

DENIZBANK AG
ANNUAL REPORT
2022



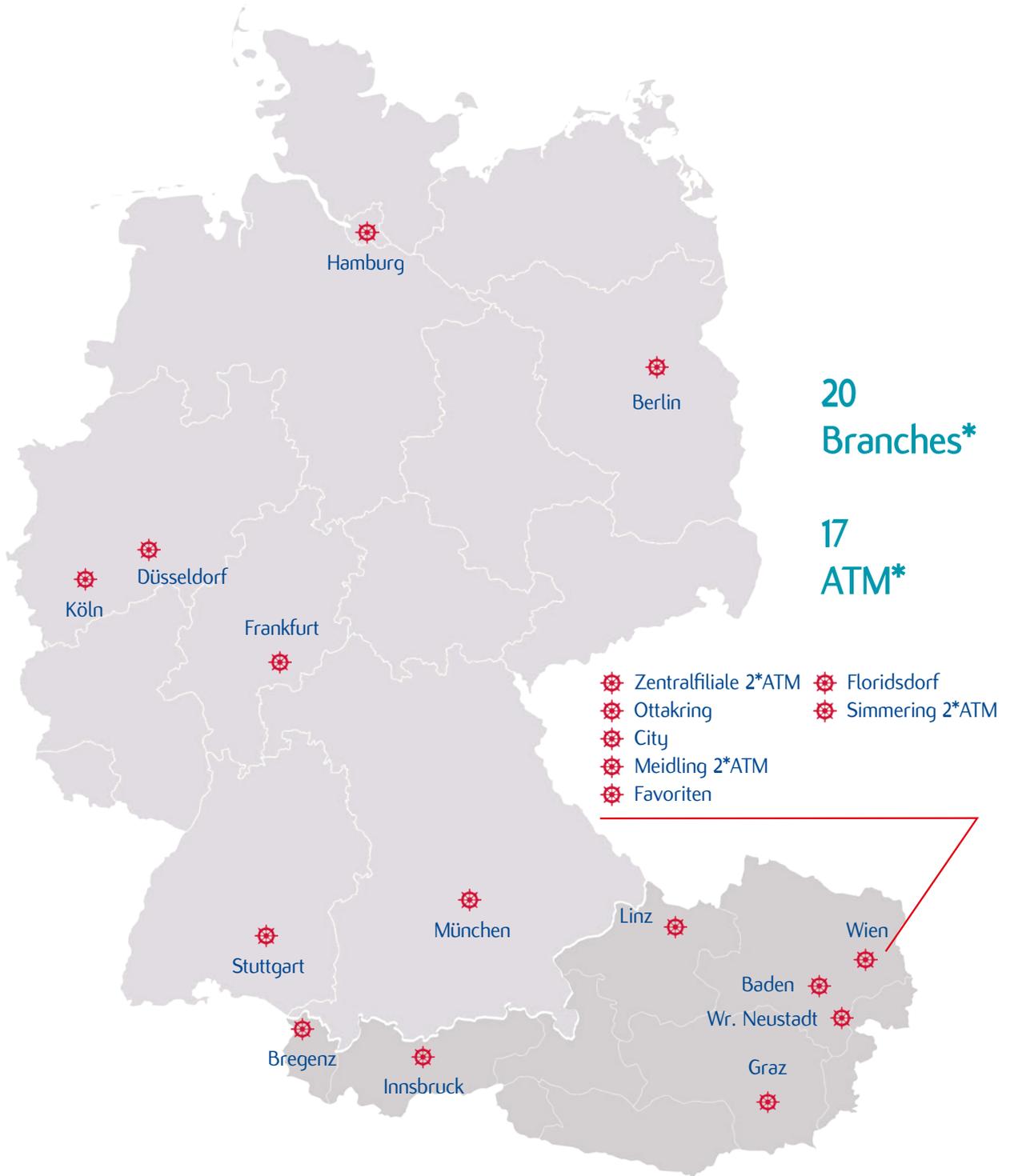
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AGENDA OF THE ANNUAL GENERAL MEETING

1. Approval of the annual financial statement 2022 of DenizBank AG, including the financial notes and the non-financial report, and the report of the Supervisory Board
2. Appropriation of the net profit
3. Discharge of Management Board members for the financial year 2022
4. Discharge of Supervisory Board members for the financial year 2022

DENIZBANK AG BRANCHES IN AUSTRIA & GERMANY



External ATMs

Türkisches Generalkonsulat	1130 Wien, Hietzinger Hauptstrasse 29
Neue WU	1020 Wien, Bauteil 01, Südportalstraße
Backstube	1050 Wien, Neubaugürtel 25
3Shop	1100 Wien, Gudrunstraße 162
ATIB	1100 Wien, Gudrunstraße 189
Übersetzungsbüro	1160 Wien, Brunnengasse 74/2

Bosfor Reisebüro	1040 Wien, Südtiroler Platz 7
Santander	1020 Wien, Taborstraße 46A
Halkam Delight	1100 Wien, Laxenburger Str. 65
Santander	1100 Wien, Troststraße 54-56
Santander	1160 Wien, Ottakringer Straße 31
Sun Company	1140 Wien, Hadikgasse 62
Großmarkt Wien	1230 Wien, Laxenburger Str. 367

* Austria & Germany in total

MANAGEMENT REPORT

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

ECONOMIC ENVIRONMENT

A very strong first half of the year led to economic growth in Austria of almost 5% in 2022. GDP growth of 0.6% is expected for 2023, and only a moderate pace is forecast for 2024. Thus, we expect economic growth to be subdued at 1.5% in 2024.

The significant downturn which began in fall 2022 is even likely to lead to a recession in winter 2022/23. However, we expect it to be short and mild, as private consumption will not slump sharply despite the loss of purchasing power due to high inflation. Fiscal measures and a fairly stable labor market should counteract this. A high order backlog should prevent an overly sharp slowdown in construction activity, while export-oriented industry, which is affected by a negative real trade balance (between exports and imports), will see a significant drop in output and noticeably reduce its investment activity.

After a weak start to 2023, as expected, a recovery is likely to set in, but its pace will be moderate as the burden of high energy prices is likely to ease slowly.

The good economic development in the first half of 2022 resulted in the unemployment rate falling well below the pre-pandemic level, and the labor shortage has increased significantly.

The number of job vacancies in Austria is at a record level of over 120,000. After averaging 6.4% in 2022, we expect the unemployment rate in Austria to stabilize at this level in 2023 as companies seek to retain their skilled workforce despite the economic challenges.

Inflation in Austria peaked at around 10.2% at the turn of the year. Due to noticeable second-round effects, inflation is expected to decline more slowly than originally expected. After an annual average of 8.6% in 2022, we expect inflation to reach 6.5% in 2023 and 3.6% in 2024.

