Translation from Ukrainian original

JOINT STOCK COMPANY “DEUTSCHE BANK DBU”

IFRS annual financial statements

For the year ended 31 December 2022, and Independent Auditor’s Report

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Translation from the Ukrainian Original

INDEPENDENT AUDITOR'S REPORT

to the Shareholders, Supervisory Board and the Management Board of Joint-Stock Company "Deutsche Bank DBU"

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annual financial statements of the Joint-Stock Company "Deutsche Bank DBU" (hereinafter – the Bank), which comprise the statement of financial position as at December 31, 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and notes to the financial statements, including the summary of significant accounting policies. (hereinafter – the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Bank as at December 31, 2022, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards (hereinafter – IFRSs) and meets the requirements of the legislation of Ukraine regarding its preparation.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (hereinafter – ISAs). Our responsibilities under those standards are further described in the *"Auditor's Responsibilities for the Audit of the Financial Statements"* section of our report. We are independent of the Bank in accordance with ethical requirements that are applicable in Ukraine to our audit of the financial statements, such as the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (hereinafter – IESBA Code), and we also have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 to the financial statements that states which describes the impact of the ongoing full-scale war in Ukraine, and that further political instability and potential macroeconomic shocks may cause a negative impact on the Bank's financial position and performance results, the nature and consequences of which cannot be fully determined. The financial statements are prepared on the going concern basis and reflect the management's current assessment of the impact of the business environment in Ukraine and the macroeconomic situation in the world on the operational activity and financial position of the Bank. Future business environment may differ from management's assessment.
Our opinion is not modified in respect of this matter.

Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the Bank in the current period. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Measurement of expected credit losses for corporate loans

Measurement of allowances for expected credit losses for corporate loans provided to borrowers-legal entities is a key audit matter considering the volume of these operations in the Bank's activity and that under the International Standard of Financial Statements 9 "Financial Instruments" (hereinafter – IFRS 9) the measurement of expected credit losses is based on scenario analysis considering not only past events, current conditions but also future economic forecasts, which is to a greater extent subject to professional judgment of the Bank's management, and therefore, the use of certain judgments and assessments can cause different level of credit losses.

The volume of corporate loans and expected credit losses as at December 31, 2022 are disclosed in Note 7 to the financial statements. To measure expected credit losses the Bank applied approach based on financial models for determination of significant increase in credit risk, probability of default and loss given default using macroeconomic indicators and scenario analysis. More detailed information on expected credit losses methodology is disclosed in the Note 4 to the financial statements.

Our audit procedures included analysis of credit losses measurement methodology used by the Bank for presenting allowances in the financial statements in accordance with IFRS 9, and review of algorithm of utilization of input data for measurement of expected credit losses. Considering the fact that the majority of the Bank's loans and loan commitments are corporate loans to borrowers-legal entities incorporated in Ukraine by international companies with investment grade, which are clients of Deutsche Bank Group (hereinafter – the Group, Deutsche Group), and the default probability assessment was based on the models with indicators calculated on the Group level, we analyzed if the methodology and data used in these models were relevant and appropriate and the key assumptions applied were reasonable. We also assessed whether the disclosures in the financial statements were appropriate.

Other Information

Management of the Bank is responsible for other information. Other information comprises:

- *Management Report*, which was prepared and approved by the Chairman of the Board of the Bank based on the requirements of Chapter IV of the Resolution of the Board of the National Bank of Ukraine «Regulation on the Procedure of Preparation and Disclosure of Financial Statements of Banks #373 dated 24.11.2011 (hereinafter – Resolution of NBU #373), and which is not the financial statements of the Bank and does not contain our Independent Auditor's Report thereon. Our opinion on the financial statements does not apply to the Management Report and we do not conclude with any level of assurance on it as a whole. In connection with our audit of the financial statements, our responsibility is to read the Management Report and review on:
    - consistency of the Management Report with the Financial Statements of the Bank for 2022;
    - compliance of the Management Report with the requirements of the legislation;
    - the existence of material misstatements in the Management Report.

and the Law of Ukraine "On Audit of the Financial Statements and Auditing" No. 2258-VIII dated December 21, 2017;

- whether the financial information in the Management Report is consistent with the financial statements for the reporting period and/or with other information obtained by the auditor during the audit.

We have not identified inconsistency of the Management Report with the Financial Statements of the Bank for 2022 we also did not identify incompliance of the Management Report with the requirements of the legislation regarding its preparation. We did not find material misstatements in the Management Report. We have not established inconsistencies between the financial information in the Management Report and the financial statements for the reporting period and/or with other information obtained by us during the audit.

- *The Annual information of the issuer*, which shall be formed by the Bank on the basis of the requirements of Articles 126 and 127 of the Law of Ukraine "On Capital Markets and Organized Commodity Markets" taking into account the requirements of Article 12^2 «On Financial Services and State Regulation of Financial Services Markets", and which is not the financial statements of the Bank. The Annual information of the issuer will be approved after the date of our Independent Auditor's Report, other than the Corporate Governance Report obtained by us prior to the date of our Independent Auditor's Report. Our opinion on the financial statements does not apply to the Annual information of the issuer and we do not conclude with any level of assurance about this Annual information of the issuer as at the date of this Independent Auditor's Report. In connection with our audit of the financial statements, our responsibility is to read the Annual information of the issuer and, in doing so, consider whether there is a material inconsistency between the Annual information of the issuer and the financial statements or our knowledge obtained during the audit, or, whether the Annual information of the issuer otherwise appears to be materially misstated. When we read the Annual information of the issuer and if we come to the conclusion that it contains a material misstatement, we will be obliged to report this fact to those charged with governance.

Responsibilities of the Bank's Management and the Supervisory Board for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Bank's ability to continue as a going concern, disclosing, as applicable, matter related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Bank or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control 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 Bank's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Bank;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that the material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

- ***The Law of Ukraine "On audit of the financial statements and auditing" N2258-VIII dated December 21, 2017***

The information in this section of the Independent Auditor's Report is provided in accordance with paragraphs 3 and 4 of Article 14 of the Law of Ukraine "On Audit of the Financial Statements and Auditing" No. 2258-VIII dated December 21, 2017.

We were appointed to conduct a statutory audit of the Bank's financial statements by the Supervisory Board resolution No82 dated August 9, 2021; the total duration of the audit engagement without interruptions, taking into account extension of the mandate that took place and the re-appointments, is 7 years that ended December 31, 2022.

Audit estimates

Description and assessment of the most significant risks of material misstatement of information in the financial statements under audit, including due to fraud. Reference to respective item or other disclosure in the financial statements for every description and assessment of the most significant risks in the financial

statements

During the audit we decided on the most significant risks of the material misstatements of information on the financial statements, including due to fraud, which include:

- On the level of financial statements:
    - Existent business risk based on the fact that the Bank belongs to public interest entities, carries its activity in economic and political environment under the influence of the events related to full-scale military aggression of russian federation (notes 2 to the financial statements of the Bank and also to Management Report);
- on the assertion level for classes of transactions, account balances and disclosures:
    - Measurement of expected credit losses for corporate loans (notes 4 and 7 to the financial statements of the Bank and the *"Key Audit Matters"* section of this Independent Auditor's Report).
    -

Brief description of responses taken to address the most significant risks of material misstatement in the financial statements.

We applied professional judgement in planning and performing the audit, as well as planned and performed the audit with professional scepticism, acknowledging that there can be circumstances that lead to the material misstatements in the financial statements. On the basis of identified and assessed risks of material misstatement of the financial statements, apart from the procedures described in the sections *Key Audit Matters* and *Auditor's Responsibilities for the Audit of the Financial Statements* of this Independent Auditor's Report, we conducted the following audit procedures, we:

- planned the audit in accordance with the RSM International Global Audit Manual, which is developed to fully meet the ISAs (hereinafter - GAM), in order to mitigate the risk of undetected misstatements in the financial statements to the acceptable level;
- performed the individual and/or combined assessment of the risks of material misstatement for classes of transactions, account balances and disclosures, which contains assessment of the risk of internal control and the risk inherent of certain classes of transactions, account balances or disclosures;
- assigned personnel appropriate in the circumstances to carry out the statutory audit;
- in accordance with ISQM 2, "Engagement Quality Review", appointed a person responsible for quality control review of the engagement, who is not a member of the engagement team conduct an objective assessment of the significant judgments made by the engagement team and the conclusions reached.

Main reservations regarding the risks of material misstatement of information in financial statements

The main reservations is regarding the risk of fraud, which is not the most significant risk of material misstatement of information in the Bank's financial statements, however, in accordance with ISA 240, the risk of management override of controls exists in all economic entities and due to the unpredictability of the manner in which such a neglect may occur, it is a risk of material misstatement of the financial statements due to fraud and therefore is a significant risk. In accordance with the requirements of ISA 240, when planning the audit, we considered the Bank's susceptibility to fraud, taking into account the business environment, as well as the means and methods of control established and maintained by the management, as well as the nature of transactions, assets and liabilities recorded in the accounts.

In planning our audit, we made inquiries of the Bank's management regarding whether they had any knowledge of actual cases of fraud that had occurred, suspected fraud affecting the Bank. In response to such requests, management provided a written fraud risk assessment of the Bank, according to which the fraud risk is low.

However, the primary responsibility for preventing and detecting fraud rests with the Bank's management, who should not rely on audit to avoid their responsibilities, as fraud may involve collusion, forgery, intentional omissions, misstatements, or override of controls measures that may not be detected due to limitations inherent of an audit. The limitations inherent of an audit are set out in the paragraph *Auditor's Responsibilities for the Audit of the Financial Statement* section of this Independent Auditor's Report.

Clarifications regarding the Considered Possibility to Identify Violations, including Fraud during the Statutory Audit

To obtain reasonable assurance, we had to get acceptable audit evidence, sufficient to reduce the audit risk to an acceptable low level, which would enable us to reach reasonable conclusions to base our opinion. This was achieved by complying with the requirements of GAM and ISAs.

Consistency of Independent Auditor's Report with Additional Report to Audit Committee

The Audit Committee function at the Bank is absorbed by the Audit Committee of the Supervisory Board. The opinion stated in this Independent Auditor's Report is brought in line with the Additional Report to the Audit Committee, which was prepared in accordance with the requirements of Article 35 of the Law of Ukraine "On Audit of the Financial Statements and Auditing".

Statement on not Providing Non-assurance Services, as defined by Article 6 of the Law of Ukraine "On Audit of the Financial Statements and Auditing" #2258-VIII dated 21.12.2017.

We have not provided the Bank with non-assurance services as defined by Article 6 of the Law of Ukraine "On Audit of the Financial Statements and Auditing".

Statement on Independence of the Key Audit Partner and the Audit Firm from the Bank during the Audit

Statement of our independence from the Bank, including the key audit partner of the audit of the financial statements is disclosed in the *Basis for Opinion* and *Auditor's Responsibilities for the Audit of the Financial Statements* paragraphs of this Independent Auditor's Report.

Information about Other Services Provided to the Bank or its Controlled Entities, except for Statutory Audit Services

From the date of our appointment as the auditor of the Bank's financial statements for 2022 until the date of this Independent Auditor's Report, we have not provided other services to the Bank.

During the period under audit there were no legal entities controlled by the Bank (subsidiaries) to which we would have provided services.

Clarifications on the Scope of the Audit and the Limitations Inherent of an Audit

The audit scope is described in the described in *Auditor's Responsibilities for the Audit of the Financial Statements* paragraph of this Independent Auditor's Report.

Because of the limitations inherent of an audit as well as limitations inherent of the internal control system, there is an unavoidable risk that some significant misstatements may not be detected even if the audit is properly planned and performed in accordance with the ISAs.

Basic Information about the Audit Firm:

- *Full name according to constituent documents* - LIMITED LIABILITY COMPANY "RSM UKRAINE"

- *Place of the entity's registration and actual location* – 47, Nizhnyoyurkivska Str., 04080, Kyiv and 37/19, Donetska Str., 03151, Kyiv, respectively;
- *information about registration in the Register* – under #0084 (s/n5) in the Register of Auditors and Audit Entities, including in Section Audit entities eligible to carry out statutory audit of the financial statements and in Section Audit entities eligible to conduct statutory audit of the financial statements of public interest companies.

- ***Decision of the National Securities and Stock Market Commission (hereinafter - the NSSMC) "Requirements for information related to the audit or review of financial statements of capital markets and organized commodity market participants, supervised by the National Securities and Stock Market Commission" #555 dated July 22, 2021 (hereinafter – Decision #555)***

Audit of the financial statements of Joint-Stok Company "Deutsche Bank DBU" was performed on the basis of the agreement #06-10/2022 B 700 of October 06, 2022 and was carried out from October 06, 2022 till April 24, 2023 inclusively.

In our opinion, the *disclosure of information about the ultimate beneficial owner and ownership structure* at the reporting date was made by the Bank in accordance with the requirements of the Regulations on the form and content of ownership structure approved by the Ministry of Finance of Ukraine #163 dated March 19, 2021, registered with the Ministry of Justice of Ukraine on June 8, 2021 by #768/36390 (Note 1 to the financial statements).

The Company is not a controller/a member *of a non-banking financial group* (Note 1 to the financial statements).

The Company is a *public interest entity* (Note 1 to the Financial Statements).

P*arent company.* 100% of the Bank's shares belong to Deutsche Bank AG, a corporate that is incorporated and operates according to the law of the Federal Republic of Germany. Deutsche Bank AG is a direct parent company of the Bank and its actual controlling party (Note 1 to the Financial Statements).

Subsidiaries: The Bank does not have subsidiaries ((Note 28 to the Financial Statements).

Prudential indicators established by legal and regulatory act of the NSSMC. Regulatory and legal acts of the NSSMC do not establish prudential indicators for banks of Ukraine (Note 1 to the Financial Statements).

