Translation from Ukrainian original

JOINT STOCK COMPANY "DEUTSCHE BANK DBU"

IFRS financial statements and management report

For the year ended 31 December 2024, and Independent Auditors' Report

This financial statement contains 47 pages.

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JOINT STOCK COMPANY "DEUTSCHE BANK DBU"

Management report for 2024

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1. General Information About the Bank

Joint Stock Company “Deutsche Bank DBU” (hereinafter referred to as “the Bank”) is a part of a bank group under foreign control. All shares in the Bank (100%) are owned by Deutsche Bank AG, a corporation established and operating in accordance with the laws of the Federal Republic of Germany. Deutsche Bank AG is a direct parent company of the Bank and its ultimate controlling party. The Bank has not bought or sold any shares during the year. The shareholder has no restrictions on participation and voting rights at the general meeting.

The Bank has an office in Kyiv, Ukraine. As of 31 December 2024, the Bank employed 34 employees, including 19 men and 15 women.

According to Deutsche Bank Group’s global classification, the Bank is represented in Ukraine by Corporate Bank and by Investment Bank divisions, which serve corporate clients and provides a wide range of services, in particular:
- Cash flows management;
- Trade finance;
- Foreign exchange transactions;
- Overdrafts and fixed-term financing;
- Term deposits, etc.

In order to support B2B segment, the Bank also carries out transactions in the interbank market, in particular:
- Foreign exchange transactions;
- Interbank lending;
- Swaps;
- Dealing in debt securities of the National Bank of Ukraine (NBU), Ministry of Finance, etc.

The business sector is supported by the following core business units:
- Department for support of corporate products;
- Department for support of treasury and currency exchange operations;
- Human Resources department;
- Finance department;
- Legal department;
- Treasury department;
- Risk Management department;
- Compliance and anti financial crime department;
- IT security unit;
- Local banking systems support unit.

All the revenues and expenses retained in the core business units are redistributed among the business units in accordance with the approved global allocation methods.

The Bank’s parent company and its subsidiaries make one of the major bank groups in the world. The Bank’s business is deeply integrated into the general structure of the group, which explains its regular interaction with the shareholder regarding a wide range of financial transactions and services. For instance, the Bank conducts transactions to borrow and lend funds in the foreign currency, currency exchange transactions, trade finance transactions, etc. directly with the parent company and its branches. The pricing of such transactions is carried out based on an arm’s length principle.

Also, the highly-qualified professionals of the group provide a number of services to the Bank, including management, IT, professional services of group’s units, etc. The pricing of such services is based on the principle of allocation of costs pursuant to the methodologies approved at the level of the parent company for all the subsidiaries of the banking group.

The impact upon the financial result of the transactions with the shareholder is disclosed by the Bank in Note 26 "Related-Party Transactions" of its annual financial statements.

Membership of the executive body, committees and meetings

The members of the Management Board of the Bank are as follows:

1. Roman Yaroslavovych Topolnytskyi, Chairman of the Management Board
2. Yaroslav Olehovich Romanenko, Deputy Chairman of the Management Board, Head of Treasury
3. Oleksandra Vasylivna Green, Member of the Management Board, Compliance and Anti Financial Crime Head.

During the year, Anastasia Neroshchyna (Chief Operating Officer) and Oleksiy Rybenko (Chief Financial Officer) left the Management Board.

The following committees of the Management Board have been established in the Bank:

- Assets and liabilities management committee;
- Credit committee;
- Information security committee

Within 2024 reporting year, the Management Board held 17 meetings, where the following core issues were discussed:

- Approval of the report of the Management Board for 2023;
- Approval of the list of persons related to the Bank and changes to it;
- Approving or amending the Bank's internal programs, instructions, rules and regulations;
- Discussion of problematic issues in the field of combating money laundering and terrorist financing;
- Monthly review of information on risk management, financial performance indicators, operations and IT activities;
- Consideration of issues related to the selection of candidates and the process of filling vacancies;
- Review of the monthly compliance risk report;
- Review and approval of the bank's business processes (including critical ones);
- Approval of the decision of the Credit Committee to set a limit on credit operations with counterparties / borrowers in excess of 10 percent of the regulatory capital of the Bank;
- Approval of the new composition of the Management Board's committees;
- Review, determination and approval of the list of persons whose professional activity has a significant impact on the Bank's risk profile;
- Other issues.

Membership of the Supervisory Board, committees and meetings

During the year 2024, the members of the Supervisory Board were:

1. Joerg Bongartz, Chairman of the Supervisory Board, representative of the shareholder.
2. Beate Ramona Hofmann, Deputy Chairwoman of the Supervisory Board, representative of the shareholder (till 17th of Sep 2024).
3. Thomas Agoston, Deputy of the Supervisory Board, representative of the shareholder (from 17th of Sep 2024).
4. Dinev Penko Stefanov, Independent Member of the Supervisory Board.
5. Carlo Appetiti, Independent Member of the Supervisory Board (till 15th of Jun 2024)
6. Wolfgang Gomernik, Independent Member of the Supervisory Board
7. Kevin Jones, Independent Member of the Supervisory Board (from 17th of Sep 2024).

During 2024, the Supervisory Board held regular meetings, namely: fifteen (15) meetings in the form of joint presence (one in each quarter, according to the frequency provided by current legislation, as well as eleven (11) additional extraordinary meetings.

The following main topics were discussed by the Supervisory Board:

- Macroeconomic review;
- Financial performance of the Bank;
- Key changes in legislation and their implementation;
- Results of audits and inspections;
- Risk management;
- Compliance topics;
- Issues related to the internal and external audit;
- Issues related to the corporate governance of the Bank, which are related to the competence of the Supervisory Board; and
- Miscellaneous.

The general meeting of the Shareholder

During 2024, the Shareholder held four (4) meetings and made decisions on the following:

- Approval of a new version of the Bank's Charter.
- Election and re-election (extensions of the mandates) of the existing composition of the Supervisory Board, approval of the terms and conditions of the civil agreements with them and fixing their remuneration;
- Review and approval of the annual financial statement of the Bank for the year of 2023, as confirmed by the external auditor; the management report of the Bank for the year of 2023; and the auditor's report based on inspection of the annual financial statements of the Bank for the year of 2023.
- Approval of decision on distribution of profit and losses coverage of the Bank, based on results of the Bank's operations in 2023.
- Review and taking the decision based on the results of the review of the report of the Supervisory Board of the Bank (Supervisory Board) for the year of 2023.
- Review and approval of the report on remuneration of the Supervisory Board for 2023.
- Annual review of the documents and policies of the Bank.

Appointment and dismissal of officers of the issuer

Managerial personnel (The Supervisory Board, the Management Board, Chief accountant and his deputies, internal Auditor) are appointed and dismissed in compliance with the following regulations:

- Charter of the Bank;
- Regulation on the Shareholders General Meeting;
- Regulation on the Supervisory Board;
- Regulation on the Management Board;
- Regulation on the Internal Audit Department

The Supervisory Board is elected by the General Meeting from among the Shareholders, their proxies and Independent Directors and at least five (5) persons or another number of members if another number of members of the Supervisory Board is prescribed by the legislation.

The members of the Supervisory Board are elected for a term established by the relevant resolution of the General Meeting, or the maximum period established by the legislation of Ukraine.

The General Meeting may take resolutions on the early termination of the powers of the members of the Supervisory Board and the simultaneous election of new members. Early termination of the powers of the members of the Supervisory Board without The General Meeting decision occurs as prescribed by the legislation of Ukraine.

The members of the Management Board, including the Chairperson of the Management Board, are appointed for the period of five years unless a longer term is established by the Supervisory Board. In case powers of a member of the Management Board are terminated or expire, another member of the Management Board should be appointed to the vacancy by the resolution of the Supervisory Board

Managerial personnel competence

Managerial personnel competence is prescribed by the Charter of JSC Deutsche Bank DBU and by other documents, in particular: Regulation on the Shareholders General Meeting; Regulation on the Supervisory Board; Regulation on the Management Board; Regulation on Internal Audit Department. Functions and powers of the members of the Management Board of JSC "Deutsche Bank DBU" are defined by employment contracts and job descriptions.

Capital structure

(in UAH thousand)	December 31, 2023
Fixed capital	334 899
Additional capital (Tier 2 capital, cannot exceed 100% of Tier 1 capital)	334 899
Total Regulatory Capital	**669 798**

(in UAH thousand)	December 31, 2024
Fixed Capital (AC) (Tier 1 Capital)	641 516
Tier 1 Capital	641 516
Total Regulatory Capital	**641 516**

Liquidity ratios

As of 31 December 2024 the ratios were as follows (according to form 6DX): LCR – 257.78% (for all currencies), 610.35% (for foreign currencies); NSFR – 1,274.53%.

As of 31 December 2023 the ratios were as follows (according to form 6DX): LCR – 394.17% (for all currencies), 343.72% (for foreign currencies); NSFR – 1,387.21%.

2. Basic Principles of Corporate Governance

The Bank's corporate governance principles underpin everyday work and are integral part of changes in the corporate culture of Deutsche Bank Group. They regulate cooperation between the Bank's governing bodies and other decision makers in order to achieve the Bank's overall goals. In addition, the corporate governance principles ensure the establishment and allocation of roles, competences, and responsibilities within the regulatory framework governing the Bank's activities, and help to clearly define responsibilities and duties.

The Bank's corporate governance functions also include compliance with the corporate governance principles of Deutsche Bank Group. Employees regularly review, improve and support compliance with Deutsche Bank Group's corporate governance principles and the Bank's corporate governance principles. Each representative or employee of the Bank takes into account and adheres to the corporate governance principles to the extent that they affect, directly or indirectly, his/her corresponding duties.

The corporate governance principles system is based on the principles of trust and cooperation between the Bank management, the Supervisory Board, the shareholder, the supervisory authorities regarding compliance with local laws, as well as delegation of powers and responsibilities.

The members of the Management Board and the heads of the structural units are responsible for taking necessary measures to assist the management in complying with these requirements.

The human, technical and financial resources constitute elements of the defined strategy and appropriate risk control means:

- Each representative of the management evaluates whether the unit he/she represents has adequate resources to achieve the unit's strategic goals.
- Human resources should have the appropriate knowledge, skills and experience to perform the relevant tasks, as well as to receive effective training; diverse background of team members generate diverse opinions.
- Drawbacks should be analysed to ensure effective use of the resources; the consequences thereof should be evaluated and reported in a transparent way.

Ensuring general awareness of the organization structure:

- The organization structure should be transparent and clear for internal stakeholders and be in line with the business strategy and risk profile.
- The senior management should foster a structure reducing any difficulties, where necessary.

Proper documentation enables fact reconstruction, where necessary:

- Decisions and processes should be properly documented without creating an unnecessary formality burden.
- Decisions taken at committees' meetings should allow for meaningful dialogue and exchange of ideas, be recorded and provided to all interested committee members in a timely manner for review, and then to the person that delegated authority. In addition, all internal and external potential stakeholders should be properly informed of the decisions taken.
- Decisions taken outside the committees should be properly communicated to stakeholders, ensuring that the latter clearly understand what needs to be done, taking into account the matrix structure.

Ensuring adequate and effective information flow and reporting, especially on the risk issues:

- It is crucial to address the problem of disaggregated data and provide relevant information to other structural units of the Bank that need such information to respond effectively and comply with the information provision rules on the need-to-know principle.
- The decision-making procedures should be transparent and adequately and effectively recorded in internal reports.
- IT management systems should provide support to the Management Board.
- Risk sensitive information should be immediately communicated to the management and responsible functions so that they can take the appropriate actions at the initial stages.
- In particular, the risks arising within the same area should be addressed. Information about them should be communicated and transferred to the management for the departments to learn useful practices.

The Management Board and each senior executive should give a lead in compliance with the Code of Business Conduct and Ethics:

- "Giving a lead" means being responsible for accurate formulation of the corporate strategy and risk levels, creation of a culture promoting honesty and accountability in order to protect clients' and shareholders' interests and support responsibility for the proper conduct of activities while being aware of risks and adhering to the corporate values.
- Proper behaviour should be acknowledged and rewarded. Inappropriate behaviour, on the contrary, should be made public and eliminated by countermeasures.

Proper business organization underpins each entity:

- Proper business organization is based on efficient and reliable administration and requires clear written organizational and operational principles, as well as clear definition and monitoring of processes, tasks, competencies, responsibilities, and controls.
- Responsibilities should be clearly defined within the organizational and operational framework. Incompatible tasks leading to conflicts of interest should not be performed by the same employees.
- Any possible drawbacks threatening the proper business organization should be resolved appropriately.

A culture of compliance and control is important for all organization activities:

- Such culture means compliance with the laws, on the one hand, and internal regulations, policies and procedures, on the other hand.
- It is very important that each employee contributes to and supports a culture of compliance.
- The appropriate code of conduct and relevant controls should be provided.

IT systems should match the organizational, operational and supervisory structures:

- Each senior executive should be informed of the IT systems needed to ensure support to organizational, operational and supervisory structures within his/her responsibilities.
- Potential drawbacks should be analysed and evaluated, and the consequences should be transparently communicated.

The corporate governance principles of Deutsche Bank Group are applied to the entire Bank, including the relevant governing bodies (i.e. the Management Board, the Supervisory Board, etc.), while ensuring the structure used to set the Bank's goals and determining the means of their achievement and performance controls. Good corporate governance should create incentives for the Bank management to achieve goals that are in line with the Bank's business strategy, shareholders' interests, and contribute to effective monitoring of work.

The Bank adheres to the global corporate governance principles set by Deutsche Bank Group (https://country.db.com/ukraine/mandatory-disclosure-of-information/corporate-documents/), namely:

<u>Principle 1: Obligation to Act Lawfully.</u> This obligation, being one of the key obligations of the Management Board, defines the actions of all representatives and employees of the Bank. It comprises of two elements:

- Know your regulations, i.e. building and maintaining awareness of the regulations and provisions at the Board level.
- The company should ensure organization transparency by defining, distributing and measuring responsibilities at an employee's or a committee's level, transferring certain definitions of links and interfaces, and eliminating gaps or cases of overlapping responsibilities or duties. In addition, it includes risk prevention and mitigation mechanisms in order to avoid or minimise violations.

<u>Principle 2: Business Decision Rule:</u>

- Business decisions (which may be subject to freedom of action as opposed to Principle 1) are taken in the Bank's interests based on the relevant information and should not be affected by conflicts of interest or personal interests.

<u>Principle 3: Values and Principles Adherence:</u>

- The Bank adheres to the corporate culture, acquires and develops talents, promotes teamwork and partnership, supports independent thinking, respect for other people's ideas, and courage to express opinions.

According to the Deutsche Bank Group's global approach, the Bank's compliance with these standards is reflected in six core values:

<u>Integrity</u>

- We live up to the highest integrity standards in everything we say or do.
- We do what is right, not just what is allowed.
- We speak openly; we welcome, express and respect opposite views.

Continuous Effectiveness

- We provide value to shareholders, because we prefer long-term success to short-term benefits.
- We support the entrepreneurial spirit balancing risks and profits.
- We achieve long-term performance by developing, cultivating and investing in the best talents and by guiding them based on the merits of each.

Focus on Clients' Needs

- We deserve to be trusted by our clients who are in the heart of our organization.
- We provide true value by understanding and satisfying the needs of our clients in the best possible way.
- We strive to develop mutually beneficial relations with our clients and share their value.

Innovation

- We support innovation and appreciate intellectual curiosity of our staff.
- We enable our clients to succeed by constantly searching for solutions suitable to their issues.
- We are constantly improving our processes and platforms by introducing new and more effective ways of doing business.

Discipline

- We protect corporate resources, always thinking and acting as owners.
- We observe rules and are responsible for our promises –no excuses.
- We achieve high expertise, striving to "do everything right from the very beginning".

Partnership

- We build different teams to create the best ideas and make more informed decisions.
- We put corporate goals over "individual" loyalty by trusting, respecting and working with each other.
- We act as responsible partners with all our stakeholders and regulatory authorities, as well as meet the wider public interests.

Monitoring Obligation:

- Monitoring of the effectiveness of power delegation chains and escalation of relevant issues to the management, as well as vesting with powers and ensuring regular and timely exchange of information in order to timely identify critical issues and make necessary adjustments.

When adhering to Principle 1, management should ensure that it has the necessary skills and experience to perform the function assigned, can devote enough time and efforts to perform its work, and make decisions being sufficiently informed and weighing possible consequences.

