



Non financial report

DenizBank AG

2024

CONTENTS

Introduction	4
ESRS General Disclosure	4
General basis for preparation of sustainability statements	4
Profile of the Organization	5
Economic development	7
Disclosures in relation to specific circumstances	9
Governance	9
The role of the administrative, management and supervisory bodies	9
Information and sustainability aspects dealt with by the company's administrative, management and supervisory bodies	10
Integration of sustainability-related performance in incentive schemes	10
Declaration on due diligence	10
Risk management and internal controls over sustainability reporting	10
Risks and their management	11
DenizBank AG's risk management is based on the following risk policy principles:	11
Risk profile	12
Risks and their management with regard to non-financial matters	13
Strategy and business model	14
Strategy, business model and value chain	14
Interests and views of stakeholders	15
Material impacts, risks and opportunities and their interaction with strategy and business model	16
Description of the process to identify and assess material impacts, risks, and opportunities	18
Own Operations	18
Portfolio	21
Environmental Information: Economic activities according to the Taxonomy Regulation	23
Climate Change	24
Policies related to climate change mitigation and adaptation	24
Energy consumption and mix	25
Additional Environmental Information	26
Social Information	28
Own workforce	28
Policies related to own workforce	28
Taking action on material impacts on own workforce	28
Equal opportunities in the bank	30
Characteristics of the undertaking's employees	31
Consumers and end-users. Impact, risk, and opportunity management	32
Processes for engaging with consumers and end-users about impacts	32
Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	32
Governance Information	34

Business Conduct policies and corporate culture	34
Compliance.....	34
Prevention and detection of corruption and bribery.....	36

LIST OF ILLUSTRATIONS

Illustration 1:	Development of total assets of DenizBank AG	7
Illustration 2:	Development of eligible equity of DenizBank AG	8
Illustration 3:	Age Structure at DenizBank AG.....	29

Introduction

The following report represents a voluntary disclosure by DenizBank, taking into consideration aspects of the core principles of the European Sustainability Reporting Standard (ESRS). This report aims to provide transparency and accountability in our sustainability practices, reflecting our commitment to environmental, social, and governance (ESG) criteria. DenizBank seeks to offer stakeholders a clear and detailed understanding of our efforts to promote sustainable development, manage risks, and seize opportunities that contribute to a more sustainable future. This report underscores our dedication to integrating sustainability into our business strategy and operations, ensuring that we meet the current and future needs of our customers, employees, and the broader community.

ESRS General Disclosure

General basis for preparation of sustainability statements

Sustainability is a crucial concept that will shape the future of our planet. The European Union has been at the forefront of promoting sustainable development since 1999, when it declared sustainable development as one of its fundamental goals in the Treaty of Amsterdam. Since then, the EU has taken several important steps to ensure a sustainable global community. For example, the 2030 Agenda, adopted by the United Nations in 2015, set out 17 political goals to ensure sustainable development, which the EU has actively worked towards.

In November 2016, the European Commission presented its strategic concept for developing a sustainable European Union in line with the 2030 Agenda. In 2019, the European Green Deal was formulated, aiming to make the EU climate-neutral by 2050—a net-zero greenhouse gas emissions economy. To achieve this goal, the EU has designed an "Action Plan on Financing Sustainable Growth" as part of the development of the European Green Deal. The plan aims to direct investment flows from the financial sector into sustainable businesses.

Achieving the goal of climate neutrality requires profound changes in the economy and significant investments. As early as 2018, the European Union drafted an "Action Plan on Financing Sustainable Growth" as part of the development of the European Green Deal. This plan aims to channel investment flows from the financial sector specifically into sustainable enterprises. The centerpiece of the comprehensive package of measures is the EU Taxonomy Regulation, parts of which came into force on January 1, 2022. With this regulation, the European Union has created the first internationally uniform classification model for defining sustainable economic activities and has simultaneously expanded the reporting obligations for companies required to publish non-financial information under the European Non-Financial Reporting Directive.

Recently, the European Union has significantly advanced its sustainability framework through several key initiatives. The Corporate Sustainability Reporting Directive (CSRD), adopted in 2022, aims to enhance and standardize sustainability reporting across the EU by expanding the scope of reporting requirements and introducing more detailed standards for greater transparency and comparability. The Sustainable Finance Disclosure Regulation (SFDR), effective from March 2021, mandates ESG disclosure obligations for financial market participants and advisors, increasing transparency and preventing greenwashing in sustainable investment products. The EU Climate Law, enacted in June 2021, legally commits the EU to achieving climate neutrality by 2050, with an intermediate target of reducing net greenhouse gas emissions by at least 55% by 2030 compared to 1990 levels. The Fit for 55 Package, launched in July 2021, aligns EU policies with new climate goals through revisions to the EU Emissions Trading System (ETS), the introduction of a Carbon Border Adjustment Mechanism (CBAM), and updates to the Renewable Energy and Energy Efficiency Directives. The European Green Bond Standard (EUGBS), proposed in July 2021, aims to establish a voluntary standard for green bonds,

ensuring alignment with the EU Taxonomy and enhancing the credibility and comparability of green bonds issued within the EU. Lastly, the Sustainable Corporate Governance Initiative, expected to be adopted in 2022, promotes long-term sustainable value creation by integrating sustainability into corporate governance frameworks, ensuring that companies consider environmental and social impacts in their decision-making processes.

These measures are intended to raise awareness among shareholders and society to take responsibility—for today's and future generations.

DenizBank AG is aware of its responsibility as an important part of Austrian society and the European community. With the present Non-Financial Report, DenizBank AG comprehensively describes the impacts it has on environmental, social, and governance matters through its activities. Along with the presentation of operational business areas and information on the initiated implementation of a holistic sustainability policy at all levels of the company's strategy, the transparency of the company for all stakeholders and the interested public is further enhanced.

The following information and key figures pertain to the reporting period from January 1, 2024, to December 31, 2024. The Non-Financial Report is published once a year, it is published together with the annual report. In the methodology of preparation, DenizBank AG is guided by the required statutory Defaults. Additional frameworks were not included.

For environmental protection reasons, a paper version of the report has been omitted. Instead, it is available for download at www.denizbank.at/nachhaltigkeit and www.denizbank.de/nachhaltigkeit.

Profile of the Organization

DenizBank AG was founded in 1996 and is an Austrian universal bank. It is subject to the Austrian Banking Act and is a member of the Einlagensicherung AUSTRIA GmbH (Deposit Guarantee Scheme). DenizBank AG is part of the steadily expanding DenizBank Financial Services Group, which has been owned by Emirates NBD Bank PJSC (ENBD) since July 2019. The DenizBank Financial Services Group holds 100% of DenizBank AG, with the exception of two shares.

Additionally, DenizBank AG is the 100% owner of Deniz Immobilien Service GmbH and, together with it, also owns CR Erdberg Eins GmbH & Co KG. Through these two subsidiaries, the properties, and buildings of the company's headquarters in Vienna Erdberg are held. Since they are not significant for understanding the business performance of DenizBank AG and the materiality of the report's contents is a key criterion, they are not further considered in this report.

DenizBank Financial Services Group

The DenizBank Financial Services Group is one of the five largest private banks in Turkey in terms of consolidated assets. The DenizBank Financial Services Group primarily focuses its business on retail and corporate customers, small and medium-sized enterprises, exporters, public sector financing, and project financing. Additionally, the group operates in niche markets such as shipbuilding finance, tourism, healthcare services, education, and the provision of agricultural loans.

DenizBank AG

As of December 31, 2024, DenizBank AG employed 332 staff members in Austria and Germany. As a universal bank, DenizBank AG offers its customers a comprehensive range of banking products. Special emphasis is always placed on customer proximity and needs, as well as maximum transparency. The

offering for retail customers ranges from classic checking accounts to basic accounts with reduced fees for socially disadvantaged or underprivileged customers, to money transfers and modern online savings forms with daily and fixed-term deposit accounts. Supported by the completely revamped banking application DenizMobile, a comprehensive internet banking platform, branches in Austria and Germany, and a service center for customers in Austria and Germany, DenizBank AG pursues a modern multi-channel approach. A particular focus is on digital product and service solutions that provide customers with a banking experience independent of location and time.

Additionally, DenizBank AG is a cooperation partner for product mediation with the Wüstenrot Group, Wüstenrot Bausparkasse AG, Santander Consumer Bank GmbH and Procheck24 in Germany. Furthermore, DenizBank AG is also a distribution partner of MoneyGram.

Moreover, DenizBank AG offers a wide range of services in the area of wholesale banking, providing business customers and financial institutions with a comprehensive range of deposit and credit products. DenizBank AG finances the import of capital goods such as machinery and equipment by companies and is insured through export credit agencies of European countries (ECA credits). As the only Turkish bank based in Europe accredited to provide ECA financing, DenizBank AG has built a strong and knowledgeable staff to meet the intense demand for investment finance imports. The bank will continue to actively participate in the financing of investment and foreign trade transactions for its corporate and business customers in the coming years.

Corporate customers are, of course, also offered classic banking services such as deposits, cash loans, and cash and account management. The product portfolio is rounded off by project financing and investment products for small and medium-sized enterprises.

Additionally, the bank offers credit products in the area of "commodity trading and financing" to finance the commodities traded by its customers on international markets.

Moreover, DenizBank AG offers a wide range of services in the area of wholesale banking, providing business customers with a comprehensive range of deposit and credit products. Special emphasis is placed on investment loans, project and foreign trade financing, and customized financing solutions tailored to the needs of the customers. Corporate customers are, of course, also offered classic banking services such as deposits, cash loans, and cash and account management. The product portfolio is rounded off by project financing and investment products for small and medium-sized enterprises.

The bank organization itself is close to the customer. Modern digital service and product solutions are complemented by operational branches. In Austria, DenizBank AG had 11 locations during the reporting year, and additionally 3 in Germany, with the headquarters in Frankfurt am Main under the name DenizBank (Wien) AG, branch in Frankfurt/Main.

Moreover, DenizBank AG has set a vision and mission, which are as follows:

Vision

With a special emphasis on retail banking, we are the bank preferred by corporate and retail customers due to our focused product portfolio, excellent service, and solid financial foundation. The bank aims to increase assets in Europe and maintain its profitability. On the funding side, the bank aims to keep its solid presence in Austria and Germany, where it serves a large retail client base, and to further expand this presence with the support of strong brand awareness.

Mission

Empowering our customers and improving their lives by offering convenient banking solutions and becoming a bank that maximizes the satisfaction of employees, customers, and shareholders with our corporate characteristics.

Economic development

Development of Balance Sheet

The total assets for the year 2024 amounts to 6,299,088,714.00 EUR, which is 660,461 kEUR higher than previous year's figure of 5,638,628 kEUR.

