



Non-Group Policy

# Dividends Policy – JSC Deutsche Bank DBU

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# Dividends Policy – JSC Deutsche Bank DBU

## Key Data

Title	Dividends Policy – JSC Deutsche Bank DBU
Summary	The document outlines JSC Deutsche Bank DBU framework governing the decision-making process with regards to Dividends payment/retention along with description of key elements, technical aspects and Departments/Units involved in Dividends payment/retention process.
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# Dividends Policy – JSC Deutsche Bank DBU

## 1. Scope

The Dividends Policy (hereinafter the "Policy") of JSC Deutsche Bank DBU (hereinafter the "Bank" or the "DBU") is an internal document that outlines the framework governing the decision-making process with regards to Dividends payment/retention along with the description of the key elements, technical aspects and Departments/Units involved into the process.

This document is developed and approved based on and in accordance with the following local regulations as well as DBU and DB Group policies, procedures, and other internal documents:

- Law of Ukraine "On Banks and Banking Activity" dated 7 December 2000, No. 2121-III;
- Law of Ukraine "On joint-stock companies" dated 07.27.2022, No. 2465-IX;
- Law of Ukraine "On the National Bank of Ukraine" dated 20 May 1999, No. 679-XIV;
- Law of Ukraine "About financial services and finance companies" dated 14 December 2021, No. 1953-IX;
- Law of Ukraine "On Currency and Currency Transactions" dated 21 June 2018, No. 2473-VIII;
- Resolution of the Board of the National Bank of Ukraine (hereinafter the "NBU") "On Approval of the Regulation on "Organisation of the Internal Capital Adequacy Assessment Process (hereinafter the "ICAAP") in Ukrainian Banks and Banking Groups" dated dd 30 December 2021, No. 161;
- Instruction of the NBU On the Regulation Procedure for Banking Activity in Ukraine" dated 28 August 2001, No. 368;
- NBU Regulation "On the Rules Governing the Activities of Banking Groups" dated 20 June 2012, No. 254;
- NBU Resolution "On the Operation of the Banking System Under Martial Law" dated 24 February 2022, No.18;
- NBU Resolution "On Some Issues of Operation of Ukrainian Banks and Banking Groups" dated 25 February 2022, No. 23;
- other normative legal acts of Ukraine; and
- Deutsche Bank Group Internal Capital Adequacy Assessment Process;
- Deutsche Bank Group Capital Supply Management Policy;
- Bank Regulation on the General Meeting of Shareholders of Joint Stock Company Deutsche Bank DBU;
- Bank Regulation on the Supervisory Board of Joint Stock Company Deutsche Bank DBU;
- Bank Regulation on the Management Board of Joint Stock Company Deutsche Bank DBU;
- Banks Strategy;
- Bank Charter.

## 2. Overview

The Dividends Policy is a document approved by the DBU Supervisory Board that describes intentions to distribute the forecast amount of the bank's net profit, drawn up for the corresponding forecast year taking into account the Bank strategy, business plan, capitalization/restructuring program, which specifies the following minimum indicators: estimated amount of net profit for the forecasted year; estimated amounts/percentages of net profit, which is planned to be allocated to the payment of dividends and/or left in the capital of the bank in the form of undistributed profits of past years or funds/reserves of the bank created at the expense of profit; the projected

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amount/percentage of undistributed profits of previous years, which is planned to be allocated to the payment of dividends.

The minimum indicators are not applicable to this Policy in case if there is dividends payment ban implied by Local legislation. The required indicators regarding forecasted net profit along with undistributed profit for the previous years are defined and reflected in the Bank Strategy.

At the moment, there is a ban on the payment of dividends in accordance with the NBU Resolution “On Some Issues of Operation of Ukrainian Banks and Banking Groups” dated 25 February 2022, No. 23.

In addition, the Dividends Policy covers the following:

- The competences of DBU Management Board, DBU Supervisory Board and the General Meeting with regards to dividends topics;
- The decision-making process with regards to Dividends payment/retention along with description of key elements, technical aspects and Departments/Units involved into the process;
- Roles and Responsibilities of DBU Departments/Units involved into the process of dividends payment/retention.

