment procedure for the retail business, like for consumer credit, mortgage loans and credit cards, is based on the portfolio's structural characteristics: high fragmentation and granularity of credit exposures. Similarly, the approval procedure is primarily based on the extensive use of automated risk quantification methods, with application of a rating. Monitoring and reassessment of risk on an ongoing basis is based on observation of the payment profile over a predefined time horizon, recorded simultaneously on both proprietary and systemic exposures. Granularity and portfolio diversification levels are ensured for the retail segment by applying strict limits to the maximum amounts that can be agreed for credit facilities.



#### **- Ongoing risk monitoring**

Exposures and their trends are monitored on an ongoing basis using procedures that differ depending on the type of business. The objective is to promptly identify and correct potential deterioration at both individual and product portfolio levels. In the current year, there was an improvement in the monitoring procedure through the refinement of the processes implemented on the control platforms, the selection of the relevant risk drivers, the derisking strategies and operational processes, in line with the regulatory evolution regarding the homogenisation of the credit classification criteria.

#### **- Timely identification of irregular trends and identification of derisking strategies**

The CRM Monitoring Unit of the Credit Risk Management Department monitors "actual" and "trend" irregularities. The monitoring of "actual" anomalies concerns entrusted business positions and relates to non-compliance with contractual provisions on the use of assigned credit limits, monitored and managed using established rules covering the frequency of checks, the amount and period of continuous overdrafts, descriptions of the actions taken and escalation. With respect to the operating processes and to preserve asset quality, monitoring of the early delinquency stage was further strengthened by introducing tighter and more timely mitigation actions.

Monthly monitoring of "trend" irregularities in lending relationships involves management of those positions that individually, due to their re-occurrence, or in groups, merit identification, reporting and management. Assessment of these "trend" irregularities results in a review of the credit decision by the Credit Risk Management Department to protect the invested capital.

#### **- Monitoring and management strategies**

In order to correctly understand its exposure to each customer or group of customers, the Bank has, through the CRM Monitoring structure, a continuously updated and enhanced information base (through ad-hoc strategic initiatives), used to be able to proceed, if necessary, to a timely review of credit lines.

Specifically, the monitoring procedure for commercial credit continues to be based on a tool used to measure the trend of risk assumed on existing positions providing a summary of the degree of credit risk to be potentially assigned to each customer using "actual" and "trend" irregularities.

#### **- Regular review of policies and guidelines for the granting of credit**

Pursuant to the current internal regulations, the Credit Risk Management Department carries out this procedure once a year, unless interim action is necessary to meet specific operating requirements. Specifically, the Bank's risk policies result in detailed and precise credit lending policies that are continuously reviewed to protect asset quality by identifying potential risks on a timely basis.

#### **- Conducting stress testing exercises**

A stress test is performed every three months to assess a portfolio's potential vulnerability to adverse but plausible macro-economic scenarios. The exercise is based on the use of differing methodological approaches and market scenarios to measure the sensitivity of risk-weighted assets to the environment, coupled with an assessment of the appropriateness of the economic capital allocation.

The current year has confirmed the ordinary operations based on the process of selecting adverse macroeconomic scenarios and the related quantification of the impacts on the Bank's risk profile, but was further corroborated by assessments of consistency and cohesiveness with respect to the short-term economic context.

#### **Credit risk related to derivative transactions**

The Bank uses derivative transactions with both commercial and institutional customers subject to operational ceilings for individual counterparties. It adopts prudent criteria to quantify the underlying risk, represented by the Potential Future Exposure (PFE).

The PFE shows the potential risk of a portfolio at a certain future date assuming an unfavourable change (exchange or interest rates) in the underlying assets/liabilities. The unfavourable change is usually determined using the historical volatility of the underlying asset/liability with a confidence level of 95%. The maximum value of the PFE is thus the best estimate of the credit exposure of a derivative in a reasonable worst case scenario. The Bank has appropriate, sophisticated tools to calculate the Mark-to-Market value of positions, through which it monitors the value at various points in time of exposures with individual counterparties.

### 2.3 Methods of measuring expected losses

In order to comply with the classification requirements set forth by IFRS 9, the Bank has adopted a model for classifying performing positions into Stage 1 or 2 depending on the presence of elements of significant credit risk deterioration. The criteria for recognition at the relevant stage are symmetrical: if the increased risk conditions are no longer present, the Stage-1 classification can be reinstated.

With reference to the non-performing positions, the classification logic borrows the principle of regulatory convergence, allowing substantial consistency between the application of the regulatory default, management default and activation of the Stage-3 impairment model, a process that has undergone further optimisation in line with the initiatives to adhere to regulatory provisions in the area of credit classification.

The process of quantifying expected losses is carried out on the entire portfolio on the basis of forecast information that discounts macroeconomic factors ("forward-looking" component) as required by IFRS 9.

In particular, at the time of the first recording (so-called "Stage-1") the instrument must already discount an expected loss over a time frame of 12 months.

Upon the occurrence of a significant increase in credit risk, the asset is classified in the under-performing portfolio (so-called "Stage-2"), and must discount the expected loss over the entire residual life time.

In the case of further deterioration, the classification is changed to "non-performing" ("Stage-3"), where the amount of the write-down is commensurate with the historical credit recovery performance.

The expected loss is based on point-in-time data, which partly share the methodology used to quantify unexpected losses in internal credit risk models.

The methods of quantifying expected losses are mainly based on the following methodological choices.

- Use of a consistent credit risk quantification framework for determining the Expected Credit Loss, Regulatory Capital Requirements and quantification of Economic Capital.
- Quantification of the significant increase in credit risk based on migration to Stage-2 triggers on the basis of both qualitative and quantitative assessment elements.
- Integration of the forward-looking component in the model for quantifying expected losses based on the regulatory classification of the portfolio. Forward-looking data are consistent with the process of generating macroeconomic scenarios for the main corporate processes (in extensive terms and not limited to credit risk management processes), cover a time horizon of 2 years, are processed by a specific function of the parent company and are subject to approval processes by the top management of the parent company itself.
- Application of historical recovery curves to determine both the LGD component of the performing loan and the time-dependent impairment curve, which is a function of the historically demonstrated effectiveness and efficiency of the out-of-court and in-court recovery process.
- Application of a significant level of granularity for the calibration of risk parameters, capturing the specific characteristics of the product, management process and historically recorded performance.
- Lifecycle management of risk parameter quantification models embedded in the ordinary Model Risk Management framework for the "Risk&Capital" model segment: continuous monitoring of model performance, stability analysis of target parameter characteristics, assessment of the adequacy of predictive capacity, validation and ordinary back-testing. The framework adopted not only determines the independence between the development unit and the validation unit of the modelling suite, but also clearly establishes roles and responsibilities in order to preserve a continuous monitoring of the model risk.

#### Changes due to COVID-19

In order to integrate the credit risk assessment with the effects of the COVID-19 pandemic, the medium to long-term customer risk profiling took into account the effects of the protracted state of emergency that impacted some sectors in particular.

Banking operations were also affected in an initial period by the sudden application of the agile working method, which led to a slight deterioration in decay rates.

The liquidity and moratorium measures introduced by the authorities mitigated the impacts of the pandemic and, combined with the new guidelines for the classification of loans, allowed financial institutions to keep the impact on credit risk under control.

Credit risk mitigation also took place thanks to the optimisation of risk profiling processes during credit disbursement, capable of capturing the short-term evolution of geo-sectoral risk and aimed at expanding risk mitigation techniques.

The year in question recorded a gradual restoration of the operating and management conditions of the portfolio, accompanied by a normalisation of the portfolio delinquency performance.

The measurement of expected losses takes into account the recalibration of the Probability of Default (PD) on a medium to long-term scenario for both 12-month and lifetime PD.

In the context of the IFRS 9 methodology, the maintenance process of the forward looking estimation component has taken on particular importance in a macroeconomic context which, due to its intensity, duration and degree of pervasiveness, has a very peculiar development compared to the usual business cycle dynamics used to derive risk correlations. Specifically, on the one hand, the trend dynamics of the unemployment rate were significantly affected by the government's employment protection measures, while on the other, the fall in gross domestic product would have projected an overly cautious scenario from a forecasting perspective, as it was strongly affected by the periods of generalised and selective lockdown experienced in the short term. The difficulty in discerning phenomena of an idiosyncratic nature from correlations to risk of a structural nature has required alternative and corrective application solutions with respect to the ordinary process of projecting expected losses, in line with market best practices and regulatory indications on the subject.

Since the beginning of the COVID crisis, the Deutsche Bank AG Group, which has adopted the IFRS 9 impairment model, has carried out a detailed analysis aimed at assessing the short-term corrections to the definition of macroeconomic scenarios, aimed at providing the most realistic representation of expected losses in an environment characterised by considerable volatility. In particular, in order to stabilise the macroeconomic projections in the direction of trend dynamics, estimates of the MEVs (macroeconomic variables) were used over a 12-quarter time horizon, instead of the short-term realisations used in the ordinary model. This representation is intended to be the solution that allows on the one hand to evaluate the portfolio dynamics in conditions of a structural nature, and on the other hand to stabilise the process of constructing the cost of risk in the trend direction. The ordinary Expected Credit Loss modelling is constructed to capture, with a high degree of sensitivity, changes in the cycle dynamics and to incorporate them in the quantification of credit risk: such an approach would have created unmanageable and untrue fluctuations in the credit impairment quantification process. In order to assess the impacts deriving from changes in the macroeconomic correlation component, the operational monitoring process of the FLI Overlay was intensified, assessing the impact by type of satellite model, by regulatory class and by macro-type of portfolio, by macroeconomic driver and at the same time increasing the monitoring frequency on a weekly basis. The current year provided for a gradual realignment of the forward-looking estimate component to ordinary operating conditions, originally adjusted in order to avoid distorting dynamics in quantifying the expected loss. At the same time, the FLI-conditional LGD component, previously limited to a parametric approach, was developed: this solution will complete the method for quantifying the conditional expected loss starting from next year.

At the same time, the calibration process of the historical default rate was aligned with the latest monthly survey useful for observing regulatory default events in the 12-month performance period, in order to more faithfully capture the contextual impacts on the risk performance of financial statement assets and to translate it more accurately into the estimate of the point-in-time probability of default.

With regard to the proper allocation of loan impairments, particular attention was paid to the micro-sector scenario analysis, in order to correctly assess any areas of medium-term vulnerability not captured by the modelling. This initiative, which had taken the form of the construction of a management overlay in the previous year (a quantification correction capable of capturing i) possible areas of structural difficulty not sufficiently mitigated by policies to balance the risk profile; ii) the adoption of government support measures for the economy, such as moratoria and state guarantees; iii) characteristics of particular procyclicality in certain portfolios) was concluded in the current year by restoring the modelled calculation conditions.

Starting from the 2021 financial year, Deutsche Bank has implemented the new definition of default.

The implementation of the new Definition of Default (i.e. "Revised CRR Art. 178") mainly affected the Private Bank sector, where the Stage 3 population in homogeneous portfolios increased, with the corresponding ECL increasing. The implementation of the new definition of default had an impact only on customers with insignificant loss expectations. The Bank considered that this resulted in an overstatement of ECLs for Stage-3 migration dynamics that did not reflect the loss expectations for the affected portfolios at the reference date. In particular, as a result of the new implementation of the "New Definition of Default", the Loss Given Default (LGD) parameter needed to be calibrated to compensate for the effects of first-time adoption: this calibration is scheduled for 2023 in conjunction with the adoption of the EBA GLs for the development and calibration of credit risk measures, and was initially borrowed through the adoption of a correction factor.

As regards the implementation of the new definition of Default for the purposes of the transposition of EBA/GL/2016/07, "Guidelines on the application of the definition of Default pursuant to Article 178 of the EU Regulation", please refer for further details to what is contained in the public disclosure ("Pillar 3").

On the issue of significant increase in credit risk (SICR), the statements of the Authorities (IASB, ESMA and EBA) specified that the IFRS 9 rules should not be applied mechanically, but that the SICR assessment should differentiate between debtors whose credit quality is significantly affected by the current situation in the long term, and those who will reasonably restore their creditworthiness even considering mitigating interventions in the form of government guarantees. Therefore, acceptance of the conditions set out in the general moratorium would not necessarily lead to a reclassification of the related credits to Stage 2. The EBA has also clarified, on the issue of forbearance, that the moratorium does not result in the automatic classification of an exposure as a forborne exposure if it is based on applicable national law or an industry or sector-wide private initiative agreed and widely applied by credit institutions. Consistent with these recommendations, the Group has not automatically reclassified from "Stage 1" to "Stage 2" those credit exposures relating to customers who have applied for a moratorium, delegating, for voluntary moratoria or similar non-governmental ones ("ABI", "Assofin") which do not fall within the legislative framework, the final decision to be taken to an accurate assessment, corroborated by the peculiarities of the case and the assessment of the level of vulnerability of the economic activity or the reduction in the ability to repay the loan at the end of the concessions in question.

## 2.4 Credit risk mitigation techniques

The Bank's lending policy has always entailed, when possible, the use of tools designed to mitigate credit risk. In particular, at least as far as large customers are concerned, the most frequently used instruments concern the assumption of guarantees issued by the ultimate parent company on behalf of its subsidiaries, or, for transactions whose amount exceeds the limits concerning large risks, the obtaining of cash pledges or sureties issued by the ultimate parent company.

For retail customers, guarantees are collected, including those that only partly cover the risks assumed. With respect to mortgages for the purchase of real estate, the main types of guarantees used are property guarantees.

Personal sureties are usually collected by the Bank after they have been assessed, also by virtue of the preventive capacity against default events. In the year under review, the quality of the collateral pool adopted remained unchanged, albeit somewhat reduced in size due to the relative decrease in mortgage exposure within the portfolio mix of the Retail regulatory class. On the other hand, the degree of collateralisation of the Business Banking portfolio has significantly increased, and is more assisted by unfunded credit protection measures by virtue of the support of guarantees issued at state level to maintain systemic liquidity conditions adequate for the renewed economic context, and to a lesser extent as a result of the risk containment measures adopted at the level of the Bank's risk appetite.

Structures are in place to oversee the operational aspects related to credit risk mitigation tools.

## 3. Impaired credit exposures

The management of impaired assets is part of the NPL management strategy, integrated into the institution's overall business and risk strategy. This management provides for the adoption of a set of organisational controls and strategic lines aimed at optimising the quality of assets and supporting the maximisation of the profitability of the banking book, guaranteeing a level of NPL that is adequate for the risk appetite and the long-term sustainability of the value proposition.

Within Credit Risk Management there is a specific unit responsible for the monitoring and overall management of the impaired portfolio.

Collection and recovery activities for the Business Banking are carried out by the specific unit designated by the Workout & Collection unit, while collection and recovery activities for the Retail portfolio are more automated and tailored to reflect the classification of positions by days past due. The Collection O.U. devises the recovery strategies.

Operational management of impaired exposures is decentralised to the branch level by virtue of the ownership of the relationship for the relational customer component, or assisted by outsourced management structures for impaired loans without front-end mediation. The control and supervision of management is the responsibility of the Workout & Collection Unit of the Credit Risk Management Department, which also authorises the posting of positions in accordance with regulatory classification criteria, monitors derisking strategies introduced to protect capital and coordinates actions with the front-end of the distribution structure. Retail positions are mainly automatically managed, given their definition as "objective unlikely to pay", in line with the procedure to recover past due amounts, the due dates of which are scheduled to reflect the portfolio's ageing classes.

Classification of impaired loans as non-performing for all commercial bank financial assets can only be authorised by the Credit Risk Management Department. For the Mortgage Loans to Private Customers segment, the recognition of exposures as probable default at the end of 270 days of continuous past due date is followed by a risk assessment process that can lead to the determination of non-performing status within 360 days of past due date, except in special cases. For credit cards, reporting tends to be moved up to 180 days of continuous past due.

The factors that allow return from impaired to performing status are assessed carefully by relationship managers using updated objective and subjective data and require approval from the relevant decision-taking units of the Credit Risk Management Department.

Reclassification to the performing category of impaired positions can only be made if overdue amounts are paid.

Impairment losses on financial assets that exceed a certain amount reflect recovery estimates based on the analytical review of each impaired position. Otherwise, they are calculated automatically for small loans, using a statistical model updated regularly and which reflects the portfolio's risk trends and can convert them into appropriate risk mitigation levels. The periodic review of dedicated modelling and the guiding criteria for the determination of specific value adjustments have been marked by an increasing conservatism, aimed at a prudent representation of credit assets in the financial statements. The 2018 financial year had, in substance, recorded the adoption of the new derivation platform for the expected economic loss concurrently and consistently with the introduction of the IFRS 9. To this end, the model for quantifying the expected loss was implemented in order to translate expected losses (over a 12-month time horizon or for the entire residual maturity of the loan) into appropriate loan impairment levels for the corresponding classification stages of exposures measured at amortised cost.

Both the management and monitoring of impaired financial assets and the methods used to measure value adjustments are carried out using IT tools, which are increasingly efficient and precise, characterised by an increasing degree of integration into business practices.

### 3.1 Management strategies and policies

The asset management strategies are consistent with the value proposition of the individual business lines and with the Bank's risk appetite. The pursuit of risk-adjusted objectives, the permeability of operational processes to the risk culture and the preparation of effective credit management platforms have enabled the achievement, on the one hand, of a level of asset quality among the best in the reference market and, on the other, have minimised recourse to initiatives of an extraordinary nature on the management of impaired assets.

The strategies for managing non-performing loans are based on the logic of portfolio segmentation, aimed at maximising the economic value of the recovery action by balancing the probability of recovering the credit exposure and the associated operating costs.

The use of credit transfer operations is a lever of the management strategy, part of the preparation of a medium-term plan aimed at creating structured partnerships with operators in the sector. These strategic options, which take the form of ongoing negotiated agreements, are aimed at the prudent and orderly management of non-performing loan flows and the maintenance of asset quality in line with management objectives. In view of the reduced incidence and trend reduction of impaired assets in relation to total credit exposures, the management strategy adopted by the Bank has assumed a stable character in the reference period.

The operational practice of managing non-performing loans is differentiated according to the line of business, the overall exposure of the customer under management and the characteristics of the technical form. This segmentation of the process allows for the selection of the most efficient management lever according to the characteristics of the collection case, differentiating in absolute terms between actions of a standardised nature in terms of contact methods and communication techniques for "retail credit" exposures and actions of a relational nature aimed at providing advisory support for the more complex and larger exposures typical of the "Corporate" portfolio.

The criteria adopted for the classification of credit maximise the information available on the case under management, integrate objective quantitative elements with qualitative elements typical of the relational management of customers in the post-sale processes and aim at an early identification of signals of deterioration of credit quality.

The correct classification of exposures in the relevant impaired classes is accompanied by the preparation of targeted derisking actions and of increasing severity depending on the deterioration level. The adequacy of the value adjustments is delegated to the monitoring, validation and calibration of the quantification parameters of the expected credit loss for the portion of the portfolio with a more granular character, and to the preparation of a discount cash flow statement for the positions with greater management complexity and higher nominal exposure. In the latter case, the adequacy of the valuation is guaranteed by a periodic review of the assumptions of collection, by the direct knowledge of the characteristics of the collection case by the manager in charge, by the preparation of operating procedures aimed at guaranteeing homogeneity in the valuations, and by the adoption of a hierarchical authorization process.

### 3.2 Write-offs

The Bank's credit management processes include criteria and procedures to regulate the criteria and application methods for asset derecognition operations. As a general rule, an accounting write-off of the gross amount of the exposure (or a portion thereof) must be made for the period in which it is determined that the receivable is likely to be uncollectible. The activation of a write-off of a residual receivable, whether full or partial, occurs only with the use of the write-down provision for Stage-3 rated positions and occurs at the same time as the assignment of a regulatory default rating.

The cancellation of the receivable is made operationally after consideration of all relevant information, such as the occurrence of a significant change in the borrower's financial position that would jeopardise the full or partial repayment of the remaining contractual exposure, or if the collection expectations from the risk mitigation guarantee enforcement process are judged inadequate to prevent the recognition of credit losses.

Uncollectability is particularly clear when the borrower is in insolvency or similar proceedings that provide evidence of a material inability to meet contractual payment obligations, particularly when:

- the judicial recovery actions undertaken have failed and the likelihood of success of further initiatives is insignificant;
- the enforcement of the guarantees acquired in support of the loan has already taken place or the corresponding liquidation will not bring further benefits to mitigate the expected losses;
- no other collection forecasts are envisaged on the basis of the derisking strategies activated and potentially activated;
- the Bank, in anticipation of the ineffectiveness or uneconomic nature of further recovery actions, agrees with the remission of the residual contractual charges against an out-of-court agreement with the borrower, which provides for partial repayment of the residual debt;
- the Bank arranges for the sale of the contractual rights to a third party for a payment lower than the value recorded in the financial statements for the underlying sale.

In general, the triggering of an accounting write-off may occur before the judicial recovery process is completed and, as a general rule, the write-off (unless a settlement agreement is reached) does not result in the Bank losing the legal right to enforce the contractually defined credit.

### 3.3 Purchased or originated credit impaired financial assets

POCI (Purchased or Originated Credit Impaired) represent loans already impaired at the date of purchase or disbursement. At the date of initial recognition, the receivable is recognised at amortised cost based on an internal rate of return calculated on the estimate of the expected credit recovery flows. In the reference year, no assets subject to POCI classification were recognized.

## 4. Financial assets subject to commercial renegotiations and forbore exposures

The Bank adopts regulated processes for the identification, classification and management of forbore exposures. The process of assigning to "forbearance" considers all exposures for which a contractual concession has been made to a borrower who is experiencing, or is about to experience, difficulty in meeting their contractual and financial obligations. Consistently with the regulatory provisions set out in Art. 241, Annex V, Commission Implementing Regulation (EU) 2017/1443 (CIR), the concession may not be made without the recognition of a loss and is normally subject to the following application conditions:

- a) a modification of previous contractual terms and conditions which the borrower is deemed unable to meet due to its financial difficulties ("problem debt") resulting in insufficient debt service capacity and which would not have been granted if the borrower had not been in financial difficulty;
- b) a full or partial refinancing of a distressed debt contract which would not have been granted if the borrower had not been in financial difficulty.

From an operational practice perspective, as of 2018, the Bank had converged previous loan classifications such as "Debt Restructuring", and "Contractual Renegotiation of Problem Exposures" within this definition.

The classification as "Forbearance" takes place at the level of the individual contractual exposure subject to forbearance, where the conditions for identifying the borrower's financial difficulties are met.

The assessment of financial difficulties is based on the borrower's ability to repay regardless of the existence of risk mitigation techniques to back the loan.

The assessment of financial difficulties within the credit processes is subject to scrupulous verification and may be based on elements of an objective nature, such as the existence of a credit recovery initiative on the part of the borrower, the presence of a customer with non exact compliance with contractual obligations in the period preceding the granting of the loan, inclusion on operational early-warning/derisking lists and significant worsening of the probability of default (PD) of the customer as evidence of the deterioration of credit quality.