BUSINESS PERFORMANCE AND ECONOMIC SITUATION

Business development of DenizBank AG

In July 2019 Emirates NBD Bank PJSC acquired DenizBank Financial Services Group, which also DenizBank AG is a part of. Emirates NBD Bank Group (ENBD) is a leading Middle East banking group based in Dubai, listed on the Dubai Financial Market (DFM) and a major player in global digital banking. ENBD is active in both retail and corporate banking and serves more than 17 million customers. The bank is listed among the top 30 in the Forbes list of "World's Best Regarded Companies", thereby securing a leading position among global brands. ENBD currently employs more than 29,000 people from 70 nations, making it one of the largest and most culturally diverse employers in the United Arab Emirates (UAE). As the largest bank in the nation, Emirates NBD is an ambassador of economic and social progress for the entire UAE.

DenizBank Financial Services Group, which now belongs to ENBD, holds 100% of DenizBank AG with the exception of two shares. With 671 bank branches, a strong corporate banking and corporate finance platform and approximately 13,140 employees, DenizBank A.S., the direct owner of DenizBank AG, is one of the five largest private banks in Türkiye.

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

Strategy and business performance

The course change initiated in the past in the strategic orientation of the bank was continued in 2022. The long-term goal is the broader diversification of the loan portfolio, digitization and the focus on private customers in the financing segment.

OUR BUSINESS ACTIVITY

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

The banking organization itself remains close to the market. Innovative digital services are supported by 13 operational branches in Austria and 7 branches in Germany. DenizBank AG is close to its customers with long opening hours, with one service center each in Austria and Germany, as well as its multilingual internet banking portal (<https://www.denizbank.at> and <https://www.denizbank.de>) and the DenizMobile app are available to the customers. In addition to its branches, DenizBank AG also operates a central office in Frankfurt am Main in Germany under the name DenizBank (Wien) AG, Zweigstelle Frankfurt/Main. Thanks to the excellent personal advice provided locally in the branches, the comprehensive multilingual internet banking platform and the modern equipped service center, the branch also offers its customers comprehensive service.

Private and corporate customers are furthermore offered a foreign payment service, which is also used by customers who do not have a permanent business relationship with DenizBank AG. The successful cooperation with MoneyGram will be continued to ensure fast payment transactions worldwide, providing DenizBank AG customers with around 350,000 MoneyGram payment points in over 200 countries.

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

Our Participations

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

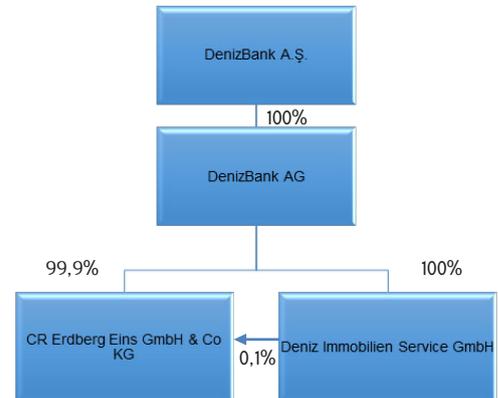


Figure 1: Holdings of the DenizBank AG as of December 31st, 2022

Financial performance indicators for the past year 2022

Development of Balance Sheet

The total assets for the year 2022 amounts to 5,669,546,234.46 EUR, which is 1,432,936 kEUR lower than previous year's figure of 7,102,482 kEUR.

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

Development of Total Assets in kEUR

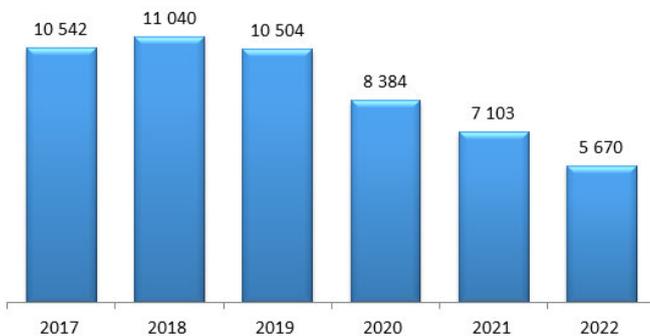


Figure 2: Development of the Total Assets of DenizBank AG

Loans and advances to customers decreased during the financial year to 2,809,731,371.30 EUR (previous year: 3,381,998 kEUR), which represents a decline of approximately 16.9%.

The resulting liquidity surplus could be provided to selected banks. At the end of the year, receivables from banks decreased to 1,197,802,320.02 EUR (previous year: 1,384,537 kEUR) and balances against central banks to 1,241,427,334.71 EUR (previous year: 1,801,282 kEUR).

The portfolio of securities, mainly consisting of government bonds, increased by 32,967 kEUR to 85,259,039.52 EUR (previous year: 52,292 kEUR). Bonds and other fixed-income securities including accruals increased by 7,569 kEUR to 254,039,694.12 EUR (previous year: 246,471 kEUR).

Total liabilities to customers (including savings deposits) decreased by 17.1% to 4,142,737,258.00 EUR (previous year: 4,997,736 kEUR). Savings deposits also declined by 424,918 kEUR to 843,018,676.66 EUR at the end of 2022 (previous year: 1,267,936 kEUR) and the share with an agreed term or period of notice was 22.1%.

Liabilities to credit institutions decreased by 208,851 kEUR in the amount to 120,074,281.20 EUR (previous year: 328,925 kEUR) remained at a comparable level.

Key balance sheet indicators

Changes in key balance sheet items in 2022	in kEUR	in %
Total assets	-1,432,936	-20.2
Loans to customers	-572,267	-16.9
Loans to credit institutions	-186,735	-13.5
Liabilities to credit institutions	-208,851	-63.5
Liabilities to customers	-854,998	-17.1
<i>Thereof savings deposits</i>	-424,918	-33.5
Equity	-314,219	-18.8
Own funds	-166,678	-12.6

Table 1: Key balance sheet indicators of DenizBank AG

Total qualifying capital in kEUR



Figure 3: Total qualifying capital of DenizBank AG

The supplementary capital amounted to 0.00 EUR (previous year: 26,488 kEUR) at the closing date for the annual financial statements.

The own funds amount to 1,151,869,917.61 EUR at the end of 2022 (previous year: 1,318,548 kEUR). The changes in retained earnings amounting 200,000,000.00 EUR relates to the reversal of retained earnings. The liability reserve in accordance with section 57 (5) BWG remains unchanged amounting 77,952,088.00 EUR (previous year: 77,952 kEUR).

The own funds ratio of DenizBank AG is 34.50 % of the total capital requirements (previous year: 33.35%) and thus could be increased by a further 1.15% points.

Review of Income Statement Items

The net interest income of 125,699,198.07 EUR increased by 5.028 million EUR or 4.2% compared to the previous year 120,671 kEUR, mainly due to the reduction of loan portfolio. The net commission income increased also by 11.7% in comparison to the previous year and amounts in 2022 at 11,231,587.61 EUR (previous year: 10,053 kEUR). The financial result increased from expenses of 56 kEUR to 1,013,243.45 EUR of profit in 2022.

As a result of these effects, the operating income increased by 4.4% to 148,492,775.85 EUR from 142,309 kEUR in the previous year.