In connection with the Corporate Governance Report prepared by the Bank in accordance with the law requirements, we inform the following:

- *according to the audit, information specified in paragraphs 1-4 of the third part of Article 127 of the Law of Ukraine "On Capital Markets and Organized Commodity Markets" № 3480-IV dated February 3, 2006* is provided in the Corporate Governance Report;
- *in our opinion, the information specified in paragraphs 5 - 9 of the third part of Article 127 of the Law of Ukraine "On Capital Markets and Organized Commodity Markets",* namely: description of the main characteristics of internal control and risk management systems of the Bank; a list of persons who directly or indirectly own a significant block of shares in the Bank; information on any restrictions on the rights of participation and voting of shareholders at the general meeting of the Bank; the procedure for appointing and dismissing officials and the powers of the Bank's officials set out in the Corporate Governance Report does not contradict the information we obtained during the audit of the Bank's financial statements.

The Company has not formed the *Audit Commission*.

The key partner for the audit resulting in this Independent Auditor's Report is Oleksandr Dudar.

Oleksandr Dudar.
Key Audit Partner
Registration number in
The Register of Auditors and Audit Entities is 100867

April 24, 2023

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(in UAH thousand)	*Note*	**31 December 2022**	**31 December 2021**
ASSETS			
Cash and cash equivalents	*5*	3 367 278	1 981 577
Due from other banks	*6*	1 222 321	2 087 524
Loans and advances to customers	*7*	698 364	301 302
Investments in securities	*8*	-	945 957
Derivative financial assets	*9*	-	1 429
Deferred tax asset	*21*	2 539	1 420
Fixed and right-of-use assets	*10*	17 995	22 766
Intangible assets	*10*	1 392	625
Other assets	*11*	4 460	3 739
Total assets		**5 314 349**	**5 346 339**
LIABILITIES			
Customer accounts	*12*	4 737 512	4 966 599
Current income tax liabilities		19 047	2 736
Derivative financial liabilities	*9*	-	69
Deferred tax liabilities		-	143
Provision for credit-related commitments	*13*	587	11
Lease liabilities		7 950	14 424
Other liabilities	*14*	29 294	27 377
Total liabilities		**4 794 390**	**5 011 359**
EQUITY			
Share capital	*15*	301 839	301 839
Retained earnings and other reserves		218 120	32 491
Revaluation reserve		-	650
Total equity		**519 959**	**334 980**
Total liabilities and equity		**5 314 349**	**5 346 339**

Approved for issue and signed
April 24, 2023

Roman Topolnytskyi
Chairman of the Board

Svitlana Gnatiuk
Chief Accountant

Statement of financial position should be read in conjunction with the notes on pages 7-50, which are forming a part of these financial statements.

(in UAH thousand)	*Note*	**2022**	**2021**
Interest income	*17*	595 853	235 989
Interest expense	*17*	(250 873)	(120 429)
Net interest income		**344 980**	**115 560**
Net (increase)/decrease of expected credit losses	*6,7,11,13*	(492)	1 308
Net interest income less impairment		**344 488**	**116 868**
Net fee and commission income	*18*	10 308	24 838
Net trading income	*19*	48 949	19 111
Other operating income		229	233
Total non-interest income		**59 486**	**44 182**
Salaries and employee benefits		(77 609)	(62 345)
Administrative and other operating expenses	*20*	(90 981)	(82 886)
Total non-interest expense		**(168 590)**	**(145 231)**
Profit before tax		**235 384**	**15 819**
Income tax expense	*21*	(49 755)	(9 139)
Profit for the year		**185 629**	**6 680**
OTHER COMPREHENSIVE INCOME			
Items to be subsequently reclassified to profit or loss			
Revaluation of securities designated at fair value through other comprehensive income (FVOCI)		(793)	1 270
Income tax related to other comprehensive income		143	(229)
Other comprehensive income for the year		**(650)**	**1 041**
Total comprehensive income		**184 979**	**7 721**
Earnings per share from continuing operations:			
Basic and diluted earnings per share, UAH	*22*	0.81	0.03

Approved for issue and signed
April 24, 2023

Roman Topolnytskyi
Chairman of the Board

Svitlana Gnatiuk
Chief Accountant

Statement of profit or loss and other comprehensive income should be read in conjunction with the notes on pages 7-50, which are forming a part of these financial statements.

(in UAH thousand)	**Share capital**	**Reserve and other funds**	**Revaluation reserve**	**Retained earnings (Accumulated deficit)**	**Total**
Balance as of 01 January 2021	**301 839**	**25 746**	**(391)**	**43 759**	**370 953**
Profit for the year	-	-	-	6 680	6 680
Other comprehensive income	-	-	1 041	-	1 041
Total comprehensive income	**-**	**-**	1 041	6 680	7 721
Transfer of profit to reserve funds	-	65	-	(65)	
Dividends payable	-	-	-	(43 694)	(43 694)
Balance as of 31 December 2021	**301 839**	**25 811**	**650**	**6 680**	**334 980**
Balance as of 01 January 2022	**301 839**	**25 811**	**650**	**6 680**	**334 980**
Profit for the year	-	-	-	185 629	185 629
Other comprehensive income	-	-	(650)	-	(650)
Total comprehensive income	-	-	**(650)**	**185 629**	**184 979**
Transfer of profit to reserve funds	-	334	-	(334)	
Balance as of 31 December 2022	**301 839**	**26 145**	**-**	**191 975**	**519 959**

Approved for issue and signed
April 24, 2023

Roman Topolnytskyi
Chairman of the Board

Svitlana Gnatiuk
Chief Accountant

Statement of changes in equity should be read in conjunction with the notes on pages 7-50, which are forming a part of these financial statements.

(in UAH thousand)	*Note*	**2022**	**2021**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		235 384	15 819
Adjustments for:			
Depreciation and amortization	*10*	2 682	2 645
Depreciation of right-of-use assets		7 838	8 154
Amortisation of discount /(premium)		(29)	(5)
Amortisation of (discount) /premium on securities		752	(17 598)
Net increase/(decrease) of provisions for expected credit losses	*6,7, 11, 13*	492	(1 308)
(Increase)/decrease of accrued income		31 157	(5 680)
(Decrease)/increase of accrued expenses		9 138	2 787
Exchange difference for lease liabilities		158	(130)
(Profit)/Loss from transactions with derivatives		1 360	(1 380)
Unrealized exchange differences		(6 385)	2 311
Net monetary gain from operating activities before changes in operating assets and liabilities		**282 547**	**5 615**
Changes in operating assets and liabilities:			
Net decrease/(increase) in deposits in other banks	*6*	2 760	-
Net decrease/(increase) in loans and advances to customers	*7*	(394 664)	98 945
Net decrease/(increase) in other assets	*11*	(715)	(2 734)
Net increase /(decrease) in due to banks		(88)	-
Net increase /(decrease) in due to customers	*12*	(613 556)	1 242 561
Net increase /(decrease) in other liabilities	*14*	(3 645)	6 044
Net cash flows from (used in) operating activities before income tax		**(727 361)**	**1 350 431**
Income tax paid		(34 564)	(6 912)
Net cash flows from (used in) operating activities		**(761 925)**	**1 343 519**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of securities	*8*	-	(1 301 086)
Proceeds from disposal of securities	*8*	910 000	982 161
Acquisition of fixed assets	*10*	(3 740)	(3 838)
Acquisition of intangible assets	*10*	(1 367)	(179)
Net cash flows from (used in) investing activities		**904 893**	**(322 942)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		-	(43 694)
Principle paid on lease liabilities		(8 042)	(7 961)
Net cash flows from (used in) financing activities		**(8 042)**	**(51 655)**
Effect of the National Bank of Ukraine official exchange rate changes on cash and cash equivalents		382 806	(118 452)
Net increase (decrease) in cash and cash equivalents		**517 732**	**850 470**
Cash and cash equivalents at the beginning of the year	*5*	4 068 373	3 217 903
Cash and cash equivalents at the end of the year	*5*	**4 586 105**	**4 068 373**

Approved for issue and signed
April 24, 2023

Roman Topolnytskyi
Chairman of the Board

Svitlana Gnatiuk
Chief Accountant

1 Background

a) Main activities

Joint Stock Company "Deutsche Bank DBU" (hereinafter - the Bank) was registered as an open joint stock company in 2009. In 2010, the Bank was re-registered as a public joint stock company. In 2018 the Bank was re-registered as a private joint stock company.

The Bank is operating on the basis of the National Bank of Ukraine (NBU) license issued on 11 December 2018. The Bank's main activities include attraction of deposits and maintenance of customers' accounts, granting loans and providing guarantees, cash and settlement transactions, transactions with securities, and foreign currency exchange operations. The Bank's operation is regulated by the National Bank of Ukraine. The Bank is a member of Individuals' Deposits Guarantee Fund (certificate № 207 dated 12 October 2009).

As of 31 December 2022, the Bank is operating through its Head Office and has no branches.

The Bank's registered address is: 20 Lavrska Street, Kyiv, Ukraine.

b) Actual controlling party

100 % of the Bank's shares belong to Deutsche Bank AG, a corporation, created and acting according to the laws of the Federal Republic of Germany. Deutsche Bank AG is a direct parent company of the Bank and its actual controlling party. Deutsche Bank AG prepares and publishes its consolidated financial statements prepared in accordance with IFRS.

According to the Law of Ukraine "On State Registration of Legal Entities, Individuals - Entrepreneurs and Public Associations" and the Regulation on the Form and Content of Ownership Structure, approved by the Order of the Ministry of Finance of Ukraine of 19 March 2021 № 163, information on ultimate beneficiary owner and ownership structure is listed with the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Associations.

The Bank's management does not own any shares in the Bank. Details of transactions with related parties are disclosed in note 28.

The bank is a public interest entity.

The Bank is not a member / controller of a non-banking financial group.

Prudential indicators established by the regulatory and legal act of the NSSMC. For banks of Ukraine, prudential indicators are set by the National Bank of Ukraine.

These annual financial statement are prepared, approved for issue and signed by the Board of Bank on April 24, 2023.

2 Operating environment

A full-scale war was the biggest challenge of 2022. Large-scale destruction, occupied territories, loss of labor and production capacity led to a significant economic decline.

Economic activity in the Ukraine government-controlled regions began to recover in the third quarter, driven by the partial liberation of Ukrainian territory, adaptation of business to the new environment, and the "grain" corridor. However, this recovery was later interrupted by russian terrorist attacks on energy infrastructure.

According to the National Bank of Ukraine's inflation report (January 2023), real GDP fell by 30.3% in 2022. Industry, particularly metallurgy, suffered significant output losses. On the other hand, trade and services companies quickly adapted to the new conditions. The impact on the agricultural sector was also limited. The NBU's forecast for the next year is a slight increase in real GDP (by 0.3%). Consumer prices increased by 26.6%. At the same time, the annualized inflation rate has stabilized over the past three months and remained almost unchanged. The NBU also expects inflation to slow to 18.7% in 2023 due to continued tight monetary conditions, weaker consumer demand amid an electricity shortage, and lower global inflation.

According to the NBU, in 2022, Ukraine received over USD 32 billion in international aid, of which more than USD 14 billion were grants. This allowed the country to finance most of the consolidated budget deficit (over 27% of GDP excluding grants), and to increase international reserves to USD 28.5 billion at the end of the year. The NBU believes that the current level of reserves is sufficient to ensure the sustainability of the foreign exchange market.

The country's financial system has withstood the challenges and continues to operate steadily. The liquidity of the banking system has generally remained high since the beginning of the full-scale war. Payments are made on time, and customers have unimpeded access to their funds. To support stability, the NBU maintains a fixed exchange rate, keeps the key policy rate high (25%), and gradually increases the required reserve requirements for banks.

Of all the risks inherent in banks, credit risk remains the key one. In the second half of the year, the banks' net hryvnia corporate loan portfolio began to decline slowly. The share of non-performing loans and credit risk losses increased significantly. Despite significant provisioning, the banking sector earned UAH 24.7 billion in profit in 2022. This was driven by higher interest and fee and commission income. According to the latest NBU data (Financial Stability Report for December 2022), the sector's return on equity for eleven months was over 9%.

Economic growth due to the restoration of production capacity, resumption of ports, increased harvests, improved logistics and revival of domestic demand, including the return of forced migrants, is only possible if security risks are reduced, which is largely dependent on the Armed Forces of Ukraine.

Although the management believes in taking appropriate measures to support the Bank's stability in the current circumstances, further political instability and potential macroeconomic shocks may have a negative impact on the Bank's performance and financial position, which nature and consequences cannot be determined. However, the risks of the most negative scenario have significantly decreased compared to the previous year, primarily due to the success of the Armed Forces of Ukraine and significant international support for Ukraine. These financial statements have been prepared on a going concern basis and reflect management's current assessment of the Ukrainian business environment and the global macroeconomic situation affecting the operations and the financial position of the Bank. The future business environment may differ from management's assessment.

3 Basis for preparation

a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS).

b) Basis of measurement

These financial statements are prepared on the historical cost basis, except for assets and liabilities as stipulated by the accounting policy set out below when such measurement basis as amortised cost or fair value is used.

c) Functional and presentation currency

The functional and presentation currency is the Ukrainian hryvnia (UAH).

Unless stated otherwise, these financial statements are presented in UAH, rounded to the nearest thousand.

d) Use of estimates and judgments

Preparation of the financial statements in accordance with IFRSs requires management to make a number of judgements, estimates and assumptions that impact reported assets and liabilities and disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRSs. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

4 Significant accounting policies

The accounting policies set out below are consistently applied to all periods presented in these financial statements, unless otherwise stated.

a) Foreign currency transactions

Transactions in foreign currencies are translated to hryvnias at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to hryvnias at the exchange rate established on that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the reporting period. Foreign currency differences arising on retranslation are recognised in profit or loss. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The UAH is not a convertible currency outside Ukraine and, accordingly, any conversion of UAH amounts to USD should not be construed as a representation that UAH amounts have been, could be, or will be in the future, convertible into USD at the exchange rate shown, or any other exchange rate.