### 3. Competences of DBU management bodies.

#### 3.1. The competence of the DBU Management Board with regards to dividends.

The competence of the DBU Management Board with regards to dividends include the following:

Submit proposals for distribution of profit and payment of dividends for the consideration of the Supervisory Board.

The detailed list of competencies, roles and responsibilities of DBU Management Board are described in the respective DBU internal regulation: The regulation on the Management Board of Joint Stock Company Deutsche Bank DBU and in the Bank Charter.

#### 3.2. The competence of the DBU Supervisory Board with regards to dividends.

The competence of the DBU Supervisory Board with regards to dividends include the following:

- submit proposals for distribution of profit and payment of dividends for the consideration of the General Meeting;
- determination the date of compilation of the list of persons entitled to receive dividends, the procedure and terms for payment of dividends within the time frames specified by the legislation;
- determination the probability of declaring the Bank insolvent as a result of assumption of obligations or fulfilment thereof, including as a result of payment of dividends or redemption of shares.

The detailed list of competencies, roles and responsibilities of DBU Supervisory Board are described in the respective DBU internal regulation: The regulation on the Supervisory Board of Joint Stock Company Deutsche Bank DBU and in the Bank Charter.

### 3.3. The competence of the General Meeting of Shareholders with regards to dividends.

The competence of the General Meeting of Shareholder with regards to dividends include the following:

- to approve the annual dividends with account of the requirements under the current local legislation;
- right to receive dividends (unless otherwise provided for by the legislation).

The detailed list of other competencies, roles and responsibilities of DBU General Meeting of Shareholders is described in the respective DBU internal regulation: The regulation on the General Meeting of Shareholders of Joint Stock Company Deutsche Bank DBU and in the Bank Charter.

## 4. Basic principles of the DBU Dividends Policy.

Dividends are a part of the Bank's net profit that is paid to each Shareholder by the Bank per each share held.

Dividends should be paid from the net profit of the reporting year and/or retained earnings on the basis of resolution of the General Meeting of Shareholders within a period that does not exceed six (6) months upon the date of resolution on payment of dividends adopted by the General Meeting of Shareholders, unless a shorter deadline for the payment is established by the General Meeting of Shareholders.

A resolution on payment of dividends and amount thereof should be adopted by the General Meeting of Shareholders.

The Supervisory Board should set the date of compilation of the list of persons entitled to receive dividends, the procedure and the period for payment thereof for each payment of dividends. The date of compilation of the list of persons entitled to receive dividends should be determined by the resolution of the Supervisory Board provided for by the first sentence of this Clause, but not earlier than ten (10) business days after the date when the resolution was adopted by the Supervisory Board.

The list of persons entitled to receive dividends should be compiled in accordance with the procedure established by the legislation on the depository system of Ukraine.

The Bank should inform the persons entitled to receive dividends of the date, amount, procedure and term of their payment in accordance with the procedure established by the DBU Supervisory Board.

## 5. Restrictions on the payment of dividends.

Restrictions on the payment of dividends are regulated by relevant regulatory acts of Ukraine, such as:

- Ukraine law "On joint-stock companies" dated 07.27.2022, No. 2465-IX ;
- Ukraine law "On Banks and Banking Activity" dated 7 December 2000 No. 2121-III.

The Bank is required to monitor and comply with the following legislative requirements regarding the payment of dividends:

1. The Bank does not have the right to decide on the payment of dividends and to pay dividends on ordinary shares, if:

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- a. the report on the results of the share issue is not registered in accordance with the procedure established by law;
  - b. the Bank's equity capital is less or, as a result of such payment, will become less than the sum of its authorized capital, reserve capital and the excess of the liquidation value of preferred shares over their nominal value;
  - c. the Bank's property is insufficient to satisfy the demands of creditors for obligations whose fulfillment period has arrived, or as a result of such a decision, it will become insufficient to satisfy such demands.
2. The Bank does not have the right to pay dividends on ordinary shares if:
  - a. the Bank has an obligation to buy back shares in accordance with Article 102 of Ukraine law "On joint-stock companies";
  - b. dividends on preferred shares were not paid in full.
3. The Bank does not have the right to pay dividends on preferred shares of a certain class before the payment of current dividends on preferred shares, the owners of which have priority in the order of receiving dividends.
4. Any dividends received by a shareholder in violation of the requirements of this article shall be subject to judicial return if such shareholder knew or should have known that the dividends were being paid in violation of the requirements of this article.
5. The Bank is prohibited from paying dividends, distributing profits in any form, if such payment or distribution would lead to non-compliance with the level of capital necessary to ensure the requirements established in the article 35 of Ukraine law "On Banks and Banking Activity".

### 5.1. Regulatory sanction.

In case if the Bank or other persons who may be subject to inspection by the National Bank of Ukraine in accordance with Ukraine law "On Banks and Banking Activity" violate banking and currency legislation, legislation regulating activities on the payment market, legislation in the field of prevention and countermeasures against legalization (laundering) of income received criminal means, or the financing of terrorism and the financing of the proliferation of weapons of mass destruction, legislation on the protection of critical infrastructure, cyber protection and information security, legislation on virtual assets, regulations of the National Bank of Ukraine, requirements of the National Bank of Ukraine, the implementation of risky activities that pose a threat to the interests of depositors or other creditors of the Bank, the application of sanctions to Bank or owners of significant participation in Bank by foreign states (except for states that have carried out or are carrying out armed aggression against Ukraine in the sense given in the Law of Ukraine "On defence of Ukraine") or interstate associations or international organizations and/or the application of sanctions in accordance with the Law of Ukraine "On Sanctions", which pose a threat to the interests of depositors or other creditors of the bank and/or the stability of the banking system in connection with deprivation/restriction the right of a person to whom sanctions have been applied to dispose of assets, violation of requirements established by law regarding interaction with consumers in the settlement of overdue debt (requirements for ethical behaviour), the National Bank of Ukraine has the right to apply measures of influence adequate to the committed violation or the level of such a threat and in particular to dividends topic may to suspend of the payment of dividends or distribution of capital in any other form.

### 6. DB AG Group Dividend / profit remittance requirement.

The DB AG Capital Supply Management Policy requires that all distributable profits (according to Local Generally Accepted Accounting Principles (local GAAP)) of a subsidiary, that have not been

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previously approved by DB AG Group Global Investment Committee (GIC)/GIC Delegated Authority for retention under a capital request, must be remitted as a dividend to the parent company and up the legal entity chain to the ultimate parent to support Deutsche Bank AG's dividend capacity.

Timing of decisions on dividends must be in a way to allow for profit recognition at parent level, as early as possible but not later than in the same calendar year of finalisation of audited accounts, in particular at Deutsche Bank AG level according to Local GAAP. The same remittance requirement applies to the annual profit of branches in excess of losses carried forward. Any retention of such distributable profits requires a capital request which follows the same process as described above.

DB AG Group Treasury supervise and run the annual Capital Planning exercise around all Deutsche Bank Group location to understand each DB entities plans/forecasts about capital and dividend for the next 3 years. DB Ukraine is in scope of this planning exercise where DBU Treasury and Finance are involved representing DBU scope. The information that is reported by DBU to the Group Treasury within Capital Planning exercise should correspond with the Bank Strategy. In particular Group Treasury is interested in:

- plans of the entity for the dividends that due to local legislation restrictions or prohibitions remain undistributed and due for payment for the past year/s;
- current year entity net profit results and plans of the entity to pay or retain dividends;
- plans/forecast of the entity regarding net profit Bank results for the next 3 year along with dividends payment and capital injections plans.

The requirements described in this section remain obligatory to follow by DBU from Group prospective and remains as additional control for Dividends payment/retention process.

### 7. The decision-making and approval process for dividends payment/retention.

This section describes the decision-making process and approvals required with regards to DBU dividends payment/retention along with the description of the key elements, technical aspects and Departments/Units involved into the process.