The 68.8% decrease in other operating expenses from 12,606 kEUR to 3,934,210.03 EUR affects operating expenses, which decreased from 63,768 kEUR in the previous year to 52,908,394.57 EUR in 2022.

Consequently, the operating result of DenizBank AG increased to 95,584,381.28 EUR (previous year: 78,540 kEUR).

Development of the operating result in kEUR

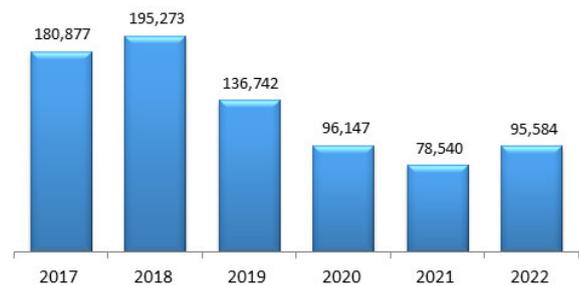


Figure 4: Development of the operating result of DenizBank AG

Income from value re-adjustments in respect of transferable securities held as financial fixed assets, participating interests and shares in affiliated undertakings amounts to 8,477,748.67 EUR. (previous year: 0.00 kEUR) and results solely from the sale of the shares from DenizBank Moscow.

Thus, the profit on ordinary activities for 2022 amounts to 66,579,884.65 EUR (previous year: 42,904 kEUR), the net profit for the year after taxes was 62,271,278.46 EUR (previous year: 39,771 kEUR).

The movement in retained earnings 200,000,000.00 (previous year: 350,000 kEUR) relate to the resolution to release retained earnings to net profit for the year.

Key earnings and structural figures

	2017	2018	2019	2020	2021	2022
Total capital ratio (%) ¹	18.35	19.85	23.78	31.19	33.35	34.50
Tier II (%)	18.02	19.51	23.55	30.73	32.68	34.50
Return on equity (%) ²	13.43	8.57	3.84	0.27	2.44	4.14
Profitbefore taxes (kEUR)	183,567	135,855	66,860	2,651	42,904	66,580
EBT/average employees (kEUR)	380.7	278.4	132.1	5.5	94.5	163.99
Loan/deposit ratio (%)	92.31	85.77	73.46	72.33	67.67	67.82
Net interest margin (%) ³	2.06	1.99	1.72	1.60	1.56	1.97
Cost-IncomeRatio (%) ⁴	20.71	21.02	26.46	32.57	39.49	36.29

Table 2: Key earnings and structural figures of DenizBank AG

¹ Own funds/total outstanding amount

² Net income after taxes/average equity

³ Net interest income/average total assets

⁴ (Administrative expenses+depreciation and amortization + taxes (excluding income taxes)) / (Net interest income+net commission income)

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

RISIKOMANAGEMENT UND INTERNES KONTROLLSYSTEM

Risk report

Key risk figures

Selected key risk figures are presented below:

in EUR million	31.12.2022	31.12.2021
CET-1 ratio	34.50%	32.68%
Total Capital ratio	34.50%	33.35%
Debt ratio	20.21%	17.99%
Liquidity coverage ratio (LCR)	543.00%	655.00%
Interest rate risk (in % of own funds)	3.61%	2,52%

Table 3: Key risk figures of DenizBank AG

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

Economic capital

The management of internal capital adequacy (economic capital) at DenizBank is performed based on the Gone Concern perspective. The following chart presents the distribution of DenizBank's economic capital requirement according to type of risk as at December 31st, 2022:

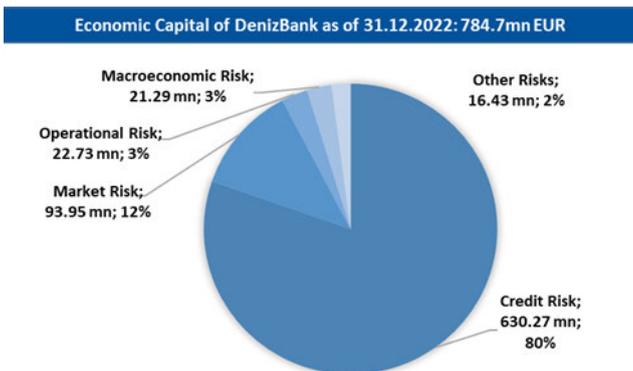


Figure 5: Economic capital requirement by risk type as of 31.12.2022

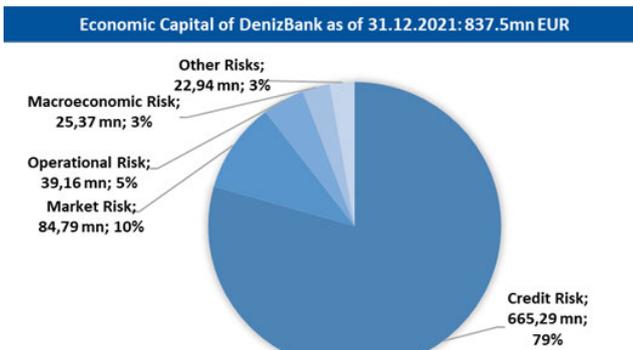


Figure 6: Economic capital requirement by risk type as of 31.12.2021

Risk profile:

Based on the results of the risk identification and materiality assessment as of December 31st 2022, the following risk types are assessed as most significant:

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

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

As of the reporting date, DenizBank AG had the following sector concentrations on the assets side, after taking into account collateral (excluding investments with central banks):

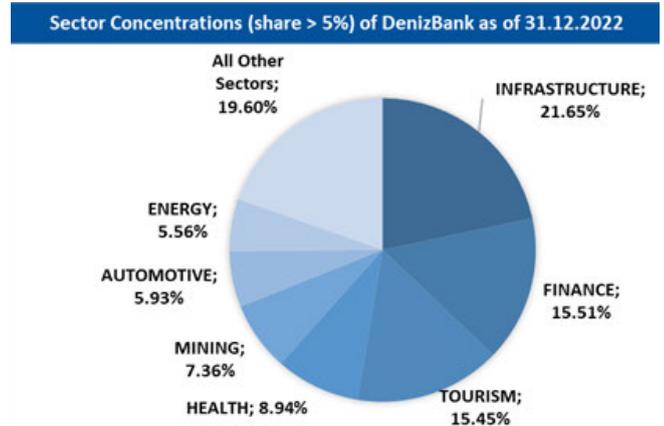


Figure 7: Sector concentration as of 31.12.2022

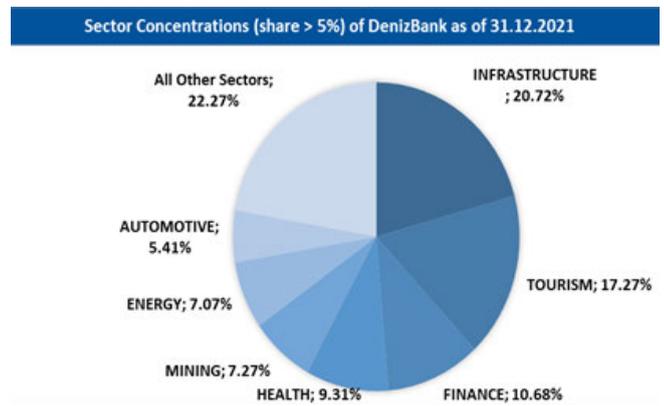


Figure 8: Sector concentration as of 31.12.2021

The portfolio (excl. central bank funds) of DenizBank AG shows the following composition in terms of rating allocation, based on the internal rating scale (1 = best credit rating; 25 = worst credit rating; 26 = default), the composition of the portfolio as of the reporting date is as follows:

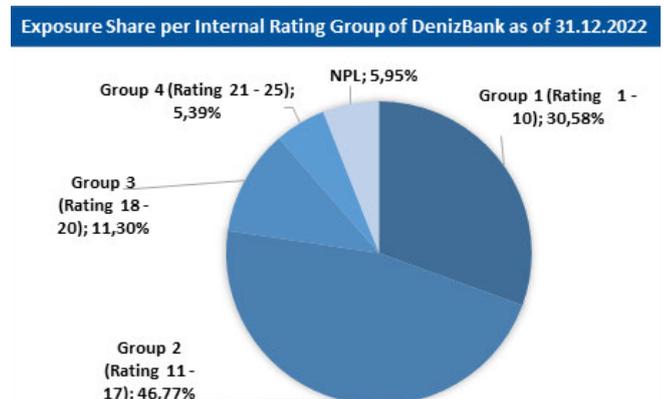


Figure 9: Exposure at Default - Allocation according to Internal Rating Scale as of 31.12.2022

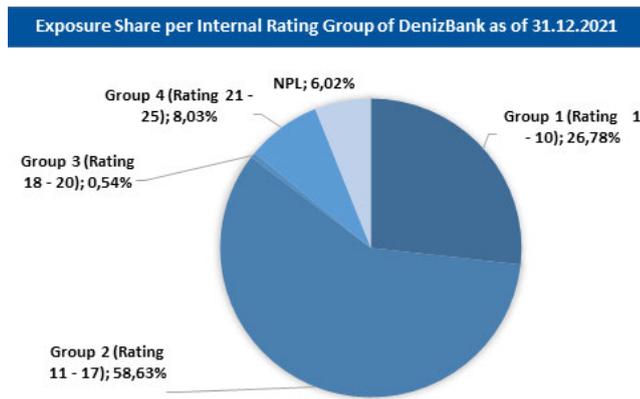


Figure 10: Exposure at Default - Allocation according to Internal Rating Scale as of 31.12.2021

Risk-relevant developments in the past financial year

In the reporting year, Türkiye risk was further reduced in absolute and relative terms in order to limit Turkish concentration risk and the accompanying macroeconomic risks. In addition, active risk management kept the negative impact of the meanwhile declining COVID-19 pandemic on DenizBank AG's economic capital to a minimum.

Due to the tense political and macroeconomic situation in Türkiye, which among other things led to a significant devaluation of the TRY, DenizBank AG conducted ad hoc analyses of exchange rate-sensitive Turkish loan customers in order to identify potential negative effects on their repayment capacities and thus to adjust the internal rating classification if necessary.

Within the financial year, the share held on DenizBank Moscow had been gradually fully sold to the mother company. Due to that, DenizBank AG does not have any major participations left, hence no consolidated risk management and monitoring is required anymore.

As a result of the early de-consolidation of the Russian subsidiary, no significant impacts on the DenizBank AG portfolio caused by the Russian invasion of Ukraine in February 2022 and the subsequent actions taken by EU and other countries were observed.

The macroeconomic disruptions (i.a. significant increase of inflation rates) triggered by the Russian war of aggression and the accompanying change of central bank politics with increasing the key interest rate in 2022. This led to a major change of the interest rate curve as well as the market interest rates. Given the balanced interest terms of assets and liabilities, negative impacts on the interest risk position could be kept at a minimum for DenizBank AG.

Possible risk-relevant developments in the coming financial year

The tense geopolitical and macroeconomic environment will represent the key driver for the further economic development as well as performance of financial industry in 2023. It is expected that there will be additional key rate increases by ECB to counteract the high inflation rates. These will result in further increases of market interest rates, which would be required to be reflected in the loan rates as well, increasing the pressure of new loan disbursements. The increased market interest rates will also lead to an increase of deposit rates, resulting in higher EUR refinancing costs. Hence, the cautious and forward-looking planning of refinancing sources and costs will be a main management aspect in the upcoming year. On the earnings side, the compensation of the expiring loan business will continue to be a challenge due to the tense macroeconomic situation as well as the consideration of new regulatory requirements (e.g. ESG factors and transformation to a CO₂ neutral economy).

Due to the expected further increases of the US key interest rate and an associated increase of the USD market interest rates, there will also be increased USD refinancing costs for DenizBank AG, as the USD demand is primarily covered by FX swaps. A targeted optimization of the USD asset portfolio and a diversified maturity of the USD refinancing sources will therefore contribute to an appropriate risk limitation in the refinancing area, depending on the development of the financial markets.

Risk governance and strategy

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

Relating to the risk governance and risk strategy, DenizBank AG pursues systematically the goal of identifying, measuring, managing and limiting all relevant risks at an early stage. In this context, the bank defined and implemented a comprehensive risk strategy that is executed within a clearly defined governance structure.

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

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

Risk governance principles

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

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

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

Target risk structure

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

Risk Appetite Statement (RAS)

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

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

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

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

Structure and organisation of Risk Management Framework

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

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

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

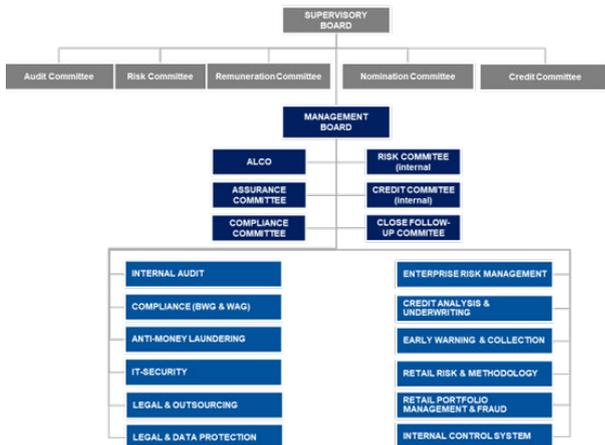


Figure 11: Organizational structure of the risk management system of DenizBank AG