The principal UAH exchange rates used in the preparation of these financial statements are as follows:

Currency	31 December 2022	31 December 2021
USD	36.57	27.28
EURO	38.95	30.92

b) Cash and cash equivalents

For the purpose of statement of financial position cash and cash equivalents include notes and coins on hand, unrestricted balances held with the NBU (including mandatory reserves) and deposit certificates issued by the NBU. For the purpose of the statement of cash flows cash and cash equivalents include notes and coins on hand, unrestricted balances held with the NBU (including mandatory reserves), deposit certificates issued by the NBU and correspondent accounts with other banks.

c) Financial instruments

i) Classification and measurement under IFRS 9

According to IFRS 9, classification of the financial assets should be based on both, the business model used to manage financial assets and the contractual cash flow characteristics of the financial asset (also known as the SPPI test).

Business model

IFRS 9 foresees three business models for an entity:

- Hold to Collect, where financial assets are held to obtain contractual cash flows.
- Hold to Collect and Sell, where financial assets are held for the purpose of obtaining contractual cash flows or for sale of financial assets.

- Other business model, where financial assets held for trading intent or financial assets that do not meet the criteria of the first two models («Hold to Collect» or «Hold to Collect and Sell»).

Assessment of a business model involves the use of judgment based on facts and circumstances as of the date of assessment.

Solely payments of principle and interest (SPPI test)

If a financial asset is held either to obtain a contractual cash flow (Hold to Collect) or to obtain a contractual cash flow or for sale (Hold to Collect and Sell), then an assessment to determine whether contractual cash flows are solely payments of principal and interest on principle amount outstanding at initial recognition is required to determine the appropriate classification category of cash flows.

Contractual cash flows, that are SPPI on the principle amount outstanding is determined by the basic lending agreement. Interest is a consideration for the time value of money and the credit risk associated with principal amount outstanding during the particular period of time. It can also include a consideration for other basic lending risks (e.g. liquidity risk) and costs (e.g. administrative costs) associated with holding a financial asset for a particular period of time; and a profit margin that is consistent with a basic lending arrangement.

Financial assets classified at amortized cost

A financial asset is classified and subsequently measured at amortized cost (unless designated under the fair value option) if the financial asset is held in a Hold to Collect business model and contractual cash flows are SPPI.

Under this measurement category, a financial asset is measured at fair value at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount and adjusted for any impairment allowance.

Financial assets at fair value through other comprehensive income

A financial asset is classified and measured at fair value through other comprehensive income (FVOCI) (unless designated under the fair value option) if the financial asset is held in Hold to Collect and Sell business model, and contractual cash flows are SPPI.

Under FVOCI, a financial asset is measured at its fair value with any movements being recognized in other comprehensive income (OCI) and is assessed for impairment in accordance with the new model of expected credit loss (ECL). The effect of foreign currency translation for FVOCI assets is recognized in profit or loss, as well as the interest component (by using the effective interest rate method). The amortization of premiums and accretion of discount are recorded in net interest income. Realised gains and losses are reported in net gains (losses) on financial assets at FVOCI financial assets.

Financial assets at fair value through profit or loss

Any financial asset held for trading or which does not meet the Hold to Collect or Hold to Collect and Sell business models criteria shall be assigned as Other business model and is measured at fair value through profit and loss (FVTPL).

In addition, any instrument for which the contractual cash flow characteristics are not SPPI must be measured at fair value through profit or loss (FVTPL), even if held in Hold to Collect or Hold to Collect and Sell business models.

Financial instruments are included in Other business model and held for trading if they have been originated, acquired or incurred principally for the purpose of selling or repurchasing in the near term, or they form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking. Trading assets include debt and equity securities, derivatives held for trading purposes and trading loans.

At initial recognition, the Bank may irrevocably recognize a financial asset (that would otherwise be measured subsequently at amortized cost or FVOCI), as measured at FVTPL, if such designation eliminates or significantly reduces a recognition and measurement inconsistency (sometimes referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognizing the gains or losses on a different basis.

ii) Impairment method under IFRS 9

The impairment requirements of IFRS 9 apply to all debt instruments that are measured at amortized cost or FVOCI and to off-balance lending commitments such as loan commitments and financial guarantees (collectively referred to as "Financial assets").

The determination of impairment losses and allowances moves from an incurred credit loss model to an expected credit loss model under IFRS 9, where provisions are recorded at initial recognition of a financial asset based on expected potential credit losses at the time of initial recognition.

In accordance with IFRS 9, the Bank first evaluates individually whether objective evidence of impairment exists of for loans that are individually significant. Then, loans that are not individually significant, and loans that are significant. It then collectively assesses loans that are not individually significant and loans, which are significant, but for which there is no objective evidence of impairment available under the individual assessment.

For loans granted to legal entities the Bank determines expected credit losses under IFRS 9 on an individual basis.

Staged approach to determining expected credit losses.

IFRS 9 introduces a three-staged approach to impairment for financial assets. This approach is summarized as follows:

- Stage 1: The Bank recognizes a credit loss allowance at an amount equal to 12 months expected credit losses. This represents the portion of lifetime expected credit losses from default events that are expected within 12 months of the reporting date, assuming that credit risk has not significantly increased after initial recognition.
- Stage 2: The Bank recognizes a credit loss allowance at an amount equal to lifetime expected credit losses (LTECL) for those financial assets, which are considered to have experienced a significant increase in credit risk since initial recognition. This requires the computation of expected credit loss based on lifetime probability of default for the financial asset that represents the probability of default occurring over the remaining lifetime of the financial asset. Allowance for credit losses are higher at this stage because of an increase in credit risk and the effect of a longer time horizon being considered compared to 12 months in Stage 1.
- Stage 3: The Bank recognizes a credit loss allowance at an amount equal to lifetime expected losses reflecting a 100% probability of default, via the recoverable cash flows for the asset. This approach applies to those financial assets that are credit-impaired. The Bank's definition of a default is aligned with the regulatory definition.

Financial assets that are credit-impaired upon initial recognition are categorized within Stage 3 with a carrying value already reflecting the lifetime expected credit losses. The accounting treatment for these purchased or originated credit-impaired assets (POCI) is disclosed below.

Credit-impaired financial assets in Stage 3

The Bank has aligned its definition of credit-impaired assets under IFRS 9 with regulatory requirements.

The determination of whether the financial asset is credit impaired focuses exclusively on default risk, without taking into consideration the effects of credit risk mitigations such as collateral or guarantees. Specifically, a financial asset is credit impaired and in Stage 3 when:

- The Bank considers the obligor unlikely to pay its credit obligations to the Bank; or
- Contractual payments of either principal or interest by the obligor are past due by more than 90 days.

For financial assets considered to be credit impaired, the expected credit loss (ECL) allowance covers the amount of loss the Bank is expected to suffer. The estimation of the allowance is made on a case-by case basis for non-homogeneous portfolios, or by applying portfolio based parameters to individual financial assets in these portfolios via the model for homogeneous portfolios.

Forecasts of future economic conditions are considered when calculating ECLs. The lifetime expected losses are estimated based on the probability-weighted present value of the difference between 1) the contractual cash flows that are due to the Bank under the contract; and 2) the cash flows that the Bank expects to receive.

A financial asset can be classified as in default but without an allowance for credit losses (i.e. no impairment loss is expected). This may be due to the value of collateral.

Purchased or originated credit impaired financial assets in Stage 3.

A financial asset is considered purchased or originated credit-impaired if there is objective evidence of impairment at the time of initial recognition (i.e., rated in default by Credit Risk Management department). Such defaulted financial assets are termed POCI (purchased or originated credit-impaired). Typically the purchase price or fair value at origination embeds expectations of lifetime expected credit losses and therefore no separate credit loss allowance is recognized on initial recognition. Subsequently, POCI financial assets are measured to reflect lifetime expected credit losses, and all subsequent changes in lifetime expected credit losses (whether positive or negative) are recognized in the income statement as a component of the provision for credit losses. POCI financial assets can only be classified in Stage 3.

Modification

The Bank recalculates the gross carrying amount of the financial asset and recognizes income or expense from modification if the underlying contractual terms of the financial asset are revised by the agreement of the parties, or any other modification occurs, which does not result in derecognition of the initial financial asset.

The Bank calculates a new gross carrying amount as the present value of the revised or modified cash flows under the contract, discounted at the initial effective interest rate (or the initial effective interest rate adjusted for credit risk, for purchased or originated credit-impaired financial assets).

The Bank includes transaction costs in the carrying amount of the modified financial asset depreciated during its lifetime. The Bank recognizes the difference between the gross carrying amount under initial terms and the gross carrying amount under revised or modified terms through profit or loss from their modification.

Derecognition

The Bank derecognizes an initial financial asset and recognizes a new financial asset if the revised or modified cash flows under the contract result in derecognition of an initial financial asset.

At the date of the modification the Bank recognizes a new financial asset at fair value plus transaction costs associated with origination of a new financial asset (except for a new asset that is measured at fair value through profit or loss) and determines an expected credit losses for 12 months.

The Bank recognizes cumulative changes in expected credit losses over the lifetime of a financial asset if the modification results in a new financial asset, which is credit impaired on initial recognition. At each reporting date, the Bank recognizes the results of changes in expected loan losses over the lifetime of a financial asset, which is credit impaired on initial recognition (including positive changes) through profit or loss as expenses / income for the formation / disbursement of estimated provisions.

Income from disbursement of estimated provisions is recognized even if the amount of the previously formed provision for such a financial asset is exceeded. At the date of derecognition of an initial financial asset, the Bank recognizes gain or loss from derecognition, which is the difference between the carrying amount of an initial financial asset and the fair value of a new financial asset.

Interest income calculation

For financial assets in Stage 1 and Stage 2 the Bank calculates interest income by applying effective interest rate to the gross carrying amount (i.e., without deduction for expected credit losses). Interest income for financial assets in Stage 3 is calculated by applying the effective interest rate to the amortized cost (i.e., the gross carrying amount less the credit loss allowance).

iii) Model description for expected credit loss calculation

Stage determination

At initial recognition, financial assets, which are not purchased or originated credit impaired (POCI), are reflected in Stage 1. If there is a significant increase in credit risk, the financial assets are transferred to Stage 2. Significant increase in credit risk is determined by using rating-related and process-related indicators. In contrast, the assignment of a financial instrument to Stage 3 is based on the status of the obligor being in default.

On an ongoing basis, as long as the condition for indicators on increase in credit risk is fulfilled and the financial asset is not recognized as defaulted, the asset will remain in Stage 2. If the indicator condition is any longer fulfilled and the financial asset is not defaulted, the asset transfers back to Stage 1. In case of a default the financial asset is allocated to Stage 3. In the case that a previously defaulted financial asset ceases to be classified as defaulted, it transfers back to Stage 1 or Stage 2.

Expected lifetime of a financial asset

The expected lifetime of a financial asset is a key factor in determining the lifetime expected credit losses. Lifetime expected credit losses represent default events over the expected life of a financial asset. The Bank measures expected credit losses considering the risk of default over the maximum contractual period (including any borrower's extension options), over which it is exposed to credit risk

Forward-looking information

Under IFRS 9 the allowance for credit losses is based on reasonable and supportable forward-looking information obtainable without undue cost or effect, which takes into consideration past events, current conditions and forecasts of future economic conditions.

The general use of forward-looking information, including macro-economic factors, as well as adjustments taking into account extraordinary factors, are monitored by Risk Management department.

Basis of inputs and assumptions and the estimation techniques

The Bank uses three main components to measure expected credit losses (ECL): Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The Bank has leveraged existing parameters used for determination of capital demand under the Basel Internal Ratings Based Approach and internal risk management practices as much as possible to calculate expected credit losses (ECL). In order to calculate lifetime expected credit losses, the Bank's calculation includes deriving the corresponding lifetime PDs from migration matrices that reflect economic forecasts.

The expected credit loss calculation for Stage 3 distinguishes between transaction in homogenous and non-homogenous portfolios and purchased and originated credit-impaired transactions (POCI). For transactions that are in Stage 3 and in a homogeneous a similar approach as for Stage 1 and Stage 2 transaction is taken. Since a Stage 3 transaction is defaulted, the probability of default is equal 100%. To incorporate the currently available information, the LGD parameters are modelled to be time-dependent, thus capture the time dependency of the borrower's recovery expectation after default.

The one-year PD for counterparties is derived from the Group rating systems. The Deutsche Bank Group assigns a probability of a default (PD) to each relevant counterparty, based at the 21-grade rating scale.

The counterparty ratings assigned are derived based on internally developed rating models, which specify consistent and distinct customer-relevant criteria and assign a rating grade based on a specific set of criteria as given for a certain customer. The set of criteria is generated from information sets relevant for the respective customer segments including general customer behaviour, financial and external data. The methods in use range from statistical scoring models to expert-based models taking into account the relevant available quantitative and qualitative information. Expert-based models are usually applied for counterparties in the exposure classes "Central government and central banks", "Institutions", and "Corporates", with the exception of those "Corporates" segments for which sufficient data basis is available for statistical scoring models. For the letter, as well as for the retail segment, statistical scoring or hybrid models combining both approaches are commonly used. Quantitative rating methodologies are developed based on applicable statistical modelling techniques, such as logistic regression.

One-year PDs are extended to multi-year PD curves using conditional transition matrices. The first step in the estimation process is the calculation of through–the-cycle matrices, which are derived from a multi-year rating history. For the next two years, economic forecasts are available. These forecasts are used to transform the through–the-cycle matrices into point-in-time rating migration matrices. Macroeconomic forecasts are used for adjusting the distribution of the respective macroeconomic factors and, consequently, the rating migration matrices that define migration and default probabilities. The actual calculation of the adjusted migration matrices is based on the simulation of a high number of scenarios that are drawn from the distribution of the macroeconomic factors, i.e., the simulation scenarios are selected using statistical techniques and are randomly scattered around the macroeconomic forecast.

Loss given default (LGD) is defined as the likely loss intensity in case of a counterparty default. It provides an estimation of the exposure that cannot be recovered in a default event and therefore captures the severity of a loss. Conceptually, LGD estimates are independent of a customer's probability of default. The LGD models ensure that the main drivers for losses (i.e., different level and quality of collateralization and customer or product types, or seniority of facility) are reflected in specific LGD factors. In our LGD models we assign collateral type specific parameters to the collateralized exposure (collateral value after application of haircuts). Moreover, the LGD for uncollateralized exposure cannot be below the LGD assigned to collateralized.