From a classification point of view, the activation of a "Forbearance" measure is associated with a process of quantifying the ECL from Stage 2 or Stage 3 depending on the classification of the loan at the time of granting ("performing" or "non performing"). For positions eligible for Stage-2 classification, an assessment of the eligibility conditions for UTP is also routinely required, with a potential related migration to Stage 3 and corresponding triggering of a regulatory default. The conditions for deactivation of the "Forbearance" classification are promptly assessed and subject to the control of the adequacy of the renewed conditions to the borrower's repayment capacity in a predefined time frame differentiated by Stage.

### 4.1 Impacts from the COVID-19 pandemic

See chapter 2.

## QUANTITATIVE DISCLOSURE

### A. CREDIT QUALITY

#### A.1 NON-IMPAIRED AND IMPAIRED CREDIT EXPOSURES: AMOUNTS, VALUE ADJUSTMENTS, DYNAMICS AND ECONOMIC DISTRIBUTION

The following table shows the breakdown of non-impaired exposures by portfolio, highlighting those that have been subject forbearance measures, with the relative past due broken down by age bracket. Overdue amounts are a characteristic of consumer credit where the collection flow timing does not coincide with the related repayment dates of the underlying loans.

##### A.1.1 Prudential consolidation - Distribution of financial assets by past due brackets (carrying amounts)

Portfolio/risk stages	First stage			Second stage			Third stage			Purchased or originated credit impaired		
	From 1 day up to 30 days	From over 30 days up to 90 days	Over 90 days	From 1 day up to 30 days	From over 30 days up to 90 days	Over 90 days	From 1 day up to 30 days	From over 30 days up to 90 days	Over 90 days	From 1 day up to 30 days	From over 30 days up to 90 days	Over 90 days
1. Financial assets measured at amortised cost	9,671		98	507,501	64,834	8,080	61,908	81,788	146,297	61	810	392
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
3. Financial assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total 2022</b>	<b>9,671</b>	<b>-</b>	<b>98</b>	<b>507,501</b>	<b>64,834</b>	<b>8,080</b>	<b>61,908</b>	<b>81,788</b>	<b>146,297</b>	<b>61</b>	<b>810</b>	<b>392</b>
<b>Total 2021</b>	<b>52,135</b>	<b>-</b>	<b>115</b>	<b>524,799</b>	<b>53,592</b>	<b>4,329</b>	<b>21,507</b>	<b>23,613</b>	<b>157,091</b>	<b>41</b>	<b>74</b>	<b>323</b>

##### A.1.2 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees issued: changes in total value adjustments and provisions

Reasons/risk stages			Opening total adjustments	Increases from purchased or originated financial assets	Derecognitions other than write-offs	Net adjustments/write-backs for credit risk (+/-)	Contractual changes without cancellations	Changes in the estimation methodology	Write-offs not recognized directly in the income statement	Other changes	Closing total adjustments	Recoveries from collections of financial assets subject to write-offs	Write-offs recognised directly in the income statement	
Total value adjustments	Stage 1 assets	Demand loans and receivables with banks and central banks	1,714	-	-	13	-	-	-	(1,312)	415	-	-	
		Financial assets measured at amortised cost	80,212	-	-	1,249	-	-	-	(7,416)	74,045	-	-	
		Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	
		Financial assets held for sale of which: individual write-downs of which: collective write-downs	81,926	-	-	1,262	-	-	-	(8,728)	74,460	-	-	
	Stage 2 assets	Demand loans and receivables with banks and central banks	86,785	-	-	8,877	-	-	-	-	(620)	95,042	-	-
		Financial assets measured at amortised cost	-	-	-	-	-	-	-	-	-	-	-	-
		Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
		Financial assets held for sale of which: individual write-downs of which: collective write-downs	86,785	-	-	8,877	-	-	-	-	(620)	95,042	-	-
	Stage 3 assets	Demand loans and receivables with banks and central banks	-	1,666	(150,000)	118,988	-	-	(10,321)	(2,938)	544,196	-	1,312	(8,920)
		Financial assets measured at amortised cost	586,801	-	-	-	-	-	-	-	-	-	-	-
		Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
		Financial assets held for sale of which: individual write-downs of which: collective write-downs	586,801	1,666	(150,000)	118,988	-	-	(10,321)	(2,938)	544,196	-	1,312	(8,920)
	Purchased or originated credit impaired financial assets	Financial assets measured at amortised cost	1,543	-	-	376	-	-	-	-	(311)	1,608	-	-
		Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
		Financial assets held for sale of which: individual write-downs of which: collective write-downs	1,543	-	-	376	-	-	-	-	(311)	1,608	-	-
		Financial assets held for sale of which: individual write-downs of which: collective write-downs	-	-	-	-	-	-	-	-	-	-	-	-
Total provisions on commitments to disburse funds and financial guarantees issued	First stage	31,515	-	-	2,793	-	-	(20,324)	(4,913)	9,071	-	-	-	
	Second stage	3,027	-	-	494	-	-	-	(726)	2,795	-	-	-	
	Third stage	1,734	-	-	(1,809)	-	-	-	2,152	2,077	-	-	-	
	Commitments to disburse funds and financial guarantees issued - purchased or originated credit impaired	-	-	-	-	-	-	-	-	-	-	-	-	
Total			793,331	1,666	(150,000)	130,981	-	-	(30,645)	(16,084)	729,249	1,312	(8,920)	

##### A.1.3 Prudential consolidation - Financial assets, commitments to disburse funds and financial guarantees issued: transfers between the different stages of credit risk (gross and nominal values)

Portfolio/risk stages	Transfers between first and second stage		Transfers between second and third stage		Transfers between first and third stage	
	from first stage to second stage	from second stage to first stage	from second stage to third stage	from third stage to second stage	from first stage to third stage	from third stage to first stage
1. Financial assets measured at amortised cost	1,987,807	596,353	258,632	34,381	145,966	12,835
2. Financial assets measured at fair value through other comprehensive income	-	-	-	-	-	-
3. Commitments to disburse funds and financial guarantees issued	708,174	278,924	38,474	965	36,764	873
<b>Total 2022</b>	<b>2,695,981</b>	<b>875,277</b>	<b>297,106</b>	<b>35,346</b>	<b>182,730</b>	<b>13,708</b>
<b>Total 2021</b>	<b>2,401,723</b>	<b>889,940</b>	<b>183,164</b>	<b>3,417</b>	<b>202,126</b>	<b>17,859</b>

##### A.1.3a Loans subject to COVID-19 support measures: transfers between credit risk stages (gross and nominal values)

Portfolio/risk stages	Transfers between first and second stage		Transfers between second and third stage		Transfers between first and third stage	
	from first stage to second stage	from second stage to first stage	from second stage to third stage	from third stage to second stage	from first stage to third stage	from third stage to first stage
<b>A. Loans valued at amortised cost</b>	<b>53,631</b>	<b>31,493</b>	<b>19,862</b>	<b>7,709</b>	<b>3,542</b>	<b>954</b>
A.1 subject to forbearance measures in accordance with the GL	45,376	23,050	13,606	2,559	2,884	946
A.2 Loans subject to moratorium measures no longer complying with the GL and not assessed as forbearance	-	-	-	-	-	-
A.3 subject to other forbearance measures	8,256	8,444	6,256	5,150	658	9
A.4 new loans	-	-	-	-	-	-
<b>B. Loans measured at fair value through other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
B.1 subject to forbearance measures in accordance with the GL	-	-	-	-	-	-
B.2 Loans subject to moratorium measures no longer complying with the GL and not assessed as forbearance	-	-	-	-	-	-
B.3 subject of other forbearance measures	-	-	-	-	-	-
B.4 new loans	-	-	-	-	-	-
<b>Total 2022</b>	<b>53,631</b>	<b>31,493</b>	<b>19,862</b>	<b>7,709</b>	<b>3,542</b>	<b>954</b>
<b>Total 2021</b>	<b>201,856</b>	<b>67,265</b>	<b>29,070</b>	<b>381</b>	<b>82,349</b>	<b>97</b>

A.1.4 Prudential consolidation - On- and off-statement of financial position credit exposures to banks: gross and carrying amounts											
Types of exposures/amounts	Gross amount				Total value adjustments and total provisions					Carrying amount	Overall partial write-offs (*)
	First stage	Second stage	Third stage	Purchased or originated credit impaired	First stage	Second stage	Third stage	Purchased or originated credit impaired			
<b>A On-statement of financial position credit exposures</b>											
<b>A1 On demand</b>											
a) Impaired	-	X			-	X				-	
b) Non-impaired	3,573,910	3,573,910		X	(64)	(64)	X			3,573,846	
<b>A2 OTHER</b>											
a) Non-performing loans	-	X		-	-	X				-	-
- of which: forbore exposures	-	X		-	-	X				-	-
b) Unlikely to pay	-	X		-	-	X				-	-
- of which: forbore exposures	-	X		-	-	X				-	-
c) Impaired past due exposures	-	X		-	-	X				-	-
- of which: forbore exposures	-	X		-	-	X				-	-
d) Non-impaired past due exposures	2,989	1,997	992	X	-	-	X		X	2,989	-
- of which: forbore exposures	-	-	-	X	-	-	X		X	-	-
e) Other non-impaired exposures	3,733,048	3,733,048		X	(351)	(351)	X		X	3,732,697	-
- of which: forbore exposures	-	-	-	X	-	-	X		X	-	-
<b>Total A</b>	<b>7,309,947</b>	<b>7,308,955</b>	<b>992</b>	-	-	<b>(415)</b>	<b>(415)</b>	-	-	<b>7,309,532</b>	-
<b>B Off-statement of financial position credit exposures</b>											
a) Impaired	-	X			-					-	-
b) Non-impaired	2,258,812	2,005,666	72,998	X	(111)	(101)	(10)			2,258,701	-
<b>TOTAL B</b>	<b>2,258,812</b>	<b>2,005,666</b>	<b>72,998</b>	-	-	<b>(111)</b>	<b>(101)</b>	<b>(10)</b>	-	<b>2,258,701</b>	-
<b>TOTAL A + B</b>	<b>9,568,759</b>	<b>9,314,621</b>	<b>73,990</b>	-	-	<b>(526)</b>	<b>(516)</b>	<b>(10)</b>	-	<b>9,568,233</b>	-

(\*) Value to be disclosed for information purposes

A.1.5 Prudential consolidation - On- and off-statement of financial position credit exposures to customers: gross and carrying amounts												
Types of exposures/amounts	Gross amount					Total value adjustments and total provisions					Carrying amount	Overall partial write-offs (*)
	First stage	Second stage	Third stage	Purchased or originated credit impaired	First stage	Second stage	Third stage	Purchased or originated credit impaired				
<b>A. On-statement of financial position credit exposures</b>												
a) Non-performing loans	400,393	X		400,219	174	(339,931)	X		(339,798)	(133)	60,462	
- of which: forbore exposures	43,596	X		43,446	150	(38,810)	X		(38,696)	(114)	4,786	
b) Unlikely to pay	427,793	X		433,829	23,964	(92,047)	X		(90,624)	(1,423)	335,746	
- of which: forbore exposures	170,966	X		146,392	22,574	(46,346)	X		(45,411)	(935)	124,620	
c) Impaired past due exposures	212,391	X		212,321	70	(113,823)	X		(113,774)	(49)	98,568	
- of which: forbore exposures	6,038	X		6,038	-	(2,720)	X		(2,720)	-	3,318	
d) Non-impaired past due exposures	619,456	7,883	611,545	X	28	(32,232)	(111)	(32,121)	X	-	587,224	
- of which: forbore exposures	10,561	-	10,561	X	-	(386)	-	(386)	X	-	10,175	
e) Other non-impaired exposures	20,170,675	17,245,677	2,923,158	X	1,840	(136,857)	(73,934)	(62,920)	X	(3)	20,033,818	
- of which: forbore exposures	304,574	12,542	292,332	X	-	(3,691)	(128)	(3,563)	X	-	301,183	
<b>Total A</b>	<b>21,830,708</b>	<b>17,253,560</b>	<b>3,534,703</b>	<b>1,016,369</b>	<b>26,076</b>	<b>(714,890)</b>	<b>(74,045)</b>	<b>(95,041)</b>	<b>(544,196)</b>	<b>(1,608)</b>	<b>21,115,818</b>	
<b>B. Off-statement of financial position credit exposures</b>												
a) Impaired	100,075	X		100,075		(5,909)	X		(5,909)		94,166	
b) Non-impaired	13,147,666	12,017,939	1,122,804	X		(17,170)	(11,915)	(5,255)	X		13,130,496	
<b>TOTAL B</b>	<b>13,247,741</b>	<b>12,017,939</b>	<b>1,122,804</b>	-	-	<b>(23,079)</b>	<b>(11,915)</b>	<b>(5,255)</b>	<b>(5,909)</b>	-	<b>13,224,662</b>	
<b>TOTAL A+B</b>	<b>35,078,449</b>	<b>29,271,499</b>	<b>4,757,582</b>	<b>1,016,369</b>	<b>26,076</b>	<b>(737,969)</b>	<b>(85,960)</b>	<b>(100,296)</b>	<b>(550,105)</b>	<b>(1,608)</b>	<b>34,340,480</b>	

**A.1.5a Loans subject to COVID-19 support measures: gross and carrying amounts**

7.											
--	--	--	--	--	--	--	--	--	--	--	--

**A.1.6 Prudential consolidation - On-statement of financial position credit exposures to banks: changes in gross impaired exposures**

Reasons/Categories	Non-performing loans	Unlikely to pay	Impaired past due exposures	Total
<b>A. Opening gross exposure</b>	-	-	-	-
- of which: exposures transferred but not derecognised	-	-	-	-
<b>B. Increases</b>	-	-	6,046	6,046
B.1 inflows from non-impaired exposures	-	-	6,044	6,044
B.2 transfers from purchased or originated credit impaired financial assets	-	-	-	-
B.3 transfers from other impaired exposure categories	-	-	-	-
B.4 contractual changes without cancellations	-	-	-	-
B.5 other increases	-	-	2	2
<b>C. Decreases</b>	-	-	(6,046)	(6,046)
C.1 outflows to non-impaired exposures	-	-	(5,870)	(5,870)
C.2 write-offs	-	-	-	-
C.3 collections	-	-	(176)	(176)
C.4 gains on sales	-	-	-	-
C.5 losses on sales	-	-	-	-
C.6 transfers to other impaired exposure categories	-	-	-	-
C.7 contractual changes without cancellations	-	-	-	-
C.8 other decreases	-	-	-	-
<b>D. Closing gross exposure</b>	-	-	-	-
- of which: exposures transferred but not derecognised	-	-	-	-

**A.1.6bis Prudential consolidation - On-statement of financial position credit exposures to banks: changes in gross exposures subject to forbearance measures broken down by credit quality**

None.

**A.1.7 Prudential consolidation - On-statement of financial position credit exposures to customers: changes in gross impaired exposures**

Reasons/Categories	Non-performing loans	Unlikely to pay	Impaired past due exposures	Total
<b>A. Opening gross exposure</b>	472,898	275,486	223,692	972,076
- of which: exposures transferred but not derecognised	-	-	-	-
<b>B. Increases</b>	178,546	343,772	314,421	836,739
B.1 inflows from non-impaired exposures	630	247,039	273,177	520,846
B.2 transfers from purchased or originated credit impaired financial assets	197	1,458	6	1,661
B.3 transfers from other impaired exposure categories	167,702	12,233	15,342	195,277
B.4 contractual changes without cancellations	-	-	-	-
B.5 other increases	10,017	83,042	25,896	118,955
<b>C. Decreases</b>	(251,051)	(191,465)	(325,722)	(768,238)
C.1 outflows to non-impaired exposures	(1,034)	(12,221)	(125,386)	(138,641)
C.2 write-offs	(10,321)	-	-	(10,321)
C.3 collections	(32,631)	(91,569)	(46,848)	(171,048)
C.4 gains on sales	(37,380)	-	-	(37,380)
C.5 losses on sales	(9,133)	-	-	(9,133)
C.6 transfers to other impaired exposure categories	(7,406)	(50,925)	(136,946)	(195,277)
C.7 contractual changes without cancellations	-	-	-	-
C.8 other decreases	(153,146)	(36,750)	(16,542)	(206,438)
<b>D. Closing gross exposure</b>	400,393	427,793	212,391	1,040,577
- of which: exposures transferred but not derecognised	-	-	-	-

**A.1.7bis Prudential consolidation - On-statement of financial position credit exposures to customers: changes in gross exposures subject to forbearance measures broken down by credit quality**

Reasons/quality	Forborne exposures: impaired	Forborne exposures: non-impaired
<b>A. Opening gross exposure</b>	215,667	393,145
- of which: exposures transferred but not derecognised	-	-
<b>B. Increases</b>	89,256	73,874
B.1 inflows from non-impaired exposures, not subject to forbearance measures	4,158	41,988
B.2 inflows from non-impaired exposures, subject to forbearance measures	25,482	X
B.3 inflows from impaired exposures, subject to forbearance measures	X	8,573
B.4 inflows from impaired exposures, not subject to forbearance measures	17,407	-
B.5 other increases	42,209	23,313
<b>C. Decreases</b>	(84,323)	(151,584)
C.1 outflows to non-impaired exposures, not subject to forbearance measures	X	(30,539)
C.2 outflows to non-impaired exposures, subject to forbearance measures	(8,573)	X
C.3 outflows to impaired exposures, subject to forbearance measures	X	(25,482)
C.4 write-offs	(2,443)	-
C.5 collections	(38,463)	(72,016)
C.6 gains on sales	(37)	(18)
C.7 losses on sales	(177)	-
C.8 other decreases	(34,630)	(23,529)
<b>D. Closing gross exposure</b>	220,600	315,435
- of which: exposures transferred but not derecognised	-	-



**A.1.8 Prudential consolidation - Impaired on-statement of financial position credit exposures to banks: changes in total value adjustments**

Reasons/Categories	Non-performing loans		Unlikely to pay		Impaired past due exposures	
	Total	of which: forborne	Total	of which: forborne	Total	of which: forborne
<b>A. Opening impairment losses</b>	-	-	-	-	-	-
- of which: exposures transferred but not derecognised	-	-	-	-	-	-
<b>B. Increases</b>	-	-	-	-	1	-
B.1 value adjustments of purchased or originated credit	-	-	-	-	-	-
B.2. other value adjustments	-	-	-	-	-	-
B.3 losses on sales	-	-	-	-	-	-
B.4 transfers from other impaired exposure categories	-	-	-	-	-	-
B.5 contractual changes without cancellations	-	-	-	-	-	-
B.6 other increases	-	-	-	-	(1)	-
<b>C. Decreases</b>	-	-	-	-	(1)	-
C.1 write-backs from valuation	-	-	-	-	-	-
C.2 write-backs from collections	-	-	-	-	-	-
C.3 gains on sales	-	-	-	-	-	-
C.4 write-offs	-	-	-	-	-	-
C.5 transfers to other	-	-	-	-	-	-
C.6 contractual changes without cancellations	-	-	-	-	-	-
C.7 other decreases	-	-	-	-	-	-
<b>D. Closing gross exposure</b>	-	-	-	-	-	-
- of which: exposures transferred but not derecognised	-	-	-	-	-	-

**A.1.9 Prudential consolidation - Impaired on-statement of financial position credit exposures to customers: changes in total value adjustments**

Reasons/Categories	Non-performing loans		Unlikely to pay		Impaired past due exposures		TOTAL	
	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures	Total	of which: forborne exposures
<b>A. Opening impairment losses</b>	389,904	27,932	80,499	42,465	117,933	5,847	588,336	76,244
- of which: exposures transferred but not derecognised	-	-	-	-	-	-	-	-
<b>B. Increases</b>	170,382	17,948	65,821	22,726	126,424	2,029	362,627	42,703
B.1 value adjustments of purchased or originated credit	250	X	1,367	X	48	X	1,665	X
impaired financial assets	-	-	-	-	-	-	-	-
B.2. other value adjustments	75,572	13,335	53,562	21,011	87,092	1,598	216,226	35,944
B.3 losses on sales	9,133	-	-	-	-	-	9,133	-
B.4 transfers from other impaired exposure categories	84,067	4,193	4,643	686	2,973	150	91,683	5,029
B.5 contractual changes without cancellations	-	-	-	-	-	-	-	-
B.6 other increases	1,360	420	6,249	1,029	36,311	281	43,920	1,730
<b>C. Decreases</b>	(220,355)	(7,070)	(54,273)	(18,845)	(130,534)	(5,156)	(405,162)	(31,071)
C.1 write-backs from valuation	(31,537)	(3,293)	(21,701)	(7,521)	(10,900)	(372)	(64,138)	(11,186)
C.2 write-backs from collections	(23,606)	(1,547)	(17,186)	(5,335)	(20,609)	(805)	(61,401)	(7,687)
C.3 gains on sales	-	-	-	-	-	-	-	-
C.4 write-offs	(10,321)	(1,936)	-	-	-	-	(10,321)	(1,936)
C.5 transfers to other	(4,393)	(272)	(12,909)	(4,122)	(74,381)	(635)	(91,683)	(5,029)
C.6 contractual changes without cancellations	-	-	-	-	-	-	-	-
C.7 other decreases	(150,498)	(22)	(2,477)	(1,867)	(24,644)	(3,344)	(177,619)	(5,233)
<b>D. Closing gross exposure</b>	339,931	38,810	92,047	46,346	113,823	2,720	545,801	87,876
- of which: exposures transferred but not derecognised	-	-	-	-	-	-	-	-

The tables below summarise the performance of the following indicators for loans and receivables with customers for the period 2014-2022:

- impaired assets and non-performing loans to total loans;
- coverage of impaired assets, provisions for risks/gross exposure;
- coverage of non-performing loans, provisions for risks/gross exposure.

*Impaired/non-performing loans to total loans*

Reference year (Data in €million)	Loans and receivables with customers (item 40b S. of F. P.)	Net impaired loans	% of total loans	Of which net non-performing loans	% of total loans
Balances at 31 December 2014	17,790	419	2.4%	218	1.2%
Balances at 31 December 2015	17,639	314	1.8%	173	1.0%
Balances at 31 December 2016	17,109	275	1.6%	158	0.9%
Balances at 31 December 2017	17,392	267	1.5%	151	0.9%
Balances at 31 December 2018	18,217	137	0.8%	39	0.2%
Balances at 31 December 2019	19,489	199	1.0%	37	0.2%
Balances at 31 December 2020	19,505	192	1.0%	51	0.3%
Balances at 31 December 2021	20,326	384	1.9%	83	0.4%
Balances at 31 December 2022	21,116	495	2.3%	60	0.3%

*Coverage ratio of impaired items - risk provisions/gross exposure*

Reference year (Data in €million)	Impaired loans, gross amount	Provisions for risks	Net impaired loans	% of coverage
Balances at 31 December 2014	1,222	(803)	419	65.7%
Balances at 31 December 2015	1,072	(758)	314	70.7%
Balances at 31 December 2016	888	(613)	275	69.0%
Balances at 31 December 2017	854	(587)	267	68.7%
Balances at 31 December 2018	748	(611)	137	81.7%
Balances at 31 December 2019	742	(543)	199	73.2%
Balances at 31 December 2020	759	(567)	192	74.7%
Balances at 31 December 2021	972	(588)	384	60.5%
Balances at 31 December 2022	1,041	(546)	495	52.4%

*Coverage ratio of non-performing loans - risk provision/gross exposure*

Reference year (Data in €million)	Non-performing loans, gross amount	Provisions for risks	Net non-performing loans	% of coverage
Balances at 31 December 2014	897	(679)	218	75.7%
Balances at 31 December 2015	839	(666)	173	79.4%
Balances at 31 December 2016	673	(515)	158	76.5%
Balances at 31 December 2017	638	(487)	151	76.3%
Balances at 31 December 2018	536	(497)	39	92.7%
Balances at 31 December 2019	454	(417)	37	91.9%
Balances at 31 December 2020	473	(422)	51	89.2%
Balances at 31 December 2021	473	(390)	83	82.5%
Balances at 31 December 2022	400	(340)	60	85.0%

## A.2 CLASSIFICATION OF EXPOSURES USING EXTERNAL AND INTERNAL RATINGS

### A.2.1 Prudential consolidation - Distribution of financial assets, commitments to disburse funds and financial guarantees issued: by external rating classes (gross values)

The parent company does not use external ratings to classify credit exposures on- and off-statement of financial position.

