Translation from the Ukrainian original

JOINT STOCK COMPANY "DEUTSCHE BANK DBU"

Management report for 2022

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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 Bank has an office in Kyiv, Ukraine. As of 31 December 2022, the Bank employed 35 employees, of which 17 men and 18 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 flow management
- Trade financing
- Foreign exchange transactions
- Overdrafts and fixed-term financing
- Fixed-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
- 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
- Treasury department
- Risk Management department
- Compliance and Anti Financial Crime department
- IT Security 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 group structure, 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 financing transactions etc. directly with the parent company and its branches. The pricing of such transactions is formed based on the 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 formed 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 the annual financial statement in Note 28 "Related-Party Transactions".

Membership of the Executive Body of the Financial Institution

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

1. Roman Yaroslavovych Topolnytskyi, Chairman of the Management Board
2. Oleksii Viktorovych Rybenko, Deputy Chairman of the Management Board, Chief Financial Officer
3. Anastasiia Oleksandrivna Neroshchyna, Member of the Management Board, Chief Operating Officer
4. Oleksandra Vasylivna Kostiana, Member of the Management Board, Compliance and Anti Financial Crime Head.

During the year Bernd Wurth and Yevhen Dmytrovych Kharchenko left the Management Board.

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 helps 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, shareholders, 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 receive effective training; diverse background of team members generate diverse opinions.
- Drawbacks should be analysed to unsure 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:

- Solutions 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 persona that have 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, namely:

Principle 1: Obligation to Act Lawfully. 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.

Principle 2: Business Decision Rule:

- 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.

Principle 3: Values and Principles Adherence:

- 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:

Integrity

- 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 congratulate, 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 tasks.
- 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, the 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 communicating with them openly.
- 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.

Bank Performance Indicators

Bank's Key Performance Indicators as of the year-end 2022.

Net revenues — UAH 404.0 mln (UAH 161.1 mln for 2021)
Profit before tax — UAH 235.4 mln (UAH 15.8 mln for 2021)
Return on Equity (ROE) — 45.9% (2.0% in 2021)
Risk-weighted assets — UAH 397,6 mln (UAH 585.7 mln for 2021)
Capital adequacy ratio — 99.6% (45.6% in 2021)
Liquidity coverage ratio LCR (all currencies) — 238% (301% in 2021).

Financial results

Against the background of the start of hostilities by the russian federation against Ukraine in February 2022, a decrease in customer balances was observed in the first quarter. Starting from the second quarter of 2022, the Bank's resource base stabilized and recovered.

As of June 2022, the National Bank of Ukraine, as part of the implementation of stabilization measures, increased the discount rate to 25%, which led to a sharp increase in the Bank's interest margin and, as a result, to an increase in net interest income by UAH 229.4 million or by 198.5%.

With the increase of the loan portfolio, the Bank formed reserves for credit risks in the amount of UAH 0.5 million.

Net commission income decreased by UAH 14.5 million, against the background of a decrease in the economic activity of clients in the conditions of martial law.

In turn, trading income increased by UAH 29.8 million due to the growth of currency exchange transaction spreads in the conditions of administrative restrictions on the foreign exchange market of Ukraine.

In 2022, staff expenses increased by UAH 15.3 million or by 24.5% as a result of the payment of financial aid to the Bank's employees after the start of hostilities, as well as the accrual and payment of bonuses for achievements at work and bonuses based on the results of the Bank's activities in the current year.

Administrative and other operating expenses increased by UAH 8.1 million or by 9.8%, mainly as a result of the increase in the official exchange rate of the euro to the hryvnia with the corresponding adjustment of the cost of the provided services in accordance with the terms of the current contracts.

As a result, profit before taxation increased by UAH 219.6 million. The growth of the tax base, in turn, led to an increase in income tax by UAH 40.6 million, and the Bank's net profit increased by UAH 178.9 million compared to the previous period.