The main driver of this development was the increase of deposits of Corporate Banking and Priority Banking, which led to a diversification of deposits.

Development of Total Assets in kEUR

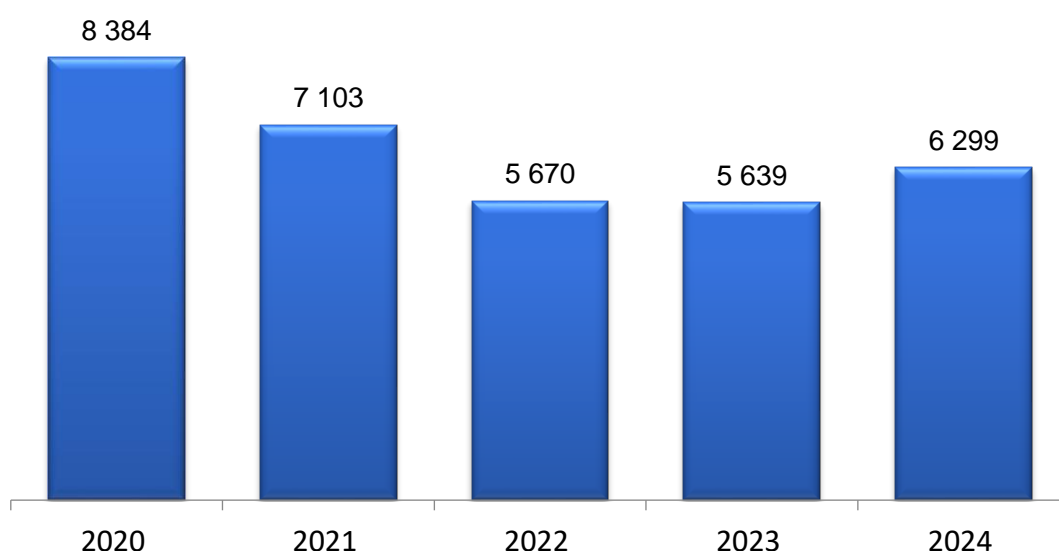


Illustration 1: Development of the Total Assets of DenizBank AG

Loans and advances to customers decreased during the financial year 2024 to 1,954,043,433.67 EUR (previous year: 2,361,861 kEUR), which represents a decline of approximately 17.3%.

The resulting liquidity surplus could be provided to selected banks. At the end of the year, receivables from banks increased to 2,323,481,023.94 EUR (previous year: 1,695,300 kEUR) and balances against central banks increased to 1,396,275,939.35 EUR (previous year: 1,028,039 kEUR).

The portfolio of securities, mainly consisting of government bonds, decreased by 68,071 kEUR to 103,299,856.16 EUR (previous year: 171,371 kEUR). Bonds and other fixed-income securities including accruals increased by 166,823 kEUR to 462,673,450.46 EUR (previous year: 295,850 kEUR).

Total liabilities to customers (including savings deposits) increased by 14.8% to 4,635,181,525.24 EUR (previous year: 4,039,187 kEUR). Savings deposits declined by 37,123 kEUR to 756,953,198.04 EUR at the end of 2024 (previous year: 794,076 kEUR) and the share with an agreed term or period of notice was 70% (previous year: 67%).

Liabilities to credit institutions increased by 66,977 kEUR in the amount to 234,077,400.74 EUR (previous year: 167,100 kEUR). This position includes since December 30th, 2024 a MREL-eligible unsecured senior loan amounting at USD 185,000,000.00 (EUR 178,072,961.79) with a maturity of 3 years and an interest rate of 7%.

Key balance sheet indicators

Changes in key balance sheet items in 2024	in kEUR	in %
Total assets	660,461	11.7%
Loans to customers	-407,818	-17.3%
Loans to credit institutions	628,181	37.1%
Liabilities to credit institutions	66,977	40.1%
Liabilities to customers	595,994	14.8%
<i>Thereof savings deposits</i>	-37,123	-4.7%
Equity	-33,306	-2.4%
Own funds	173,226	15.0%

Table 1: Key balance sheet indicators of DenizBank AG

Total qualifying capital in kEUR

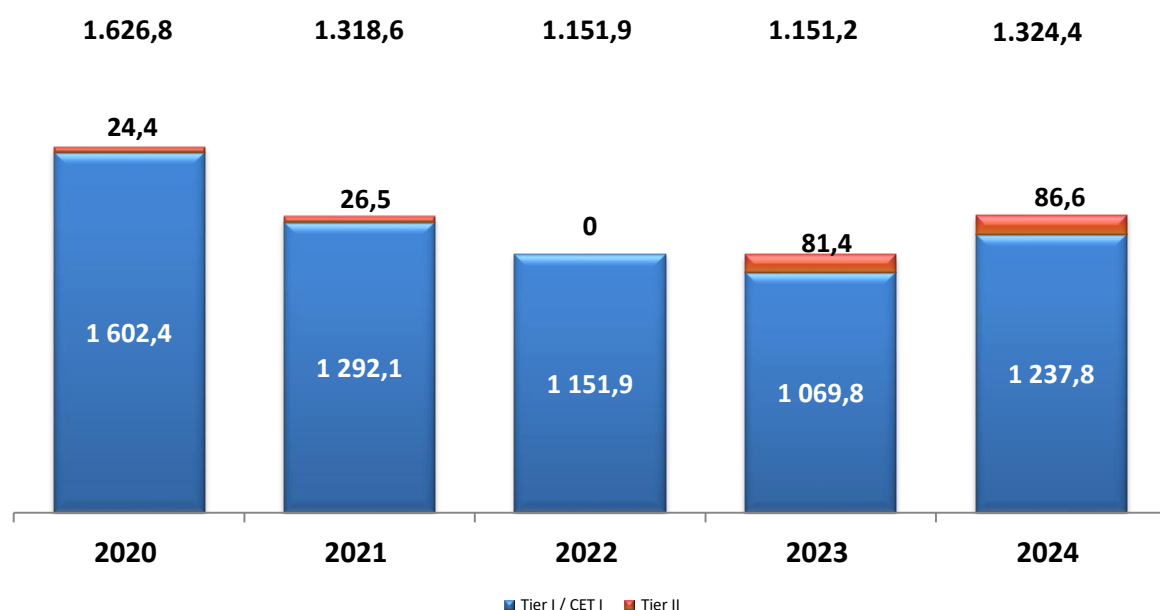


Illustration 2: Total qualifying capital of DenizBank AG

The supplementary capital amounted to 86,630,089.52 EUR (previous year: 81,448 kEUR) at the closing date for the annual financial statements.

The own funds amount to 1,324,425,683.07 EUR at the end of 2024 (previous year: 1,150,200 kEUR). There are no changes in retained earnings (previous year: 200,000 kEUR). 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 42,46 % of the total capital requirements (previous year: 36,36 %) and thus could be increased by a further 6.09% points.

Disclosures in relation to specific circumstances

A sustainability matter is considered material from an impact perspective when it relates to the undertaking's significant actual or potential, positive, or negative impacts on people or the environment over the short, medium, or long term.

For the Double Materiality Assessment, the following definitions of short, medium, and long term were used for reporting purposes:

- Short-term time horizon: The period adopted by the undertaking as the reporting period in its financial statements.
- Medium-term time horizon: From the end of the short-term reporting period up to 5 years.
- Long-term time horizon: More than 5 years.

Governance

The role of the administrative, management and supervisory bodies

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.

The supervisory Board of DenizBank AG plays a crucial role in overseeing the bank's management and ensuring compliance with regulatory requirements. Here's an overview of its functions and composition based on the bank's financial reports.

Functions of the Supervisory Board

1. Advising and Monitoring: The primary responsibility of the Supervisory Board is to advise and monitor the Management Board. This includes reviewing the bank's strategies, policies, and overall performance to ensure alignment with its objectives and regulatory standards.
2. Risk Management Oversight: The Board is tasked with reviewing and approving the risk strategy, including the risk appetite of the bank. It monitors the effectiveness of the risk management system, internal controls, and internal audit processes.
3. Regular Reporting: The Management Board is required to provide regular reports to the Supervisory Board regarding business strategies, key transactions, and risk exposures. This ensures that the Supervisory Board is well-informed about the bank's operational status.

In summary, DenizBank AG's Supervisory Board is integral to its governance framework, focusing on strategic oversight, risk management, and compliance while maintaining a structured committee system to facilitate its various responsibilities.

Information and sustainability aspects dealt with by the company's administrative, management and supervisory bodies

The board is informed by the relevant departments about ESG issues. The strategy and orientation of DenizBank is the responsibility of the board.

Integration of sustainability-related performance in incentive schemes

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. The defined guidelines aim to ensure that employees avoid risks that do not match DenizBank AG's risk appetite. 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. 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.

So far, the bank's remuneration policy does not include any KPIs specifically related to ESG factors. For further information on the remuneration policy, please refer to the financial report.

Declaration on due diligence

Engagement with affected stakeholders is crucial to the entity's ongoing due diligence process and sustainability materiality assessment. This involves identifying and evaluating actual and potential negative impacts, which subsequently inform the assessment process to determine material impacts for sustainability reporting purposes.

As of now, no separate Due Diligence Process has been implemented for sustainability matters. Efforts are currently underway to develop and implement this feature in the future, ensuring that it meets all necessary requirements and standards.

Risk management and internal controls over sustainability reporting

DenizBank AG is currently reviewing their processes regarding risk management for ESG risks in all risk factors. This is done in line with FMA guidelines on sustainability risks, to capture risks relating to environmental, social and governance topics. In the DMA, potential negative effects on DenizBank AG have already been assessed.

DenizBank AG assesses sustainability risks as part of the risk framework. As such, the chapter below gives an overview on the management of risks at DenizBank AG.

Risks and their management

In addition to an appropriate product portfolio, comprehensive monitoring and management of risks arising from the banking business are decisive for DenizBank AG in terms of customer confidence and sustainable economic success.

DenizBank AG has established binding risk policy principles serving as central rules of conduct for dealing with risks throughout the bank. These principles form the basis of a uniform understanding of risk management in the context of the bank's corporate objectives.

The risk policy principles are defined by the entire Management Board. Each employee is obliged to follow these principles to the best of their knowledge and ability and thereby actively contribute to the avoidance of losses from inherent risks. The risk policy orientation is fully integrated into the corporate culture of DenizBank AG.

In addition to the risk policy principles, compliance with bank-relevant legal and regulatory requirements must be monitored and ensured through preventive and organizational measures. The timely implementation of new regulatory requirements is also an essential part of the basic principles of the risk strategy. This ensures that the due diligence obligations in accordance with Sections 39 and 39a Austrian Banking Act are always complied with.