The Management Board and the Supervisory Board (hereinafter referred to as the Corporate Bodies) interact on the basis of trust and cooperation in order to meet the best interests of the Bank, employees and other stakeholders, taking into account their tasks and responsibilities. The tasks and responsibilities of the Management Board and the Supervisory Board complement each other and form a solid corporate governance system:

- Performance of own tasks and responsibilities – each corporate body consistently performs its tasks and responsibilities.
- Prohibition of excess of powers – each corporate body should not exceed its powers and interfere with internal affairs and responsibilities of other corporate bodies.
- Mutual trust – cooperation of corporate bodies with each other, as well as among its members, is based on mutual trust. Members of the Management Board should act in good faith for the benefit of the Bank.
- Good faith – members of the Management Board are obliged to act reasonably in respect of the Bank.
- Open debate and maintenance of confidentiality – both corporate bodies openly debate with each other, but always maintain confidentiality.
- Sufficient information – the Management Board is responsible to ensure adequate, accurate and timely information. The Management Board regularly informs the Supervisory Board of all material issues related to strategies, planning, business development, risk levels, risk management, compliance with the established requirements, structural mechanisms and culture in a timely manner. The Management Board indicates

deviations from the previously formulated plans and goals, and provides the relevant reasons. The Supervisory Board should ensure that it is properly informed.
- Effective interaction – all members of corporate bodies should have enough time to fully perform their duties.

Relations with supervisory authorities. The Bank ensures cooperation with relevant supervisory authorities based on the following principles:
- Trust-based relations – the Management Board is committed to building and maintaining relations with supervisory authorities on the basis of trust and open communication.
- Available experience – the Management Board has members with experience and expertise in the relevant field to ensure interaction with supervisory authorities of the appropriate level.
- Supervision of the relations between the management and supervisory authorities – the Management Board monitors the Bank's relations with supervisory authorities and supports the exchange of knowledge among all executives.
- Commitment to implementation – the Management Board ensures that all relevant regulations are properly performed.
- Active interaction with supervisory authorities – the Management Board ensures active interaction with supervisory authorities, and communicates with them not only in response to their inquiries.

Know your structure / know your business
- The Bank internal management system is represented by the organizational structure. The full transparency principle of the Bank structure is applied in all areas of its activity and corresponds to the changes in the laws, prevents conflicts of interest (including the division of functions), and ensures the effective operation of the Bank.
- The Bank recognises that the maximum transparency and understanding of the organizational and operational structure, business activity and related risks, ensuring the correspondence of the Bank's structure and activity with the approved business strategy, is crucial for the management.

Delegation of powers. The Management Board also adheres to a set of corporate governance principles in the context of delegation of powers and duties of the Bank under the relevant corporate governance principles, in particular:
- Prohibition to delegate duties not subject to delegation. Some duties are assigned to certain persons/units in accordance with the applicable laws and are not subject to delegation.
- One duty is one delegation. One duty may be delegated to "one person" only – either an individual or a committee.
- Delegation of powers to committees in case of reasonable diversification. If a duty may be fulfilled by an individual, this duty should be delegated to such individual, rather than to a committee. However, an individual may consult with others.
- Delegation within one vertical only. A delegating person may delegate a duty only to his/her direct subordinate.
- Prohibition of delegation of powers to other legal entities. Delegation of duties to legal entities is possible only within specific contractual obligations (for example, outsourcing), which allows the principal responsible party to control its service provider.
- Delegation of basic organizational duties. Heads of business units and infrastructure support functions shall assist the Management Board and its members in fulfilling their basic (core) duties within their own duties.

3. Bank Performance Indicators

Bank's Key Performance Indicators as of the year-end 2024.

Net revenue — UAH 466.5 mln (UAH 475.9 mln for 2023)
Profit before tax — UAH 237.9 mln (UAH 293.9 mln for 2023)

Return on Equity (ROE weighted avg.) — 11.6% (18.5% in 2023)
Risk-weighted assets — UAH 274.6 mln (UAH 388.8 mln for 2023)
Capital adequacy ratio — 72% (102.4% in 2023)
Liquidity coverage ratio LCR (all currencies) — 257.8% (394.2% in 2023).

Financial results

The NBU's key policy rate gradually decreased during the first half of 2024 from 15% to 13% However, in December, against the backdrop of inflationary growth, the NBU raised the rate to 13.5%. An overall significant decline in interest rates compared to the previous year led to a decline in profit margin. However, the increase in deposits of corporate clients offset this impact, and net interest income remained at the same level. In 2024, the Bank continued to invest in domestic government bonds issued by the Ministry of Finance of Ukraine and formed additional provisions for credit losses for this instrument in the amount of UAH 2.7 million.

The volume of currency exchange transactions increased during the year, but a decrease in the volatility of the currency exchange market and a reduction in margins led to a decrease in net trade income by UAH 9.9 million or by 43%.

Compensation cost increased by 8.6% during 2024 to UAH 87 million. Administrative and other operating expenses increased by UAH 40 million or by 39% in 2024. The growth is due to additional payments for IT services, as well as a higher average exchange rate of the national currency against euro, provided that a significant part of the costs under current contracts in foreign currency are fixed.

The growth of the Bank's expenses with a simultaneous unchanged level of income at the end of the year led to a decrease in profit before tax to UAH 238 million, down 19% versus 2023.

Income statement

(in UAH thousand)	**2023**	**2023**	**Deviation, UAH thousand**	**Deviation, %**
Interest income	811 456	814 604	(3 148)	-0.4%
Interest expenses	(351 231)	(357 743)	6 512	-1.8%
Net interest income	**460 225**	**456 861**	**3 364**	**0.7%**
Fee and commission income	29 339	22 858	6 481	28.4%
Fee and commission expenses	(13 977)	(8 944)	(5 033)	56.3%
Result from transactions with debt financial instruments at FVOCI	(897)	-	(897)	n/a*
Result from foreign currency transactions	15 207	23 086	(7 879)	-34.1%
Result from the revaluation of foreign currency	(1 835)	220	(2 055)	-934.1%
Impairment result determined in accordance with IFRS 9	(21 832)	(18 391)	(3 441)	18.7%
Result of impairment for non-financial assets	287	188	99	52.7%
Other operating income	0	54	(54)	-100.0%
Total non-interest revenues	**6 292**	**19 071**	**(12 779)**	**-67.0%**
Salaries and employee benefits	(86 889)	(80 043)	(6 846)	8.6%
Depreciation and amortization	(12 910)	(11 480)	(1 430)	12.5%
Administrative and other operating expenses	(128 785)	(90 545)	(38 240)	42.2%
Total non-interest expenses	**(228 584)**	**(182 068)**	**(46 516)**	**25.5%**
Profit before tax	**237 933**	**293 864**	**(55 931)**	**-19.0%**
Income tax expense	(152 409)	(170 169)	17 760	-10.4%

Profit for the year	**85 524**	**123 695**	**(38 171)**	**-30.9%**
Gains (losses) on financial assets measured at FVOCI	26 474	21 692	4 782	22.0%
Income tax related to other comprehensive income	(1 138)	(618)	(520)	84.1%
Other comprehensive income for the year	**25 336**	**21 074**	**4 262**	**20.2%**
Total comprehensive income	**110 860**	**144 769**	**(33 909)**	**-23.4%**

Balance sheet

(in UAH thousand)	**December 31, 2024**	**December 31, 2023**	**Deviation, UAH thousand**	**Deviation, %**
Assets:				
Cash and cash equivalents	7 503 108	5 962 225	1 540 883	25.8%
Loans and due from customers	401 039	200 106	200 933	100.4%
Investment in securities	797 584	335 979	461 605	137.4%
Deferred tax asset	1 816	3 276	(1 460)	-44.6%
Fixed assets and right of use assets	23 558	32 993	(9 435)	-28.6%
Intangible assets	2 134	2 366	(232)	-9.8%
Other financial assets	12	15		
Other non-financial assets	1 542	5 007	(3 465)	-69.2%
Total assets	**8 730 793**	**6 541 967**	**2 188 826**	**33.5%**
Liabilities and equity:				
Customer accounts	7 813 469	5 694 428	2 119 040	37.2%
Liabilities for current income tax	91 242	123 167	(31 925)	-25.9%
Provision for liabilities	11	3	8	266.7%
Other financial liabilities	34 035	44 511	10 476	-24%
Other non-financial liabilities	16 448	15 130	-1 318	8%
Total liabilities	**7 955 205**	**5 877 239**	**2 077 965**	**35.4%**
Share capital	301 839	301 839	-	-
Retained earnings	389 300	306 389	82 911	27.1%
Reserve and other bank’s funds	41 611	35 426	6 185	17.5%
Revaluation reserves	46 410	21 074	25 336	120.2%
Total equity	**775 588**	**664 728**	**110 860**	**16.7%**
Total liabilities and equity	**8 730 793**	**6 541 967**	**2 188 825**	**33.5%**

n/a* - not applicable

The Bank's balance sheet total during 2024 increased by 33.5% from UAH 6,542 mln to UAH 8,731 mln UAH. The main component of the increase was the attraction of additional funds from corporate clients, which increased by UAH 2,119 mln or by 37.2%. At the same time, the balances of due to customers in foreign currency remain mostly unchanged.

Demand for loans from customers began to grow in the second half of the year. As of the end of December 2024, client loans reached the level of UAH 401 mln UAH, which is twice as much as at the end of the previous year. In December, investments in NBU certificates of deposit increased significantly. An increase in reserve requirements in the fourth quarter necessitated the larger balances in national currency on a nostro account with the NBU. Investments in domestic government bonds have increased too. The Bank also invested in bonds of the G7 countries. The total portfolio of investments in securities increased by 137% to UAH 798 mln.

In 2024, there were no significant investments in fixed assets and software. According to the results of the inventory count, worn-out assets were partially written off, which is reflected in the balance sheet as a decrease in fixed assets and intangible assets. At the beginning of the year, the Bank entered into a new car rental agreement, which led to an increase in the lease liabilities by 52%

The Bank's current income tax liabilities decreased by 25% due to a decrease in profit before tax compared to the previous year. The tax rate for banks remains 50% for the second year in a row.

The Bank's capital increased by UAH 112.7 mln mainly due to the profit of the current year. The acquisition by the Bank of new debt obligations, which are reflected in the balance sheet at fair value through other comprehensive income, led to the formation of an additional revaluation reserve in the amount of UAH 23.5 mln.

4. Economic Environment

Economy of Ukraine

In 2024, Ukraine's economy continued to recover despite the challenges posed by the ongoing war and its consequences. A stable flow of international aid in 2024 was a reliable support and made it possible to cover the budget deficit and replenish international reserves, mitigating the structural vulnerabilities of the Ukrainian economy as a result of the war. The real GDP growth estimate for 2024 was 3.4%.
In the second half of the year, consumer inflation accelerated, significantly exceeding the NBU's previous forecast. According to the NBU's inflation report, the consumer price index reached 12% at the end of 2024. The acceleration of inflation was primarily caused by temporary factors, including a worse harvest, increased business costs for raw materials, materials and electricity, as well as wages against the backdrop of a continuing shortage of personnel.
The situation on the foreign exchange market was stable. During the last months of the year, the hryvnia exchange rate fluctuated slightly, and in both directions: it weakened and strengthened. To maintain the stability of the foreign exchange market, maintain controllable expectations and curb inflation, the NBU raised the key policy rate to 13.5% in December.

Thanks to external assistance, the NBU has a record level of international reserves (almost USD 44 billion at the end of the year) and retains a strong ability to ensure a stable situation in the foreign exchange market.
The environmental and social aspects of the Bank's activities did not change during the reporting period.

Banking sector

During the year, the banking sector worked stably, despite the hostilities. A gradual decrease in interest rates contributed to an increase in demand for loans and a decrease in the cost of funding. Banks' operational efficiency remained high, and the cost of forming reserves remained minimal.
According to the NBU Banking Sector Review (February 2025), at the end of 2024, there were 61 banking institutions operating in Ukraine (over the year, the number of banks decreased by two small institutions).
The volume of net assets of solvent banks increased by 16.2% in 2024 (at the exchange rate fixed at the beginning of the period by 13.1% yoy). First of all, investments in government bonds increased. Banks increased the share of government bonds in assets to maintain portfolio yields in the face of lower rates. Banks' stable demand for benchmark government bonds is caused by the level of consideration of these bonds to meet the increased reserve requirements. The share of net assets of the group of state-owned banks, which was replenished by two financial institutions during the year, decreased by 0.3 pp to 53.3% over the year.
Net hryvnia-denominated loans to businesses continue to grow, and the quality of the loan portfolio is improving. The growth of the loan portfolio of foreign banks for the year amounted to 15.2%.

The liabilities of solvent banks have also increased. Hryvnia-denominated funds of businesses increased by 19.0% yoy, with growth in all groups of banks. The volume of foreign currency funds of businesses increased by 5.5% yoy over the year, while term deposits in foreign currency decreased by 6.2% yoy.
In August 2024, the NBU introduced European capital adequacy ratios. The accumulated profit and a sufficient transition period allowed banks to painlessly switch to the new requirements. Regulatory capital adequacy of banks at the end of the year amounted to 17.4%, capital adequacy of Tier 1 and fixed capital of Tier 1 – 16.9% (foreign banks have the highest indicators).
For the second year in a row, the tax rate for banks is 50%, but the banking sector remained highly profitable and generated the net profit of UAH 103.7 billion in 2024 (according to preliminary data). Net interest income remained the main source of high profits. Rates of return on assets decreased significantly, primarily due to a decrease in the yield on NBU certificates of deposit at the beginning of the year.

5. Bank Development Strategy

Being an integral part of the global group, the Bank plays an important role in relations between Deutsche Bank Group and its key strategic global clients by providing its services in management in cash flows, trade financing and lending at the Ukrainian market. The unit of the Global Investment Banking Division conducts forex transactions for clients, which lets satisfy the principal needs of corporate clients in Ukraine. Being a member of one of the leading global bank groups, the Bank helps its clients optimise their circulating assets and liquidity, manage global supply chains and sales channels as well as risk management.

In connection with the lasting military aggression against Ukraine, the strategic goals of the Bank's development for 2025 will be aimed primarily at ensuring the operational stability and continuity of the Bank's operations, as well as the physical safety of the staff. Among main strategic goals are the following:

- Establish and deepen relationship with new and existing priority clients in MNC segment, cooperation with local corporates within risk appetite cap;
- Increase cross selling while moving away from single-product relationship, 'sell the bank' approach;
- Increase brand recognition on the local market as an innovative and resilient banking institution.

The Bank will continue to conduct commercial activity taking into account the available resources and risk appetites within the defined target market.

The main business priorities to reach the strategic goals of the Bank are:

- sustainable growth through understanding the needs of customers, providing relevant professional advice, creating and implementing the necessary solutions in accordance with current legislation and best banking practices;
- maintaining profitability;
- ensuring sustainable risk management, based on a reliable process of their assessment at both the macro and micro levels, fostering a "zero loss mentality", control of all risk levels and compliance with all regulatory requirements;
- management of the Bank's balance sheet in order to increase the profitability of operational activities while constantly monitoring potential risks;
- search for opportunities to participate in the financing of projects for the reconstruction of Ukraine.

The country in general and the banking system in particular will be operating in the state of the martial law, with all the security and regulatory restrictions, at least until the end of the hostilities. The main efforts of the senior executives are focused on the routine control over all the types of risks faced by the Bank in its operations.

Given the degree of uncertainty, further strategic initiatives will be correlated with the development of events at the front and in the field of general security in the country, adaptation of the economy to new realities of existence, as well as expected socio-political changes and integration initiatives in the post-war period.

6. Compensation Report

Report on Compensation to Members of the Management Board

The Supervisory board is responsible for structuring the compensation system for members of the Management Board, as well as for defining their individual compensation.

The compensation package consists of the fixed and variable parts.

Fixed compensation is a component not related to performance. When determining the appropriate level of basic salary, various factors are taken into account. Firstly, the salary is paid for appointment of a member of the Management Board and his/her corresponding general duties. In addition, the basic salary size is adjusted for the current level of remuneration in the competitive market.

Fixed compensation not related to the achievement of goals also includes additional benefits. Additional benefits are the monetary value of non-cash benefits, such as company cars and driver's services, insurance premiums, costs of social functions associated with a company, and security measures, including taxes on these benefits, if any, and taxable reimbursement costs.

Variable compensation is a component related to performance. This part primarily depends on the performance of the short- and mid-term plans and corporate goals of the Bank. Attitude toward employees or clients who underpin the cultural and business environment in the Bank has a significant impact on the variable part.

Compensation for the Management Board for 2024 fiscal year is as follows:
- ;
  - fixed part for 2004 in monetary form – UAH 17.2 million.
  - accrued variable part in monetary form based on results of 2004 – UAH 2.5 million
  - variable part in monetary form based on results of 2004, deferred – equivalent to EUR 9.4 thousand;
  - variable part in non-monetary instruments based on results of 2004, deferred – equivalent to EUR 23.5 thousand;
  - variable part for previous years paid in 2024 – UAH 3.4 million, including deferred payouts of UAH 1.1 million.

