Rating action: Update of a long-term credit rating according to the national scale
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The issuer: JSC "DEUTSCHE BANK DBU"
USREOU code of the issuer: 36520434
Web-site of the issuer: https://country.db.com/ukraine

RATING AGENCY EXPERT RATING
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Rating of JSC "DEUTSCHE BANK DBU" is updated

May 2, 2025 the rating committee of RA "Expert-Rating" has decided to update the credit rating of JSC "DEUTSCHE BANK DBU" (36520434) at the level **uaAAA** according to the national scale. The Bank or the separate debt instrument with rating uaAAA is characterized by the highest solvency compared to other Ukrainian banks or debt instruments. Making decision to update the credit rating according to the national scale, the Agency was guided by the analysis results of the Bank's financial statements for the 2024 year, as well as by particular forms of statistical statements of the Bank for the 2024 year and for January-March, 2025.

Equity and capital adequacy

Throughout the 2024 year and January-March of 2025 year the regulatory capital of JSC "DEUTSCHE BANK DBU" (N1) fluctuated in the range UAH 340922 th to UAH 683339 th. Since the beginning of 2024 year the Bank's regulatory capital (N1) decreased by 4.45% and as of 01.04.2025 the Bank's N1 ratio amounted to UAH 639971 th that in 3.2 times exceeded the limit value, set by NBU, for this normative at the level UAH 200 mln. The significant decrease in the Bank's regulatory capital in August 2024 is due to regulatory changes regarding the procedure for its calculation, which entered into force on 05.08.2024.

The agency reminds that from August 5, 2024, the updated requirements of the Law of Ukraine "On Banks and Banking Activities" came into effect, according to which banks switched to a three-tier capital structure and new capital adequacy standards.

The regulatory capital adequacy normative of JSC "DEUTSCHE BANK DBU" (Rcan) in the period from 06.08.2024 to 01.04.2025 fluctuated in the range from 30.68% to 78.16%, both significantly exceeded the limit value, set by NBU, and was higher than the averages of this normative on the banking system of Ukraine. As of 01.04.2025 the Bank's Rcan comprised 60.71%, which in 6.56 times exceeded the limit level for Rcan (which from 01.01.2025 to 30.06.2025 was 9.25% set by the regulator).

The Tier 1 capital adequacy of JSC "DEUTSCHE BANK DBU" throughout the period from 06.08.2024 to 01.04.2025 fluctuated in the range from 30.68% to 78.16% and constantly exceeded the limit value, set by NBU, and the averages of this normative on the Ukrainian banking system. As of 01.04.2025 the Bank's T1ca amounted to 60.71% that in 8.09 times exceeded the limit value for the T1ca normative, which from 05.08.2024 is set by the regulator at the level 7.5%).

The common equity tier 1 adequacy of JSC "DEUTSCHE BANK DBU" throughout the period from 06.08.2024 to 01.04.2025 fluctuated in the range from 30.68% to 78.16% and exceeded the limit value,

Fig. 1. Dynamics of the regulatory capital (N1) of JSC «Deutsche Bank DBU» compared to the aggregate value of N1 ratio on the banking system

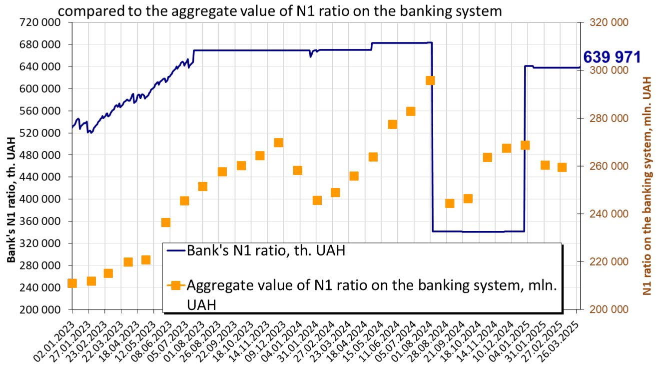


Fig. 2. Dynamics of the regulatory capital adequacy normative (Rcan) of JSC «Deutsche Bank DBU» compared to the average Rcan ratio on the banking system