DenizBank AG's risk management is based on the following risk policy principles:

Principle 1: Prudent risk management

The prudent risk management of DBAG acts with a high degree of responsibility and care. This principle is also one of the main pillars of DenizBank Financial Services Group.

Principle 2: Conscious assumption of risks

DenizBank AG operates only in business areas, for which it has appropriate systems and knowledge to evaluate the specific risks. The introduction of new business fields or products pass through an adequate analysis of the business-specific risks in the context of the new product committee.

Principle 3: Timely involvement of the Management Board in the day-to-day business

The Management Board of DBAG is involved closely in the operations of the Bank and is informed about the ongoing day-to-day operations.

Principle 4: Ensure risk transparency through risk reporting

The continuous risk reporting analyses of the essential positions of the bank, so that the risk level of these positions can be assessed in a timely manner on this information base. Within the risk monitoring framework, all risks are reported in a comprehensive, objective and transparent manner to the Management Board, the supervisory bodies and the parent company of DenizBank AG.

Principle 5: Avoidance of conflicts of interest

In order to avoid any conflicts of interest, DenizBank AG follows a strict separation of the front and back-office departments. This separation is also observed at Management Board level.

Principle 6: Achieving an adequate return on equity

As part of the overall bank management, DBAG aims at balancing its risk with regards to return, in order to achieve a consistently adequate return on equity.

Principle 7: Measures to prevent future impairments

The risk management framework acts as an "early warning system", in order to avoid possible adverse effects of current and future business activities in a timely manner by taking appropriate measures .

Principle 8: Ensure risk-bearing capacity at all times

The capital and liquidity of DBAG are protected by assessing, analyzing, monitoring and managing all relevant risks, which have been identified during the risk materiality analysis. The risk framework should ensure that a deterioration of the capital or liquidity situation of the bank is detected at an early stage to enable the bank to implement corrective measures, which are defined i.a. in the Recovery Plan pursuant to BaSAG, in time.

Principle 9: Compliance with legal requirements

Compliance with supervisory and other legal requirements is ensured by the employment of a qualified staff and the constitution of up-to-date and comprehensive internal documentations and working procedures for employees in the Front-Office as well as in the areas of Enterprise Risk Management, Credit Risk Management, Compliance, AML, Legal, Regulatory Reporting, Internal Control System and Internal Audit.

Principle 10: Development of an appropriate risk culture

The risk awareness of employees is improved through the organization of workshops and participation in internal and external trainings that go beyond the basic knowledge of the risk management system, as well as active bank-internal communication. The goal is to ensure the development of a living risk culture.

Principle 11: Individual responsibility of employees

Each employee is required to prevent potential damage to the company. The individual responsibility of each employee applies to every organization level. The risk policy principles are communicated to all employees and must be followed by them.

Risk profile

DenizBank AG's risk profile is the result of identifying all risks to which the bank is exposed due to its business model. The regular assessment of the materiality of these risks and the resulting need for detailed analysis, monitoring and limitation of risks classified as material form the bank's risk profile. Based on the risk profile and taking the business plan into account, the bank's risk appetite is defined on the premise of compliance with all statutory and regulatory minimum requirements, especially with regard to capital and liquidity.

The following risk types are assessed as relevant by DenizBank AG:

Credit Risk	Default risk incl. Migration risk
	Country risk / Transfer risk
	Concentration risk
	Risk arising from FX loans
	Residual risk from CRM techniques
	CVA - Counterparty credit risk
	Settlement risk
Market Risk	Interest rate risk

	FX risk
	Credit spread risk
Operational Risk	External & Internal factors
	System risk (ICT & IT Security Risk)
	Legal risk
Other Risks	Liquidity risk
	Risk of ML and TF
	Business risk
	Reputation risk
	Risks arising from macroeconomic environment
	Risk arising from outsourcing of systems and services
	Risk arising from ESG factors

Table 2: relevant Risk Types

Quantitative and qualitative criteria have been developed for assessing the materiality of the individual risk types, which are reviewed regularly.

Appropriate procedures, models and processes have been defined and documented for the significant risks in order to quantify, manage and limit the risk.

Risks and their management with regard to non-financial matters

Non-financial factors are also taken into account as part of the assessment of risks. In particular, nonfinancial factors are included in the risk types, such as credit risk, operational risk, and other risks. These types of risks are discussed below with reference to social and employee concerns.

Credit risk

In the context of lending, DenizBank AG has defined sensitive sectors in which no investments shall be made. Strict adherence to the know-your-customer principle (the procedural rigorous identification and verification of customer identities) ensures that investments in these sectors do not actually occur.

Operational risks

In the area of operational risk, the main risks are personnel risk and possible external risks. In order to minimize personnel risk and the associated potential damage to customers and employees, DenizBank AG pays strict attention to keeping workloads for employees within reasonable limits and also to enabling an optimal transfer of know-how at all times. The potential operational risk from individual employees is further reduced through controls as well as by arranging for deputies. Likewise, the ongoing education and training of employees contributes to the reduction of risk.

The risk to employees from physical threats (burglary of business premises, attacks, etc.) is kept as low as possible through ongoing training on conduct and the implementation of appropriate security measures.

In addition, DenizBank AG considers it one of its most important tasks to ensure that there are no forms of discrimination within the bank and that promotion processes are as transparent as.

Compliance Risks

Material risks in this area primarily involve risks in connection with violations by DenizBank AG of its obligations under Delegated Regulation (EU) 2017/565, the Securities Supervision Act 2018 (WAG 2018) and relevant standards issued by ESMA and FMA in this regard.

Against the background of the legal requirements in accordance with the WAG 2018, the Compliance Function of the WAG 2018 determines the scope of DenizBank AG's compliance risk, taking into account DenizBank AG's investment services and investment activities and the types of financial instruments it trades. The risk analysis forms the basis for the objectives and work program of the Compliance Function of the WAG 2018, the results of which are reviewed regularly and, if necessary, on an ad hoc basis to capture any emerging risks in a timely manner. In addition, reports on the implementation and effectiveness of the overall control environment for investment services and investment activities, on the identified risks as well as on the complaint management and the measures taken or to be taken, are submitted to the Management Board at least once a year.

In order to minimize compliance risks relevant in reference to the WAG 2018, DenizBank AG employees are regularly made aware of important topics (including: employee transactions, conflicts of interest, market abuse (insider trading and market manipulation), anti-corruption and whistleblowing) and corresponding legal frameworks through training, internal letters, and guidelines.

A significant risk also arises from the granting and acceptance of benefits (potential bribery and corruption). The legal provisions of the Criminal Code are strictly observed by DenizBank AG. No violations of the anti-corruption regulations were identified in 2024.

In addition, procedures to avoid violations of Section 39 (6) Austrian Banking Act – in particular continuous monitoring and regular evaluation of the adequacy and effectiveness of the policies and procedures in accordance with Section 39 (6) no. 1 Austrian Banking Act as well as the measures taken to remedy any deficiencies – are of crucial importance and are implemented accordingly at DenizBank AG.

More detailed information on risk-minimizing measures in the area of Securities Supervision Compliance risks as well as Regulatory Compliance risks and their realization can also be found in the sections Compliance and Anti-Money Laundering.

Other risks

Within the framework of other risks, the risk of money laundering and financing of terrorism should be mentioned in particular. To minimize these risks, DenizBank AG has integrated methods and processes into its corporate procedures in accordance with current market standards. In concrete terms, for example, the entire customer base is monitored using proprietary software and compared with international blacklists.

Strategy and business model

Strategy, business model and value chain

The requirements for the double materiality assessment are elaborated in the European Sustainability Reporting Standards (ESRS). The scope of reporting is determined by a materiality assessment. All topics identified as material from either an impact perspective (“inside-out”) or a financial perspective

(“outside-in”) must be included in the report. This assessment must encompass all parts of the value chain. The specific requirements for the materiality analysis are detailed in ESRS 1.

The purpose of this section is to provide basic definitions for our approach to the first step of the materiality analysis, which is value chain mapping.

According to ESRS 1-5 paragraph 63, “The information about the reporting undertaking provided in the sustainability statement shall be extended to include information on the material impacts, risks, and opportunities connected with the undertaking through its direct and indirect business relationships in the upstream and/or downstream value chain (“value chain information”).”

In extending the information about the reporting undertaking, the undertaking shall include material impacts, risks, and opportunities connected with its upstream and downstream value chain:

- following the outcome of its due diligence process and materiality assessment; and
- in accordance with any specific requirements related to the value chain in other ESRS.

The value chain mapping documentation is seen as essential as an information input to the double materiality assessment and for a range of disclosures set out in the ESRS.

The stakeholders provided information regarding the value chain based on process environment, which encompasses all own operation processes, including financial products, facility management and real estate activities, as well as other support functions such as IT (including procurement), human resources, and more.

Interests and views of stakeholders

DenizBank has a long-standing tradition of an extensive stakeholder engagement strategy, including various internal and external stakeholders. This section aims to shed light on DenizBank’s approach to stakeholder engagement within the context of the double materiality assessment.

The ESRS identify stakeholders and their significance in the materiality assessment process (ESRS 1 3.1). Stakeholders are individuals or groups who can influence or be influenced by the undertaking. There are two primary categories of stakeholders (for a detailed description, please refer to the Annex):

- Affected stakeholders.
- Users of sustainability statements.

Both internal and external stakeholder groups were considered and identified along the value chain. In addition, in accordance with the European Sustainability Reporting Standards, both affected stakeholders and users of sustainability reporting were considered in the analysis. (ESRS 1 para. 22)

For the materiality analysis, internal topic expert stakeholders were involved in the assessment process for the own operations impacts. Beside participating in the assessment workshops, they performed detailed assessment for the topics within their responsibility. They were tasked with identifying and assessing relevant impacts, risks, and opportunities in their respective field of expertise.

Also, as part of the impact analysis, it was determined who is affected by the identified impacts.

Since stakeholder analyses have already been conducted for the previous sustainability reporting, these assessments were also included in the analysis.

When selecting the specific contact persons for each stakeholder group, particular attention was paid to the individuals' prior knowledge regarding sustainability. This is intended to support well-informed responses during stakeholder engagement and to focus more on internal and external experts.

In selecting participants for the focus group (stakeholder group employees), care was also taken to invite employees from different company departments and management levels.

The content of the stakeholder engagement was tailored to each stakeholder. For example, employees were only asked about topics related to S1 Own Workforce. Additionally, for the online survey, the company determined that the assessment of those impacts that were internally rated as significant in the short term should be validated.

The view of the stakeholders is continuously used to inform the double materiality assessment.