Bank Employee Compensation Report

Regulatory environment. Compliance is a comprehensive point in the compensation strategy. The Bank seeks to be at the forefront of regulatory changes regarding compensation and will continue to work closely with regulatory authorities to meet all existing and new requirements.

Compensation strategy. The Bank recognises that the compensation system plays an important part in supporting its strategic goals. This allows the Bank to attract and retain the individuals needed to achieve the goals. The compensation strategy is in line with the strategic goals of Deutsche Bank Group and its corporate values and principles. The Group Compensation Policy informs employees about the compensation strategy, compensation management processes, as well as reimbursement practices and structures.

General compensation system. The compensation system coordinates incentives for sustainable development at all levels of the Bank, while enhancing the transparency of compensation decisions and their effect on shareholders or employees. The compensation structure ensures a balance between its fixed and variable parts, which together constitute the “total compensation”.

Deutsche Bank Group introduced a conceptual idea of the “total compensation”. Each employee has the right to an approximate total compensation in accordance with his/her role in the Bank. This reference information provides the Bank employees with a benchmark for fixed and variable compensation parts.

The actual total compensation may be larger or smaller than a reference amount. It is set by the Bank at its own discretion subject to regulatory constraints, depending on the achievement of goals at the individual and units’ and Deutsche Bank Group’s levels.

Fixed payment is used to compensate employees for their skills, experience, and competencies. It should be competitive and match the labour market level, as well as consistent with other roles at the Bank and comply with regulations. It plays a key role in achieving the Bank’s strategic goals by acquiring and retaining the most talented staff. Most of our employees receive this fixed part in the form of salary, the proportion of which far exceeds 50% of total compensation.

The variable compensation allows the Bank to differentiate individual indicators and employees’ conduct through the appropriate incentive system, which also has a positive impact on business culture. The variable part also provides the flexibility of the cost base and increases the Bank’s resistance to market crises.

Supervisory Board Compensation Report

In 2024, the Supervisory board headcount increased to 6 members. Two members of the Supervisory board represented Deutsche Bank Group and performed their functions within the framework of duties of Deutsche Bank Group and did not receive a separate compensation from the Bank. Four members of the Supervisory board were independent and received only fixed compensation in 2024.

The total payments to the members of the Supervisory board in 2024 amounted to UAH 5.8 million. They were paid on a quarterly basis. The total cost of the Supervisory Board i amounted to UAH 6.8 million including SSC.

7. Risk Management System

The Bank has a comprehensive, adequate and efficient risk management system that meets the following principles:

- efficiency — ensure an objective assessment of the size of the bank’s risks and the completeness of risk management measures with optimal use of financial resources, personnel and information systems for the bank’s risk management;
- timeliness — ensure timely (at an early stage) identification, measurement, monitoring, control, reporting and mitigation of all types of risks at all organisational levels;
- structuredness — clear distribution of functions, responsibilities and powers of risk management between all structural divisions and employees of the Bank, and their responsibilities in accordance with such distribution;
- segregation of duties (separation of control roles from performance of bank transactions) — avoiding a situation where the same person performs bank transactions and is in charge of control at the same time;
- integrity and comprehensiveness — coverage of all types of Bank’s activities at all organisational levels and in all of its departments, as well as assessment of reciprocal impact of risks;
- adequacy — relevance of the risk management system to the bank’s business model, its systemic importance, as well as the complexity of transactions carried out by the Bank;
- independence — freedom from circumstances that threaten unbiased execution of functions by the Risk Management Department and the Compliance and Financial Crime Prevention Department (i.e. Compliance);

- confidentiality — restricted access to information which is to be protected from unauthorised access;
- transparency — disclosure of information on the risk management system by the bank;
- risk management and risk profile.

The Bank conducts the complex assessment of the following types of risks:

- credit risk;
- liquidity risk;
- bankbook interest rate risk;
- market risk;
- operational risk;
- compliance risk;
- money laundering/terrorist financing risks
- other types, including reputational and legal risks.

The Bank's risk management system ensures ongoing risk analysis for the purposes of timely and adequate managerial decision-making regarding mitigation of risks and reduction of related losses (damages).

The risk management system is based on the segregation of duties between the bank's departments and uses three lines of defence model:

- the first line is defence at the level of the bank's business units and the bank's business support units. These departments assume risks and bear responsibility for them;
- the second line is risk management departments and the department of compliance and combating financial crimes;
- the third line is defence at the level of the internal audit unit regarding the verification and assessment of the effectiveness of the risk management system.

The organisational structure of the risk management system in the Bank ensures clear division of roles, duties and powers in respect of risk management among all risk management system subjects.

The risk management system subjects are:

- Supervisory Board;
- Management Board;
- Credit Committee;
- Asset and Liability Committee;
- Information Security Management Committee;
- Risk Management Committee;
- Department of Compliance and Combating Financial Crimes;
- Internal Audit Unit;
- business and support departments (first line of defence).

The risk management strategy is developed in conjunction with the Bank's business development strategy. The Strategy development and adoption is within sole competence of the Supervisory Board of the Bank which identifies the purposes, principles, tools of the risk management and the risk appetite for various risk areas.

The Bank Management Board, the Bank committees assigned by the Management Board, Risk Management Department as well as managers of other departments of the Bank are responsible for implementing the Strategy.

Development of internal risk management procedures, as well as the distribution of duties between the roles shall be conducted in full compliance with the Bank's internal policies. Following the Strategy provisions and risk management policies is mandatory for all management bodies, departments and employees of the Bank.

The Risk Management System is an integral part of the decision making process in the Bank which allows to pay the necessary attention to the main banking risks in line with the policies and procedures of risks identification, assessment and to further apply the methodologies designed for risk reduction, informing about risks and monitoring of the results.

The strategy goal is to reduce the Bank's losses from various banking risks and to address the following issues:
- implement the Bank business development strategy;
- maintain the best risk-income ratio;
- align risks to the scale of the Bank's transactions;
- fulfil all Bank's obligations to all contractors, creditors and depositors.

According to the strategy, the Bank prepare Risk Appetite Declaration that defines:
- the Bank's risk appetite in respect of every risk mentioned below;
- respective risk thresholds/limitations which the Bank must observe in the course of its operation so that the risk on the Bank's transactions stays within the total risk appetite.

The Bank's system of limits is subject to review from time to time or in case of material changes in the Bank's external or internal environment.

The risk management in the Bank rests on the following principles:
- three lines of defence of the risk management structure, which take into account different levels of the Bank's organizational structure to the risk management process;
- corporate decision-making process;
- relevance of information for decision-making;
- the relevance of risk management processes, which includes reviewing policies, methods, approaches and procedures in accordance with changes in regulatory requirements and the business environment.

The risk management in the Bank involves:
- documenting of banking service (product) provision procedures and handling transactions in concordance with the Bank's internal policies;
- qualitative and quantitative assessment of all significant banking risks and identification of acceptable risk levels;
- employing of the system of limits that limit the size of portfolios and positions, as well as decision making powers;
- employing credit rating for clients and contractors;
- regular monitoring of levels of risks taken by the Bank.

Risk management structure and allocation of responsibilities.

The following falls within the sole competence of the Supervisory Board of the Bank:
- approval of the Bank's development strategy in accordance with main areas of activity;
- definition and approval of the risk management strategy and policy, risk appetite as well as the list of risks and risk caps;
- ensure functioning and control over efficiency of the Bank's internal control system;
- control over the efficiency of the risk management system;
- approval of risk reports and stress test results.

The following falls within the competence of the Management Board:
- ensure preparation of strategy projects and a business plan for Supervisory Board's approval, their further post-approval realisation;
- implementation of risk management strategy and policy approved by the Bank Supervisory Board, implementation of risk identification, assessment, control and monitoring procedures;

- informing the Supervisory Board about the indicators of the Bank’s activity, detected violations of legislation, the Bank’s internal regulations and about any deterioration of the Bank’s financial position or about the threat of such deterioration, about the level of risks arising in the course of the Bank’s activities;
- establish special-purpose committees involved in the risk management system, namely: Credit Committee, Asset and Liability Committee, etc.

The following falls within the competence of the special-purpose committees established by the Bank:
- assessment of risks inherent to the Bank’s operations;
- decision-making regarding lending transactions (and/or any significant changes to them) with the Bank’s borrowers (i) except for the cases where the decisions regarding certain loan transactions are taken by the other body of the Bank, according to the Bank’s effective by-laws and/or statutes and regulations of Ukraine in effect, or (ii) subject that such decision is approved by the other body of the Bank.

The following falls within the competence of the Risk Management Department:
- involvement in elaborating the Bank’s strategy and the business plan for further Bank’s development;
- involvement in development and implementation of the strategy, policy and other intra-bank regulations relating to the risk management that delineate arrangement and functioning of the risk management system and keep them up to date;
- risk appetite calculation;
- ensure functioning of the risk management system by timely detection, identification, assessment, monitoring, control, reporting and minimization of all types of risks inherent to the Bank’s activities, as well as assessment of internal capital adequacy and the Bank’s liquidity ratios with respect to the Bank’s risk profile, market and macroeconomic environment;
- ensure ongoing analysis of all types of risks, to which the Bank is exposed in its activities, for the purpose of managerial decision-making to minimise certain types of risk and/or losses under certain types of the Bank’s activity for which such risks are inherent;
- carrying out a quantitative and qualitative assessment of the risks inherent in the Bank’s activities;
- stress testing;
- reporting on risk management system functioning by preparing regular quarterly risk management reports and their submission to the Supervisory Board and monthly reports — to the Bank Management Board.

The competence of the Department of Compliance and Combating Financial Crimes includes:
- ensuring the organization of control over the Bank’s compliance with legislation, internal bank documents and relevant standards of professional associations, the effect of which applies to the Bank;
- ensuring the management of risks related to the conflict of interests that may arise at all levels of the Bank’s organizational structure, the transparency of the implementation of the Bank’s processes and, in case of discovery of any facts indicating the existence of a conflict of interests in the Bank, informing the Supervisory Board/Bank’s Management Board;
- ensuring coordination of compliance risk management activity between the Bank’s structural units;
- ensuring the functioning of the risk management system by implementing timely detection, measurement, monitoring, control, reporting and providing recommendations for mitigation of compliance risk;
- taking all possible measures to prevent the adoption of decisions that expose the Bank to a significant compliance risk, and provide adequate information to the Bank’s managers;
- preparation and submission of compliance risk reports to the Supervisory Board of the Bank at least once a quarter, to the Management Board of the Bank - at least once a month, and in the event of situations requiring immediate notification of the Supervisory Board of the Bank, no later than the next working day;
- calculation of the compliance-risk profile;
- participation in the development of internal bank documents and control of their compliance.

The following falls within the competence of managers of the Bank’s departments:
- routine monitoring of the Bank’s transactions and risks;

- observe established procedures, rules and limits;
- escalate breaches of limits, operations-related events and any significantly increased risks.

The Bank's risk management strategy includes qualitative provisions on acceptable risk parameters which are in line with acceptable risk parameters for the Deutsche Bank Group and setting the limits within which the Bank's business functions and infrastructure should operate, and it should be guaranteed that every risk taken by the Bank will be appropriately compensated and subjected to assessment and control.

Qualitative provisions on acceptable risk parameters are set for every significant type of risk relating to the bank activities.

Credit risk

Credit risk covers all operations that may lead to actual, unforeseen or possible lawsuits against any counterparty, any person that has undertaken commitment or any loan recipient, including claims that the Bank plans to distribute in case where the Bank will bear the risk of losses should the recipient fail to fulfil his liabilities. This includes the contractor risk, country risk, product risk and industry risk.

Credit risk management involves strict application of the range of qualitative principles and quantitative metric parameters with attraction of skilled risk management expert services and system of restrictions. Contractor quality, transaction scheme and aspects associated with securing obligations and portfolios with consideration of the size of a country, product and industry are of particular concern.

Types of risk covered:
- contractor risk
- specific country-related risk
- product-specific risk
- industry-related risk

Qualitative regulations on acceptable risk parameters:
- accept credit risk only with creditworthy clients, based on appropriate client's due diligence;
- manage concentration risk at the level of contractor, product, country and industry. Actively reduce concentration risk by fulfilling loan obligations, hedging and/or by means of allocation;
- define parameters of acceptable risk considering risk/profit ratio stability;
- when calculating the amount of credit risk, apply the principles of IFRS 9 and the requirements of Resolution of the NBU dated June 30, 2016 No. 351;
- control impact of non-liquid assets and/or assets, where prices are unobservable;
- act prudently in respect of unsecured monetary risk.

Practical aspects of credit risk management

In accordance with IFRS 9, the Bank has the right to assume that, where the credit risk of a financial asset at the moment of its recognition is assessed as low, the expected credit loss is to be calculated for a 12-month term.

The concept of general approach for calculating expected losses is used to recognise allowance for credit losses in the P&L statement for financial assets recognised in the Bank's financial statements. Provision for impairment of assets to cover expected losses is defined as the reduced value of a financial asset recorded in the Bank balance sheet.

General approach for expected losses regulates both assets with properly executed contract terms and those with improper fulfilment of contract terms. This approach does not govern the originated or purchased financial instruments which are credit- impaired at the moment of their recognition by the Bank.

In accordance with the concept of expected losses, provision for impairment of assets is measured as:
- expected credit losses for 12 months, or
- expected credit losses for the entire term of an asset (life-time losses).

Which of the above to choose depends on whether there is significant increase of credit risk from the moment of initial recognition of the financial asset. If such significant increase occurred after the initial recognition of the financial asset, the impairment should be measured as expected credit losses for the entire term of asset. Thus, the general underlying principle of IFRS 9 is recognition of expected credit losses in line with changes in financial asset credit quality during its entire term.

The Bank uses the following method to assess the actual provision for credit losses:

1. In respect of financial assets for which no negative changes in credit risk occurred since the moment of initial recognition (origination or purchase), 12 months of expected credit losses approach shall apply (Stage 1);
2. In respect of financial assets for which negative changes in credit risk occurred since the moment of initial recognition (origination or purchase), the approach of expected credit losses for the entire term of asset shall apply (Stage 2).
3. For assets defined by the Bank's risk management as defaulted/non-performing assets, the approach of expected credit losses for the entire term of asset shall apply as well (Stage 3).

As of 31 December 2024, the Bank formed the following provisions in accordance with IFRS 9:

Type of asset	**Amount of provision for possible losses, UAH thousand**
Nostro accounts	276
Loans to customers	12
Off-balance-sheet financial liabilities	70
Other financial assets	38
Other non-financial assets	25
Debt securities	41 135
Total	**41 556**

There was significant increase in reserves in 2024 due additional accrual of provisions for investment in local government bonds in amount UAH 21,9 mln. The additional provisions originated due to increase in the government bonds portfolio and increase in PD assessed according to IFRS 9.

The size of the provisions for transactions with corporate customers is insignificant due to the following factors:

- high credit rating of clients
- clients' liabilities are covered by warranties from parent companies
- revocable liabilities of the Bank

According to the requirements of Resolution of the NBU dated 30 June 2016 No. 351, according to the data of statistical reporting as of 31 December 2024, the Bank determined the following amount of credit risk:

Type of asset	**Credit risk, UAH thousand**
Nostro accounts	1 114
Loans to customers	2 149
Off-balance-sheet financial liabilities	39
Other financial assets	40
Other non-financial assets	265
Debt securities	92
Total	**3 699**

Bank book interest rate risk and currency risk

Both risks occur as a consequence of uncertainty in respect of changes in market prices and interest/exchange rates (e. g.: interest rates, stock pricing, exchange rates, commodity prices), their inter-relation and their volatility levels.

Market risk values acceptable for the Bank are set with account to the Bank's purposes and the allocation, starting from the level of risks acceptable for the Group. When setting acceptable risks, the following should be considered:
- avoid concentration risk and risk of loss of liquidity in the markets, with the issuers and during the emissions. These risks are identified, monitored and managed with consideration of their absolute and relative sizes, as well as liquidity at normal and complicated market conditions;
- ensure sustainable potential for reduction of the market risk which may occur due to certain events and the principal risks. They are analysed via measures that include stress resistance of the Bank where progression of events under macroeconomic scenario or the scenario typical for commercial activity is assessed;
- control of interest gaps and maximum size of foreign exchange positions;
- ensure that the Bank's market activities are in line with its strategy;
- ensure product complexity limitation via monitoring and recognition of risks existing for the Bank.

There is the limit calculation procedure approved in the Bank that involves a complex of inter-related actions aimed at calculation, assessment, monitoring and control over the effects of changes in the interest rates and foreign exchange rates to prevent and reduce losses that may occur in case of unfavourable changes.

