DENIZBANK AG

ANNUAL REPORT

2023

ENBD

DenizBank AG

DENIZBANK AG

ANNUAL REPORT

2023

CONTENTS

AGENDA OF THE ANNUAL GENERAL MEETING

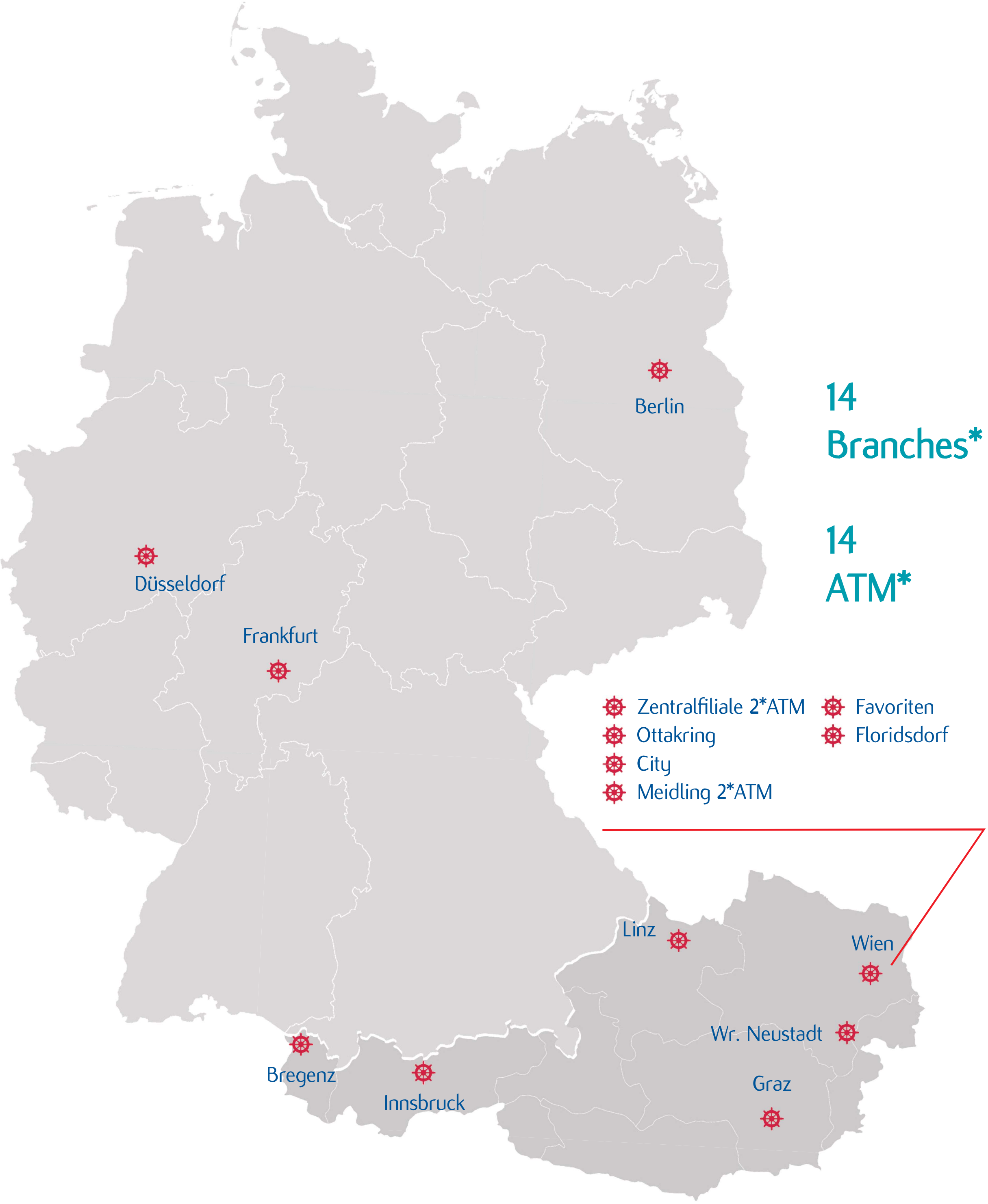
1. Approval of the annual financial statement 2023 of DenizBank AG, including the financial notes and the non-financial report, and the report of the Supervisory Board

2. Appropriation of the net profit

3. Discharge of Management Board members for the financial year 2023

4. Discharge of Supervisory Board members for the financial year 2023

DENIZBANK AG BRANCHES IN AUSTRIA & GERMANY



14
Branches*

14
ATM*

External ATMs

Türkisches Generalkonsulat	1130 Wien, Hietzinger Hauptstrasse 29	Bosfor Reisebüro	1040 Wien, Südtiroler Platz 7
Neue WU	1020 Wien, Bauteil O1, Südportalstraße	Santander	1020 Wien, Taborstraße 46A
Backstube	1050 Wien, Neubaugürtel 25	Santander	1100 Wien, Troststraße 54-56
3Shop	1100 Wien, Gudrunstraße 162	Santander	1160 Wien, Ottakringer Straße 31
ATIB	1100 Wien, Gudrunstraße 189	B&V	1110 Wien, Simmeringer Hauptstr. 52
Übersetzungsbüro	1160 Wien, Brunnengasse 74/2	Großmarkt Wien	1230 Wien, Laxenburger Str. 367

* Austria & Germany in total

MANAGEMENT REPORT

The rapidly expanding DenizBank Financial Services Group holds almost 100% of DenizBank AG.

ECONOMIC ENVIRONMENT

Austria's GDP declined very quickly in the second and third quarter of 2023 after stagnating over the winter of 2022, and leading economic indicators indicate that the decline will continue in the fourth quarter. The Austrian economy therefore entered into a recession in 2023.

Employment has stagnated since the beginning of year 2023, but the number of job openings has declined and the number of those who are officially unemployed has slightly increased. In November 2023, the unemployment rate was 5.1%, up 0.5 percentage points from the previous year. This is lower than the average for the EU and the Eurozone. Considering the economic slowdown in mid-2022 and the winter 2022 stagnation, the Austrian labor market is proving to be surprisingly resilient in 2023.

Driven by increases in energy prices, the Austrian inflation rate measured by the Harmonised Index of Consumer Prices (HICP) increased from 1.4% in 2020 to 2.8% in 2021 and 8.6% in 2022. Compared to the Euro area average, consumer prices in Austria remained high at the beginning of 2023.

With the exception of August, the HICP inflation rate decreased in every month of 2023, from 11.6% in January to 5.4% in November. Energy was the primary cause of the decrease in inflation, with food and non-energy industrial products coming in second and third. In its September 2023 inflation projection, the OeNB forecast that the HICP inflation rate would reach 7.8% in 2023, fall to 4.3% in 2024 and then to 3.1% in 2025. Core inflation will reach 4.9% in 2024 and 3.4% in 2025.The current upside risks to the inflation forecast are associated with profit margins and wage settlements that are higher than anticipated.

A mild economic rebound in 2024 will be supported by a better global environment, rising real disposable household incomes as a result of lessening inflationary pressures, and robust nominal wage growth. Even with high stock levels, the largest risk to growth is still disruptions in the energy supply, such as those brought on by escalating intensification in Ukraine.

BUSINESS PERFORMANCE AND ECONOMIC SITUATION

In July 2019 Emirates NBD Bank PJSC acquired DenizBank Financial Services Group, which also DenizBank AG is a part of. Emirates NBD Bank Group (ENBD) is a leading Middle East banking group based in Dubai, listed on the Dubai Financial Market (DFM) and a major player in global digital banking. ENBD is active in both retail and corporate banking and serves more than 14 million customers. The bank is listed among the top 20 in the Forbes list of "World's Best Regarded Companies", thereby securing a leading position among global brands. ENBD currently employs more than 25,000 people from 70 nations, making it one of the largest and most culturally diverse employers in the United Arab Emirates (UAE). As the largest bank in the nation, Emirates NBD is an ambassador of economic and social progress for the entire UAE.

DenizBank Financial Services Group, which now belongs to ENBD, holds 100% of DenizBank AG with the exception of two shares. With 658 bank branches, a strong corporate banking and corporate finance platform and approximately 15,338 employees, DenizBank A.S., the direct owner of DenizBank AG, is one of the five largest private banks in Türkiye.

In this context, DenizBank AG is a Türkiye specialist for foreign trade financing, business transactions and business initiations in line with dynamically growing bilateral trade and investment volumes. DenizBank AG is therefore an important partner for companies and private customers with business relations in this region. The parent company's dense network of branches in Türkiye enables DenizBank AG to offer comprehensive services for foreign trade financing and business transactions, especially to medium-sized businesses. Customers also benefit from the synergies within the DenizBank Financial Services Group and the new partner ENBD.

The course change initiated in the past in the strategic orientation of the bank was continued in 2023. The long-term goal is the broader diversification of the loan portfolio, digitization and the focus on private customers in the financing segment.

OUR BUSINESS ACTIVITIY

The primary business segment of DenizBank AG are loans to financial institutions and customers.

As part of the pursued digitalisation strategy, DenizBank AG also focused on the continuous expansion and further development of its digital product and service solutions in the past financial year.

The banking organization itself remains close to the market. Innovative digital services are supported by 11 operational branches in Austria and 3 branches in Germany. DenizBank AG is close to its customers with long opening hours, with one service center each in Austria and Germany, as well as its multilingual internet banking portal (www.denizbank.at and www.denizbank.de) and the DenizMobile app are available to the customers. In addition to its branches, DenizBank AG also operates a central office in Frankfurt am Main in Germany under the name DenizBank (Wien) AG, Zweigstelle Frankfurt/Main. Thanks to the excellent personal advice provided locally in the branches, the comprehensive multilingual internet banking platform and the modern equipped service center, the branch also offers its customers comprehensive service.

Private and corporate customers are furthermore offered a foreign payment service, which is also used by customers who do not have a permanent business relationship with DenizBank AG. The successful cooperation with MoneyGram will be continued to ensure fast payment transactions worldwide, providing DenizBank AG customers with around 430,000 MoneyGram payment points in over 200 countries.

The refinancing of DenizBank AG is primarily characterized by customer liabilities. Our customers' trust in our bank is also strengthened by the fact that DenizBank AG, as an Austrian bank, is subject to the Austrian regulations on deposit protection and investor compensation (section 93 ff BWG). DenizBank AG is a member of the statutory protection scheme for banks and bankers, the Einlagensicherung AUSTRIA.

Our Participations

DenizBank AG holds 100% of Deniz Immobilien Service GmbH and 100% of CR Erdberg Eins GmbH & Co KG, both based in Vienna. Due to this holdings, land and buildings of the headquarters in Vienna Erdberg are been in possession of DenizBank AG.

Financial performance indicators for the past year 2023

Development of Balance Sheet

The total assets for the year 2023 amounts to 5,638,628,166.94 EUR, which is 30,918 kEUR lower than previous year's figure of 5,669,546 kEUR.

The main driver of this development was the deliberate reduction in the exposures of borrowers, whose profile was no longer compliant with the new strategic policy of DenizBank AG. In order to achieve this, a conscious reduction of customer liabilities was accepted.

Development of Total Assets in kEUR

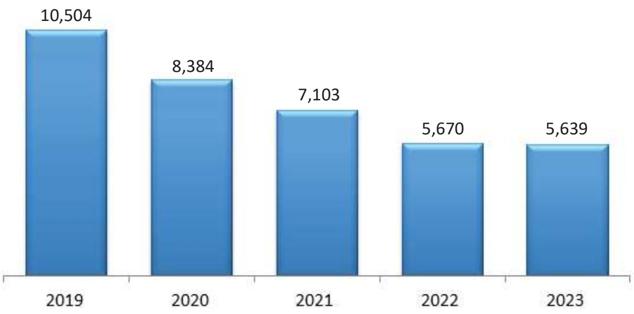


Figure 1: Development of the Total Assets of DenizBank AG

Loans and advances to customers decreased during the financial year 2023 to 2,361,861,468.79 EUR (previous year: 2,809,731 kEUR), which represents a decline of approximately 15.9%.

The resulting liquidity surplus could be provided to selected banks. At the end of the year, receivables from banks increased to 1,695,300,445.12 EUR (previous year: 1,197,802 kEUR) and balances against central banks decreased to 1,028,038,662.52 EUR (previous year: 1,241,427 kEUR).

The portfolio of securities, mainly consisting of government bonds, increased by 86,112 kEUR to 171,370,778.75 EUR (previous year: 85,259 kEUR). Bonds and other fixed-income securities including accruals increased by 41,810 kEUR to 295,849,620.12 EUR (previous year: 254,040 kEUR).

Total liabilities to customers (including savings deposits) decreased by 2.5% to 4,039,187,162.32 EUR (previous year: 4,142,737 kEUR). Savings deposits also declined by 48,942 kEUR to 794,075,941.92 EUR at the end of 2023 (previous year: 843,018 kEUR) and the share with an agreed term or period of notice was 67% (previous year: 22%).

Liabilities to credit institutions increased by 47,026 kEUR in the amount to 167,100,056.47EUR (previous year: 120,074 kEUR) remained at a comparable level.

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Key balance sheet indicators

Changes in key balance sheet items in 2023	in kEUR	in %
Total assets	-30,918	-0.5
Loans to customers	-447,870	-15.9
Loans to credit institutions	497,498	41.5
Liabilities to credit institutions	47,026	39.2
Liabilities to customers	-103,550	-2.5
Thereof savings deposits	-48,943	-5.8
Equity	6,623	0.5
Own funds	-669	-0.1

Table 1: Key balance sheet indicators of DenizBank AG

Total qualifying capital in kEUR

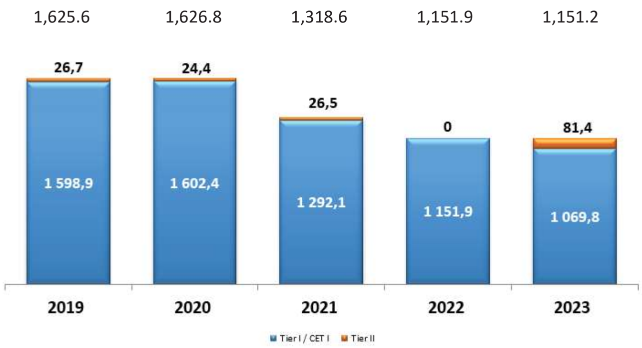

Figure 2: Total qualifying capital of DenizBank AG

The supplementary capital amounted to 81,447,963.80 EUR (previous year: 0 kEUR) at the closing date for the annual financial statements.

The own funds amount to 1,151,200,452.25 EUR at the end of 2023 (previous year: 1,151,870 kEUR). The changes in retained earnings amounting 200,000,000.00 EUR relates to the reversal of retained earnings. The liability reserve in accordance with section 57 (5) BWG remains unchanged amounting 77,952,088.00 EUR (previous year: 77,952 kEUR).

The total capital ratio of DenizBank AG is 36.36 % of the total capital requirements (previous year: 34.50 %) and thus could be increased by a further 1.86% points.

Review of Income Statement Items

The net interest income of 193,673,514.00 EUR increased by 67.975 kEUR or 54% compared to the previous year 125,699 kEUR, mainly due to the increase of the market interests. The net commission income decreased by 22% in comparison to the previous year and amounts in 2023 at 8,711,369.79 EUR (previous year: 11,232 kEUR).

The financial result increased from 1,013 kEUR by 3,614 kEUR to 4,627,247.52 EUR of profit in 2023. This is mainly due to the realized profit from a cross currency swap that was closed early.

As a result of these effects, the operating income increased by 40% to 207,918,016.13 EUR from 148,493 kEUR in the previous year.

Operating expenses increased from 52,908 kEUR in the previous year to 53,671,888.21 EUR in 2022 mainly due to an increase in personnel expenses.

Consequently, the operating result of DenizBank AG increased to 154,246,127.92 EUR (previous year: 95,585 kEUR).

Development of the operating result in kEUR

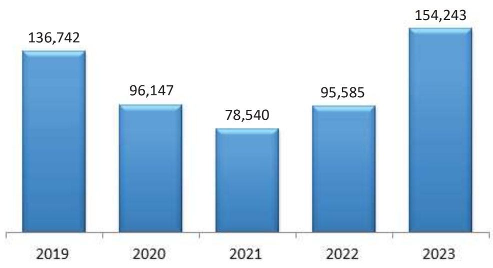

Figure 3: Development of the operating result of DenizBank AG

Thus, the profit on ordinary activities for 2023 amounts to 149,178,382.30 EUR (previous year: 66,580 kEUR), the net profit for the year after taxes was 124,972,375.97 EUR (previous year: 62,271 kEUR).

The movement in retained earnings 200,000,000.00 (previous year: 200,000 kEUR) relate to the resolution to release retained earnings to net profit for the year.