The Exposure at Default (EAD) over the lifetime of a financial asset is modelled taking into account expected repayment profiles. We apply specific Credit Conversion Factors (CCF) in order to recalculate the EAD value. Conceptually, the EAD is defined as the expected amount of the credit exposure to counterparty at the time of its default. In instances where a transaction involves an unused limit, a percentage share of this unused limit is added to the outstanding amount in order to appropriately reflect the expected outstanding amount in case of a counterparty default. When a transaction involves an additional contingent component (i.e., guarantees), a further percentage share is applied as part of the CCF model in order to estimate the amount of guarantees drawn in case of default. The calibrations of such parameters are based on statistical experience as well as internal historical data and consider counterparty and product type specifics.

iv) Collateral for financial assets considered in the impairment analysis

IFRS 9 requires cash flows expected from collateral and other credit enhancement to be reflected in the ECL calculation. The following key aspects with respect to collateral and guarantees are reviewed in this section:

- Eligibility of collateral, i.e. which collateral records should be used in the ECL calculation;
- Collateral evaluation, i.e. what collateral (liquidation) value should be used;
- Projection of the available collateral amount over the life of a transaction.

Eligibility and evaluation of collateral

The treatment and reflection of collateral for IFRS 9 purposes is in line with general risk management principles, policies and processes in the Bank.

Eligibility of collateral is based on the risk management standards governed by the Deutsche Bank Group's Credit Risk Management policies. Valuation results are generally reviewed at least annually or on an event-based basis, usually in connection with the annual credit review or the rating process.

Valuation process

The valuation of a collateral is considered under a liquidation scenario. Liquidation value is equal to the expected proceeds of collateral monetization / realization in a base case scenario, wherein a fair price is achieved through careful preparation and orderly liquidation of the collateral. Collateral can either move in value (dynamic value) or not (static value). The dynamic liquidation value generally includes a safety margin or a haircut value to address liquidity or marketability aspects.

The Bank assigns a liquidation value to eligible collateral, based on, among other things:

- the market value and / or lending value, notional amount or face value of a collateral as a starting point;
- the type of collateral; the currency mismatch (if any) between the secured exposure and the collateral; and a maturity mismatch (if any);
- the market liquidity or volatility in relation to agreed termination clauses;
- the correlation between the performance of the borrower and the value of the collateral, e.g. in the case of the pledge of a borrower's own shares or securities of the borrower (in this case, generally, full correlation leads to no liquidation value); the quality of physical collateral and the potential for litigation; and
- a determined collateral type specific haircut (0-100%) reflecting collection risk (i.e. price risks over the average liquidation period and processing/utilization/ sales costs) as specified in the respective policy.

Collateral haircut settings are typically based on available historic internal and /or external data (expert opinions may also be used, where appropriate). When data is not sufficiently available or inconclusive, more conservative haircuts than otherwise used must be applied. Haircut settings are reviewed at least annually.

v) Hedge accounting

IFRS 9 incorporates new hedge accounting rules that intend to better align hedge accounting with risk management practices. IFRS 9 includes an accounting policy choice to defer adoption of IFRS 9 hedge accounting and to continue with IAS 39 hedge accounting. Since the Deutsche Bank Group has decided to exercise this accounting policy choice and did not adopt IFRS 9 hedge accounting as of 1 January 2018, the Bank has taken the same decision. Subsequent changes will be implemented in parallel with adopting changes by the Deutsche Bank Group.

d) Non-financial assets

Other non-financial assets, other than deferred taxes, are assessed at each reporting date for any indications of impairment. The recoverable amount of non-financial assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. An impairment loss is recognised when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

All impairment losses in respect of non-financial assets are recognized in profit or loss and reversed only if there has been a change in the estimates used to determine the recoverable amount. Any impairment loss reversed is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

e) Provisions for credit-related commitments

In the normal course of business, the Bank enters into credit-related commitments, comprising undrawn loan commitments, letters of credit and guarantees, and provides other forms of credit insurance.

Financial guarantees are contracts that require the Bank to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

A financial guarantee liability is recognised initially at fair value net of associated transaction costs, and is measured subsequently at the higher of the amount initially recognised less cumulative amortisation or the amount of provision for losses under the guarantee. Provisions for losses under financial guarantees and other credit related commitments are recognised when losses are considered probable and can be measured reliably.

Financial guarantee liabilities and provisions for other credit related commitment are included in other liabilities.

Where some or all of the expenditure required for settling a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the Bank settles the obligation. The reimbursement in the amount not exceeding the amount of provision is recognised in other financial assets.

In the statement of profit or loss and other comprehensive income, the expense relating to a provision is presented net of the amount recognised for a reimbursement.

f) Fixed assets

(i) Owned assets

Fixed assets comprise additions of fixed assets and repairs of property and equipment, furniture and office equipment. Fixed assets are initially recognised at cost less accumulated depreciation and impairment losses.

Expenses incurred in connection with repairs of property and equipment are recognised in profit or loss in the period they are incurred unless they meet the capitalization recognition criteria.

Where an item of fixed assets comprises major components having different useful lives, they are accounted for as separate items of fixed assets.

Gains less losses from disposal of fixed assets are recognised in profit or loss.

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of specific assets. Depreciation commences from the date of acquisition or, in respect of internally constructed assets, from the time an asset is completed and ready for use. The estimated annual depreciation rates are as follows:

Machinery and equipment	10-25%
Fixtures and fittings (furniture)	10-20%
Other non-current tangible assets	8.3-20%

(iii) Impairment

Recognition of impairment of fixed assets and intangible assets is carried out in accordance with IFRS 36 *Impairment of assets*. The decision on the recognition of impairment and / or revision of terms of useful life is taken by continuously-operating (inventory) commission on the basis of revision of fixed assets or intangible assets.

g) Intangible assets

Intangible assets, acquired by the Bank, are stated at cost less accumulated amortisation and impairment losses.

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Estimated annual amortisation rate is 33%.

h) Share capital

Contributions to share capital are recognised at historical cost. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

i) Dividends

The ability of the Bank to declare and pay dividends is subject to the rules and requirements of the Ukrainian legislation.

Dividends in relation to ordinary shares are reflected as a reduction to retained earnings as and when declared.

j) Taxation

Income tax comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items of other comprehensive income or transactions with shareholders recognised directly in equity, in which case it is recognised within other comprehensive income or directly within equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and temporary differences related to investments in subsidiaries where the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Bank expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

k) Earnings per share

The Bank presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic earnings per share is calculated by dividing profit or loss attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

l) Income and expense recognition

Income and expenses are recognised in profit or loss using the effective interest method.

Accrued discounts and premiums on financial instruments at fair value through profit or loss are recognised in profit less losses on financial instruments at fair value through profit or loss.

Loan origination fees, loan servicing fees and other fees that are considered to be integral to the overall profitability of a loan, together with the related transaction costs, are deferred and amortised to interest income over the estimated life of the financial instrument using the effective interest method.

Other commissions and other income and expenses are recognised in profit or loss in the period when underlying services were performed.

Dividend income is recognised in profit or loss on the date of dividends declaration.

m) Employee benefits

Pensions are provided by the State through the mandatory contributions, which are made by the Bank and employees based on the earnings of the employees. The expenditure on these contributions is recognised in the profit or loss when contributions are due and is included in "Salaries and employee benefits".

n) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

o) Segment reporting

An operating segment is a component of a Bank that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same Bank); which operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Bank represents one reportable segment with centralized management that follows common lending policy and marketing strategy.

For geographical allocation of assets and liabilities refer to note 24.

p) Related party transactions

According to IAS 24 "Related Party Disclosures", parties are considered to be related, when: one of the party has the ability to control the other party; is under common control; or can exercise significant influence in making financial and operating decisions.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely the legal form. Terms of transactions with related parties are set at the time of the transaction.

Relationships between related parties are in particular relationships: parent bank and its subsidiaries; bank-investor and his associates; bank and private individuals who have control or have significant influence over the bank and relationships of bank with close family members of each such individual; bank and its managers and other persons belonging to key management personnel and close family members of such persons.

Related parties to the Bank are members of the Supervisory Board, Management Board and their family members, other key management personnel, entities that are under common control. Key management personnel are: Chairman and members of the Supervisory Board, the Management Board; Chairmen of the Credit Committee, Tariff Committee, ALCO; Chief Accountant; Head of the Department of Internal Audit. The Bank assesses credit risks of lending to related parties and manages them based on based on ratios established by the National Bank of Ukraine.

In the normal course of business, the Bank provides loans and advances to customers, attracts deposits and conducts other operations with related parties.

q) Leases

With implementation of IFRS 16 "Leases" the Bank is required to recognise in the balance sheet a right-of-use for leased assets and liabilities on lease.

The Bank does not recognise right-of-use assets and liabilities on lease in the following cases:

- or short-term leases (12 months or less);
- for lease of low value leased objects (equivalent of EUR 6 thousand or less).

In the above cases the Bank recognises cost of lease in expenses on the straight-line basis throughout the lease term.

At signing a lease agreement the Bank, as a lessor or as a lessee, needs to determine whether the agreement contain a lease. If a lease arrangement provides a lessee with a right to use a leased object for an agreed term in exchange of a lease payments in favour of a lessor, this arrangement is recognized as a lease. The right-of-use the leased object means that two conditions are met simultaneously:

- the right of the lessee to receive practically all economic benefits from the use of the identified asset;
- the right to manage the use of the identified asset.

The Bank does not recognize VAT as part of a lease payment because VAT does not provide for its exchange for the right-of-use the specified asset. Therefore, VAT is recognized either in the Bank's income or loss or through tax credit.

To determine lease liability of a lessee the Bank discounts cash flows by applying the borrowing rate to the currency specified in the agreement, which is referred to for calculating lease payment.

Where the currency of lease fee denomination differs from the currency of the lease payment, the difference arising between the actual amount paid and contractual amount is recognized in other operating income / expenses.

The Bank defines a lease term as a term that does not provide for early termination of lease agreement plus the period from after that date to the lease agreement expiry date, if the lessee is reasonably certain not to exercise early termination option for the lease agreement, plus possible periods after the lease agreement expiry date if the lessee is reasonably certain not to exercise to extend the lease agreement.

At the lease commencement date, the Bank recognizes in the balance sheet an asset in the form of a right-of-use asset, measured at cost, which includes:

- the amount equal to the lease liability at its initial recognition;
- lease payments made at or before the lease commencement date, less of and lease incentives received;
- initial direct costs;
- an estimate of costs incurred by the lessee in dismantling and removing the underlying asset at the lease commencement date.

At the same time, the Bank recognizes in the balance sheet the lease liability in the amount of present value of future lease payments, discounted using the contractual interest rate or the borrowing rate of the Bank for the relevant term and in the relevant currency. Future lease payments include:

- fixed payments, less incentives received;
- variable lease payments;
- expected residual value guarantees;
- the exercise price of a purchase option (if the lessee is reasonably certain to exercise that option);
- payment of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

The Bank subsequently measures lease liability at amortised cost. Lease liability is increased by interest accrued on lease liability and is reduced by lease payments.

The right-of-used asset is measured subsequently at cost less any depreciation and any accumulated impairment losses. The right-of-used (RoU) asset is depreciated on a straight line basis throughout the lease term. The depreciation period begins on the month that follows the month RoU asset is recognised on the Bank's balance sheet.

IFRS 16 separates the concepts of lease reassessment and lease modification. Reassessment is applied only when change in cash flows was expected by contractual terms at the lease agreement signing date.

In case of reassessment of the lease term or a purchase option the Bank remeasures right-of-use asset using the revised discount rate.

In case of reassessment of expected residual value guarantees or variable lease payments linked to a change in an index or a rate used to determine future lease payments, the Bank remeasures RoU assets using unchanged discount rate.

In case of reassessment of variable lease payments linked to a change in an index or a rate and relate to the current period, or reassessment of variable lease payments not linked a change in an index or a rate, the Bank recognises difference through profit or loss.

In contrast, a lease modification is a change in lease that was not the part of the original terms and conditions of a lease agreement at its signing date.

In case of change in the lease scope by adding the new RoU for one or more underlying lease objects at the market price the Bank recognises a separate lease agreement.

In case of change in the lease scope by adding the new RoU for one or more lease objects at the price, other than the market price and for any other modifications the Bank does not recognise a separate lease agreement, but makes adjustments to RoU asset and lease liability.

In case of reducing the lease scope the Bank does not recognise a separate lease agreement and makes adjustments to RoU asset and lease liability and the result of lease termination in part or in full is recognized through profit or loss.