### A.2.2 Prudential consolidation - Distribution of financial assets, commitments to disburse funds and financial guarantees issued: by internal rating classes (gross values)

The parent company uses an internal rating system to classify banking and non-banking customers.

This rating system is linked to the attribution of the PD (probability of default), a parameter that is used for the classification and evaluation of the loan portfolio on a collective basis.

The classification of loans by internal rating is not used for the purpose of calculating capital requirements.

The following tables show for the year 2022 and 2021 the breakdown by internal rating class of on-statement of financial position exposures of financial assets measured at amortised cost and fair value through other comprehensive income, for guarantees issued, for commitments to disburse funds with certain and uncertain use, and for other transactions.

YEAR 2022

Internal rating classes	A. Financial assets measured at amortised cost				B. Financial assets measured at fair value through other comprehensive income				C. Financial assets valued as held for sale				Total (A + B + C)	D. Commitments to disburse funds and financial guarantees issued				Total (D)	Total (A + B + C + D)
	First stage	Second stage	Third stage	Purchased or originated credit impaired	First stage	Second stage	Third stage	Purchased or originated credit impaired	First stage	Second stage	Third stage	Purchased or originated credit impaired		First stage	Second stage	Third stage	Purchased or originated credit impaired		
IAAA	20,121	-	-	-	-	-	-	-	-	-	-	-	20,121	639	12	-	-	651	20,772
IAA+	2,476	-	-	-	-	-	-	-	-	-	-	-	2,476	104,232	729	-	-	104,951	107,427
IAA	13,814	1	-	-	-	-	-	-	-	-	-	-	13,815	258,208	150	-	-	258,358	272,173
IAA-	51,765	95	-	-	-	-	-	-	-	-	-	-	51,860	275,212	3,941	-	-	279,153	331,013
IA+	97,474	2,200	-	-	-	-	-	-	-	-	-	-	99,674	176,837	949	-	-	177,796	277,460
IA	218,233	2,028	-	-	-	-	-	-	-	-	-	-	220,261	242,136	2,765	-	-	244,891	465,211
IA-	4,360,152	9,632	-	-	-	-	-	-	-	-	-	-	4,369,784	2,319,308	80,020	-	-	2,399,328	6,769,112
IBBB+	1,067,373	76,629	-	-	571	-	-	-	-	-	-	-	1,144,573	1,059,907	26,927	-	-	1,086,834	2,231,407
IBBB	1,875,244	119,519	-	-	372	-	-	-	-	-	-	-	1,995,235	1,210,099	43,238	-	-	1,253,307	3,248,542
IBB+	1,655,593	187,200	-	-	224	-	-	-	-	-	-	-	1,843,017	854,276	50,770	-	-	945,046	2,788,063
IBB	2,329,121	268,352	-	-	33	-	-	-	-	-	-	-	2,597,506	927,802	82,807	-	-	1,010,609	3,608,115
IB	2,700,550	336,152	-	-	458	-	-	-	-	-	-	-	3,037,160	474,724	152,193	-	-	626,917	3,664,077
IB-	3,405,455	580,458	-	-	15	-	-	-	-	-	-	-	3,989,922	507,525	115,562	-	-	140,841	688,607
IB+	2,178,352	463,474	-	-	18	-	-	-	-	-	-	-	2,671,844	300,901	146,192	-	-	27,949	306,278
IB-	661,995	576,760	-	-	32	-	-	-	-	-	-	-	1,238,787	77,898	99,412	-	-	177,310	1,416,097
ICC+	199,680	348,071	-	-	15	-	-	-	-	-	-	-	547,766	100,728	40,113	-	-	140,841	688,607
ICC	43,419	234,958	-	-	53	-	-	-	-	-	-	-	278,429	5,339	22,510	-	-	623,107	4,813,029
ICC-	3,249	97,878	-	-	19	-	-	-	-	-	-	-	100,946	291	4,825	-	-	5,116	106,062
ICCC+	6,049	176,940	4	-	4	-	-	-	-	-	-	-	182,997	705	10,805	-	-	11,510	194,507
ICC+	8	1	13,235	22,040	-	-	-	-	-	-	-	-	35,284	2	-	286	-	288	35,572
ICC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ICC-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IC+	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IC-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ID	390	81	1,003,099	2,168	-	-	-	-	-	-	-	-	1,005,738	4	8	88,809	-	88,821	1,094,559
Unassigned rating	94,095	25,365	31	-	-	-	-	-	-	-	-	-	119,491	73,890	-	-	-	73,890	193,381
<b>Total 2022</b>	<b>20,988,607</b>	<b>3,535,694</b>	<b>1,016,369</b>	<b>26,075</b>	-	-	-	-	-	-	-	-	<b>25,566,745</b>	<b>9,000,623</b>	<b>893,948</b>	<b>89,095</b>	-	<b>9,983,666</b>	<b>35,550,411</b>

YEAR 2021

Internal rating classes	A. Financial assets measured at amortised cost				B. Financial assets measured at fair value through other comprehensive income				C. Financial assets valued as held for sale				Total (A + B + C)	D. Commitments to disburse funds and financial guarantees issued				Total (D)	Total (A + B + C + D)
	First stage	Second stage	Third stage	Purchased or originated credit impaired	First stage	Second stage	Third stage	Purchased or originated credit impaired	First stage	Second stage	Third stage	Purchased or originated credit impaired		First stage	Second stage	Third stage	Purchased or originated credit impaired		
IAAA	288	-	-	-	-	-	-	-	-	-	-	-	288	7,192	22	-	-	7,214	7,502
IAA+	2,782	-	-	-	-	-	-	-	-	-	-	-	2,782	30,499	-	-	-	30,499	33,281
IAA	13,115	3	-	-	-	-	-	-	-	-	-	-	13,118	179,273	152	-	-	179,425	192,543
IAA-	71,338	3,014	-	-	-	-	-	-	-	-	-	-	74,352	242,371	2,978	-	-	245,349	319,701
IA+	82,354	1,398	-	-	-	-	-	-	-	-	-	-	83,752	228,916	2	-	-	228,918	312,670
IA	293,646	1,490	-	-	-	-	-	-	-	-	-	-	295,136	433,734	140	4	-	433,878	729,014
IA-	4,646,686	11,779	4	-	226	-	-	-	-	-	-	-	4,658,695	2,370,562	13,611	6	-	2,384,179	7,042,874
IBBB+	891,486	179,224	65	-	88	-	-	-	-	-	-	-	1,070,863	966,535	45,593	21	-	1,012,149	2,083,012
IBBB	2,619,386	52,055	153	-	472	-	-	-	-	-	-	-	2,672,066	976,261	20,324	87	-	996,672	3,668,738
IBB+	1,927,051	177,532	13,273	-	334	-	-	-	-	-	-	-	2,118,660	1,141,772	36,787	469	-	1,179,038	3,297,528
IBB	2,346,396	128,608	366	-	71	-	-	-	-	-	-	-	2,475,441	613,476	22,693	58	-	636,227	3,111,668
IB	2,654,753	192,775	50,790	-	11	-	-	-	-	-	-	-	2,898,329	448,738	56,931	53	-	505,722	3,404,051
IB-	3,098,393	264,250	16,151	-	91	-	-	-	-	-	-	-	3,379,885	350,653	57,090	310	-	408,053	3,786,938
IB+	2,140,569	386,410	12,187	-	250	-	-	-	-	-	-	-	2,539,416	146,849	63,997	78	-	210,924	2,750,340
IB-	947,395	610,862	19,861	-	191	-	-	-	-	-	-	-	1,578,309	126,257	135,468	1,528	-	263,253	1,841,562
ICC+	259,177	269,225	8,669	-	106	-	-	-	-	-	-	-	537,177	24,764	41,848	130	-	66,742	603,919
ICC	104,052	272,494	15,776	-	15	-	-	-	-	-	-	-	392,337	16,336	14,307	129	-	30,772	423,109
ICC-	5,536	94,593	19,956	-	16	-	-	-	-	-	-	-	120,101	2,538	6,107	177	-	8,822	128,923
ICCC+	12,929	72,300	57,671	-	15	-	-	-	-	-	-	-	142,915	1,012	4,890	542	-	6,444	149,359
ICC+	20	3	94,098	16,689	-	-	-	-	-	-	-	-	110,810	22	1	9,886	-	9,909	120,719
ICC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ICC-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IC+	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IC-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
ID	53	161	644,956	1,222	3	-	-	-	-	-	-	-	646,392	10	866	11,365	-	12,241	658,633
Unassigned rating	455,133	111	117	-	3	-	-	-	-	-	-	-	455,364	-	2	-	-	2	455,366
<b>Total 2021</b>	<b>22,572,538</b>	<b>2,718,587</b>	<b>954,093</b>	<b>19,800</b>	-	-	-	-	-	-	-	-	<b>26,265,018</b>	<b>8,307,770</b>	<b>523,819</b>	<b>24,843</b>	-	<b>8,856,432</b>	<b>35,121,450</b>

### A.3 BREAKDOWN OF GUARANTEED CREDIT EXPOSURES BY TYPE OF GUARANTEE

#### A.3.1 Guaranteed on- and off-statement of financial position credit exposures to banks

1.1.1. Guaranteed off and on-statement of financial position credit exposures to banks																
	Gross amount	Carrying amount	Collateral (1)				Personal guarantees (2)								Total (1)+(2)	
							Credit derivatives				Endorsement credits					
			Property - mortgages	Property - finance leases	Securities	Other collateral	Credit linked notes	Other derivatives				Public authorities	Banks	Other financial companies		Other
								Central counterparties	Banks	Other financial companies	Other					
1. On-statement of financial position guaranteed credit exposures:																
1.1. fully guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.2. partially guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Off-statement of financial position guaranteed credit exposures:																
2.1. fully guaranteed	1,900	1,900	-	-	-	1,875	-	-	-	-	-	-	25	-	-	1,900
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2. partially guaranteed	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- of which impaired	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

#### A.3.2 Guaranteed loans and receivables with customers

3.3.2 Guaranteed loans and receivables with customers																
	Gross exposure amount	Carrying amount	Collateral (1)				Personal guarantees (2)								Total (1)+(2)	
							Credit derivatives				Endorsement credits					
			Property - mortgages	Property - finance leases	Securities	Other collateral	Credit linked notes	Other derivatives				Public authorities	Banks	Other financial companies		Other
								Central counterparties	Banks	Other financial companies	Other					
1. On-statement of financial position guaranteed credit exposures:																
1.1. fully guaranteed	10,020,333	9,752,715	5,755,761	-	978,294	1,159,144	-	-	-	-	471,139	82,779	78,842	1,186,236	9,712,195	
- of which impaired	453,111	234,756	109,646	-	1,977	19,007	-	-	-	-	13,672	-	54,587	35,074	233,963	
1.2. partially guaranteed	2,623,708	2,541,857	12,578	-	57,545	70,482	-	-	-	-	1,552,637	21,403	14,985	180,631	1,910,261	
- of which impaired	212,266	145,710	550	-	26	1	-	-	-	-	109,383	-	261	22,033	132,255	
2. Off-statement of financial position guaranteed credit exposures:																
2.1. fully guaranteed	5,065,926	5,062,460	8,207	-	426,931	445,349	-	-	-	-	24,370	1,568,099	234,650	2,351,817	5,059,423	
- of which impaired	10,533	9,477	4,442	-	2,263	24	-	-	-	-	1	-	20	2,727	9,477	
2.2. partially guaranteed	564,567	561,308	352	-	23,656	45,993	-	-	-	-	18,611	39,740	71,817	128,487	328,656	
- of which impaired	75,353	73,249	-	-	783	190	-	-	-	-	1	-	63,765	194	64,933	

### A.4 PRUDENTIAL CONSOLIDATION - FINANCIAL AND NON-FINANCIAL ASSETS OBTAINED BY ENFORCEMENT OF GUARANTEES RECEIVED

None.

## B. BREAKDOWN AND CONCENTRATION OF CREDIT EXPOSURES

#### B.1 Prudential consolidation - Sectoral breakdown of on- and off-statement of financial position credit exposures with customers

Exposure/Counterparty	Public authorities		Financial companies		Financial companies (of which: insurance companies)		Non-financial companies		Households		Total	
	Carrying amount	Total value adjustments	Carrying amount	Total value adjustments	Carrying amount	Total value adjustments	Carrying amount	Total value adjustments	Carrying amount	Total value adjustments	Carrying amount	Total value adjustments
<b>A. On-statement of financial position exposures</b>												
A.1 Non-performing loans	-	-	3	(435)	-	-	21,013	(238,488)	39,446	(101,008)	60,462	(339,931)
- of which: forbore exposures	-	-	-	(18)	-	-	3,765	(36,979)	1,021	(1,813)	4,786	(38,810)
A.2 Unlikely to pay	146,537	(904)	32	(34)	-	-	163,480	(73,355)	25,697	(17,754)	335,746	(92,047)
- of which: forbore exposures	-	-	18	(17)	-	-	114,975	(41,740)	9,627	(4,589)	124,620	(46,346)
A.3 Impaired past-due exposures	5	(15)	16	(16)	-	-	1,345	(290)	97,202	(113,502)	98,568	(113,823)
- of which: forbore exposures	-	-	-	-	-	-	800	(73)	2,518	(2,647)	3,318	(2,720)
A.4 Non-impaired exposures	78,892	(74)	862,778	(3,134)	34	-	7,505,666	(49,357)	12,173,706	(116,524)	20,621,042	(169,089)
- of which: forbore exposures	-	-	2,377	(9)	-	-	259,368	(2,941)	49,613	(1,127)	311,358	(4,077)
<b>TOTAL A</b>	<b>225,434</b>	<b>(993)</b>	<b>862,829</b>	<b>(3,619)</b>	<b>34</b>	<b>-</b>	<b>7,691,504</b>	<b>(361,490)</b>	<b>12,336,051</b>	<b>(348,788)</b>	<b>21,115,818</b>	<b>(714,890)</b>
<b>B. Off-statement of financial position exposures</b>												
B.1 Impaired exposures	68,751	(420)	11	-	-	-	16,048	(5,230)	9,356	(259)	94,166	(5,909)
B.2 Non-impaired exposures	347	-	636,350	(545)	-	-	11,678,028	(14,983)	815,771	(1,642)	13,130,496	(17,170)
<b>TOTAL B</b>	<b>69,098</b>	<b>(420)</b>	<b>636,361</b>	<b>(545)</b>	<b>-</b>	<b>-</b>	<b>11,694,076</b>	<b>(20,213)</b>	<b>825,127</b>	<b>(1,901)</b>	<b>13,224,662</b>	<b>(23,079)</b>
<b>TOTAL A+B 2022</b>	<b>294,532</b>	<b>(1,413)</b>	<b>1,499,190</b>	<b>(4,164)</b>	<b>34</b>	<b>-</b>	<b>19,385,580</b>	<b>(381,703)</b>	<b>13,161,178</b>	<b>(350,689)</b>	<b>34,340,480</b>	<b>(737,969)</b>
<b>TOTAL A+B 2021</b>	<b>352,783</b>	<b>(5,808)</b>	<b>1,307,903</b>	<b>(2,858)</b>	<b>17</b>	<b>-</b>	<b>16,593,190</b>	<b>(353,332)</b>	<b>13,786,988</b>	<b>(434,722)</b>	<b>32,040,864</b>	<b>(796,720)</b>

B.2 Prudential consolidation - Geographical breakdown of on- and off-statement of financial position credit exposures with customers												
Exposures/Geographic areas	Italy		Other European countries		America		Asia		Rest of the world		Total	
	Carrying amount	Total value adjustments	Carrying amount	Total value adjustments	Carrying amount	Total value adjustments	Carrying amount	Total value adjustments	Carrying amount	Total value adjustments	Carrying amount	Total value adjustments
<b>A. On-statement of financial position exposures</b>												
A.1 Non-performing loans	60,400	(339,795)	62	(136)	-	-	-	-	-	-	60,462	(339,931)
A.2 Unlikely to pay	158,590	(90,950)	30,619	(193)	-	-	-	-	146,537	(904)	335,746	(92,047)
A.3 Impaired past-due exposures	98,565	(113,820)	3	(3)	-	-	-	-	-	-	98,568	(113,823)
A.4 Non-impaired exposures	20,294,611	(168,058)	255,762	(914)	43,545	(74)	88	-	27,036	(43)	20,621,042	(169,089)
<b>TOTAL A</b>	<b>20,612,166</b>	<b>(712,623)</b>	<b>286,446</b>	<b>(1,246)</b>	<b>43,545</b>	<b>(74)</b>	<b>88</b>	<b>-</b>	<b>173,573</b>	<b>(947)</b>	<b>21,115,818</b>	<b>(714,890)</b>
<b>B. Off-statement of financial position exposures</b>												
B.1 Impaired exposures	25,131	(5,489)	284	-	-	-	-	-	68,751	(420)	94,166	(5,909)
B.2 Non-impaired exposures	11,967,116	(11,524)	763,488	(5,578)	313,472	(29)	2,000	-	84,420	(39)	13,130,496	(17,170)
<b>TOTAL B</b>	<b>11,992,247</b>	<b>(17,013)</b>	<b>763,772</b>	<b>(5,578)</b>	<b>313,472</b>	<b>(29)</b>	<b>2,000</b>	<b>-</b>	<b>153,171</b>	<b>(459)</b>	<b>13,224,662</b>	<b>(23,079)</b>
<b>TOTAL A+B 2022</b>	<b>32,604,413</b>	<b>(729,636)</b>	<b>1,050,218</b>	<b>(6,824)</b>	<b>357,017</b>	<b>(103)</b>	<b>2,088</b>	<b>-</b>	<b>326,744</b>	<b>(1,406)</b>	<b>34,340,480</b>	<b>(737,969)</b>
<b>TOTAL A+B 2021</b>	<b>30,360,443</b>	<b>(781,372)</b>	<b>1,105,668</b>	<b>(9,562)</b>	<b>349,249</b>	<b>(94)</b>	<b>19,909</b>	<b>(6)</b>	<b>205,595</b>	<b>(5,686)</b>	<b>32,040,864</b>	<b>(796,720)</b>

B.3 Prudential consolidation - Geographical breakdown of on- and off-statement of financial position credit exposures with banks												
Exposures/Geographic areas	Italy		Other European countries		America		Asia		Rest of the world		Total	
	Carrying amount	Total value adjustments	Carrying amount	Total value adjustments	Carrying amount	Total value adjustments	Carrying amount	Total value adjustments	Carrying amount	Total value adjustments	Carrying amount	Total value adjustments
<b>A. On-statement of financial position exposures</b>												
A.1 Non-performing loans	-	-	-	-	-	-	-	-	-	-	-	-
A.2 Unlikely to pay	-	-	-	-	-	-	-	-	-	-	-	-
A.3 Impaired past-due exposures	-	-	-	-	-	-	-	-	-	-	-	-
A.4 Non-impaired exposures	1,593,177	(403)	5,681,946	-	11,669	(4)	21,810	(8)	930	-	7,309,532	(415)
<b>TOTAL A</b>	<b>1,593,177</b>	<b>(403)</b>	<b>5,681,946</b>	<b>-</b>	<b>11,669</b>	<b>(4)</b>	<b>21,810</b>	<b>(8)</b>	<b>930</b>	<b>-</b>	<b>7,309,532</b>	<b>(415)</b>
<b>B. Off-statement of financial position exposures</b>												
B.1 Impaired exposures	-	-	-	-	-	-	-	-	-	-	-	-
B.2 Non-impaired exposures	206,045	(1)	1,743,409	(49)	136,424	(6)	157,798	(25)	15,025	(30)	2,258,701	(111)
<b>TOTAL B</b>	<b>206,045</b>	<b>(1)</b>	<b>1,743,409</b>	<b>(49)</b>	<b>136,424</b>	<b>(6)</b>	<b>157,798</b>	<b>(25)</b>	<b>15,025</b>	<b>(30)</b>	<b>2,258,701</b>	<b>(111)</b>
<b>TOTAL A+B 2022</b>	<b>1,799,222</b>	<b>(404)</b>	<b>7,425,355</b>	<b>(49)</b>	<b>148,093</b>	<b>(10)</b>	<b>179,608</b>	<b>(33)</b>	<b>15,955</b>	<b>(30)</b>	<b>9,568,233</b>	<b>(526)</b>
<b>TOTAL A+B 2021</b>	<b>1,412,329</b>	<b>(1,717)</b>	<b>8,747,043</b>	<b>(61)</b>	<b>145,117</b>	<b>(5)</b>	<b>114,597</b>	<b>(30)</b>	<b>14,553</b>	<b>(21)</b>	<b>10,433,639</b>	<b>(1,834)</b>

B.4 Large exposures				
	31 12 2018	31 12 2017	31 12 2016	
a) Carrying amount	11,579,057	11,960,413	11,300,900	
b) Weighted amount	644,331	292,249	175,703	
c) Number	8	7	7	

It should be noted that from the 2019 financial year, the parent company is no longer required to prepare supervisory reports on a consolidated basis. Data for the last three years to which these reports refer (2016-2018) are provided for information purposes.

## C. SECURITISATION TRANSACTIONS

This section does not include securitisation transactions in which the parent company is the originator and for which all the liabilities issued (e.g. ABS securities) by the vehicle companies are underwritten at the time of issue by the parent company or by one or more Group companies. For an explanation of these types of transactions, please refer to the section on liquidity risk in Part E of the Notes to the Consolidated Financial Statements.

### QUALITATIVE DISCLOSURE

During the year under review and in the previous year, the Bank did not carry out any securitisation transactions nor did it purchase any securities issued by special purpose entities as part of such transactions.

At the reporting date, like at 31 December 2021, the Bank has no exposures with unconsolidated SPEs and for structured financial products used for securitisations. Moreover, the Bank has not entered into credit derivative agreements for protection of sales, such as credit default swaps, nor has it purchased securities like credit linked notes.

More generally, there are no exposures to high-risk financial product categories, such as junior and mezzanine securities related to securitisations (ABS or CDOs); furthermore, no CDS agreements have been sold and there are no exposures to monoline insurance.

As regards the issue of covered bonds carried out by the Bank in 2012, please refer to the specific chapter of the Explanatory Notes that follows.

### QUANTITATIVE DISCLOSURE

This is not relevant for the years 2022 and 2021.