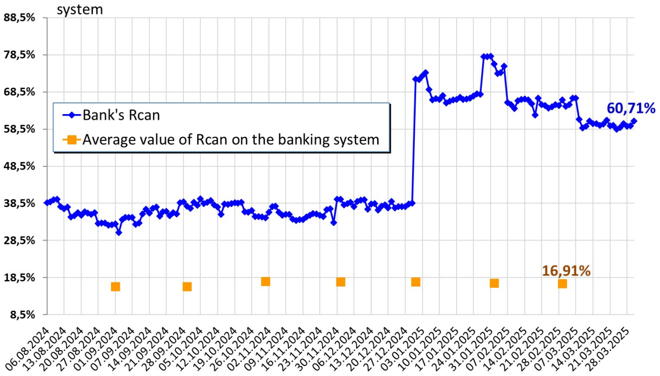
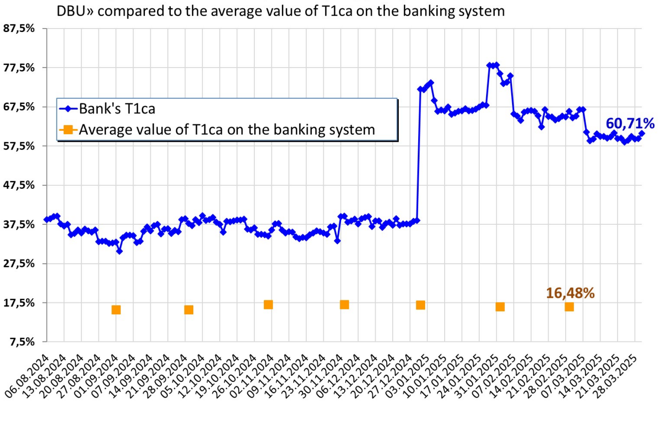


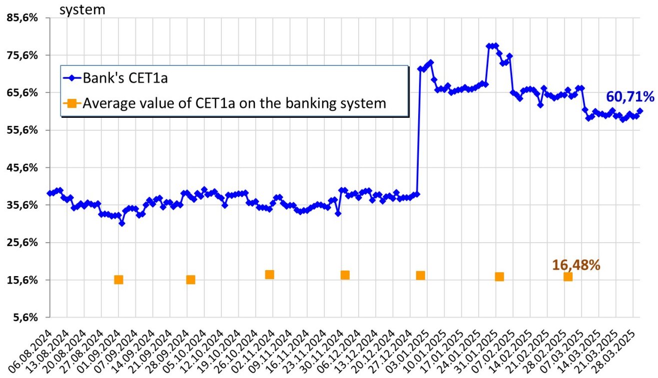
Fig. 3. Dynamics of the Tier 1 capital adequacy (T1ca) of JSC «Deutsche Bank DBU» compared to the average value of T1ca on the banking system



set by NBU, and the average-market indicators of this normative. As of 01.04.2025 the Bank's CET1a amounted to 60.71%, that in 10.79 times exceeded the limit value for the CET1a, which from 05.08.2024 is set by the regulator at the level 5.625%.

Therefore, throughout the entire analysis period and as at the beginning of April, 2025 JSC "DEUTSCHE BANK DBU" was very well provided with the regulatory and fixed capital: the Bank's capital adequacy ratios considerably exceeded both the limit values, set by NBU, and the average market indicators of the respective normative indicators.

Fig. 4. Dynamics of the Common Equity Tier 1 adequacy (CET1a) of JSC «Deutsche Bank DBU» compared to the average value of CET1a on the banking system



Asset structure and quality

For the period from 01.01.2024 to 01.01.2025 the assets of JSC "DEUTSCHE BANK DBU" grew by 33.57% up to UAH 8.738 bn. At the same time, there were the following changes in the Bank's asset structure:

- Cash and cash equivalents increased by 25.84% up to UAH 7.503 bln, and its proportion in assets decreased by 5.27 p.p. and amounted to 85.86%;
- Bank's loan portfolio grew more than in twice up to UAH 401039 th, and its share in assets increased by 1.53 p.p. up to 4.59%. At the same time, as of 01.01.2025, as before, in the Bank's loan portfolio there were no loans to individuals;
- Portfolio of investments into securities, which consisted of investments into ISLBs and bond securities of the states of USA and Germany, grew in 2.37 times up to UAH 797583 th, and its share in assets increased by 3.99 p.p. up to 9.13%.

Thus, as of 01.01.2025 the 94.99% of assets of JSC "DEUTSCHE BANK DBU" were represented by liquidity instruments with a low credit risk, namely: cash and cash equivalents and bond state securities.

The Agency emphasizes that the quality of the Bank's loan portfolio remains to be at the highest level: as of 01.01.2025 in the loan portfolio of JSC "DEUTSCHE BANK DBU", there were no non-performing loans (NPL), while the average of NPL indicator on the Ukrainian banking system amounted to 30.29%.