The Bank does not have any agreements where it acts as a lessor.

r) Transition to new and revised standards

Amended IFRSs and Interpretations that are effective for the periods beginning on and after 1 January 2022 and do not have material impact on the Bank's performance are as follows:

- *IFRS 3 Business Combinations* defines how an entity should account for the assets and liabilities it acquires as a result of business combination and adds an exception regarding certain types of liabilities and contingent liabilities, where the entity that applies IFRS 3 shall refer to IAS 37 Provisions, Contingent Liabilities and Contingent Assets instead of the Conceptual Framework;
- *Amendments to IAS 16 Property, Plant and Equipment* prohibit the deduction from the cost of property, plant and equipment of the proceeds from selling items produced, while the company prepares the asset for its intended use and requires to recognize such sales revenue and related costs as profit or loss. Also, the amendments to IFRS 16 relate to the accounting and disclosure of income from property, plant and equipment before their intended use;

- *Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets*, specify the costs to be included in estimating the cost of performing a contract in order to assess whether the contract is onerous;
- *Annual Improvements Cycle to IFRS, 2018 - 2020:*
  - *IFRS 1 First-time Adoption of IFRSs*,
  - *IFRS 9 Financial Instruments:* when determining fees paid less fees received, the borrower shall consider only fees paid or received between the borrower and the relevant lender, including fees paid or received by the borrower or lender on the other's behalf;
  - *IAS 41 Agriculture.*

Main amendments to be effective on 1 January 2023:

- *IFRS 17 Insurance Contracts* replaces IFRS 4 – an interim Standard, requires consistent principles for all aspects of accounting for insurance contracts to be measured at current value model, and provides useful information about profitability of insurance contracts.
- *Amendments to IAS 1 Presentation of Financial Statements* require companies to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when undisclosed, misstated or disguised, can, reasonably be expected to influence decisions that the primary users of general purpose financial statements make the basis of those financial statement, which provides financial information of the reporting entity.
- *Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* clarify a distinction between changes in accounting policies and accounting estimates and define accounting estimates as monetary amounts in the financial statements that are subject to measurement uncertainty. A change in accounting estimate that results from new information or new developments is not the correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. A change in an accounting estimate may affect only the current period's profit or loss, or the profit or loss of both, the current period and future periods.
- *Amendments to IAS 12 Income Taxes* clarify the way companies shall recognize deferred tax on particular transactions, such as leases for the lessee and decommissioning obligations. Amendments clarify that initial recognition exemption is not applied to transactions that on initial recognition give rise to equal amounts of taxable and deductable temporary differences.
- *Amendments to IFRS 17 Insurance Contracts* – initial application of IFRS 17 and IFRS 9. The amendment permits individual application on an instrument-by-instrument basis, as well as additional requirements for disclosure of qualitative information regarding application of classification requirements; and to what extent IFRS 9 requirements regarding recognizing a loss allowance for expected credit losses are applicable (p.5.5 IFRS 9). The option applies for the reporting periods from IFRS 17 transition date to IFRS 17 initial application date.

These amendments are not expected to have a material impact on the Bank's financial statements.

New IFRSs in issue but not yet effective on 1 January 2023 include:

The following amendments to IFRS become effective after 1 January 2024:

- Amendments to *IAS 1 Presentation of Financial Statements* – Classification of liabilities on current and non-current;
- Amendments to *IAS 1 Presentation of Financial Statements* – Non-current Liabilities with Covenants;

- The effective date of new Amendments to IAS 1 Presentation of Financial Statements - Classification of liabilities on current and non-current was finally scheduled on 1 January 2024 from initially planned on 1 January 2022 and postponed for 1 January 2023.

According to preliminary assessment of the management, the above amendments will not have a material impact on the Bank's financial position and its financial statements.

5 Cash and cash equivalents

Cash and cash equivalents are as follows:

(in UAH thousand)	**31 December 2022**	**31 December 2021**
Cash	47 912	823
Balances with the NBU (including for mandatory reserves)	115 334	129 180
Deposit certificates of the NBU	3 204 032	1 851 574
Total cash and cash equivalents	**3 367 278**	**1 981 577**

According to the Resolution of the Board of the National Bank of Ukraine "On Approval of the Regulation on the Procedure for Establishment and Storage of Mandatory Reserves by Banks of Ukraine and Branches of Foreign Banks in Ukraine" No. 806 dated December 11, 2014, the Bank forms and maintains mandatory reserves at the correspondent account with the National Bank of Ukraine in accordance with the established norms that were in effect in the relevant periods. The amount of mandatory reserve as of 31 December 2022 amounted to UAH 123,710 thousand (as of 31 December 2021 amounted to UAH 129,095 thousand).

As the Bank was entitled to fully use the amounts in the correspondent accounts with the National Bank of Ukraine, they were classified as cash and cash equivalents as of 31 December 2022 and 31 December 2021.

Cash and cash equivalents for the Statement of cash flows are as follows:

(in UAH thousand)	**31 December 2022**	**31 December 2021**
Cash	47 912	823
Balances with the NBU	115 334	129 180
Correspondent accounts with other banks	1 222 859	2 088 370
Deposit certificates of NBU (overnight and term deposit	3 200 000	1 850 000
Total	**4 586 105**	**4 068 373**

6 Due from other banks

Due from other banks are as follows:

(in UAH thousand)	**31 December 2022**	**31 December 2021**
Correspondent accounts		
banks in OECD countries	1 222 816	2 088 352
banks in non-OECD countries	43	18

(in UAH thousand)	31 December 2022	31 December 2021
Total cash and cash equivalents due from other banks	**1 222 859**	**2 088 370**
Provision for impairment	(538)	(846)
Total cash and cash equivalents due from other banks less provision for impairment	**1 222 321**	**2 087 524**

The following table represents an analysis of credit quality of due from other banks by rating agency designation based on Standard and Poor's (S&P) or their equivalent:

(in UAH thousand)	31 December 2022	31 December 2021
Correspondent accounts		
In banks rated A- to A+	1 222 816	2 088 352
In unrated banks	43	18
Total due from other banks	**1 222 859**	**2 088 370**

Correspondent account in unrated Bank is presented by balances due from related parties as of 31 December 2022 and 31 December 2021.

The movement in provision for impairment as of 31 December 2021 and 31 December 2022 is as follows:

(in UAH thousand)	Due from other banks
Balance as of 01 January 2021	**636**
Increase/(decrease) in provision for impairment	210
Balance as of 31 December 2021	**846**
Increase/(decrease) in provision for impairment	(308)
Balance as of 31 December 2022	**538**

As of 31 December 2022, cash and cash equivalents due from one bank amount to UAH 743,589 thousand or 61% of total cash and cash equivalents (31 December 2021: UAH 1,214,716 thousand or 58% respectively).

7 Loans and advances to customers

Loans and advances to customers are as follows:

(in UAH thousand)	31 December 2022	31 December 2021
Corporate loans	698 507	301 396
Provisions for (expected) credit losses	(144)	(94)
Total loans less provisions	**698 364**	**301 302**

Analysis of changes in provisions for loans for 2022 and 2021 is as follows:

(in UAH thousand)	Corporate loans
Balance as of 01 January 2021	**1 839**
Increase/(decrease) in provision for impairment	(1 745)

(in UAH thousand)	**Corporate loans**
Balance as of 31 December 2021	**94**
Increase/(decrease) in provision for impairment	50
Balance as of 31 December 2022	**144**

Loan structure by sectors of economic activities is as follows:

(in UAH thousand)	**31 December 2022**	**%**	**31 December 2021**	**%**
Production	693 442	99.27%	273 387	90.71%
Trade	5 065	0.73%	28 010	9.29%
Gross loans and advances to customers before impairment	**698 507**	**100.00%**	**301 396**	**100.00%**

Maximum credit risk exposure per one borrower as of 31 December 2022 is UAH 693,442 thousand. Maximum credit risk exposure per one borrower as of 31 December 2021 is UAH 273,072 thousand.

Information on collateral as of 31 December 2022:

(in UAH thousand)	**Corporate loans**
Unsecured loans	102 557
Loans collateralised by:	
investment banks' guarantees	595 950
Gross loans and advances to customers before impairment	**698 507**

Collateral that the Bank accepts include guarantees of the parent bank and of entities under common control.

Information on collateral as of 31 December 2021:

(in UAH thousand)	**Corporate loans**
Unsecured loans	84 938
Loans collateralised by:	
investment banks' guarantees	216 458
Gross loans and advances to customers before impairment	**301 396**

Analysis of credit quality of loans as of 31 December 2022 is as follows:

(in UAH thousand)	**Corporate loans**		
	Stage 1	**Stage 2**	**Усього**
Not past due:			
Large borrowers	5 065	693 442	698 507
Provision for impairment	(10)	(134)	(144)
Net loans less provisions	**5 055**	**693 308**	**698 364**

Analysis of credit quality of loans as of 31 December 2021 is as follows:

(in UAH thousand)	**Corporate loans**
	Stage 1
Not past due:	
Large borrowers	301 396
Provision for impairment	(94)
Net loans less provisions	**301 302**

Effect of collateral value on credit quality as of 31 December 2022:

(in UAH thousand)	**Carrying amount**	**Expected cash flow from collateral**	**Effect of collateral**
Corporate loans	698 507	595 950	102 557
Provision for impairment	(144)	-	(144)
Total loans and advances to customers	**698 363**	**595 950**	**102 413**

Effect of collateral value on credit quality as of 31 December 2021:

(in UAH thousand)	**Carrying amount**	**Expected cash flow from collateral**	**Effect of collateral**
Corporate loans	301 396	216 458	84 938
Provision for impairment	(94)	-	(94)
Total loans and advances to customers	**301 302**	**216 458**	**84 844**

During the years ended 31 December 2022 and 31 December 2021, the Bank has not received any assets as a result of imposition on foreclosure.

8 Investments in securities

As of 31 December 2022, the Bank's portfolio doesn't include domestic government bonds ("DGBs").

As of 31 December 2021, the Bank's portfolio included domestic government bonds ("DGBs") denominated in the national currency with a carrying amount of UAH 945,957 thousand with an average effective interest rate of 10.30% and maturities in January 2022 - June 2022.

Bonds are carried at fair value designated through other comprehensive income.

9 Derivatives

(in UAH thousand)	31 December 2022		31 December 2021	
Currency forward contracts (sale)	**Contracts with positive fair valuer**	**Contracts with negative fair value**	**Contracts with positive fair value**	**Contracts with negative fair value**
Accounts receivable on settlement in UAH (+)	-	-	27 952	12 129
Accounts payable on settlement in USD (-)	-	-	(26 523)	(12 199)
Accounts payable on settlement in EUR (-)	-	-	-	-
Total fair value of derivative financial instruments	**-**	**-**	**1 429**	**(69)**

The Bank calculates the fair value of derivatives based on the discounted cash flow analysis method.

There were no derivative financial instrument in the Bank's portfolio as of the end of the year 2022.

10 Fixed, intangible and right-of-use assets

A summary of movements in fixed, intangible and right –of-use assets for the year ended 31 December 2022 is as follows:

(in UAH thousand)	**Machinery And equipment**	**Instruments, fixtures and furniture**	**Other non-current tangible assets**	**Intangible assets**	**Capital investments**	**Right-of-use assets (buildings)**	**Right-of-use assets (vehicles)**	**Total**
Historical cost								
1 January 2021	**14 721**	**2 103**	**4 542**	**4 543**	**-**	**32 821**	**2 256**	**60 986**
Additions	2 416	59	1	179		-	2 063	4 718
Disposals	-	(14)	-	-	-	-	(1 361)	(1 375)
31 December 2021	**17 137**	**2 148**	**4 543**	**4 722**	**-**	**32 821**	**2 958**	**64 329**
Additions	2 253	-	-	1 236	1 618	1 410	-	6 517
31 December 2022	**19 390**	**2 148**	**4 543**	**5 958**	**1 618**	**34 231**	**2 958**	**70 846**
Depreciation								
1 January 2021	**(10 261)**	**(1 635)**	**(1342)**	**(3 554)**	**-**	**(12 943)**	**(1 780)**	**(31 515)**
Depreciation charge	(1 615)	(110)	(377)	(543)		(7 162)	(991)	(10 798)
Disposals	-	14	-	-	-	-	1 361	1 375
31 December 2021	**(11 876)**	**(1 731)**	**(1 719)**	**(4 097)**	**-**	**(20 105)**	**(1 411)**	**(40 939)**
Depreciation charge	(1 605)	(101)	(376)	(600)	-	(7 151)	(687)	(10 520)
31 December 2022	**(13 481)**	**(1 832)**	**(2 095)**	**(4 697)**	**-**	**(27 256)**	**(2 098)**	**(51 459)**
Net carrying amount:								
1 January 2021	**4 459**	**468**	**3 200**	**989**	**-**	**19 878**	**476**	**29 471**
31 December 2021	**5 261**	**417**	**2 824**	**625**	**-**	**12 716**	**1 547**	**23 390**
31 December 2022	**5 909**	**316**	**2 448**	**1 261**	**1 618**	**6 975**	**860**	**19 387**

As of December 31, 2022, capital investments include capital investments in non-commissioned intangible assets in the amount of UAH 131 thousand.

The Bank has no property and equipment which ownership, use and disposal is restricted by law, pledged property, equipment and intangible assets; property and equipment temporarily out of use or disposed of. There are no intangible assets subject to restrictions of ownership rights or intangible assets self-designed by the Bank. During the reporting period there were no increases or decreases resulted from revaluations, as well as from impairment losses recognised or reversed directly in equity.

Property, equipment and intangible assets are accounted for at the initial (historical) cost. As of 31 December 2022, historical cost of fully depreciated property and equipment amounts to UAH 15,950 thousand. As of 31 December 2021, historical cost of fully depreciated property and equipment amounted to UAH 14,311 thousand.

11 Other assets

Other assets are as follows:

(in UAH thousand)	**31 December 2022**	**31 December 2021**
Accrued fee and commission income	47	34
Provision for impairment	(40)	(11)
Total other financial assets	7	**23**
Prepayments for goods and services	4 940	4 056
Accounts receivable from taxes and mandatory payments other than income tax	6	-
Accounts receivable from payments to employees	7	15
Provision for impairment	(500)	(355)
Total other non-financial assets	**4 453**	**3 716**
Total other assets less provision for impairment	**4 460**	**3 739**

Analysis of changes in provisions for impairment of other assets for 2022 and 2021:

(in UAH thousand)	**Prepayments for services**	**Other assets**	**Total**
Balance as of 1 January 2021	**33**	**61**	**94**
Increase/(decrease) of provision for impairment	322	(50)	272
Balance as of 31 December 2021	**355**	**11**	**366**
Increase/(decrease) of provision for impairment	145	29	174
Balance as of 31 December 2022	**500**	**40**	**540**

12 Due to customers

Customer accounts are as follows:

(in UAH thousand)	**31 December 2022**	**31 December 2021**
Corporate clients		
Current accounts	2 450 837	3 166 780
Term deposits	2 286 675	1 799 819
Total due to customers	**4 737 512**	**4 966 599**

Current accounts include accounts payable on transactions with customers.