(in UAH thousand)	2022	2021	Deviation, UAH thousand	Deviation, %
Interest income	595,853	235,989	359,864	152.5%
Interest expenses	(250,873)	(120,429)	(130,444)	108.3%
Net interest income	**344,980**	**115,560**	**229,420**	**198.5%**
Expected credit losses	(492)	1,308	(1,800)	-137.6%
Net interest income after allowance for impairment	**344,488**	**116,868**	**227,620**	**194.8%**
Net fee and commission income	10,308	24,838	(14,530)	-58.5%
Net trading income	48,949	19,111	29,838	156.1%
Other operating income	229	233	(4)	-1.7%
Total non-interest income	**59,486**	**44,182**	**15,304**	**34.6%**
Staff expenses	(77,609)	(62,345)	(15,264)	24.5%
Other administrative and operational expenses	(90,981)	(82,886)	(8,095)	9.8%
Total non-interest expenses	**(168,590)**	**(145,231)**	**(23,359)**	**16.1%**
Profit before tax	**235,384**	**15,819**	**219,565**	**1,388.0%**
Income tax expenses	(49,755)	(9,139)	(40,616)	444.4%
Profit for the year	**185,629**	**6,680**	178,949	**2,678.9%**

Balance sheet

The total balance sheet of the Bank did not undergo significant changes during 2022, decreasing by 0.6% or UAH 32.0 million.

Client funds decreased by UAH 229.1 million or by 4.6%. At the same time, if the balances of funds on current accounts and time deposits in hryvnia increased by 556.4 million hryvnias, the funds in foreign currency on current accounts decreased by 785.5 million hryvnias. The latter, in turn, became the main reason for the decrease in the balance of funds in other banks by UAH 865.2 million or by 41.4%.

As part of credit risk and liquidity risk management during the year, the Bank exited investments in domestic government bonds, redirecting the hryvnia resource to support clients through loans to the corporate sector, which increased by UAH 397.0 million or by 131.8%, and in highly liquid cash and their equivalents (including certificates of deposit of the National Bank of Ukraine), which in turn increased by UAH 1,385.7 million.

The Bank's capital grew during the entire period due to the profit of the current year, as well as due to restrictions on the payment of dividends based on the results of operations in previous periods. As of the end of 2022, the Bank's capital reached the level of UAH 520.0 million, which is by UAH 185.0 million or 55.2% more than at the end of the previous year.

(in UAH thousand)	December 31, 2022	December 31, 2021	Deviation, UAH thousand	Deviation, %
Assets:				
Cash and cash equivalents	3,367,278	1,981,577	1,385,701	69.9%
Funds in other banks	1,222,321	2,087,524	(865,203)	-41.4%
Client loans and debts	698,364	301,302	397,062	131.8%
Investment into securities	0	945,957	(945,957)	-100.0%
Derivative financial assets	0	1,429	1,429	-100.0%
Deferred tax asset	2,539	1,420	1,119	78.8%
Fixed assets and right of use assets	17,995	22,766	(4,771)	-21.0%
Intangible assets	1,392	625	767	122.7%
Other assets	4,460	3,739	721	19.3%
Total assets	**5,314,349**	**5,346,339**	(31,990)	-0.6%
Liabilities and equity:				
Customer accounts	4,737,512	4,966,599	(229,087)	-4.6%
Liabilities for current income tax	19,047	2,736	16,311	596.2%
Derivative financial liabilities	0	69	(69)	-100.0%
Deferred tax liabilities	0	143	(143)	-100.0%
Provision for liabilities	587	11	576	5,236.4%
Leasing obligations	7,950	14,424	6,474	-44,9%
Other liabilities	29,294	27,377	1,917	7.0%
Total liabilities	**4,794,390**	**5,011,359**	(216,969)	-4.3%
Share capital	301,839	301,839	0	0.0%
Retained earnings and other reserves	218,120	32,491	185,629	571.3%
Revaluation reserves	0	650	(650)	-100.0%
Total equity	**519,959**	**334,980**	184,979	55,2%
Total liabilities and equity	**5,314,349**	**5,346,339**	(31,990)	-0.6%

Economic Environment

Economy of Ukraine

According to the inflation report of the National Bank of Ukraine (January 2023), in 2022 the economy of Ukraine shrank by 30.3% y/y. The main reasons for the deepest recession in the country's history were the consequences of a full-scale war: the destruction of infrastructure and production capacities, the breakdown of logistics links and a drop in exports, a reduction in investment and weak consumer demand, including due to active migration, as well as a significantly lower harvest than a year ago.

Investment activity experienced a deep decline, primarily in the private sector. Among the main reasons are uncertainty, high security risks, a decrease in solvent demand, and the deterioration of the financial results of enterprises. This, in particular, was evidenced by a significant decline in construction. Some support for investments was provided by the purchase and supply of weapons and equipment for the Armed Forces of Ukraine.

In general, despite the difficult and changing conditions, business and the population have demonstrated the ability to adapt to new challenges quite quickly.