As of 31 December 2024, the following limits were set in the Bank:

Risk index	Limit, UAH thousand	Actual risk exposure, thousand UAH	Utilisation, %
Interest rate risk			
Net sensitivity	24	16.3	68%
Stress	7 000	4 950	71%
NII	3%	6 531	46%
EVE	3%	3 981	2%

Risk index	Limit, EUR thousand	Actual risk exposure, EUR thousand	Utilisation, %
Foreign exchange risk			
VaR	15	2	12%
Stress VaR	85	9	11%
FX Delta UAH	350	242	69%
Min market risk (NBU)	2 500	1 276	51%

Liquidity risk

Risk of liquidity loss is the risk resulting from our potential failure to perform all payment obligations when due or as a consequence of failure to fulfil these obligations due to excessive expenses.

Qualitative provisions on acceptable risk parameters:
- The Bank pays special attention to the operational management of the risk of loss of liquidity, which is based on the preparation of a schedule of cash flows taking into account highly liquid assets, as well as compliance with current regulations regarding the monthly liquidity coverage ratio (LCR) and net stable financing within the year (NSFR);

- With all currencies, the Bank must be able to survive in severe combined market conditions and to outlast the specific stress event associated with the liquidity during minimum initial period of up to 8 weeks, while keeping the adequate net liquidity reserve;
- The Bank shall monitor excessive concentrations and has the right to limit them considering the prospects of their liquidity and financing;
- The internal transfer pricing limit is used as a tool that ensures that prices for commercial operations are formed considering basic liquidity loss risks to which the Bank is exposed in the course of such commercial operations.

The Bank uses the following tools to manage liquidity risk:

1. Calculation of cash flows within one month. Calculation includes liquid assets and current liabilities (current accounts of the clients are divided into stable and unstable), 100% of cash flows under term loans and deposits; the overdrafts are included to be repaid at the 30th day.

2. Liquidity coverage ratio — LCR.
The actual average arithmetic value of the ratio as of 31 December 2024:
for all currencies — 225%
for foreign currencies — 709%

3. The net stable funding ratio within one year (NSFR).
The actual value of the ratio as of 31 December 2024 for all currencies is 1,275%

Operational risk

Operational risk is the risk of losses occurring as a result of improper or erroneous internal processes, staff incompetence and faulty functioning of the systems or as a consequence of external events; legal risk belongs to such risks. Operational risk includes business risk and reputation risk.

The occurrence of operational risk is caused by a number of basic risk types, which are defined in the classification of risk types. The types of risk listed below are viewed as significant in the context of risk identification and its significance assessment:

- Internal fraud
- External fraud
- HR management and labour protection
- Customers, products, and business practices
- Damaging or destruction of assets
- Disabling the systems activity and functioning
- Money transfers, issue of money orders to make transfers and manage processes.

Qualitative provisions on acceptable risk parameters:

Unified scheme
- The Bank uses the scheme of operational risks management which is uniform for the entire organisation. All departments shall observe risk acceptance and management standards available for every risk type in the risk classification.
- Control environment
- To reach the desired degree of internal control, the Bank has established the controls to:
- ensure continued operation in case of any events that influence business processes and systems serving these processes;
- ensure comprehensive observance of information security;

- ensure relevant measures are taken to resume IT and other infrastructures to allow the Bank to continue its operation and fulfil its obligations to the clients, as well as market and regulatory obligations during unforeseen events that destabilise the Bank's operation;
- ensure that the Legal Department is responsible solely for interpretation of the laws, decrees and rules in the Bank, for the legal contents of any and all documentation, and for handling any and all disputable matters;
- support monitoring and management system to identify and prevent significant misrepresentation of information in financial reports and financial information, as well as management of internal risk, liquidity and capital;
- support of comprehensive monitoring system to ensure that the Bank observes relevant laws and regulations, including prevention and identifying potential money laundering, fraud, bribery and corruption or non-observance of sanctions and embargos;
- identify and prevent untimely, inaccurate or incomplete processing of transactions and reduce frequency and overall severity of such events.
- develop modalities to cooperate with the outsourcers;
- identify and monitor key risk indicators;
- archive documentation in relevant repositories in order to provide timely, full and accurate responses to authorised information requests, as well as to store any and all documentation and to manage it as prescribed by the law, regulations and business operations;

Operational risk management system is defined as a complex and a sequence of steps to identify, assess, further monitor, report and calculate economic indicators of operational risk, and is implemented via the following:
1. Arranging of and methodological support in mapping the Bank's operational risks;
2. Identifying operational risk appetite;
3. Setting the internal controls system including the Bank's control plan update and its methodological support;
4. Arranging of and methodological support of the data collection system for operational events;
5. Arranging, methodological support and maintenance of the roadmap database;
6. Initiating and methodological support for trainings to promote risk management (including fraud risks) culture among the Bank employees.

Identifying operational risk appetite

The Bank uses the Group's model of cascading global tolerance to operational risks up to the level of a specific country. The risk appetite of the Bank for the current year is considered and approved by the Supervisory Board at the beginning of the year or at the end of the previous year.

Current losses and other operational risk related events shall be monitored daily within the defined risk appetite level. Any actual or potential breach of the risk appetite shall be escalated as needed.

The level of acceptable operational risk for 2024 was calculated based on the current environment for operational activities, influence of Russian aggression towards Ukraine and the level of actual operational losses in 2022.

Amount of potential operational losses for 2024 includes expenses for the business continuity in case of power outage (refuel and maintenance of diesel generator), financial support to employees and other expenses related to the war.

Actual risk appetite at the year-end:

Operational risk appetite for 2024, EUR thousands		**Q 1**	**Q 2**	**Q 3**	**Q 4**	**2024**
Financial losses from operational incidents for the year	200	0	4,7	152,5	5,7	**162,9**
Number of operational incidents per quarter	7	1	1	1	1	

The actual financial losses from operational incidents didn't exceed the risk appetite for 2024.

Reputation risk

Risk of possible damage to the Bank's brand and reputation and the associated risk of income and capital or liquidity arising out of any association, action or omission that may be perceived by stakeholders as unethical or inconsistent with the Bank's values.

The Bank strives to create an environment where reputation risk is “as low as it is reasonably possible”. Since it is impossible to eliminate the reputation risk and, besides, it occurs due to any unpredictable changes in the practices of our various stakeholders (e.g.: general public/clients, shareholders, regulators), the Group strives to have consistent standards in place which will ensure higher profits and reduced risk that stakeholders might treat any association, acts or omission as improper, unethical or contradictory to the Bank’s values and principles.

The Bank has efficient internal control system in place in order to achieve the following objectives:
- efficient bank transactions, protection against potential errors, breaches, losses, damages in the Bank’s operation;
- efficient risk management;
- adequate, comprehensive, complete, reliable, available, timely provision of information to users for proper decision-making, including submission of financial, statistical, managerial, tax and other reporting;
- complete, timely and correct presentation of the bank transactions in accounting records;
- compliance with regulatory requirements;
- efficient staff management;
- prevention of use of Bank’s services for illegal purposes, identifying and prevention of financial transactions aimed to legalize proceeds from crime (laundering) or to finance terrorism.

To achieve the above and ensure functioning of internal control system, the Bank ensures the following:
- the Bank’s management monitors compliance with Ukrainian laws and the Bank’s internal regulations;
- distributes duties for bank operations;
- monitors functioning of the risk management system;
- monitors information security and information exchange;
- has internal control procedures in place;
- monitors internal controls;
- internal audit.

The Bank’s internal control system includes the following:
- managerial control over the Bank’s operations;
- control over the risk assessment and management system of the Bank;
- control over the allocation of powers for transactions and agreements;
- control over information flows (retrieval and transfer of information) and information security;
- monitoring of internal control system to assess its relevance to the objectives and operations of the Bank, identifying weaknesses, development of recommendations and control over the solutions aimed to improve the Bank’s internal control system.

Control over the risk assessment and management system of the Bank. The Bank controls the risk management system on an ongoing basis and as per its internal documents. The Bank’s risk assessment involves identifying and analysis of internal factors (complex organisational structure, level of skills of its employees, organisational changes, personnel turnover etc.) and external factors (change in the economic environment of the Bank etc.) affecting the Bank’s operation.

The Bank has the following procedure to escalate identified factors that may increase bank risks:

- Employees of the Bank who become aware of the facts of violations of the legality and rules of the Bank's operations (deals), as well as the facts of harming the Bank, depositors, clients, are obliged to immediately bring these facts to the attention of their immediate supervisors, the risk management department and the department of compliance and countermeasures to financial crimes. Managers of relevant departments of the Bank are responsible for cover-ups.
- The Department of Risk Management, the Department of Compliance and Anti-Financial Crimes and the Bank's Internal Audit Unit in the event of detection of violations of legislation, rules of operations, exceeding of authorized powers, violations of decision-making and risk assessment procedures, as well as other actions (inaction) in the activities of the Bank's divisions and/or employees), which may cause both direct losses to the Bank and the imposition of sanctions on the Bank by the controlling authorities, promptly inform the Bank's management about such events in order to make decisions about the measures necessary to eliminate the detected violations.
- Managers of departments where violations were identified must timely take measures to eliminate such violations.

Monitoring of the internal control system is carried out on an ongoing basis by management and employees of various divisions, including divisions that carry out banking operations and other transactions, their reflection in accounting and reporting, as well as by the internal audit department.

The Bank takes measures necessary to improve internal control, ensure its proper functioning, with due account of changing internal and external factors that affect the Bank's operation.

Compliance risk

Compliance risk means the probability of occurrence of losses/sanctions, additional losses or lack of planned revenue or loss of reputation due to the Bank's failure to comply with requirements of the legislation, regulations, market standards, rules of fair competition, rules of corporate ethics, rules of resolution of conflict of interest, as well as the Bank's internal banking documents.

Compliance risk is determined by various basic types of risks, which are defined in the Classification of Risk Types. In particular, the following groups of compliance risk are identified:

- Risks associated with obligations to customers;
- Risks associated with market and banking activities;
- Conflict of interest;
- Market abuse;
- Unauthorised transactions with securities;
- Risks associated with management oversight;
- Antitrust measures risks;
- Regulatory risks.

The Bank seeks to ensure that compliance risks are avoided in its operations, in particular using the following methods:

- Preventing conflicts of interest and managing them in a timely manner.
- Preventing violations of the requirements of Ukrainian legislation [tax legislation, consumer protection legislation, labour legislation, antitrust legislation, legislation on prevention of and counteraction to legalisation (laundering) of proceeds from crime, terrorist financing and financing of proliferation of weapons of mass destruction, other laws, regulations of the National Bank of Ukraine] and internal banking documents.
- Preventing violations of the Code of Conduct (Ethics) by the Bank's employees.

- Preventing the Bank or its employees from engaging in illegal activities, including internal fraud, bribery and corruption, money laundering and terrorist financing.
- Taking appropriate measures when servicing customers (fair customer relations, professional communication, proper disclosure of information, handling complaints, etc.).
- Timely response to changes in legislation and their implementation, etc.

Accordingly, the compliance risk management strategy is aimed at ensuring that the Bank's employees are aware of the requirements of the law and internal documents by conducting and/or ensuring that they undergo appropriate training, implementing appropriate control measures, timely identifying compliance risks and developing measures to mitigate them.

Money laundering / terrorist financing risks/sanctions risk

Money laundering / terrorist financing risks mean a hazard (threat, vulnerabilities) for the Bank to be used for the purpose of legalisation (laundering) of proceeds from crime, terrorist financing and/or financing of proliferation of weapons of mass destruction in the course of providing services by the Bank pertaining to the scope of its activity.
Risk of sanctions - the risk of full or partial use of the Bank's products and services for violation or circumvention of sanctions, as well as knowingly or with a reasonable suspicion of participation in the sanctioned financial activities, including sectoral sanctions. The risk includes the scenario of using the Bank's services by customers, against whom sanctions have been applied.

Risk types include:

- Risk of money laundering.
- Risk of terrorist financing.
- Risk of financing the proliferation of weapons of mass destruction.
- Risk of sanctions and embargoes, etc.

The process of assessing money laundering / terrorist financing risks and determining the risk appetite is set out in the Bank's internal documents on combating money laundering / terrorist financing.

Legal risk

Legal risk means probability of incurring losses or additional damages, or failure to receive the planned income as a result of failure of the parties to fulfil the terms of contracts due to their non-compliance with the requirements of the legislation.

8. Information on the external auditor of the financial institution appointed by the Supervisory Board during the year

The auditor of the financial statements of JSC Deutsche Bank DBU, prepared in accordance with the requirements of the International Financial Reporting Standards for the year ended 31 December 2024 (Minutes of the Supervisory Board of JSC "Deutsche Bank DBU" dated 24 May 2023 No. 103) is PJSC "KPMG Audit" (EDRPOU code 31032100, located at: Ukraine, 01001, Kyiv, Kniaziv Ostrozkykh Str., 32/2).

Information on the activities of the external auditor:

Total experience in auditing

Date of issue of the certificate of the UBA (Ukrainian board of auditors) - 26 January 2001 (23 years).
The number of years during which KPMG has provided audit services to such a financial institution - KPMG Audit provided audit services for the Bank's financial statements for the years ended 31 December 2023 and 31 December 2024.

List of other audit services provided to the financial institution during the year

KPMG Audit has not provided any other audit services to the Bank over the past year.

Cases of conflict of interest and/or combining the functions of an internal auditor

There are no cases of conflict of interest and/or combining the functions of an internal auditor.

Rotation of auditors in a financial institution over the past five years

Rotation of auditors at JSC Deutsche Bank DBU over the past five years:

- for 2019 - RSM Ukraine Audit LLC - services for the audit of annual financial statements prepared in accordance with the requirements of the International Financial Reporting Standards.
- for 2020 - RSM Ukraine Audit LLC - services for the audit of annual financial statements prepared in accordance with the requirements of the International Financial Reporting Standards.
- for 2021 - RSM Ukraine Audit LLC - services for the audit of annual financial statements prepared in accordance with the requirements of International Financial Reporting Standards.
- for 2022 – RSM Ukraine Audit LLC – services for the audit of annual financial statements prepared in accordance with the requirements of International Financial Reporting Standards.
- for 2023 - PrJSC KPMG Audit - provision of audit services of the financial statements for the year ended 31 December 2023, prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS") and the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" regarding the preparation of financial statements;
- for 2024 - PrJSC KPMG Audit - provision of audit services of the financial statements for the year ended 31 December 2024, prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IFRS") and the requirements of the Law of Ukraine "On Accounting and Financial Reporting in Ukraine" regarding the preparation of financial statements;

PrJSC KPMG Audit provided the Bank with non-audit services in 2025, namely, the first stage of assessment of the Bank's resilience, including analysis of quality of the Bank's assets and the appropriateness of collateral for lending transactions as at 01 January 2025 (end of 31 December 2024).

Penalties applied to the auditor by the Audit Chamber of Ukraine during the year, and the facts of submission of inaccurate statements of a financial institution, confirmed by the auditor's report, revealed by the bodies that carry out state regulation of financial services markets.

Over the past year, KPMG Audit has not been subject to penalties by the Audit Chamber of Ukraine, and there is no information on the facts of submission of inaccurate financial statements of a financial institution, which is confirmed by the auditor's report, identified by the regulators of financial services markets.

Information on the amount of remuneration for the audit of annual financial statements

The amount of remuneration of KPMG Audit for the audit of the annual financial statements for the year ended 31 December 2024 is UAH 4,304,793.36 (incl. VAT), which is the equivalent of €98,400 (incl. VAT).

22 April 2025

Signed on Ukrainian original
Roman Topolnytsky
Chairman of the Management Board
JSC "Deutsche Bank DBU"

The English language text below is a translation provided for information purposes only. The original Ukrainian text shall prevail in the event of any discrepancies between the English translation and the Ukrainian original. We do not accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may arise from the translation.

Independent Auditors' Report

To the Shareholder of Joint Stock Company Deutsche Bank DBU

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Joint Stock Company Deutsche Bank DBU (the "Bank"), which comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Bank as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Law of Ukraine "*On accounting and financial statements in Ukraine*" on preparation of the financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 of the financial statements, which describes the negative effects on the Bank's operations of the military invasion launched by the russian federation on the territory of Ukraine on 24 February 2022. As also stated in Note 2, these events or conditions, along with other matters as set forth in that Note, indicate that a material uncertainty exists that may cast significant doubt on the Bank's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were 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 these matters.

Except for the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined that there are no other key audit matters to communicate in our report.

Other Matter

This report is intended solely for the use for the Bank and the National Bank of Ukraine and should not be used by any parties other than the Bank and the National Bank of Ukraine.