Due to customers distributed by sectors of economic activities as of 31 December 2022 are as follows:

(in UAH thousand)	**31 December 2022**	**%**
Trade	1 693 886	35.75%
Processing industry	1 332 762	28.13%
Financial and insurance activity	869 256	18.35%
Extractive industry	218 724	4.62%
Administrative and support services	191 729	4.05%
Information and telecommunication	130 096	2.75%
Professional, scientific and technical activities	123 888	2.62%
Transport	98 564	2.08%
Construction	37 094	0.78%
Electricity, gas supply	34 243	0.72%
Other	7 270	0.15%
Total due to customers	**4 737 512**	**100.00%**

Due to customers by sectors of economic activities as of 31 December 2021 are as follows:

(in UAH thousand)	**31 December 2021**	**%**
Processing industry	2 084 875	41.98%
Trade	1 754 229	35.32%
Financial and insurance activity	273 705	5.51%
Extractive industry	212 925	4.29%
Administrative and support services	183 252	3.69%
Electricity, gas supply	138 670	2.79%
Information and telecommunication	127 858	2.57%
Professional, scientific and technical activities	82 573	1.66%
Transport	65 425	1.32%
Construction	40 311	0.81%
Other	2 775	0.06%
Total due to customers	**4 966 599**	**100.00%**

As of 31 December 2022, account balances of 10 largest customers amount to UAH 2,567,896 thousand, or 54% of the Bank's total customer accounts (31 December 2021: UAH 3,200,838 thousand, or 64% respectively).

As of 31 December 2022 account balances of one largest customer amount to UAH 707,367 thousand, or 14% of the Bank's total customer accounts (31 December 2021: UAH 1,117,013 thousand, or 22% respectively).

13 Provisions for credit-related commitments

Changes in provisions for credit-related commitments for 2022 are as follows:

(in UAH thousand)	**Credit-related commitments**
Balance as of 1 January 2022	**11**
Increase/(decrease) of provision for impairment	576
Balance as of 1 January 2022	**587**

Changes in provisions for credit-related commitments for 2021 are as follows:

(in UAH thousand)	**Credit-related commitments**
Balance as of 1 January 2021	**67**
Increase/(decrease) of provision for impairment	(56)
Balance as of 1 January 2021	**11**

14 Other liabilities

Other liabilities are as follows:

(in UAH thousand)	**31 December 2022**	**31 December 2021**
Accounts payable at settlements with the Bank's employees	14 627	6 432
Accounts payable for administrative and IT services	9 881	6 079
Accrued expenses for other services	2 404	8 147
Accounts payable for taxes and mandatory payments other than income tax	2 345	3 274
Deferred income	37	76
Accounts payable for compliance services and counteraction to financial crimes	-	3 369
Total other liabilities	**29 294**	**27 377**

15 Share capital

(in UAH thousand)	**Number of shares outstanding (in thousand)**	**Ordinary shares price**
Balance as of 01 January 2021	**228 666**	**301 839**
Balance as of 31 December 2021	**228 666**	**301 839**
Balance as of 31 December 2022	**228 666**	**301 839**

As of 31 December 2022, the authorised and paid in capital amounted to UAH 301,839,254.64 (three hundred one million eight hundred thirty nine thousand two hundred fifty four hryvnias 64 kop.) The Bank issued 228,666,102 of ordinary registered shares of nominal value of UAH 1.32 (one hryvnia 32 kop.) per share.

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at annual and general meetings of the Bank.

In accordance with Ukrainian legislation, the distributable reserves are limited to the balance of retained earnings recorded in the financial statements, which is prepared in accordance with the NBU regulatory requirements.

16 Maturity analysis of assets and liabilities

Maturity analysis of assets and liabilities as of 31 December 2022:

(in UAH thousand)	*Note*	**Less than 12 months**	**Over 12 months**	**Total**
ASSETS				
Cash and cash equivalents	*5*	3 367 278	-	3 367 278
Due from other banks	*6*	1 222 321	-	1 222 321
Loans and advances to customers	*7*	698 364	-	698 364
Investments in securities	*8*	945 957		945 957
Deferred tax asset	*21*	2 539	-	2 539
Fixed assets, right-of-use assets	*10*	5 711	12 285	17 995
Intangible assets	*10*	41	1 351	1 392
Other assets	*11*	4 460		4 460
Total assets		**5 300 713**	**13 636**	**5 314 349**
LIABILITIES				
Due to customers	*12*	4 737 512	-	4 737 512
Current income tax liabilities		19 047	-	19 047
Provision for credit related commitments	*13*	587	-	587
Lease liabilities		6 824	1 126	7 950
Other liabilities	*14*	29 294	-	29 294
Total liabilities		**4 793 264**	**1 126**	**4 794 390**

Maturity analysis of assets and liabilities as of 31 December 2021:

(in UAH thousand)	*Note*	**Less than 12 months**	**Over 12 months**	**Total**
ASSETS				
Cash and cash equivalents	*5*	1 981 577	-	1 981 577
Due from other banks	*6*	2 087 524	-	2 087 524
Loans and advances to customers	*7*	301 302	-	301 302
Investments in securities	*8*	945 957		945 957
Derivative financial assets	*9*	1 429	-	1 429
Deferred tax asset	*21*	1 420	-	1 420
Fixed assets, right-of-use assets	*10*	1 001	21 765	22 766
Intangible assets	*10*	52	573	625
Other assets	*11*	3 739		3 739
Total assets		**5 324 001**	**22 338**	**5 346 339**
LIABILITIES				
Due to customers	*12*	4 966 599	-	4 966 599
Current income tax liabilities		2 736	-	2 736
Derivative financial liabilities	*9*	69	-	69
Deferred tax liabilities		143	-	143
Provision for credit related commitments	*13*	11	-	11
Lease liabilities		7 898	6 526	14 424
Other liabilities	*14*	27 377	-	27 377
Total liabilities		**5 004 833**	**6 526**	**5 011 359**

Due to the fact that substantially all financial instruments are fixed rated contracts, these remaining contractual maturity dates also represent the interest rate repricing dates.

The above amounts represent the carrying amounts of the assets and liabilities as of the reporting date and do not include future interest payments.

17 Interest income and expenses

Interest income and expenses for the year ended 31 December are as follows:

(in UAH thousand)	**2022**	**2021**
Interest income:		
Deposits with other banks	8 846	5 780
NBU deposit certificates	361 719	97 012
Investments in securities (DGB)	14 746	86 092
Loans and advances to customers	210 542	47 105
Total interest income	**595 853**	**235 989**
Interest expense:		
Loans received from NBU	(2 762)	(19)
Term deposits of other banks	(83)	(5 504)
Corporate current accounts	(34 988)	(20 874)
Corporate term deposits	(212 965)	(93 950)
Lease liabilities	(75)	(82)
Total interest expenses	**(250 873)**	**(120 429)**
Net interest income	**344 980**	**115 560**

18 Fee and commission income and expenses

Fee and commission income and expenses for the year ended 31 December, are as follows:

(in UAH thousand)	**2022**	**2021**
Fee and commission income	20 878	30 772
Fee and commission expense	(10 569)	(5 934)
Net fee and commission income	**10 308**	**24 838**

(in UAH thousand)	**2022**	**2021**
Net fee and commission income:		
Cash and cash transactions	1 398	1 355
Foreign currency market transactions	14 560	24 845
Off-balance transactions	(6 427)	(2 141)
Other	777	779
Net fee and commission income	**10 308**	**24 838**

19 Trading income

Trading income for the year ended 31 December, is as follows:

(in UAH thousand)	**2022**	**2021**
Trading income:		
Gains/losses from trading in foreign currency	42 392	11 700
Gains/losses from transections with derivatives	1 531	8 343
Gains/losses from forward contracts revaluation	6 386	1 380
Gains/losses from foreign currency revaluation	(1 360)	(2 312)
Net trading income	**48 949**	**19 111**

20 Administrative and other operating expenses

Administrative and other operating expenses for years ended 31 December, are as follows:

(in UAH thousand)	**2022**	**2021**
IT expenses	28 667	17 351
Operating lease and maintenance of property and equipment*	13 267	12 818
Taxes and other mandatory payments, other than income tax	11 664	8 953
Professional services of group subdivisions	10 479	20 062
Consultancy, legal and other professional services	8 287	7 795
Management	7 121	2 910
Supervisory Board	4 413	5 355
Telecommunication expenses	3 737	3 390

(in UAH thousand)	**2022**	**2021**
Other employee expenses (other than maintenance costs)	1 587	1 139
Bank fees and similar charges	583	1 094
Insurance	485	544
Membership fees and mandatory payments	346	369
Other expenses	236	373
Marketing and representative expenses	109	733
Total administrative and other operating expense	**90 981**	**82 886**

* Short-term lease and lease of low value assets expenses in 2022 and 2021 amounted to UAH 3 thousand and UAH 7 thousand respectively

Presentation of individual items in the note has been changed. *Consultancy, legal and other professional services,* as well as *Money laundering service expenses* have been presented in a separate item *Professional services of group subdivisions.*

In order to provide comparable information, the relevant items of the note have been recalculated as follows:

(in UAH thousand)	**2021 before recalculation**	**2021 after recalculation**
Професійні послуги підрозділів групи	-	20 062
IT expenses	17 351	17 351
Operating lease and maintenance of property and equipment*	12 818	12 818
Consultancy, legal and other professional services	18 013	7 795
Supervisory Board	5 355	5 355
Taxes and other mandatory payments, other than income tax	8 953	8 953
Money laundering service expenses	9 844	-
Telecommunication expenses	3 390	3 390
Management	2 910	2 910
Other employee expenses (other than maintenance costs)	1 139	1 139
Marketing and representative expenses	733	733
Bank clearing, deposit fees and similar charges	1 094	1 094
Insurance	544	544
Membership fees and mandatory payments	369	369
Other expenses	373	373
Total administrative and other operating expense	**82 886**	**82 886**

21 Taxation

The statutory income tax rate in 2022 and thereafter is 18 %.

The components of income tax expense for the year ended 31 December are as follows:

(in UAH thousand)	**2022**	**2021**
Current income tax expense	(50 874)	(9 688)
Deferred income tax expense	1 119	549
Total income tax expense	**(49 755)**	**(9 139)**

a) Reconciliation of effective tax rate

Reconciliation of accounting profit and income tax for the year ended 31 December is as follows:

(in UAH thousand)	**31 December 2022**	**%**	**31 December 2021**	**%**
Profit before tax	235 384	100%	15 819	100%
Income tax at the applicable tax rate	(42 369)	18%	(2 847)	18%
Non-deductible income and expenses	(7 386)	3,1%	(6 292)	39,8%
Total income tax expenses	**(49 755)**	**21,1%**	**(9 139)**	**57,8%**

b) Deferred income tax asset

The temporary difference between the carrying amounts of assets and liabilities for the financial reporting purposes and the amounts used for taxation purposes give rise to a net deferred tax asset as of 31 December 2022 and as of 31 December 2021.

Movements in recognised deferred tax assets and liabilities during the year ended 31 December 2022 are as follows:

(in UAH thousand)	**Balance as of the beginning of the year**	**Recognised in profits/ losses**	**Recognised in other comprehensive income**	**Balance as of the end of the year**
Accrued expenses	1 352	984	-	2336
Provision for guarantees	2	104	-	106
Provisions for other assets	66	31	-	97
Revaluation of securities at FVOCI (positive)	(143)	-	143	-
Net deferred tax asset (liability)	**1 277**	**1 119**	**143**	**2 539**

Movements in recognised deferred tax assets and liabilities during the year ended 31 December 2021 are as follows:

(in UAH thousand)	**Balance as of the beginning of the year**	**Recognised in profits/ losses**	**Recognised in other comprehensive income**	**Balance as of the end of the year**
Accrued expenses	844	508	-	1 352
Provision for credit related commitments	12	(10)	-	2
Provisions for other assets	15	51	-	66
Revaluation of securities at FVOCI (negative)	187	-	(187)	-
Revaluation of securities at FVOCI (positive)	(101)	-	(42)	(143)
Net deferred tax asset (liability)	**957**	**549**	**(229)**	**1 277**

22 Earnings per share

Calculation of basic earnings per one share, as presented below, is based on profit for the year, owned by holders of ordinary shares and the average weighted number of outstanding shares totalling to 228,666 thousand for years ended 31 December 2022 and 2021. The Bank has no potential ordinary dilutive shares.

(in UAH thousand)	2022	2021
Profit for the period owned by holders of the Bank's ordinary shares	185 629	6 680
Average number of outstanding shares for the period (thousand shares)	228 666	228 666
Basic and diluted earnings per ordinary share (UAH)	**0,81**	**0,03**

23 Dividends

In 2022 there was no decision taken for dividends distribution.

In 2021, according to shareholders' decision, the Bank directed part of the profit for 2020 and 2019 for distribution of dividends in the amount of UAH 43,694 thousand.

The movement in dividends payable is as follows:

(in UAH thousand)	**Ordinary shares**
Dividends	
Balance as of 1 January 2021	-
Dividends on decision to pay during the year	43 694
Dividends paid	(41 509)
Tax paid on dividends	(2 185)
Balance as of 31 December 2021	-

24 Risk management

Risk management is fundamental for the banking business and is an essential element of the Bank's operations. The Bank assesses the complex of the following risks: credit exposure risk, market risk (inclusive of interest and currency risks), liquidity risk, operational risk, compliance risk and reputational risk.

The Bank's risk management system provides for continuous risk analysis to make timely and adequate managerial decisions to mitigate risks and reduce associated losses.

The risk management system is based on segregation of duties between the bank units (departments) using the three security lines model.

Risks are managed in an integrated manner and are evaluated in terms of the risk management strategy of the Bank and the risk appetite related to each identified risk, which are reviewed and approved by the Supervisory Board on an annual basis.

The risk management policies aim to identify, analyse, evaluate, monitor, control, report and minimize all the risks faced by the Bank, and assess the capital adequacy of the Bank.

The system of risk limits set in the Bank is revised on a periodic basis, or, in the event of significant changes in the external or internal conditions of the Bank's operation.

(a) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty fails to meet its contractual obligations. The Bank developed a package of policies and procedures, which regulate credit transactions and credit risk management (for both, balance sheet and off-balance exposures), the main ones include the Credit policy, the Policy of credit risk management, Regulation on credit risk calculation in accordance with NBU Resolution No.351, Regulation on recognising the impaired financial assets in accordance with IFRS 9. The credit policies are reviewed and approved by the Supervisory Board.