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

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

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

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

Unit	Main responsibilities
Supervisory Board	<ul style="list-style-type: none"> - Advising and monitoring the Management Board - Review and approval of the risk strategy including risk appetite - Monitoring the effectiveness of the risk management system, the internal control system and the internal audit system - Ensuring the implementation of the risk strategy in connection with the identification, assessment, management and monitoring of risks as well as capital adequacy and liquidity
Risk Committee according to the Article 39d BWG	<ul style="list-style-type: none"> - Advising the Supervisory Board on the Bank's current and future risk appetite and strategy - Monitoring the implementation of the risk strategy in conjunction with the identification, assessment, management and monitoring of risks as well as capital adequacy and liquidity - Review / monitoring of pricing in line with the risk strategy
Audit Committee according to § 63a (4) BWG	<ul style="list-style-type: none"> - Monitoring the effectiveness of the risk management system, the internal control system and the internal audit system - Monitoring and assessment of the completeness of the financial statements
Nomination Committee according to § 29 BWG	<ul style="list-style-type: none"> - Identifying candidates to fill vacant positions in the management / executive board and submitting the corresponding proposals to the Supervisory Board - Support of the Supervisory Board in preparing proposals to the Annual General Meeting for filling vacant positions on the Supervisory Board - Assessment of the knowledge, skills and experience of both the managers and the individual members of the supervisory board as well as of the respective body as a whole and their communication to the supervisory board
Remuneration Committee according to § 39c BWG	<ul style="list-style-type: none"> - Review of the competent and independent formulation and assessment of remuneration policies and practices relating to the management, monitoring and mitigation of risks, capital adequacy and liquidity - Supervision of remuneration policies, practices and incentive structures related to remuneration - Advising the Supervisory Board on compensation issues, including those relating to the Bank's risk and risk management
Credit Approval Committee	<ul style="list-style-type: none"> - Granting of loans in accordance with the supervisory regulations and the Articles of Association
Management Board	<ul style="list-style-type: none"> - Implementation of the strategies and principles approved by the Supervisory Board - Developing appropriate policies, systems and procedures to identify, assess, manage and monitor risks arising from all banking and operational activities and remuneration policies and practices - Establishment of an organisational structure with clear separation of tasks and responsibilities - Ensuring the effective execution of delegated tasks - Establishing an appropriate internal control governance - Monitoring the adequacy and effectiveness of internal control systems
Risk Committee	<ul style="list-style-type: none"> - Monitoring of the Bank's business activities in accordance with the risk appetite defined by entire Management Board - Monitoring and implementation of appropriate risk governance principles, procedures and methods for business activities
Enterprise Risk Management	<ul style="list-style-type: none"> - Provision of appropriate risk measurement methods and instruments - Creation of risk guidelines and control regulations - Assessment, control and monitoring of all risks relevant to the Bank by using appropriate methods and instruments of risk controlling - Risk reporting - Review & update of the risk management process
Early Warning & Collection	<ul style="list-style-type: none"> - Operational credit risk management - Monitoring the loan book and the collateral portfolio - Management of defaulted loan customers and exploiting of collaterals provided
Credit Analysis & Underwriting	<ul style="list-style-type: none"> - Creditworthiness assessment of credit customers - Monitoring the economic situation of credit customers

Internal Audit	<ul style="list-style-type: none"> - Audit of the legality, regularity and appropriateness of the entire company - Review of the effectiveness of the internal control system and the risk management system
Compliance (BWG; WAG)	<ul style="list-style-type: none"> - Monitoring of the current relevant legislation - Ensuring the legal conformity of all relevant processes in the bank - Identification of actual or potential deviations from laws, regulations, codes and standards and internal guidelines
Anti Money Laundering	<ul style="list-style-type: none"> - Implementation of a mechanism to effectively combat money laundering and the financing of terrorism within the framework of the legal provisions and the instructions of the Management Board - Monitoring and ensuring compliance with all money laundering regulations
Data Protection Officer	<ul style="list-style-type: none"> - Monitoring compliance with the Data Protection Act and advising the Management Board and employees on data protection issues - In case of suspicion of violation of the lawful state, creation of this state and, if necessary, reporting to the data protection commission
Internal Control Systems Officer	<ul style="list-style-type: none"> - Central coordination & control of ICS requirements - Control definition and monitoring of control effectiveness

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

Total bank risk management

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

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

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

Regulatory capital and liquidity adequacy

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

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

Regulatory minimum own funds requirements

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

As of reporting date, DenizBank AG maintained a Total Capital Ratio and CET-1 ratio of 34.50% (previous year: Total Capital Ratio 33.35% and CET-1 ratio 32.68%).

in EUR million	31.12.2022	31.12.2021
For credit risk	238.61	288.46
For market risk	0.04	0.00
For operational risk	22.73	25.49
Risk of credit valuation adjustment (CVA)	5.71	2.33
Total own funds requirement	267.10	316.29

Table 5: Regulatory Minimum Own Funds Requirements

Credit risk

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

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

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

The non-performing loan portfolio (NPL portfolio) amounts to 247,293,812.45 EUR (previous year: 283.997 kEUR) as of 31.12.2022, which corresponds to a regulatory NPL ratio of 5.95% (previous year: 6.02%). Specific loan loss provisions (SLLP) related to NPL amount to 153,992,633.44 EUR (previous year: 173.746 kEUR).

Market risk

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

Operational risk

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

Risk of a credit valuation adjustment (CVA)

The determination of own funds requirements in order to cover the CVA risk is based on the standardized approach pursuant to Article 384 CRR. As of 31.12.2022.

Regulatory own funds

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

in EUR million	31.12.2022	31.12.2021
Subscribed capital	231.83	231.83
Capital reserves	340.63	340.63
Retained earnings	407.92	607.92
Liabilities reserve	77.95	77.95
Net profit	302.04	389.77
Intended distribution of net profit	-200.00	-350.00
Position to be deducted	-8.50	-6.04
Total Tier 1 Capital	1,151.87	1,292.06
Supplementary capital	0	26.49
Total Capital	1,151.87	1,318.55

Table 6: Prudential own funds requirements

Internal Capital Adequacy Assessment Process (ICAAP)

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

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

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

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

Economic capital by risk type

The following table presents the economic capital of DenizBank AG as of 31.12.2022 split by main risk types:

in EUR million	31.12.2022	31.12.2021
Credit risk	630.27	665.29
Market risk	93.95	84.79
Operational risk	22.73	39.16
Macroeconomic risk	21.29	25.37
Other risk	16.43	22.94
Total Risk Capital	784.67	837.55

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

Risk identification and materiality assessment

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

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

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

Risk-bearing capacity calculation

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

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

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

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

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

Credit risk	<ul style="list-style-type: none"> - Default risk in the classic loan business - Issuer risk in the trading and banking book - Counterparty credit risk (incl. CVA) - Concentration risk (country, sector & single name) - Migration risk - Risk arising from FX-loans - Residual risk from credit risk mitigation techniques
Market risk	<ul style="list-style-type: none"> - Interest rate risk - Credit spread risk - Foreign exchange risk
Operational risk	Inadequacies or failures of internal procedures, employees and systems or external events, including legal risks
Macroeconomic risk	<ul style="list-style-type: none"> - GDP (Increase in PDs) - Exchange rates (Increase in EAD) - Property prices (Decline of pledged collateral values)
Other risk	<ul style="list-style-type: none"> - Liquidity risk (refinancing risk) - Risk of money laundering and terrorist financing - Business risk - Reputation risk - Risk from excessive indebtedness