Other Information

Management is responsible for the other information. The other information comprises the information included in:

- the Management Report (including the Corporate Governance Report) as set out in a separate report prepared by management (but does not include the financial statements and our auditors' report thereon), which we obtained prior to the date of this auditors' report;
- Annual Information of the Issuer of Securities (including the Management Report), which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon, unless and to the extent explicitly specified in our report.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Information of the Issuer of Securities, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and the requirements of the Law of Ukraine "*On accounting and financial statements in Ukraine*" on preparation of the financial statements, and for such internal control as management determines is necessary to enable the preparation of 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, matters 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.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

Auditors' 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 auditors' 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;

- 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 a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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, among other matters, 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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 auditors' 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

Pursuant to the Article 14(4) of the Law of Ukraine "*On audit of financial statements and auditing*", Section IV(11) of "*Instruction on the procedure for preparation and publication of financial statements of Ukrainian banks*" approved by the Resolution of the Board of the National Bank of Ukraine (the "NBU") No. 373 dated 24 October 2011 (the "Instruction No. 373"), "*Requirements for information related to audit or review of financial statements of participants of capital markets and organized commodity markets, which are supervised by the National Securities and Stock Market Commission*" approved by the Resolution of the National Securities and Stock Market Commission (the "NSSMC") No. 555 dated 22 July 2021, and Chapter III(27) "*Regulations on the procedure for submitting to the NBU an audit report based on the results of an annual audit of the financial statements of a bank, a banking group and on conducting an audit of the financial statements of a member of a banking group"*, approved by the Resolution of the Board of the NBU No. 90 dated 2 August 2018, we provide the following information in addition to that required by ISAs.

Appointment of the Auditor and Period of Engagement

We were appointed by the Supervisory Board of the Bank on 24 May 2023 to audit the financial statements of the Bank as at and for the year ended 31 December 2024. Our total uninterrupted period of audit engagements is two years.

Provision of Non-audit Services and Disclosure of Fee-related Information

We declare that no prohibited non-audit services referred to in the Article 6(4) of the Law of Ukraine "*On audit of financial statements and auditing*" were provided and that the engagement partner and the audit firm remain independent of the Bank in conducting the audit.

For the period to which our statutory audit relates, we have not provided any other services to the Bank which are not disclosed in the Management Report or in the financial statements.

Additional Report to the Audit Committee

We confirm that our auditors' report is consistent with the additional report to the Audit Committee.

Reporting on the NSSMC's Requirements

- The audit of Joint Stock Company Deutsche Bank DBU (Registration number 36520434 in the Unified State Register of Legal Entities, Individual Entrepreneurs and Public Organizations) was conducted in accordance with the Engagement Contract No 93-SA/2023 dated 20 October 2023. The audit was performed from 5 November 2024 to the date of this report.
- Information on the ownership structure and absence of the ultimate controlling party of the Bank is included in Note 1 to the financial statements.
- As at 31 December 2024, the Bank is neither a controlling party, nor a member of non-banking financial group.
- The Bank is a public interest entity in accordance with the Law of Ukraine "*On accounting and financial statements in Ukraine*".
- As at 31 December 2024, the Bank does not have subsidiaries.
- The creation of the Revision Commission is not stipulated by the Bank's Charter and, accordingly, the Revision Commission did not perform examination of the Bank's financial performance for the year ended 31 December 2024.

Reporting on the Management Report

Solely based on the work we have performed in connection with our audit of the financial statements, in our opinion, the Management Report (including the Corporate Governance Report):

- is consistent, in all material respects, with the financial statements, and
- contains the elements required by the Section IV of the Instruction No. 373 and clauses 1-9 of Article 127(3) of the Law of Ukraine "*On capital markets and organized commodity markets*".

If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Reporting on the NBU's Requirements

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. In planning the scope of our audit procedures, we did not seek to obtain audit evidence in order to express an opinion on individual components of the financial statements, and, accordingly, we do not express such opinion. We also did not perform audit procedures in order to express an opinion on the effectiveness of the internal control and other internal processes and procedures, and, accordingly, we do not express such opinion. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of their compliance with certain requirements of the NBU, noncompliance with which could have a direct and material effect on the determination of the amounts in the financial statements. However, providing an opinion on compliance with those requirements was not an objective of our audit, and accordingly, we do not express such an opinion.

The following matters, amongst others, were considered in the course of our audit as described in the preceding paragraph:

- ***Appropriateness of representation of maturity distribution of assets and liabilities presented in the statistical reporting file A7X "Data on assets and liabilities' maturity structure" as reported by the Bank to the NBU***

  The Bank prepared the maturity analysis of assets and liabilities as at 31 December 2024 (opening balance as at 1 January 2025), which is included in the statistical reporting form A7X "*Data on assets and liabilities' maturity structure*" in accordance with requirements of the NBU as approved by the Resolution of the Board of the NBU No.140 dated 18 December 2018 (as amended).

  Based on the work we have performed, we identified that lease liabilities in the amount of UAH 15,338 thousand, which are included in the caption "Other financial liabilities", were presented within the maturity bucket "On demand or overdraft" in statistical reporting A7X "Data on the structure of assets and liabilities by terms" as at 31 December 2024 (opening balance as at 1 January 2025), but should have been presented as follows:

  • in the amount of UAH 737 thousand – with maturity of "From 22 to 30 days";

  • in the amount of UAH 737 thousand – with maturity of "From 32 to 62 days";

  • in the amount of UAH 737 thousand – with maturity of "From 63 to 92 days";

  • in the amount of UAH 2,210 thousand - with maturity of "From 93 to 183 days";

  • in the amount of UAH 2,210 thousand - with maturity of "From 184 to 274 days";

  • in the amount of UAH 2,168 thousand - with maturity of "From 275 to 365 (366) days";

  • in the amount of UAH 6,372 thousand - with maturity of "From 366(367) to 2 years";

  • in the amount of UAH 167 thousand - with maturity of "From 2 to 4 years".

- ***Capital adequacy, which is based on an analysis of assets quality and an analysis of transactions with related parties in accordance with the regulatory requirements of the NBU, including those on banking activities and assessment of risks as to recognition and utilization of allowances for potential losses on the asset-side transactions following the realization of the credit risk***

  As at 31 December 2024, the Bank recorded in its financial statements prepared in accordance with IFRS Accounting Standards allowance for expected credit losses on loans and advances to customers in the amount of UAH 71 thousand, allowance for expected credit losses on investments in securities in the amount of UAH 41,136 thousand, allowance for impairment on cash and cash equivalents in the amount of UAH 276 thousand, allowance for impairment on other financial assets in the amount of UAH 38 thousand, allowance for impairment of other non-financial assets in the amount of UAH 25 thousand, and allowance for credit-related commitments in the amount of UAH 11 thousand.

  Also, in accordance with other regulatory requirements of the NBU and the Bank's regulation developed on a basis of "*Regulation on the determination of exposure to credit risk under asset-side banking operations by Ukrainian banks*" approved by the Resolution of the Board of the NBU No. 351 dated 30 June 2016 (as amended), the Bank has calculated the following allowances for credit risk on asset-side operations as at 31 December 2024 for regulatory purposes only, thus, these allowances do not form part of the financial statements of the Bank prepared in accordance with IFRS Accounting Standards:

  - Credit risk on funds placed in correspondent accounts – UAH 1,114 thousand
  - Credit risk on loans granted to legal entities for operating activities – UAH 2,149 thousand
  - Credit risk on financial liabilities related to issued guarantees – UAH 39 thousand
  - Credit risk on debt securities – UAH 92 thousand
  - Credit risk on financial receivables with a maturity of no more than three months – UAH 40 thousand
  - Credit risk on trade receivables from operating activities – UAH 265 thousand

  As at 31 December 2024, the Bank determined that it complied with the minimum required levels of Tier 1 capital adequacy ratio, Tier 1 core capital adequacy ratio, regulatory capital ratio calculated in accordance with the requirements of the *Regulation on the procedure for determining the amount of regulatory capital by banks in Ukraine*, approved by Resolution of the NBU Board No. 196 dated 28 December 2023 (as amended), and the requirements of the *Instruction on the procedure for regulating the activities of banks in Ukraine*, approved by Resolution of the NBU Board No. 368 dated 28 August 2001 (as amended).

  Additionally, the Bank determined that it complies with the regulatory requirements of the NBU for maximum credit exposure with its related parties as at 31 December 2024.

  The Bank determined the list of related parties in accordance with requirements of the Law of Ukraine "*On banks and banking activity*" and with regulatory requirements of the NBU. For information on transactions and balances with the related parties determined in accordance with IFRS Accounting Standards refer to Note 26 to the financial statements.

- *The Bank's compliance with NBU regulations on internal control, internal audit and accounting procedures*

  In planning and performing our audit, we considered the Bank's internal control over financial reporting, including the activities of the Bank's internal audit department, where applicable, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. Internal control is the process designed and effected by those charged with governance, management and other personnel to provide reasonable assurance about the achievement of the entity's objectives with regard to reliability of financial reporting in accordance with IFRS Accounting Standards. Our consideration of internal control would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a weakness in internal control that could have a material effect on the financial statements.

  The principles of the Bank's internal audit are set forth in *"Regulation on internal audit - JSC Deutsche Bank DBU"* approved by the meeting of the Supervisory Board (Minutes No. 109 dated 22 January 2024), which is based on the requirements of the Law of Ukraine "*On banks and banking activity*" and Regulation "*On organization of internal audit in commercial banks of Ukraine*" approved by the Resolution of the Board of the NBU No.311 dated 10 May 2016 (as amended).

Our consideration of the matters described above was for the limited purpose described in the first paragraph of the section "*Reporting on the NBU's Requirements*" of our report. We identified no instances of non-compliances with requirements of the NBU relating to the matters described above that could have a direct and material effect on the determination of the amounts in the financial statements.

The engagement partner on the audit resulting in this independent auditors' report is:

Signed on Ukrainian original.

Yulia Tereshchenko
Registration No. 101451 in the Register of Auditors and Auditing Entities
Deputy Director

PJSC "KPMG Audit"

22 April 2025

Kyiv, Ukraine

(in UAH thousand)	*Note*	**31 December 2024**	**31 December 2023**
ASSETS			
Cash and cash equivalents	*5*	7 503 108	5 962 225
Loans and advances to customers	*6*	401 039	200 106
Investments in securities	*7*	797 584	335 979
Derivative financial assets		-	-
Deferred tax asset	*20*	1 861	3 276
Fixed and right-of-use assets	*8*	23 558	32 993
Intangible assets	*8*	2 134	2 366
Other financial assets	*9*	12	15
Other non-financial assets	*10*	1 542	5 007
Total assets		**8 730 793**	**6 541 967**
LIABILITIES			
Due to customers	*11*	7 813 469	5 694 428
Current income tax liabilities		91 242	123 167
Derivative financial liabilities		-	-
Provisions for credit-related commitments	*12*	11	3
Other financial liabilities	*13*	34 035	44 511
Other non-financial liabilities	*14*	16 448	15 130
Total liabilities		**7 955 205**	**5 877 239**
EQUITY			
Share capital	*15*	301 839	301 839
Reserve and other funds		41 611	35 426
Revaluation reserves	*15*	46 410	21 074
Retained earnings		385 728	306 389
Total equity		**775 588**	**664 728**
Total liabilities and equity		**8 730 793**	**6 541 967**

Approved for release and signed on 22 April 2025

Signed on Ukrainian original
Roman Topolnytsky
Chairman of the Board

Signed on Ukrainian original
Svitlana Gnatiuk
Chief Accountant

The statement of financial position should be read in conjunction with the notes on pages 7-47, that form part of these financial statements

(in UAH thousand)	*Note*	**2024**	**2023**
Interest income assessed using effective interest rate	*17*	811 456	814 604
Interest expense	*17*	(351 231)	(357 743)
Net interest income		**460 225**	**456 861**
Fee and commission income	*18*	29 339	22 858
Fee and commission expense	*18*	(13 977)	(8 944)
Result from transactions with debt financial instruments at fair value through other comprehensive income (FVOCI)		(897)	-
Result from foreign currency transactions		15 207	23 086
Result from the revaluation of foreign currency		(1 835)	220
Impairment result determined in accordance with IFRS 9	*22*	(21 832)	(18 391)
Result of impairment for non-financial assets		287	188
Other operating income		-	54
Salaries and employee benefits		(86 889)	(80 043)
Depreciation and amortization		(12 910)	(11 480)
Administrative and other operating expenses	*19*	(128 785)	(90 545)
Profit before tax		**237 933**	**293 864**
Income tax expense	*20*	(152 409)	(170 169)
Profit for the year		**85 524**	**123 695**
OTHER COMPREHENSIVE INCOME			
Items to be subsequently reclassified to profit or loss			
Revaluation of securities designated at fair value through other comprehensive income (FVOCI)		26 474	21 692
Income tax related to other comprehensive income		(1 138)	(618)
Other comprehensive income for the year		**25 336**	**21 074**
Total comprehensive income		**110 860**	**144 769**

Approved for release and signed on 22 April 2025

Signed on Ukrainian original
Roman Topolnytsky
Chairman of the Board

Signed on Ukrainian original
Svitlana Gnatiuk
Chief Accountant

Statement of profit and loss and other comprehensive income should be read in conjunction with the notes on pages 7-47, that form part of these financial statements

(in UAH thousand)	**Share capital**	**Reserve and other funds**	**Revaluation reserves**	**Retained earnings**	**Total**
Balance as of 1 January 2023	**301 839**	**26 145**	**-**	**191 975**	**519 959**
Profit for the year	-	-	-	123 695	123 695
Other comprehensive income	-	-	21 074	-	21 074
Total comprehensive income	**-**	**-**	**21 074**	**123 695**	**144 769**
Transfer of retained earnings to reserve funds	-	9 281	-	(9 281)	-
Balance as of 31 December 2023	**301 839**	**35 426**	**21 074**	**306 389**	**664 728**
Balance as of 1 January 2024	**301 839**	**35 426**	**21 074**	**306 389**	**664 728**
Profit for the year	-	-	-	85 524	85 524
Other comprehensive income	-	-	25 336	-	25 336
Total comprehensive income	**-**	**-**	**25 336**	**85 524**	**110 860**
Transfer of retained earnings to reserve funds	-	6 185	-	(6 185)	-
Balance as of 31 December 2024	**301 839**	**41 611**	**46 410**	**385 728**	**775 588**

Approved for release and signed on 22 April 2025

Signed on Ukrainian original
Roman Topolnytsky
Chairman of the Board

Signed on Ukrainian original
Svitlana Gnatiuk
Chief Accountant

Statement of changes in equity should be read in conjunction with the notes on pages 7-47, that form part of these financial statements

(in UAH thousand)	*Note*	**2024**	**2023**
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit		**85 524**	**123 695**
Adjustments for:			
Income tax expense	*20*	152 409	170 169
Depreciation and amortization	*8*	12 910	11 480
Net increase/(decrease) of provisions	*10, 22*	21 545	18 203
Interest income	17	(811 456)	(814 604)
Interest expense	17	351 231	357 743
Result of transactions with derivative financial instruments		897	-
Unrealized exchange rate differences		1 835	(220)
Net cash income from operating activities before changes in operating assets and liabilities		**(185 105)**	**(133 534)**
Changes in operational assets and liabilities:			
Net decrease/(increase) of customer loans and debts	*6*	(201 000)	497 664
Net decrease/(increase) of other financial assets	*9*	(19)	17
Net increase/(decrease) of other non-financial assets	*10*	3 793	(302)
Net increase/(decrease) of customer funds	*11*	2 030 991	877 714
Net decrease/(increase) in other financial liabilities	*13*	(4 240)	9 019
Net increase/(decrease) of other non-financial obligations	*14*	1 001	(2 456)
Interest earned		807 942	803 379
Interest paid		(352 645)	(363 090)
Net cash flows from/(used in) operating activities before income tax		**2 100 718**	**1 688 411**
Income tax paid		(184 012)	(67 404)
Net cash flows from/(used in) operating activities		**1 916 706**	**1 621 007**
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Acquisition of securities	*7*	(578 542)	(321 605)
Proceeds from disposal of securities	*7*	136 742	-
Acquisition of fixed assets	*8*	(769)	(3 203)
Acquisition of intangible assets	*8*	(963)	(1 663)
Net cash flows from/(used in) investing activities		**(443 532)**	**(326 471)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal payments on lease liabilities		(9 410)	(8 954)
Net cash flows used in financing activities		**(9 410)**	**(8 954)**
Effect of the National Bank of Ukraine official exchange rate changes on cash and cash equivalents		77 040	86 861
Effect of changes in expected credit losses on cash and cash equivalents		79	183
Net increase in cash and cash equivalents		**1 540 883**	**1 372 626**
Cash and cash equivalents at the beginning of the year	*5*	5 962 225	4 589 599
Cash and cash equivalents at the end of the year	*5*	**7 503 108**	**5 962 225**

Approved for release and signed on 22 April 2025

Signed on Ukrainian original
Roman Topolnytsky
Chairman of the Board

Signed on Ukrainian original
Svitlana Gnatiuk
Chief Accountant

Statement of cash flows should be read in conjunction with the notes on pages 7-47, that form part of these financial statements

1 Background

a) Principal 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 based on the National Bank of Ukraine (NBU) license issued on 11 December 2018. The Bank's principal 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 operations are regulated by the National Bank of Ukraine. The Bank is a member of Individuals' Deposits Guarantee Fund (certificate No. 207 dated 12 October 2009).