For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual customer and counterparty default risk, country risk, and industry risk).

The Credit policy and the Policy of credit risk management establishes:

- general credit limits, which are followed by the Bank to reduce credit risk;
- procedures for review and approval of loan applications;
- methodology for assessment of borrowers' solvency;
- methodology for evaluation of collateral;
- requirements to loan documentation;
- procedures for continuous monitoring loan-related risks and other credit risks.

The Bank maintains the high quality of the loan portfolio, including IFRS 9 requirements to calculate allowances for expected credit losses. This model requires the Bank's management to apply judgments to evaluate the effect of changes in various economic factors on the amount of expected credit losses and their probability caused by this effect.

In 2022 the Bank complied with the credit risk ratios. As of 31.12.2022 the ratios were as follows (according to the form 6DX): N7 = 18,41%; N8 = 18,41%; N9 = 4,40% (as of 31.12.2021 (according to the form 6DX): N7 = 18,04%; N8 = 33,53%; N9 = 15,48%).

Analysis of changes in provisions for loans for the years ended 31 December 2022 and 31 December 2021 is as follows:

(in UAH thousand)	Corporate loans	Due from other banks	Credit related commitments	Prepayments for services	Other assets	Total
Balance as of 1 January 2021	**1 839**	**636**	**67**	**66**	**17**	**2 625**
Increase/(decrease) of provision for impairment	(1 745)	210	(56)	289	(6)	(1 308)
Balance as of 31 December 2021	**94**	**846**	**11**	**355**	**11**	**1 317**
Increase/(decrease) of provision for impairment	50	(308)	576	145	29	492
Balance as of 31 December 2022	**144**	**538**	**587**	**500**	**40**	**1 809**

(b) Market (currency) risk

The risk of financial losses and probability of decrease in cost of capital associated with changes in the exchange rates, unfavourable for (opposing) existing open currency positions, change in value of securities is an important type of risk, which arises in the course of banking activity.

Basic methods and models for currency risk management are defined in the Policy on currency risk management in JSC "Deutsche Bank DBU".

The amount of potential financial losses depends on the size of open currency positions and the size of changes of corresponding foreign exchange rates. The analysis of the impact of projected changes in exchange rates on the financial result of the bank is made using VaR model (Value at Risk). The process of currency risk management at the Bank involves daily monitoring of compliance with the maximum possible amount of open currency positions based on a tolerable dimension of capital at risk to established limits of open currency positions, analysis of volatility of exchange rates and the value of the currency risk under normal and stressed conditions.

The following table shows currency risk analysis:

(in UAH thousand)	31 December 2022			31 December 2021		
	monetary assets	**monetary liabilities**	**net position**	**monetary assets**	**monetary liabilities**	**net position**
USD	479 033	461 257	17 776	1 214 367	1 176 333	38 034
EURO	797 927	801 171	(3 234)	874 345	871 714	2 631
Total	**1 276 960**	**1 262 428**	**14 542**	**2 088 712**	**2 048 047**	**40 666**

As of December 31, 2022 the 50% hryvnia depreciation against these currencies would result in an increase in post-tax and equity losses for the amount indicated below. This analysis is based on the end-of-year position and the assumption that all other variables, such as interest rates, are unchanged.

(in UAH thousand)	2022		2021	
	Profit or loss	**Equity**	**Profit or loss**	**Equity**
50% appreciation of USD against UAH	7 288	7 288	15 594	15 594
50% appreciation of EUR against UAH	(1 326)	(1 326)	1 079	1 079

Conversely, a 50% strengthening of the hryvnia against the currencies would have led to the same amount of profit, but the probability of this assumption is very low

(c) Interest rate risk

Interest rate risk is the actual or potential risk to earnings or capital arising from adverse changes in interest rates. This risk affects both the Bank's profitability and economic value of its assets, liabilities and off-balance sheet instruments.

The main forms of interest rate risk are:

- risk of change in interest rate in case of assets and liabilities maturity mismatch;
- yield curve risk that arises from unfavourable changes in inclination and shape of the yield curve.

Basic principles of interest rate risk management are defined in policy for interest rate risk management in JSC "Deutsche Bank DBU".

Interest rate risk management includes management of both assets and liabilities of the Bank. A specific feature of this process is the limited administrative capacity. Asset management is limited by:

- the liquidity requirements and credit risk of portfolio of the Bank's assets;
- price competition from other banks, which limits freedom in the Bank's choice of loan pricing.
- the client's appetites for credit financing within a specific time period.

On the other hand, the liabilities management is complicated by the level of concentration of resources between clients and individual products; by availability of hedging products in the interbank market and by price competition for existing funds from other banks and non-bank credit institutions.

Therefore, the main objective of interest rate risk management is to minimize this risk within the Bank's planned profitability considering its liquidity position.

The amount of potential financial losses depends on the amount of open interest positions (Gaps) - the gaps between assets and liabilities by terms.

Interest rate risk management includes using Sensitivity to interest risk (Sensitivity/PV01), VaR model (Value at Risk) and Gaps (open interest gap) models.

Management process involves daily monitoring of Sensitivity/PV01 and VaR limits and monthly monitoring of open interest Gaps.

Derivatives (Forwards and Swops in foreign currency) are carried at fair value through profit or loss. Also, during the reporting period, the Bank held a portfolio of government securities with less than a year maturity, which evaluated at fair value through other comprehensive income.

The table below presents average effective interest rates for interest bearing assets and liabilities as of 31 December:

	2022 Average effective interest rate, %			2021 Average effective interest rate, %		
	UAH	USD	EURO	UAH	USD	EURO
Interest bearing assets						
Cash and cash equivalents due from other banks	-	1.06%	0.32%	-	-	0.03%
NBU deposit certificates	19.78%	-	-	7.30%	-	-
Investments in securities	11.00%	-	-	10.30%	-	-
Loans to other banks	-			7.51%		
Loans and advances to customers	18.45%	-	-	6.97%	-	-
Interest bearing liabilities						
Overnight loans, due to banks	10.92%			6.35%		
Customer accounts:						
Current accounts	3.18%	-	-	2.2%	-	-
Term deposits	12.17%	0.01%	0.01%	5.46%	-	-
Liabilities of a lessee	0.66%	-	-	0.45%	-	-

The Bank does not have any floating rate instruments. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

(d) Geographical risk

Geographical concentration of financial assets and liabilities as of 31 December 2022 is as follows:

(in UAH thousand)	Ukraine	OECD countries	Other countries	Total
Assets				
Cash and cash equivalents	3 367 278	-	-	3 367 278
Due from other banks	-	1 222 321	-	1 222 321
Loans and advances to customers	698 364	-	-	698 364
Investments in securities	-	-	-	-
Derivative financial assets	-	-	-	-
Other assets	4	3	-	7
Total financial assets	**4 065 646**	**1 222 324**	-	**5 287 970**
Liabilities				
Due to customers	4 730 874	6 637	1	4 737 512
Provision for credit related commitments	585	2	-	587
Derivative financial liabilities	7 950	-	-	7 950

(in UAH thousand)	Ukraine	OECD countries	Other countries	Total
Other financial liabilities	4 739 409	6 639	1	4 746 049
Total financial liabilities	**(673 763)**	**1 215 685**	**(1)**	**541 921**

Geographical concentration of financial assets and liabilities as of 31 December 2021 is as follows:

(in UAH thousand)	Ukraine	OECD countries	Other countries	Total
Assets				
Cash and cash equivalents	1 981 577	-	-	1 981 577
Due from other banks	-	2 087 506	18	2 087 524
Loans and advances to customers	301 302	-	-	301 302
Investments in securities	945 957	-	-	945 957
Derivative financial assets	1 429	-	-	1 429
Other assets	3	20	-	23
Total financial assets	**3 230 268**	**2 087 526**	**18**	**5 317 812**
Liabilities				
Due to customers	4 966 599	-	-	4 966 599
Provision for credit related commitments	8	3	-	11
Derivative financial liabilities	69	-	-	69
Other financial liabilities	14 424	-	-	14 424
Total financial liabilities	**4 981 100**	**3**	**-**	**4 981 103**
Net balance sheet position on financial instruments	**(1 750 832)**	**2 087 523**	**18**	**336 709**

Other risk concentrations.

Concentration risk is not an isolated form of banking risk, but the generalized, which includes elements of banking risks such as: credit risk, market risk, liquidity risk, operational and technological risk, geographical risk, as a result of focusing on separate types of transactions or certain sources of funding.

The common characteristic that identifies each concentration risk is the possibility of incurring potential losses that could significantly impair the Bank's financial position and result in the inability of current operations as a result of the concentration of business with certain persons in certain types of instruments, assets, liabilities, regions and countries.

(e) Liquidity risk

Liquidity risk is an existing or potential risk, which arises from the failure of the Bank to meet its obligations in due time, without incurring financial losses.

Basic principles of liquidity risk management are defined in policy on liquidity risk management of JSC "Deutsche Bank DBU".

The Bank pays special attention to operational risk management of liquidity risk, which is based on the generating a cash flow schedule, taking into account highly liquid assets, and adhering to the current norms of the liquidity coverage ratio (LCR and NSFR on a testing mode).

The Bank uses the following basic methods of liquidity management.

Calculation of cash flows within one month. The calculation includes liquid assets and current liabilities (current customer accounts are divided into stable and unstable part), 100% of cash flows on term loans and deposits, overdrafts are included in to be repaid on the 31st day.

Short-term liquidity coverage ratio – LCR.
Net stable funding ratio within one year – NSFR.

Stress testing. For all currencies, the Bank should be able to survive in a harsh combined market conditions and overcome a specific stressful liquidity-related condition for a minimum initial period of up to 8 weeks, while maintaining an appropriate net liquidity buffer.

Assets and liabilities and liquidity are managed by Asset and Liability Committee (ALCO), which analyses assets and liabilities by maturity and provide recommendations on how to avoid liquidity gaps. In addition, ALCO analyses liability cost and return on assets, controls compliance with economic ration and the NBU's regulations and provisioning requirements and prepares recommendations on proper asset and liability management. ALCO is responsible for cash flow optimisation and payment discipline, coordinates corporate forecast system, etc.
Liquidity risk is a major financial risk, and Bank's stable financial position depends on the efficiency of liquidity risk management. To manage liquidity risk, the Bank analyses asset and liability structure, liquidity status, both for all currencies collectively and for individual currencies of Bank's transactions.

The Bank sets up certain sufficient liquidity limits for the following terms: overnight, week and month. In addition, the Bank controls its compliance with the mandatory provisioning ratios for borrowings on correspondent accounts, economic ratios established by the National Bank of Ukraine, as well as internal regulation requirements.

Important instrument for effective liquidity management is using the methods for analysis of maturity balances between active deposited and borrowed funds and cash flow projections.

Monitoring of adherence to limits is performed daily based on limit adherence reports.

In 2022 the Bank complied with requirements on liquidity ratios. As of 31.12. the ratios were as follows (according to form 6DX): N6 = 111.86% (as of 31.12.2021 according to form 6DX, N6 = 105.71%); LCR – 238.19% (for all currencies), 256.22% (for foreign currencies); NSFR – 504.76%.

The undiscounted cash flows from financial liabilities, including future interest payments, by maturity as of 31 December 2022 are as follows:

(in UAH thousand)	**On demand and less than 1 month**	**From 1 month to 1 year**	**More than 1 year**	**Total**	**Carrying amount**
Due to customers:					
Corporates	4 253 857	495 991		**4 749 848**	**4 737 512**
Provision for credit related commitments	587			**587**	**587**
Lease liabilities	664	6 161	1 162	**7 987**	**7 950**
Total potential future payments under financial liabilities	**4 255 108**	**502 152**	**1 162**	**4 758 422**	**4 746 049**

The undiscounted cash flows from financial liabilities, including future interest payments, by maturity as of 31 December 2021 is as follows:

(in UAH thousand)	**On demand and less than 1 month**	**From 1 month to 1 year**	**More than 1 year**	**Total**	**Carrying amount**
Due to customers:					
Corporates	4 544 778	431 682		**4 976 460**	**4 966 599**

(in UAH thousand)	On demand and less than 1 month	From 1 month to 1 year	More than 1 year	Total	Carrying amount
Provision for credit related commitments	-	11		**11**	**11**
Lease liabilities	662	7 283	6 483	**14 428**	**14 424**
Total potential future payments under financial liabilities	**4 545 440**	**438 977**	**6 483**	**4 990 900**	**4 981 038**

(f) Operational risk

Operational risk appetite for 2022, EUR		Q 1	Q 2	Q 3	Q 4
Financial loss related to OR	< 50 thousand EUR	-	215 thousand EUR	65.3 thousand EUR	10.4 thousand EUR
Number of incidents related to OR which affected customers, reputation and the regulator per quarter	> 10	-	2	3	2

In 2022 the Bank did not exceed the risk appetite level on losses and the number of incidents related to OR which affected customers, reputation and the regulator.

Actual financial losses from operational incidents exceeded the risk appetite in 2022 due to operational incidents and, accordingly, expenses resulting from the full-scale invasion of the russian federation of the territory of Ukraine (in particular, incidents related to operational processes, expenses for maintaining the office, financial assistance to staff), which significantly affected the business. In particular, the incidents with financial losses were:

- costs of maintaining and refueling the diesel generator of the Bank's head office and additional offices;
- compensation payments to staff related to military operations in the country;
- loss of income due to non-placement of free liquidity in NBU deposit.

(g) Impact of COVID-19

With the spread of the COVID-19 pandemic in the world and in Ukraine, the Bank's management analyzed its potential negative impact on the Bank's strategy as a whole, on business processes (critical and non-critical) and on financial instruments in the short term and long-term perspective. Associated risks were classified into financial and non-financial.

In 2022 the impact of COVID-19 pandemic on the Bank's operation was minimal.