## D. TRANSFER TRANSACTIONS

### A. FINANCIAL ASSETS TRANSFERRED AND NOT FULLY DERECOGNISED

There are no financial assets sold and not derecognised at the year end date.

For this reason, the tables in the Notes to the Financial Statements E.1, E.2 and E.3, required to describe the quantitative aspects of the financial assets sold and not fully derecognised, are not shown here.

### B. FINANCIAL ASSETS TRANSFERRED AND FULLY DERECOGNISED, WITH RECOGNITION OF CONTINUING INVOLVEMENT

None.

### C. FINANCIAL ASSETS TRANSFERRED AND FULLY DERECOGNISED

None.

### D. Prudential consolidation - covered bond transactions

*Description of the covered bond issuance programme*

In 2012, the Management Board of the Bank approved a programme whose objective was to generate local funding independently and in addition to the current financing provided by the ultimate parent company Deutsche Bank AG by issuing covered bonds to be used as collateral for financing transactions with the European Central Bank (ECB) via the Bank of Italy, as a monetary policy instrument in the Eurosystem (including by replacing the securities already pledged as guarantee for previous transactions and received through securities lending carried out by Deutsche Bank AG).

Accordingly, during the first half of 2012, the Bank launched a covered bond issuance programme using residential mortgage loans as the underlying assets. This programme is governed, at a regulatory level, mainly:

- (i) by the specific provisions referred to in Article 7-bis of Law no. 130 of 30 April 1999 (on the subject of credit securitisation);
- (ii) by the regulation of the Ministry of Economy and Finance no. 310 of 14 December 2006 (which governs: the maximum ratio between the covered bonds and the assets sold; the identification of the type of such assets and those, with equivalent risk profiles, that can be used for their subsequent integration; the characteristics of the guarantee);
- (iii) the supervisory provisions of the Bank of Italy (New prudential supervisory provisions for banks, which establish the prudential requirements of the issuing banks - in terms of capital requirements and limits on the sale of assets - and related controls).

In a nutshell, the Programme consists of the following main phases:

- (a) one or more transfers of loans by the Bank (performing mortgage loans granted to private customers by the Private & Business Clients division, via its BancoPosta, Prestitempo and PBB channels) in favour of the SPV specifically set up and registered under Article 106 of the Consolidated Banking Act. The asset pools comply with the definition of a portfolio as per Law no. 130 and were identified using objective criteria. They were transferred without recourse;
- (b) a subordinated loan granted by the Bank to the SPV to meet the obligations to pay the purchase price of the loans;
- (c) the issuance of the first demand, autonomous, irrevocable and unconditional guarantee by the SPV in favour of the covered bond holders and with limited recourse to the assets sold;
- (d) one or more covered bond issues by the Bank;
- (e) the listing of the covered bonds on the Luxembourg Stock Exchange (CSSF);
- (f) the execution of hedging derivatives, both for the Bank and for the SPV, with Deutsche Bank AG - London branch;
- (g) a number of contracts between the issuer/transferor/lender (the Bank) and the SPV structured in line with current practice for this type of transaction, considering also the Bank's role as servicer to the SPV as regards administration, management, collection and recovery of the loans; collection of the transferred loans, cash and payment services and liquidity and payment management.

As required by Italian legislation, an SPV was set up, SPV Covered Bond S.r.l., which subsequently changed its name to DB Covered Bond S.r.l., to issue the guarantee required by the regulation and purchase the transferred assets. It is included in the register as per Article 106 of the Consolidated Banking Act. The SPV was set up with the assistance of Securitisation Services S.p.A. and Finanziaria Internazionale Securitisation Group S.p.A., which also assisted the Bank to structure and manage the programme. The Bank obtained the necessary authorisation from the Bank of Italy to acquire the investment and acquired 90% of the SPV from SVM Securitisation Vehicles Management S.r.l. on 13 June 2012.

The main roles, provided for in the programme described above, are as follows:

- Deutsche Bank S.p.A. is the originator of the securitised assets, the funder of the special purpose vehicle and the issuer of the covered bonds; the Bank also acts as servicer;
- DB Covered Bond S.r.l. acts as a guarantor for the investors in the covered bonds to the extent of the assets transferred to it; the special purpose vehicle has been included in the banking group following authorisation from the Bank of Italy and is fully consolidated in accordance with the provisions of the interpretative document SIC 12 issued by the IASB (IFRS 10 from 2014); - the auditing company BDO Italia S.p.A. acts as Asset Monitor;
- Deutsche Bank AG London Branch is the counterparty with which the vehicle and the Bank have respectively entered into the asset swap, to protect the market value of the transferred assets, and the back-to-back swap for the management of the cash flows of the mortgages.

*Transaction structure, accounting treatment and recognition in the financial statements*

This section summarises the various stages of the transaction and the accounting entries recognised in the Bank's financial statements under the IFRS, which impacted its financial position and results of operations.

The structure of the transaction provides for the following main phases:

- a) Deutsche Bank S.p.A. acquires control of a purpose-built vehicle company, DB Covered Bond S.r.l.;
- b) Deutsche Bank S.p.A. sells without recourse a set of assets of high credit quality to the vehicle, creating a segregated capital (Pool cut);
- c) the originator bank provides a subordinated loan to the vehicle for the purpose of financing the payment of the transfer price of the assets by the vehicle;
- d) Deutsche Bank S.p.A. issues covered bonds backed by a first demand guarantee which is issued by the vehicle for the exclusive benefit of the investors holding the covered bonds; this guarantee is a limited recourse on the assets constituting the segregated assets owned by the vehicle (the guarantor);
- e) Deutsche Bank S.p.A. subscribes all the covered bonds issued, which are therefore used to guarantee the collateralised loan transactions;
- f) the vehicle, DB Covered Bond S.r.l., enters into an asset swap with a leading banking counterpart (Deutsche Bank AG - London Branch) to hedge the market risk on the portfolio of assets acquired (fair value hedge); under the terms of this contract (interest rate swap), the vehicle pays a rate equal to the return on the portfolio and receives a floating rate increased by a spread;
- g) Deutsche Bank S.p.A. enters into a swap agreement with DB AG London that mirrors the swap contract negotiated with the vehicle (back-to-back), thus bringing the interest flows of the mortgages back into the Bank's banking book.

The accounting treatment of the transaction as a whole refers, in particular, to the aspects of derecognition of the transferred assets (governed by IFRS 9) and consolidation of the special purpose vehicle (governed until 31 December 2013 by SIC 12, the interpretative document on consolidation of special purpose vehicles, and from 1 January 2014 by the new standard IFRS 10).

More specifically, IFRS 9 requires the derecognition of a financial instrument from the transferor's financial statements to be determined on the basis of the economic substance of the transaction, regardless of the legal form of the transaction.

Accordingly, the transaction is presented in the financial statements as follows:

- the loans transferred continue to be recognised in the Bank's statement of financial position in assets caption 40b "Loans and receivables with customers" (in the sub-item "Loans") as Deutsche Bank S.p.A. continues to hold the risks and rewards of ownership of the legally assigned loans, as non-repayment of the loans would make it impossible for the vehicle to repay the subordinated loan obtained from the Bank, which implies that the credit risk of the transferred assets remains with the Bank itself;

- the loan granted by the Bank to the vehicle is not recognised separately as it is offset against the liability with the vehicle for the initial transfer price. Therefore, the loan is not included in the credit risk valuation as this risk entirely relates to the loans transferred which continue to be recognised in the Bank's separate financial statements;

- the "transferred and not derecognised" loans continue to be recognised as normal based on their amount, amortised cost and fair value;

- the payments collected by the Bank (which also acts as servicer) are transferred to the vehicle's collection account daily and recorded in its accounting records as follows:

- collection of the principal from the borrower is recognised as a decrease in the receivable from the borrower;

- the repayment of the same principal amount to the vehicle is recognised as a counter-entry for the recording of a receivable from the vehicle:

- this receivable will be closed at the time of repayment of the subordinated loan;

- the portion of interest collected by the borrower is recognised as a contra-entry to Item 10 "Interest income: loans and receivables with customers" (interest on loans continues to be recognised on an accrual basis through the charging of accruals);

- the transfer of the same amount of interest to the vehicle is recognized as a counter-entry to the recognition of a receivable from the vehicle itself;

- this receivable is closed upon collection of the active "leg" of the back-to-back swap agreed upon between the Bank and DB AG London.

- the "DB Covered Bond S.r.l." vehicle is controlled by the Deutsche Bank S.p.A. (90%); the related investment is recognised in item 70 "Equity investments" and consolidated on a line-by-line basis;

- the covered bonds issued were fully subscribed by the Bank and, therefore, they are not recognised in item 30 "Securities issued" as they are offset against the related asset item (financial assets acquired); the income statement reflects this situation and does not present either the interest expense on the covered bonds or the interest income on the repurchased bonds;

- Deutsche Bank S.p.A.'s use of the repurchased covered bonds as collateral, replacing the securities received on loan from Deutsche Bank AG, for the advance received in February 2012 does not affect the Bank's statement of financial position but only leads to entries in the securities, commitments and risks captions due to the materiality of the own securities not recognised and pledged as guarantee with third parties.

Given the characteristics of the transaction and the related accounting treatment, the back-to-back swap fair value with DB AG London is not recognised in the Bank's separate financial statements as its recognition would be a duplication of the rights and obligations already recognised by continuing to recognise the transferred loans pursuant to paragraph b.3.2.1.4 of IFRS 9.

#### *Risks of the covered bond issuance programme and control activities*

The programme was structured to comply with the legislative and regulatory requirements described above which allow the issue of covered bonds when the transferor banks and issuers meet certain capital requirements.

The programme structure is subject to rigid legislative requirements given Deutsche Bank S.p.A.'s role as originator, issuer and servicer and requires continuous assessment for each transfer transaction and each issue of covered bonds.

Pursuant to the supervisory provisions, the parent company drew up control procedures for the transaction which were approved by the Management Board and subsequently presented to the Supervisory Board for its approval.

In short, these control procedures are carried out by the parent company's different organisational units as follows:

(i) tests of the quality and integrity of the assets pledged as collateral for covered bonds, Credit Risk Management O.U.;

(ii) monitoring of compliance with the maximum ratio of covered bonds issued to assets pledged as collateral, Treasury O.U.;

(iii) compliance with the transfer limits: Finance O.U., as regards the identification of the band according to the parameters established by the supervisory provisions, and Credit Risk Management O.U. for calculation of the percentage of the value of the assets transferred as a total of the "suitable assets" to be calculated for each transfer transaction;

(iv) methods of integration of the assets sold, Legal O.U., as regards the contractual aspects through which to prevent the use of supplementary methods other than those expressly established by the supervisory provisions, and Treasury O.U., for monitoring the segregated assets of the SPV and compliance with the limit of 15% of supplementary eligible assets;

(v) effectiveness and adequacy of risk hedging through derivative contracts, Treasury O.U.;

(vi) mandatory test (tests to ensure balance between the due dates of the cash flows generated by the transferred assets, which are segregated assets of the SPV, and the due dates of the payments due by the parent company to the bondholders and other transaction costs) and asset coverage test, Treasury O.U.;

(vii) complete check of tests performed: Group Audit unit, using the information and valuations provided by the Asset Monitor.

Pursuant to the supervisory provisions, the Bank has engaged Mazars S.p.A., an independent audit company other than the firm engaged to audit its separate and consolidated financial statements, to act as the legally-required Asset Monitor. Mazars checks the transaction is performed correctly and the guarantee's integrity which must be ensured over the bonds' term. Its tests, which include those required by the regulation, are documented in an annual report addressed also to the Bank's Supervisory Board. In accordance with the supervisory provisions, the content and methods used for monitoring are set out in a contract signed with the Bank.

As a result of the novation of the contract for the assignment of Asset Monitor role on 28 July 2015, it should be noted that, as of that date, the activity in question is carried out by the auditing firm BDO Italia S.p.A. (formerly Mazars S.p.A.).

#### Description of the bond issues

In 2012, the first transfer and subsequent issue of covered bonds took place as part of the programme launched by the Bank:

- the assets were transferred on 22 June 2012;
- the bonds were issued on 27 July 2012 and repurchased by the Bank to be used as guarantee for the collateralised financing transactions (retained transaction).

The covered bonds are plain vanilla bonds with a bullet repayment on their maturity date, also to comply with the requirements about monetary instruments in the Eurosystem. Their issue required authorisation by the Luxembourg market authority and they are rated by Moody's.

Key characteristics of the 2012 transfer:

Asset transfer date	Nature of the securitised assets	Value of assets transferred (Euro)	No. of contracts transferred	Borrowers transferred, business sector
22/06/2012	Residential mortgage loans	3,515,461,543	42,607	100% individuals

and first issue of covered bonds by the bank:

Covered bond issue programme							
ISIN code	Issue nominal amount (Euro)	Repurchase nominal amount (Euro)	Issue price	Bond issue date	Bond maturity date	Interest	External rating at issue
IT0004840598	2,900,000,000	2,900,000,000	100.00	27/07/2012	28/07/2015	Quarterly floating rate, Euribor 3m + 250 b.p.	Moody's: A2

The security issued had the following denomination: "IND DB COVER B 12-15".

This bond was extinguished following early repayment in June 2015, at the same time as the issue of two new securities whose details are provided below.

With regard to separate assets, it should be noted that during the 2013 financial year the Bank:

a) sold a second portfolio for €664,108,347 (at the 30 June 2013 measurement date). The vehicle funded this acquisition partly by using a €425,000,000 subordinated loan granted to the company by the Bank as per the relevant agreement and partly by using cash inflows of €239,108,347 (principal) arising from its eligible assets that can be used for this purpose. The vehicle concurrently adjusted the initially-agreed hedging derivatives to adjust their calculation notional amount in order to include the amount of the second loan portfolio;

b) repurchased loans with some past due instalments for €4,302,448.

Key characteristics of the 2013 transfer:

Asset transfer date	Nature of the securitised assets	Value of assets transferred (Euro)	No. of contracts transferred	Borrowers transferred, business sector
26/07/2013	Residential mortgage loans	664,108,347	6,376	100% individuals

In the first half of 2014, on 28 February, the Bank repurchased a total of €2,955,808 against 39 mortgage loans, some with overdue payments.

A second repurchase was carried out at the end of August against an amount of €1,944,469 for 21 mortgage contracts which, at that date, had at least three unpaid instalments.

On 24 November 2014 a third transfer of a portfolio of mortgage contracts with the following characteristics was carried out:

Asset transfer date	Nature of the securitised assets	Value of assets transferred (Euro)	No. of contracts transferred	Borrowers transferred, business sector
24/11/2014	Residential mortgage loans	900,154,766	7,734	100% individuals



Similar to the second sale, this third transfer of assets to the segregated portfolio was also partially financed through the granting of a subordinated loan by the Bank of €540 million, while the residual amount of €360.2 million was settled using liquid funds from the collections of the principal amounts of mortgages recognised under the vehicle company's assets. The payment of this amount was part of the normal payment process, known as "waterfall", relative to the fourth quarter of 2014 and was executed in the month of January 2015.

As previously noted, in June 2015, the Bank had issued two new covered bonds for a total nominal amount of €3.5 billion, which had replaced the previous issue of €2.9 billion.

The characteristics of the two securities were as follows:

Covered bond issue programme									
ISIN code	Issue nominal amount (Euro)	Repurchase nominal amount (Euro)	Issue price	Bond issue date	Bond maturity date	Interest	External rating at issue	External rating, at 31 December 2021	Carrying amount at 31 December 2021 (Euro)
IT0005115024 (*)	3,000,000,000	3,000,000,000	100.00	09/06/2015	28/07/2022	Quarterly floating rate, Euribor 3m + 18 b.p.	Moody's: Aa2	Moody's: Aa3	-
IT0005115123 (**)	500,000,000	500,000,000	100.00	09/06/2015	28/07/2021	Quarterly floating rate, Euribor 3m + 15 b.p.	Moody's: Aa2	Moody's: Aa3	-

(\*) The securities with ISIN code IT0005115024 were redeemed and cancelled early on 27 May 2022.

(\*\*) Following the natural extinction on 28 July 2021 there was no new issue in 2021.

On 24 November 2015, a fourth transfer took place of a portfolio of mortgage contracts with the following characteristics:

Asset transfer date	Nature of the securitised assets	Value of assets transferred (Euro)	No. of contracts transferred	Borrowers transferred, business sector
24/11/2015	Residential mortgage loans	991,509,153	8,691	100% individuals

During 2015, the Bank carried out three repurchases of smaller mortgage portfolios with at least three unpaid instalments or with a loan-to-value ratio greater than 100%:

- on 20 February, the first repurchase of 37 positions for €3,281,002 (of which 36 with more than three expired instalments and one with an LTV higher than 100%);
- second repurchase carried out on 25 June 2015 of 34 positions (32 past-due and 2 with excess LTV) for a total of €2,597,085;
- third repurchase of 72 positions, with at least three unpaid instalments, carried out on 22 December 2015 with an outlay by the Bank of €6,027,456.

The buybacks carried out in 2016 were as follows:

- first repurchase of 57 positions, of which 55 with at least three unpaid instalments and 2 with LTV greater than 100%, carried out on 24 June 2016 for €4,144,394;
- second repurchase of 48 positions, with at least three unpaid instalments, carried out on 20 December 2016 for € 3,738,325.35.

On 24 November 2016, the fifth transfer of 10,430 mortgage contracts was carried out for €1,095,361,125.66; similarly to the three previous transfers in the 2013-2015 three-year period, also for the fourth transfer of assets to the segregated portfolio, the purchase was partly financed through the increase of the subordinated loan by the Bank, for €680 million, while the remaining amount of €415 million was settled through the use of the available liquidity from the capital repayment of the loans recorded under the assets of the special purpose vehicle. The payment of this amount was included in the normal payment process, known as "waterfall", relative to the fourth quarter of 2016 and was executed in the month of January 2017.

Asset transfer date	Nature of the securitised assets	Value of assets transferred (Euro)	No. of contracts transferred	Borrowers transferred, business sector
24/11/2016	Residential mortgage loans	1,095,361,126	10,430	100% individuals

The buybacks carried out in 2017 were as follows:

- on 22 June, 40 positions were repurchased totalling €3,035,871.86 (of which 39 had more than 3 unpaid instalments and 1 with an LTV greater than 100%);
- second repurchase of 94 positions carried out on 23 November 2017 with an outlay by the Bank of €8,782,170.36.

During the 2017 financial year, there were no transfers of mortgage loans to the separate assets of the vehicle.

The transactions that took place in 2018 can be grouped as follows:

- 1) two repurchases of small portfolios relating to loan positions with at least three unpaid instalments or with a loan-to-value indicator greater than 100%;
- 2) three transactions relating to the subordinated loan received from Deutsche Bank S.p.A.;
- 3) the sixth sale of a portfolio of mortgages to carry out the so-called replenishment of the vehicle's assets pledged to guarantee the bank bonds issued.

The details of the above transactions, in chronological order, are as follows:

- sixth transfer of 7,359 mortgage loans on 22 March 2018 with a countervalue of €700,127,287.63; similarly to the five previous transfers in the period 2013-2017, also for the sixth transfer of assets to the segregated portfolio the purchase was financed in part through the increase of the subordinated loan by Deutsche Bank S.p.A., for €546.1 million, while the remaining amount of €154 million was settled by using the available liquidity from the collection of the principal amount of the loans included in the assets of the vehicle company. The payment of this amount was included in the normal payment process, known as "waterfall", relative to the first quarter of 2018 and was executed on 26 April 2018;

Asset transfer date	Nature of the securitised assets	Value of assets transferred (Euro)	No. of contracts transferred	Borrowers transferred, business sector
22/03/2018	Residential mortgage loans	700,127,287	7,359	100% individuals

- increase in the subordinated loan for €546,100,000, amount disbursed on 22 March 2018 at the time of the sale transaction;
- on 24 May a first repurchase of 26 positions for €1,964,864.51, all the positions had more than three past-due instalments;
- on 26 July 2018, an initial partial repayment of the subordinated loan for €321,040,680.37 by using the excess liquidity held by the vehicle;

- on 26 October 2018, a second partial repayment of the subordinated loan for €163,280,540.38 by using the excess liquidity held by the vehicle; after the two partial repayments, the balance of the subordinated loan was €4,178,003,877.39;
- on 23 November a second repurchase of 29 positions for €2,419,748.41, of which 23 positions with more than three past-due instalments.

The transactions that took place in 2019 can be grouped as follows:

- 1) two repurchases of small portfolios relating to loan positions with at least three unpaid instalments or with a loan-to-value indicator greater than 100%;
- 2) four transactions relating to the subordinated loan received from Deutsche Bank S.p.A.;
- 3) the seventh and eighth sale of two portfolios of mortgages to carry out the so-called replenishment of the vehicle's assets pledged to guarantee the bank bonds issued.

The details of these transactions, in chronological order, are as follows:

- on 28 January 2019, partial repayment of the subordinated loan for €120 million by using the excess liquidity held by the vehicle;

- on 23 May, first repurchase of 37 positions for an equivalent value of €2,888,738.58, the positions had in 34 cases more than three overdue instalments and in the remaining three cases inconsistencies in the guarantees associated with the transferred loans;

- seventh transfer of 6,268 mortgage loans on 24 September 2019 with a countervalue of €606,055,419.74; similarly to the six previous transfers in the period 2013-2018, also for the seventh transfer of assets to the segregated portfolio, the purchase was partly financed through the increase of the subordinated loan by Deutsche Bank S.p.A., in the amount of €235 million, while the remaining amount of €371.1 million was settled through the use of the available liquidity from the capital collections of the loans recorded in the assets of the special purpose vehicle. The payment of this amount was included in the normal payment process, known as "waterfall", relative to the fourth quarter of 2019 and was executed on 25 October 2019;

Asset transfer date	Nature of the securitised assets	Value of assets transferred (Euro)	No. of contracts transferred	Borrowers transferred, business sector
24/09/2019	Residential mortgage loans	606,055,420	6,268	100% individuals

- increase in the subordinated loan in the amount of €235 million, which was disbursed on 24 September 2019 at the time of the sale transaction;
- on 24 October, a second repurchase of 32 positions for a countervalue of €1,922,039.07, all of which had more than three instalments overdue;
- on 28 October 2019, partial repayment of the subordinated loan for €118,098,161.58 million by using the excess liquidity held by the vehicle;

- eighth assignment of 5,413 mortgage loans on 22 November 2019 with a countervalue of €579,726,738; the purchase had been partially financed through the increase in the subordinated loan by Deutsche Bank S.p.A, for the amount corresponding to the price of the mortgages purchased;

Asset transfer date	Nature of the securitised assets	Value of assets transferred (Euro)	No. of contracts transferred	Borrowers transferred, business sector
22/11/2019	Residential mortgage loans	579,726,738	5,413	100% individuals

- increase in the subordinated loan for €579,726,738.18, amount disbursed on 22 November 2019.

The transactions that took place in 2020 can be grouped as follows:

- 1) one repurchase of small portfolios relating to loan positions with at least two unpaid instalments or with a loan-to-value indicator greater than 100%;
- 2) three transactions relating to the subordinated loan received from Deutsche Bank S.p.A.;
- 3) no further disposals were carried out in 2020 after the last two were completed in 2019.