As of 31 December 2024, the Bank is operating through its Head Office and has no branches.

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

b) Ultimate 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 ultimate controlling party. Shares Deutsche Bank AG are quoted on the stock exchange markets, so the Bank has no ultimate beneficial owner.

The Bank's management do not own any shares in the Bank. Details of transactions with related parties are disclosed in note 26.

The bank is a public interest entity.

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

For banks of Ukraine, prudential indicators are set by the National Bank of Ukraine.

These annual financial statements are prepared, approved for issue and signed by the Board of Bank on 22 April 2025.

2 Operating environment

The Bank is exposed to the economic and financial markets of Ukraine, which display characteristics of an emerging market. The legal, tax and regulatory frameworks continue to develop, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in Ukraine.

On 24 February 2022, the Russian Federation launched a full-scale military invasion to Ukraine. The ongoing war has led to significant civilian casualties, massive dislocation of the population, damage to infrastructure, electricity outages, and overall significant disruptions to economic activity in Ukraine. In response to the military invasion in Ukraine, the state of martial law was introduced, on 15 April 2025, Verkhovna Rada of Ukraine voted to extend martial law until 6 August 2025

In 2024, active military actions remained intense, although concentrated in eastern and southern Ukraine, with the Autonomous Republic of Crimea and the major parts of Donetsk, Luhansk, Kherson, Zaporizhzhia regions still under occupation. In addition, the Russian Federation continued missile and drone attacks that affected power grids as well as other critical civilian infrastructure all over Ukraine.

Despite the ongoing war, the economy remains resilient. In January 2025, the National Bank of Ukraine (the "NBU") revised its real GDP growth forecast for 2024 to reduce it by 3.4%. Growth rates slowed compared to

2023 due to poorer harvests, weaker external demand, and increased hostilities, which led to electricity shortages.

Annual inflation increased to 12% in 2024, accompanied by slight decrease of the NBU discount rate from 15% to 13.5%. The state budget continued to face a significant deficit, driven by high defence and national security spending. Significant international financial support, including over USD 42 billion in 2024, helped stabilize the economy and support the recovery.

However, economic growth is expected to slow in 2025 due to a tightening labour market, ongoing Russian attacks on Ukraine's energy infrastructure, and budget deficit. The overall outlook is subject to significant risks, primarily stemming from the exceptionally high uncertainty resulting from war, potential delays or shortfalls in external financing, and results of peace negotiations. As of the date of authorization of these financial statements, the further development of events regarding the Minerals Agreement between Ukraine and the United States, as well as the future military, financial, and non-financial assistance from the United States, remains uncertain.

With the beginning of war, the NBU introduced certain administrative restrictions on currency conversion transactions and capital movements, including restrictions on interest and dividend payments abroad. Due to these restrictions the Ukrainian hryvnia is not a freely convertible currency.

After invasion, all global rating agencies lowered Ukraine’s ratings. As at 31 December 2024, the ratings are as follows:

- Fitch: long-term foreign currency issuer rating is RD and long-term local currency issuer rating is CCC+;
- Moody’s: long-term foreign and local currency issuer rating is Ca;
- S&P: long-term foreign currency issuer rating is SD and long-term local currency issuer rating is CCC+.

In 2024, the corporate income tax rate for banks in Ukraine was increased to 50%. This increase was introduced by the Law of Ukraine No. 4015-III of 10 October 2024, which came into force on 1 December 2024. The Law also stipulates that the corporate income tax rate for banks will be 25% from 2025. In addition, in 2024, banks were prohibited from deducting outstanding tax losses of previous years when calculating taxable profit, with the possibility of carrying them forward since 2025.

Despite the challenges, the Bank continues its operations, relying on a resilient business model and a stable customer base. The Bank’s corporate clients are mostly members of international groups, with which the Deutsche Bank AG cooperates regionally or globally. The Bank has sufficient capital reserve and complies with prudential standards, including liquidity ratios.

However, the continuation of hostilities and the associated risks may adversely affect the Bank’s activities and its customers. As a result, these events and conditions, including possible future development of military activities in Ukraine and their duration, indicate that a material uncertainty exists that may cast significant doubt on the Bank`s ability to continue as a going concern.

These separate financial statements have been prepared on a going concern basis and do not include any adjustments that would be necessary, if the Bank was unable to continue as a going concern.

These financial statements reflect the current assessment of the Bank’s management on the impact of conditions in Ukraine on the Bank’s operations and financial position. Future conditions may differ from these estimates, depending on the development of the situation.

3 Basis for preparation

a) Statement of compliance

These financial statements have been prepared in accordance with IFRS accounting standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and the requirements of Law of Ukraine “On Accounting and Financial Reporting in Ukraine” No. 996-XIV dated 16 July 1999, concerning the preparation of financial statements.

b) Basis of measurement

These financial statements are prepared on the historical cost basis, except for assets and liabilities mentioned in the accounting policy set out below. Such assets and liabilities are presented at amortized cost or fair value.

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 the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with IFRSs. Actual results may differ from these estimates.

Management have prepared these financial statements on a going concern basis. Forming such a professional judgment, the management considered the Bank's financial condition, its current intentions, the budgeted profitability of operations in the future and access to financial resources, as well as analyzed the impact of the current financial and economic situation on the Bank's future activities (Note 2).

Fair value of financial instruments

Investments in securities measured at fair value through other comprehensive income are stated at fair value.

The Bank considers that the accounting estimates and assumptions related to valuation of financial instruments where quoted markets prices are not available are a key source of estimation uncertainty because: (i) they are highly susceptible to change from period to period because they require management to make assumptions about interest rates, volatility, exchange rates, the credit rating of the counterparty, valuation adjustments and specific parameters of the transactions; and (ii) the impact of recognizing a change in the valuations would have on the assets reported in separate statement of financial position as well as income/(expense) could be material.

Had management used different assumptions regarding interest rates, volatility, exchange rates, credit rating of a counterparty, offer dates and valuation adjustments, their values could differ significantly from those reflected in the financial statements.

For more detailed information, see Note 22.

Estimated provisions for expected credit losses

Measuring expected credit losses (ECLs) in accordance with IFRS 9 on financial assets at amortized cost or at fair value through other comprehensive income requires the application of judgment, inter alia, in estimating a significant increase in credit risk, estimating the amount and timing of future cash flows and the value of collateral. Such estimates depend on a number of factors, changes in which may result in different amounts of allowances for impairment.

For more detailed information, see Notes 4(c) and 22

Estimates and the assumptions on which they are based are regularly revised. The results of revisions of accounting estimates are recognized in the period in which the estimates are revised, as well as in all subsequent periods affected by such revision.

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

Currencies	31 December 2024	31 December 2023
US Dollar	42.0390	37.9824
Euro	43.9266	42.2079

b) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with the NBU (including mandatory reserves), certificates of deposit issued by the NBU, correspondent accounts with other banks and short-term placements (less than 90 days) with other banks which are not encumbered by any contractual obligation and are not exposed to significant changes in value. Cash and cash equivalents are measured at amortized cost.

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 used to measure financial assets held for trading 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 principal and interest (SPPI test)

If a financial asset is held either to obtain contractual cash flows (Hold to Collect) or to obtain contractual cash flows or to sell (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 principal amount outstanding are determined by the basic loan 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 for 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 assessed for impairment in accordance with the model of expected credit losses (ECLs). The effect of foreign currency translation for FVOCI assets is recognized in profit or loss, as well as the interest component(using the effective interest rate method). The amortization of premiums and accretion of discount are recorded in net interest income. Realized gains and losses are reported in net gains (losses) on financial assets at FVOCI.

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 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 if they form part of a portfolio of identifiable financial instruments that are managed together and for which there is evidence of 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").

Measurement of expected credit losses for loans granted by the Bank to legal entities is performed 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 is 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 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 incur. 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.

Integral financial guarantee contracts

The Bank assesses whether a financial guarantee contract held is an integral element of a financial asset that is accounted for as a component of that instrument or is a contract that is accounted for separately. The factors that the Bank considers when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Bank determines that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Bank considers the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL. **Purchased or originated credit impaired financial assets in Stage 3**

A financial asset is considered purchased or originated credit-impaired asset 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 designated 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 original financial asset and recognizes a new financial asset if the revised or modified cash flows under the contract result in derecognition of the original 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 the new financial asset (except for a new asset that is measured at fair value through profit or loss) and determines an expected credit loss 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 release 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 original financial asset, the Bank recognizes gain or loss from derecognition, which is the difference between the carrying amount of the original 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 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 indicators reverse to the normal value and the financial asset is not defaulted, the asset transfers back to Stage 1. In case of 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.

iv) Model 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.

To determine the probability of default (PD) indicator for Domestic Government Bonds, the Bank uses data from the external rating agency S&P, in particular, determined for the country's debt in local currency and foreign currency according to the process described in the internal bank regulations.

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 behavior, financial and external data. The methods in use range from statistical scoring models to expert-based models considering 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", except for 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 discount calculation is 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 discounts must be applied. Discounts are reviewed at least annually.

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 recognized 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 amortization, if no impairment loss had been recognized.

e) Provisions for credit-related commitments

In the course of ordinary activity, the Bank assumes obligations of credit nature, which include commitments under unused credit lines, letters of credit and guarantees, and provides other forms of credit insurance.

Financial guarantees are contracts obliging the Bank to make certain payments that compensate the holder of the financial guarantee for the damage incurred as a result of the fact that a certain debtor was unable to make a payment within the period specified by the terms of the debt instrument agreement.

A financial guarantee liability is initially recognized at fair value less the transaction costs, and is then evaluated at a higher of two values: the amount at the initial recognition minus the cumulative depreciation or the amount of reserve to cover the losses specified in accordance with IFRS 9.

f) Fixed assets

(i) Own assets

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

The costs of repair and replacement of fixed assets are recorded in the profit and loss in the period in which they are incurred, unless they meet the criteria of capitalization.

If a unit of fixed assets contains significant components that have different useful life, these components are listed as separate units of fixed assets.

Profits net of losses from the sale of fixed assets are recognized in profit or loss.

(ii) Depreciation

Depreciation is recognized in profit or loss on a straight line basis over the estimated useful lives of specific assets. Depreciation commences on the date of purchase of assets or, in respect of internally constructed assets, from the moment when the corresponding asset is completed and ready for use. Estimated annual depreciation rates are as follows:

Machinery and equipment	4-10 years
Fixtures and fittings(furniture)	5-10 years
Other non-current tangible assets	5-12 years old

(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 based on revision of fixed assets or intangible assets.

g) Intangible assets

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

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

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

h) Share capital

Contributions to share capital are recognized at historical cost. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognized 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 recognized in profit or loss except to the extent that it relates to items of other comprehensive income or transactions with shareholders recognized directly in equity, in which case it is recognized 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 recognized 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 recognized 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 way 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 recognized 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 utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

k) Income and expense recognition

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

Accrued discounts and premiums on financial instruments at fair value through profit or loss are recognized 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 amortized to interest income over the estimated life of the financial instrument using the effective interest method.

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

l) 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 recognized in the profit or loss when contributions are due and is included in "Salaries and employee benefits".

m) 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 recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

n) 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.

Income from operations with the NBU deposit certificates for 2024 and 2023 amounted to more than 10% of the Bank`s interest income, as disclosed in note 17.

For geographical allocation of assets and liabilities refer to note 22.

o) Related party transactions

According to IAS 24 *Related Party Disclosures*, parties are considered to be related, when: one of the parties 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; Chief Risk Officer. 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.

p) Leases

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

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

- for 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 recognizes 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 lessee's right to receive substantially all economic benefits from the use of the identified asset;
- the right to direct 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.

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:

- initial valuation of the liability;
- lease payments already paid on the lease commencement date, less of and lease incentives already received;
- initial direct costs;
- estimated costs of dismantling the underlying asset, the liabilities for which arise 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 interest rate specified in the lease agreement or incremental borrowing rate by the Bank for the relevant term and in the relevant currency. Future lease payments include:

- fixed payments, less incentive payments receivable;
- variable lease payments;
- guarantees of salvage value;
- the strike price of the option to buy (if there is reasonable certainty that the lessee will exercise the option);
- penalties for terminating the lease if the term of the lease reflects the lessee's exercise of the option to terminate the lease.

Further accounting for the lease liability occurs at amortized cost. The lease obligation is increased by the amount of interest expense and decreased by the amount of lease payments.

A right-of-use asset is further accounted for at cost less accumulated depreciation and impairment losses. Depreciation is carried out on a straight-line basis over the lease term of the asset. Depreciation begins in the month following the month in which the asset is recognized on the Bank's balance sheet.

IFRS 16 separates the concepts of lease revaluation and modification. Revaluation is applied only when the change in cash flows was contractually required by the contractual obligations at the date the lease is signed.

In the event of a revision of the lease term or purchase option, the Bank, applying the revised discount rate, revalues the asset in the form of a right of use.

In the event of a revision of the residual value guarantee or a revision of variable payments that are tied to changes in the exchange rate or index and relate to future periods, the Bank, applying the unchanged discount rate, revalues the asset in the form of a right of use.

In the case of a revision of variable charges that are linked to changes in the exchange rate or index and relate to the current period, or a revision of variable charges that are not linked to changes in the exchange rate or index, the Bank recognizes differences in profit or loss.

Instead, modification occurs in the event of changes to the contract that were not foreseen at the time of signing the contract.

In the event of an increase in lease volumes by adding new rights of use to one or more objects at the market price, the Bank recognizes a separate lease agreement.

In the event of an increase in lease volumes by adding new rights of use to one or more objects at a non-market price and for all other modifications, the Bank does not recognize a separate lease agreement and adjusts the asset in the form of a right to use and a lease obligation.

The Bank has not acted and does not act as a lessor under any of the contracts

q) Transition to new or revised standards and interpretations

The Bank applied for the first time certain amendments to the standards, which are effective for the annual periods beginning on or after 1 January 2024. The Bank has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

The following new and revised standards and interpretations were adopted in the reporting year, but they had no impact on these financial statements:

- *Non-current Liabilities with Covenants* – Amendments to IAS 1;
- *Classification of Liabilities as Current or Non-current* – Amendments to IAS 1;
- *Lease Liability in a Sale and Leaseback* – Amendments to IFRS 16;
- *Supplier Finance Arrangements* – Amendments to IAS 7 and IFRS 7.

New IFRSs effective since 1 January 2025:

The standards and interpretations that are issued, but not yet effective up to 1 January 2025 are disclosed below:

- *Lack of Exchangeability* – Amendments to IAS 21;
- *Classification and Measurement of Financial Instruments* – Amendments to IFRS 9 and IFRS 7;
- Annual Improvements to IFRS Accounting Standards – Volume 11;
- IFRS 18 *Presentation and Disclosure in Financial Statements;*
- IFRS 19 *Subsidiaries without Public Accountability: Disclosures;*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* – Amendments to IFRS 10 and IAS 28.

Except for IFRS 18, the Bank does not expect these standards and amendments will have a significant impact on these financial statements.

IFRS 18 will replace IAS 1 *Presentation of Financial Statements* and applies to the annual reporting periods beginning on or after 1 January 2027. The new standard introduces the following key new requirements.

- Entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to present a newly-defined operating profit subtotal. Entities' net profit will not change;
- Management-defined performance measures (MPMs) are disclosed in a single note in the financial statements;
- In addition, all entities are required to use the operating profit subtotal as the starting point for the statement of cash flows when presenting operating cash flows under the indirect method;
- Enhanced guidance is provided on how to group information in the financial statements.

The Bank is still in the process of assessing the impact of the new standard, particularly with respect to the structure of the Bank's statement of profit or loss and other comprehensive income, the statement of cash flows and the additional disclosures required for MPMs.

5 Cash and cash equivalents

Cash and cash equivalents are presented as follows:

(in UAH thousand)	**31 December 2024**	**31 December 2023**
Cash on hand	965	68 608
Balances with the NBU(including mandatory reserves)	627 685	375 433
Correspondent accounts with other banks	772 484	1 012 991
Deposit certificates of the NBU	6 102 250	4 505 548
Provision for impairment	(276)	(355)
Total cash and cash equivalents	**7 503 108**	**5 962 225**

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 2024 and as of 31 December 2023.