Key earnings and structural figures

	2019	2020	2021	2022	2023
Total capital ratio (%)[1]	23.78	31.19	33.35	34.50	36.36
Tier II (%)	23.55	30.73	32.68	34.50	33.79
Return on equity (%)[2]	3.84	0.27	2.44	4.14	9.45
Profitbefore taxes (kEUR)	66,860	2,651	42,904	66,580	149,178
EBT/average employees (kEUR)	132.1	5.5	94.5	163.99	403.18
Loan/deposit ratio (%)	73.46	72.33	67.67	67.82	58.47
Net interest margin (%)[3]	1.72	1.60	1.56	1.97	3.43
Cost-IncomeRatio (%)[4]	26.46	32.57	39.49	36.29	25.31

Table 2: Key earnings and structural figures of DenizBank AG

[1] *Own funds/total outstanding amount*
[2] *Net income after taxes/average equity*
[3] *Net interest income/average total assets*
[4] *(Administrative expenses+depreciation and amortization + taxes (excluding income taxes)) / (Net interest income+net commission income)*

The increase of the net interest margin results in particular from the increase of the interest rates. Especially the increase of the net interest income leads to an improvement of the Cost-Income-Ratio, which reflects DenizBank AG's reputation as a trustworthy but at the same time highly efficient partner in the processing of banking transactions.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

Risk report

Key risk figures

Selected key risk figures of DenizBank AG
are presented below:

in EUR million	31.12.2023	31.12.2022
CET-1 ratio	33.79%	34.50%
Total Capital Requirement ratio	36.36%	34.50%
MREL in % Total Risk Exposure Amount	36.36%	34.50%
Leverage ratio	18.91%	20.21%
Liquidity coverage ratio (LCR)	783.71%	543.00%
ICAAP Utilisation (Gone Concern Scenario)	58.87%	69.68%

Table 3: Key risk figures of DenizBank AG

These ratios are documented in DenizBank AG's Risk Appetite Statement, which contains a list of strategic indicators. The compliance with these indicators plays an essential role for the bank's fundamental financial health and operational business success.

Economic capital

The management of internal capital adequacy (economic capital) at DenizBank is performed based on the Gone Concern perspective. The following chart presents the distribution of economic capital requirement according to type of risk as at 31.12.2023:

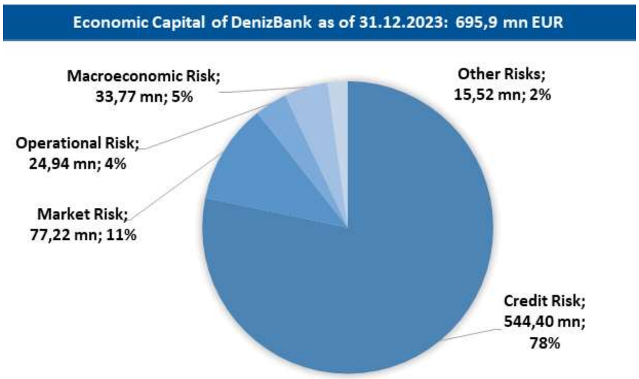

Figure 4: Economic capital requirement by risk type as of 31.12.2023

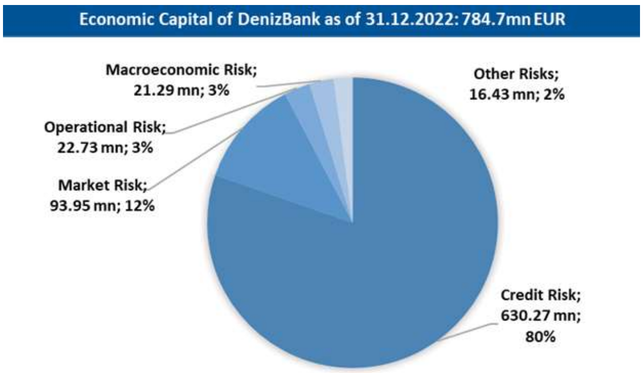

Figure 5: Economic capital requirement by risk type as of 31.12.2022

Risk profile:

Based on the results of the risk identification and materiality assessment as of 31.12.2023, the following risk types are assessed as most significant:

- Credit risk (including default risk, concentration risk, risk of foreign currency loans)
- Macroeconomic risks
- Market risks
- Operational risk (incl. Legal & Compliance risk)
- Business risk
- Liquidity risk

The materiality assessment does not take into account any risk mitigation measures taken.

In the reporting period changes were made in sector classifications mainly regarding holding companies. The adjustments between the sectors make it only partly possible for comparison with previous periods.
As of the reporting date, DenizBank AG had the following sector concentrations on the assets side, after taking into account collateral (excluding investments with central banks):

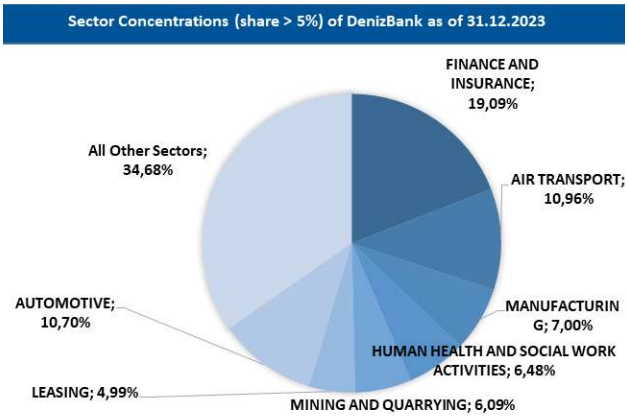

Figure 6: Sector concentration as of 31.12.2023

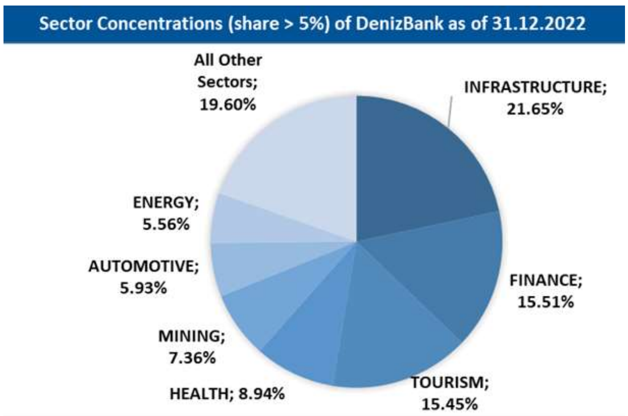

Figure 7: Sector concentration as of 31.12.2022

The “Loans & Advances” portfolio (excl. central bank funds) of DenizBank AG shows the following composition in terms of rating allocation, based on the internal rating scale (1 = best credit rating; 25 = worst credit rating), the composition of the portfolio as of the reporting date is as follows:

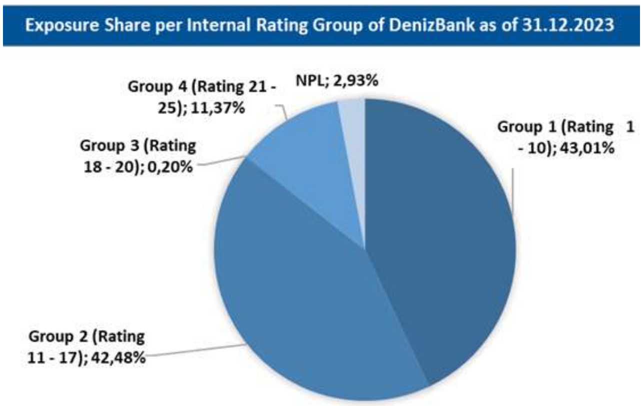

Figure 8: Exposure at Default - Allocation according to Internal Rating Scale as of 31.12.2023

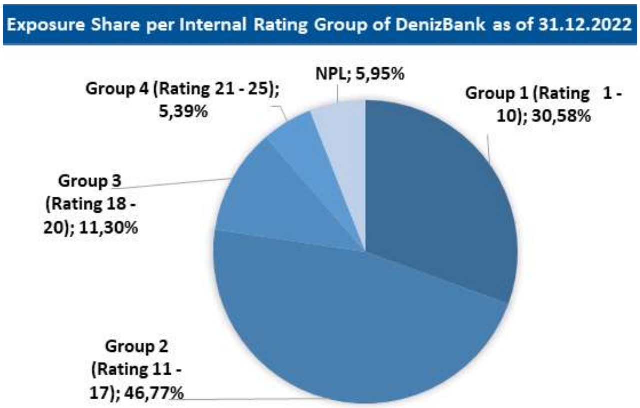

Figure 9: Exposure at Default - Allocation according to Internal Rating Scale as of 31.12.2022

Risk-relevant developments in the past financial year

In the reporting year, die balance sheet size has been reduced to the budgeted level, primarily resulting from scheduled loan repayment and reduction of deposits covered by deposit insurance. Consequently, the RWA were reduced to EUR 2,676,202,996.91 (previous year: 2,800,671 kEUR), leading to an increase of the regulatory capital ratios.

Given the raising key interest rate by central banks already started in 2022, market rates showed a significant increase, requiring the increase of deposit rates as well. Given the cautious increase of deposit rates and efficient management of deposit customers, the deposit level anticipated has been achieved. Due to higher interest income a significant increase of the net interest income was achieved. Given the balanced interest maturities of assets and liabilities, potential negative effects on the interest rate risk position of DenizBank AG could be limited to a very minor level.

The potential effects resulting from macroeconomic disruptions (i.a. significant increase of inflation rates, energy prices) triggered by the Russian war of aggression were limited to a very minor level and did not lead to classificaiton of customers as default within the reporting period. The NPL portfolio was reduced further and the remaining NPL amount is sufficiently covered by specific provisions and posted collateral resulting in a total coverage ratio of >100%.

Possible risk-relevant developments in the coming financial year

The tense geopolitical and macroeconomic environment will represent one of the key drivers for the further economic development as well as performance of financial industry in 2024. Depending on the further inflation rate development, additional interest rate hikes by ECB may occur, where potential negative effects on the loan disbursement and total economic development are representing key factors.

The cautious and forward-looking planning of refinancing sources and costs will be a main management aspect in the upcoming year, to consider respective to react in due time on potential rate decreases by the central bank. On the earnings side, the compensation of the expiring loan business will continue to be a challenge due to the tense macroeconomic situation as well as the consideration of new regulatory requirements (e.g. ESG factors and transformation to a CO_2 neutral economy). Additionally, the already started diversification of assets will be in focus, where new customer segments as well as new products will be established that needs to be considered in the risk management processes and risk limits.

Risk goverenance and strategy

DenizBank has implemented a sound risk management process, which is forward-looking and tailored to the bank's governance and strategy, in order to ensure adequate capital and liquidity resources and therefore to secure the bank's sustainable continued maintenance.

The relevant risks are systematically identified, measured, managed and limited. In this context, the bank defined and implemented a comprehensive risk strategy that is executed within a clearly defined governance structure.

DenizBank's risk strategy reflects its attitude towards risk assumption and risk management. The risk strategy covers the following contents:

- Risk governance principles
- Target risk structure
- Risk Appetite Statement

Risk governance principles

The risk governance principles represent the entirety of the central rules of conduct necessary for dealing with the bank's risks. From risk management perspective, these principles are fundamental for a uniform understanding of corporate objectives.

The key risk governance principles of DenizBank are defined as follows:

- Prudent risk management
- Conscious assumption of risks
- Ensuring risk transparency
- Avoidance of conflicts of interest
- Permanent ensuring of risk-bearing capacity
- Achieving an adequate return on equity
- Compliance with legal requirements
- Development of an appropriate risk culture

Target risk structure

The target risk structure is determined by the Management Board considering the business model and the business strategy as well as the current risk structure. The definition of the target risk structure includes strategic considerations relating to which risks and to what extent these risks will be accepted in the future and which risks should be avoided. Additionally, the target risk structure provides the basis for risk management measures, such as the setting of new or the adjustment of existing limits, both at total bank level and at the level of individual risk types.

Risk Appetite Statement (RAS)

The risk appetite determines the appropriate maximum of risks, which the bank is willing to accept in order to effectively execute its business strategy and reach given business targets.

The bank's RAS contains a list of strategic indicators, where the compliance with these indicators plays an essential role from risk governance perspective during business activities. The indicators are defined for the key risk categories such as liquidity, capital, profitability, development of asset quality, concentration and interest sensitivity. The indicators are monitored via an adequate limit system, to identify adverse developments at an early stage.

Limit violations are subject to an escalation procedure, which can trigger designated management measures, depending on the status of the limit violation.

The Enterprise Risk Management department is responsible for the monthly monitoring of the RAS indicators and the RAS reporting to Management Board.

Structure and organisation of Risk Management Framework

The governance structure of DenizBank is focusing on the avoidance of conflicts of interest. Moreover, it ensures a standardized monitoring process within the risk management framework process. The governance structure relies on the "Three Lines of Defence" model.

In order to minimize conflicts of interest, DenizBank pursues a clear structural separation (separation of functions and responsibilities) between the market and after-market departments. Consequently, the separation between market and after-market (organizational structure) and a clear definition of tasks and responsibilities (process organization) ensures that activities, which are incompatible with each other, are executed by different organizational units. The control functions such as Enterprise Risk Management, Compliance, AML and Internal Audit are performed independently from the front office responsibilities. The separation of duties on the operating entity level of DenizBank is also reflected in the bank's organisational chart and the allocation of responsibilities at Management Board level.

The following chart presents the hierarchies and structure of DenizBank's risk management and control framework and the individual organizational units involved.

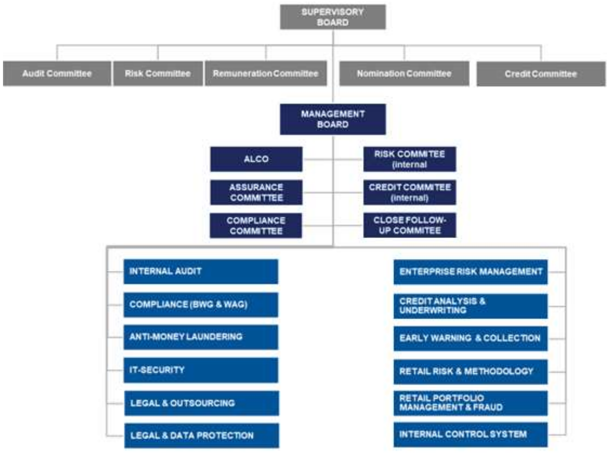

Figure 10: Organizational structure of the risk management system of DenizBank AG

The Management Board bears the overall responsibility for both, the risk management as well as for risk controlling in accordance with the DenizBank's framework of risk management. Additionally, the Management Board defines the strategic framework for all relevant risks of the Bank. As a result, all departments of the Bank must subsequently comply with the relevant guidelines and practises. In addition, the Management Board sets appropriate risk limits (pre-management) and, as the legal addressee of DenizBank's risk management units, takes formal decisions on matters relevant to risk management.

The main role and responsibility of the DenizBank's Supervisory Board is to advise and monitor the Management Board of the bank. At regular intervals, Supervisory Board reviews the risk strategy and the organizational structure. Additionally, it ensures that the Management Board takes all necessary measures to identify, measure, assess, monitor, steer and limit the risks. Consequently, the effectiveness of internal controls is also monitored by Supervisory Board.

The professionally qualified committees of the Supervisory Board - the Audit Committee, the Nomination Committee, the Remuneration Committee and the Risk Committee - contribute to the fulfilment of the Supervisory Board's functions.

The following table summarizes the tasks and responsibilities of the main units involved in the risk management and control process:

Unit	Main responsibilities
Supervisory Board	- Advising and monitoring the Management Board - Review and approval of the risk strategy including risk appetite - Monitoring the effectiveness of the risk management system, the internal control system and the internal audit system - Ensuring the implementation of the risk strategy in connection with the identification, assessment, management and monitoring of risks as well as capital adequacy and liquidity
Risk Committee according to the Article 39d BWG	- Advising the Supervisory Board on the Bank's current and future risk appetite and strategy - Monitoring the implementation of the risk strategy in conjunction with the identification, assessment, management and monitoring of risks as well as capital adequacy and liquidity - Review / monitoring of pricing in line with the risk strategy
Audit Committee according to § 63a (4) BWG	- Monitoring the effectiveness of the risk management system, the internal control system and the internal audit system - Monitoring and assessment of the completeness of the financial statements
Nomination Committee according to § 29 BWG	- Identifying candidates to fill vacant positions in the management / executive board and submitting the corresponding proposals to the Supervisory Board - Support of the Supervisory Board in preparing proposals to the Annual General Meeting for filling vacant positions on the Supervisory Board - Assessment of the knowledge, skills and experience of both the managers and the individual members of the supervisory board as well as of the respective body as a whole and their communication to the supervisory board
Remuneration Committee according to § 39c BWG	- Review of the competent and independent formulation and assessment of remuneration policies and practices relating to the management, monitoring and mitigation of risks, capital adequacy and liquidity - Supervision of remuneration policies, practices and incentive structures related to remuneration - Advising the Supervisory Board on compensation issues, including those relating to the Bank's risk and risk management
Credit Approval Committee	- Granting of loans in accordance with the supervisory regulations and the Articles of Association
Management Board	- Implementation of the strategies and principles approved by the Supervisory Board - Developing appropriate policies, systems and procedures to identify, assess, manage and monitor risks arising from all banking and operational activities and remuneration policies and practices - Establishment of an organisational structure with clear separation of tasks and responsibilities - Ensuring the effective execution of delegated tasks - Establishing an appropriate internal control governance - Monitoring the adequacy and effectiveness of internal control systems
Risk Committee	- Monitoring of the Bank's business activities in accordance with the risk appetite defined by entire Management Board - Monitoring and implementation of appropriate risk governance principles, procedures and methods for business activities
Enterprise Risk Management	- Provision of appropriate risk measurement methods and instruments - Creation of risk guidelines and control regulations - Assessment, control and monitoring of all risks relevant to the Bank by using appropriate methods and instruments of risk controlling - Risk reporting - Review & update of the risk management process
Early Warning & Collection	- Operational credit risk management - Monitoring the loan book and the collateral portfolio - Management of defaulted loan customers and exploiting of collaterals provided
Credit Analysis & Underwriting	- Creditworthiness assessment of credit customers - Monitoring the economic situation of credit customers

Unit	Main responsibilities
Internal Audit	- Audit of the legality, regularity and appropriateness of the entire company - Review of the effectiveness of the internal control system and the risk management system
Compliance (BWG; WAG)	- Monitoring of the current relevant legislation - Ensuring the legal conformity of all relevant processes in the bank - Identification of actual or potential deviations from laws, regulations, codes and standards and internal guidelines
Anti Money Laundering	- Implementation of a mechanism to effectively combat money laundering and the financing of terrorism within the framework of the legal provisions and the instructions of the Management Board - Monitoring and ensuring compliance with all money laundering regulations
Data Protection Officer	-Monitoring compliance with the Data Protection Act and advising the Management Board and employees on data protection issues - In case of suspicion of violation of the lawful state, creation of this state and, if necessary, reporting to the data protection commission
Internal Control Systems Officer	- Central coordination & control of ICS requirements - Control definition and monitoring of control effectiveness

Table 4: Tasks of the main units involved in the risk management process of DenizBank AG

Total bank risk management

A comprehensive process for the effective identification, quantification, management and limit setting of risks and associated with this an adequate internal capital and liquidity capacity comprise the fundamental basis for business activities of DenizBank AG.