The details of these transactions, in chronological order, are as follows:

on 27 January 2020, the first partial repayment of the subordinated loan for €197 million by using the excess liquidity held by the vehicle;  
on 23 April 2020 a repurchase of 150 positions for an equivalent value of €12,379,442.65, the positions had in 124 cases at least two overdue instalments and in the remaining 26 cases inconsistencies in the guarantees associated with the transferred loans;

on 27 April 2020, the second partial repayment of the subordinated loan for €221 million by using the excess liquidity held by the vehicle;

on 27 July 2020, the third partial repayment of the subordinated loan for €173 million by using the excess liquidity held by the vehicle.

The transactions that took place in 2021 can be grouped as follows:

- 1) a repurchase of limited portfolios on 23 June 2021 for €6,876,319 relating to loan positions with at least two outstanding instalments or a loan-to-value ratio greater than 100%;
- 2) no transaction relating to the subordinated loan received from Deutsche Bank S.p.A.;
- 3) no further disposals were carried out in 2021 after the last two were completed in 2019.

The transactions that took place in 2022 can be grouped as follows:

- 1) three repurchases of small portfolios relating to loan positions with at least two unpaid instalments or with a loan-to-value indicator greater than 100%;
- 2) two repayment transactions pertaining to the subordinated loan received from Deutsche Bank S.p.A.;
- 3) one transfer transaction (the last two were finalised during 2019);
- 4) three transactions pertaining to the covered bonds issued by the parent company, for which the vehicle acts as guarantor.

The details of these transactions, in chronological order, are as follows:

- on 26 January 2022, a partial repayment of the subordinated loan for an amount equal to €300,000,000 was requested and obtained;
- on 26 January 2022, a repurchase of positions for a value of €3,484,873 was carried out;
- on 23 February 2022, a portfolio was transferred for a consideration of €690,927,777.14;
- on 27 May 2022, the covered bond series 1-2015 issued on 5 June 2015 (ISIN IT0005115024) was repaid in advance for an amount of €3,000,000,000;
- on 3 June 2022, covered bond series 3-2022 (ISIN IT0005496788) was issued for an amount of €2,000,000,000;
- on 3 June 2022, covered bond series 3-2022 (ISIN IT0005496762) was issued for an amount of €700,000,000;
- on 21 June 2022, a repurchase of positions for a value of €2,908,127 was carried out;
- on 26 October 2022, a partial repayment of the subordinated loan for an amount equal to €286,642,111 was requested and obtained;
- on 23 November 2022, a repurchase of positions for an equivalent value of €4,533,000 was carried out.

As previously noted, in June 2022, the Bank issued two new covered bonds for a total nominal amount of €2.7 billion, which replaced the previous issue of €3.0 billion, redeemed early on 27 May 2022.

The characteristics of the two securities can be summarised as follows:

Covered bond issue programme									
ISIN code	Issue nominal amount (Euro)	Repurchase nominal amount (Euro)	Issue price	Bond issue date	Bond maturity date	Interest	External rating at issue	External rating, at 31 December 2022	Carrying amount at 31 December 2022 (Euro)
IT0005496788	2,000,000,000	3,000,000,000	100.00	03/06/2022	28/07/2027	Quarterly floating rate, Euribor 3m + 30 b.p.	Moody's: Aa2	Moody's: Aa3	-
IT0005496762	700,000,000	700,000,000	100.00	03/06/2022	28/07/2025	Quarterly floating rate, Euribor 3m + 24 b.p.	Moody's: Aa2	Moody's: Aa3	-

Total receivables sold and not derecognised amounted to €3,301 million (net of the provision for risks) at 31 December 2022, whereas the balance at 31 December 2021 was €3,068 million.

The key figures of the SPV DB Covered Bond S.r.l. and inferable from the separate statement of financial position are as follows:

amounts in millions of euros	31 12 2022	31 12 2021	31 12 2020	31 12 2019
a) loans and receivables	3,301	3,068	3,670	4,435
b) cash and cash equivalents	248	1,063	475	314
c) other assets	39	45	30	15
<b>Total assets</b>	<b>3,588</b>	<b>4,176</b>	<b>4,175</b>	<b>4,764</b>
Subordinated loan (*)	3,577	4,164	4,164	4,755
Other liabilities	11	12	11	9
<b>Total liabilities</b>	<b>3,588</b>	<b>4,176</b>	<b>4,175</b>	<b>4,764</b>

The key income statement figures are as follows:

amounts in millions of euros	2022	2021	2020	2019
interest income on loans	65.5	60.0	75.9	87.9
net income (cost) of asset swap	29.6	15.0	2.8	26.4
interest income on current account	0.8	-	-	-
interest expense on subordinated loan (*)	(76.4)	(82.1)	(87.9)	(97.4)
costs charged by servicer	(3.5)	(3.4)	(4.1)	(3.8)
other costs	(2.8)	(4.1)	(2.2)	(13.1)
<b>Net result</b>	<b>13.2</b>	<b>(14.6)</b>	<b>(15.5)</b>	<b>-</b>

(\*) As noted earlier, this loan is not recognised in the originator's separate financial statements or the DB S.p.A. Group's consolidated financial statements as per IFRS 9. Similar behaviour is applied to inherent interests.

#### E. Prudential consolidation - Credit risk measurement models

The Bank does not make use of internal valuation models to measure exposure to credit risk.

## 1.2 - MARKET RISKS

### 1.2.1 INTEREST RATE AND PRICE RISKS - REGULATORY TRADING BOOK

#### QUALITATIVE DISCLOSURE

##### A. General aspects

At year-end, the Group does not have any exposure to interest rate risk with respect to its debt instruments in the trading book. Sometimes, however, there are still some positions for this type of security arising from the brokerage activity of the order collection desk.

With respect to price risk, the main activities performed involving equity instruments are related to the operations of the order collection desk regarding which no positions are expected.

##### B. Management and measurement of interest rate and price risks

#### QUANTITATIVE DISCLOSURE

1. Regulatory trading book: breakdown by residual maturity (repricing date) of on-statement of financial position financial assets and liabilities and financial derivatives									
Type/Residual maturity	On demand	Up to 3 months	From over 3 months up to 6 months	From over 6 months up to 1 year	From over 1 year up to 5 years	From 5 to 10 years	Over 10 years	Open term	TOTAL
<b>1. On-statement of financial position assets</b>									
1.1 Debt instruments	-	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-	-
1.2 Other assets	-	-	-	-	-	-	-	-	-
<b>2. On-statement of financial position liabilities</b>									
2.1 Repurchase agreements	-	-	-	-	-	-	-	-	-
2.2 Other liabilities	-	-	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>									
3.1 With underlying security									
- Options									
+ Long positions	-	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-	-
- Other derivatives									
+ Long positions	-	-	-	-	-	-	-	-	-
+ Short positions	-	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	4,691,544	813,867	644,563	2,184,747	1,041,291	218,258	-	9,594,270
- Options									
+ Long positions	-	3	2	4	16	4	2	-	31
+ Short positions	-	3	2	4	16	4	2	-	31
- Other derivatives									
+ Long positions	-	2,373,225	415,139	329,083	1,097,555	493,893	88,222	-	4,797,117
+ Short positions	-	2,318,313	398,724	315,472	1,087,160	547,390	130,032	-	4,797,091

As permitted by current legislation, the classification by residual life of assets, liabilities and financial derivatives expressed in foreign currencies is not shown as they do not represent a significant part of the same aggregates expressed in euro.

2. Regulatory trading book: breakdown of exposures in equity instruments and share indexes by main stock exchange in the listing country
There are no significant positions at the reporting date.

#### 3. Regulatory trading book: internal models and other methodologies used to analyse sensitivity

As noted above, there are no material interest rate and price risk positions in the trading book. Outstanding positions, with respect to both debt and equity securities, are monitored using limits of nominal quantities and no sensitivity analysis is performed on these securities in the portfolio.

### 1.2.2 INTEREST RATE AND PRICE RISKS - BANKING BOOK

#### QUALITATIVE DISCLOSURE

##### A. General aspects, management and measurement of interest rate and price risks

The market risk originating from the banking book is mainly attributable to the lending activity carried out by the IPB and Corporate Bank divisions.

Interest rate risk is monitored on a daily/monthly basis using the following metrics:

- Change in economic value of equity ( $\Delta$  EVE) with respect to parallel and non-parallel shocks to the term structure of interest rates, defined according to the stress scenarios described in the EBA Guidelines. This metric is estimated on a monthly basis;
- Change in net interest income ( $\Delta$  NII) with respect to parallel and non-parallel shocks to the term structure of interest rates, defined according to the stress scenarios in the EBA Guidelines, as well as considering an instantaneous and parallel change of +/- 1 percentage point. This metric is estimated on a monthly basis;
- Value at Risk (VaR): this metric is estimated on a daily basis and is based on the historical simulation method, 99% confidence interval and 1 day time horizon;
- Sensitivity measures (PV01): this metric measures the risk attributable to the change in the value of a financial position as a result of a change in a predefined quantity of valuation parameters, e.g. an increase in the interest rate curve by one basis point. This metric is estimated on a daily basis;
- Greche (Vega): this metric allows for more accurate risk profiling, especially in the presence of optional components, such as, for example, the ability of customers to repay early fixed-rate mortgages without penalty, in accordance with the Bersani Law. This metric is estimated on a daily basis.

Each of the above metrics is subject to specific limits/thresholds for intervention, as described in the Bank's Risk Appetite Framework (RAF), approved by the Risk Committee and by the Supervisory Board of Deutsche Bank S.p.A.

The Treasury Organizational Unit manages the interest rate risk, in order to comply with the aforementioned thresholds/limits, in accordance with the provisions of internal policies and procedures.

The Risk Committee is periodically informed about the trend in risk metrics and compliance with the defined limits/thresholds. The Assets and Liabilities Committee is entrusted with the task of supervising and defining the guidelines for the management of the Bank's exposure to interest rate risk, ensuring compliance with the aforementioned thresholds/limits.

For the purposes of identifying, measuring and monitoring the interest rate risk, expressed according to the metrics indicated above, Deutsche Bank S.p.A. uses Group systems, processes and procedures, resorting to the use of internal models, developed centrally at the competent structures of the ultimate parent company, calibrated, in the case of the so-called behavioural models, taking into account the peculiarities and specificities of the underlying local portfolios.

At 31 December 2022, financial assets mandatorily measured at fair value through profit or loss are represented exclusively by equity securities, for €36,108 thousand, related to interests of less than 20% held in listed and unlisted companies.

#### Impacts from COVID-19 pandemic

Market fluctuations and increased volatility following the COVID-19 pandemic did not have a general impact on market risk measurement metrics. This is due to the constant management of interest rate risk, carried out mainly through funding and/or lending transactions with the ultimate parent company (DB AG), to which the risk in question is thus transferred, in accordance with Group Policy.

#### QUANTITATIVE DISCLOSURE

1. Banking book: breakdown by residual maturity (by repricing date) of financial assets and liabilities									
Type/Residual maturity	On demand	Up to 3 months	From over 3 months up to 6 months	From over 6 months up to 1 year	From over 1 year up to 5 years	From 5 to 10 years	Over 10 years	Open term	TOTAL
<b>1. On-statement of financial position assets</b>	7,674,981	4,982,610	3,635,677	1,248,719	6,158,945	2,857,653	1,580,109	-	<b>28,138,694</b>
1.1 Debt instruments	-	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-	-
1.2 Financing to banks	3,288,602	497,189	1,657,288	12,216	368,682	1,221,226	264,329	-	<b>7,309,532</b>
1.3 Financing to customers	4,386,379	4,485,421	1,978,389	1,236,503	5,790,263	1,636,427	1,315,780	-	<b>20,829,162</b>
- current account	2,015,399	-	-	-	1,947	-	-	-	<b>2,017,346</b>
- other financing	2,370,980	4,485,421	1,978,389	1,236,503	5,788,316	1,636,427	1,315,780	-	<b>18,811,816</b>
- with early repayment option	2,090,980	3,665,382	1,842,267	1,210,600	5,377,376	1,631,090	1,314,852	-	<b>17,132,547</b>
- other	280,000	820,039	136,122	25,903	410,940	5,337	928	-	<b>1,679,269</b>
<b>2. On-statement of financial position liabilities</b>	15,847,313	3,626,083	74,585	404,985	5,667,203	121,529	886,460	-	<b>26,628,158</b>
2.1 Due to customers	15,190,051	113,928	19,125	23,772	-	-	-	-	<b>15,346,876</b>
- current account	14,572,802	113,928	19,062	23,772	-	-	-	-	<b>14,729,564</b>
- other payables	617,249	-	63	-	-	-	-	-	<b>617,312</b>
- with early repayment option	-	-	-	-	-	-	-	-	-
- other	617,249	-	63	-	-	-	-	-	<b>617,312</b>
2.2 Due to banks	655,428	3,387,204	-	373,948	5,664,973	121,529	886,460	-	<b>11,089,542</b>
- current account	548,777	-	-	-	-	-	-	-	<b>548,777</b>
- other payables	106,651	3,387,204	-	373,948	5,664,973	121,529	886,460	-	<b>10,540,765</b>
2.3 Debt instruments	1,834	124,951	55,460	7,265	2,230	-	-	-	<b>191,740</b>
- with early repayment option	-	-	-	-	-	-	-	-	-
- other	1,834	124,951	55,460	7,265	2,230	-	-	-	<b>191,740</b>
2.4 Other liabilities	-	-	-	-	-	-	-	-	-
- with early repayment option	-	-	-	-	-	-	-	-	-
- other	-	-	-	-	-	-	-	-	-
<b>3. Financial derivatives</b>	-	50,000	-	-	-	50,000	-	-	<b>100,000</b>
3.1 With underlying security	-	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-	-
3.2 Without underlying security	-	-	-	-	-	-	-	-	-
- Options	-	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	-	-	-	-
+ short positions	-	-	-	-	-	-	-	-	-
- Other derivatives	-	-	-	-	-	-	-	-	-
+ long positions	-	-	-	-	-	50,000	-	-	<b>50,000</b>
+ short positions	-	50,000	-	-	-	-	-	-	<b>50,000</b>
<b>4. Other off-statement of financial position transactions</b>	547,062	-	-	-	-	-	-	-	<b>547,062</b>
+ long positions	273,531	-	-	-	-	-	-	-	<b>273,531</b>
+ short positions	273,531	-	-	-	-	-	-	-	<b>273,531</b>

As permitted by current regulations, the classification by residual maturity of assets, liabilities, financial derivatives and other off-statement of financial position transactions denominated in foreign currencies is not disclosed as they do not represent a material portion of the same aggregates denominated in euro.

#### 2. Banking book: internal models and other methodologies for sensitivity analyses

For the purpose of measuring the Interest Rate Risk in Banking Book (IRRBB), Deutsche Bank S.p.A. uses internal models, developed centrally at the competent structures of the ultimate parent company, subject to a regular validation process and continuous review in accordance with the provisions of the Group Policies on Model Risk Management. The results of these models are shared with the local Finance and Treasury structures, the Group's first line of defence, and CRO, as the second line of defence.

Among the centrally developed models, in addition to those aimed at determining the change in Net Interest Income ( $\Delta$  NII) and the economic value of equity ( $\Delta$  EVE), with respect to parallel and non-parallel shocks to the term structure of interest rates, there are behavioural models relating to the following aspects:

- modelling of demand items (Non-Maturity Deposits Modelling);
- the early repayment of fixed-rate loans (Prepayment Model).

In particular, the Prepayment model used to manage interest rate risk on fixed-rate mortgages is structured according to the following components, aimed at considering the different nature of early repayments: - Interest Rate Dependent Component, aimed at estimating the extent of future early repayments caused by changes in the interest rate curve; - Interest Rate Independent Component, aimed at estimating the extent of future early repayments caused by external factors independent of the interest rate curve; - Usage Overlay, aimed at capturing the phenomenon of customers exercising the implicit contractual option existing on fixed-rate loans (early repayment).

The calibration related to the aforementioned behaviour models is carried out considering the nature and characteristics of the underlying products.

The assumptions used, as well as the related calibrations, are subject to regular review and, if necessary, updated.

The Bank has also formalised the limits/thresholds within the Risk Appetite Framework approved by the Supervisory Board (after review by the other internal structures in charge, in particular the Risk Committee). If the thresholds in question (limits/thresholds) are exceeded, immediate notification is provided to the managers of the divisions concerned, in order to promptly identify the causes and possible recovery measures. The table below shows the specific and average risk values at 31 December 2022.

IRRBB metric	Limit type	Limit 31/12/2022	Monitoring frequency	Average values 2022	Values at 31/12/2022	Values at 31/12/2021
TMP PV01	Threshold	€200 K	Daily	€-81 K	€46 K	€-81 K
ALM PV01	Threshold	€900 K	Daily	€265 K	€327 K	€224 K
VaR	Threshold	€2.0 mln	Daily	€0.8 mln	€1.0 mln	€0.4 mln
$\Delta$ EVE	Limit	€250 mln	Monthly	€-81 mln	€-122 mln	€-34 mln
$\Delta$ NII	Threshold	€92 mln	Monthly	€-73 mln	€-56 mln	€-69 mln
Vega	Threshold	€9.0 mln	Daily	€-1.5 mln	€-1.1 mln	€ 1.3 mln

The value of  $\Delta$ EVE shown above refers to the change in economic value with respect to parallel and non-parallel shocks to the term structure of interest rates, defined according to the stress scenarios provided by the EBA Guidelines.

The value of  $\Delta$ NII reported above refers to the maximum reduction of Net Interest Income in a standard scenario defined by EBA +/- 100 bp compared with a base scenario.

For the purposes of measuring the aforementioned metrics ( $\Delta$ EVE /  $\Delta$ NII), Deutsche Bank S.p.A. uses models and processes developed centrally at the competent structures of the parent company.

The year in question recorded a refinement of the modelling suite in use for the quantification of interest rate risk as well as an optimisation of the risk exposure detection function.

### 1.2.3 CURRENCY RISK

#### QUALITATIVE DISCLOSURE

##### A. General aspects, management and measurement of currency risk

There are no significant currency risk positions since currency transactions (FX Spot, FX Forward, Currency Swaps, Commodities) with customer counterparties are settled with the ultimate parent company.

##### B. Currency hedges

The main forex activities relate to the hedging of transactions agreed with customers. They are fully hedged at the end of the day through back-to-back deals with the ultimate parent company, both for spot and forward positions.

Trading in OTC derivatives in the forex segment is solely performed on behalf of third parties with corporate customers. Structured, high value added products are increasingly used, often indexed to parameters other than exchange rates (e.g. interest rates of different foreign currencies).

#### QUANTITATIVE DISCLOSURE

1. Breakdown of assets, liabilities and derivatives by currency							
Items	Currency						Total
	USD	YUAN	GBP	CHF	NOK	Other currencies	
<b>A. Financial assets</b>	<b>583,002</b>	<b>52,658</b>	<b>35,206</b>	<b>11,011</b>	<b>20,344</b>	<b>22,638</b>	<b>724,859</b>
A.1 Debt instruments	-	-	-	-	-	-	-
A.2 Equity instruments	7,368	-	-	-	-	-	7,368
A.3 Financing to banks	333,483	52,658	18,921	10,418	109	22,409	437,998
A.4 Financing to customers	242,151	-	16,285	593	20,235	229	279,493
A.5 Other financial assets	-	-	-	-	-	-	-
<b>B. Other assets</b>	<b>2,070</b>	<b>-</b>	<b>1,311</b>	<b>1,209</b>	<b>316</b>	<b>3,157</b>	<b>8,063</b>
<b>C. Financial liabilities</b>	<b>499,491</b>	<b>52,658</b>	<b>19,900</b>	<b>11,189</b>	<b>19,876</b>	<b>25,834</b>	<b>628,948</b>
C.1 Due to banks	39,096	-	4	3	19,218	8,909	67,230
C.2 Due to customers	460,395	52,658	19,896	11,186	658	16,925	561,718
C.3 Debt instruments	-	-	-	-	-	-	-
C.4 Other financial liabilities	-	-	-	-	-	-	-
<b>D. Other liabilities</b>	<b>80,680</b>	<b>-</b>	<b>16,593</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>97,277</b>
<b>E. Financial derivatives</b>	<b>417</b>	<b>-</b>	<b>(9)</b>	<b>(180)</b>	<b>358</b>	<b>(297)</b>	<b>289</b>
- Options	-	-	-	-	-	-	-
+ Long positions	1	-	-	-	-	-	1
+ Short positions	(1)	-	-	-	-	-	(1)
- Other derivatives	417	-	(9)	(180)	358	(297)	289
+ Long positions	264,792	48,776	34	21,651	358	17,790	353,401
+ Short positions	(264,375)	(48,776)	(43)	(21,831)	-	(18,087)	(353,112)
<b>Total assets</b>	<b>849,865</b>	<b>101,434</b>	<b>36,551</b>	<b>33,871</b>	<b>21,018</b>	<b>43,585</b>	<b>1,086,324</b>
<b>Total liabilities</b>	<b>844,547</b>	<b>101,434</b>	<b>36,536</b>	<b>33,024</b>	<b>19,876</b>	<b>43,921</b>	<b>1,079,338</b>
<b>Difference (+/-)</b>	<b>5,318</b>	<b>-</b>	<b>15</b>	<b>847</b>	<b>1,142</b>	<b>(336)</b>	<b>6,986</b>

#### 2. Internal models and other methodologies for sensitivity analyses

The Forex sector does not calculate VaR as all positions are settled with the ultimate parent company on a daily basis.