Material impacts, risks and opportunities and their interaction with strategy and business model

Based on the described business model and the risks relevant to it, the topics discussed below were classified as material in the context of preparing this report – and for understanding the business performance and the impact of DenizBank AG's business activities on environmental, social and employee concerns, on respect for human rights and on combating corruption and bribery.

The table gives an overview of Denizbank AG's material risks, opportunities, and impacts, following the double materiality assessment (see IRO-1). In the table below, all material IROs are listed, based on the sustainability matter they relate to, the type of IRO, the position in the value chain and the time horizon the materiality has been detected in.

Sustainability Matter	Type of IRO	IRO Description	Value chain
E1-Climate change adaptation	Neg. impact	The absence of a business strategy to adapt to climate change reduces the capacity of society/ecosystems to cope with or adapt to the impacts of climate change.	Own Operations
	Risk	Physical risks pose a threat to all industries in DenizBank AG's portfolio.	Portfolio
E1-Climate change mitigation	Neg. impact	Climate change leads to the destruction of ecosystems and has negative consequences for society (extreme weather events, food scarcity, social tensions, etc.). If there are no processes within the company to reduce, among other things, greenhouse gas emissions, these further harm society, and ecosystems.	Upstream & Own operations
	Negative	Investing in industries misaligned with climate change mitigation can negatively impact a bank's portfolio by increasing greenhouse gas emissions, contributing to global warming, and potentially leading to stricter regulations and financial penalties.	Portfolio
E1-Energy	Neg. impact	Fossil fuels contribute to the emission of CO2 and thus climate change. If no reduction targets are set within the bank, or if there is no focus on energy-saving measures and the reduction of emissions in the own operations, this contributes negatively to climate change.	Own operations
	Positive/negative	Energy Consumption in the portfolio (Scope 3 Category 15) has a negative impact on the environment.	Portfolio
E5-Resource use and circular economy - inflows	Neg. impact	Financing resource-intensive industries can harm resource use and the circular economy by depleting resources, increasing waste, and causing environmental degradation, which exacerbates climate change and health risks.	Portfolio
E5-Resource use and circular economy - outflows	Neg. impact	Supporting resource-extraction industries can harm resource use and the circular economy by depleting resources, increasing waste, and causing environmental damage, which worsens climate change and health risks.	Portfolio
E5-Waste	Neg. impact	Investing in waste-generating industries can hinder sustainable waste management, leading to increased landfill use, pollution, and environmental degradation, which exacerbates climate change and health risks.	Portfolio

S1-Working conditions – Secure employment	Pos. impact	Stability, higher employee satisfaction Long-term employment relationships to maintain customer satisfaction Employee retention	Own operations
S1-Working conditions – Work-life balance	Pos. impacts	Work-life balance, greater well-being	Own operations
S1-Working conditions- Health and safety	Pos. impacts	Increased safety by recognizing and avoiding hazardous situations, additional travel insurance, benefits (workplace evaluations, health packages)	Own operations
S1-Working conditions- Collective bargaining, including rate of workers covered by collective agreements	Pos. impacts	Fair remuneration	Own operations
S1-Working time	Pos. impact	Good work-life balance, flexible working hours increase employee satisfaction, positive effects on health- Increase financial security in old age	Own operations
S1-Adequate wages	Pos. impact	Providing financial security for employees by offering adequate and market-competitive compensation result in higher employee satisfaction and good reputation.	Own operations
S1-Equal treatment and opportunities for all - Diversity	Pos. impact	Greater diversity, sense of belonging, feeling of security	Own operations
	Neg. impact	Reduced quality of life, discrimination, job insecurity, financial instability, mental health	Own operations
S1- Equal treatment and opportunities for all – Training and skills development	Pos. impact	We prioritize employee satisfaction, personal development, and career opportunities. Our bank is known for its strong competencies and professionalism, which contribute to a positive and growth-oriented work environment.	Own operations
S1- Equal treatment and opportunities for all – Gender equality and equal pay for work of equal value	Pos. impact	Satisfaction, financial impact, prospects	Own operations
S1- Equal treatment and opportunities for all – Measures against violence and harassment in the workplace	Opportunity	Employee retention in an international context	Own operations
S1-Other work-related rights - Privacy	Neg. impact	Data misuse, reduced trust	Own operations
	Pos. impact	Mostly seen as minimum standard by employees	Own operations
	Opportunity	Perception as a trustworthy company	Own operations
S1 - Working conditions - Freedom of association, the existence of works councils and the information, consultation, and participation on rights of workers	Pos. impact	Knowledge of ones rights and options, better coordination	Own operations
S1-Social Dialogue	Pos. impact	Enhancing the representation of employees' rights and interests through meaningful exchanges with various stakeholders.	Own operations
S2-Workers in the value chain – Working conditions	Negative	Investing in industries that neglect worker health and safety can harm a bank's portfolio by increasing accident rates, legal liabilities, and reputational damage, ultimately affecting financial performance and stability.	Portfolio
S4-Privacy	Neg. impact	Processing personal data carries inherent risks that can result in negative impacts. These risks include data leakage, improper handling of data, negative psychological consequences, potential economic impact for customers and intangible damage to their well-being.	Downstream & Own operations
	Pos. impact	Enhancing customer confidence in institutions and the capital market is a key objective. Adhering to data protection standards not only ensures compliance but also upholds fundamental civil rights, such as the right to data protection (e.g., Austrian Art. 1 DSG). By strengthening data privacy measures, trust is improved, fostering a positive environment for individuals and organizations alike.	Downstream
S4-Access to (quality) information	Pos. impact	To enhance positive impact, measures can include improving the comparability of products and services, facilitating decision-making	Downstream

		for customers, providing customer education to avoid uncertainty and complaints, and refraining from further assessment.	
S4-Information-related impacts for consumers and/or end-users – Freedom of expression	Pos. impact	Maintaining direct contact as a regional bank to enhance customer loyalty and ensure a prompt response to customer complaints.	Downstream
G1-Protection of whistle-blowers	Pos. impact	Opportunity to report incidents or grievances, employees are encouraged to report violations, sense of security	Own operations, upstream & downstream
G1-Corporate Culture	Pos. impact	Good corporate culture increases employee well-being; positive corporate culture with a sustainable and shared vision for the future	Upstream, own activity & downstream
G1-Management of relationships with suppliers including payment practices	Pos. impact	Transparent partnerships, secure procurement processes, contract fulfillment, and compliance are essential for a positive impact	Upstream, own operations & downstream
G1-Entity specific-Outsourcing	Pos. impact	Transparent partnerships, secure procurement processes, contract fulfillment, and compliance are essential for a positive impact	Upstream, downstream & own operations
G1-Corruption and bribery - Prevention and detection including training	Pos. impact	Important regulations for responsible and sustainable corporate governance, awareness-raising, correct dealings with customers and suppliers	Upstream, own operations & downstream
	Opportunity	Good reputation, as the company adheres to the regulations, enables certain business relationships, competitive advantage (through transparency in measures)	Own operations

Description of the process to identify and assess material impacts, risks, and opportunities

The **first** materiality assessment was **carried out** in the period from **March 2024** to **September 2024**. Companies are not obliged to report on all topics described in the current ESRS, but only on those that are material to them. Consequently, the company must perform a materiality assessment to determine which topics are material to the undertaking and which are not.

The materiality assessment is therefore the process organized by the company to identify all material impacts, risks, and opportunities (IROs) in the areas of environmental, social and governance topics. It is the starting point for determining the material information to be published in the sustainability statement on these material impacts, risks, and opportunities.

The double materiality assessment process is done separately for own operations and portfolio impacts, risks, and opportunities (IROs). This process is used to capture, correctly analyze, and evaluate the different IROs that arise from the two areas. Since a bank's portfolio is a crucial factor for identifying material topics, this area was analyzed separately. Overall, both the upstream and downstream value chains were considered in the double materiality assessment and are also included in the report.

Material changes in the business processes, as well as in the portfolio, are monitored to ensure that the double materiality assessment covers all impacts, risks and opportunities that arise over the entire reporting period.

If changes would occur, DenizBank reviews the DMA and, if necessary, identifies the need for changes.

Own Operations

There were four steps in the own operations double materiality assessment:

1. Preparation of a longlist including all ESRS 1 Appendix A datapoints with the respective thematic standards and sub-topics. (ESRS AR. 16) This list was then expanded by adding company-specific topics.
2. The next step was to analyze the topics and find specific touchpoints with DBAG before defining the IROs to fit DBAG's needs. Additionally, the evaluation scales were elaborated by risk management and the methodology for the external assessment was considered.
3. The actual assessment is the next step. Firstly, the prepared topics are assessed by internal stakeholders. The valuation happens according to the double materiality with the use of a valuation tool.
4. Lastly, the results are evaluated and processed, and a list of key-issues is compiled.

Longlist & Touchpoints

The relevant sheets in the Excel tool are "(A) Longlist IM" and "(B) Longlist FM". Firstly, it is defined topic by topic whether there are any touch points within the own operations or the value chain. If this is not the case, this is documented, and the topic does not have to be evaluated in detail. For those topics for which there are touchpoints, these are defined, and specific impacts, opportunities, and risks (IROs) are defined and described. The purpose of this is to provide a common understanding of what exactly is being assessed for each topic. At the end of procedure is a shortened list of topics with concrete IROs, which are the basis for the detailed assessment.

The first step of the process starts with the longlist of topics as given in the ESRS 1 Appendix A. This includes 10 topics (5 Environmental topics, 4 Social topics, 1 Governance topic), and the according sub-topics, as well as sub-sub-topics. For each of the topics, an impact (positive and negative), risk and opportunity are defined on the lowest level – in most cases, this means on the sub-sub-topic level. An initial draft was presented to DBAG by KPMG, and then reviewed and adapted by the internal stakeholders of DBAG.

In the workshops, KPMG, and the DBAG's project team presented a general overview of the ESRS, an introduction to the DMA, as well as with examples of the longlist and the DMA tool. The goal was to enable the experts to review the longlist and to adapt them to their views, based on their expert opinion. The topics were split based on the expertise of each department and the responsible unit/person was recorded in the tool.

The departments provided their updated longlist to the DBAG project team and KPMG. Throughout their assessment process, KPMG's experts were available to help with open questions.

In the preparation of touchpoints, as well as in the identification of risks and opportunities, it was taken into account that impact materiality and financial materiality are interrelated and the interdependencies between these two dimensions can lead to further IROs. This was discussed and is implicitly reflected in the longlist of IROs, as well as in the assessment.

Impact Materiality of Own Operations

The own operations impact materiality (inside-out) assessment analyzes the impact of DBAG's activities focusing on own operations (inhouse ecology, own workforce, procurement and consumer and end user topics, but also including supplier topics) on the topic in question regarding environment, people and/or society.