The Internal Capital Adequacy Assessment Process (ICAAP) according to Pillar 2 represents one fundamental component of total bank risk management of DenizBank AG. With the total bank stress tests for Pillar 2 the adequacy of the internal economic capital as further assessed in an adverse market environment.

An additional fundamental component represents the Internal Liquidity Adequacy Assessment Process (ILAAP) according to Pillar 2, ensuring a sufficient liquidity adequacy of the Bank. The appropriateness of the available liquidity buffer is challenged by conducting internal liquidity stress tests to safeguard liquidity even in a crisis situation. Moreover, a Contingency Funding Plan including liquidity raising measures is implemented to ensure liquidity of DenizBank AG at any time.

Regulatory capital and liquidity adequacy

In addition to the ICAAP and ILAAP, DenizBank AG ensures the regulatory required capital and liquidity adequacy. The process includes the monitoring of RWAs, regulatory capital requirements, limit systems, the total bank stress tests for Pillar 1 and the Recovery Plan.

From a liquidity perspective, the available liquidity buffer, maturity mismatches of assets and liabilities as well as the liquidity in- and outflows are monitored.

Regulatory minimum own funds requirements

Credit institutions are obliged to hold eligible own funds being available at any time in order to cover the risks incurred in the course of their business activities. The regulatory own funds requirements are calculated in accordance with the Article 92 CRR and cover the regulatory capital requirements for credit risk, market risk and operational risk.

As of reporting date, DenizBank AG maintained a Total Capital Requirement ratio of 36.36%.

in EUR million	31.12.2023	31.12.2022
For credit risk	225.60	238.61
For market risk	0.00	0.04
For operational risk	24.94	22.73
Risk of credit valuation adjustment (CVA)	2.77	5.71
Total own funds requirement	253.31	267.10

Table 5: Regulatory Minimum Own Funds Requirements

Credit risk

The calculation of own funds requirements for credit risk is based on the standardized approach pursuant to Articles 111 to 141 CRR.

For the purposes of credit risk mitigation (Part 4 Title II Chapter 4 Section 1 CRR) the comprehensive method (pursuant to Articles 223 to 224 CRR) for treatment of collaterals is applied.

Within the calculation of the regulatory own funds, collaterals considered by DenizBank AG are used to reduce credit risk.

The non-performing loan portfolio (NPL portfolio) amounts to 115,716,735.29 EUR as of 31.12.2023 (previous year: 247,294 kEUR), which corresponds to a regulatory NPL ratio of 2.93%. Specific loan loss provisions (SLLP) related to NPL amount to 115,716,735.29 EUR (previous year: 153,993 kEUR).

Market risk

The calculation of own fund requirements for market risk is based on the standardized approach.

Operational risk

The calculation of regulatory capital requirements for operational risk is based on the Basic Indicator Approach as referred to Article 315 CRR. In accordance with the Basic Indicator Approach, the minimum own funds requirement for operational risk is 15% of the relevant indicator. The relevant indicator is calculated as the three year average of operating income in accordance with Article 316 CRR.

Risk of a credit valuation adjustment (CVA)

The determination of own funds requirements in order to cover the CVA risk is based on the standardized approach pursuant to Article 384 CRR.

Regulatory own funds

The following table presents the composition of regulatory own funds for DenizBank AG:

in EUR million	31.12.2023	31.12.2022
Subscribed capital	231.83	231.83
Capital reserves	340.63	340.63
Retained earnings	207,92	407.92
Liabilities reserve	77.95	77.95
Net profit	427,01	302.04
Intented distribution of net profit	-200.00	-200.00
Position to be deducted	-15.59	-8.50
Total Tier 1 Capital	1,069.75	1,151.87
Supplementary capital	81.45	0
Total Capital	1,151.20	1,151.87

Table 6: Prudential own funds requirements

Internal Capital Adequacy Assessment Process (ICAAP)

The requirements of Pillar 2 regarding an effective total bank risk management and the adequacy of the risk coverage capacity are covered by DenizBank by the Internal Capital Adequacy Assessment Process (ICAAP) calculations on a total bank level.

All banking and operational risks are managed, monitored and limited by using adequate methods. In accordance with a proportionality principle, the structure of the risk management system is designed by the type, scope, complexity and risk content of business activities.

The fundamental components of total bank risk management comprise risk identification, materiality assessment, risk strategy, risk-bearing capacity calculation, stress testing framework, limit system and risk reporting.

At DenizBank AG, the required amount of risk capital to ensure solvency of the Bank at a given confidence level and time horizon (economic capital) is estimated based on the Gone Concern perspective.

Economic capital by risk type

The following table presents the economic capital of DenizBank AG as of 31.12.2023 split by main risk types:

in EUR million	31.12.2023	31.12.2022
Credit risk	544.40	630.27
Market risk	77.22	93.95
Operational risk	24.94	22.73
Macroeconomic risk	33.77	21.29
Other risk	15.52	16.43
Total Risk Capital	695.85	784.67

Table 7: Economic capital (total risk capital in gone concern perspective of ICAAP calculation)

Risk identification and materiality assessment

As part of the annual risk inventory, all material risks the Bank is exposed to, are identified, evaluated and documented in a structured manner. The risk identification is focusing on creating a uniform, bank-wide understanding of the existence, definition and characteristics of the various risk types.

The identified risk types are assessed in terms of their characteristics within the risk materiality assessment. The assessment shall involve especially the potential impact on financial position (including capital requirements), financial performance and liquidity position of DenizBank. Based on this evaluation, a risk profile or rather an actual risk structure can be derived for DenizBank.

The key results of the materiality assessment are used for modelling the risk-bearing capacity and accordingly for designing stress test frameworks.

Risk-bearing capacity calculation

The risk-bearing capacity calculation (RBCC) is executed monthly based on defined scenarios Going Concern and Gone Concern. For this purpose, the individual risk types are summed-up to an overall risk potential and needs to be covered with the available risk coverage capital. The fundamental condition of the RBCC is that the total of the measured risks at the Group level (overall bank risk potential) needs to be covered by the total available risk coverage capital at any time - both in the Going Concern and the Gone Concern. The risk coverage capital essentially comprises of eligible equity and the available profit surplus of ordinary activities.

The primary objective of the Going Concern scenario is to secure the claims of equity providers. The continued maintenance of the bank shall also be ensured if losses occur during the observation period. The Going Concern scenario is calibrated to a confidence level of 95%. In contrast, the objective of the Gone Concern scenario is defined as securing creditors' claims. Even in an extreme situation (confidence level of 99.9%), bank creditors will be served from the remaining risk coverage capital of DenizBank and therefore protected from losses.

The RBCC is fundamental for the sustainable business decisions of DenizBank, since business transactions and their inherent risks can only be borne up-to a certain limit by the available risk coverage capital. The nature and extent of the risk-bearing activities of the DenizBank AG determine an appropriate level of the risk coverage capacity.

The results of the RBCC are reported to the monthly Risk Committee, which monitors the safeguarding of risk coverage capacity at any time.

The risk-bearing capacity analysis covers unexpected losses from the following material risks categories:

Credit risk	- Default risk in the classic loan business - Issuer risk in the trading and banking book - Counterparty credit risk (incl. CVA) - Concentration risk (country, sector & single name) - Migration risk - Risk arising from FX-loans - Residual risk from credit risk mitigation techniques
Market risk	- Interest rate risk - Credit spread risk - Foreign exchange risk
Operational risk	Inadequacies or failures of internal procedures, employees and systems or external events, including legal risks
Macroeconomic risk	- GDP (Increase in PDs) - Exchange rates (Increase in EAD)
Other risk	- Liquidity risk (refinancing risk) - Risk of money laundering and terrorist financing - Business risk - Reputation risk - Risk from excessive indebtedness

Table 8: Major risks of DenizBank AG

Credit risk

Risk measurement

For credit risk estimation in the RBCC, the Foundation IRB approach has been implemented. The credit risk relates to the unexpected loss of credit risk-relevant positions of DenizBank's portfolio.

When determining the unexpected loss of credit risks, both the internal rating and the eligible collaterals are considered, whereby the probability of default of a debtor is estimated by internal rating methodology.

The credit default risk refers to the unexpected loss of credit transactions (excluding debt instruments and derivatives) calculated under the Foundation IRB approach.

The issuer risk refers to the unexpected loss of debt instruments in the banking book determined by using the Foundation IRB approach.

The capital requirement for the counterparty risk for derivative positions includes two components: the default risk and the CVA risk. The counterparty credit risk relates to the unexpected loss of derivatives estimated by using the Foundation IRB approach. The CVA risk is measured by applying the standardized approach pursuant to Article 384 CRR.

The assessment of the migration risk explicitly relates to the assumption that the loan customer's creditworthiness is deteriorating. The difference between the unexpected losses before and after the reduction of customers' credit rating is the result for the risk value of migration risk.

The estimation of risk from foreign currency loans is performed within the DenizBank rating models. Based on a defined stress scenario where the customers are re-rated, the foreign exchange risk of customers (FX risk) is calculated. The difference between the unexpected losses of credit ratings before and after FX stress scenario reflects the risk value of the FX risk from foreign currency loans.

Due to receivables secured by real estate, DenizBank is consequently faced with the residual risk from credit risk mitigation techniques. Thus, the LGD for receivables secured by real estate is increased to quantify the residual risk of credit risk mitigation techniques.

The estimation of the concentration risk is based on a stochastic Value at Risk (VaR) multi-factor model, which covers the aspects of concentration relating to single name, sector and country.

Risk management and mitigation

The diversification of loan portfolio shall be accelerated by extending business transactions in European countries, especially by purchasing bonds, promissory note loans and granting bilateral and syndicated loans.

DenizBank implemented internal credit rating models, applied for different customer segments and using several indicators.

In general, only adequate eligible collaterals with sufficient marketability are pledged when granting of loans. The financial assets pledged as collaterals consist of cash collateral, real estate and guarantees and consequently contribute to the decline of credit risk. The effectiveness of the provided collateral is ensured by the strict implementation of all regulatory requirements and their management over the entire term of the respective loan. In order to identify potential value volatility over time, the collaterals are regularly valued or revalued.

Furthermore, limit setting is an instrument of DenizBank AG to restrict deliberately the credit risk, including i.a. specific limits for country concentrations, sector concentrations and foreign currency loans.

Market risk

Risk measurement

The interest rate risk at total bank level is estimated by performing a sensitivity analysis, which is based on a non-parallel shift of the interest rate curve for relevant currencies.

The FX risk is determined at total bank level by using a Value at Risk (VaR) calculation.

The credit spread risk is estimated by Modified Duration formula, considering historical developments. It is assumed that an increase of risk premiums for all instruments leads to an immediate reduction in the value of bonds.

Risk management and mitigation

In order to hedge FX risk resulting from foreign currency loans, DenizBank uses FX derivative instruments.

In addition, interest rate derivatives are designated to hedge the interest rate risk in the banking book:

Derivative financial instruments in EUR (nominal value)	31.12.2023	31.12.2022
Forward exchange transactions	614,373,371.74	615,700,375.65
Interest Rate Swaps without hedging	6,000,000.00	71,000,000.00
Interest Rate Swaps in a hedging	273,775,422.28	329,746,743.90
Cross Currency Swaps	90,641,387.84	110,454,087.94
Total amount	984,790,181.86	1,126,901,207.49

Table 9: Volume of derivative financial instruments

Operational risk

Risk measurement

The operational risk is estimated with the basic indicator approach pursuant to Article 315 CRR.

In order to ensure a confidence level of 99.9%, the value calculated according to the basic indicator approach is applied for both scenarios Going Concern and Gone Concern.

Risk management and mitigation

The operational risk limitation and management is ensured by an effective internal control system. All significant operational risks are identified and assessed at regular intervals, enabling the Bank to initiate at an early stage necessary countermeasures.

In addition, DenizBank used qualitative methods like maintaining a loss database and conducting risk self-assessments. Furthermore, risk analyses are also performed as part of the product launch and outsourcing process.

Contingency plans, plans for maintaining business operations and plans for restoring critical resources (e.g. IT systems, communication systems, buildings) are implemented and documented. The plans are regularly tested and reviewed and, if necessary, updated.

Additionally, as part of operational risk management, DenizBank AG enters into insurance arrangements (computer operational interruption, loss of information, hardware, etc.).

Macroeconomic risks

Risk measurement

Macroeconomic risks are estimated by using stress tests. The macroeconomic scenarios are applied to assess the effects of changes in the economic environment on the risk and financial situation of DenizBank AG.

Risk management and mitigation

In order to counteract macroeconomic risks, the market situation and changes in the legal framework are continuously monitored and analysed. Especially the review and assessment of macroeconomic parameters on which DenizBank's business strategy is based on is in the focus.

Liquidity risk

Risk measurement

The liquidity risk (refinancing risk) is estimated based on a stress scenario, assuming increased refinancing costs of DenizBank AG. The liquidity gaps of all maturity buckets up to one year need to be closed by applied elevated refinancing costs. The result is used as risk capital and needs to be covered by capital.

There is no capital charge for the insolvency and market liquidity risk under the RBCC. An appropriate ILAAP is implemented in order to identify, monitor and hedge these risks.

Risk management and mitigation

The management methods used by DenizBank are as follows:

- Risk limitation: limit system
- Risk diversification: diversification of counterparties, higher number and smaller volumes per counterparty, region, industry or different business segments
- Risk provisioning: liquidity buffer, counterbalancing capacity, contingency funding plans
- Capital coverage for refinancing risk

Business risk

The business risk primarily arises from a sustained decline in interest rate dependent business, ultimately contributing to the reduction of net interest income.

Risk measurement

For consideration of the business risk in the Gone Concern and the Going Concern perspective, the budgeted result for “net fee & commission” is used as risk amount, which needs to be covered by the risk-bearing capacity.

Risk management and mitigation

In order to counteract business risk, the diversification of the Bank's assets and liabilities is being promoted. In addition, the market situation, the competitive position, customer behaviour and changes in the legal framework are monitored continuously and promptly.

Stress testing framework

DenizBank AG has implemented sound stress tests on total bank level, that are performed on a regular basis to simulate a sharp increase in the bank's total risks and to quantify the negative effects on the financial performance, capital base and capital adequacy.

The annual total bank stress test of DenizBank AG, covering Pillar 1 capital ratios as well as Pillar 2 (ICAAP), is designed as scenario analysis. The scenarios (idiosyncratic, market, combined) reflect different assumptions regarding their impact in case of a stress.

In addition to the total bank stress tests, focusing on the capital impact, liquidity stress tests are conducted on a monthly basis as part of the ILAAP framework. The liquidity stress tests are designed as scenarios (idiosyncratic, market, combined) with different assumptions and are calculated separately for the main currencies of DenizBank AG.

Limit system and escalation procedures

The limit setting for all relevant risks and the use of procedures for monitoring risks ensure that the risks taken are in line with the risk strategy defined by the Management Board and that the Bank's risk-bearing capacity is not exceeded. In addition, the limit system, in combination with clearly defined escalation procedures, ensures that information is reported immediately to the Management Board, relevant departments and committees, thereby enabling an early response to potential or increased risks.

Risk reporting

Risk reporting is a standardised process and takes place at regular intervals. Consequently, it ensures that all relevant committees and decision-makers are appropriately informed regarding the Bank's key risk positions. Thus, negative developments are detected and analysed at an early stage and appropriate measures may be initiated to prevent negative impact on the Bank.

Control process

The appropriateness and effectiveness of the risk management system is ensured by process-integrated (internal) and process-independent (external) controls.

The results of the monitoring measures (especially discovered deficiencies) are reported and evaluated in an appropriate manner so that necessary measures can be taken to improve and eliminate the deficiencies.

The Internal Audit department ensures by the process-independent auditing of DenizBank AG's risk management system an appropriate level of quality of internal controls.

The Internal Audit department reviews the risk management system on an annual basis and reports to the Management Board on the audit results and discovered deficiencies. Furthermore, it monitors the mitigation of deficiencies and informs the Management Board on the status of implementation.

Liquidity risk management (ILAAP)

DenizBank's ILAAP framework ensures that suitable strategies, principles, procedures and systems are in place to identify, measure, manage and monitor liquidity risk. These are in line with the complexity, risk profile and risk tolerance defined by the Management Board and are reflected i.a. in the amount of the liquidity buffer held to cover unexpected liquidity outflows.

The required liquidity buffer is determined both by the regulatory Liquidity Coverage Ratio (“LCR”) and by the internal liquidity risk stress tests. Liquidity risk stress testing is an integral part of the liquidity risk management of DenizBank and is used to identify possible stress events.

Apart from an appropriate liquidity buffer, additional measures and limits are defined as part of the ILAAP framework in order to minimize the negative effects of liquidity risk and to be able to withstand liquidity stress situations. DenizBank also ensures that its refinancing structure is sufficiently diversified and that the availability of various refinancing sources is reviewed at regular intervals.