As it is stated in the section 4 of this Policy, the dividends are a part of the Bank's net profit for the reporting year that is paid to each Shareholder by the Bank per each share held. The DBU Management Board at the end of each year plan and approve by DBU Supervisory Board the new Bank Strategy for the upcoming year. One of the statements in the Bank Strategy is related to plans of the Bank regarding dividends payment or its retention, depends on the current legislation requirements and any restrictions applied, readiness of the Bank to pay dividends from regulatory prospective being compliant with requirements specified in the section 5 of this Policy and other Ukraine legislative acts, and any DB AG Group requirements/decision taken with regards to Capital management/Dividends topics that may influence the DBU plans around dividends payment.

If restrictions to pay dividends are in place, at the moment of Business Strategy submission the DBU Management Board reflect this information in the Bank Strategy along with the reference to the legislative acts that put restrictions/prohibitions into effect.

DBU Supervisory Board approve the Business Strategy along with the decision to keep dividends as undistributed net profit under Tier 1 capital until restrictions to pay dividends are released or any other requirements are implemented by the Local legislation in relation to capital or payment/retention of dividends such as new reorganization and/or capitalization requirements to the banks.

The standard DBU approach with regards to dividends retention is:

- 5% to be allocated to Capital reserve fund;



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- 95% remain as undistributed under Tier 1 Capital until further regulatory restriction release.

In addition to this the decision on the dividend's distribution is to be considered following the proper assessment of dividends payment on capital adequacy ratios and capital supply from normative and economic prospective respectively in line with ICAAP process established in the Bank and applicable regulatory requirement and limitations at the moment of the assessment.

If no restrictions/prohibitions for the dividend's payment take place from regulatory requirements at the moment of Bank Strategy approval process that Bank take this as an action for the planned year and once the net profit of the reporting year is recognized and annual audited financial report is approved by the NBU, the DBU Management Board informs DBU Supervisory Board on the same and prepare the proposal/resolution draft to the General Meeting of Shareholders regarding approval of decision on distribution of profit and losses coverage of the Bank based on the results of the Banks operations for the reported year and should also include an approval of the decision on dividends amount and payment of dividends to the Banks Shareholders for the previous years, where dividends were not paid due to regulatory restrictions/ban.

Once resolution is approved by the General Meeting of Shareholders it became actionable by the Bank for the dividend's payment within maximum 6 months from the date of resolution on payment of dividends adopted by the General Meeting of Shareholders. The DBU Management Board prepare a proposal for approval by DBU Supervisory Board to define the date of itemizing the list of persons entitled to dividends receipt under the Shareholder decision and to define the procedure the dividends shall be paid: the currency, depository system, the account and other requisites for dividends payment to the Shareholder, the exact date the dividends shall be paid depending on the circumstance, including, but not limited to, any legal restrictions, comfortable dates from Operational point of view, currency exchange rate, or because of weak liquidity at the currency exchange rate market of Ukraine, DBU Liquidity environment and other factors.

Once all the conditions are approved by the DBU Supervisory Board the decision should be documented in the respective Supervisory Board meeting minutes and minutes.

### 8. Final Provisions

This Policy takes effect from the day of its approval by the DBU Supervisory Board and is mandatory for fulfilment by all Bank departments to whom it may concern.

Any amendments to the Regulation may be made only via approval thereof by the DBU Supervisory Board.

Upon acceptance of a revised version of the Regulation, the previous version of the Policy shall automatically become void.

If any part of this document doesn't conform to the Ukrainian legislation, including the National Bank of Ukraine regulations, including new acts or amendments to existing ones, this Policy shall be valid only in the part, which doesn't contradict the Ukrainian legislation, including the National Bank of Ukraine regulations. Until relevant amendments are made to the Policy, employees of the Bank shall be governed by the Ukrainian legislation in their work.

This policy is an integral part of the DBU ICAAP.

## Dividends Policy – JSC Deutsche Bank DBU

**PPROVED by**  
The Supervisory Board of Joint-Stock  
Company "Deutsche Bank DBU"  
(Minutes No. 108 dd 27.12.2023)

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