### 1.3 DERIVATIVE INSTRUMENTS AND HEDGING POLICIES

#### 1.3.1 DERIVATIVE TRADING INSTRUMENTS

##### A. FINANCIAL DERIVATIVES

##### A.1 Trading financial derivatives: notional values at the end of the period

Underlying assets/Derivatives	Total 2022				Total 2021			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
<b>1. Debt instruments and interest rates</b>	-	-	<b>4,195,808</b>	-	-	-	<b>3,362,379</b>	-
a) Options	-	-	90,044	-	-	-	77,715	-
b) Swaps	-	-	4,105,764	-	-	-	3,284,664	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>2. Equity instruments and share indexes</b>	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>3. Currencies and gold</b>	-	-	<b>702,159</b>	-	-	-	<b>500,099</b>	-
a) Options	-	-	15,321	-	-	-	14,303	-
b) Swaps	-	-	77,441	-	-	-	-	-
c) Forwards	-	-	609,397	-	-	-	485,796	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>4. Commodities</b>	-	-	-	-	-	-	-	-
<b>5. Other</b>	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>4,897,967</b>	-	-	-	<b>3,862,478</b>	-

##### A.2 Trading financial derivatives: gross positive and negative fair value - breakdown by products

Derivative types	Total 2022				Total 2021			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties			Central counterparties	Without central counterparties		
		With netting agreements	Without netting agreements			With netting agreements	Without netting agreements	
<b>1. Positive fair value</b>	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	2,039	-
b) Interest rate swaps	-	-	5,863	-	-	-	43,369	-
c) Cross currency swaps	-	-	156,188	-	-	-	-	-
d) Equity swaps	-	-	1,905	-	-	-	-	-
e) Forwards	-	-	-	-	-	-	8,520	-
f) Futures	-	-	9,267	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>173,223</b>	-	-	-	<b>53,928</b>	-
<b>2. Negative fair value</b>	-	-	-	-	-	-	-	-
a) Options	-	-	5,863	-	-	-	2,144	-
b) Interest rate swaps	-	-	152,864	-	-	-	56,401	-
c) Cross currency swaps	-	-	1,905	-	-	-	-	-
d) Equity swaps	-	-	-	-	-	-	-	-
e) Forwards	-	-	9,873	-	-	-	8,544	-
f) Futures	-	-	-	-	-	-	-	-
g) Other	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	<b>170,505</b>	-	-	-	<b>67,089</b>	-

<b>A.3 OTC trading financial derivatives: notional amounts, gross positive and negative fair values by counterparty</b>				
Underlying assets	Central counterparties	Banks	Other financial companies	Other
Contracts not included in netting agreements				
<b>1. Debt instruments and interest rates</b>				
– notional amount	X	2,268,408	14,348	1,913,052
– positive fair value	X	158,995	-	605
– negative fair value	X	(12,910)	(352)	(143,014)
<b>2. Equity instruments and share indexes</b>				
– notional amount	X	-	-	-
– positive fair value	X	-	-	-
– negative fair value	X	-	-	-
<b>3. Currencies and gold</b>				
– notional amount	X	353,753	-	348,407
– positive fair value	X	7,303	-	6,319
– negative fair value	X	(6,935)	-	(7,294)
<b>4. Commodities</b>				
– notional amount	X	-	-	-
– positive fair value	X	-	-	-
– negative fair value	X	-	-	-
<b>5. Other</b>				
– notional amount	X	-	-	-
– positive fair value	X	-	-	-
– negative fair value	X	-	-	-
Contracts included in netting agreements				
<b>1. Debt instruments and interest rates</b>				
– notional amount	-	-	-	-
– positive fair value	-	-	-	-
– negative fair value	-	-	-	-
<b>2. Equity instruments and share indexes</b>				
– notional amount	-	-	-	-
– positive fair value	-	-	-	-
– negative fair value	-	-	-	-
<b>3. Currencies and gold</b>				
– notional amount	-	-	-	-
– positive fair value	-	-	-	-
– negative fair value	-	-	-	-
<b>4. Commodities</b>				
– notional amount	-	-	-	-
– positive fair value	-	-	-	-
– negative fair value	-	-	-	-
<b>5. Other</b>				
– notional amount	-	-	-	-
– positive fair value	-	-	-	-
– negative fair value	-	-	-	-

<b>A.4 Residual life of OTC trading financial derivatives: notional values</b>				
Underlying/Residual life	Up to 1 year	From over 1 year up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt instruments and interest rates	750,948	2,135,661	1,309,200	4,195,809
A.2 Financial derivatives on equity instruments and share indexes	-	-	-	-
A.3 Financial derivatives on currencies and gold	672,319	29,841	-	702,160
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
<b>Total 2022</b>	<b>1,423,267</b>	<b>2,165,502</b>	<b>1,309,200</b>	<b>4,897,969</b>
<b>Total 2021</b>	<b>1,179,802</b>	<b>2,020,202</b>	<b>662,474</b>	<b>3,862,478</b>

## B. CREDIT DERIVATIVES

At 31 December 2022, the companies of the Group did not hold any positions in credit derivatives.



### 1.3.2 THE ACCOUNTING COVERAGES

#### A. FINANCIAL DERIVATIVES

##### QUALITATIVE DISCLOSURE

###### Preamble

Deutsche Bank Group companies make use of the possibility, which was provided for when IFRS 9 was introduced, to continue to fully apply the provisions of the previous accounting standard IAS 39 on hedge accounting (in the carved-out version endorsed by the European Commission) for all types of hedges (both specific and general hedges). The Group has confirmed this choice also for the year 2022.

###### A. Fair value hedges

At the date of preparation of these financial statements (and in the previous year 2021) the companies of the Group had the following types of hedges in place:

- specific fair value hedge of fixed-rate loans with banks (ended in December 2022);
- specific fair value hedge of long-term fixed-rate deposit liabilities with banks.

These are micro-hedging with a 1:1 ratio between the hedged asset or liability and the related hedging derivative.

In all the above cases, the Group has used fixed versus floating interest rate swaps. Only instruments involving a counterparty external to the Group can be designated as hedging instruments.

The aforementioned hedges were put in place in order to neutralise the interest rate risk arising from variable rate deposits or loans against deposits with banks.

In all cases, the so-called "critical terms" of the hedged instruments and related derivatives coincide; nominal and notional values, fixed percentage rates received and paid, dates of payment of interest and differentials, final maturities, absence of pre-payments.

###### B. Cash flow hedging activities

They hedge the exposure to variability in future cash flows attributable to particular risks associated with a recognised asset or liability.

At 31 December 2022, there were no cash flow hedges.

###### C. Hedges of foreign investments

This did not apply in both reporting periods.

###### D. Hedging instruments

The hedging transactions carried out by the parent company refer solely to the interest rate risk on fixed rate financial instruments.

Only plain vanilla interest rate swap derivative contracts are used, given the relative simplicity of the hedged instrument.

###### E. Items covered

Deposit transactions, both active and passive, with banks of the Deutsche Bank Group are subject to fair value hedging.

###### F. Uncertainty deriving from the reform of interest rate benchmarks

Below is the disclosure required by paragraph 24 H of IFRS 7 regarding the effects of the IBOR reform on the application of hedge accounting.

The main opinion to be made regarding the application of the IASB Phase 1 benchmark reform concerned the development of Euribor. The Deutsche Bank Group expects the Euribor to continue to exist in its current form as a reference rate for the foreseeable future.

For these reasons, the Group generally does not believe that its hedge accounting, with Euribor as the hedged risk, is directly affected by the reform of the interest rate benchmarks at 31 December 2022.

This impact is even more reduced in consideration of the fact that, at 31 December 2022, Deutsche Bank S.p.A. has only hedging relationships of the fair value hedge type in place, which therefore have as their hedged item a fixed rate and not a variable market rate.

##### QUANTITATIVE DISCLOSURE

###### A. HEDGING FINANCIAL DERIVATIVES

A.1 Hedging financial derivatives: notional values at the end of the period								
Underlying assets/Derivatives	Total 2022				Total 2021			
	Over the counter			Organised markets	Over the counter			Organised markets
	Central counterparties	Without central counterparties With netting agreements	Without netting agreements		Central counterparties	Without central counterparties With netting agreements	Without netting agreements	
<b>1. Debt instruments and interest rates</b>	-	-	50,000	-	-	-	77,000	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	50,000	-	-	-	77,000	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>2. Equity instruments and share indexes</b>	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>3. Currencies and gold</b>	-	-	-	-	-	-	-	-
a) Options	-	-	-	-	-	-	-	-
b) Swaps	-	-	-	-	-	-	-	-
c) Forwards	-	-	-	-	-	-	-	-
d) Futures	-	-	-	-	-	-	-	-
e) Other	-	-	-	-	-	-	-	-
<b>4. Commodities</b>	-	-	-	-	-	-	-	-
<b>5. Other</b>	-	-	-	-	-	-	-	-
<b>Total</b>	-	-	50,000	-	-	-	77,000	-

A.2 Hedging financial derivatives: gross positive and negative fair value - breakdown by product										
Derivative types	Positive and negative fair value							Change in value used to recognise hedge ineffectiveness (*)		
	Total 2022				Total 2021				Total 2022	Total 2021
	Over the counter			Organised markets	Over the counter			Organised markets		
	Central counterparties	Without central counterparties With netting agreements	Without netting agreements		Central counterparties	Without central counterparties With netting agreements	Without netting agreements			
1. Positive fair value										
a) Options	-	-	-	-	-	-	-	-	-	
b) Interest rate swaps	-	-	3,850	-	-	-	15,515	-	-	
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	
d) Equity swaps	-	-	-	-	-	-	-	-	-	
e) Forwards	-	-	-	-	-	-	-	-	-	
f) Futures	-	-	-	-	-	-	-	-	-	
g) Other	-	-	-	-	-	-	-	-	-	
Total	-	-	3,850	-	-	-	15,515	-	-	
2. Negative fair value										
a) Options	-	-	-	-	-	-	-	-	-	
b) Interest rate swaps	-	-	-	-	-	-	5,647	-	-	
c) Cross currency swaps	-	-	-	-	-	-	-	-	-	
d) Equity swaps	-	-	-	-	-	-	-	-	-	
e) Forwards	-	-	-	-	-	-	-	-	-	
f) Futures	-	-	-	-	-	-	-	-	-	
g) Other	-	-	-	-	-	-	-	-	-	
Total	-	-	-	-	-	-	5,647	-	-	

(\*) = data not required for companies that apply hedge accounting rules pursuant to IAS 39.

A.3 OTC hedging financial derivatives: notional amounts, gross positive and negative fair value by				
Underlying assets	Central counterparties	Banks	Other financial companies	Other
<b>Contracts not included in netting agreements</b>				
<b>1. Debt instruments and interest rates</b>				
- notional amount	X	50,000	-	-
- positive fair value	X	3,850	-	-
- negative fair value	X	-	-	-
<b>2. Equity instruments and share indexes</b>				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
<b>3. Currencies and gold</b>				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
<b>4. Commodities</b>				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
<b>5. Other</b>				
- notional amount	X	-	-	-
- positive fair value	X	-	-	-
- negative fair value	X	-	-	-
<b>Contracts included in netting agreements</b>				
<b>1. Debt instruments and interest rates</b>				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>2. Equity instruments and share indexes</b>				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>3. Currencies and gold</b>				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>4. Commodities</b>				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-
<b>5. Other</b>				
- notional amount	-	-	-	-
- positive fair value	-	-	-	-
- negative fair value	-	-	-	-

A.4 Residual life of OTC hedging financial derivatives: notional values				
Underlying/Residual life	Up to 1 year	From over 1 year up to 5 years	Over 5 years	Total
A.1 Financial derivatives on debt instruments and interest rates	-	-	50,000	50,000
A.2 Financial derivatives on equity instruments and share indexes	-	-	-	-
A.3 Financial derivatives on currencies and gold	-	-	-	-
A.4 Financial derivatives on commodities	-	-	-	-
A.5 Other financial derivatives	-	-	-	-
<b>Total 2022</b>	-	-	50,000	50,000
<b>Total 2021</b>	12,000	-	65,000	77,000

## B. HEDGING CREDIT DERIVATIVES

This did not apply in 2022 nor in 2021.

## C. NON-DERIVATIVE HEDGING INSTRUMENTS

Table not completed as only required for entities applying hedge accounting under IFRS 9.

## D. HEDGED INSTRUMENTS

Table not completed as only required for entities applying hedge accounting under IFRS 9.

## E. EFFECTS OF EQUITY HEDGING TRANSACTIONS

Table not completed as only required for entities applying hedge accounting under IFRS 9.

### 1.3.3 OTHER INFORMATION ON (TRADING AND HEDGING) DERIVATIVE INSTRUMENTS

#### A. FINANCIAL AND CREDIT DERIVATIVES

No offsets were made in accordance with IAS 32 for the positive and negative fair values of derivative contracts.

Therefore, this table is not completed and reference is made to the previous tables showing the gross values of hedging and trading contracts.

#### 1.4 LIQUIDITY RISK

##### QUALITATIVE DISCLOSURE

##### A. General aspects, management and measurement of liquidity risk

Liquidity risk identifies the risk deriving from the Bank's inability to meet its expected and/or unexpected payment commitments on time, without compromising its operations or financial stability.

The Bank has a governance structure, control, monitoring and risk management processes in place to ensure an adequate liquidity profile even in stress situations and in the presence of unexpected exogenous events, such as the COVID-19 pandemic in 2020 and 2021.

The main metrics with which liquidity risk is monitored, in accordance with the provisions of the Bank's "Liquidity Management Policy", periodically updated and approved by the Risk Committee and the Supervisory Board, are as follows:

- **Liquidity Coverage Ratio (LCR):** ratio between the volume of high quality liquid assets (HQLA) and the total volume of net outflows in the event of stress, deriving from both current and potential exposures; the LCR was transposed into European legislation through the regulation on capital requirements (CRR). The minimum coefficient to be applied is 100%. For Deutsche Bank S.p.A., at 31 December 2022, the LCR stands at 141% (164% at the end of 2021).

- **Net Stable Funding Ratio (NSFR):** ratio of the amount of available stable funding to the amount of required stable funding. This ratio, introduced starting from the supervisory report of 30 June 2021, pursuant to CRR2, must be maintained continuously at a level of at least 100%. For Deutsche Bank S.p.A. at 31 December 2022, the NSFR stood at 104%, down compared to the long-term trend and mainly as a result of planned activities.

It should be noted that, in January 2023, the Bank planned activities aimed at restoring the ratio between the available stable funding and the amount of mandatory stable funding at trend values.

- **Liquidity Stress Test** or Stressed Net Liquidity Position (sNLP): this metric is aimed at verifying the liquidity available under stress conditions over a time horizon of 8 weeks. Liquidity stress tests are one of the key tools for liquidity risk management. The objective is to analyse the Bank's ability to withstand certain stress scenarios, thus providing useful indications for defining what countermeasures to take if necessary. The applied stress scenarios have been structured on the basis of historical events and cover institution-specific events (e.g. rating downgrade), market-related events (such as systemic risk) as well as a combination of both. The stress tests take under consideration a time period of eight weeks (which, in the opinion of the Bank, represents the most critical time in the event of a liquidity crisis) and apply the relative stress cases to all the possible risk factors arising from the on- and off-financial statement products.

In order to perform the liquidity stress tests, Deutsche Bank S.p.A. uses Group procedures and internal models, which are developed centrally at the competent structures of the ultimate parent company and are subject to regular review. The Institute's sNLP at 31 December 2022 amounted to €1,138 million.

- **Bank of Italy matrix** (average value with reference to the time horizon of one month)

In addition to the basic metrics that substantiate the Institute's liquidity risk-taking process, a more extensive monitoring framework is implemented that involves a number of metrics to complete the measurement of the risk profile. For example:

- **Use of the DB AG financing line (KWG 15):** Deutsche Bank S.p.A. has existing financing facilities with Deutsche Bank AG that it can access both in normal times and in stress situations. The use and availability of these uncommitted lines (KWG 15) is subject to constant monitoring.

- **Daily negative change in demand deposits of the IPB division:** monitoring of retail customers' demand deposit balances compared to the previous day. Demand deposits represent the Bank's main source of funding.

Each indicator reported above is subject to specific limits/thresholds, in accordance with the provisions of the Bank's Risk Appetite Framework (RAF), approved by the Risk Committee and the Supervisory Board of Deutsche Bank S.p.A., so as to promptly identify any signs of deterioration in the Bank's liquidity profile, both in the short and medium to long term, thus enabling the Bank to take appropriate countermeasures where necessary. The risk appetite is calibrated on a predefined basis and feeds the operational monitoring process by the relevant functions.

In this case, the Treasury Organisation Unit is responsible for managing liquidity risk, for the purposes of compliance with the aforementioned thresholds/limits, in accordance with internal policies and procedures.

The Assets and Liabilities Committee (ALCo) is responsible for overseeing and defining guidelines for liquidity risk management, ensuring compliance with the above thresholds/limits. The ALCo is also responsible for deciding what actions to take in the event of potential or actual situations of stress on liquidity, or in the face of any relevant event, in accordance with the provisions of the Bank's "Contingency Funding Plan", periodically updated and tested annually.

The ALCo always has the task of reviewing and approving the local implementation of the transfer pricing principles defined by the ultimate parent company.

##### Impacts from COVID-19 pandemic

The effects of the pandemic on economic activity did not have a significant impact on Treasury activities, which continued regularly. There was no stress on the liquidity front.

## QUANTITATIVE DISCLOSURE

### 1. Breakdown of financial assets and liabilities by residual contractual maturity

Items/Time	On demand	From over 1 day up to 7 days	From over 7 days up to 15 days	From over 15 days up to 1 month	From over 1 month up to 3 months	From over 3 months up to 6 months	From over 6 months up to 1 year	From over 1 year up to 5 years	Over 5 years	Open term	TOTAL
<b>On-statement of financial position assets</b>	4,348,223	425,181	133,551	422,293	1,245,374	2,731,501	1,878,733	9,517,792	6,228,147	154,704	27,085,499
A.1 Government bonds	-	-	-	-	-	-	-	-	-	-	-
A.2 Other debt instruments	-	-	-	-	-	-	-	-	-	-	-
A.3 OEIC units	-	-	-	-	-	-	-	-	-	-	-
A.4 Financing	4,348,223	425,181	133,551	422,293	1,245,374	2,731,501	1,878,733	9,517,792	6,228,147	154,704	27,085,499
- Banks	2,148,515	287,420	617	1,252	3,986	1,657,253	12,126	367,136	1,529,536	154,704	6,162,545
- Customers	2,199,708	137,761	132,934	421,041	1,241,388	1,074,248	1,866,607	9,150,656	4,698,611	-	20,922,954
<b>On-statement of financial position liabilities</b>	15,937,886	-	10,631	164,134	286,688	2,774,870	406,794	5,683,637	1,524,508	-	26,789,148
B.1 Deposits and current accounts	15,229,283	-	625	102,789	233,006	19,344	399,516	2,181,407	1,004,508	-	19,170,478
- Banks	592,376	-	625	102,789	120,850	-	374,990	2,181,407	1,004,508	-	4,377,545
- Customers	14,636,907	-	-	-	112,156	19,344	24,526	-	-	-	14,792,933
B.2 Debt instruments	1,859	-	10,006	61,345	53,682	55,526	7,278	2,230	-	-	191,926
B.3 Other liabilities	706,744	-	-	-	-	2,700,000	-	3,500,000	520,000	-	7,426,744
<b>Off-statement of financial position transactions</b>	598,369	45,399	22,379	187,277	443,452	366,448	297,170	138,909	166,479	-	2,265,882
C.1 Financial derivatives with exchange of capital	-	22,681	11,165	93,563	221,179	181,128	143,626	30,198	-	-	703,540
- Long positions	-	22,678	11,166	93,563	221,194	181,151	143,638	30,198	-	-	703,588
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.2 Financial derivatives without exchange of capital	159,600	-	-	-	319	302	577	-	-	-	160,798
- Long positions	156,276	-	-	-	-	-	-	-	-	-	156,276
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.3 Deposits and financing to be received	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.4 Commitments to disburse funds	11,653	40	48	151	760	3,867	9,329	78,513	166,479	-	270,840
- Long positions	270,840	-	-	-	-	-	-	-	-	-	270,840
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.5 Financial guarantees issued	-	-	-	-	-	-	-	-	-	-	-
C.6 Financial guarantees received	-	-	-	-	-	-	-	-	-	-	-
C.7 Credit derivatives with exchange of capital	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-
C.8 Credit derivatives without exchange of capital	-	-	-	-	-	-	-	-	-	-	-
- Long positions	-	-	-	-	-	-	-	-	-	-	-
- Short positions	-	-	-	-	-	-	-	-	-	-	-

As permitted by current regulations, the classification by residual maturity of assets, liabilities and off-statement of financial position transactions denominated in foreign currencies is not disclosed as they do not represent a material portion of the same aggregates denominated in euro.

### 2. Self-securitisation transactions

The parent company has put in place a securitisation transaction in which all the liabilities issued by the vehicle company involved were underwritten by the parent company.

Below is a brief illustration of the transaction in place at 31 December 2022.

#### ROCKY 2021-1 SPV S.r.l.

In 2021, a self-securitisation transaction was structured regarding receivables from performing personal loans in the context of consumer credit and issued to consumer households, a transaction subject to a periodic repurchase of receivables.

This transaction was carried out with the sale with recourse on 20 April 2021 of a portfolio of loans, equal to €4,757,332,384.50, originated by the parent company, to the vehicle company ROCKY 2021-1 SPV S.r.l. and constitutes the first Asset Backed Security ("ABS") self-securitisation of the Group.

The parent company assigned the receivables to the securitisation vehicle Rocky 2021-1 SPV S.r.l. in line with the requirements of Law no. 130/1999 for securitisation transactions.

The newly established SPV is owned by an entity outside the Group ("Stichting Escalibur", a foundation under Dutch law).

Against the purchase, the vehicle company proceeded with the issue on 30 April 2021 of 2 classes of securities for a total amount of €4,741,500,000.00:

- a Senior Class A tranche for €3,959,200,000.00 (83.5%) which has been given an A1 rating by Moody's and an AH rating by DBRS Morningstar, tranche redeemed in the amount of €459,200,000.00 during 2021;

- a Junior tranche of €782,300,000.00.

The transaction was structured in such a way as to meet the requirements of the new European regulation on "simple, transparent and standardized" (STS) securitisations.

The senior securities issued by the vehicle company were listed on the ExtraMOT PRO professional segment of Borsa Italiana S.p.A. and were fully subscribed by the parent company and used as collateral with the European Central Bank on the occasion of the ECB "TLTRO III" program.

The junior notes issued by the vehicle company were also fully subscribed by the parent company.

At 31 December 2022 and 31 December 2021, the nominal value of the outstanding securities, subscribed by the parent company, was equal to €3,500 million for senior notes and to €782 million for junior notes.

## 1.5 OPERATIONAL RISKS

### QUALITATIVE DISCLOSURE

#### A. General aspects, management and measurement of operational risk

Operational risk is the risk of losses resulting from an error in, or from inadequacy of, processes and internal systems, or human error, or losses resulting from an external event. Operational risk includes legal risk while excluding business and reputation risks.

Deutsche Bank S.p.A.'s Operational Risk Management Framework is a governance model based on the "3 Lines of Defence" (3LoD), which within the Institute's Internal Control System redistributes responsibilities along the aforementioned 3 lines of defence while defining the minimum standards expected in the execution of the Institute's risk profile monitoring activities.

The 3LoD model and its underlying principles apply to all organisational levels, i.e. Deutsche Bank AG Group, Region, Country, Legal Entity, Branch, etc. The 3 Lines of Defence have a duty to adopt organisational safeguards delegated to ensure adherence to the principles defined in the model, taking into account the legal and regulatory framework. In general, all company structures are subject to risks inherent in their own processes that they oversee as risk owners. However, the "1st LoD" is the one whose front-end activities generate or are most exposed to operational risks. For example, 1st LoD are mainly the business divisions and infrastructural organisations that provide services to the Bank (Group Technology Operations, Corporate Services, Divisional Control Officer, etc.). The second Line of Defence ("2nd LoD") is formed of all the independent infrastructure functions responsible for managing and controlling risks, in particular the Non-Financial Risk - Operational Risk Management and Corporate Insurance (NFR - ORM&CI) O.U. for operational risks. Operational risks are attributable to a broad taxonomy that groups them and assigns them to the various 2nd LoDs. The third Line of Defence ("3rd LoD") is the Internal Audit Function, Group Audit O.U.

The identification, quantification and corresponding determination of the adequacy of the level of risk with respect to the Bank's operating model, as well as the adoption of the necessary risk mitigation measures, are an integral part of Deutsche Bank S.p.A.'s Risk Appetite Framework. The quantification of operational risk, consistently expressed in the process of determining the Bank's demand for regulatory and economic capital, is therefore an integral part of the process of identifying Pillar 1 and Pillar 2 capital requirements, and is translated into the corresponding levels of the following control metrics: Common Equity Tier 1 ratio and Economic Capital Adequacy, Tier 1, Total Capital Ratio and Operational Risk Losses, reported respectively as regulatory limits, risk-appetite thresholds and operational/management limits. Within the risk governance processes, NFR - ORM&CI operates as a second-level function in risk assessment and management, and supports the adoption of organisational safeguards to maintain appropriate risk levels.