DenizBank's refinancing strategy is designed to ensure a solid financing structure. This is based on customer deposits, a diversified (in terms of maturities, markets and segments) medium- to long-term refinancing structure and the avoidance of dependency on short-term funding via the money market.

In order to counteract any liquidity bottlenecks as quickly and purposefully as possible, DenizBank AG has prepared a contingency funding plan, which regulates the processes and responsibilities in the event of a liquidity squeeze. The contingency funding plan also contains measures that can be implemented within a short period of time to generate liquidity in order to avert damage to the bank (illiquidity in the most extreme case). Once defined early warning indicators are triggered, measures are initiated if necessary. In addition, the contingency funding plan defines DenizBank's "liquidity status", which ranges from "normal" to "severe crisis" and is dependent on the violation of the defined threshold values of the limits.

The Enterprise Risk Management department is responsible for setting the liquidity risk management guidelines, including the principles, assumptions, methods and limits applied. The Risk Management department is also responsible for monitoring liquidity risk and checking compliance with liquidity risk-related limits and preparing the corresponding risk report.

The Treasury & Financial Markets department handles the operational implementation of the liquidity strategy and the active planning, management and supply of liquidity and liquidity buffers within the framework of external and internal guidelines.

Regulatory liquidity ratios

- Liquidity Coverage Ratio ("LCR")

In Pillar 1, the monitoring of liquidity risk is done with the LCR, which is a measure of the Bank's liquidity risk position. The calculation is based on a stress scenario defined by the regulator, assuming a stress period of 30 days. The calculated net liquidity outflows need to be covered with an appropriate amount of liquidity buffer.

in EUR million	31.12.2023	31.12.2022
Liquidity buffer	1,239.8	1,304.5
Net cash outflow	158.2	240.2
Liquidity Coverage Ratio (LCR)	783.7%	543.0%

Table 10: Liquidity Coverage Ratio (LCR)

- Net stable funding ratio ("NSFR")

The Net Stable Funding Ratio (NSFR) compares the available volume of the stable funding with positions requiring stable funding. This ratio ensures that the Bank maintains a minimum amount of stable funding over a period of one year, based on the liquidity characteristics of its assets.

in EUR million	RSF /ASF weighed	‹ 6 months	≥ 6 ‹ 12 months	≥12 months	HQLA
Required stable funding	2,666.73	1,619.74	691.94	2,371.34	1,239.97
Available stable funding	4,736.44	2,799.21	803.69	1,966.02	-
Net Stable Funding Ratio (NSFR)	177.61%				

Table 11: Net Stable Funding Ratio (NSFR) as of 31.12.2023

in EUR million	RSF /ASF weighed	‹ 6 months	≥ 6 ‹ 12 months	≥ 12 months	HQLA
Required stable funding	3.054,30	1.281,83	235,43	3.159,91	1.304,52
Available stable funding	4.836,51	2.995,25	455,30	2.024,67	-
Net Stable Funding Ratio (NSFR)	158,35%				

Table 12: Net Stable Funding Ratio (NSFR) as of 31.12.2022

Recovery plan:

DenizBank AG has prepared a Recovery Plan in accordance with the "Bankensanierungs- und –abwicklungsgesetz" ("BaSAG"), which is updated annually.

The Recovery Plan serves as a preparation for coping with crisis situations and aims to identify suitable options for recovery measures in order to strengthen the Bank's resistance to systemic and idiosyncratic risks.

Within the framework of the Recovery Plan, recovery indicators from various categories (solvency, liquidity, asset quality, profitability, macroeconomic indicators) and corresponding quantitative triggers (thresholds) are defined in accordance with regulatory requirements. The triggering of recovery indicators identifies potential crisis situations ("recovery case") and defines the point in time at which DenizBank AG must take measures to prevent or mitigate negative impacts. For this purpose, a governance process is triggered when the predefined thresholds are breached, considering the implementation of specific recovery measures if deemed necessary.

The Enterprise Risk Management department coordinates the preparation and maintenance of the Recovery Plan and is responsible for the ongoing monitoring of the recovery indicators. It therefore performs a central supervisory and coordination function within the scope of DenizBank's recovery planning. In addition, the department has a coordinating function in the event of a recovery case and monitors the effectiveness of the measures implemented to restore the violated limits.

Disclosure:

With the annual disclosure report as of reporting date, DenizBank AG complies with the disclosure requirements pursuant to Articles 431 to 455 of Regulation (EU) No 575/2013 (Capital Requirements Regulation - CRR).

This report provides the addressees with a comprehensive overview of the risk structure and risk management of DenizBank AG, both at the total bank level and at the level of individual risks. It includes information on the organizational structure of risk management, the capital structure, minimum capital requirements and risk capital amounts, the risk management systems and remuneration policy and practices.

With the Non-Financial Report as of December 31st, 2023, DenizBank AG complies with the disclosure obligations in accordance with the Sustainability and Diversity Improvement Act and the corresponding provisions of the Austrian Commercial Code (UGB) and the Austrian Stock Corporation Act (AktG).

The disclosure report and the non-financial report of DenizBank AG are available on the website of DenizBank (https://www.denizbank.at).

Prevention of money laundering and combating Terrorism

The main task of the Anti-Money Laundering (AML) Department is to ensure the ongoing review and monitoring of the Bank's business activities on the basis of a risk-oriented approach. In addition, the department supports other departments and divisions in complying with national and international regulations on Anti-Money Laundering (AML) and Counter Financing of Terrorism (CFTF).

In this context, the AML Department acts as an independent unit informing the Management Board directly on important issues (e.g. changes in legislation and related measures with regard to AML and CFT, information on IT-system requirements and notification reports) and suspicious transactions. Hence, AML Department provides strategically relevant recommendations for possible future courses of action.

The internal processes and risk analyses are constantly updated in accordance with the respective applicable laws. Other departments, such as IT, also support the department, which plays an essentially important role in the preparation of systematic controls and scenario analyses. Furthermore, the Bank's Compliance and Internal Audit departments work closely with the AML Department as additional independent control bodies.

In accordance with The Financial Market Anti-Money Laundering Act, banks are required to apply group-wide strategies and procedures aiming to prevent money laundering and financing of terrorism financing in order to provide exchange of information within the group. The banks AML Policy is reviewed and updated on a yearly basis (last updated in November 2023).

During 2023, branch employees as well as employees of other operational departments were daily supported by AML Department in all AML-relevant matters. The support activities include monitoring of account openings, verifying the source of funds, conducting due diligence of customers and identification of conspicuous transactions and customers' behaviour. Employee trainings are focusing not just on providing information on all relevant regulations and legal obligations, but also on giving instructions on correctly conducting day-to-day business and on identifying possible cases of money laundering and financing of terrorism as well.

Compliance

The main task of the Compliance Department of DenizBank AG is to ensure conformity with the legal provisions applicable to DenizBank AG and the voluntarily assumed obligations. In addition, the Compliance Department ensures anchoring of employee integrity into corporate culture.

The Compliance Department is an independent staff department, which reports directly to the Management Board. Because of the importance of effective compliance rules, the Management Board supports the Compliance Officer in the implementation of the compliance policy. DenizBank AG regards the identification and mitigation of legal and reputational risks as a fundamental aspect of ensuring reliable banking operations and professional customer service. Therefore, the Compliance Officer closely cooperates with the Management Board and provides strategic recommendations on compliance issues as an independent unit.

The internal compliance rules of DenizBank AG are based on the one hand on European and national legal provisions (in particular related to banking regulations as well as securities supervision, capital market and stock exchange laws), and on the other hand on the Standard Compliance Code of the Austrian banking industry and Guidelines and Minimum Standards of European and Austrian Regulators (esp. EBA, ESMA and FMA).

Conflicts of interest between customers of DenizBank AG and employees are governed by clearly defined provisions such as specific guidelines relating to anti-corruption, the avoidance of conflict of interest, accepting and granting of gifts.

In order to ensure compliance with all provisions and regulations, the compliance relevant policies and procedures have been adopted and are being reviewed on a regular basis.

The mandatory training for all new employees contributes to a proactive awareness of importance of compliance issues. For employees in certain compliance-intensive business areas, the additional intensive training is provided in order to prepare them effectively for their special tasks.

HUMAN RESOURCES

Personnel

In the financial year 2023, the bank hired 55 new employees, with particular attention being paid to the experience, skills and cultural fit of the new employees in the recruiting process. DenizBank AG is proud to offer diverse career paths not only for young people but also for experienced staff, paying special attention to the development of employees, by identifying talents within the organization and supporting their careers during the yearly promotion process.

Sustainable training and further education, which is the responsibility of the Learning & Development department, plays a key role in promoting talent and is therefore an essential part of the corporate strategy. The strategic orientation of DenizBank AG is reflected in the training offers. The technical, methodological and social skills of the employees are trained in order to be able to guarantee long-term stable benefits for the continued competitiveness of DenizBank AG.

	2022	2023	Change in %
Total number of employees at year-end	396	358	-9.60%
thereof at the head office	267	254	-4.87%
thereof in the branches	129	104	-19.38%
thereof women	210	194	-7.62%
thereof men	186	164	-11.83%
Average number of employees in the fiscal year	402	370	-7.96%
Demographic structure			
Percentage of women	53.03%	54.19%	2.19%
Percentage of men	46.97%	45.81%	-2.47%
Education and training			
University degree	201	189	-5.97%
Other school-leaving qualifications	195	169	-13.33%
Nationalities	23	22	-4.35%

Table 13: Key figures of the structure of DenizBank AG

Remuneration & compensation report

In accordance with EU Directive 575/2013 (Capital Requirements Regulation – "CRR") and the amendments to the Austrian Banking Act, both a remuneration policy and a remuneration committee were installed at DenizBank AG.

The purpose of the remuneration policy is to ensure a solid and efficient remuneration system and risk management in DenizBank AG for all employees. Employees whose professional activities have a significant impact on the risk profile of DenizBank AG must not be tempted by the remuneration policy to take excessive risks. The defined guidelines aim to ensure that employees avoid risks that do not match DenizBank AG's risk appetite. The remuneration policy helps to ensure a healthy capital and liquidity base and includes measures to avoid conflicts of interest.

The remuneration policy is gender-neutral and based on the principle of equal remuneration for equal work respectively work of equal value for male and female employees.

The Remuneration Committee is responsible for ensuring that excessive risk-taking is avoided and that the remuneration policy is consistent with effective risk management. It is composed in such a way that it can provide competent and independent judgement on remuneration policies and practices as well as the incentives created for risk, capital and liquidity management. The Chairman and the other two members of the Remuneration Committee are members of the Supervisory Board of DenizBank AG who do not exercise any executive functions in the bank. At least one of the members of the Remuneration Committee is a compensation professional who has expertise and practical experience in the field of compensation.

The Remuneration Committee coordinates the objectives with the Management Board in relation to the long-term strategy for avoiding conflicts of interest. This ensures that there is a clear distinction between operational and control functions and that the skills and requirements for the independence of the members of the management body and internal reporting and the requirements for transactions between related parties are complied with.

In general, the remuneration of all DenizBank AG employees corresponds to their authority, duties, expertise and responsibilities. It is performance-related and is measured from the point of view of avoiding excessive risks. Total compensation is based on an evaluation of individual performance and skills as well as the overall results of the bank. When evaluating individual performance, quantitative and qualitative criteria are taken into account.

BUSINESS SEGMENTS

Wholesale banking

DenizBank AG, as representative of the DenizBank Financial Services Group in Austria, offers a comprehensive range of products and services such as deposits, cash loans, letters of credit, trade finance transaction, account and cash management for commercial corporate customers and Financial institutions.

DenizBank AG is focused on meeting the ever-changing needs of its customers and continuing to adapt to a constantly evolving banking landscape. As a commercial bank for corporate customers and Financial Institutions, DenizBank AG has developed a customer-oriented relationship management. Moreover, DenizBank AG offers innovative, flexible and customized solutions to its customers. Strategically, financial advisory service of DenizBank AG's qualified staff and a broadly diversified product portfolio are the key aspect of its success. Furthermore, DenizBank AG is a competent banking partner, especially for corporate customers with international business activities.

Retail banking

DenizBank AG, headquartered in Vienna, operated a total of 14 branches as of year-end 2023, 11 of which were in Austria and 3 in Germany.

In the Retail customer segment, DenizBank AG continuously improves the deposit and current account products offered to its retail customers, most of whom are Austrian and German citizens. In addition to Santander consumer loans, which the Bank intermediates the sale of in Austria, DenizBank AG continues its business partnerships with Wüstenrot in building savings and MoneyGram in global money transfer transactions.

Furthermore, DenizBank AG is accelerating its digital transformation. The digitalization trend continues by introducing of advantageous conditions for online Türkiye transfers and deposit rates as well as increasing the customer experience by adding new functions and optimizing of the digital processes.

In line with its digitalization strategy, DenizBank AG continued to offer new products and services that add value to customers' lives by carrying out studies on the development and effective use of digital channels in the last two years.

The digitalization strategy pursued with the foresight of the banking of the future has proved its accuracy with the developments in recent years where technology and innovation-oriented gains have gained more importance. In this direction, DenizBank AG conducted communication campaigns in line with the changing needs of customers and increased customer acquisition through digital channels by emphasizing the advantages of Internet Banking and DenizMobile application.

DenizBank AG continued its efforts to develop and effectively use digital channels in 2023 and added value to the lives of its customers with new functions like Scan & Pay and IBAN Reader in order to perform Banking transactions more comfortable Renewal and optimizing of Internetbanking Screens in order to increase the customer-experience.

In order to respond to any customer needs, a process has been developed so that customer feedback can be monitored more closely in order to subsequently improve the customer experience.

DenizBank aims to increase the number of digital users by renewing and modernizing digital account opening processes and adding Chatbot feature to its communication channels.

In addition, it is envisaged to increase the number of current accounts by updating the card product as "Debit Mastercard" and renewing the current accounts, thus increasing the digital active usage rate.

Furthermore, DenizBank AG plans to generate additional commission income by increasing its business partnerships. In addition to that, DenizBank AG is also looking for new business partnership to sell insurance products.

Beyond that, both efficiency and service quality are expected to be improved by optimizing account opening processes in the branch channel.

Finally, DenizBank AG is working to make its lifestyle-oriented digital banking platform available to its retail customers first in Germany and then in Austria. On this platform, the Bank will offer its customers a unique experience that will enable them to access the best lifestyle opportunities through credit card products with "buy now, pay later" function.

Treasury

Treasury and Financial Markets Department (TFM) of DenizBank AG successfully sought refinancing as well as the management of the yield curve within the framework of the 2023 business strategy and thus made a significant contribution to the business success. In the rising interest rate environment, TFM Department has generated considerable profits, thanks to efficient and active liquidity management.

In general, the TFM Department reached its target of managing and monitoring liquidity and interest rates effectively, hedging the FX-Position in line with the defined limits, improving ENBD´s standing within European Area. Further developments in internal processes increased the efficiency of the department, while cooperating with bank corporates and enhanced regulatory liquidity- and risk ratios (LCR; NSFR), especially while complying with strong internal ratios and risk limits.

In 2024, with the growing emphasis on sustainability, treasury operations will be more sustainable and the company-wide ESG objectives will be actively contributed and supported.

Moreover, the year 2024 will be one with special challenges for the TFM team of DenizBank AG.
Although modest growth is expected for 2024, easing of monetary policy, while geopolitical risks remain in focus. Due to these uncertainties and challenges, managing interest rate risk and generating higher returns will be a difficult challenge for the year.

Organisation

The organization department supports the employees of DenizBank AG in Austria and Germany with its subdivision Facility Management. In 2023 the focus was again on increasing efficiency and the optimal use of available resources.

The Facility Management Team was able to modernize the branches of DenizBank AG and support the sales management team in increasing the efficiency of the branch network. A photovoltaic system was installed on the roof of the company headquarters, which supplies parts of the building technology with self-generated electricity. Furthermore, the lightning in the Headquater was replaced with energy-saving LED Lights. In further steps, the branches were and will continue to be converted to energy-saving LED Lights. When selecting business partners, facility management relies on regionality and sustainability.

Information Systems

Core Banking & User Parameter

The core banking team is responsible for the stability of the software production environment and has carried out activities to resolve the findings in the environment and prevent their recurrence. The team has supported or directly carried out user acceptance tests for the software projects were made in the bank and also for the resolution of the detected findings.

Since the beginning of February all request have been conveyed team by JIRA ticket system.

The User and Parameter management team is responsible for user authorizations in the core banking applications and user management of 3rd party applications. The team has carried out the user-based authorizations both for core banking applications and 3rd party applications. In addition to user-based authorizations User and Parameter Management team is also responsible for parameter management in core banking applications and carried out parameter related transactions.

Since the beginning of February all request have been conveyed team by JIRA ticket system.

IT Infrastructure

The past year was marked strongly by the previously planned automation measures and projects in this regard. Some projects were largely implemented during the year, small adjustments for optimization purposes are still ongoing: among others the implementation of the user management tool and the asset management tool were the significant. The knowledge database and the in-house authentication software have also been largely completed. The planned monitoring tool was, among other things, one of the essential projects that was fully implemented and is constantly being improved.

Significant measures have been taken to meet IT security requirements and to withstand changing and increasing threats. Starting with new purchases through to reconfiguration of existing tools/rules, necessary steps were taken for improvement and further development. It was important, on the one hand, to be prepared for everything in a timely manner and, on the other hand, to meet national, international and group-internal requirements.

On the hardware side, last year was a year of many new purchases: outdated hardware was modernized, additional hardware was purchased to increase capacity and unused hardware was donated to charity. The continued home office work was also considered and the first steps for hardware upgrades were taken. The branches are continuously supported as part of optimization work. In contrast to the previous year, where the focus was on branch technology optimization, this year the focus was on the Head Quarter: the HQ was therefore analyzed and modernized in many respects.