An impact in this context is to be interpreted in the sense of an effect and it can have the following four characteristics.

1. The type of impact can be actual or potential. An example for an actual impact is that the amount of energy consumed has an impact on climate change. In contrast, a potential impact might not occur, and the likelihood must be considered with each scenario.
2. The impact can be caused directly by the business activity or be influenced by the business activity. An example for a direct cause is an oil leak from a sinking freighter of the company, while with an indirect/influenced impact the oil leak would come from a subcontractor freighter.
3. Another aspect to consider is the location of the impact. It might be in the company's own business activities or in the upstream or downstream business activities. A lack of occupational safety measures that leads to accidents in the company counts as an impact in the business' own activity. In contrast, lack of occupational safety measures that lead to accidents at a supplier's site or defective products that lead to accidents during the use by the customer are examples of up- or downstream impacts.
4. Lastly, the time horizon of the impact can vary from short, medium, and long term.

Financial Materiality of Own Operations

The own operations financial materiality (outside-in) assessment analyzes the financial impact from ESG factors on DBAG. Financial materiality can be assessed on the following aspects:

The interpretation of financial materiality, more detailed opportunities vs. risks and the time horizon of the financial materiality, meaning short, medium, and long term.

A financial materiality opportunity would be that by reducing energy consumption, the associated costs can be reduced and hence save money. On the contrary, a financial risk might be that CO2 taxes make investments in energy-intensive business activities unattractive.

Regarding the time horizon, short term aspects that might influence financial materiality can be interrupted supply chains in the import of raw materials. Medium term aspects that also impact DBAGs supply chain for IT equipment can include increasing environmental requirements in the mining of certain raw materials which in turn increases costs. Lastly, long term aspects might be shortages of raw material which will lead to the end of production from 2050 onwards.

In order to get the most reliable results for the own operations financial materiality assessment, the availability of certain resources, DBAG's dependency on relationships with significant stakeholders and other factors that might influence the future enterprise value have to be taken into account.

Assessment workshops

The aim of the assessment workshops was to evaluate in detail the topics that are left on the "short list". This means according to the parameters specified in the ESRS (scale, scope and remediability for the impact and potential magnitude of the financial effects for the financial materiality).

The considerations, justifications, and work steps are documented in detail in the materiality assessment tool. This means, among other things, who assessed which topics, which assumptions were made, which data was used, which stakeholders were included and how, and which external sources, studies, statistics, etc. were used.

In evaluation workshops, the pre-filled longlist in the Excel file was filled in together for one example subtopic line with the responsible departments for each material topic category E, S, G (Environment, Social, Governance) and entity specific topics (e.g., cyber security) were also added.

At the beginning of these workshops, where the aim was to evaluate the relevant topics from the longlist, the participants were introduced to the evaluation of the materiality assessment. Here, the evaluation methodology and, above all, the structure of the scales were explained to them, according to which the impacts, risks and opportunities were then subsequently evaluated.

The topics were then first assessed according to positive and negative impacts and, for each of the two impacts, according to potential and actual impacts. For actual impacts, no probability needs to be determined, whereas this is necessary for potential impacts. The respective impact is also described, and the reason, the location (own business activities or upstream/downstream value chain), the time horizon, and the violation of human rights are documented before a quantitative assessment of the extent, impacts, and recoverability is conducted. It was taken into account that, in the case of potential negative impacts on human rights, the severity of the impacts takes precedence over their probability.

For each sub-topic or sub-sub-topic, it may occur that more than one impact is identified. These impacts are usually strongly interconnected and not standalone impacts. If it happens that two very different impacts exist for the same topic, they are recorded separately. When assessing the final materiality of a sub-topic or sub-sub-topic, the impact with the highest rating is decisive.

For risks and opportunities, the description was also carried out and the time horizon was defined. The assessment is based on ESRS 1 AR 15 on the potential magnitude of the financial effect as well as the probability of occurrence. In accordance with AR 13 and AR 14, the reusability of resources and/or the dependency on relationships with key stakeholders and/or the further impact on future cash flow were included in the assessment. Additionally, impacts identified in the previous step were reviewed to determine whether additional risks or opportunities could arise from the impacts.

Various departments were involved in the evaluation process for different topics. The workshops were held with the people/departments responsible for each of the topics. The responsibilities can be found in the assessment tool.

Portfolio

Impact Materiality of Portfolio

The portfolio impact materiality assessment was done with the aid of the UNEP FI tool. In the first step, the sector impact mapping tool "Feb-2023-Sector-Impact Map_UNEPFI.xls" (Impact Mappings - United Nations Environment - Finance Initiative (unepfi.org)) was used. The Sector Impact Map by UNEP FI is a tool designed to help financial institutions understand and manage the environmental, social, and governance (ESG) impacts across their entire portfolio. The Sector Impact Map considers the positive and negative associations between industries/sectors/activities and the three pillars of sustainable development (economy, environment, and social).

UNEP FI's Sector Impact Map is a tool designed to help financial institutions understand and manage environmental, social, and governance impacts across their portfolio. The Sector-Impact Map considers the positive and negative associations between industries / sectors / activities on the three pillars of sustainable development (economic, environmental, and social).

To map ESG-impacts to the bank's portfolio, the Sector Impact Map builds on resources such as the Environmental Health and Safety Guidelines of the International Finance Corporation, UNEP FI's Risk Briefings, as well as thematic resources such as ENCORE to define impact scores for each economic activity, classified using NACE-codes. Impacts are marked with numbers: 0 means that the economic activity has no association to ESG-impacts, 1 means that there is an association, and 2 means that there is an association with a key sector.

The impact categories of UNEP FI can be mapped to the ESRS longlist. The identified portfolio impacts can thus serve as a basis for discussion on what Topical Standards are material for the inside-out perspective of the Double Materiality Assessment

The impact categories of UNEP FI were mapped to the ESRS longlist. The identified impacts of the portfolio served as a basis for discussing which standards are material for the inside-out perspective of the double materiality assessment with DenizBank's experts.

Financial Materiality of Portfolio

Risks:

Due to the special structure of banks, the portfolio is a major source of financial risks and opportunities. Several internal risk documents have been analyzed to inform the assessment of risks and opportunities related to sustainability matters.

Opportunities:

The identification and assessment of opportunities was performed by DenizBank AG's experts and assessed in workshops.

Assessment scales

The scaling was discussed in multiple workshops with DenizBank. Par. 45 and 46 (impact materiality) and Par. 50 (financial materiality) ESRS1.

The scaling was decided by the DenizBank core project team. It was not possible to align the scaling with already existing scales from the risk department. Because of this circumstance, it was decided to implement a 4-step scale. The scaling approach was finalized after discussions with experts from DenizBank's risk department and KPMG.

The following scales are used for the impact assessment:

- Scale
- Scope
- Remediability
- Probability of occurrence/likelihood

Validation & alignment with executive management

For the validation process, the preliminary results were challenged with sector specific standards from GRI and SASB. The "Financial Services Sector Standard" by GRI was reviewed as well as the financial sector standards by SASB Standards, including the standards for "Asset Management & Custody Activities", "Commercial Banks", "Consumer Finance" and "Mortgage Finance".

The process and the results of the Own Operations DMA Assessment as well as the Portfolio DMA Assessment was presented and recognized by the Board of Management. The board of management was also responsible for setting the threshold for materiality.

Environmental Information: Economic activities according to the Taxonomy Regulation

In accordance with the Taxonomy Regulation, which has been partially in force since 1 January 2022, and the corresponding supplementary Delegated Regulation, the following information is provided on the shares of risk positions for taxonomy-eligible and taxonomy non-eligible economic activities as well as for companies that are not required to publish non-financial information. The shares are measured in each case against the total assets.

In principle, an economic activity is considered taxonomy-eligible if it can be assigned to a NACE code relevant for the Taxonomy Regulation and is provided by an enterprise that is obliged to publish non-financial information according to the Non-Financial Reporting Directive.

Accordingly, taxonomy non-eligible economic activities are all those activities provided by enterprises that are obliged to publish non-financial information, but whose corresponding activity cannot be assigned to a NACE code that is relevant for the Taxonomy Regulation.

At the European level, companies that are not obliged to publish non-financial information are primarily small and medium-sized enterprises that fall below the size criteria defined in the Non-Financial Reporting Directive and, in addition, all those that do not belong to the European Economic Area.

Risk positions in each case measured as a proportion of total assets	2024
Taxonomy-eligible economic activities in total assets	2,43%
Non-taxonomy-eligible economic activities in total assets	7,92%
With respect to central governments, central banks and supranational issuers	29,15%
Ratio of derivative exposures to total assets	0,26%
With respect to banks and companies not subject to the non-financial reporting.	45,11%
Proportion of trading portfolio in total assets	0,0000%
Proportion of on demand inter-bank loans portfolio in total assets	1,31%

Table 3: Risk positions

The shares of risk positions in taxonomy-eligible and taxonomy non-eligible economic activities result from the structure of the existing loan portfolio. In terms of total assets, 45,11% of risk positions are attributable to companies that are not obliged to publish non-financial information due to size or location.

In addition, DenizBank AG is currently not actively engaged in the loans business in the private customer segment and accordingly does not grant taxonomy-eligible mortgage loans or vehicle financing to private individuals, which has an additional impact on the share of risk positions in taxonomy-eligible economic activities.

The shares in taxonomy non-eligible economic activities are based predominantly on risk positions in relation to European banks, while those in relation to states, central banks and supranational issuers are mainly based on positions in relation to the Austrian National Bank.

DenizBank AG does not currently have a trading portfolio of any significant size. No change in this regard is planned.

As described, DenizBank AG has already started to integrate ESG factors more forcefully into its corporate strategy and has developed processes that will also take these factors into account when making investment decisions in the future.

Climate Change

Policies related to climate change mitigation and adaptation

On an ecological as well as on a social level, barely any other term will shape this decade and future decades as much as that of sustainability. DenizBank AG is aware of its responsibility in this regard. When providing its services, DenizBank AG strives for economic success for the purposes of modern and future-oriented corporate management, which is in harmony with a sustainable and fair social system and promotes the development of such a system. DenizBank AG ensures that it meets the current and future interests of its customers, employees, and stakeholders, as well as those of the societies that surround them, while taking into account the new risks that this entails at the same time.

Sustainability is organized sustainably

DenizBank AG pursues a holistic approach within the framework of its sustainability policy. It aims to incorporate sustainability or ESG (Environmental, Social, Governance) directly as an integral part of the corporate strategy and these should also be taken into account by all internal governance and control mechanisms as well as in product-related processes.