Deutsche Bank's organisational model provides for a clear identification of roles and responsibilities, in line with the 3LoD governance approach, able to guarantee the assumption of a level of risk deemed appropriate to the nature of the business model adopted:

- i. the Non-Financial Risk Management Function defines and maintains in a consistent and homogeneous way within the Deutsche Bank AG Group the common framework for the management of operational risks (so-called "Operational Risk Management Framework");
- ii. the Risk Owners (1st LoD) are fully responsible for the non-financial risks generated by their operations and take steps to adopt a responsible management consistent with a predefined risk appetite;
- iii. the Risk Type Controllers (2nd LoD) define the minimum operational risk control standards for which they are responsible and the related risk appetite and carry out the second level controls, in full independence (2nd LoD);
- iv. the Global Non-Financial Risk Management Function defines the operational risk assessment methodology, the risk management framework.

This governance model translates into the following operational guidelines:

- i. the development and the continuous maintenance of the Operational Risk Management Framework (ORMF), including the clear and detailed definition of roles and responsibilities, ensuring full consistency at Group level, is provided by the Non-Financial Risk Management Function of the ultimate parent company;
- ii. the daily management of operational risk by:
  - a) the Risk Owners (1st LoD) i.e., in Deutsche Bank S.p.A., the Business divisions and infrastructure functions that act as "service providers" within the Group;
  - b) the Control Functions with regard to their own processes or if they are carrying out first level controls;
- iii. the monitoring and critical review of the implementation of the ORMF at the level of the Institute carried out by the NFR - ORM&CI O.U. of Deutsche Bank S.p.A., an independent second level function. This control activity is exercised on the operational risks for all divisions/infrastructure functions in coordination with the other control functions (Risk Type Controllers), addressing the resolution of points of incomplete or incorrect implementation of the ORMF and ensuring the constant analysis of the evolution of the operational risks of the Bank and the Group;
- iv. the periodic verification, reported at least quarterly to the top management of the Bank, also in prospective terms, of the adequacy of the capital held by the Bank also against operational risks.

The supervision of all operational risk aspects at the Deutsche Bank S.p.A. Group level and the adoption of any escalation initiatives is delegated to a Management Committee, specifically established at the parent company, the Non-Financial Risk Committee, composed of the Head of the Macro Area Chief Risk Officer, who chairs it, the Head of the ORM & Insurance Organisational Unit and Head of Portfolio Management (deputy), the Head of the Macro Area Chief Operating Officer, the Head of the Human Resources Department, the Heads of the Legal, Compliance, Anti-Financial Crime and Tax Organisational Units, the Regulatory Risk & Control Manager and the Heads of the Macro Area Chief Financial Officer and of the Macro Area Chief Information Officer. The Non-Financial Risk Committee also includes, without voting rights, the COO IPB Italy, the COO Milan Branch/ COO CB Italy/COO IB Italy, the Divisional Control Officer Italy and the Data Governance Manager. NFR - ORM&CI coordinates the Non-Financial Risk Committee, monitoring the implementation of the decisions taken.

The operating model is based on a group of organisational safeguards of a heterogeneous and integrated nature, aimed at identifying, assessing and mitigating operational risks:

- Loss Data Collection: the systematic collection of loss events resulting from operational risks, an essential prerequisite for risk management activities, including detailed analyses, identification of possible corrective actions and timely communication with senior management. All losses exceeding €10,000 are recorded in the EMApp system;
- the "Lessons Learned" process is activated for those events that involve a loss starting from €2,500,000 or, regardless of the amount, when the need arises. The process includes, but is not limited to:
  - risk analysis, including a description of the business context within which the loss or possibility of loss has occurred;
  - cause analysis;
  - revision for improvement of controls and other actions to prevent or mitigate recurrence of the event;
  - assessment of the residual exposure to Operational Risk.

The execution of the corrective actions defined as part of the "Lesson Learned" is subject to systematic monitoring through specific tools (GFMS - Global Finding Management System).

- **Emerging Risk Identification:** impacts on the risk profile resulting from new products or core change initiatives are assessed and approved in advance. In the case of important transformations of the business or processes, the Transformation Risk Assessment is used, in which the first line carries out an *ex ante* recognition of the emerging risks and existing controls and, through critical review by the control functions, assesses the residual risk both in the design phase and after the go-live of the initiative.
- **Risk Mitigation:** once the mitigating actions have been implemented, they are monitored until the identified risk factors are removed.
- **Self-Assessment Process (bottom-up):** carried out at least once a year, it is used to highlight potentially high-risk areas, identifying possible interventions to mitigate the risk, through the Risk and Control Assessment process, supported by a global application.

Other processes, methodologies and tools are used in Deutsche Bank to supplement the Operational Risk Framework and manage specific types of non-financial risks. These include, in particular:

- the Operational Risk arising from outsourcing contracts, managed through the Third Party Risk Management ("TPRM") process: the risk is assessed and managed individually for each contract, following the rules set out in the relevant TPRM Policy and in line with the Deutsche Bank AG Group framework;
- the New Product Approval ("NPA") process for assessing and approving (among others) the operational risk associated with the adoption of new products or the implementation of new processes related to them;
- Business Continuity Risk, for which Deutsche Bank has set up a framework, compliant with the Group's corporate procedures, with the reference regulations and aligned with the standards of the banking sector. In the context of this programme, each business and infrastructure function is required to establish, update and test the effectiveness of business continuity plans for their respective sectors, including the definition of strategies for the recovery of relevant activities in the event of business interruption due to critical events, through back-up solutions. In the event of highly critical events for the Bank as a whole (e.g. having an actual or potential impact on the safety of employees and/or on the financial, operational, reputational or regulatory situation), a crisis management framework has been defined, the effectiveness of which is periodically tested through periodic exercises involving senior management;
- Information Technology Risk ("IT Risk"), understood as the operational risk associated with the acquisition, adoption, use, management and disposal of technology within the Bank. In this context, the IT Risk management framework implements the company's risk management strategy and takes into account technology, processes, personnel, budget and regulatory requirements; technologies covered by IT Risk include, but are not limited to, hardware, software, telecommunications systems, data processing and storage centres, and third-party managed solutions. The IT Risk management framework follows the 3LoD model and the Group's Non-Financial Risk Management Framework by defining its principles and minimum control standards. The IT risk appetite statement defines the acceptable limits of availability of IT systems in relation to Financial, Reputational and Regulatory impacts.

IT Risk monitors the organisation's adherence to the principles and risk appetite defined for technology management through the use of specific risk metrics.

More generally, the situation in terms of risks related to the COVID-19 pandemic has seen a gradual return to normality, with activities being carried out in hybrid mode, where applicable, in an organised manner and in accordance with the Future of Work project, which allows for 2 remote working days per week. No material risks have emerged in relation to the effects of the pandemic, which have been constantly monitored and supervised during the acute phase and also during the stabilisation process in the return to normality. As an extraordinary event, note the completion of the transaction for the acquisition of the business unit of the financial advisors of Deutsche Bank Financial Advisors by Zurich. In line with the ongoing partnership between the two entities, Zurich Italia will also continue to distribute its insurance offer through Deutsche Bank branches. The transaction has also involved the control structures according to the 3 LoD approach with the preparation and approval of a Transformation Risk Assessment.

The Bank uses the Basic Indicator Approach (BIA) to determine its capital requirements for operational risks:

(in thousands of euro)	31/12/2022	31/12/2021	31/12/2020	31/12/2019
Regulatory requirements for operational risks	140,983	133,371	127,926	126,603

## QUANTITATIVE DISCLOSURE

Operational risk losses by type of event (in thousands of euro)	Year 2022		Year 2021	
	Distribution of losses	number of events	Distribution of losses	number of events
Customers, Products and Business Modes	6,363	87	2,415	53
External Fraud	888	27	664	3,756
Internal Fraud	42	-	46	1
Execution, Delivery & Management Process	1,860	27	1,440	91
Other	556	9	78	13
Total	9,709	150	4,643	3,914

### Year 2021

Net operating losses in 2021 amounted to €4,643 thousand. The deviation from 2020 is the result of direct recoveries in the context of four legal proceedings in previous years (€2,078 thousand), where customers had to repay DB following enforcement actions.

The main loss events in 2021 are detailed below:

- a reserve of €1,098 thousand as part of a legal proceeding against the termination for just cause of an agency contract by DB, following investigations of some irregular conduct by the employees of a dbEasy agent;
- €922 thousand for a legal proceeding initiated by the MPS Foundation against Deutsche Bank S.p.A., as participant in a lending syndicate of a pool of institutes aimed at issuing a Loan Facility;
- €766 thousand for anatocism events;
- €416 thousand for a legal proceeding against the alleged violation of disclosure obligations on financial instruments by a Financial Advisor.

In December 2021, there were two erroneous payments of €28 million and €6 million, which were immediately recovered. The events, which can be traced back to incorrect operations, were recorded in the loss event register as "Near Miss" and were subject to the "Lesson Learned" process. The "Near Miss" of €28 million resulted in an overrun of one of the control indicators of the Legal Entity's Non-Financial Risk Appetite, set at €10 million for each event falling within the category in question. The disclosure was brought to the NFRC and consequently to the Boards of the parent company.

## Year 2022

Net operating losses in 2022 amounted to €9,709 thousand, a net increase compared to 2021 due to some events outside the base trend.

The main loss events are detailed below:

- €2,250 thousand for a legal proceeding in relation to commercial competition issues with another institution;
- €1,117 thousand for certain pre-amortisation anomalies in interest on consumer loans;
- €1,880 thousand as part of a legal proceeding against the Bank on a single OTC derivative position contested by the counterparty; - €810 thousand for anatocism events;
- €590 thousand for reimbursements to customers in relation to appropriateness checks connected with the securities retention period;
- €420 thousand as part of a legal proceeding for invalidity of IRS contracts.

The number of events represents the count of new events with a first recognition in the year. In the external fraud category, the drastic drop is due to a change in the method of recording events on credit cards. Concurrently with the introduction of EMApp, there was a streamlining of processes that led to the disposal of an automatic system for loading individual fraud cases on the cards. Losses are currently aggregated and uploaded manually in a single monthly event. It should be noted that in this specific area, the amount of the loss was very low (€176 thousand) thanks to an effective fraud prevention system.

In 2022, the criticality noted in December 2021 on erroneous payments immediately recovered without any operational loss continued. A total of 7 events occurred during the period in which a technological remedy was prepared to monitor correct operations. In short, an IT solution for overdraft authorisations on payments was implemented that was not only organisational. Pending implementation, which was completed in February 2023, the daily reporting had been strengthened, allowing for an immediate recovery of incorrect payments, on which there are no operational losses. The events were recorded in the EMApp as "Near Miss" and were subjected to the "Lesson Learned" process. Among these, the "Near Miss" of €105 million resulted in an overrun of the Legal Entity's Operational Risk Appetite level, set at €10 million for each Near Miss, and was reported to the NFRC and consequently to the parent company Boards.

## Tax litigation

What has already been described in the Management Board's Report on the Consolidated Financial Statements regarding the Tax Litigation is reported below. Notices of assessment for the years 2014, 2015 and 2016 are under dispute before the Milan Tax Commission. The objections relate to: the non-deductibility of costs for interest rate risk hedging instruments deemed to be uneconomic; the excessive cost of a guarantee commission provided by another DB Group company and, for 2015 and 2016 only, the restatement of intragroup prices relating to commissions for the placement of financial products. These are findings deemed unfounded by the Bank and for which a negative outcome of the dispute is considered unlikely. Consequently, no provisions were made. On 9 March 2022, the judgement of the First Instance Commission for 2015 was filed, rejecting the Bank's appeal and accepting only a reduction in penalties. On 12 July 2022, the same First Instance Commission accepted the Bank's appeal for 2014, with reference to the non-deductibility of costs for interest rate risk hedging instruments, a figure whose value corresponds to approximately 80% of the value of the dispute. For both years the second instance judgement is pending. The dispute relating to IRES for 2008 is also still pending in the Supreme Court, regarding findings relating to transfer pricing.

## PART F – Consolidated Equity

### Section 1 - CONSOLIDATED EQUITY

#### A. Qualitative disclosure

Consolidated equity is the equity owned by the Group and consists of all those elements that do not fall under the definition of assets or liabilities according to the methods of measurement and quantification established by international accounting standards.

Capital management comprises the policies and decisions necessary to define the amount of equity so as to ensure compliance with prudential regulations.

The parent company monitors compliance and utilisation of capital related to risk assets on an ongoing basis, especially its counterparties' creditworthiness.

The Deutsche Bank Group is subject to the prudential rules set forth in Basel III pursuant to the rules defined by the European authorities with the CRR Regulation and the CRD IV Directive, as well as by Bank of Italy, and is subject to the capital adequacy requirements.

These rules first of all provide for higher minimum requirements for regulatory capital (CET1 and T1) than did the Basel II regulations. Secondly, they require banks to have capital resources in excess of the minimums (additional buffers).

It should be noted that from 2019 the parent company is no longer required to draw-up supervisory reports on a consolidated basis.



## B. QUANTITATIVE DISCLOSURE

### B.1 Consolidated equity: breakdown by type of company

Equity captions	Consolidated prudential	Insurance companies	Other companies	Eliminations and consolidation adjustments	Total
Share capital	412,165	-	-	-	412,165
Share premium	331,959	-	-	-	331,959
Reserves	1,185,527	-	-	-	1,185,527
Equity instruments	145,000	-	-	-	145,000
(Treasury shares)	(3,516)	-	-	-	(3,516)
Valuation reserves:	1,604	-	-	-	1,604
- Equity securities designated at fair value through other comprehensive income	-	-	-	-	-
- Hedges of equity securities designated at fair value through other comprehensive income	-	-	-	-	-
- Financial assets (other than equity securities) measured at fair value through other comprehensive income	-	-	-	-	-
- Property, equipment and investment property	-	-	-	-	-
- Intangible assets	-	-	-	-	-
- Hedges of foreign investments	-	-	-	-	-
- Cash flow hedges	-	-	-	-	-
- Hedging instruments [non-designated elements]	-	-	-	-	-
- Exchange rate gains (losses)	-	-	-	-	-
- Non-current assets and group of assets held for sale	-	-	-	-	-
- Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)	-	-	-	-	-
- Actuarial gains (losses) on defined benefit plans	1,604	-	-	-	1,604
- Portion of valuation reserves of equity investments valued with the equity method	-	-	-	-	-
- Special revaluation laws	-	-	-	-	-
Profit (Loss) for the year (+/-) of the Group and non-controlling interests	259,638	-	-	-	259,638
<b>Equity</b>	<b>2,332,377</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,332,377</b>

It should be noted that the valuation reserves relating to actuarial gains (losses) regarding the defined benefit pension plans are not reversed in the income statement.

Changes in equity during the year are shown in the statement of changes in equity.

### B.2 Valuation reserves of financial assets measured at fair value through other comprehensive income: composition

None.

### B.3 Valuation reserves of financial assets measured at fair value through other comprehensive income: annual changes

None.

### B.4 Valuation reserves of defined benefit plans: annual changes

Opening balance at 1 January 2022	(32)
Changes during the year	1,636
<b>Closing balance at 31 December 2022</b>	<b>1,604</b>

## Section 2 - REGULATORY CAPITAL AND RATIOS

It should be noted that from 2019 the parent company is no longer required to draw-up supervisory reports on a consolidated basis.

## Part G – BUSINESS COMBINATIONS

### SECTION 1 - TRANSACTIONS CARRIED OUT DURING THE YEAR

#### 1.1 *Business combinations*

The Group did not carry out any business combinations involving entities or business units during the year (according to the IFRS 3 definitions).

#### 1.2 *Other disclosures on business combinations*

##### 1.2.1 Changes in goodwill

(thousands of euro)	
<b>Goodwill at 1.1.2022</b>	-
<b>Increases</b>	
Goodwill recognised during the year	-
<b>Decreases</b>	
- Impairment losses	-
- Disinvestments	-
<b>Goodwill at 31.12.2022</b>	-

### SECTION 2 - TRANSACTIONS CARRIED OUT AFTER THE REPORTING DATE

#### 2.1 Business combinations

No transactions have taken place after the reporting date.

### Section 3 – Retrospective adjustments

None.

## Part H – RELATED PARTY TRANSACTIONS

The IAS 24 definition of a related party is set out below.

### Related party

A related party is a person or entity that is related to the entity that is preparing its financial statements.

**(a)** A person or a close family member of that person is related to a reporting entity if that person:

- (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent company of the reporting entity.

**(b)** An entity is related to a reporting entity if any of the following conditions applies:

- (i) the entity and the reporting entity are members of the same group (which means that each parent company, subsidiary and company of the group is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a group to which the other entity belongs);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;

- (vi) the entity is controlled or jointly controlled by a person identified in point (a);
- (vii) a person identified in point (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent company of the entity).

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Close family members of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

Based on the above definitions, the parent company's and other consolidated companies' significant related parties are the following:

- Directors of the Management or Supervisory Boards, managers in charge of business divisions and control functions and their family members;
- BoD Directors, statutory auditors and key management personnel of the subsidiaries and their family members;
- companies controlled directly or indirectly by the parent company, Deutsche Bank S.p.A.;
- the ultimate parent company Deutsche Bank AG;
- other Deutsche Bank AG Group companies around the world;
- the pension fund for personnel of Deutsche Bank S.p.A.

### 1. Fees of key management personnel

The following table provides details of the costs incurred for key management personnel in 2022.

Role/Office held Data in €/000	Short-term benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total 2022	Total 2021
Members of the parent company's Management Board	2,783	689	308	789	365	4,934	7,243
Members of the parent company's Supervisory Board	640	-	-	-	-	640	200
BoD Directors of investee companies	130	-	-	-	-	130	241
Statutory auditors of investee companies	26	-	-	-	-	26	31
Internal control functions of the parent company	900	139	24	-	27	1,090	1,258
Other key management personnel	1,341	297	57	-	74	1,769	1,882
Business division heads	2,061	531	463	-	552	3,607	4,043
<b>Total 2022</b>	<b>7,881</b>	<b>1,656</b>	<b>852</b>	<b>789</b>	<b>1,018</b>	<b>12,196</b>	<b>X</b>
<b>Total 2021</b>	<b>9,595</b>	<b>1,107</b>	<b>1,180</b>	<b>1,618</b>	<b>1,398</b>	<b>X</b>	<b>14,898</b>

With regard to the liabilities recognised in the Financial Statements related to the costs of strategic resources, at 31-12-2021 and 31-12-2022 the following is reported:

Data in €/000	31/12/2022	31/12/2021
Post-employment benefits	70	60
Other liabilities and provisions	460	492
<b>Total</b>	<b>530</b>	<b>552</b>

## 2. Notes on Related party transactions

### 2.1 Transactions with key management personnel

The following table shows the balances at 31 December 2022, grouped by type of function performed, credit facilities granted and their use by Deutsche Bank S.p.A., as well as deposits, current accounts and other forms of direct funding held with the parent company.

Role/Office held Data in €/000	Credit facilities granted	Cash loans and other advances	Payables for deposits, current accounts and prepaid cards
Members of the Management Board	706	680	(1,319)
Members of the Supervisory Board	-	-	(51)
Control functions	154	128	(367)
Heads of business divisions and other key management personnel	1,070	894	(10)
BoD Directors of subsidiaries and associates, key management personnel of the ultimate parent company Deutsche Bank AG	3,506	3,440	(1,171)
Pension Fund for personnel of Deutsche Bank S.p.A.	-	-	(19)
Associated parties	4	4	(289)
<b>Total 2022</b>	<b>5,440</b>	<b>5,146</b>	<b>(3,226)</b>
<b>Total 2021</b>	<b>3,889</b>	<b>3,589</b>	<b>(6,684)</b>

### 2.2 Transactions with Group companies

The balances of the transactions carried out by the Italian Group companies with the ultimate parent company, Deutsche Bank AG, and the other Deutsche Bank AG Group companies are shown in the following table:

Statement of financial position thousands of euro				
	Ultimate parent company Deutsche Bank AG	Other Deutsche Bank AG Group companies	Pension fund for personnel of Deutsche Bank S.p.A.	Total
<b>Assets</b>				
10. Cash and cash equivalents	2,458,834	23	-	2,458,857
20. Financial assets measured at fair value through profit or loss	166,362	-	-	166,362
40a) Loans and receivables with banks	3,445,904	44,559	-	3,490,463
50. Hedging derivatives	3,850	-	-	3,850
130. Other assets	24,593	8,928	-	33,521
<b>Total</b>	<b>6,099,543</b>	<b>53,510</b>	<b>-</b>	<b>6,153,053</b>
<b>Liabilities</b>				
10a) Due to banks	4,837,270	8,647	-	4,845,917
10b) Due to customers	15,512	24,784	-	40,296
20. Financial liabilities held for trading	19,909	-	-	19,909
100. Other liabilities	44,973	8,612	-	53,585
<b>Total</b>	<b>4,917,664</b>	<b>42,043</b>	<b>-</b>	<b>4,959,707</b>

The notional amounts and market values of the derivatives in place at 31 December 2022 are as follows:

thousands of euro	Ultimate parent company Deutsche Bank AG	Other Deutsche Bank AG Group companies	Total
Notional amount of interest rate derivatives	2,375,232	-	2,375,232
Positive fair value of interest rate derivatives	162,845	-	162,845
Negative fair value of interest rate derivatives	(12,910)	-	(12,910)
Notional amount of equity security and share index derivatives	-	-	-
Positive fair value of equity security and share index derivatives	-	-	-
Negative fair value of equity security and share index derivatives	-	-	-
Notional amount of currency forwards	304,699	-	304,699
Positive fair value of currency forwards	4,814	-	4,814
Negative fair value of currency forwards	(5,054)	-	(5,054)
Notional amount of currency derivatives	141,065	-	141,065
Positive fair value of currency derivatives	2,544	-	2,544
Negative fair value of currency derivatives	(1,939)	-	(1,939)

The next table shows the 2022 income statement items.

<b>Income Statement</b> thousands of euro				
	<b>Ultimate parent company Deutsche Bank AG</b>	<b>Other Deutsche Bank AG Group companies</b>	<b>Pension fund for personnel of Deutsche Bank S.p.A.</b>	<b>Total</b>
10. Interest and similar income	32,543	3,504	-	36,047
20. Interest and similar expense	(58,764)	-	-	(58,764)
40. Fee and commission income	28,065	37,980	-	66,045
50. Fee and commission expense	(5,780)	(1)	-	(5,781)
80. Net trading income (expense)	3,635	-	-	3,635
90. Net hedging income (expense)	(1,550)	1,606	-	56
100. Profit (loss) on sale or repurchase of financial liabilities	(20,069)	879	-	(19,190)
190. Administrative expenses	(88,159)	(7,873)	-	(96,032)
230 Other operating income/expense	(2,692)	88	-	(2,604)
310. Post-tax profit (loss) from discontinued operations	(6,152)	-	-	(6,152)
<b>Total</b>	<b>(118,923)</b>	<b>36,183</b>	<b>-</b>	<b>(82,740)</b>

The following table summarises the key figures of the 2021 and 2020 Consolidated Financial Statements of Deutsche Bank AG, Frankfurt (Germany), the ultimate parent company that manages and coordinates Deutsche Bank S.p.A.