In terms of infrastructure improvements, it was important for the IT department to optimize the existing infrastructure so that employees could work efficiently. Starting with network optimizations both nationally and internationally and ending with new technologies that were adapted, many measures were applied. For the latter, cloud technology was in the foreground, where the first solid experiences were gained and new strategies were formed. As far as internal and external requirements permitted, new features of the widely used cloud technology were exploited. Expanding usage was also a priority for the near future.

IT Security

The IT Security Department is responsible for Implementation of appropriate processes and practices to identify and minimize ICT Security risks and taking reasonable precautions in relation to Cybersecurity.

Project management office

In 2023, project management has a portfolio of approximately 200 ongoing and completed projects in total with the aim of meeting DBAG's strategic objectives through strategic, regulatory and tactical projects.

Similar to the previous year, Denizbank AG focused its strategy on digitalization by improving the existing customer experience in digital channels such as Internet Banking and Deniz Mobile Banking Application. In addition, the corporate website was launched with a user-friendly and responsive interface to support the transformation process of DenizBank AG. Project management enabled the launch of around 100 projects in 2023.

We have pursued important regulatory topics such as PSD2 and DORA at owner level this year and will continue to do so in the coming year.

In addition to the bank's main project portfolio, the PMO team is also running the Liv Digital Bank program, which includes a state-of-the-art "Liv App" in conjunction with a highly functional credit card. The project is to be launched in 4 MVPs, the first launch was in July 2023 with a target operating model, including the integration of approx. 17 providers, including the credit reference agencies. The second launch will be in two parts: December 23 and January 24.

Project management consists of the Project Management Office and the departments for business and process development. The Project Management Office is currently responsible for "traditional" banking projects. The Business and Process Development department focuses on the digitalization of banks - this includes the Liv program and Open Banking.

The Project Management Office works closely with the business divisions to provide advice and support on the processes to be optimized and to assist with the consolidation of business requirements documentation. In parallel, business and support units are becoming more efficient and effective through the PMO's Business Process Redesign (BPR) studies.
PMO also plans DenizBank AG's 2024 project portfolio roadmap, closely tracks the overall project budget and conducts all projects with business teams and other outsourced IT teams.

Finance

Finance is responsible for all financial activities of DenizBank AG and is composed of the Accounting & Tax, Management Reporting & Budget Planning and Regulatory Reporting departments.

The Accounting & Tax Department is responsible for the execution and managing of all financial accounting activities of DenizBank AG and for the preparation of IFRS financial statements for consolidation of the financial statements of the parent company. In addition, the Accounting & Tax Department is also responsible of tax law issues and supporting the business units in tax matters.

The definition and implementation of measures to achieve corporate goals and strategies, reporting to internal and external parties, and the coordination and management of the budget process are important tasks of the Management Reporting and Budget Planning department. Regulatory Reporting, on the other hand, is responsible for statutory reporting in Austria and Germany and for the timely submission of regulatory reports in accordance with CRR and BWG.

Corporate Communicacations & Marketing

With the new structure and vision adopted towards the end of 2023, the Department – formerly known as Advertisement and PR - has changed it title as Corporate Communication & Marketing.

It is the utmost task of Corporate Communication & Marketing department to support all business lines of DenizBank AG in achieving their goals in line with the strategic objectives and to promote the image of the bank.

For the past financial year, communication support for the continuous development of DenizBank AG's digital services continued to be an important focus for the department. The new websites and internet banking - edited in line with the corporate design - were put into service and offered to customers in the first half of the year. The websites are up and running in Austria and Germany and available in German, English and Turkish languages.

At the same time, Corporate Communication & Marketing made a significant contribution to further increase digital customer acquisition and drive the digitalisation of the customer base through targeted communication measures across all channels.

Corporate Communication & Marketing supported especially the further digitalisation of services through the DenizMobile app with product campaigns to increase awareness and use of the application. Corporate Communication & Marketing also focused on the appealing textual design of the numerous and continuous functional expansions of internet banking and the DenizMobile app.

In close cooperation with DenizBank AG's Sales Management and Customer Service & Sales Support, successful product campaigns were carried out in the past financial year. Through effective communication measures, branches were supported in personally addressing customers that have been offered needs-based and individual solutions.

In the area of Wholesale Banking, Corporate Communication & Marketing supported the responsible department at major events such as the Export Day 2023 of the Austrian Chamber of Commerce or career fairs..

Corporate Communication & Marketing was also active in internal communication: Contributing individually with ideas to the success of DenizBank and developing them in dedicated teamwork - is one of the key success factors of the DenizBank Financial Services Group. While Corporate Communication & Marketing provides assistance in the organisation of many events – led by the Human Resources Department – the teams continue their efforts in collective wisdom in order to make an impact in the communication processes related to employer branding.

Last but not least, within the social media area the account at the platform LinkedIn was actively expanded and managed by Corporate Communication & Marketing in 2023. LinkedIn mainly serves to strengthen the brand and supports the Human Resources department in recruiting new staff for the bank. In the days to come, we are aiming to diversify our social media accounts with a focus on customers and employee branding and ensure that our brand gets more recognized with our posts here.

For the 2023 financial year, communication measures supporting the continuing focus on the digitalization strategy as well as internal communication activities will be further intensified.

Research and Development

For DenizBank AG, the area of research and development plays an important role in the consistent pursuit of the digitalization strategy. Through a sustained focus on innovative digital product and service solutions, DenizBank AG aims to play its part in continuously redefining the horizon in the field of digital banking.

In order to further drive the digital transformation in the product area, the Business Development department was further expanded in the reporting year. The department is responsible for planning, developing, and launching new products, services, and sales channels, while also acting as a driving force in the analysis and ongoing development of the existing offering. In addition, the department also coordinates the introduction of new and existing products in previously untapped markets in the so-called New Product Committee.

Ultimately, the ongoing focus on research and development and the further expansion of the Business Development department will make a significant contribution to achieving the growth targets within the framework of the overall bank strategy.

MANAGEMENT BOARD AND SUPERVISORY BOARD

The Chairman of the Supervisory Board Hakan Ates and the Deputy Chairman Derya Kumru together with 6 other members form the Supervisory Board of DenizBank AG, which controls and supports the Management Board. The individual members of the Supervisory Board can be found in the notes to the 2023 annual financial statements.

The Management Board of DenizBank AG consisted of 3 members in the reporting year 2023. Mr. Hayri Cansever acts as CEO and Chairman of the Board since 1st June 2023 and replaces Mr. Wouter Van Roste, who stepped down as per 31st May 2023. As a member of the Management Board, Dina Karin Hösele is primarily responsible for the control functions and Mr. Darijo Batinic has been appointed to CRO and Management Board Member of DenizBank AG in June 2023.

DenizBank AG strives to fulfil its mission to achieve sustainable value for its customers, business partners, shareholders and employees.

OUTLOOK 2024

Outlook and latest developments

The international economic downturn also affected the Global economic growth in 2024 will be almost the same on average as in the previous year. The US economy will grow by just 1.3%, compared to 2.3% in the previous year. However, this average conceals the increasing momentum in the most important markets, including China, over the course of the year. The economy is on the up in 2024.

Inflation will continue to fall on both sides of the Atlantic. We no longer expect significant relief in energy prices as in 2023. However, the continued decline in core rates will put significant pressure on overall inflation. The central banks' inflation targets are getting closer, but will not yet be fully achieved.

In summer 2023, economic output in Austria shrank overall. Economic growth will therefore remain at 0.9% in 2024; GDP is expected to increase by 2% in 2025. Real income growth will support consumer spending in 2024 and 2025. By contrast, the recovery in industry will be somewhat delayed and will only begin in the second half of this year. Due to the slow recovery and the high negative trend from the previous year, industrial added value will continue to shrink slightly in 2024 and not expand strongly again until 2025. The services sector will develop in the opposite direction, but is likely to grow significantly overall in both 2024 and 2025.

In 2024, the external economic environment and monetary and fiscal policy are likely to create strong headwinds for German growth. Increasingly apparent structural problems and obvious obstacles to their timely resolution could also dampen sentiment. Private consumption is likely to be the only demand component that should pick up noticeably over the course of the year in view of the expected real income growth, despite a further increase in the savings rate.

The interest rate increase cycle in Türkiye is coming to an end, but the central bank is determined to maintain the tight monetary policy stance until 2024 in order to combat inflation. Inflation is likely to begin a sustained downward trend in the second half of the year as the cumulative effects of tight monetary policy take hold. Domestic demand is likely to weaken due to the tense financial situation and support an improvement in the foreign trade balance.

DenizBank AG's strategy for 2024 maintains its focus on european and international markets. In addition, the expansion of digital competence and cost efficiency will be preserved.

The focus next year will be on diversifying the asset structure with an emphasis on private and corporate customer business, in particular on commodity trade finance (ETF), ECA transactions (Export Credit Agency) and credit cards (Liv). In addition to the Liv app and credit card project, activities are to be expanded from the corporate customer business to the private customer segment. Operating expenses will be increased through investments in technology, particularly in the area of digital banking and process management to maintain efficiency gains. It is expected that there will be an increase in deposit interest rates and therefore a reduction in the net interest margin. This is to be balanced by strict cost management.

Strong capital base

Thanks to the support of our owners, DenizBank AG will maintain the excellent equity structure both to support the growth trajectory and for existing and upcoming regulatory requirements.

Thanks and appreciation

The past financial year 2023 was another challenging year due to the effects of the ongoing extremely tense geopolitical situation and the resulting macroeconomic distortions (including a significant rise in inflation and energy prices). Nevertheless, DenizBank AG was able to achieve a pleasing result and at the same time seize the opportunities presented by digitalization.

We would therefore like to express our sincere thanks to all employees, whose excellent team spirit played a vital role in achieving this result. We would also like to thank our shareholders, DenizBank Financial Services Group, our business partners and especially our customers who have entrusted their financial affairs to us. We will not disappoint you in the future either!

Vienna, February 23th, 2024

The Management Board

HARY CANSEVER
CHAIRMAN

MAG. DINA KARIN HÖSELE
MEMBER

MAG. DARIJO BATINIC
MEMBER

DIRECTORS AND OFFICERS OF THE BANK

SUPERVISORY BOARD

Hakan ATES
Chairman

Derya KUMRU
Deputy Chairman

Björn LENZMANN
Member

Aazar Ali KHWAJA
Member

Ruslan ABIL
Member

Bernhard RABERGER
Member

Aysenur HICKIRAN
Member

Kurt Pribil
Member

DENIZBANK AG MANAGEMENT BOARD

Hayri CANSEVER
Chairman of the Management Board, CEO

Darijo Batinic
Management Board Member, CRO

Mag. Dina Karin HÖSELE
Management Board Member

REPRESENTATIVES OF THE AUSTRIAN FEDERAL MINISTRY OF FINANCE BANKING SUPERVISION DIVISION

Dr. Veronika Daurer
State commissioners

Mag. Ana Djakovic
Deputy

SUPERVISORY BOARD REPORT

Bolstered by strong capitalization and a dynamic funding base, DenizBank AG took advantage of the opportunities offered in the market.

The Supervisory Board of DenizBank AG ("DBAG") and its committees monitor on a regular basis in detail the management of DBAG and the activities of the Management Board. This purpose was served by in-depth presentations and discussions during meetings of the Supervisory Board and its committees as well as by detailed discussions with Management Board members who provided comprehensive explanations and evidence relating to the management and the financial position of DBAG.
In the reporting period 2023 the constitution of the Supervisory Board was amended as follows:

- Ms. Döne YALCIN resigned from the Supervisory Board by 30.06.2023 and
- Mr. Kurt PRIBIL was appointed as new member of the Supervisory Board with effective date 01.07.2023.

Acting upon the proposal of the Supervisory Board, the general meeting hold on 21.12.2022 selected Deloitte Audit Wirtschaftsprüfungs GmbH ("Deloitte" or 'Auditor") to become the financial statements auditor and consolidated financial statements auditor for financial year 2023, and Deloitte consequently performed these duties in financial year 2023. The financial statements (Jahresabschluss) 2023 and financial notes (Lagebericht) were prepared in accordance with the UGB (Austrian Corporate Code).

Based on the resolution dated 03.03.2022, the Supervisory Board has formed five committees from its Members (Risk Committee, Audit Committee, Remuneration Committee, Nomination Committee and Credit Approval Committee). Pursuant to the resolution of the e.o. General Meeting held on 28.06.2023 the composition of the Supervisory Board of DBAG has been amended as of 01.07.2023. Therefore. the Supervisory Board and its committees were reconstituted accordingly.

Four regular meetings of the Audit Committee were held in 2023 (15.02.2023, 24.05.2023, 14.09.2023 and 18.12.2023). By inspecting relevant documents, meeting with the Management Board and discussions with the Auditor, the Audit Committee was able to monitor the accounting process and the procedure used for auditing the financial statements and consolidated financial statements, and found no facts or circumstances providing grounds for objection.

Issues discussed in the meetings of the Audit Committee as well as resolutions adopted therein were reported to the Supervisory Board in its next meeting.

The Audit Committee reviewed and monitored the independence of the Auditor and — after reviewing suitable information submitted to DBAG, particularly with respect to the appropriateness of the fee and the additional (non-audit) services provided to DBAG —confirmed the Auditor's independent status. While reviewing and monitoring the independence of the financial statements, the Audit Committee did not find any circumstances that would raise doubts about the independence and impartiality of the Auditor.

The Audit Committee also monitored the effectiveness of the internal control system, internal audit and the risk management system by obtaining the regular reports of Internal Audit, ICS, Legal, Compliance, Anti-Money Laundering, IT Security and Data Protection Officer provided by the Management Board and the individuals directly responsible for these areas. Additionally, the audit plan, compliance plan and the quarterly reports prepared by the Internal Audit, Compliance and other control functions accordingly were debated by the Audit Committee. The Chairman of the Audit Committee reported on these monitoring activities to the entire Supervisory Board and stated that no deficiencies have been identified.

Deloitte attended the Audit Committee meeting and the Supervisory Board meeting that addressed the audit of the annual financial statements. Deloitte also informed the Audit Committee about the procedure used for audit of the financial statements.

In 2023, the Audit Committee also dealt with the selection of the statutory auditor for financial year 2024. It was determined that there were no grounds for exclusion of

Deloitte as statutory auditor of DBAG for financial year 2024 and that sufficient protective measures had been taken to ensure an independent and impartial audit. The Audit Committee reported to the Supervisory Board on the insights of these evaluations and proposed to the Supervisory Board and subsequently to the General Meeting to select Deloitte as statutory auditor of the financial statements 2024.

Four meetings of the Risk Committee were held in 2023 (15.02.2023, 24.05.2023, 14.09.2023 and 18.12.2023), where the Risk Committees members discussed with the Management Board and functions involved the overall risk situation of DBAG, In particular, the report as regard the risk categories, risk appetite statement and risk strategy, FX risk report, report on large exposure and limits pursuant to Art 28b. para 1 of Austrian Banking Act, NPL strategy and Russia exposures on the credit portfolio were in-depth debated with the members of the Risk Committee.

The Remuneration Committee held one meeting on 24.05.2023 and dealt with the topics relating to the remuneration policy and its practical implementation at DBAG, compensation practices and compensation-related incentives in accordance with Art. 39c of Austrian Banking Act as well as remuneration of the Management Board members and the identified staff members.

Meetings of the Nomination Committee were held on 24.05.2023 and 14.09.2023. In both meetings the Nomination Committee dealt issues as listed in §29 Austrian Banking Act. In particular, the Nomination Committee (i) assessed of the knowledge, skills and experience of the Management Board and Supervisory Board members and of the respective corporate body in its entirety; (ii) reviewed the structure, size, composition and performance of the Management Board and the Supervisory Board; and (ii) defined target for the under represented gender in the Management Board and the Supervisory Board for the financial year 2023.

Furthermore, the Nomination Committee dealt with appointment of a new member of the Management Board, CRC (Mr. Darijo BATINIC), nomination of Mr. Hayri CANSEVER as the chairman of the Management Board (CEO) and appointment of a new Supervisory Board, Mr. Kurt PRIBIL.

The meetings of the Credit Approval Committee held upon the request of the Management Board and/or members of the Credit Risk Committee dealt large exposures as defined by Art. 28b of the Austrian Banking Act in connection with Art. 392 of the Capital Requirements Regulation.

The Supervisory Board held four meetings in 2023, distributed across the financial year (15.02.2023, 24.05,2023, 14.09.2023 and 18.12.2023). No agenda items were discussed in Supervisory Board meetings in 2023 without the participation of members of the Management Board. No member of the Supervisory Board attended less than half of the Supervisory Board meetings.

There were 11 circular resolutions passed by the Supervisory Board in 2023, which dealt with personnel issues (amendments in the Management Board and the Supervisory Board, appointment of authorized officers, providing proposal as to the remuneration of the Supervisory Board members), assignment of the receivables from non-performing loans, approval of recovery plan 2023, amendment of bylaws for the Management Board and Supervisory Board and obtaining of subordinated loan.

The Management Board and the Supervisory Board continually keep new regulations applicable to DBAG under the close review and assure that the internal policies and procedures of DBAG are kept under the regular review, particularly in the areas of corporate governance, risk management, compliance, internal audit, financial reporting and outsourcing, this to ensure that they meet the regulatory requirements. Essential updates and amendments to the existing policies and procedures (as may be required, in order to appropriately consider new or amended regulations) are approved by the Management Board.

Taking into consideration the review results and recommendations of the Audit, the Supervisory Board reviewed and examined the annual financial statements (Jahresabschluss) and financial notes (Lageber/cht) thereto 2023 as well as non-financial report 2023. The review of the Auditor's report for the 2023 by the Supervisory Board did not provide any basis for reservation. Furthermore, the Management Board's proposal for appropriation of profits (incl. the statement of the Audit Committee hereto) was examined by the Supervisory Board in detail, in particular against the background of the capital requirements in force. The Supervisory Board found no grounds for objections.