Table 8: Major risks of DenizBank AG

Credit risk

Risk measurement

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

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

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

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

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

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

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

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

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

Risk management and mitigation

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

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

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

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

Market risk

Risk measurement

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

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

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

Risk management and mitigation

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

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

Derivative financial instruments in EUR (nominal value)	31.12.2022	31.12.2021
Forward exchange transactions	615,700,375.65	1,280,665,412.12
Interest Rate Swaps without hedging	71,000,000.00	353,535,758.43
Interest Rate Swaps in a hedging	329,746,743.90	369,691,690.74
Cross Currency Swaps	110,454,087.94	147,643,751.04
Total amount	1,126,901,207.49	2,151,536,612.33

Table 9: Volume of derivative financial instruments

Operational risk

Risk measurement

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

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

Risk management and mitigation

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

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

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

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

Macroeconomic risks

Risk measurement

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

Risk management and mitigation

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

The Bank is seeking to reduce the Türkiye-related exposure also in the next years to further reduce the impact of potential adverse macroeconomic developments of Türkiye on DenizBank AG.

The Asset Liability Committee (ALCO) is responsible for monitoring the changes of economic conditions. The Treasury & Financial Markets Department informs about the current and expected developments of economic and macroeconomic conditions.

Liquidity risk

Risk measurement

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

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

Risk management and mitigation

The management methods used by DenizBank are as follows:

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

Business risk

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

Risk measurement

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

Risk management and mitigation

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

Stress testing framework

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

The Bank uses two different types of stress tests: sensitivity analyses, where only one specific input parameter is stressed and secondly, scenario analyses, where a holistic stress scenario is defined based on macroeconomic assumptions and historical developments of the single input factors.

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

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

Furthermore, ad-hoc sensitivity analyses of single risk factors (e.g. LGD, PD, liquidity buffer) are carried out, analysing the impact on Pillar 2 ratios (ICAAP and ILAAP) and reported to the Management Board within the Risk Committee.

Limit system and escalation procedures

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

DenizBank distinguishes between strategic and operational limits. The strategic limits represent indicators, which are contained in the Risk Appetite Statement (RAS), the Recovery Plan and the Contingency Funding Plan. The compliance with these limits is a top priority for management, as they are the main control instruments for risk management. The defined operational limits are intended to support the goal of maintaining the strategic limits at any times.

The indicators, the limits and the escalation procedures used by DenizBank AG are documented in DenizBank's Risk Appetite Statement.

Risk reporting

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

Control process

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

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

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

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

Liquidity risk management (ILAAP)

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

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

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

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

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

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

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

Regulatory liquidity ratios

- Liquidity Coverage Ratio ("LCR")

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

in EUR million	31.12.2022	31.12.2021
Liquidity buffer	1,304.5	1,976.6
Net cash outflow	240.2	301.7
Liquidity Coverage Ratio (LCR)	543.0%	655.0%

Table 10: Liquidity Coverage Ratio (LCR)

- Net stable funding ratio ("NSFR")

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

in EUR million	RSF /ASF weighed	< 6 months	6 < 12 months	12 months	HQLA
Required stable funding	3,054.30	1,281.83	235.43	3,159.91	1,304.52
Available stable funding	4,836.51	2,995.25	455.30	2,024.67	-
Net Stable Funding Ratio (NSFR)	158.35%				

Table 11: Net Stable Funding Ratio (NSFR) as of 31.12.2022

in EUR million	RSF /ASF weighed	< 6 months	6 < 12 months	12 months	HQLA
Required stable funding	3,537.37	1,582.52	242.47	3,534.27	1,979.64
Available stable funding	6,050.45	3,463.60	764.50	2,516.05	-
Net Stable Funding Ratio (NSFR)	171.04%				

Table 12: Net Stable Funding Ratio (NSFR) as of 31.12.2021

Recovery and resolution plans

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

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

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

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

Disclosure:

With the disclosure report as of 31.12.2022, DenizBank AG complies with the disclosure requirements pursuant to Articles 431 to 455 of Regulation (EU) No 575/2013 (Capital Requirements Regulation - CRR).

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

With the Non-Financial Report as of December 31st, 2021, DenizBank AG complies with the disclosure obligations in accordance with the Sustainability and Diversity Improvement Act and the corresponding provisions of the Austrian Commercial Code (UGB) and the Austrian Stock Corporation Act (AktG).

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

Prevention of money laundering and combating Terrorism

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

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

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

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

During 2022, branch employees as well as employees of other operational departments were daily supported by AML Department in all AML-relevant matters. The support activities include monitoring of account openings, verifying the source of funds, conducting due diligence of customers and identification of conspicuous transactions and customers' behaviour. Employee trainings are focusing not just on providing information on all relevant regulations and legal obligations, but also on giving instructions on correctly conducting day-to-day business and on identifying possible cases of money laundering and financing of terrorism as well.

Compliance

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

The Compliance Department is an independent staff department, which reports directly to the Management Board. Because of the importance of effective compliance rules, the Management Board supports the Compliance Officer in the implementation of the compliance policy. DenizBank AG regards the identification and mitigation of legal and reputational risks as a fundamental aspect of ensuring reliable banking operations and professional

customer service. Therefore, the Compliance Officer closely cooperates with the Management Board and provides strategic recommendations on compliance issues as an independent unit.

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

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

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

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

HUMAN RESOURCES

Personnel

In the financial year 2022, the bank hired 66 new employees, with particular attention being paid to the experience, skills and cultural fit of the new employees in the recruiting process. DenizBank AG is proud to offer diverse career paths not only for young people but also for experienced staff, paying special attention to the development of employees, by identifying talents within the organization and supporting their careers during the yearly promotion process.

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

	2021	2022	Change in %
Total number of employees at year-end	431	396	-8.12%
thereof at the head office	263	267	1.52%
thereof in the branches	168	129	-23.21%
thereof women	221	210	-4.98%
thereof men	210	186	-11.43%
Average number of employees in the fiscal year	454	402	-11.45%
Percentage of women	51.30%	53.03%	3.37%
Percentage of men	48.70%	46.97%	-3.55%
University degree	216	201	-6.94%
Other school-leaving qualifications	215	195	-9.30%
Nationalities	24	23	-4.17%

Table 13: Key figures of the structure of DenizBank AG

Remuneration & compensation report

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

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

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

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

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

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

BUSINESS SEGMENTS

Wholesale banking

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

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

Retail banking

DenizBank AG, headquartered in Vienna, operated a total of 20 branches as of year-end 2022, 13 of which were in Austria and 7 in Germany.

In the retail customer segment, DenizBank AG is accelerating its digital transformation. The introduction of advantageous conditions for online Türkiye transfers and deposit rates as well as implementing a process for converting savings books to online savings deposits led to an increase in digital transactions.

After a successful introduction of the DenizMobile App in 2021, the focus was to improve the digital customer experience. Products of business partners are also available for purchase through digital channels of DenizBank (Deniz Internetbanking and DenizMobile).