A correspondingly comprehensive implementation process has already been started in 2021 and is to be continued in the course of the 2025 financial year. In future, a separate sustainability policy will regulate the responsibilities of individual corporate divisions with regard to ESG factors. Supplementary business segment-related policies will also ensure that ESG-related criteria are taken into account in the lending and investment business. A corresponding policy has already been adopted for DenizBank AG's wholesale banking division, through which the bank exerts a significant influence on its environment by virtue of investment services (more on this in the chapter Responsible investment decisions).

The Code of Conduct, which was reformulated in 2021, defines specific corporate values that apply equally to all employees at all times (for more information, see the chapter on DenizBank as an employer).

DenizBank AG aims to use these measures to ensure that both environmental and social goals and risks as well as factors of sustainable and responsible corporate governance are taken into account in the course of business activities in the future.

Responsible investment decisions

Banks play a central role in the establishment of a sustainable social system, as their financing services have a decisive influence on the development of an economic area. DenizBank AG wants to be an active part of the solutions in the face of global challenges by supporting and driving the transition to a circular economy through sustainable investments.

Accordingly, the Wholesale Banking division within DenizBank AG is responsible for implementing the sustainability policy within the scope of possible investments and financing requests in compliance with all legal and regulatory requirements and guidelines. Through sustainable product solutions and investments, the aim is to achieve positive environmental and social benefits and, at the same time, competitive business development.

Accordingly, and in line with the internal policy already adopted, all financing requests and potential investments will be analyzed and reviewed in future by Wholesale Banking in close consultation with the potential business partners with regard to the legally applicable ESG criteria, before then being submitted to the Credit Committee as part of the internal approval process. The Credit Committee, in addition to its control function in which the entire Management Board is represented, is also responsible for the holistic management of sustainable investments of DenizBank AG.

In addition, the intention is also to create guiding principles for the consideration of ESG-related factors for the Treasury division through its own sustainability policy. Surplus cash should then be invested sustainably wherever possible, taking into account the ESG rating of the counterparty.

Sectors

Within the scope of its investment decisions, DenizBank AG aims to focus primarily on the sectors which are in accordance with the relevant business segment-related internal policy. However, the business sector will not be used as the sole criterion for possible financing decisions, as the company itself and its activities will also be examined with regard to ESG-related criteria.

In order to further support a low-carbon economy, DenizBank AG has decided that it will only support sectors and companies with its financing services after a detailed assessment so that entities which would directly have a serious negative impact on the economic system can be identified. In addition, DenizBank AG has defined sectors that may only receive investment services after a thorough examination. These sectors and business areas are among others the brown energy sector including nuclear energy. If such investment services are to be provided to enterprises that provide services to other enterprises, then the activities of the enterprises related to the investment recipient must also be examined.

Energy consumption and mix

Today, the careful use of natural resources is an absolute core issue of sustainable environmental policy. DenizBank AG is also aware of this, and its employees therefore always strive to use resources as efficiently as possible and to avoid waste of any kind.

Great importance is also attached to the separation of unavoidable waste in the context of the responsible use of natural resources. This is the only way to ensure high-quality recycling and therefore the careful use of resources.

A new waste separation system was introduced at the headquarters in Vienna during the reporting year in order to further optimize waste separation within the bank. Accompanying communication measures were also implemented to raise awareness among staff members on the topics of waste avoidance and waste separation.

The cleaning of electrical equipment in the branches was also switched from gas-powered compressed air cans to electric dust blowers.

Energy consumption

By using energy-saving hardware such as LED monitors, LED lights and the latest generation of computers, DenizBank AG fulfils its social responsibility with regard to efficient energy consumption. DenizBank AG's goal is also to convert the lighting systems in the branches and the headquarters to energy-saving LED technology as much as possible.

Furthermore, it is a matter of course for DenizBank AG to only purchase energy that is 100% free of nuclear power.

In order to obtain energy even more sustainably in the future, a photovoltaic system has been installed on the roof of the company headquarters in Vienna. This photovoltaic system has been in operation since August 2022.

ELECTRICITY CONSUMPTION DENIZBANK AG (IN KWH)	2024
Electricity consumption – branches in Austria	193.855
Electricity consumption – branches in Germany (incl. branch offices)	64.861
Electricity consumption – headquarters	352.655
Total	611.371

Table 4: Electricity consumption at DenizBank AG

Mobility

Both the location of the bank headquarters and that of the branches of DenizBank AG have been chosen in such a way that they can be reached as easily as possible by public transport. This enables not only the customers of DenizBank AG but also the employees themselves to rely on public transport on their way to the headquarters or to the branches.

In addition, further meeting, and seminar rooms of DenizBank AG are continuously being equipped with modern video conferencing technology. The aim of this measure is to reduce the number of business trips and the resulting environmental impact. Air travel rose in the reporting year, considering a very low number of flights carried through during the pandemic.

Compared to three years ago, the fuel consumption of the company's own fleet remained at the lowest level of the previous year. While 13,160 liters were consumed in 2020, this figure was reduced by 59% to 5,461 liters in 2021 (2022: 5,972 liters) and was above the previous year's figure at 6,862 liters in 2023 and at 2024 was the lowest with 5,555 liters

NUMBER OF FLIGHTS (DENIZBANK AG)	2024
Number of flights	177
Fuel consumption (in liters)	5555

Table 5: Number of flights & fuel consumption

Additional Environmental Information

Paper consumption

Paper consumption was also reduced in the reporting year 2024. The aim is to create a paperless office step by step together with the "ROTA" workflow management system.

Paper consumption has fallen almost half (6,745 kg) since 2018 (10,589 kg) in 2024.

PAPER CONSUMPTION DENIZBANK AG (IN KG)	2024
---	-------------

In Austria:	
Printer paper	1.497
Toilet paper and hand towels	2.780
Stationery and envelopes	1.286
Austria Total	5.563
Germany:	
Printer paper	600
Toilet paper and hand towels	532
Stationery and envelopes	50
Germany Total	1182
DenizBank AG Total	6.745

Table 6: Paper consumption at DenizBank AG

Water consumption and purchasing policy

Of course, attention is also paid to the economical use of resources in the context of water consumption. Here, resource consumption has increased slightly compared to the previous years, i.e. during Corona and more home office days. As a result, water consumption has risen from 1,802 thousand liters to 2,200 thousand in 2024.

WATER CONSUMPTION DENIZBANK AG (IN THOUSAND LITRES)	2024
Water consumption – branches in Austria	819.000
Water consumption – branches in Germany	120.000
Water consumption – headquarters	1.261,920
Total	2,200.920

Table 7: Water consumption at DenizBank AG

Recycling Key Figures

Data carriers of DenizBank AG were disposed of in a professional manner by REISSWOLF Österreich GmbH in 2024.

RECYCLING KEY FIGURES (IN TONNES)	2024
Bulky waste	0.000
Data carrier destruction	0.290
Electronic scrap	0.360
Monitors	0.390
Lead accumulators	0.000

Table 8: Recycling key figures

Social Information

Own workforce

Policies related to own workforce

As part of the DenizBank Financial Services Group, the top priority of DenizBank AG is the constant protection of human rights in all business areas. In addition, DenizBank AG has adopted its own Code of Conduct, which represents a mandatory framework of action for all employees and defines tolerance and mutual respect as basic requirements for performing professional activities. Discriminatory attitudes of any kind and in particular with regard to race, gender, age, religion, philosophical or political opinions are not accepted within DenizBank AG.

Taking action on material impacts on own workforce

Taking action on material impacts on own workforce and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions.

The employees of DenizBank AG are the foundation of the bank's success. Especially in economically challenging times, it is therefore important for DenizBank AG to be a partner its employees can rely on. As of 31 December 2024, DenizBank AG had a total of 332 employees in Austria and Germany. Taking into account the location of the bank headquarters in Vienna as well as the branch network, approx. 91% of the employees worked in Austria in the reporting year, the remaining 9 % in Germany. There is a balanced gender ratio with 172 female and 160 male employees, and DenizBank AG attaches great importance to this.

Approx. 79% of the employees of DenizBank AG were employed full-time in the reporting year. In 2024, 73 bank company exits and 46 new hires were registered. As a rule, new employees receive a fixed-term contract of employment for six months. This gives both sides – employer and employee – time to determine whether the employment relationship should be continued in the longer term. The employee's performance is documented by means of a performance appraisal before the end of the fixed-term contract and discussed in a feedback meeting between the manager and the employee. Around 85% of the fixed-term employment relationships could be transferred to permanent contracts in the reporting year. Approx. 57% of the employees have been working at DenizBank AG for over five years. The proportion of employees with a university degree as their highest level of education was approx. 54% in the reporting year.

Cultural diversity as an opportunity for the bank

DenizBank AG successfully focuses on cultural diversity. In the reporting year, staff were employed from 19 different nations who together speak 19 languages.

The largest portion of employees come from Austria at approx. 53%. The second largest share of employees comes from Turkey at approx. 32%, while just under 8% of all employees are German nationals. The remaining 9% are distributed among various nationalities, ranging from Uzbekistan to Kyrgyzstan and various European countries such as Hungary, Netherlands and France.

The multiculturalism of the workforce is also reflected in the fact that almost all DenizBank AG employees speak at least one foreign language. Approx. 81% of employees even speak two foreign languages.