Against the aforementioned background and in accordance with legal provisions in force (Art. 108 para 1 of Austrian Stock Corporation Act), the Supervisory Board proposed to the Annual General Meeting to resolve upon the appropriation of the profit 2023 and to discharge from the liability members of the Management Board and the Supervisory Board for the financial year 2023.

Istanbul, February 2024

On behalf of the Supervisory Board

Hakan Ates

(Chairman of the Supervisory Board)

BALANCE SHEET AS OF DECEMBER 31, 2023

Assets	12/31/2023		12/31/2022
	EUR	EUR	kEUR
1. Cash in hand, balances with central banks		1,036,760,517.19	1,251,849
2. Treasury bills and other bills eligible for refinancing with central banks			
a) Treasury bills and similar securities		171,370,778.75	85,259
3. Loans and advances to credit institutions			
a) Repayable on demand	132,872,014.73		45,703
b) Other loans and advances	1,562,428,430.39		1,152,099
		1,695,300,445.12	1,197,802
4. Loans and advances to customers		2,361,861,469.79	2,809,731
5. Debt securities including fixed-income securities			
a) issued by public bodies	273,328,724.52		233,551
b) issued by other borrowers	22,520,895.60		20,489
		295,849,620.12	254,040
6. Shares and other variable-yield securities		34,252.42	180
7. Shares in affiliated undertakings			
thereof: Shares in credit institutions 0.00 EUR (p.y.: 0 kEUR)		18,842,531.22	18,822
8. Intangible fixed assets		15,592,319.60	8,504
9. Tangible assets		3,023,605.37	3,245
thereof: Land and buildings occupied by a credit institution			
for its own activities EUR 0.00 (p.y.: 0 kEUR)			
10. Other assets		20,433,216.72	26,862
11. Prepayments and accrued income		4,804,079.80	5,768
12. Deferred tax assets		14,755,330.84	7,484
Total Assets		5,638,628,166.94	5,669,546
Off-balance sheet items			
1. Foreign assets		4,892,012,428.59	3,960,608

	Liabilities and Shareholders' Equity	12/31/2023 EUR	12/31/2023 EUR	12/31/2022 kEUR
1,	Liabilities to credit institutions			
	a) Repayable on demand	124,469,805.43		72,731
	b) With agreed maturity dates or periods of notice	42,630,251.04		47,343
			167,100,056.47	120,074
2,	Liabilities to customers (non-banks)			
	a) Savings deposits			
	thereof:			
	aa) Repayable on demand	263,188,784.46		656,671
	bb) With agreed maturity dates or periods of notice	530,887,157.46		186,347
			794,075,941.92	843,018
	b) Other liabilities			
	thereof:			
	aa) Repayable on demand	852,041,198.81		1,376,150
	bb) With agreed maturity dates or periods of notice	2,393,070,021.59		1,923,569
			3,245,111,220.40	3,299,719
			4,039,187,162.32	4,142,737
3,	Other liabilities		22,739,653.76	31,690
4,	Accruals and deferred income		10,608,962.74	3,032
5,	Provisions			
	a) Provisions for severance payments	1,257,385.00		933
	b) Provisions for taxation	20,828,581.03		0
	c) Other provisions	9,908,719.96		10,705
			31,994,685.99	11,638
6,	Supplementary capital pursuant to chapter 4 of title I of part 2 of Regulation (EU) No 575/2013		81,651,583.71	0
7,	Subscribed capital		231,831,230.38	231,831
8,	Capital reserves			
	a) Comitted		340,626,293.96	340,626
9,	Retained earnings			
	a) Other reserves		207,924,819.16	407,925
10,	Liability reserve pursuant to section 57/5 BWG		77,952,088.00	77,952
11.	Net profit		427,011,630.45	302,041
	Total Liabilities		5,638,628,166.94	5,669,546

	Off-balance sheet items		
1,	Contingent liabilities	39,209,111.88	14,283
	thereof: Guarantees and assets pledged		
	as collateral security	25,151,046.45	14,283
2,	Commitments	187,941.57	335
	thereof: Commitments arising from repurchase transactions EUR 0.00 (p,y.: 0 kEUR)		
3,	Total qualifying capital according to part 2 Regulation (EU) No 575/2013	1,151,200,452.25	1,151,870
	thereof: Subordinated loan according to part 2 title 1 chapter 4		
	Regulation (EU) Nr. 575/2013 81,447,963.80 EUR (p.y.: 0 kEUR)		
4,	Capital requirements pursuant to Art 92 of Regulation (EU) No 575/2013	3,166,317,833.14	3,338,728
	thereof: Capital requirements pursuant to Art 92 para. 1 point (a) of Regulation (EU) No 575/2013	36.36%	34.50%
	thereof: Capital requirements pursuant to Art 92 para. 1 point (b) of Regulation (EU) No 575/2013	33.79%	34.50%
	thereof: Capital requirements pursuant to Art 92 para. 1 point (c) of Regulation (EU) No 575/2013	33.79%	34.50%
5,	Foreign liabilities	2,355,414,864.62	2,352,412

INCOME STATEMENT FOR THE PERIOD FROM 01. JANUARY - 31. DECEMBER 2023

	12/31/2023		12/31/2022
	EUR	EUR	kEUR
1. Interest receivable and similar income		279,726,183.93	186,683
thereof:			
from fixed-income securities 14,594,015.43 EUR (p.y.: 15,705 kEUR)			
2. Interest payable and similar expenses		-86,052,669.93	-60,984
I. NET INTEREST INCOME		193,673,514.00	125,699
3. Commissions receivable		11,873,895.20	13,931
4. Commissions payable		-3,162,525.41	-2,699
5. Net profit or net loss on financial operations		4,627,247.52	1,013
6. Other operating income		905,884.82	10,549
II. OPERATING INCOME		207,918,016.13	148,493
7. General administrative expenses			
a) Staff costs thereof			
thereof:			
aa) Wages and salaries	-23,968,560.27		-22,439
bb) Expenses for statutory social contributions and compulsory contributions relate to wages and salaries	-5,539,040.19		-5,332
cc) Other social expenses	-537,080.24		-428
dd) Expenses for pension and assistance	-326,880.76		-355
ee) Expenses for severance payments and contributions to severance and retirement funds	-1,266,722.61		-553
		-31,638,284.07	-29,108
b) Other administrative expenses		-13,414,763.38	-15,271
		-45,053,047.45	-44,379
8. Value adjustments in respect of asset items 8 and 9		-5,805,219.81	-4,595
9. Other operating expenses		-2,813,620.95	-3,934
III. OPERATING EXPENSES		-53,671,888.21	-52,908
IV. OPERATING RESULT		154,246,127.92	95,585
10. Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments		-49,988,593.23	-179,303
11. Value re-adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments		44,589,349.52	141,821
12. Value adjustments in respect of transferable securities held as financial fixed assets participating interests and shares in affiliated undertakings		-29,018.55	0
13. Income from value re-adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings		360,516.64	8,477
V. PROFIT ON ORDINARY ACTIVITIES		149,178,382.30	66,580
14. Tax on profit thereof: Income/Expenses from deferred taxes: +7,271,758.14 EUR (p.y.: -3.251 kEUR)		-23,840,578.45	-3,585
15. Other taxes not reported under item 14		-365,427.88	-724
VI. PROFIT FOR THE YEAR AFTER TAX		124,972,375.97	62,271
16. Changes in reserves		200,000,000.00	200,000
thereof: Allocation to liability reserve EUR 0,00 (p.y.: 0,000 kEUR)			
VII. NET INCOME FOR THE YEAR		324,972,375.97	262,271
17. Profit brought forward		102,039,254.48	39,770
VIII. NET PROFIT FOR THE YEAR		427,011,630.45	302,041

DEVELOPMENT OF FIXED ASSETS AS OF DECEMBER 31, 2023

	Cost of acquisition or production					Accumulated Depreciation						Book value	
	Acquisition costs	Additions	Disposals	Adjustments	Acquisition costs	Accumulated Depreciation	Additions	Write-ups	Disposals	Adjust-ments	Accumulated Depreciation	Book value	Book value
	01/01/2023				12/31/2023	01/01/2023					12/31/2023	12/31/2023	12/31/2022
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible fixed assets													
1. Software and rights	25,383,321.87	11,706,642.04	2,673.93	0.00	37,087,289.98	16,879,748.50	4,617,895.81	0.00	2,673.93	0.00	21,494,970.38	15,592,319.60	8,503,573.37
2. Low value assets - Software	0.00	3,263.26	3,263.26	0.00	0.00	0.00	3,263.26	0.00	3,263.26	0.00	0.00	0.00	0.00
	25,383,321.87	11,709,905.30	5,937.19	0.00	37,087,289.98	16,879,748.50	4,621,159.07	0.00	5,937.19	0.00	21,494,970.38	15,592,319.60	8,503,573.37
II. Tangible fixed assets													
1. Installations in third parties buildings	7,750,934.53	544,063.78	890,654.28	0.00	7,404,344.03	6,100,011.34	490,607.02	0.00	808,338.70	0.00	5,782,279.66	1,622,064.37	1,650,923.19
2. Fixture, furniture and office equipment	7,978,643.66	585,622.74	668,406.35	0.00	7,895,860.05	6,384,289.33	636,541.12	0.00	526,511.40	0.00	6,494,319.05	1,401,541.00	1,594,354.33
3. Low value assets	0.00	56,912.60	56,912.60	0.00	0.00	0.00	56,912.60	0.00	56,912.60	0.00	0.00	0.00	0.00
	15,729,578.19	1,186,599.12	1,615,973.23	0.00	15,300,204.08	12,484,300.67	1,184,060.74	0.00	1,391,762.70	0.00	12,276,598.71	3,023,605.37	3,245,277.52
III. Financial assets													
1. Treasury bills and other bills eligible for refinancing	64,639,483.36	0.00	64,639,483.36	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	64,639,483.36
2. Shares in affiliated undertakings	18,821,549.77	50,000.00	29,018.55	0.00	18,842,531.22	0.00	0.00	0.00	0.00	0.00	0.00	18,842,531.22	18,821,549.77
3. Shares and other variable-yield securities	180,413.40	0.00	146,160.98	0.00	34,252.42	0.00	0.00	0.00	0.00	0.00	0.00	34,252.42	180,413.40
	83,641,446.53	50,000.00	64,814,662.89	0.00	18,876,783.64	0.00	0.00	0.00	0.00	0.00	0.00	18,876,783.64	83,641,446.53
	124,754,346.59	12,946,504.42	66,436,573.31	0.00	71,264,277.70	29,364,049.17	5,805,219.81	0.00	1,397,699.89	0.00	33,771,569.09	37,492,708.61	95,390,297.42

NOTES TO THE FINANCIAL STATEMENTS 2023

I. GENERAL INFORMATION

The annual financial statements of DenizBank AG for the The annual financial statements of DenizBank AG for the fiscal year 2023 were prepared according to generally accepted accounting principles and provide a true and fair view of the company's financial and earnings position.

The annual financial statements as of 31 December 2023 were drawn up by the Management Board in compliance with the regulations of the Austrian Commercial Code (UGB) and the special regulations of the Austrian Banking Act (BWG).

Accounting policies

The structure of the balance sheet and the profit and loss account corresponds to Annex 2 to Article 1 to 43 (1) BWG. Individual items without any value in the current and previous financial year were not listed. While preparing the financial statements, the principle of completeness has been applied and the continued operation of the company was assumed. The valuation of assets and liabilities was conducted under the general rules of individual assessment.

Paying particular attention to the special characteristics of the banking business, the principle of prudence was applied. Only profits and gains realized at the balance sheet date were listed, and all recognizable risks and impending losses were taken into account.

Foreign currency amounts were valued at the mean rate of exchange pursuant to Article 58 (1) BWG and currency holdings were valued at the quoted foreign exchange middle rate.

The positive or negative market values of forward exchange transactions (FX-Swaps, FX-Forwards) were listed under the balance sheet positions other assets or other liabilities. Positive market values of interest rate swaps and cross currency swaps were not reported in the balance sheet, whereas, provisions for contingent losses for negative market values of interest rate swaps and cross currency swaps were recognized. Derivatives that are designated in a hedging relationship are treated as a valuation unit in accordance with AFRAC Statement 15.

The exposure values of derivatives were calculated based on the market valuation method. Interest rate and currency swaps were calculated by discounting future cash flows based on the market interest rates applicable for the remaining term of the contract as of the balance sheet date. To determine the market value of forward exchange transactions the contracted forward rate was compared to the forward rate for the remaining term of the contract as of the balance sheet date. The resulting value was discounted under consideration of the market interest rate of the respective currency which was effective on the balance sheet date.

The capital requirement for counterparty risk in derivatives is composed of two elements: The default risk and the CVA risk. Counterparty default risk corresponds to the unexpected loss on derivatives calculated in accordance with the IRB formula.

The accrued interest assets as well as the accrued interest liabilities were reclassified to the corresponding balance sheet items.

Temporary differences arising in the course of different corporate and tax treatments of assets, provisions, liabilities and prepayments and accrued income were recognized in form of deferred assets.

Assets

The allocation of securities to financial assets, current The allocation of securities to financial assets, current assets or trading portfolio is based on the decision of the Management Board in accordance with internal guidelines. Current asset securities were reported in accordance with the strict lowest value principle at the purchase price or lower stock market price at the balance sheet date. Securities intended to be held as long-term investments were valued pursuant to Article 56 (1) to (3) BWG. Securities held for trading were valued at market prices. The entire amount of bonds consists of fixed interest domestic or foreign securities that are admitted to stock exchange trading and were issued by states, credit institutions or companies.

Deposits at banks, loans to credit institutions and non-banks, current asset securities, bills of exchange and other receivables were valued at the lower stock market or market price pursuant to Article 207 UGB.

DenizBank AG has implemented a detailed, multi-level credit risk monitoring process including an early warning system. Credit Risk Monitoring involves several departments with clearly defined responsibilities. At individual customer level, ongoing risk monitoring is carried out, in particular, by the operational credit department as part of the monitoring of the account administration. In addition, all credit customers are examined in detail by the respective account manager, at least once a year, and corresponding reports are created by the respective account manager. Thus, suspected cases are detected early and reported internally to ensure appropriate credit tracking. Conspicuous customers are thus closely monitored. In the event of a significant deterioration in the risk situation, a transition from customer service to back office takes place.
Provision for contingent loan losses is taken into account by specific loan loss provisions, general loan loss provisions and allowances, whereby specific loan loss provisions are calculated individually for each significant customer. The

amount of the specific loan loss provisions is determined on the basis of the assessment of the economic situation of the individual borrower, taking into account the current evaluation of the collateral, the repayment structure and the maturities. The expected cash flows of repayment (probability-weighted from three scenarios) are discounted to the balance sheet date. Hence, this present value of the expected cash flows is compared with the carrying amount on the balance sheet date. The difference is recorded as loan loss provision.

General loan provisions are determined on the basis of a calculation of the expected loss. Expected loss is the net exposure multiplied by the probability of default (1 year PD) and the loss given default rate). The loan loss provisions are offset against the corresponding receivables in the balance sheet. Provisions for off-balance-sheet loan transactions are shown as allowances. The risk provisions for off-balance sheet transactions (in particular contingencies and guarantees as well as other loan commitments) are included in the balance sheet item provisions.

The evaluation of intangible and tangible fixed assets was made on the basis of the acquisition cost less scheduled straight-line depreciation. The useful life was estimated as 10 years (investment in leased buildings) or 2-10 years (software, furniture and office equipment) respectively. Low-value assets were fully depreciated in the year of acquisition pursuant to Article 13 EStG. They were listed under the assets analysis columns “additions”, “disposals” and “depreciation of the financial year”.

Liabilities

Pursuant to Article 211 (1) UGB the assessment of provisions has been made with the estimated settlement amount. Provisions with a remaining term of more than one year were discounted at an interest rate of 3.5% (previous year: 3.5%). Provisions for severance obligations were recognized using the amount resulting from actuarial principles.

The provision for severance obligations was calculated in accordance with recognized actuarial principles using the projected unit credit method pursuant to IAS 19. The calculation was based on a retirement age of 60 years (women) and 65 years (men) and an interest rate of 3.45% (previous year: 3.80%). The "AVÖ 2018-P Rechnungsgrundlagen für die Pensionsversicherung - Pagler & Pagler" (actuarial principles for pension insurance - Pagler & Pagler) for salaried employees were used as the basis for calculating all social capital provisions. In addition, 4.0% (previous year: 3.7%) was used as the basis for the valorization. A fluctuation rate was not taken into account when determining the provision for severance payments.

In accordance with the principles of prudence all recognizable risks at the time of compilation of the balance sheet, as well as the liabilities whose amounts and bases are uncertain were considered in other provisions under amounts that were reasonable in commercial judgement.

II. NOTES TO THE BALANCE SHEET AND THE PROFIT AND LOSS ACCOUNTS

1. ASSETS

Cash in hand, balances with central banks

Cash and balances with central banks amount to 1,036,760,517.19 EUR (previous year: 1,251,849 kEUR) at yearend and were thus 215,088 kEUR lower than in the prior year.

Treasury bills

Treasury bills and bills of exchange eligible for refinancing with the central bank were newly established in 2023 in the amount of 171,370,778.75 EUR (previous year: 85,259 kEUR). There were hidden liabilities amounting at 713,630.75 (previous year: EUR 346 kEUR).