25 Capital management

Capital management main objective is to maintain the Bank's capital at a level sufficient for effective day-to day operation and to ensure strategic development of the banking business while complying with NBU capital adequacy requirements. Capital management is an integral part of Bank's assets and liabilities management.

The Bank ensures that its capital adequacy is maintained on a sufficient level through planning and control mechanisms. The Bank monitors capital adequacy ratio on a daily basis.

Regulatory capital adequacy ratio calculated in accordance with the NBU requirements is 99,64% (31 December 2021: 45,63%) % with the minimum established ratio is 10%.

Regulatory capital of the Bank is as follows (according to form 6DX excluding adjustments for the year):

(in UAH thousand)	**31 December 2022**	**31 December 2021**
Primary capital		
Share capital actually paid	301 839	301 839
General reserves and reserve funds formed under the laws of Ukraine	26 145	25 811
Reduction in primary capital	**1 392**	**9 889**
Intangible assets less depreciation	1 261	625
Capital investments in intangible assets	131	
Calculated loss for current year		9 264
Primary capital (1-tier capital)	**326 592**	**317 761**
Calculated profit for current year	203 073	
Additional capital (2-tier capital)	**203 073**	**-**
Total regulatory capital	**529 665**	**317 761**

26 Contingencies

a) Litigations

As of 31 December 2022 the Bank has no litigations in progress.

The Bank recognised no provisions for potential losses from litigations.

b) Taxation contingencies

The Ukrainian tax system is characterised by frequent changes in tax legislation. Official pronouncements and court decisions are often unclear, contradictory and subject to varying interpretation by different tax authorities. Instances of inconsistent opinions between different authorities are not unusual. These facts create tax risks in Ukraine substantially more significant than typically found in countries with more developed tax systems.

Management believes that it has complied with all existing tax legislation and has provided adequately for tax liabilities based on its interpretations of applicable Ukrainian tax legislation, official pronouncements and court decisions. However, there can be no assurance that the tax authorities will not have a different interpretation of the Bank's compliance with existing legislation and assess fines and penalties. No provision for potential tax assessments has been made in these financial statements.

c) Credit-related commitments

As of the reporting date the Bank did not have pledged assets or assets restricted for ownership, use or distribution.

Credit-related commitments are as follows:

(in UAH thousand)	**31 December 2022**	**31 December 2021**
Revocable:		
Undrawn credit lines	3 169 656	4 415 227
Total revocable liabilities	**3 169 656**	**4 415 227**
Irrevocable:		
Guarantees issued	43 183	55 603
Total irrevocable liabilities	**43 183**	**55 603**
Total	**3 212 839**	**4 470 830**

Credit related commitments by currency are as follows:

(in UAH thousand)	**31 December 2022**	**31 December 2021**
UAH	1 200 565	1 196 625
USD	656 432	503 286
EURO	1 355 842	2 770 919
Total	**3 212 839**	**4 470 830**

27 Fair value of financial instruments

a) Classifications and fair values

Carrying amounts and fair values of financial assets and financial liabilities by measurement category as of 31 December 2022 are as follows:

(in UAH thousand)

	Loans and receivables	**Other assets/liabilities at amortised cost**	**Carrying amount**	**Fair value**
Cash and cash equivalents	3 367 278		3 367 278	3 367 278
Due from other banks	1 222 321		1 222 321	1 222 321
Loans and advances to customers	698 364		698 364	698 364
Other financial assets	7		7	7
Total financial assets	**5 287 970**	**-**	**5 287 970**	**5 287 970**
Due to customers		4 737 512	4 737 512	4 737 512
Provision for credit related commitments		587	587	587
Liabilities of a lessee		7 950	7 950	7 950
Total financial liabilities	**-**	**4 746 049**	**4 746 049**	**4 746 049**

Carrying amounts and fair values of financial assets and financial liabilities by measurement category as of 31 December 2021 are as follows:

(in UAH thousand)	**Loans and receivables**	**Other assets/liabilities at amortised cost**	**Financial assets at FVOCI - debt instruments**	**Financial assets at FVTPL**	**Carrying amount**	**Fair value**
Cash and cash equivalents	1 981 577				1 981 577	1 981 577
Due from other banks	2 087 524				2 087 524	2 087 524
Loans and advances to customers	301 302				301 302	301 302
Investments in securities			945 957		945 957	945 957
Derivative financial assets				1 429	1 429	1 429
Other assets	23				23	23
Total financial assets	**4 370 426**	-	**945 957**	**1 429**	**5 317 812**	**5 317 812**
Due to customers		4 966 599			4 966 599	4 966 599
Derivative financial liabilities				69	69	69
Provision for credit related commitments		11			11	11
Other financial liabilities		14 424			14 424	14 424
Total financial liabilities	-	**4 981 034**	-	69	**4 981 103**	**4 981 103**

As of 31 December 2022 and 31 December 2021, the fair values of all financial assets and liabilities are estimated to approximate their carrying values due to their short-term nature and/or market interest rates at period end.

The estimates of fair value are intended to approximate the price that would have been received to sell an asset or would have been paid to transfer a liability in an orderly transaction between market participants at the measurement date. However, given the uncertainties and the use of subjective judgment, the fair value should not be interpreted as being realisable in an immediate sale of the assets or transfer of liabilities.

Fair value of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations.

The objective of valuation techniques is to arrive at a fair value measurement that reflects the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

b) Fair value hierarchy

IFRS 7 specifies a hierarchy of valuation techniques. It is based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Bank's market assumptions.

These two types of inputs have created the following three-level fair value hierarchy:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments and traded derivatives, such as futures.

Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3 - inputs for the asset or liability that arc not based on observable market data (unobservable inputs).

This hierarchy requires the use of observable market data when available.

Financial assets and liabilities not measured at fair value, by the level of fair value hierarchy as of 31 December 2022 are as follows:

(in UAH thousand)	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying amount**
Cash and cash equivalents		3 367 278		3 367 278	3 367 278
Due from other banks		1 222 321		1 222 321	1 222 321
Loans and advances to customers			698 364	698 364	698 364
Other assets			7	7	7
Total assets	-	**4 589 599**	**698 371**	**5 287 970**	**5 287 970**
Due to customers		4 737 512		4 737 512	4 737 512
Provision for credit related commitments			587	587	587
Liabilities of a lessee		7 950		7 950	7 950
Total liabilities	-	**4 745 462**	587	**4 746 049**	**4 746 049**

This hierarchy requires the use of observable market data when available.

Financial assets and liabilities not measured at fair value, by the level of fair value hierarchy as of 31 December 2021 are as follows:

(in UAH thousand)	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying amount**
Cash and cash equivalents		1 981 577		1 981 577	1 981 577
Due from other banks		2 087 524		2 087 524	2 087 524
Loans and advances to customers			301 302	301 302	301 302
Other assets			23	23	23
Total assets	-	**4 069 101**	**301 325**	**4 370 426**	**4 370 426**
Due to customers		4 966 599		4 966 599	4 966 599
Provision for credit related commitments			11	11	11
Lessor liabilities		14 424		14 424	14 424
Total liabilities	-	**4 981 023**	**11**	**4 981 034**	**4 981 034**

Financial assets and liabilities at fair value by the level of hierarchy underlying the fair value measurement as of 31 December 2021 are as follows:

(in UAH thousand)	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying amount**
Investments in securities	945 957			945 957	945 957

(in UAH thousand)	**Level 1**	**Level 2**	**Level 3**	**Fair value**	**Carrying amount**
Derivative financial assets		1 429		1 429	1 429
Total assets	**945 957**	**1 429**	**-**	**947 386**	**947 386**
Derivative financial liabilities		69		69	69
Total liabilities	**-**	**69**	**-**	**69**	**69**

Fixed rate financial instruments

The fair value of fixed rate financial assets and liabilities carried at amortised cost are estimated by comparing market interest rates when they were first recognised with current market rates offered for similar financial instruments. The estimated fair value of fixed interest bearing deposits is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and maturity. For quoted debt issued, the fair values are calculated based on quoted market prices. For those notes issued where quoted market prices are not available, a discounted cash flow model is used based on a current interest rate yield curve appropriate for the remaining term to maturity.

The table below sets out information about significant unobservable inputs used at year end in measuring financial instruments categorised as Level 3 in the fair value hierarchy as of 31 December 2022:

Type of instrument	**Fair value**	**Valuation technique**	**Significant unobservable input**	**Range of estimates (weighted average) for unobservable input**	**Fair value measurement sensitivity to unobservable inputs**
Loans and advances to customers	698 364	Discounted cash flow	Risk adjusted discount rate	Interest rates 5%-22.75%	The reduction in interest rates leads to increase in fair value

The table below sets out information about significant unobservable inputs used at year end in measuring financial instruments categorised as Level 3 in the fair value hierarchy as of 31 December 2021:

Type of instrument	**Fair value**	**Valuation technique**	**Significant unobservable input**	**Range of estimates (weighted average) for unobservable input**	**Fair value measurement sensitivity to unobservable inputs**
Loans and advances to customers	301 302	Discounted cash flow	Risk adjusted discount rate	Interest rates 8.5%-12.85%	The reduction in interest rates leads to increase in fair value

During the years ended 31 December 2022 and 2021, no fair value gains or fair value losses were recognised in profit or loss or other comprehensive income on loans to customers.

During the year ended 31 December 2021, the Bank recognized UAH 650 thousand of profit from revaluation of the fair value of investments in securities (DGBs) carried at FVOCI, in other comprehensive income.

During the years ended 31 December 2022 and 2021, there were no transfers into and out of Level 3 of the fair value hierarchy.

28 Related party transactions

The Bank grants loans and advances, attracts deposits and performs other transactions with related parties in the ordinary course of business. Parties are considered to be related if one party has the ability to control the other party or exercises significant influence over the other party when making financial and operational decisions.

The Bank assesses credit risks associated with loans to related parties and manages these credit risks in accordance with the normative requirements of the NBU.

Terms of transactions with related parties are established at the time of the transaction. In accordance with IAS 24 *Related Party Disclosures*, related parties comprise:

- the parent company - the actual controlling party of the Bank is Deutsche Bank AG (Germany) which holds 100% shares;
- entities under common control of Deutsche Bank AG;
- key management personnel and their immediate family members, members of the Supervisory Board, the Board, and their immediate family members.

As of 31 December 2022 and 31 December 2021, the Bank has no subsidiaries, associates, or joint ventures where the Bank has control relationship.

Balances of transactions with related parties as of 31 December 2022 are as follows:

(in UAH thousand)	**Parent company**	**Entities under common control**	**Management**
Due from other banks	743 589	479 270	
Provisions for due from other banks	(301)	(237)	
Other assets	2 239		
Other liabilities (on demand, denominated in EUR)	464	9 065	3 965
Provisions for off-balance sheet liabilities	-	2	

As of 31 December 2022, balances due from banks related to transactions with related parties represent call deposits.

As of 31 December 2022, balances due from banks (without provision for impairment) related to transactions with related parties by currency are as follows:

(in UAH thousand)	**Parent company**	**Entities under common control**
USD	-	479 227
EURO	743 573	-
RUB	-	43
Other	16	-
Total	**743 589**	**479 270**

Other rights and commitments on transactions with related parties as of 31 December 2022 are as follows:

(in UAH thousand)	**Parent company**	**Entities under common control**
Guarantees issued	-	37 891
Guarantees received	595 950	37 891

Income and expenses on transactions with related parties for the year ended 31 December 2022 are as follows:

(in UAH thousand)	**Parent company**	**Entities under common control**	**Key management**
Interest income	3 053	5 793	-
Interest expense	(1)	-	-
Gains less losses from trading foreign currencies	-	(15 715)	-
Commission income	-	260	-
Commission expense	(2 103)	(8 359)	-
Administrative and other operating expenses	(21 468)	(19 171)	(24 829)

Balances of transactions with related parties as of 31 December 2021 are as follows:

(in UAH thousand)	**Parent company**	**Entities under common control**	**Management**
Due from other banks	873 637	1 214 733	
Provisions for due from other banks	(354)	(492)	
Other liabilities (on demand, denominated in EUR)	483	20	
Provisions for off-balance sheet liabilities	9 168	6 681	2 475
Due from other banks	-	3	

As of 31 December 2021, balances due from banks related to transactions with related parties represent call deposits.

As of 31 December 2021, balances due from banks related to transactions with related parties by currency are as follows:

(in UAH thousand)	**Parent company**	**Entities under common control**
USD	-	1 214 716
EURO	873 625	-
RUB	-	17
Other	12	-
Total	**873 637**	**1 214 733**

Other rights and commitments on transactions with related parties as of 31 December 2021 are as follows:

(in UAH thousand)	**Parent company**	**Entities under common control**
Guarantees received	-	274 746
Guarantees issued	-	48 702

Income and expenses on transactions with related parties for the year ended 31 December 2021 are as follows:

(in UAH thousand)	**Parent company**	**Entities under common control**	**Key management**
Interest income	5 716	1	-
Interest expense	(5 485)	-	-
Gains less losses from trading foreign currencies	-	2 182	-
Commission income	-	335	-
Commission expense	(2 452)	(3 463)	-
Administrative and other operating expenses	(19 587)	(15 616)	(26 744)

Payments to key management personnel for the reporting periods are as follows:

(in UAH thousand)	**As of and for the year ended 31 December 2022**		**As of and for the year ended 31 December 2021**	
	expenses	**accrued liability due**	**expenses**	**accrued liability due**
Payments to key management	24 829	3 965	26 744	2 475

29 Subsequent events

The NBU's decision to increase the mandatory reserve requirements that became effective in January, will have effect on reducing the Bank's interest income.

According to the NBU's macroeconomic review for March, following the increase in reserve requirements in February, the average daily volume of CDs (for the period from February 10 to February 28, compared to the corresponding reserve period in the previous month) decreased by UAH 51.4 billion, while the average daily volume of correspondent accounts increased by almost the same amount. At the same time, allowing banks to cover up to 50% of their total required reserves by domestic government bonds has boosted banks' participation in the government debt market.

There have been no other significant events after 31 December 2022 and up to the date these financial statements was approved for issue that could affect the economic decisions of users.