Age structure of DenizBank AG employees

DenizBank AG successfully brings together employees in its team with many years of experience and younger colleagues who want to rethink banking together and raise it to a new level. The two largest age groups are the 30-39 year-olds (approx. 49%) and age between 40-49 (approx. 26%). Approx. 17% of the employees in the bank were below 29 years and older in the reporting year. DenizBank AG attaches the utmost importance to successful knowledge transfer between the generations, such as in the form of mixed project groups according to age, gender, and nationality. ,

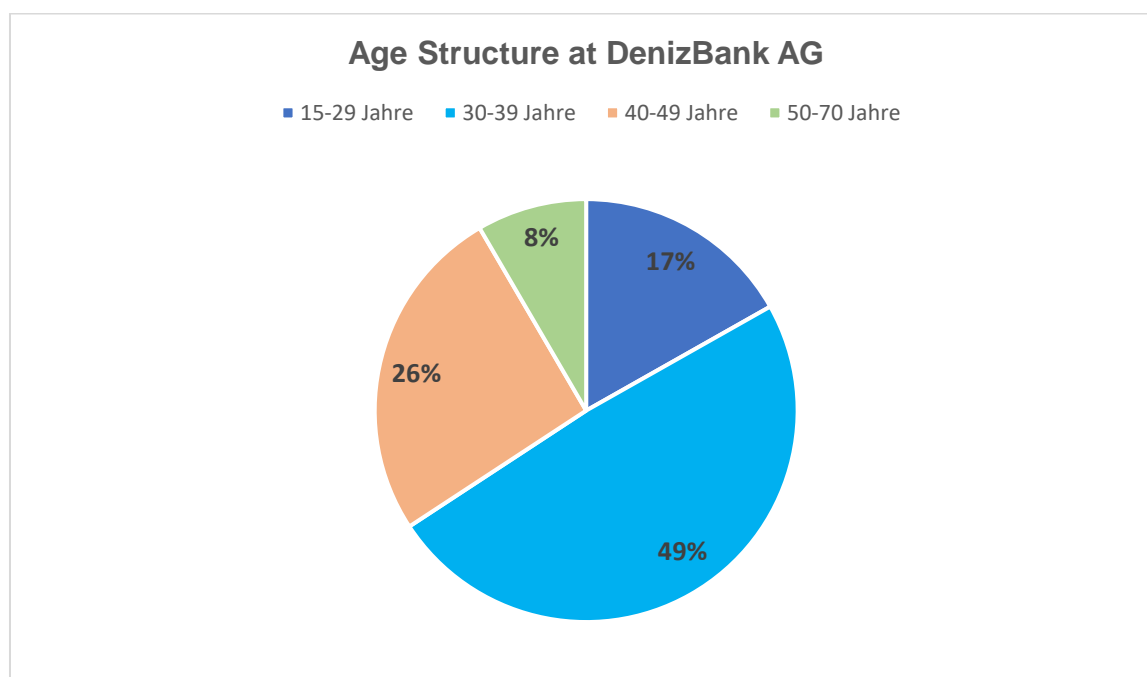


Illustration 3: Age Structure at DenizBank AG

Continuous training

The area of Talent Development comprises all measures that contribute to the continuous and targeted further development or training of the employees of DenizBank AG. In addition to tailored training offers, which are mandatory for various stakeholders, employees also have the opportunity to attend training courses on their own initiative, which are financially supported by DenizBank AG.

There were 144 training sessions conducted in 2024. The focus was on expanding professional knowledge. Fit & Proper online training sessions, as well as internal e-learning courses covering knowledge on Compliance, AML, FATCA and IT security formed part of the educational courses on offer.

In addition, the opportunity was provided once again to attend German courses in the reporting year, which are offered to employees who needs to improve themselves in this language in Austria or Germany. Also, by language courses DenizBank AG actively promotes the integration of new foreign-language colleagues. The language offering has also been expanded to include English language courses designed to enhance the language skills of existing employees.

Regardless of whether online formats or face-to-face training are used, DenizBank AG will continue to rely on interactive methods in the future in order to be able to act more flexibly in the area of Talent Development and to ensure sustainable and tangible learning and knowledge transfer for its employees.

Equal opportunities in the bank

DenizBank AG considers one of its most important tasks to be ensuring that no one is discriminated against within the bank on the basis of gender, descent, religion, nationality, origin, political and trade union activity, or life attitude. Respect for human rights goes hand in hand with this. Employees recognize these efforts and support DenizBank AG in the realization of this task with their appropriate behavior.

It is therefore a matter of course within DenizBank AG that all employees receive the same opportunities for promotion within the bank and are assessed according to the same criteria in their performance. This applies equally and without restriction to all company levels and is also reflected in the fact that the share of women at the highest management level is approximately 37%.

The fact that promotion processes within DenizBank AG are generally regulated as transparently and fairly as possible is ensured by means of a separate guideline, which is handed over to all employees when they join the bank and which can also be viewed at any time via the DenizBank AG intranet. The Group and Department Heads can propose particularly committed employees for promotion once a year. The decision on annual promotions is ultimately made by the Promotion Committee, which consists of the members of the Management Board and the head of Human Resources.

Code of Conduct

DenizBank AG has adopted a Code of Conduct in order to protect and strengthen its customers, the company, its reputation and also its employees in their actions. The Code of Conduct defines important corporate values that are valid for all employees throughout the bank and thereby represent a binding framework for action. These values are:

Integrity

Acting with integrity – doing the right thing in accordance with the corporate values – is of utmost importance within DenizBank AG. It forms the foundation of the corporate culture.

Supporting for people and environment

DenizBank AG sees its employees as its most important capital. A fair remuneration system, transparency in terms of communication and decision-making and individual training measures create an appreciative framework that enables employees to develop and grow by themselves.

In addition, DenizBank AG strives to use resources sparingly at all times and encourages and supports employees to make suggestions for further reducing resource consumption.

Diversity

Progress and innovation arise from the synergy of different skills, perspectives, needs and expectations. DenizBank AG relies on diversity out of conviction. As an international company, it brings together employees from 20 nations and with 19 languages under one roof.

Respect

Team spirit, tolerance and mutual trust represent important cornerstones in DenizBank AG's catalogue of values and in its daily discussions with customers and colleagues. Discrimination based on gender, race, skin color, ethnic or social origin, genetic characteristics, language, religion, or ideology, political or other convictions, membership of a national minority, wealth, birth, disability, age, or sexual orientation is not accepted at DenizBank AG under any circumstances.

Honesty, openness, and transparency

DenizBank AG actively promotes a speak-up culture in which all employees can present their views and perspectives at any time. Honesty, openness, and transparency are demanded and encouraged at all levels of the bank. This creates a corporate culture that allows DenizBank AG and its business partners and customers to work together on a level that promotes mutual exchange.

Responsibility

DenizBank AG and its employees comply at all times with all legal requirements and regulatory provisions as well as internal policies and applicable market practices. In addition, the Code of Conduct also refers to other important corporate policies, such as those for the areas of compliance or anti-money laundering. The Code of Conduct is provided to new employees when they join the bank and can also be viewed on the intranet at any time. In addition, DenizBank AG has established a Disciplinary Committee in which serious misconduct and violations are addressed together with the Management Board, the Head of the Legal Department, and the Head of Human Resources. The events are discussed in detail with appropriate measures and consequences implemented. These can involve severe personnel consequences depending on the severity of the violation.

Characteristics of the undertaking's employees

KEY FIGURES ON THE EMPLOYEES OF DENIZBANK AG		2024
Total employees		332
-	of which working in Austria	303
	o thereof full-time employees	238
	o thereof part-time	44
	o thereof parental leave	18
	o thereof other leave	3
	o long-term sick leave	0
-	of which active in Germany	29
	o thereof full-time employees	25
	o thereof part-time	4
	o thereof parental leave	0
	o long-term sick leave	0
training sessions undertaken		145
New hires		46
Left the bank		73
Long-term employees in the bank (>5 years)		188
Fluctuation rate		18%
Proportion of female employees in the bank		53% (176)
Employees by national origin		
Austria		176
Turkey		106
Germany		20

Albania, Azerbaijan, Bulgaria, China, Switzerland, France, Egypt, Croatia, Hungary, Kyrgyzstan, Netherlands, Poland, Romania, Russia, Serbia, Uzbekistan, Ukraine	30
Languages spoken at DenizBank AG	19

Table 9: Key figures on the employees of DenizBank AG

Consumers and end-users. Impact, risk, and opportunity management

Processes for engaging with consumers and end-users about impacts

DenizBank AG considers the trust of its customers to be its most valuable asset. The quality of customer relationships ultimately depends on how customers experience the bank in their daily banking business. Since trust is always based on transparent and timely communication with customers, all complaints and suggestions are handled promptly and with the utmost care by the responsible Complaint Management department. Consequently, Complaint Management is responsible for the communication between the complainant and DenizBank AG. The constant aim of this is to ensure sustainable complaint handling and thereby strengthen the (potential) business relationship as well as to improve products and services and their quality on a continuous basis.

DenizBank AG's approach to complaint management is based on the conviction that continuous dialogue and quick reactions are essential in order to maintain and improve customer satisfaction. An adequate complaint handling procedure is extremely important to achieve operational excellence and minimize risks. Complaints can highlight areas where service quality can be improved with a positive impact on risk reduction. The reasons for complaints are assessed neutrally and fairly so that mistakes and misunderstandings can be worked through together with the relevant specialist departments and also so that preventive measures can be taken and conflicts of interest identified and avoided where necessary. The greatest possible value is attached to the respective customer interest in accordance with the business policy of DenizBank AG. DenizBank AG also considers the insights gained from complaint handling as an opportunity to optimize products and procedures in order to not only meet but even exceed customer expectations. In this sense an efficient complaints handling process offers the opportunity to strengthen customer relations and trust.

In accordance with the Directive issued by the European Union, guidelines on complaint handling issued by the European Securities and Markets Authority (ESMA) and the European Banking Authority (EBA) and national laws, a standardized and transparent complaint handling procedure is followed in the interest of the consumer and the business. Complaint Management reports all complaints to the Financial Market Authority (FMA) at the end of a calendar year in accordance with the Austrian Assets, Earnings and Risk Disclosure Regulation (VERA-V).

Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Data protection

DenizBank AG considers it one of its most important obligations to ensure the protection of personal data entrusted to it at all times and to process such data exclusively in accordance with applicable data protection regulations.

In order to ensure a high level of data protection and compliance with the relevant legal requirements of the GDPR and other data protection laws, DenizBank AG employs a Data Protection Officer (“DPO”) for Austria and Germany. The DPO has the professional expertise required, which is used in close cooperation with all other departments of DenizBank AG.

In his function, the Data Protection Officer records all internal and external bank processes that are relevant with regards to data protection and structures them in accordance with the law. He is comprehensively supported in his work by the IT and IT-Security departments as needed. He prepares the necessary documents such as data protection declarations, conducts staff trainings, deals with any questions and problems relating to the data protection laws, and ensures compliance data subject rights. The data protection competences in the bank are constantly being expanded and promoted through external training measures. By continuously monitoring all processes relevant to data protection, DenizBank AG can quickly adapt to changing legal requirements and react to incidents efficiently and quickly.

The Data Protection Officer documents and reports directly to the Management Board on the procedures found, their relevance in terms of data protection, any deficiencies in legal compliance identified and the corrective action initiated and implemented.

Transactions in business operations that are relevant under data protection laws are reported directly to the Data Protection Officer. In addition, the Data Protection Officer is obliged to assess any data breaches and, if necessary, to inform the supervisory authority and the data subjects in due time.

Complaint Management

Complaints or concerns are always treated in the same manner regardless of the channel of receipt – whether in person at a branch, by telephone or in writing by letter, e-mail or via the offered digital channels. The basis for this is a clearly defined work process which is known to all employees and which sets out to ensure the policy of objective and fair treatment. Furthermore, principles for the processing of complaints and reasons for excluding them were defined in order to make the effect of complaint management transparent for the entire bank and (potential) customers and to show clear boundaries of responsibility.