Loans and advances to credit institutions

Loans and advances to credit institutions increased by 497,498 kEUR to 1,695,300,445.12 EUR in the reporting period (previous year: 1,197,802 kEUR). This includes accrued interest in the amount of 6,716,921.57 EUR (previous year: 2,565 kEUR). Loans to affiliated companies amounted to 22,194,237.11 EUR (previous year: 43,544 kEUR) of which 5,654,977.38 EUR (previous year: 5,688 kEUR) are subordinated at the closing date for the annual financial statements. The fiduciary transactions included in loans and advances to credit institutions amount to 145,094,922.01 EUR (previous year 18,910 kEUR). A general loan loss provision was booked to cover the loans to banks in the amount of 3,148,442.68 EUR (previous year: 4,182 kEUR) as of 31 December 2023.

Regional classification of Loans & advances to credit institutions

	12/31/2023		12/31/2022*
Qatar	243,419,085.29	Qatar	111,665
Germany	195,607,100.75	Germany	73,254
Switzerland	178,256,055.16	Switzerland	176,894
Belgium	159,749,860.96	Belgium	160,991
UK	151,999,999.88	UK	0
Malta	135,444,663.89	Malta	0
Saudi-Arabia	113,122,171.95	Saudi-Arabia	94,691
Kuwait	95,021,718.52	Kuwait	16,876
UAE	61,346,944.54	UAE	32,848
USA	57,841,722.42	USA	29,250
Other	303,491,121.76	Other	501,333
Total	1,695,300,445.12	Total	1,197,802

*12/31/2022 amounts in kEUR

Loans and advances to customers

Loans and advances to customers decreased from 2,809,731 kEUR in the previous year by 447,870 kEUR to 2,361,861,469.79 EUR. Accrued interest amounts to 31,435,935.35 EUR (previous year: EUR 32,395 kEUR). Loans to affiliated companies amount to 113,610,256.74 EUR (previous year: 74,451 kEUR) at the accounting date. A general loan loss provision was booked to cover the loans to customers in the amount of 48,192,805.09 EUR (previous year: 53,347 kEUR) as of 31 December 2023. Specific loan loss provisions amounted to 115,716,735.29 EUR (previous year: 153,993 kEUR) at the end of the year.

Regional classification of Loans & advances to credit non-banks:

	12/31/2023		12/31/2022*
Türkiye	1,458,958,345.88	Türkiye	1,787,644
Germany	233,759,694.34	Germany	290,722
Austria	186,562,219.89	Austria	143,591
UK	132,693,092.67	UK	215,886
Serbia	95,819,554.77	Serbia	80,409
UAE	49,042,508.15	UAE	33,554
Netherlands	45,500,000.00	Netherlands	45,500
Cyprus	33,508,865.76	Cyprus	53,392
Montenegro	29,698,342.10	Montenegro	39,595
Azerbaijan	27,451,139.18	Azerbaijan	25,783
Other	68,867,707.05	Other	93,655
Total	2,361,861,469.79	Total	2,809,731

*12/31/2022 amounts in kEUR

The country risk Türkiye is rated by the international rating agencies Fitch as B, by Moody's as B3 and by S&P as B.

The country risk of Türkiye is included in the risk-bearing capacity analysis, both as a credit concentration and as part of macroeconomic risks. The total engagement in Türkiye has been gradually phased out since 2016.

DenizBank AG has granted loans to customers in foreign currency that give rise to foreign currency risk. As of 31 December 2023, the volume of loans granted in USD amounted to the equivalent of 821,614,340.91 EUR (previous year: 1,022,471 kEUR), while loans granted in TRY had the equivalent value of 96,678.41 EUR (previous year: 294 kEUR). The Bank has essentially hedged this risk through currency swaps. In 2023, there was a change in the definition of sectors. As of 31 December 2023, loan commitments in the sectors Finance & Insurance amounted at EUR 589,432,406.52, Air transport at EUR 338,413,882.31 and consumer durable electronics at EUR 330,451,881.49. In the previous year, the sectors Infrastructure with EUR 599,542,838.31, consumer durable electronics with EUR 468,935,945.42 and Tourism with EUR 423,708,998.36 were the sectors with the highest credit engagement.

Remaining terms of loans and advances of credit institutions and customers

Loans and advances of credit institutions and customers which are not payable on demand included amounts with the following terms of maturity (remaining term):

Loan and advances of credit institutions and customers which are not payable on demand before loan loss provisions to				
	Credit institutions		Customers	
	31.12.2023	31.12.2022*	31.12.2023	31.12.2022*
Up to 3 months	1,048,132,365.68	926,300	162,280,183.23	80,944
Over 3 months to 1 year	357,020,299.21	118,234	349,533,521.54	198,811
Over 1 year up to 5 years	160,424,208.18	111,632	1,209,773,922.13	1,693,370
Over 5 years	0.00	0	802,815,691.82	1,042,928
Total	1,565,576,873.07	1,156,166	2,524,403,318.72	3,016,053

* 12/31/2022 amounts in kEUR.

Debt securities including fixed-income securities

The position bonds and other fixed-interest securities increased from 254,040 kEUR in the previous year to 295,849,620.12 EUR at the balance sheet date. The accrued interest assets amount to 5,477,513.41 EUR (previous year: 6,233 kEUR).

Listed securities with a book value of 296,976,488.69 EUR (previous year: EUR 254,040 kEUR) are included in current assets. As of 31 December 2023, 6,604,381.98 EUR (previous year: 7,561 kEUR) was booked as a general provision for securities.

The portfolio includes fixed-income securities with a remaining maturity of less than one year in amount of 206,498,814.48 EUR (previous year: EUR 22,448 kEUR).

Hidden reserves amount to 377,445.70 EUR (previous year: 53 kEUR).

A securities trading book has been held since 1 January 2005. As of 31 December 2023, the volume was 0,00 EUR (previous year: 0 kEUR).

Shares and other variable-yield securities

At the end of the year, shares in unlisted companies were valued at 34,129.07 EUR (previous year: 34 kEUR) and equity funds amount to 123.35 EUR (previous year: 146 kEUR).

Shares in affiliated undertakings

In September 2014, DenizBank AG, Vienna, acquired 99.9% of the shares of CR Erdberg Eins GmbH & Co KG, Vienna. The book value of CR Erdberg amounts at EUR 18,786,549.77 (previous year: 18,787 kEUR).

Deniz Immobilien Service GmbH, Vienna, was founded in 2013 and is owned 100% by DenizBank AG, Vienna. The share capital of Deniz Immobilien Service GmbH, Vienna, amounts to 85,000.00 EUR (previous year: 35 kEUR). In October 2023, in order to compensate losses, DenizBank AG granted funds amounting at EUR 50,000 (previous year; 0 kEUR). The book value of Deniz Immobilien Service GmbH amounts as per 31.12.2023 at EUR 55,981.45 (previous year: 35 kEUR). Due to the losses, there was a depreciation of EUR 29,018.55 (previous year: 0 kEUR).

Intangible fixed assets

Amounting to 15,592,319.60 EUR (previous year: 8,504 kEUR), intangible fixed assets mainly consist of purchased computer software. Thereof 14,558,321.48 EUR concern software which was purchased by an affiliated company.

Tangible assets

The depreciation amounts 1,184,060.74 EUR (previous year: 1,364 kEUR) additions by tangible assets are worth of 1,186,599.12 EUR (previous year: 658 kEUR). Tangible assets decreased from 3,245 kEUR by 221 kEUR to 3,023,605.37 EUR. The development of the individual tangible assets positions is shown in the assets analysis pursuant to Article 226 UGB and can be found in the enclosed attachment as Annex 3 (1).

Commitments arising from the use of tangible assets not shown in the balance sheet amount to 3,717,879.61 EUR (previous year: 3,354 kEUR) for the following fiscal year and 16,587,003.39 EUR (previous year: 16,678 kEUR) for the following five years.

Other assets

At the balance sheet date, this position mainly contains clearing items in the amount of 1,098,847.02 EUR (previous year: 823 kEUR) as well as a positive market value of forward exchange transactions (FX Swaps, FX Forwards) amounting to 16,749,336.87 EUR (previous year: 24,783 kEUR).

Other assets include interest income amounting to EUR 2,585,032.83 (previous year: EUR 1,257 kEUR), which will be only due and payable after the balance sheet date.

Prepayments and accrued income

At the end of the year, prepayments and accrued income amount to 4,804,079.80 EUR (previous year: 5,768 kEUR). This position mainly consists of commissions, which were paid for the next periods prior to the balance sheet date.

Deferred tax assets

Deferred tax assets are recognised if there are differences between the amounts under Austrian commercial code (UGB) and Austrian tax law that are expected to reverse in later years and lead to tax reduction. Deferred taxes on assets in the amount of 14,755,330.84 EUR (previous year: 7,484 kEUR) were determined by the end of the year. This amount results from the temporary difference between the tax value of provisions for severance payments and as well from general and specific loan loss provisions for credit risks.

Total assets

The total assets of DenizBank AG reached 5,638,628,166.94 EUR (previous year: 5,669,546 kEUR) at the end of 2023 and is thus 30,918 kEUR below the previous year. The total of assets not denominated in EUR was reported as 1,816,848,176.36 EUR (previous year: 1,673,203 kEUR). The total of liabilities denominated in currencies other than EUR amount to 1,149,305,069.43 EUR (previous year: 987,963 kEUR).

Off-balance-sheet items

As per end of the year, the bank's foreign assets amount to 4,892,012,428.59 EUR (previous year: 3,960,608 kEUR).

2. LIABILITIES

Liabilities to credit institutions

Liabilities to credit institutions, consisting of payables on demand as well as payables with agreed maturity dates or periods of notice, increased from 120,074 kEUR by 47,026 kEUR to 167,100,056.47 EUR. Liabilities to affiliated companies amount to 105,732,968.75 EUR (previous year: 50,389 kEUR) at the balance sheet date.

Liabilities to customers

In comparison to prior year, liabilities to customers decreased from 4,142,737 kEUR in the previous year to 4,039,187,162.32 EUR at the end of the year. This item includes accrued interest liabilities in the amount of 22,072,125.80 EUR (previous year: EUR 5,568 kEUR). The savings deposits contained therein realized a decrease of 48,942 kEUR and totalled 794,075,941.92 EUR as of the balance sheet date (previous year: 843,019 kEUR). The percentage of saving deposits with agreed maturity or period of notice is 67% (previous year 22%). The saving deposits do not contain trustee savings deposits. Liabilities to affiliated companies amount to 10,246,209.65 EUR (previous year: 756 kEUR). The liabilities include fiduciary transactions amounting to 146,882,939.37 EUR (previous year: 18,865 kEUR).

Liabilities to credit institutions and customers grouped by residual maturities

Liabilities to credit institutions and customers that are not payable on demand included amounts with the following terms of maturity (residual maturity):

	Liabilities to			
	Credit institutions		Customers	
	31.12.2023	31.12.2022*	31.12.2023	31.12.2022*
Up to 3 months	13,030,251.04	14,043	1,024,263,853.73	605,835
Over 3 months to 1 year	0.00	0	1,129,252,229.06	664,672
Over 1 year up to 5 years	0.00	0	755,455,215.61	794,801
Over 5 years	29,600,000.00	33,300	14,985,880.65	44,608
Total	42,630,251.04	47,343	2,923,957,179.05	2,109,916

* 12/31/2022 amounts in kEUR.

DenizBank AG has the possibility to use refinancing facilities and mechanisms (including interbank transactions, loans, repo transactions, tender transactions, etc,) from various counterparties, including the parent company or central banks, to offset any maturity mismatches or funding gaps, if necessary.

Other liabilities

As of 31 December 2023, other liabilities amount to 22,739,653.76 EUR (previous year: 31,690 kEUR). Other liabilities include accrued interest expenses worth 18,153,058.17 EUR (previous year: 18,499 kEUR), which are payable after the year-end. In 2023, an investment subsidy has been received amounting at EUR 444,169.57. The subsidy was accrued for the average usage period of the acquired assets.

Other liabilities also include negative market value of forward exchange transactions in the amount of 654,865.30 EUR (previous year: 11,094 kEUR).

Accruals and deferred income

As of the balance sheet date, accruals and deferred income amount to 10,608,962.74 EUR (previous year: 3,032 kEUR). This position mainly includes received interest before balance sheet date for the next periods.

Provisions

The total of provisions are valued at 31,994,685.99 EUR (previous year: 11,638 kEUR) showing an increase of 20,357 kEUR compared to last year. This position includes provisions for severance payments worth 1,257,385.00 EUR (previous year: 933 kEUR), provisions for taxation at the amount of 20,828,581.03 EUR (previous year: 0 kEUR) as well as 9,908,719.96 EUR (previous year: 10,705 kEUR) worth of other provisions, which mainly refer to general administrative expense provisions amounting to 8,664,191.03 EUR (previous year: 10,610 kEUR), guarantee credits in the amount of 165,560.69 EUR (previous year: 95 kEUR) and contingent losses of derivatives worth 1,078,968.24 EUR (previous year: 0 kEUR). The general administrative expense provisions include provisions for vacations and premiums in the amount of 4,700,439.50 EUR (previous year: 4,707 kEUR).

Composition of provisions

in EUR	31.12.2023	31.12.2022*
Provisions for severance payments	1,257,385.00	933
Provisions for taxation	20,828,581.03	0
Other provisions	9,908,719.96	10,705
Provisions for guarantee credits	165,560.69	95
Provisions for contingent losses of derivatives	1,078,968.24	0
Provisions for general administrative expenses	8,664,191.03	10,610
Provisions for vacations and premiums	4,700,439.50	4,707
Other provisions	3,963,751.53	5,903
Total	31,994,685.99	11,638

* 12/31/2022 amounts in kEUR.

Supplementary capital pursuant to chapter 4 of title I of part 2 of Regulation (EU) No 575/2013

In 2023 a subordinated loan was taken from DenizBank A.S. in the amount of 90 million USD. The subordinated loans will mature on 21st December 2030 at an interest rate of 9%. Supplementary capital amounted to 81,447,963.80 EUR as of the balance sheet date (previous year: EUR 0 kEUR) and accrued interest amounting at EUR 203,619.91 (previous year: 0 kEUR).

The subordinated loans can only be repaid prematurely if at least five years have elapsed since the start of the term of the loan agreement and the conditions of Article 77 of Regulation (EU) No 575/2013 are fulfilled. Earlier repayment is only possible with the approval of the responsible supervisory authority and upon fulfilment of the requirements of Article 78 (4) of Regulation (EU) No 575/2013. The claims of the creditor from the subordinated loans, including interest, are fully subordinated to the claims of all non-subordinated creditors.

Subscribed capital

The subscribed capital amounts to 231,831,230.38 EUR (previous year: 231,831 kEUR) and is divided into 319,006 shares which are registered in the name of the principal shareholders.

Capital reserves

As of the year-end, capital reserves had a value of 340,626,293.96 EUR (previous year: 340,626 kEUR) and consist entirely of tied-up capital reserves.

Retained earnings

Retained earnings amount to 207,924,819.16 EUR (previous year: 407,925 kEUR) at the balance sheet date. The movement in reserves of 200,000,000.00 EUR (previous year: 200,000 kEUR) relates to the reversal of retained earnings.

Liability reserve pursuant to Article 57 (5) BWG

The liability reserve remained unchanged in the fiscal year, leading to a total sum of 77,952,088.00 EUR (previous year: 77,952 kEUR) at the end of the year.

Net profit for the year

The net profit in the balance sheet amounts to 427,011,630.45 EUR (previous year: 302,041 kEUR) and includes the release of retained earnings in the amount of 200,000,000.00 EUR and the net profit for the year in the amount of EUR 124,972,375.97 and as well as the retained earnings amounting to EUR 102,039,254.48.

The management board decided to propose to the shareholder meeting a dividend pay-out amounting at 200,001,253.90 EUR (previous year: 200,001 kEUR) for fiscal year 2024.

Off-balance-sheet Items

Contingent liabilities in the amount of 39,209,111.88 EUR (previous year: 14,283 kEUR) include guarantees amounting at EUR 25,151,046.45 (previous year: 14,283 kEUR) and letters of credit of EUR 14,058,065.43 (previous year: 0 kEUR). Credit risks arising from not-utilized credit facilities amount to 187,941.57 EUR (previous year: 335 kEUR). Foreign liabilities amount to 2,355,414,864.62 EUR (previous year: 2,352,412 kEUR).

Total qualifying capital pursuant to part 2 of Regulation (EU) No, 575/2013

in EUR	31.12.2023	31.12.2022*
Subscribed capital	231,831,230.38	231,831
Capital reserves	340,626,293.96	340,626
Retained earnings	207,924,819.16	407,925
Liabilities reserve	77,952,088.00	77,952
Net profit of the year	427,011,630.45	302,041
Net retained profit intended for distribution	-200,001,253.90	-200,001
Total	1,085,344,808.05	1,160,374
Positions to be deducted	-15,592,319.60	-8,504
Core capital	1,069,752,488.45	1,151,870
Supplementary capital	81,447,963.80	0
Equity capital	1,151,200,452.25	1,151,870
CET1- & T1-ratios	33.79%	34.50%
Total capital ratio	36.36%	34.50%

* 12/31/22 amounts in kEUR

As of 31 December 2023, DenizBank AG has a total capital ratio of 36.36%, while the CET1 and Tier 1 ratios amount to 33.79%. DenizBank AG thus has sufficient capitalization to meet regulatory capital requirements.

Return on assets for the fiscal year 2023 has a value of 2.22% (previous year: 1.10%), which was calculated as the ratio of net profit after tax divided by the total assets as of balance sheet date. Return on average equity amounts to 9.45% (previous year: 4.14%), which was calculated as the ratio of net profit after tax divided by the average equity.