Fig. 5. Key categories of assets of JSC "DEUTSCHE BANK DBU", th. UAH

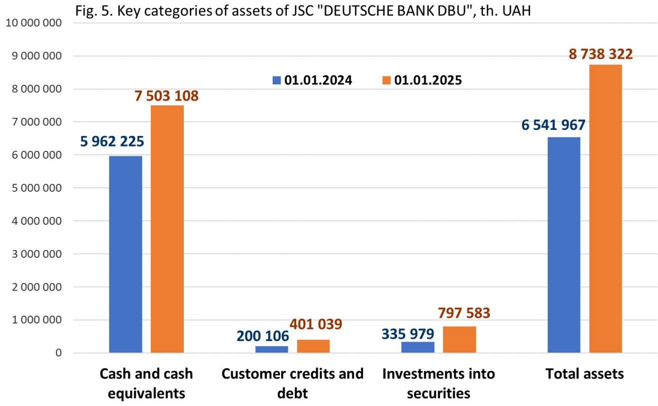
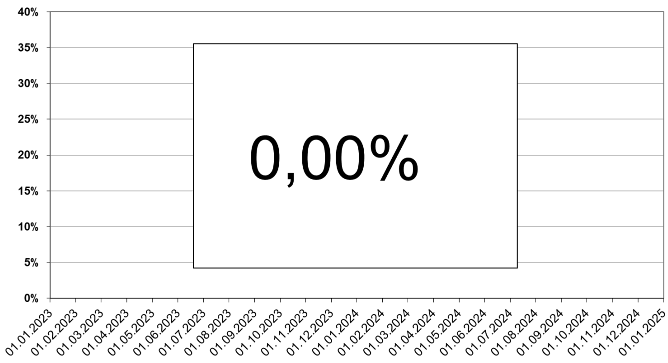


Fig. 6. Data on shares of NPL and loans to individuals in the loan portfolio of JSC "Deutsche Bank DBU"



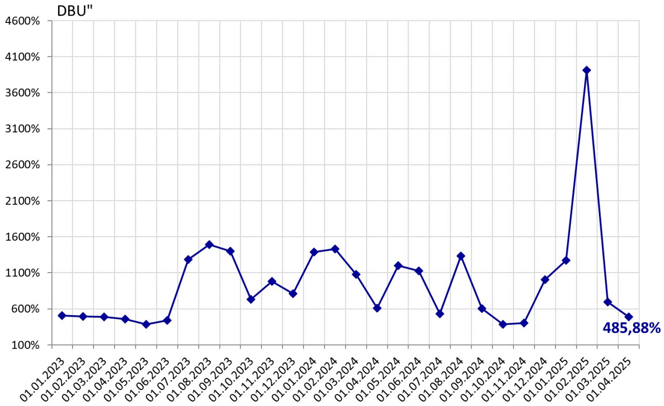
Liquidity

Throughout the period from 01.01.2024 to 01.04.2025 Net Stable Financing Ratio (NSFR) of JSC "DEUTSCHE BANK DBU", which is a long-term liquidity ratio, fluctuated in the range from 383.89% to 3912.11%. As of 01.04.2025 the Bank's NSFR amounted to 485.88% that in 4.86 times exceeded the limit value for this normative.

Liquidity coverage ratio on all currencies (LCRac) of JSC "DEUTSCHE BANK DBU" in the period from 01.01.2024 to 01.04.2025 fluctuated in the range from 228.82% to 456.45%, on a constant basis in times exceeding the limit value, set by NBU. As of 01.04.2025 LCRac of the Bank amounted to 228.82% that in 2.29 times exceeded the normative value, set by the regulator.

Liquidity coverage ratio in foreign currency (LCRfc) of JSC "DEUTSCHE BANK DBU" throughout the period from 01.01.2024 to 01.04.2025 fluctuated in the range from 185.35%-644.18% and on

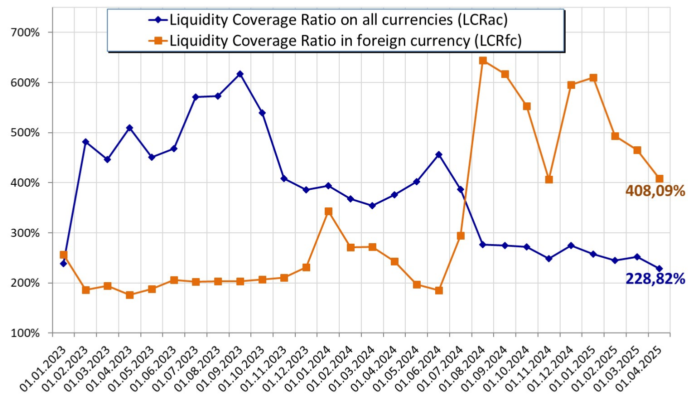
Fig. 7. Dynamics of Net Stable Financing Ratio (NSFR) of JSC "Deutsche Bank DBU"



a constant basis significantly exceeded the limit level, set by NBU. As of 01.04.2025 LCRfc of the Bank amounted to 408.09% that in 4.08 times exceeded the normative value, set by the regulator.