The pandemic has put more importance to the customer experience and thereof not only digital requirements, but also the customer service. Therefore an automatic recall function was established in order to increase effectivity.

Looking ahead, DenizBank AG will continue to drive forward its innovations and developments in the area of digital services and create sustainable added value for its customers.

Treasury

Treasury and Financial Markets Department (TFM) of DenizBank AG successfully sought refinancing as well as the management of the yield curve within the framework of the 2022 business strategy and thus made a significant contribution to the business success in 2022.

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

In 2023 with the growing emphasis on sustainability, Treasury operations will be more sustainable and the company-wide ESG objectives will be actively contributed and supported.

Furthermore, the year 2023 will be one with special challenges for the TFM team of DenizBank AG. In particular, high inflation rates, the energy crisis, geopolitical uncertainty, weakening global economic activity and tighter financing conditions will be in focus. Due to these uncertainties, managing increasing interest rate risk and earning interest will be a difficult challenge for the year. The foreign exchange markets globally are therefore likely to see further distortions.

Organisation

The organization department supports the employees of DenizBank AG in Austria and Germany with its subdivisions Facility Management, Process Management and Office Management.

In 2022 the focus was again on increasing efficiency and the optimal use of available resources. The process management department supported all departments of the bank in simplifying and automating the ongoing internal processes in order to reduce throughput and working times as well as operational risks. All processes were mapped in their own software and existing processes were updated. Another core task of the process management team was to update all internal documents for the bank as a whole, which was successfully completed.

The Facility Management Team was able to modernize the branches of DenizBank AG and support the sales management team in increasing the efficiency of the branch network. It was installed a photovoltaic system on the roof of the company headquarters, which supplies parts of the building technology with self-generated electricity. When selecting business partners, facility management relies on regionality and sustainability.

For the Office Management department, 2022 was no less challenging than the previous year. The tried and tested agility and organizational resilience found their way into the new normal in 2022. Various processes and aspects of digitization were optimized and further developed, which made it possible for the office management team to implement the corona measures in everyday life.

Information Systems

Core Banking & User Parameter

The core banking team is responsible for the stability of the software production environment and has carried out activities to resolve the findings in the environment and prevent their recurrence.

The team has supported or directly carried out user acceptance tests for the software projects were made in the bank and also for the resolution of the detected findings.

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

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

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

IT Infrastructure

Although the Covid-19 crisis was slowly coming to an end this year, IT focused on the stability and expansion of the automation strategy already followed in 2020 and 2021 and the flawless management and strengthening of the IT infrastructure to ensure better at home. One of the projects in the direction of automation was providing the infrastructure and accompanying a user management tool that had replaced many previously manual steps. Additional investments in new technologies, including cloud technology, made use of advantages such as flexibility, agility and scalability. Thus, outdated systems were replaced by new, more modern ones or first steps were initiated for them. Furthermore, the first milestones of a common knowledge database and the in-house authentication software and detailed monitoring. It has been also focused on branches, thus, all branches in Germany and Austria were checked with regard to IT infrastructure and necessary changes were made.

System Project Management

In 2022, System Project Management focused more on improving operational efficiency and digital customer journey in line with the bank strategy. Improvement possibilities are identified by analyzing and assessing processes in terms of efficiency, effectiveness and operational risk. Operational efficiency has been provided by workflow enhancements and automated processes. For a better digital customer journey, mobile banking user interface and infrastructure has been changed. By changing the infrastructure, our aim is to enhance product offerings for the customer on digital platform.

Besides strategic goals, System Project Management has also supported the Bank to comply with the legal regulations. 18 regulation related projects have been completed. One of the items was regarding to enhancements on Open Banking Platform.

IT Security

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

Project management office

In 2022, leveraging on sound Project Portfolio Model established last year, DenizBank AG implements its strategic goals through strategic, regulatory and tactical projects.

The Bank focused its strategy on digitalization by improving the existing customer experience in digital channels such as Internet Banking and Deniz Mobile Banking Application. Meanwhile, the corporate website is being developed with a brand-new design to support DenizBank AG's transformation journey.

The Project Management Office enabled the commissioning of 71 projects with a total budget of 7 thousand man/day in 2022. Considering the distribution of these projects, 49% concentrate on strate-gic, 25% legal, 22% operational efficiency and 4% tactical.

To briefly mention the important projects that have been commissioned:

- Financial Institution Country and Bank Based Limit Hierarchy,
- Germany SEPA payment system integration,
- Swift payment flow optimization,
- Digital channel functionality improvements,
- Private Banking Dashboard Launch,
- DenizMobile Push Messages,
- Telephone Banking Encrypted financial transactions

Beside Bank's main projects portfolio, PMO team also conducts Liv Digital Bank project which includes a state-of-the-art design "Liv App" coupled with a high featured credit card. To realize the project, Inter-tech's Inter-PayNext Card Platform is being adapted according to German Market requirements and DBAG main shareholders ENBD & DenizBank A.S. Liv App's design and DenizKartim App functionalities are being adapted.

The project will be launched in 4 MVPs, 1st launch date will be in May 2023, will have a complicated Target Operating Model including -17 vendors' integrations including the Credit Bureaus and the whole Card & Contact Center & Fraud operations will be outsourced to main shareholder DenizBank A.S.

Project Management Office works with the business lines to find out the processes to be optimized and prepare the Business Requirement Documentations. In parallel, through PMO's business process redesign (BPR) studies, business and support units become more efficient and effective. In addition to the follow-up of IT projects on Jira Software platform, PMO team has switched to Jira Workplace application as of 2022 for end-to-end follow-up of business projects. In this way, it is possible to follow non-IT tasks more closely with business colleagues by assigning them from Jira.

PMO is also planning 2023 DenizBank AG Project Portfolio Roadmap and closely follow-up project over-all budget and conducts all projects with Intertech and Business Teams.

Finance

Finance is responsible for all financial activities of DenizBank AG and is composed of the Accounting, Tax & Control, MIS Reporting, Regulatory Reporting and Business Intelligence departments since the financial year 2022.

The Accounting Department is responsible for the execution and management of all financial accounting activities of DenizBank AG and for the preparation of IFRS financial statements for consolidation. The Accounting Department is supported by the Tax & Control Department, which is familiar with researching specific tax law issues and supporting the business units in tax matters.

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

The goal of the Data Management and Business Intelligence department is both to support the automation of existing processes and to assist internal departments with comprehensive data analyses and implementation of the corresponding tools.

Advertisement & PR

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

For the past financial year, communication support for the continuous development of DenizBank AG's digital services continued to be an important focus for the department. The redesign and relaunch of the website and internet banking as part of a uniform corporate identity line and design was the focus of the department's agenda throughout the year. At the same time, Advertisement & PR made a significant contribution to further increase digital customer acquisition and drive the digitalisation of the customer base through targeted communication measures across all channels.

Advertisement & PR supported especially the further digitalisation of services through the DenizMobile app with product campaigns to increase awareness and use of the app, which was already relaunched in 2021. Advertisement & PR also focused on the appealing textual design of the numerous and continuous functional expansions of internet banking and the DenizMobile app.