Correspondent accounts with other banks are as follows:

(in UAH thousand)	**31 December 2024**	**31 December 2023**
Correspondent accounts		
Banks in OECD countries	772 451	1 012 955
Banks in non-OECD countries	33	36
Total	**772 484**	**1 012 991**

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 2024**	**31 December 2023**
Correspondent accounts		
In banks rated A- to A+	772 451	1 012 955
Not-rated banks	33	36
Total	**772 484**	**1 012 991**

The movements in provision for impairment of funds in correspondent accounts is as follows as of 31 December 2023 and 31 December 2024:

(in UAH thousand)	**Correspondent accounts**
Balance as of 01 January 2023	**538**
Increase/(decrease) in provision for impairment	(183)
Balance as of 31 December 2023	**355**
Increase/(decrease) in provision for impairment	(79)
Balance as of 31 December 2024	**276**

Provision for impairment of cash and cash equivalents is measured within Stage 1.

As of 31 December 2024, cash and cash equivalents due from one bank amount to UAH 772 451 thousand or 100% of total cash and cash equivalents (31 December 2023: UAH 1 012 955 thousand or 100%, respectively).

6 Loans and advances to customers

Loans and advances to customers are as follows:

(in UAH thousand)	**31 December 2024**	**31 December 2023**
Corporate loans	401 110	20 211
Provisions for expected credit losses	(71)	(105)
Total loans less provisions	**401 039**	**200 106**

Analysis of movements in provisions for loans for 2024 and 2023 is as follows:

(in UAH thousand)	**Corporate loans**
Balance as of 01 January 2023	**144**
Increase/(decrease) in provision for impairment	(39)
Balance as of 31 December 2023	**105**
Increase/(decrease) in provision for impairment	(34)
Balance as of 31 December 2024	**71**

Loans structure by sectors of economic activities is as follows:

(in UAH thousand)	**31 December 2024**	**%**	**31 December 2023**	**%**
Trade	401 110	100%	200 211	100%
Gross loans and advances to customers	**401 110**	**100%**	**200 211**	**100%**

Maximum credit risk exposure per one borrower is UAH 399 109 thousand as of 31 December 2024. Maximum credit risk exposure per one borrower is UAH 200 211 thousand as of 31 December 2023.

Information on collateral as of 31 December 2024:

(in UAH thousand)	**Corporate loans**
Unsecured loans	71 660
Loans collateralized by:	
investment banks' guarantees	329 450
Gross loans and advances to customers	**401 110**

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

Information on collateral as of 31 December 2023:

(in UAH thousand)	**Corporate loans**
Unsecured loans	136 899
Loans collateralized by:	
investment banks' guarantees	63 312

Gross loans and advances to customers	**200 211**

Analysis of credit quality of loans as of 31 December 2024 is as follows:

(in UAH thousand)	**Corporate loans**
	Stage 1
Not overdue:	
Large borrowers	401 110
Provision for impairment	(71)
Total loans less provisions	**401 039**

Analysis of credit quality of loans as of 31 December 2023 is as follows:

(in UAH thousand)	**Corporate loans**
	Stage 1
Not overdue:	
Large borrowers	200 211
Provision for impairment	(105)
Total loans less provisions	**200 106**

During the years ended 31 December 2024 and 31 December 2023, the Bank has not received any assets as a result of foreclosure on collateral.

7 Investments in securities

Investments in securities are presented as follows:

(in UAH thousand)	**31 December 2024**	**31 December 2023**
Domestic Government Bonds	504 564	335 979
German Government Bonds	209 701	-
United States Government debt securities	83 319	-
Total investments in securities	**797 584**	**335 979**

As of 31 December 2024, the Bank holds in the portfolio domestic government loan bonds ("OVDPs") denominated in national currency with an average effective interest rate of 17.67% and maturity dates in July 2026-February 2027, debt securities of the German government with an average effective interest rate of 2.59% and maturity date of April 2027, as well as US government debt securities with an effective interest rate of 5.25% and maturity in March 2025.

As of 31 December 2024, the Bank's investments in domestic government bonds have not expired and are not devalued and are classified as Stage 1.

Bonds are calculated at fair value with a revaluation recognition due to another comprehensive income.

As of 31 December 2024, the Bank has created a provision for expected credit losses on investments in securities in the amount of UAH 41 136 thousand. In order to determine the ECL for Ukrainian government bonds, the Bank used PD 14.1% and LGD 60% in accordance with the data of the international credit agency S&P on the basis of the credit rating of Ukraine as of 31 December 2024. In order to define ECLs for debt securities of the German government, the Bank applied PD 0.01% and LGD 50%, for debt securities of the U.S. government-PD 0.02% and LGD 50%.

During 2023, the Bank created a provision for expected credit losses on investments in securities in the amount of UAH 19 220 thousand. In order to determine the Ukrainian government bonds ECLs, the Bank used PD 9.83% and LGD 60% in accordance with the data of the international credit agency S&P on the basis of the credit rating of Ukraine as of 31 December 2023.

8 Fixed assets, intangible assets and right-of-use assets

A summary of movements in fixed, intangible and right –of-use assets for the year ended 31 December 2024 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 (vehicle)	Total
Historical cost								
1 January 2023	**19 390**	**2 148**	**4 543**	**5 958**	**1 618**	**34 231**	**2 958**	**70 846**
Additions and modifications	1 222	-	-	1 794	1 850	22 489	97	27 452
Disposals	-	-	-	-	-	-	(895)	(895)
Transfers	3 468	-	-	-	(3 468)	-	-	-
31 December 2023	**24 080**	**2 148**	**4 543**	**7 752**	**-**	**56 720**	**2 160**	**97 403**
Additions	383	386	-	964	-	-	1 510	3 243
Disposals	(69)	(246)	-	(134)	-	-	(2 160)	(2 609)
31 December 2024	**24 394**	**2 288**	**4 543**	**8 582**	**-**	**56 720**	**1 510**	**98 037**
Depreciation								
1 January 2023	**(13 481)**	**(1 832)**	**(2 095)**	**(4 697)**	**-**	**(27 256)**	**(2 098)**	**(51 459)**
Depreciation charge	(1 957)	(93)	(375)	(689)	-	(7 607)	(759)	(11 480)
Disposals	-	-	-	-	-	-	895	895
31 December 2023	**(15 438)**	**(1 925)**	**(2 470)**	**(5 386)**	**-**	**(34 863)**	**(1 962)**	**(62 044)**
Depreciation charge	(2 580)	(147)	(376)	(1 196)	-	(8 077)	(534)	(12 910)
Disposals	69	246	-	134	-	-	2 160	2 609
31 December 2024	**(17 949)**	**(1 826)**	**(2 846)**	**(6 448)**	**-**	**(42 940)**	**(336)**	**(72 345)**
Net carrying amount:								
1 January 2023	**5 909**	**316**	**2 448**	**1 261**	**1 618**	**6 975**	**860**	**19 387**
31 December 2023	**8 642**	**223**	**2 073**	**2 366**	**-**	**21 857**	**198**	**35 359**
31 December 2024	**6 445**	**462**	**1 697**	**2 134**	**-**	**13 780**	**1 174**	**25 692**

9 Other financial assets

Other financial assets are presented as follows:

(in UAH thousand)	31 December 2024	31 December 2023
Accrued fee and commission income	50	32
Provision for impairment	(38)	(17)
Total other financial assets	**12**	**15**

Analysis of movements in provision for impairment of other financial assets for 2024 and 2023:

(in UAH thousand)	**Other financial assets**
Balance as of 1 January 2023	**40**
Increase/(decrease) in allowance for impairment during the period	(23)
Balance as of 31 December 2023	**17**
Increase/(decrease) in allowance for impairment during the period	21
Balance as of 31 December 2024	**38**

10 Other non-financial assets

Other assets are represented as follows:

(in UAH thousand)	**31 December 2024**	**31 December 2023**
Prepayments for goods and services	1 554	5 313
Accounts receivable from taxes and mandatory payments other than income tax	8	6
Accounts receivable from employees	5	-
Provision for impairment	(25)	(312)
Total other non-financial assets	**1 542**	**5 007**

Analysis of movements in provisions for impairment of other non-financial assets for 2024 and 2023:

(in UAH thousand)	**Other non-financial assets**
Balance as of 1 January 2023	**500**
Increase/(decrease) in provision for impairment	(188)
Balance as of 31 December 2023	**312**
Increase/(decrease) in provision for impairment	(287)
Balance as of 31 December 2024	**25**

11 Due to customers

Due to customers are as follows:

(in UAH thousand)	**31 December 2024**	**31 December 2023**
Corporate clients		
Current accounts	4 822 798	2 576 983
Term deposits	2 990 671	3 117 445
Total due to customers	**7 813 469**	**5 694 428**

Current accounts include accounts payable on transactions with customers.

Due to customers distributed by sectors of economic activities as of 31 December 2024 are as follows:

(in UAH thousand)	**31 December 2024**	**%**
Trading	4 256 883	54.48%
Processing industry	1 841 557	23.57%
Financing and insurance	750 982	9.61%
Professional services, scientific and technical activities	297 032	3.80%
Mining industry	280 395	3.59%
Information and telecommunications	188 845	2.42%
Transportation	67 512	0.86%
Construction	64 361	0.82%
Electricity, gas supply	17 119	0.22%
Real estate services	3 482	0.04%
Administrative and support services	2 968	0.04%
Other	42 333	0.54%
Total due to customers	**7 813 469**	**100.00%**

The distribution of due to customer by type of economic activity as of 31 December 2023 is represented as follows:

(in UAH thousand)	**31 December 2023**	**%**
Trading	2 964 162	52.05%
Processing industry	1 610 655	28.28%
Financing and insurance	291 415	5.12%
Mining industry	285 763	5.02%
Professional services, scientific and technical activities	156 607	2.75%
Transportation	130 123	2.29%
Information and telecommunications	124 324	2.18%
Construction	55 451	0.98%
Electricity, gas supply	25 293	0.44%
Real estate services	6 878	0.12%
Other	43 757	0.77%
Total due to customers	**5 694 428**	**100.00%**

As of 31 December 2024, account balances of 10 largest customers amount to UAH 4 108 779 thousand, or 53% of the total due to customers (31 December 2023: UAH 2 797 356 thousand or 49%, respectively).

As of 31 December 2024, account balances of one largest customer amount to UAH 837 924 thousand, or 11% of the total due to customer (31 December 2023: UAH 562 215 thousand or 10%, respectively).

12 Provisions for credit-related commitments

Changes in provisions for credit-related commitments for 2024 are as follows:

(in UAH thousand)	**Credit-related commitments**
Balance as of 1 January 2023	**587**
Increase/(decrease) in provision	(584)
Balance as of 31 December 2023	**3**
Increase/(decrease) in provision	8
Balance as of 31 December 2024	**11**

13 Other financial liabilities

Other liabilities are as follows:

(in UAH thousand)	**31 December 2024**	**31 December 2023**
Lease liabilities	15 338	22 338
Accounts payable for management and IT services	14 018	13 160
Accrued expenses for other services	4 679	8 470
Other debts	-	543
Total	**34 035**	**44 511**

The principal lease liabilities of the Bank are represented by the office rental agreement until 2026. Changes in lease liabilities are as follows:

(in UAH thousand)	**Rental obligations**
Balance as of January 01, 2023	**7 950**
Modifications	23 342
Interest expense	505
Payments	(9 459)
Balance as of 31 December 2023	**22 338**
Modifications	2 410
Interest expense	756
Payments	(10 166)
Balance as of 31 December 2024	**15 338**

For the year ended 31 December 2024, the Bank recognized expenses on short-term leases and leases of low-value assets in the amount of UAH 7 thousand (31 December 2023: UAH 7 thousand).

For the year ended 31 December 2024, the total lease-related cash outflow amounted to UAH 10 173 thousand (31 December 2023: UAH 9 466 thousand).

14 Other non-financial liabilities

Other non-financial liabilities are as follows:

(in UAH thousand)	**31 December 2024**	**31 December 2023**
Accounts payable on settlements with bank employees	13 268	12 388
Accounts payable for taxes and mandatory payments, except income tax	3 131	2 702
Deferred income	49	40
Total	**16 448**	**15 130**

15 Share capital and revaluation reserves

As of 31 December 2024, the authorized 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 kopecks) The Bank issued 228 666 102 ordinary registered shares of nominal value of UAH 1.32 (one hryvnia 32 kopecks) 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 the legislation of Ukraine, the Bank allocates 5% of the annual profit to the reserve fund. The total amount of the reserve fund as of 31 December 2024 is UAH 41 611 thousand.

The movements in the revaluation reserve are as follows:

(in UAH thousand)	**Revaluation reserves**
Balance as of January 01, 2023	**-**
Fair value revaluation of DGBs	2 472
Expected credit losses	19 220
Deferred tax related to other comprehensive income	(618)
Balance as of 31 December 2023	**21 074**
Fair value revaluation of DGBs	4 559
Expected credit losses	21 915
Deferred tax related to other comprehensive income	(1 138)
Balance as of 31 December 2024	**46 410**

16 Maturity analysis of assets and liabilities

Maturity analysis of assets and liabilities as of 31 December 2024:

(in UAH thousand)	*Note*	**Less than 12 months**	**Over 12 months**	**Subtotal**
ASSETS				
Cash and cash equivalents	*5*	7 503 108	-	7 503 108
Loans and due from customers	*6*	401 039	-	401 039
Investments in securities	*7*	36 843	760 741	797 584
Deferred tax asset	*20*	-	1 816	1 816
Fixed assets, right-of-use assets	*8*	153	23 405	23 558
Intangible assets	*8*	359	1 775	2 134
Other financial assets		12	-	12
Other non-financial assets	*10*	1 542	-	1 542
Total assets		**7 943 056**	**787 737**	**8 730 793**
LIABILITIES				
Due to customers	*11*	7 813 469	-	7 813 469
Current income tax liability		91 242	-	91 242
Provisions for credit-related commitments	*12*	11	-	11
Other financial liabilities	*13*	27 370	6 665	34 035
Other non-financial liabilities	*14*	15 288	1 160	16 448
Total liabilities		**7 947 380**	**7 825**	**7 955 205**

Maturity analysis of assets and liabilities as of 31 December 2023:

(in UAH thousand)	*Note*	**Less than 12 months**	**Over 12 months**	**Total**
ASSETS				
Cash and cash equivalents	*5*	5 962 225	-	5 962 225
Loans and due from customers	*6*	200 106	-	200 106
Investments in securities	*7*	25 881	310 098	335 979
Deferred tax asset	*20*	3 276	-	3 276
Fixed assets, right-of-use assets	*8*	205	32 788	32 993
Intangible assets	*8*	112	2 254	2 366
Other financial assets		15	-	15
Other non-financial assets	*10*	5 007	-	5 007
Total assets		**6 196 827**	**345 140**	**6 541 967**
LIABILITIES				
Due to customers	*11*	5 694 428	-	5 694 428
Current income tax liability		123 167	-	123 167
Provisions for credit-related commitments	*12*	3	-	3
Other financial liabilities	*13*	30 338	14 173	44 511
Other non-financial liabilities	*14*	11 850	3 280	15 130
Total liabilities		**5 859 786**	**17 453**	**5 877 239**

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 expense

Interest income and expense for the years ended 31 December are as follows:

(in UAH thousand)	2024	2023
Interest income:		
NBU deposit certificates	629 626	644 727
Investments in securities (DGB)	77 017	11 901
Loans and advances to customers	69 392	120 756
Deposits with other banks	35 421	37 220
Total interest income	**811 456**	**814 604**
Interest expense:		
Corporate term deposits	(282 661)	(300 454)
Corporate current accounts	(67 614)	(56 707)
Lease liabilities	(756)	(505)
Term deposits of other banks	(178)	(10)
Loans received from NBU	(22)	(67)
Total interest expense	**(351 231)**	**(357 743)**
Net interest income	**460 225**	**456 861**

18 Fee and commission income and expense

Fee and commission income and expense for the years ended 31 December, are as follows:

(in UAH thousand)	2024	2023
Fee and commission income:		
Currency exchange transactions	26 428	20 451
Cash and settlement transactions	1 412	1 307
Off-balance sheet transactions	663	339
Other	836	761
Total fee and commission income	**29 339**	**22 858**
Fee and commission expense:		
Off-balance sheet transactions	(7 748)	(6 283)
Currency exchange transactions	(2 842)	(2 387)
Transactions with securities	(3 387)	(226)
Cash and settlement transactions	-	(48)
Total fee and commission expense	**(13 977)**	**(8 944)**
Net fee and commission income	**15 362**	**13 914**

For 2024, revenues from contracts with customers determined according to IFRS 15 was UAH 28 676 thousand (2023: UAH 22 519 thousand).