Banking sector

According to the review of the banking sector (February 2022), prepared by the National Bank of Ukraine, the number of banks operating in Ukraine as of the end of 2022 was 67 financial institutions. During the year, the banking sector worked stably, despite military actions and russian attacks on energy infrastructure. Financial institutions maintained the trust of depositors, there was an inflow of clients' funds. Demand for loans was weak, losses from credit risk increased significantly, so the net loan portfolio was shrinking. The increase in assets was primarily due to the growth of investments in NBU certificates of deposit and funds in other banks. The share of non-performing loans increased significantly. Over the year, the share of state-owned banks increased by 3.9 percent and exceeded half of the sector's net assets — 50.6%. The level of concentration of the sector has increased.

Despite significant deductions to reserves, according to the results of 2022, the banking sector received 24.7 billion hryvnias profit. This was facilitated by the increase in interest and commission income. Interest income rose sharply, largely due to the investment of free liquidity in high-yield certificates of deposit, while the increase in the cost of funding was moderate. So the net interest margin increased.

Credit risk is and will continue to be key for the banking system, while other risks are also increasing. The liquidity of the sector as a whole remains high, the inflow of clients' funds continues. However, a further decrease in the share of term funds increases the risks for banks.

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 military aggression of the russian federation against Ukraine, the strategic goals of the Bank's development for 2023 will be aimed primarily at ensuring the operational stability and continuity of the Bank's work, as well as the physical safety of the staff.

Taking into account the adaptation of the business to the current operating conditions in Ukraine under the martial law regime, the bank considers it expedient to intensify commercial activity taking into account the available resources and risk appetites within the defined target market.

The main business priorities 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.

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.

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; the latter consists of the group and individual components.

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. Yet not only financial success is assessed. Attitude toward employees or clients who underpin the cultural and business environment in the Bank has a significant impact on the variable part.

The goals used to determine the variable compensation part are divided into group or individual ones for each member of the Management Board. Accordingly, the variable part of the compensation package was divided into two components: group and individual components.

Compensation for the Management Board for 2022 fiscal year is as follows:
- Fixed part – UAH 14.5 million
- Variable part – UAH 4.2 million.
- Separately, variable component in amount eq. to EUR 46.2 thousand has been approved as deferred for payment.

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.

The group component of the variable compensation is based on one of the main goals of the compensation system, namely: strengthening the link between the variable compensation and the results of Deutsche Bank Group. The group component is directly aligned with achievement of the strategic goals of Deutsche Bank Group, including the following four key goals: Total Tier 1 Capital, Total Capital Ratio, Leverage Ratio, and Return on Capital. These four indicators measure the capital, risk, cost and yield of the group, and determine its stability in the long run.

The individual component of the variable compensation takes into account a number of financial and non-financial factors, including an employee's individual performance and conduct, comparison with a group of employees at the similar positions. Payments for high achievements acknowledge and reward outstanding achievements of the support staff. They are paid twice a year based on the review of nominations at the Deutsche Bank Group units' level.

Supervisory Board Compensation Report

In 2022, the Supervisory Board decreased from 5 to 3 members. Two members of the Supervisory Board, including the Chairman 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. Three members of the Supervisory Board were independent and received only fixed compensation in 2022. In the third quarter of 2022 two independent mambers of the Supervisory Board terminated their contracts with the Bank.

The total payments to the members of the Supervisory Board in 2022 amounted to UAH 3.8 million. They were paid on a quarterly basis. The total cost of the Supervisory Board amounted to UAH 4.4 million.

Risk Management System

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

- efficiency — ensuring 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 has a control role 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 mutual influence 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 display;
- 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;
- other types, including reputational, legal and money laundering/terrorist financing 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 grounds on segregation of duties between the bank's departments and uses three lines of defence model:

- the first line is at the level of the bank's business units and the bank's business support units. These departments take 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 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 in 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 concordance 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 paying the necessary attention to the main banking risks in line with the policies and procedures of risks identification, assessment and to further application of the methodologies designed for risk reduction, informing about risks and monitoring of the results.

The strategy aims 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.

The Strategy 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 such 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;
- appropriateness 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 ceilings;
- ensure functioning and efficiency control 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, ensure 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 condition 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 loan transactions (and/or any significant changes to them) with the Bank's borrowers, and, (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 level 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 work 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 provides 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 adversary party, any person that has taken liability or any loan recipient, including those claims that the Bank plans to distribute in case where the Bank will bear the risk of losses should the recipient not fulfil his liabilities. This includes the contractor risk, relevant country-related risk, product-related 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 set 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 provisions on acceptable risk parameters:

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

Practical aspects of credit risk management

In accordance with IFRS 9, the Bank has the right to hold 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 statements. Provision for impairment of assets to cover expected losses is defined as the reduced amount of a financial asset shown 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 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.