Thus, throughout the entire analysis period and as at the beginning of April, 2025 JSC "DEUTSCHE BANK DBU" maintained a very high provision of liquidity, as indicated by the Bank's respective ratios LCRac, LCRfc and NSFR, which in times exceeded the limit values, set by NBU.

Fig. 8. Dynamics of Liquidity Coverage Ratios on all currencies (LCRac) and in foreign currency (LCRfc) of JSC "DEUTSCHE BANK DBU"

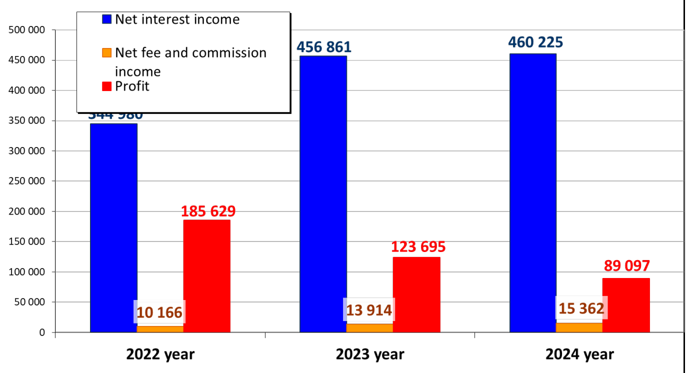


Profitability of operations

For the 2024 year profit of JSC "DEUTSCHE BANK DBU" amounted to UAH 89097 th that was by 27.97% less than for the 2023 year. At the same time, the Bank's key items of revenues showed the increase in the analyzed period. In particular, net interest income of JSC "DEUTSCHE BANK DBU" according to the results of the 2024 year compared to the 2023 year grew by 0.74% up to UAH 460225 th, and net fee and commission income increased by 10.41% up to UAH 15362 th.

The Agency highly assesses a profitable activity and significant amounts of profit and net interest income demonstrated by JSC "DEUTSCHE BANK DBU" in the analyzed period.

Fig 9. Net interest income, net fee and commission income and profit of JSC "Deutsche Bank DBU", th. UAH



Other factors

The Agency reminds that JSC "DEUTSCHE BANK DBU" has a very high level of external support from its shareholder – Deutsche Bank, which (besides a traditional external support of its subsidiary structure, which is based on the contributions to the authorized capital, on liquidity provision and is stimulated by the reputation risks) declares the guarantees of JSC "DEUTSCHE BANK DBU" meeting its agreement liabilities. The availability of "firm guarantee" of Deutsche Bank, which is public, is a considerable positive factor, which affects a long-term credit rating and strengthens the competitive advantages of Deutsche Bank in Ukraine.

Summary

Therefore, as at the beginning of April, 2025 and throughout the entire analysis period JSC "DEUTSCHE BANK DBU" was very well provided with the regulatory and fixed capital: the Bank's Rcan, T1ca and CET1a in times exceeded both the limit values, set by NBU, and the averages of these norms on the Ukrainian banking system. As well, JSC "DEUTSCHE BANK DBU" continued to maintain a very good provision of liquidity, as indicated by the Bank's ratios LCRac, LCRfc and NSFR, which in times exceeded the limit values, set by the regulator.

The loan portfolio of JSC "DEUTSCHE BANK DBU", as before, was characterized by the highest quality: as of 01.01.2025 in the Bank's loan portfolio there were no non-performing loans (NPL). At the same time, the 94.99% of assets of JSC "DEUTSCHE BANK DBU" were represented by liquidity instruments with a low credit risk, namely: cash and cash equivalents, ISLBs and bond securities of the governments of foreign countries.

According to the results of the 2024 year compared to the 2023 year the profit of JSC "DEUTSCHE BANK DBU" decreased by 27.97% and amounted to UAH 89097 th, the Bank's net interest income grew by 0.74% up to UAH 460225 th, net fee and commission income grew by 10.41% up to UAH 15362 th. Therefore, according to the results of the 2024 year JSC "DEUTSCHE BANK DBU", as in the previous periods was characterized by profitable activity and significant key items of revenues and profit while being highly appreciated by the Agency.

The Agency notes that the current rating level determines the probability of default in the case of bank operations under normal circumstances and does not take into account force majeure circumstances, as well as the effect of other force majeure circumstances.