19 Other administrative and operating expenses

Other administrative and operating expenses for years ended 31 December are as follows:

(in UAH thousand)	2024	2023
IT expenses	(65 003)	(34 687)
Taxes and other mandatory payments, other than income tax	(15 367)	(9 969)
Consultancy, legal and other professional services	(14 244)	(16 066)
Management costs	(8 359)	(7 053)
Supervisory Board expenses	(6 784)	(3 599)
Operating lease expense and maintenance cost	(6 592)	(5 123)
Telecommunication expenses	(4 712)	(3 399)
Professional services of group subdivisions	(3 714)	(7 471)
Other employee expenses (other than maintenance costs)	(1 661)	(1 133)
Bank fees and similar charges	(528)	(437)
Membership fees and mandatory payments	(462)	(455)
Insurance	(459)	(266)
Marketing and representative expenses	(399)	(467)
Other expenses	(501)	(420)
Total administrative and other operating expenses	**(128 785)**	**(90 545)**

20 Taxation

The statutory income tax rate in 2024 is 50%. The statutory income tax rate in 2023 was also 50%.

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

(in UAH thousand)	2024	2023
Current income tax expense	(152 087)	(171 525)
Deferred income tax (expense)/benefit	(322)	1 356
Total income tax expense	**(152 409)**	**(170 169)**

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 2024	%	31 December 2023	%
Profit before tax	237 933	100%	293 864	100%
Income tax at the applicable tax rate	(118 967)	50%	(146 932)	50%
Non-deductible income and expenses	(33 442)	14.1%	(22 250)	7.6%
Change in tax rate	-	-	(987)	0.3%
Total income tax expense	**(152 409)**	**64.1%**	**(170 169)**	**57.9%**

b) Deferred income tax asset

The temporary differences 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 2024 and 31 December 2023.

Movements in recognized deferred tax assets and liabilities during the year ended 31 December 2024 are as follows:

(in UAH thousand)	**Balance at the beginning of the year**	**Recognized in profit/loss**	**Recognized in other comprehend-sive income**	**The balance at the end of the year**
Accrued expenses	3 811	(258)	-	3 553
Provision for guarantees	1	2	-	3
Provisions for other assets	82	(66)	-	16
Revaluation of securities at FVOCI	(618)	-	(1 138)	(1 756)
Net deferred tax asset (liabilities)	**3 276**	**(322)**	**(1 138)**	**1 816**

Movements in recognized deferred tax assets and liabilities during the year ended 31 December 2023 are as follows:

(in UAH thousand)	**Balance at the beginning of the year**	**Recognized in profit/loss**	**Recognized in other comprehend-sive income**	**The balance at the end of the year**
Accrued expenses	2 336	1 475	-	3 811
Provision for guarantees	106	(105)	-	1
Provisions for other financial assets	97	(15)	-	82
Revaluation of securities at FVOCI(positive)	-	-	(618)	(618)
Net deferred tax asset (liability)	**2 539**	**1 355**	**(618)**	**3 276**

21 Dividends

In 2024 and 2023 there was no decision taken for dividends distribution.

22 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 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 three lines security 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 recognizing 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;
- requirements to loan documentation;
- procedures for continuous monitoring loan-related risks and other credit risks.

The Bank maintains a 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.

Analysis of movements in provisions for loans for the years ended 31 December 2024 and 31 December 2023 is as follows:

(in UAH thousand)	**Loans to legal entities**	**Corresp ondent accounts**	**Invest-ments in securities**	**Credit liabilities**	**Other financial assets**	**Total**
Balance as of 1 January 2023	**144**	**538**	**-**	**587**	**40**	**1 309**
Increase/(decrease) in allowance for impairment during the period	(39)	(183)	19 220	(584)	(23)	18 391
Balance as of 31 December 2023	**105**	**355**	**19 220**	**3**	**17**	**19 700**
Increase/(decrease) in the provision during the period	(34)	(79)	21 916	8	21	21 832
Balance as of 31 December 2024	**71**	**276**	**41 136**	**11**	**38**	**41 532**

(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 2024**			**31 December 2023**		
	monetary assets	**monetary liabilities**	**net position**	**monetary assets**	**monetary liabilities**	**net position**
USD	268 612	**262 714**	**5 898**	**246 082**	**236 444**	**9 638**
EUR	797 041	**791 493**	**5 548**	**834 621**	**833 337**	**1 284**
Subtotal	**1 065 653**	**1 054 207**	**11 446**	**1 080 703**	**1 069 781**	**10 922**

As of 31December 2024, a 10 percent weakening of the hryvnia against the specified currencies would lead to an increase in profit after tax and equity by the amount indicated below. This analysis is based on the year-end position and the assumption that all other variables, including interest rates, remain constant. Conversely, a 10 percent strengthening of the hryvnia in relation to the indicated currencies would lead to the same amount of loss, but the probability of this assumption is very low.

(in UAH thousand)	**2024**		**2023**	
	Profit before tax	**Equity**	**Profit before tax**	**Equity**
10% strengthening of the US dollar against the hryvnia	590	295	964	482
10% strengthening of the euro against the hryvnia	555	277	128	64

(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 unfavorable 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 swaps 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 3 years 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:

	Interest rates, as of 31 December 2024 %			**Interest rates, as of 31 December 2023 %**		
	UAH	**US Dollars**	**Euro**	**UAH**	**US Dollars**	**Euro**
Interest bearing assets						
Cash and cash equivalents due from other banks	-	3.58%	1.41%	-	4.58%	2.35%
NBU deposit certificates	13.50%	-	-	15.00%	-	-
Investments in securities	17.67%	5.25%	2.59%	19.75%	-	-
Loans and advances to customers	13.91%	-	-	15.3%	-	-
Interest bearing liabilities						
Due to customers:						
Current accounts	2.79%	-	-	3.82%	-	-
Term deposits	3.47%	-	-	7.10%	-	0.99%
Other financial liabilities(lease liabilities)	3.77%	-	-	2.76%	-	-

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 and do not significantly affect equity for financial assets at FVOCI.

(d) Geographical risk

Geographical concentration of financial assets and liabilities as of 31 December 2024 is as follows:

(in UAH thousand)	**Ukraine**	**OECD countries**	**Other countries**	**Total**
Assets				
Cash and cash equivalents	6 730 900	772 208	-	7 503 108
Loans and advances to customers	401 039	-	-	401 039
Investments in securities	504 564	293 020	-	797 584
Other assets	-	10	2	12
Total financial assets	**7 636 503**	**1 065 238**	**2**	**8 701 743**
Liabilities				
Due to customers	7 763 674	49 795	-	7 813 469
Provision for credit related commitments	1	10	-	11
Other financial liabilities	20 017	14 018	-	34 035
Total financial liabilities	**7 783 692**	**63 823**	**-**	**7 847 515**
Net balance sheet position on financial instruments	**(147 189)**	**1 001 414**	**2**	**854 227**

Geographical concentration of financial assets and liabilities as of 31 December 2023 is as follows:

(in UAH thousand)	**Ukraine**	**OECD countries**	**Total**
Assets			
Cash and cash equivalents	4 949 589	1 012 636	5 962 225
Loans and advances to customers	200 106	-	200 106
Investments in securities	335 979	-	335 979
Other assets	4	11	15
Total financial assets	**5 485 678**	**1 012 647**	**6 498 325**
Liabilities			
Due to customers	5 641 229	53 200	5 694 429
Provision for credit related commitments	1	2	3
Other financial liabilities	31 351	13 160	44 511
Total Financial Liabilities	**5 672 581**	**66 362**	**5 738 943**
Net Balance Sheet Position on Financial Instruments	**(186 903)**	**946 285**	**759 382**

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).

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 optimization 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. The undiscounted cash flows from financial liabilities, including future interest payments, by maturity as of 31 December 2024 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	7 675 697	150 198	-	7 825 895	7 813 469
Provision for credit related commitments	11	-	-	11	11
Lease liabilities	762	8 351	6 780	15 893	15 338
Accounts payable for management and IT services	6 950	7 068	-	14 018	14 018
Accrued expenses for other services	2 096	2 583	-	4 679	4 679
Guarantees(off-balance sheet)	60 686	-	-	60 686	-
Total potential future payments under financial liabilities	**7 746 202**	**168 200**	**6 780**	**7 921 182**	**7 847 515**

The undiscounted cash flows from financial liabilities, including future interest payments, by maturity as of 31 December 2023 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	5 374 043	332 757	-	5 706 800	5 694 428
Provision for credit related commitments	3	-	-	3	3
Lease liabilities	785	7 842	14 678	23 305	22 338
Accounts payable for management and IT services	6 903	6 257	-	13 160	13 160
Accrued expenses for other services	3 911	4 559	-	8 470	8 470
Guarantees(off-balance sheet)	33 511	-	-	33 511	-
Total potential future payments under financial liabilities	**5 419 156**	**351 415**	**14 678**	**5 785 249**	**5 738 399**

(f) Operational risk

In 2024, there was no excess of risk appetite levels for damages of the number of operational risk-related incidents that affected customers, reputation, and the regulator.

The level of acceptable operational risk in 2024 is determined taking into account the current operating envir onment conditions as a result of the impact of Russia's aggression against Ukraine and actual operating costs for 2023.

The amount of potential operating costs for 2024 includes the costs of maintaining the office in the event of power outages (refueling and maintenance of the diesel generator), support for employees and other operatin gcosts that may occur as a result of hostilities.

23 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.

As of 31 December 2024, the NBU updated the requirements for the capital structure of banks in accordance with Regulation on the Procedure for determining the amount of regulatory capital by Ukrainian banks No. 196 dated 28 December 2023, which came into force on 5 August 2024. Banks must comply with the Tier 1 core capital adequacy ratio (Tier 1) of 5.625%; Tier 1 capital adequacy ratio(Tier 1) of 7.5%; and regulatory capital adequacy ratio (RCR) of 10% (according to a phased schedule until July 1, 2025).

Regulatory capital of the Bank is presented as follows:

(in UAH thousand)	**31 December 2024**
Regulatory capital	**641 516**
Core capital Tier 1	**641 516**
Capital Tier 2	**-**
Capital adequacy ratio for regulatory capital	**71.97%**
Capital adequacy ratio for Tier 1 capital	**71.97%**
Capital adequacy ratio for core capital Tier 1	**71.97%**

As at 31 December 2023, in accordance with Resolution of the Board of the National Bank of Ukraine No. 368 dated 28 August 2001 (as amended) "On the procedure for regulating the activities of banks in Ukraine", which was effective as at 31 December 2023, banks were required to maintain a capital adequacy ratio ("H2") of at least 10% of risk-weighted assets calculated in accordance with the requirements of the National Bank of Ukraine.

(in UAH thousand)	**31 December 2023**
Core capital(Tier 1 capital)	**334 899**
The total amount of additional capital	387 048
Additional capital(Tier 2 capital, cannot exceed 100% of Tier 1 capital)	**334 899**
Total regulatory capital	**669 798**
Capital adequacy ratio for tier 1 capital (H3,%)	**51.21%**
Capital adequacy ratio (H2,%)	**102.42%**

24 Contingencies

a) Litigations

As of 31 December 2024, the Bank has no litigations in progress.

The Bank recognized no provisions for potential losses from litigations.

b) Taxation contingencies

The Ukrainian tax system is characterized 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 recognized 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 2024**	**31 December 2023**
Revocable:		
Undrawn credit lines	2 097 358	2 041 992
Total revocable liabilities	**2 097 358**	**2 041 992**
Irrevocable:		
Guarantees issued	60 686	33 511
Total irrevocable liabilities	**60 686**	**33 511**
Total	**2 158 044**	**2 075 503**

The Bank determines an allowance for expected credit losses on irrevocable commitments. The allowance for irrevocable commitments is measured using Stage 1.

Credit related commitments by currency are as follows:

(in UAH thousand)	**31 December 2024**	**31 December 2023**
UAH	365 932	1 001 141
USD	842 568	-
EUR	949 544	1 074 362
Total	**2 158 044**	**2 075 503**

25 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 2024 are as follows:

(in UAH thousand)	**At amortized cost**	**At fair value through other comprehensive income**	**Carrying amount**	**Fair value**
Cash and cash equivalents	7 503 108	-	7 503 108	7 503 108
Loans and advances to customers	401 039	-	401 039	401 039
Investments in securities	-	797 584	797 584	797 584
Other financial assets	12	-	12	12
Total financial assets	**7 904 159**	**797 584**	**8 701 743**	**8 701 743**
Due to customers	7 813 469	-	7 813 469	7 813 469
Provision for credit related commitments	11	-	11	11
Other financial liabilities	34 035	-	34 035	34 035
Total financial liabilities	**7 847 515**	**-**	**7 847 515**	**7 847 515**

Carrying amounts and fair values of financial assets and financial liabilities by measurement category as of 31 December 2023 are as follows:

(in UAH thousand)	**At amortized cost**	**At fair value through other comprehensive income**	**Carrying amount**	**Fair value**
Cash and cash equivalents	5 962 225	-	5 962 225	5 962 225
Loans and advances to customers	200 106	-	200 106	200 106
Investments in securities	-	335 979	335 979	335 979
Other financial assets	15	-	15	15
Total financial assets	**6 162 346**	**335 979**	**6 498 325**	**6 498 325**
Due to customers	5 694 429	-	5 694 429	5 694 429
Provision for credit related commitments	3	-	3	3
Other financial liabilities	44 511	-	44 511	44 511
Total financial liabilities	**5 738 943**	**-**	**5 738 943**	**5 738 943**

As of 31 December 2024 and 31 December 2023, the fair values of all financial assets and liabilities not at FV 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 realizable 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) Hierarchy of fair value sources

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 at fair value by the level of hierarchy underlying the fair value measurement as of 31 December 2024 are as follows:

(in UAH thousand)	**Level 1**	**Level 2**	**Fair value**	**Carrying amount**
Investments in securities	293 020	504 564	797 584	797 584
Total assets	**293 020**	**504 564**	**797 584**	**797 584**

Financial assets and liabilities at fair value by the level of hierarchy underlying the fair value measurement as of 31 December 2023 are as follows:

(in UAH thousand)	**Level 2**	**Fair value**	**Carrying amount**
Investments in securities	335 979	335 979	335 979
Total assets	**335 979**	**335 979**	**335 979**

The fair values of financial assets and liabilities carried at amortized cost were determined using Level 2 inputs of the fair value hierarchy.

26 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 ultimate 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 close family members.

As of 31 December 2024 and 31 December 2023, the Bank has no subsidiaries, associates, or joint ventures where the Bank has control relationship or significant influence.

Balances and transactions with related parties as of 31 December 2024 are as follows:

(in UAH thousand)	**Parent company**	**Entities under common control**	**Key management personnel**
Cash and cash equivalents(USD, EUR; rate 2.2%-4.5%)	772 208	-	-
Other financial assets	11	-	-
Other financial and non-financial liabilities	11 639	2 428	4 767
Provisions for off-balance sheet commitments	10	-	-

Other rights and commitments on transactions with related parties as of 31 December 2024 are as follows:

(in UAH thousand)	**Parent company**	**Entities under common control**
Guarantees issued	55 861	-
Guarantees received	330 767	-

Income and expenses on transactions with related parties for the year ended 31 December 2024 are as follows:

(in UAH thousand)	**Parent company**	**Entities under common control**	**Key management personnel**
Interest income	35 421	-	-
Interest expense	(178)	-	-
Gains less losses from dealing in foreign currencies	1 346	-	-
Commission income	425	-	-
Commission expense	(10 590)	-	-
Staff costs, administrative and other operating expenses	(67 510)	(2 718)	(35 514)

Balances and transactions with related parties as of 31 December 2023 are as follows:

(in UAH thousand)	**Parent company**	**Entities under common control**	**Key Management Personnel**
Cash and cash equivalents(USD, EUR; rates 2.4%-4.6%)	1 012 637	-	-
Other financial assets	11	-	-
Other financial and non-financial liabilities	9 344	3 856	6 029
Provisions for off-balance sheet commitments	2	-	-

Other rights and commitments on transactions with related parties as of 31 December 2023 are as follows:

(in UAH thousand)	**Parent company**	**Entities under common control**
Guarantees issued	24 312	-
Guarantees received	63 734	-

Income and expenses on transactions with related parties for the year ended 31 December 2023 are as follows:

(in UAH thousand)	**Parent company**	**Entities under common control**	**Key Management Personnel**
Interest income	37 220	-	-
Interest expense	(5)	-	-
Gains less losses from dealing in foreign currencies	(1 702)	-	-
Commission income	225	-	-
Commission expense	(8 670)	-	-
Staff costs, administrative and other operating expenses	(36 347)	(7 692)	(31 836)

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

	As of and for the year ended 31 December 2024		**As of and for the year ended 31 December 2023**	
(in UAH thousand)	**expenses**	**accrued liability**	**expenses**	**accrued liability**
Short-term employee benefits	35 514	2 890	30 506	2 749
Long-term employee benefits	-	463	380	937
Share-based payments	-	1 414	950	2 343

27 Subsequent events

As at the date of authorization of these financial statements, active military operations are ongoing as described in Note 2.

The Board of the National Bank of Ukraine has decided to raise the key policy rate from 13,5% to 15,5% starting from 7 March 2025.