Accessibility

DenizBank AG attaches particular importance to good accessibility. Branches that are above pavement level due to their historical construction are equipped with ramps for wheelchair users. The employees are specially trained in the correct handling of the ramps. A list of all DenizBank branches in Austria and Germany that are fully accessible or have mobile ramps can be found on the websites www.denizbank.at or www.denizbank.de and on the DenizMobile application. Furthermore, DenizBank AG’s ATMs are equipped with headphone connections and feature Braille for people who are visually impaired.

Governance Information

Business Conduct policies and corporate culture

Compliance

Acting within the legal framework is of utmost importance, especially for the financial sector. Compliance has been integrated into all processes at DenizBank AG since its foundation. For DenizBank AG, competent compliance management forms the basis of responsible corporate governance.

Legal background – Compliance

Pursuant to Article 22 of the Delegated Regulation (EU) 2017/565 in conjunction with Section 29 of the Securities Supervision Act 2018 and in accordance with Section 39 (6) of the Austrian Banking Act, every credit institution is required to establish an effective and independent compliance organization on a permanent basis. It is directly subordinated to the Management Board and acts within the scope of its tasks independently and without instructions.

Organization

Within DenizBank AG the Compliance Function is performed by the Compliance Officer, his deputies, and the employees of the corresponding departments. In this context, they all have permanent and unrestricted authority to audit, provide information, access, and inspect all business areas of DenizBank AG.

In addition, DenizBank AG has a Compliance and Assurance Committee, which is also established on a permanent basis and reports directly to the entire Management Board. The Compliance and Assurance Committee is chaired by a member of the Management Board.

The main task of this committee is to discuss compliance-relevant issues and questions within DenizBank AG and, if necessary, to make appropriate recommendations to the Management Board.

Combatting corruption and bribery

DenizBank AG, its management and employees are clearly committed to fighting corruption and bribery. The necessary measures in this regard are laid down in an internal Anti-Corruption Regulation, the legal basis of which are in particular the Criminal Code, the Securities Supervision Act 2018, the Federal Act against Unfair Competition as well as corresponding European and international requirements.

The Anti-Corruption Regulation is to be strictly observed by all employees of DenizBank AG both at home and abroad. The aim of this regulation is to ensure that a corporate culture based on mutual trust is created at DenizBank AG, in which corruption and bribery are not tolerated and all relevant legal anti-corruption provisions are observed and complied with throughout the bank.

In general, a zero tolerance policy applies within DenizBank AG. Violations of the Anti-Corruption Regulation may constitute a breach of employment law, which may lead to the termination of the employment contract. su

If circumstances regarding a suspicion of corruption within DenizBank AG are perceived, these must be reported to the Compliance Department without delay. The report can also be made via DenizBank AG's whistleblowing system.

Dealing with conflicts of interest

The legal basis for the Policy on Dealing with Conflicts of Interest is, in particular, the Delegated Regulation (EU) 2017/565 at the European level and the Securities Supervision Act 2018 at the national level.

DenizBank AG also attaches great importance to preventing conflicts of interest and dealing with them properly. The Policy on Dealing with Conflicts of Interest, which must be adhered to by all employees, aims at avoiding potential conflicts of interest between employees and clients or between clients themselves and provides for the appropriate resolution of conflicts of interest in case they do arise.

When identifying a potential conflict of interest, DenizBank AG will, in accordance with the Securities Supervision Act 2018, examine the extent to which it or its employees have an interest in the outcome of a service provided to the customer or a transaction carried out for the customer that differs from the customer's interest. The conflict analysis is carried out in cooperation with the employees concerned.

If the organizational and personnel measures to manage a conflict of interest are not sufficient to ensure that the customer's interest is not compromised, DenizBank AG is legally obliged to disclose the nature and cause of the specific conflict of interest to the customer before executing the transaction. However, disclosure is not to be understood as an alternative to taking avoidance measures.

Effective procedures and measures to manage conflicts of interest within DenizBank AG include, among others, the organization of the Compliance Department itself, the establishment of areas of confidentiality, the monitoring of employee transactions, ensuring independence and a conflict-free remuneration policy.

All employees are also obliged, without exception, to report known conflicts of interest and justified suspicions to the Compliance Officer, who will review them.

The Compliance Department reports violations of the Policy on Dealing with Conflicts of Interest to the Management Board and the Supervisory Board of DenizBank AG as well as to the Human Resources Department, depending on the severity of the incident. Failure to comply may result in termination of the employment contract.

Accepting and granting of benefits

The acceptance and granting of benefits (such as gifts or invitations) is strictly regulated at DenizBank AG the Anti-Corruption Regulation, which applies to all employees at home and abroad. All employees of DenizBank AG undertake to be law-abiding, to strictly comply with relevant legal requirements and the Anti-Corruption Regulation.

All employees of DenizBank AG are prohibited from accepting, granting, or accepting promises of prohibited benefits.

Employees may never demand benefits in the course of their work, even if they are not connected with the performance or omission of an official activity. Demanding benefits, regardless of their value, always leads to disciplinary investigations and may lead to (criminal) legal consequences.

Violation of the Anti-Corruption Regulation generally entails the risk for the persons acting to come under suspicion of corruption and consequently to suffer consequences under criminal and labor law.

Training and testing – Compliance

The Compliance department of DenizBank AG provides trainings for employees on compliance-relevant topics. The trainings take place at regular intervals and on an ad hoc basis. In addition, a compliance test conducted online must be passed by all DenizBank AG employees and repeated at regular intervals.

Donations and sponsorships

DenizBank AG sees itself as a promoter and supporter of activities in the areas of culture, social affairs, education, and sports on a national as well as on a regional level. DenizBank AG has an important bridging function with this, especially in the cultural field, which it is aware of and gladly accepts. In order to connect cultures, DenizBank AG mainly concentrates on promoting and supporting projects with an integrative character.

Prevention and detection of corruption and bribery

Anti-Money Laundering

Money laundering is the smuggling of illegally generated funds into the legal financial and economic cycle. Drug trafficking, prostitution, illegal gambling, arms trafficking and corruption are the main fields of activity of organized crime. This is often accompanied by corruption, bribery, incitement to embezzlement, extortion, forgery of documents, subsidy fraud, tax evasion or accounting and balance sheet manipulation.

More complex than detecting money laundering is pinning down financing of terrorism. Financing of terrorism is the provision or accumulation of assets for the execution of certain serious crimes. The difference to money laundering is that the funds raised for terrorist activities usually come from “serious” transactions.

Every financial center carries the risk of being abused for money laundering and financing of terrorism. A key objective of DenizBank AG is therefore to take appropriate anti-money laundering measures that prevent the misuse of the financial system to conceal and move criminal funds. Since it must remain the task of the investigating authorities to carry out the criminalistic work, the financial sector is called upon in advance to know the identity of its clients and to ensure the traceability of money flows. The main purpose of this is, on the one hand, to be able to provide all information requested by investigating authorities in the event of suspected criminal activities and, on the other hand, to be in a position itself to submit suspicious money laundering reports to the authorities in the event of suspicious activities.

Legal Background – Anti-Money Laundering

The regulations on the prevention of the use of the financial system for the purpose of money laundering and financing of terrorism for credit and financial institutions were combined in the Financial Markets Anti-Money Laundering Act for Austria and the Anti-Money Laundering Act for Germany with the implementation of the 5th and 6th EU Money Laundering Directives.

In addition, the EU directives, EU regulations, circulars of the Austrian Financial Market Authority, the German Federal Financial Supervisory Authority, EBA guidelines, ESMA and recommendations of the

Financial Action Task Force on Money Laundering on the prevention of the use of the financial system for the purpose of money laundering and financing of terrorism, must be complied with.

Implementation – Anti-Money Laundering

The provisions for the prevention of money laundering and financing of terrorism are carried out within DenizBank AG by the “Money Laundering Prevention – Anti-Money Laundering Department.” In accordance with the Austrian Financial Markets Anti-Money Laundering Act and the German Anti-Money Laundering Act, DenizBank AG has appointed an Anti-Money Laundering Officer and a deputy at management level in both Austria and Germany. The Anti-Money Laundering Officer is responsible for ensuring compliance with money laundering regulations. They are independent, work independently and report directly to the Management Board.

The Anti-Money Laundering Officer is responsible for ensuring compliance with the due diligence requirements for combating money laundering and financing of terrorism within DenizBank AG. The actions to be taken for this purpose are carried out either by the Anti-Money Laundering Officer himself or by the Anti-Money Laundering Department.

In addition, strategies for the prevention of money laundering and financing of terrorism were established by the Anti-Money Laundering Officer and their coordination and monitoring were ensured. These are laid down in written form in DenizBank AG's "AML Policy", which is published on the intranet, and also specify the minimum requirements for DenizBank AG and the head office in Germany, which each have their own anti-money laundering departments.

All employees of DenizBank AG are required to acknowledge that they have received and studied the Money Laundering Guidelines at the beginning of their employment and are required to complete a relevant multiple-choice e-learning test. Employees with customer contact are required to complete a relevant multiple-choice e-learning test yearly and individual training sessions are offered. Extra manuals are provided to serve as an additional orientation and source of information for the staff.

In addition to this, DenizBank AG has an automated monitoring system that continuously controls the bank's daily business performance. All incoming and outgoing transactions as well as account openings are checked online and offline against sanctions lists and blacklists. Suspicious transactions are stopped by the system and forwarded to the AML Department for review.

DenizBank AG also has its own risk analysis process in the area of anti-money laundering that continuously checks all business activities for their susceptibility to money laundering and financing of terrorism. This process is based on the experience of the bank itself as well as corresponding information material from national and international authorities. As part of this process, all potential risks are identified taking into account relevant risk factors. Then the individual risk categories are allocated to the specific business activities of the customers.

The second phase of the risk assessment focuses on the individual customer or the transactions carried out. All customers are assigned a risk rating based on the risk factors for Austria from Annexes I to III of the Financial Markets Anti-Money Laundering Act and for Germany from Annexes I and II of the Anti-Money Laundering Act as well as the given risk variables.

Other measures to prevent money laundering at the bank level include the customer acceptance policy, the know-your-customer principle, sanction regulation ongoing process adjustments and measures to monitor business processes as well as employee training. In the latter, specific information and instructions are given with regard to combating money laundering and financing of terrorism. Employees are also sensitized to report suspicious behavior of individuals to the Anti-Money Laundering Department immediately.

Wien, 20.02.2025

Der Vorstand

Hayri Cansever,

Vorsitzender

Muzaffer Lale,

Mitglied

Darijo Batinic,

Mitglied

Dina Hösele,

Mitglied