Additional Information for financial derivatives in the banking book

Statement of derivative financial instruments that were not settled as per balance sheet date of the financial statement:

12/31/2023 in kEUR	Nominal	Positive market value	Negative market value
Forward exchange transactions	614,373,371.74	16,749,336.87	310,346.01
short-term	614,373,371.74	16,749,336.87	310,346.01
Interest Rate Swaps without hedging relationship	6,000,000.00	98,870.05	0.00
short-term	6,000,000.00	98,870.05	0.00
Interest Rate Swaps with hedging relationship	273,775,422.28	3,133,018.88	3,133,018.88
medium-term	273,775,422.28	3,133,018.88	3,133,018.88
Cross Currency Swaps without Hedging relationship	90,641,387.84	0.00	1,173,070.57
medium-term	90,641,387.84	0.00	1,173,070.57
Total	984,790,181.86	19,981,225.80	4,616,435.46
short-term	620,373,371.74	16,848,206.92	310,346.01
medium-term	364,416,810.12	3,133,018.88	4,306,089.45
long-term	0.00	0.00	0.00

12/31/2022 in kEUR	Nominal	Positive market value	Negative market value
Forward exchange transactions	615,700	24,783	58
short-term	615,700	24,783	58
Interest Rate Swaps without hedging relationship	71,000	2,888	128
long-term	71,000	2,888	128
Interest Rate Swaps with hedging relationship	329,747	5,854	5,854
long-term	329,747	5,854	5,854
Cross Currency Swaps without Hedging relationship	99,418	0	11,036
long-term	99,418	0	11,036
Total	1,115,865	33,525	17,076
short-term	615,700	24,783	58
medium-term	0	0	0
long-term	500,165	8,742	17,018

Other liabilities include negative market value of forward
Other liabilities include negative market value of forward exchange transactions in the amount of 310,346.01 EUR (previous year: 58 kEUR), as well as the foreign currency valuation of the cross-currency swap without hedging relationship in the amount of 344,519.29 EUR (previous year: 11,036 kEUR). Provisions amounting to 828,551.28 EUR as of December 31st, 2023 (previous year: 0 kEUR) have been set as contingent losses regarding the negative market value of derivatives. Without hedging transactions provisions for contingent losses worth 3,133,018.88 EUR (previous year: 5,854 kEUR) would have been taken into consideration on the balance sheet date.

DenizBank AG concludes interest rate swap transactions and cross-currency swap transactions with customers. Market risk (interest and currency risk) resulting from these transactions is offset with a counter transaction.

The transactions are structured in a way that risks arising from fixed and variable payments of the underlying hedged transaction and the hedging instrument are nearly fully compensated. As a result, volatile evaluation components in the income statement are eliminated, planning and forecasting quality is increased and fair value risks arising from fluctuating applicable reference interest rate curves are neutralized. Market values of interest rate and cross currency swap transactions are listed in the table of derivatives above. The maturities are determined based on the type of transaction, ranging from short to long term.

Assessment on a qualitative basis (critical term match) is carried out at the date of designation and balance sheet date while the main features (nominal value, currency, begin date, maturity date, reference interest rate, payment frequency, repayment structure, day count convention) of the customer transaction and its hedge item are identical. Therefore, no prospective effectiveness has been calculated. Hedge relationships were terminated prematurely in the 2023 financial year amounting at EUR 65,000,000.00 (previous year: 0.00 kEUR). Due to this, a profit amounting at EUR 3,003,229.61 (previous year: 0 kEUR) has been generated.

3. Profit and Loss Account

Net Interest Income

The net interest result including interest from fixed-income securities, interest expenses and similar expenses resulted in net interest income of 193,673,514.00 EUR as of the balance sheet date, which was 67,975 kEUR higher than in the prior year (previous year: 125,699 kEUR). This includes interest expenses for subordinated liabilities in the amount of 205,592.11 EUR (previous year: 1,062 kEUR).

Distribution according to geographical markets: The presentation of business activities at individual country level can be found under "Other information" on page 44.

Net Interest Income	31.12.2023	31.12.2022*
Austria	195,510,542.30	131,307
Germany	-1,837,028.30	-5,608
Total	193,673,514.00	125,699

* 31.12.2022 amounts in kEUR

Operating Income

The operating income including net interest income, net fee and commission income, income or expenses resulting from financial transactions and other operating income registered an increase of 59,425 kEUR or 40.02 % to 207,918,016.12 EUR (previous year: 148,493 kEUR). The operating income consists of the following amounts:

	Region	Fee and commission income	Fee and commission expense	Income/Expense from financial transactions	Other operating income
2023	Austria	11,256,982.10	3,127,251.26	4,653,600.94	713,992.50
	Germany	616,913.10	-35,274.15	-26,353.42	191,892.32
	Total	11,873,895.20	-3,162,525.41	4,627,247.52	905,884.82
2022	Austria	13,255	-2,684	960	10,376
	Germany	676	-16	54	173
	Total	13,931	-2,699	1,013	10,549

* 12/31/2022 amounts in kEUR

The operating income signs a decrease to the previous year of 9,643 kEUR from 10,549 kEUR to 905,884.82 EUR compared to the previous year. This amount includes 4,942.70 EUR from the disposal of fixed assets and other operating incomes amounting at 900,942.12 EUR.

Operating Expenses

Operating expenses realized an increase of 764 kEUR from 52,908 kEUR to 53,671,888.21 EUR. Also personnel expenses increased by 2,530 kEUR to 31,638,284.07 EUR (previous year: 29,108 kEUR). Other administrative expenses decreased from 15,271 kEUR to 13,414,763.38 EUR. This position includes rent and leasing expenses totalling 3,717,879.61 EUR (3,267 kEUR in the previous year). Other operating expenses amount to 2,813,620.95 EUR (previous year: 3,934 kEUR) containing the amounts resulting from paid contributions to the resolution fund and deposit protection scheme worth 1,271,298.91 EUR (previous year: 2,891 kEUR).

Operating Result

At 154,246,127.92 EUR, the operating result was 58,661 kEUR higher than in the previous year (previous year: 95,585 kEUR).

Value re-adjustments in respect of loans, advances, and provisions for contingent liabilities and for commitments

This position contains valuation losses of securities in current assets in the amount of 3,510,702.00 EUR (previous year: 2,777 kEUR), realized losses from redemptions of securities with an amount 18,690.00 EUR (previous year: 55 kEUR), and value adjustments and written-off receivables in the amount of 53,480,605.23 EUR (previous year: 176,471 kEUR).

Income from value re-adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments

The realized profit from the redemptions of securities is 553,583.98 EUR (previous year: 0 kEUR). Income from the reversal of value adjustments of loans and advances is worth 44,035,765.54 EUR (previous year: 141,821 kEUR).

Income from value adjustments and income from the release of value adjustments on shares in affiliated undertaking

There was a depreciation amounting at EUR 29,018.55 (previous year: 0 kEUR) due to the accumulated loss of Deniz Immobilien Services GmbH.

Income from value re-adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated under-takings

In 2023 there were realized gains from the maturing of securities amounting at 360,516.64 EUR (previous year: 8,478 EUR).

Profit or loss on ordinary activities

The reported result from ordinary business activities of 149,178,382.30 EUR was 82,598 kEUR higher than in the previous year (previous year: 66,580 kEUR).

Tax on profit

Taxes on income and earnings amount to 23,840,578.45 EUR (previous year: 3,585 kEUR). Due to the double tax treaty between Türkiye and Austria a notional withholding tax from interest income at the value of 12,243,585.19 EUR for 2023 (previous year: 11,662 kEUR) could be credited against the corporate tax for 2023. The deferred tax increased by 7,271 kEUR from 7,484 kEUR to 14,755,330.84 EUR in the current fiscal year.

Profit for the year after tax

Profit after tax was 124,972,375.97 EUR and increased by 62,701 kEUR compared to the result of the previous year of 62,271 kEUR.

Changes in reserves

The changes in reserves totalling 200,000,000.00 EUR (previous year: 200,000 k EUR) relates to the reversal of revenue reserves to retained earnin.

Net profit for the year/profit distribution

The net profit in the balance sheet amounts to 427,011,630.45 EUR (previous year: 302,041 kEUR) and includes the release of retained earnings in the amount of 200,000,000.00 EUR and the net profit for the year in the amount of EUR 124,972,375.97 and as well as the Profit brought forward amounting to EUR 102,039,254.48.

Other Information

DenizBank AG is included as a subsidiary in the consolidated financial statements of DenizBank A.S., Istanbul. As a result of the acquisition of the shares in DenizBank A.S., Istanbul by Emirates NBD Bank PJSC, Dubai in July 2019, DenizBank AG is also included in the consolidated financial statements of Emirates NBD Bank PJSC, Dubai (largest group of companies) as at December 31st, 2019. Since selling the shares of JSC Deniz Bank, Moscow, DenizBank AG does not prepare consolidated financial statements.

The EU Directive (ABl L 328) on Pillar II was implemented into Austrian law with the Minimum Taxation Act (BGBl. I No. 187/2023), which came into force at the end of December 2023. As DenizBank AG is part of a group that generates annual revenue of more than EUR 750 million, the Minimum Taxation Act is applicable to the company. A minimum tax report will have to be prepared for the first time for the 2024 financial year, by June 30, 2026 at the latest. The specific effects of the Minimum Taxation Act on DenizBank AG are being analysed continuosly.

Main- branch in Frankfurt am Main (consolidated information):

Branch Frankfurt am Main	2023	2022*
Nature of activities	Universal Banking	Universal Banking
Geographical location	Germany	Germany
Net interest income in EUR	6,532,805.47	7,828
Operating income in EUR	7,279,983.25	8,715
Number of employees (FTE)	47	66
Profit before tax in EUR	26,537.34	2,077
Tax on profit in EUR	-15,485.63	1,414
Public subsidies received	0.00	0

* 12/31/2022 amounts in kEUR.

DenizBank AG holds more than 20% shares in the companies listed below:

Shares in affiliated undertakings for the 2023 financial year				
Name	Location	Shareholders' equity	Share in %	Net profit/loss
CR Erdberg Eins GmbH & Co KG	Vienna	18,694,171.24	99.90%	468,989.11
Deniz Immobilien Service GmbH	Vienna	50,926.25	100.00%	-5,055.20

Shares in affiliated undertakings for the 2022 financial year				
Name	Location	Shareholders' equity	Share in %	Net profit/loss
CR Erdberg Eins GmbH & Co KG	Vienna	18,217	99.90%	545
Deniz Immobilien Service GmbH	Vienna	6	100.00%	-4

During the financial year 2023 an average number of 370 (previous year: 406 employees) people were employed. The yearly remuneration for members of the Management Board amounts to 2,114,712.49 EUR (previous year: 2,012 kEUR). The expenses for severance payments and pensions for members of the Management Board as well as executives, pursuant to Article 80 (1) Austrian Stock Corporation Act (AktG), amount to 291,039.17 EUR (previous year: 261 kEUR). Expenses for severance payments and pensions for non-executive employees totalled 1,293,693.02 EUR (previous year: 1,152 kEUR). Expenses for severance payments in the amount of 694,535.00 EUR (previous year: 567 kEUR) and expenses for the employee welfare fund worth 262,356.61 EUR (previous year: 248 kEUR) were included in this amount.

The expenses for audit costs amounted to 302,156.01 EUR (previous year: 292 kEUR), 46,170.00 EUR (previous year: 40 kEUR) on the quarterly audits.

Significant events after the balance sheet date

After the end of the fiscal year 2023 until 23rd January 2024 there were no major events or developments which could lead to a significant change in the disclosure or valuation of assets or liabilities.

Disclosure:

With the disclosure report as of December 31st, 2023 DenizBank AG fulfils the disclosure requirements pursuant to Article 431 to 455 of Regulation (EU) No 575/2013 (Capital Requirements Regulation – CRR).

With the non-financial report as of December 31st, 2023, DenizBank AG complies with the disclosure obligations in accordance with the Sustainability and Diversity Improvement Act and the corresponding provisions of the Austrian Commercial Code and Austrian Stock Corporation Act.

The disclosure report is available on the website of the Bank (https://www.denizbank.at).

Information on the Supervisory Board and the Management Board:

The remuneration of the Supervisory Board amounts to 86,000.00 EUR (previous year: 48 kEUR).

In 2023 the members of the Supervisory Board are as follows:

Hakan Ates, Chairman
Derya Kumru, Deputy-Chairman
Björn Lenzmann, Member
Aazar Ali Khwaja, Member
Ruslan Abil, Member
Mag. Bernhard Raberger, LL.M. MSc, Member
Dr. Döne Yalcin-Mock, Member (until 30th June 2023)
Aysenur Hickirin, Member
Kurt Pribil, Member (since 28th June 2023)

Following State Commissioners are appointed:

Dr. Veronika Daurer, State Commissioner
Mag. Ana Djakovic, Deputy State Commissioner

In 2023 and during the preparation of the financial statement for 2023 the Management Board consisted of following members:

Hayri Cansever, Chairman
Mag. Dina Karin Hösele, Member
Mag. Darijo Batinic, Member since 16th June 2023
Van Roste Wouter, Chairman until 31st May, 2023

DenizBank AG is registered at the Commercial Court of Vienna under the commercial registry number FN 142199t

Vienna, February 23th, 2024

Management Board

HARY CANSEVER
CHAIRMAN

MAG. DINA KARIN HÖSELE
MEMBER

MAG. DARIJO BATINIC
MEMBER

5. AUDITOR’S REPORT *

Report on the Financial Statements

Opinion

We have audited the financial statements of DenizBank AG, Vienna,

which comprise the statement of financial position as at December 31, 2023, the income statement for the financial year then ended and notes to the financial statements.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as at December 31, 2023, and its financial performance for the year then ended in accordance with Austrian Generally Accepted Accounting Principles and the BWG.

Basis for Opinion

We conducted our audit in accordance with Regulation (EU) No. 537/2014 and with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with laws and regulations applicable in Austria, and we have fulfilled our other professional responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained up to the date of our report is sufficient and appropriate to provide a basis for our opinion as of that date.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of loans and advances to customers

Description and Issue

In its annual financial statements as of December 31, 2023, DenizBank AG reported loans and advances to customers in the amount of MEUR 2,361.9 after deduction of specific loan loss provisions of MEUR 115.7 and general loan loss provisions of MEUR 48.2.

Explanations of the valuation of loans and advances to customers can be found in the notes in point I. "General provisions" and in point II. "Explanation of the balance sheet and profit and loss account".

The assessment of the recoverability of loans and advances to customers is associated with significant estimates and assumptions. In the case of specific loan loss provision, these relate in particular to the identification of defaults, the estimation of recoveries from borrowers' operating activities and, where applicable, from the realisation of collaterals. The general loan loss provision is estimated based on probability of default derived from the rating category and on Loss Given Defaults. Due to the volume of loans and advances to customers and the dependency of the loan loss provisions on management estimates, we have identified this area as a key audit matter.

Our response

As part of our audit, we examined DenizBank AG's lending and monitoring process, including collateral valuation. We conducted interviews with responsible staff and assessed the relevant internal policies to determine whether an adequate credit monitoring process is in place for identifying defaults and determining the need for loan loss provisions. We have tested the implementation of key controls on a sample basis.

On the basis of a sample that was determined based on risk characteristics, we tested whether defaults were identified correctly and whether specific loan loss provisions were estimated adequately.

For general loan loss provisions, we assessed the underlying calculation model and the parameters applied to determine whether they are suitable for determining appropriate risk provisions. Furthermore, we have verified the arithmetical correctness of the calculation of the general loan loss provisions.

Responsibilities of Management and of the Audit Committee for the Financial Statements

Management is responsible for the preparation of the annual financial statements that give a true and fair view of the Company's assets, liabilities, financial position and results of operations in accordance with Austrian Generally Accepted Accounting Principles and the Banking Act. In addition, management is responsible for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

When preparing the financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern, for disclosing matters relating to the going concern, if relevant, and for applying the going concern accounting principle, unless the legal representatives intend either to liquidate the Company or to cease operations or have no realistic alternative to doing so. The Audit Committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with the EU Regulation and with the Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

In addition, the following applies:

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, plan and conduct audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate to serve as a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- We conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

Report on the Audit of the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and whether it has been prepared in accordance with the applicable legal requirements. Management is responsible for the preparation of the management report in accordance with the Austrian Commercial Code. We conducted our audit in accordance with laws and regulations applicable with respect to the management report.

Opinion

In our opinion, the management report is prepared in accordance with the applicable legal requirements and is consistent with the financial statements.

Statement

In the light of the knowledge and understanding of the Company and its environment obtained in the course of our audit of the financial statements, we have not identified material misstatements in the management report.

Other Matters which we are required to address according to Article 10 of the EU Regulation

We were appointed as auditors by the annual general meeting on December 16, 2021 and commissioned by the supervisory e were appointed as auditors by the Annual General Meeting on December 21, 2022 and were commissioned by the Supervisory Board on December 21, 2022 to audit the financial statements for the financial year ending December 31, 2023. In addition, we were appointed as auditors for the following financial year by the Annual General Meeting on December 18, 2023, and were commissioned by the Supervisory Board to audit the financial statements on December 22, 2023. We have been the Company's auditors without interruption since the financial year ending December 31, 2020.

We confirm that the audit opinion in the "Report on the Audit of the Financial Statements" section is consistent with the additional report to the Audit Committee pursuant to Article 11 of the EU Regulation.

We declare that we did not provide any prohibited non-audit services pursuant to Article 5 (1) of the EU Regulation and that we remained independent of the Company in conducting the audit.

Vienna

January 23, 2024

Deloitte Audit Wirtschaftsprüfungs GmbH

Dr. Peter Bitzyk
Certified Public Accountant

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