<b>Key figures of Deutsche Bank AG (based on IFRS)</b> € millions		
	<b>31 12 2021</b>	<b>31 12 2020</b>
Total assets	1,323,993	1,325,259
Lending - Reverse repos and securities lending	8,431	8,533
Financial assets measured at fair value through profit or loss	491,233	527,941
Financial assets measured at fair value through the valuation reserve	28,979	55,834
Loans and receivables	471,319	426,995
Deposits from customers and banks	603,750	568,031
Funding - Repos and securities lending	771	4,022
Financial liabilities measured at fair value	400,857	419,199
Non-current liabilities	144,485	149,163
Equity	58,027	54,786
Net interest income	11,155	11,526
Total income	25,410	24,028
Accruals to the allowance for impairment	(515)	(1,792)
Operating costs	(21,505)	(21,216)
Operating profit (loss)	3,390	1,021
Net Profit (loss) attributable to the Group	2,510	624
Headcount	82,969	84,659
Branches	1,709	1,891
Common Equity Tier 1 (CET1) ratio	13.20%	13.60%
Tier 1 capital ratio	15.60%	15.70%
Total capital ratio	17.70%	17.80%
Long-term rating (non-preferred senior, unsecured):		
Moody's Investors Service, New York	Baa2	Baa3
Standard & Poor's, New York	BBB-	BBB-
Fitch Ratings, New York	BBB+	BBB
DBRS Ratings, Toronto	BBB (high)	BBB (high)

## Part I – Payment agreements based on own equity instruments

This type of payment agreement was not used in the DB S.p.A. Group in 2022 and 2021; however, for the sake of completeness, it is deemed useful to note the following:

Deutsche Bank AG Group has granted to some employees of the Group companies remuneration plans based on the shares of the ultimate parent company (Deutsche Bank AG).

These plans provide for the allocation to the interested employees of a certain number of shares of the ultimate parent company on condition that the employees remain with the company for a defined period of time (vesting period). The grant of shares to employees is free of charge, except for the taxes and social security contributions on the value of the shares at the time of the actual delivery of the securities to the employees.

These share-based plans establish that the shares will be delivered to the employees, if they comply with the vesting period conditions, by a service company of the Group (DB Group Services Ltd), which is specialised in managing this type of plan.

The costs for the purchase of the shares under the plan is borne by the company where the employees are employed.

The agreement between the individual companies and DB Group Services Ltd provides for the purchase of the shares at a fixed price, which is determined at the time the related rights are granted to the employees.

The transaction is completed when DB Group Services Ltd. allocates the shares by issuing invoices to the individual Group companies. These invoices also include the cost of hedging the price fluctuation of Deutsche Bank AG's shares.

Under the terms of the agreement, the fair value of the share-based remuneration at the reporting date was calculated using the price defined in the share purchase agreement.

The accounting treatment of these transactions, established in accordance with the provisions of IFRS 2, "Share-based Payment", refers to the case of the share-based payment arrangement settled with equity instruments of the parent company Deutsche Bank AG.

The share plans are classified as "equity-settled" in the Separate Financial Statements of Deutsche Bank AG.

For all plans using DB AG shares, our parent company Deutsche Bank AG has been identified as the entity granting the right to receive shares: therefore, in the financial statements of all subsidiaries such plans are classified as equity-settled share-based payment transactions.

For the purposes of the IFRS Separate Financial Statements, each subsidiary recognises the services received under the share plan as personnel expenses against a corresponding increase in equity for a capital contribution by the parent company, which is credited to the reserves.

The amount of the personnel expenses is based on the communications sent by DB Group Services Ltd to all the Group companies.

The cost of the shares allocated is recharged to the subsidiaries as follows:

this cost is recognised on an accrual basis over the period in which the employees render their services, which corresponds to the vesting period under the respective plans, if the employment relationship is not terminated early.

In accounting terms, this cost is treated by the subsidiaries as an adjustment to the capital contribution received from the parent company: the liability for recharging the cost is then accounted for by reducing equity accordingly, by charging the item "reserves".

Gains/losses from hedging Deutsche Bank AG share price fluctuations are credited /debited to the Group companies by DB Group Services Ltd: in this case, too, financial changes are recorded as balancing entries to the changes in the equity item "reserves".

## Part L – Segment reporting

Disclosures about the operating segments have been prepared in accordance with the "managerial approach" provided for by IFRS 8, whereby operating segments are presented on the basis of internal reports. These are regularly reviewed by the operational manager for the allocation of resources to a particular area and for the evaluation of its performance.

### A. Primary reporting format

#### *Organisation by business segment*

##### Operating segments

The following operating segments reflect the Group's organisational structure as set out in internal management reports.

The Group's segment reporting reflects the organisational structure of the internal management reporting systems, on which the assessment of the financial performance of the business segments and the allocation of resources to them are based. In general, reclassifications resulting from changes in the organisational structure are included in the presentation of comparative figures for previous periods when considered in the Group's management reporting systems.

The organisational structure of the DB AG Group is divided into four main business divisions, in addition to a unit responsible for the disposal of non-core activities.

At 31 December 2022, the operating segments were as follows:

- Corporate Bank;
- International Private Bank;
- Investment Bank;
- Asset Management;

in addition to the Capital Release Unit (CRU).

This divisional organisation had been implemented at the DB AG Group level from the beginning of the third quarter of 2019 as a result of the announcement of the new strategy, which was communicated to investors on 8 July 2019.

The significant aspects of the sectoral structure can be summarised as follows:

**Corporate Bank (CB)** – this division provides financing, lending and transaction banking services to corporate and commercial customers, and is divided into the two sub-divisions GTB – Global Transaction Banking and Commercial Banking;

**International Private Bank** – this division includes the sectors that work with private retail customers, as well as wealth management (WM) activities offered to high net worth individuals, foundations and professional companies operating in the WM sector;

**Investment Bank** – this division operates in the areas of debt and equity origination, advisory, structured finance and asset backed securities;

**Asset Management** – this division performs asset management activities that provide investment solutions to individual investors and financial intermediaries operating in this field;

finally, the purpose of the Capital Release Unit (**CRU**) is to dispose of assets that are no longer required for the Bank's business in order to free up resources, reduce risk-weighted assets and the associated use of regulatory capital.

The following tables show the main statement of financial position and income statement figures for the year ended 31 December 2022.

## Income statement

(€ millions)	Investment Bank	Corporate Bank	Asset Management	International Private Bank	Total divisions	Central services, capital release unit, consolidation and reconciliation	Total
<i>net interest income</i>	6.6	25.4	-	529.1	<b>561.1</b>	(15.7)	<b>545.4</b>
<i>net fee and commission income</i>	3.6	41.2	-	338.1	<b>382.9</b>	(6.8)	<b>376.1</b>
<i>other revenue, net</i>	8.2	1.4	-	(2.4)	<b>7.2</b>	(39.1)	<b>(31.9)</b>
<b>Net revenue</b>	<b>18.4</b>	<b>68.0</b>	-	<b>864.8</b>	<b>951.2</b>	<b>(61.6)</b>	<b>889.6</b>
<b>Accruals to allowances for impairment</b>	<b>1.7</b>	<b>36.4</b>	-	<b>(155.2)</b>	<b>(117.1)</b>	(3.4)	<b>(120.5)</b>
<i>personnel expense</i>	-	(7.4)	0.10	(241.1)	<b>(248.4)</b>	(53.1)	<b>(301.5)</b>
<i>amortisation, depreciation and impairment losses</i>	-	(0.3)	-	(52.1)	<b>(52.4)</b>	1.8	<b>(50.6)</b>
<i>other operating costs</i>	(5.5)	(37.5)	(0.2)	(407.6)	<b>(450.8)</b>	61.6	<b>(389.2)</b>
<b>Operating costs and adjustments</b>	<b>(5.5)</b>	<b>(45.2)</b>	<b>(0.1)</b>	<b>(700.8)</b>	<b>(751.6)</b>	<b>10.3</b>	<b>(741.3)</b>
<b>Pre-tax profit (loss) for the year</b>	<b>14.6</b>	<b>59.2</b>	<b>(0.1)</b>	<b>8.8</b>	<b>82.5</b>	<b>(54.7)</b>	<b>27.8</b>
net profit (loss) of groups of assets held for sale	-	-	-	283.0	<b>283.0</b>	-	<b>283.0</b>
<i>of which net inter-segment revenues/costs</i>	(1.7)	(15.0)	-	(9.0)	<b>(25.7)</b>	<b>25.7</b>	-



## Statement of financial position

<i>(€ millions)</i>	Investment Bank	Corporate Bank	Asset Management	International Private Bank	Total divisions	Central services, capital release unit, consolidation and reconciliation	Total
Financial assets	198	817	-	20,376	21,391	7,375	28,766
Other assets	5	42	-	1,084	1,131	302	1,433
Groups of assets held for sale	-	-	-	-	-	-	-
<b>Total assets</b>	<b>203</b>	<b>859</b>	<b>-</b>	<b>21,460</b>	<b>22,522</b>	<b>7,677</b>	<b>30,199</b>
Financial liabilities	14	2,322	-	13,498	15,834	11,185	27,019
Other liabilities	11	409	-	544	964	(116)	848
Liabilities held for sale	-	-	-	-	-	-	-
Equity	15	30	-	305	350	1,982	2,332
<b>Total liabilities and equity</b>	<b>40</b>	<b>2,761</b>	<b>-</b>	<b>14,347</b>	<b>17,148</b>	<b>13,051</b>	<b>30,199</b>

### B. Secondary reporting format

The breakdown of income statement and financial position statement figures by geographical area is not relevant for the Deutsche Bank Group as all activities are carried out in Italy.

## Part M – LEASING INFORMATION

### Section 1 - Lessee

#### Qualitative information

Lease agreements falling within the scope of application of IFRS 16 refer to the following types of underlying assets:

- real estate for functional use, housing the Bank's branch network, financial shops and direct sales outlets of the Deutsche Bank Easy division;
- vehicles belonging to the company fleet.

IFRS 16 is applicable only to the parent company which has both property unit lease agreements and car rental agreements in place.

The parent company has taken advantage of the possibility granted by IFRS 16 par. 16 not to apply the provisions for lessees for the accounting and presentation in the financial statements of short-term contracts and contracts of low value:

- contracts with a duration not exceeding twelve months are considered to be short-term contracts;
- contracts for assets whose initial market value (new assets) does not exceed €5,000 are considered low-value;
- for these types of contracts, the expense is recognised on a constant basis over the term of the contracts and is classified as "other administrative expenses".

#### Quantitative disclosure

In addition to the information below, see the following sections of these Notes to the Financial Statements:

- part B, Assets, section 6 on property, equipment and investment property, for the rights of use;
- part B, Liabilities, section 1 on financial liabilities measured at amortised cost, for lease payables to leasing companies;
- part C, Income statement, section 1, interest, for the section on interest expense on lease payables.

Depreciation and value adjustments for assets consisting of the right of use by underlying asset class are detailed as follows for the years 2022 and 2021:

Data in €/000	year 2022	year 2021
Depreciation of right of use - real estate for functional use	31,497	38,674
Value adjustments - real estate for functional use	(849)	(517)
Depreciation of right of use - motor vehicles	1,335	958
total	31,983	39,115

The following costs, recorded as administrative expenses, were incurred for lease contracts excluded from the application of IFRS 16:

Data in €/000	year 2022	year 2021
Costs related to short-term leases	3,152	2,880
Costs related to the lease of small value assets	885	665
total	4,037	3,545

As for cash outflows to which the lessee is potentially exposed, which do not take into account the valuation of lease liabilities, exposures arising from extension and termination options are relevant to Deutsche Bank.

At 31 December 2022 and 2021, the quantification of potential outflows is as follows:

Data in €/000	year 2022	year 2021
Up to a year	-	595
between 1 and 2 years	1,183	4,667
between 2 and 3 years	4,107	9,060
between 3 and 4 years	6,740	12,825
between 4 and 5 years	11,163	17,851
beyond 5 years	372,608	293,254
total	395,801	338,252

### Section 2 - Lessor

Not applicable.

## ANNEXES TO THE FINANCIAL STATEMENTS

### Compensation to the independent auditors

(thousands of euro)

Type of service	Party providing service	Year 2022
Accounting audit	Mazars Italia S.p.A.	461
Certification services - tax declarations	Mazars Italia S.p.A.	6
Other services	Mazars Italia S.p.A.	154
<b>Total</b>		<b>621</b>

The amounts shown in the table are the contractually agreed fees and do not include any expenses, supervisory contributions, or VAT.

**Fiduciaria Sant'Andrea S.r.l.**

Registered office in Milan - Piazza del Calendario no. 3

**Statement of financial position**

data in euro

<b>Assets items</b>		<b>31.12.2022</b>	<b>31.12.2021</b>
10.	Cash and cash equivalents	11,195	7,295
40.	Financial assets measured at amortised cost	1,248,431	1,465,171
	a) loans and receivables with banks	803,773	947,900
	c) loans and receivables with customers	444,658	517,271
100.	Tax assets	36,309	22,663
	a) current	22,015	-
	b) prepaid	14,294	22,663
120.	Other assets	98,300	173,240
<b>Total assets</b>		<b>1,394,235</b>	<b>1,668,369</b>

<b>Liabilities and equity items</b>		<b>31.12.2022</b>	<b>31.12.2021</b>
10.	Financial liabilities measured at amortised cost:	266,800	543,192
	a) due to banks	203,677	529,583
	b) due to customers	63,123	13,609
60.	Tax liabilities	-	29,592
	a) current	-	29,592
80.	Other liabilities	610,728	552,935
90.	Post-employment benefits	69,000	75,454
100.	Provisions for risks and charges:	20,296	18,143
	c) other provisions for risks and charges	20,296	18,143
110.	Valuation reserves	12,582	3,621
140.	Reserves	351,832	446,517
160.	Capital	93,600	93,600
180.	Profit (Loss) for the year	(30,603)	(94,685)
<b>Total liabilities and equity</b>		<b>1,394,235</b>	<b>1,668,369</b>

## Income Statement

data in euro

Items	2022	2021
10. Interest and similar income	103	12
20. Interest and similar expense	(175)	-
<b>30. Net interest income</b>	<b>(72)</b>	<b>12</b>
40. Fee and commission income	1,317,048	1,618,748
<b>60. Net fees and commissions</b>	<b>1,317,048</b>	<b>1,618,748</b>
<b>120. Total income</b>	<b>1,316,976</b>	<b>1,618,760</b>
130. Net adjustments/write-backs for credit risk of:	34,200	-
a) financial assets measured at amortised cost	34,200	-
<b>150. Net financial income</b>	<b>1,351,176</b>	<b>1,618,760</b>
160. Administrative expenses:	(1,327,259)	(1,677,821)
a) personnel expenses	(765,140)	(1,265,504)
b) other administrative expenses	(562,119)	(412,317)
Other operating income and expenses	(31,432)	-
<b>210. Operating costs</b>	<b>(1,358,691)</b>	<b>(1,677,821)</b>
<b>260. Pre-tax profit (loss) from continuing operations</b>	<b>(7,515)</b>	<b>(59,061)</b>
270. Income taxes for the year from continuing operations	(23,088)	(35,624)
<b>280. Post-tax profit (loss) from continuing operations</b>	<b>(30,603)</b>	<b>(94,685)</b>
<b>300. Profit (Loss) for the year</b>	<b>(30,603)</b>	<b>(94,685)</b>

## Statement of comprehensive income

data in euro

Items	2022	2021
<b>10. Profit (Loss) for the year</b>	<b>(30,603)</b>	<b>(94,685)</b>
<b>Other comprehensive income (expense), net of income taxes, that will not be reclassified to profit or loss</b>		
20. Equity securities designated at fair value through other comprehensive income	-	-
30. Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)	-	-
40. Hedges of equity securities designated at fair value through other comprehensive income	-	-
50. Property, equipment and investment property	-	-
60. Intangible assets	-	-
70. Defined benefit plans	8,961	(251)
80. Non-current assets and groups of assets held for sale	-	-
90. Portion of valuation reserves of equity investments valued with the equity method	-	-
<b>Other comprehensive income (expense), net of income taxes, that will be reclassified to profit or loss</b>		
100. Hedges of foreign investments	-	-
110. Exchange rate gains (losses)	-	-
120. Cash flow hedges	-	-
130. Hedging instruments (non-designated elements)	-	-
140. Financial assets (other than equity securities) measured at fair value through other comprehensive income	-	-
150. Non-current assets and groups of assets held for sale	-	-
160. Portion of valuation reserves of equity investments valued with the equity method	-	-
<b>170. Total other comprehensive income, net of income taxes</b>	<b>8,961</b>	<b>(251)</b>
<b>180. Comprehensive income (Items 10+170)</b>	<b>(21,642)</b>	<b>(94,936)</b>

Financial Statements certified by Mazars Italia S.p.A.

Exact copy of the 2022 Financial Statements of the subsidiary Fiduciaria Sant'Andrea S.r.l.

**DB Covered Bond S.r.l.**

Registered office in Conegliano (TV) - Via V. Alfieri no. 1

**Statement of financial position**

data in euro

<b>Assets items</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
10. Cash and cash equivalents	42,266	43,261
100. Tax assets	176	320
a) current	176	320
120. Other assets	8,290	8,087
<b>Total assets</b>	<b>50,732</b>	<b>51,668</b>

<b>Liabilities and equity items</b>	<b>31.12.2022</b>	<b>31.12.2021</b>
60. Tax liabilities	194	144
a) current	194	144
80. Other liabilities	38,538	39,524
110. Capital	10,000	10,000
140. Share premium	2,000	2,000
170. Profit (loss) for the year	-	-
<b>Total liabilities and equity</b>	<b>50,732</b>	<b>51,668</b>

## Income Statement

data in euro

Items	2022	2021
10. Interest and similar income	196	-
<b>Net interest income</b>	<b>196</b>	<b>-</b>
50. Fee and commission expense	(425)	(245)
<b>60. Net fees and commissions</b>	<b>(425)</b>	<b>(245)</b>
<b>120. Total income</b>	<b>(229)</b>	<b>(245)</b>
<b>150. Net financial income</b>	<b>(229)</b>	<b>(245)</b>
160. Administrative expenses:	(81,509)	(75,662)
a) personnel expenses	(11,237)	(10,987)
b) other administrative expenses	(70,272)	(64,675)
200. Other operating income and expenses	81,932	76,005
<b>210. Operating costs</b>	<b>423</b>	<b>343</b>
<b>260. Pre-tax profit (loss) from continuing operations</b>	<b>194</b>	<b>98</b>
270. Income taxes for the year from continuing operations	(194)	(98)
<b>280. Post-tax profit (loss) from continuing operations</b>	<b>-</b>	<b>-</b>
<b>300. Profit (loss) for the year</b>	<b>-</b>	<b>-</b>

## Statement of comprehensive income

data in euro

Items	2022	2021
<b>10. Profit (Loss) for the year</b>	<b>-</b>	<b>-</b>
<b>Other comprehensive income (expense), net of income taxes, that will not be reclassified to profit or loss</b>		
20. Equity securities designated at fair value through other comprehensive income	-	-
30. Financial liabilities designated at fair value through profit or loss (changes in own creditworthiness)	-	-
40. Hedges of equity securities designated at fair value through other comprehensive income	-	-
50. Property, plant and equipment	-	-
60. Intangible assets	-	-
70. Defined benefit plans	-	-
80. Non-current assets and groups of assets held for sale	-	-
90. Portion of valuation reserves of equity investments valued with the equity method	-	-
<b>Other comprehensive income (expense), net of income taxes, that will be reclassified to profit or loss</b>		
100. Hedges of foreign investments	-	-
110. Exchange rate gains (losses)	-	-
120. Cash flow hedges	-	-
130. Hedging instruments (non-designated elements)	-	-
140. Financial assets (other than equity securities) measured at fair value through other comprehensive income	-	-
145. Available-for-sale financial assets	-	-
150. Non-current assets and groups of assets held for sale	-	-
160. Portion of valuation reserves of equity investments valued with the equity method	-	-
<b>170. Total other comprehensive income, net of income taxes</b>	<b>-</b>	<b>-</b>
<b>180. Comprehensive income (Items 10+170)</b>	<b>-</b>	<b>-</b>

Financial Statements certified by Mazars Italia S.p.A.

Exact copy of the 2022 Financial Statements of the subsidiary DB Covered Bond S.r.l.

## Statement of financial position

*Euro*

	31-12-2022	31-12-2021
Statement of financial position		
Assets		
B) Fixed assets		
I - Intangible fixed assets		
1) start-up and expansion costs	1,237	1,650
Total intangible fixed assets	1,237	1,650
Total fixed assets (B)	1,237	1,650
C) Current assets		
II - Receivables		
5-bis) tax receivables		
Total tax receivables	5,040	-
Total receivables	5,040	-
IV - Cash and cash equivalents		
1) bank and postal deposits	48,984	49,974
Total cash and cash equivalents	48,984	49,974
Total current assets (C)	54,024	49,974
D) Accruals and deferrals	2,772	2,619
<b>Total assets</b>	<b>58,033</b>	<b>54,243</b>
Liabilities		
A) Equity		
I - Share capital	10,000	10,000
IX - Profit (Loss) for the year	-	-
Total equity	10,000	10,000
D) Liabilities		
6) advances		
due within the next financial year	-	17,584
Total advances	33,249	17,584
7) payable to suppliers		
due within the next financial year	-	21,270
Total payables to suppliers	12,870	21,270
12) tax liabilities		
due within the next financial year	-	5,009
Total tax liabilities	1,550	5,009
Total payables	47,669	43,863
E) Accruals and deferrals	364	380
<b>Total liabilities</b>	<b>58,033</b>	<b>54,243</b>



# Income Statement

*Euro*

	2022	2021
Income Statement		
A) Production value		
1) revenues from sales and services	-	-
5) other revenues and income		
other	70,650	81,003
Total other revenues and income	70,650	81,003
Total production value	70,650	81,003
B) Production costs		
7) for services	68,360	74,510
10) amortisation, depreciation and write-downs		
a) amortisation of intangible fixed assets	412	412
Total amortisation, depreciation and write-downs		
14) sundry management costs	447	1,072
Total production costs	69,219	75,994
Difference between value and costs of production (A - B)	1,431	5,009
C) Financial income (expense)		
16) other financial income		
d) income other than the above		
other	119	-
Total income other than the above	119	-
Total other financial income	119	-
Total financial income (expense) (15 + 16 - 17 + - 17-bis)	119	-
Profit (loss) before taxes (A - B + - C + - D)	1,550	5,009
20) Income taxes for the year, current, deferred and prepaid		
current taxes	1,550	5,009
Total current, deferred and prepaid income taxes for the year	1,550	5,009
21) Profit (Loss) for the year	-	-

Financial Statements certified by Mazars Italia S.p.A.  
Exact copy of the 2022 Financial Statements of the subsidiary ROCKY 2021-1 SPV S.r.l.