Which of the above to choose depends on whether there is significant increase of credit risk from the moment of primary recognition of the financial asset. If such significant increase occurred after the primary recognition of the financial asset, the impairment should be measured as an 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 identify 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 primary 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 primary 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 December 31, 2022, the Bank formed the following reserves in accordance with IFRS 9:

Type of asset	**Amount of reserves for possible losses, thousand UAH**
Nostro accounts	538
Loans to legal entities	144
Off-balance-sheet financial liabilities	587
Subscription fees and commissions	40
Accounts receivable from the Bank's commercial operations	500
Total	**1,809**

The size of the reserves 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 the Resolution of the NBU dated June 30, 2016 No. 351, according to the data of statistical reporting as of December 31, 2022, the Bank determined the following amount of credit risk:

Type of asset	**Credit exposure, UAH thou**
Nostro accounts	1,755
Loans to legal entities	28,573
Off-balance-sheet financial liabilities	146
Derivative financial instruments	0
Financial accounts receivable	43
Accounts receivable from the Bank's commercial operations	2,298
Total	**32,814**

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 shall be considered:

- avoid concentration risk and risk of loss of liquidity in the markets, with the issuers and at the emissions. These risks are identified, monitored and managed with consideration of their absolute and relative size, 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 main 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 percentage 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 rate and currency rate to prevent and reduce losses that may occur at unfavourable changes.

As of December 31, 2022, the following limits were set in the Bank:

Risk index	**Limit, UAH thousand**	**Actual amount of risk, thousand UAH**	**Utilisation, %**
<u>*Interest rate risk*</u>			
Net sensitivity	20	11.6	58%
Stress	4,000	1,875	47%

Risk index	**Limit, thousand euro**	**Actual risk size, EUR thou**	**Utilisation, %**
<u>*Foreign exchange risk*</u>			
VaR	22	10.4	47%
Stress VaR	120	62.4	52%

FR Delta Total	550	101	18%
FX Delta UAH	550	365	66%

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 construction 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 rational net liquidity buffer;
- The Bank shall monitor excessive concentrations and has the right to limit them with the prospect 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 for 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 coefficient as of December 31, 2022:
for all currencies — 241%
for foreign currencies — 257%

3. The net stable funding ratio within one year is NSFR.
The actual value of the coefficient as of December 31, 2022 for all currencies is 505%

Operational risk

Operational risk means risk of losses occurring as a result of undue 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
- Staff 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 single 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 discipline of internal control, the Bank has established the control over the following:
- ensure continued operation in case of any events that influence business processes and systems serving these processes;
- 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 preclusion and identifying potential money laundering, fraud, bribery and corruption or non-observance of sanctions and embargo;
- 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 answers 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 a complex and 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 of, 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 for 2022

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.

Potential losses are calculated as the arithmetical average of absolute value of actual losses (exclusive of pending lawsuits) for the recent five years. The level of global tolerance for operational risk should be allocated to the Bank taking into account its size.

The allocation of the global risk appetite of the Deutsche Bank Group (EUR 40 million) to the level of the Bank, taking into account its size, is EUR 40,000. The tolerance level is 50,000 euro.

Actual risk appetite at the year-end:

Operational risk appetite for 2022, thousands of euro		**Q 1**	**Q 2**	**Q 3**	**Q 4**	**2022**
Financial losses from operational incidents for the year	50	0	215	65,3	10,4	**291**
Number of operational incidents per quarter	10	0	2	3	2	

The actual financial losses from operational incidents exceeded the risk appetite for 2022 as a result of the operational losses that the Bank suffered as a result of the full-scale invasion of the Russian Federation and the territory of Ukraine (in particular, expenses for maintaining the vital activities of the office, financial assistance to personnel, etc.).

Reputation risk

The risk of potential damage to the Bank's brand and reputation, as well as related risk for profits, capital or liquidity, which occurs as a result of any association, acts or lack of action which could be perceived by the stakeholders as improper, unethical or contradictory to the Bank's values and principles.

The Bank strives to create 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 lack of action 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;
- avoid the use of Bank services for illegal purposes, identify and prevent financial transactions aimed to legalize of 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 by-laws;
- 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 includes the following:

- managerial control over the Bank's arrangements;
- 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 (acceptance 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 supervisor, the risk management department and the compliance and countermeasures department 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 this 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.

April 24, 2023

Roman Topolnytskyi
Chairman of the Management Board
JSC "Deutsche Bank DBU"