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

In the area of Wholesale Banking, Advertisement & PR supported the responsible department at major events such as the Export Day 2022 of the Austrian Chamber of Commerce and the Austrian-Turkish Winter and Mountain Tourism Infrastructure Summit.

Advertisement & PR was also active in internal communication: The concept of "collective wisdom" - contributing individually with ideas to the success of our bank and developing them in dedicated teamwork - is one of the key success factors of the DenizBank Financial Services Group. Based on this principle, a platform called "Idea Champions" was created. With this platform, all employees were encouraged to contribute their ideas for optimizing our processes, products and cooperations and to develop new perspectives.

Last but not least, within the social media area the account at the platform LinkedIn was actively expanded and managed by Advertisement & PR in 2022. LinkedIn mainly serves to strengthen the brand and supports the Human Resources department in recruiting new staff for the bank.

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

Research and Development

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

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

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

MANAGEMENT BOARD AND SUPERVISORY BOARD

The Chairman of the Supervisory Board Hakan Ates and the Deputy Chairman Derya Kumru together with 7 other members form the Supervisory Board of DenizBank AG, which controls and supports the Management Board. The individual members of the Supervisory Board can be found in the notes to the 2022 annual financial statements.

The Management Board of DenizBank AG consisted of 3 members in the reporting year 2022. Wouter Van Roste will continue to act as CEO and Chairman of the Board. As a member of the Management Board, Dina Karin Hösele is primarily responsible for the control functions and Mr. Hayri Cansever has been appointed to Management Board Member and Deputy CEO of DenizBank AG in June 2022 and is responsible for the market side and information systems.

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

OUTLOOK 2023

Outlook and latest developments

General

The international economic downturn also affected the Austrian economy in the second half of 2022. GDP is expected to decline in the winter half-year. Stimulus from foreign trade is expected to revive in spring 2023. The gradual easing on the energy markets is dampening inflation and should contribute to an improvement in sentiment over time and a pick-up in economic activity.

The global economy is currently in a weak phase. High energy and commodity prices are driving consumer price inflation in many countries and prompting a rapid tightening of monetary policy. Sentiment has deteriorated in many places and uncertainty about future developments is high. The economic downturn, which had already started earlier in the USA, is now also clearly evident in the euro area and is likely to lead to a decline in economic output there in the winter.

However, the situation on the commodity markets has eased somewhat recently. The oil price has already been falling since the summer; in autumn, higher-than-expected inventories dampened European natural gas prices. Nevertheless, these will remain elevated for the time being and will not fall noticeably until the second half of 2023. Tighter global monetary conditions will dampen demand over the forecast period, which, together with the slowdown in commodity prices, should curb inflation. This in turn should lift household and business sentiment and support economic activity. However, global economic growth will be weak in 2023 and will not pick up noticeably until 2024.

The global economic downturn also affected Austria in the third quarter of 2022. Exports and the value added of domestic industry contracted, while aggregate output stagnated. In the winter half-year 2022-23, GDP is expected to decline noticeably. Persistently high energy prices,

strong price dynamics and uncertainty about future developments are depressing sentiment. Subsequently, however, the Austrian economy should recover. From spring 2023 onwards, noticeable impulses can be expected again from abroad. In addition, private consumption and investments will stabilise as uncertainty recedes and the situation on the energy markets gradually eases. The development of real wages per capita will also contribute to the revival of the economy: after declining in 2021 and 2022, they will rise again in 2023.

In 2022, Austria's GDP will grow by 4.7 percent due to the strong economic activity in the first half of the year. In 2023, however, economic output will largely stagnate (+0.3 percent) and only return to significant growth in 2024 (+1.8 percent).

The situation on the labour market remains favourable and is expected to deteriorate only temporarily as a result of the economic downturn. After a significant decline in 2022 (6.3 percent), the unemployment rate will rise slightly to 6.5 percent in 2023 due to weaker employment dynamics and fall back to 6.2 percent in 2024.

Inflation is likely to have already peaked. Consumer prices will rise by 8.5 percent in 2022. In 2023, inflation will slow to 6.5 percent. The gradual decline in energy prices dampens inflation despite high wage increases; in 2024, consumer prices will thus only rise by 3.2 percent.

The favourable labour market situation and the expiry of the COVID-19 support measures improve the fiscal balance in 2022. In the following years, the deficit is expected to fall well below the Maastricht limit of 3% of GDP again, as a number of support measures to cushion the rise in energy prices are discontinued and economic activity gradually picks up again.

Türkiye's GDP grew by 7.5% YoY in the first half of 2022 (2021: 11.4%), driven by strong private consumption and robust export growth. Leading data demonstrate moderation in economic in the second half of 2022, with slowdown in external demand and tighter credit conditions. Meanwhile, due to pass-through from sharp depreciation in TL (-53% against USD between Sep'21 and Jul'22), surging global commodity prices and continuous deterioration in inflation expectations, annual inflation climbed to 85.5% in October from -20% a year ago, and core inflation rose to 70.4%. Despite rising inflation, CBRT cut its policy rate by a total of 500 bps to 9% in 2H22, citing the importance of supportive financial conditions to preserve the growth momentum. Türkiye's public debt remains relatively low at 37% of GDP in 2Q22, compared to %66 EM average.

Looking forward, along with slowdown in external demand and macrofinancial uncertainty, economic growth could decelerate towards 3% next year. Annual inflation is set to decrease below 70% by the end of 2022, and below 50% in 2Q23 solely on the back of significant base effects from previous year. However, as the favorable base effects disappear, it could prove difficult to sustain the disinflation path in the absence of an orthodox policy to fight inflation. Thus, return to conventional monetary policy is likely to take place following the general and presidential elections in 2Q23. Through a rebalancing period of macroeconomic and financial imbalances with normalization in monetary policy, Türkiye's current account deficit should decline gradually in line with the moderation in economic activity and global commodity prices. Whereas energy subsidies and expansionary spending in pre-election period could widen the budget deficit in short term, government aims to restore budget deficit below 2% through gradual fiscal consolidation in medium term.

Strong capital base

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

Thanks and appreciation

The past business year 2022 continued to be a challenging year due to the ongoing pandemic, but with the challenges that COVID-19 has brought, Denizbank AG has grown and seized new opportunities in digitalization.

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

Vienna, February 8th, 2023

The Management Board



WOUTER VAN ROSTE
CHAIRMAN



HAYRI CANSEVER
VICE CHAIRMAN



MAG. DINA KARIN HÖSELE
MEMBER

DIRECTORS AND OFFICERS OF THE BANK

SUPERVISORY BOARD



Hakan ATEŞ
Chairman



Derya KUMRU
Deputy Chairman



Björn LENZMANN
Member



Aazar Ali KHWAJA
Member



Aysenur HICKIRAN
Member



Ruslan ABIL
Member



Bernhard RABERGER
Member



Dr. Döne YALCIN-MOCK
Member

DENIZBANK AG MANAGEMENT BOARD



Wouter Van ROSTE
*Chairman of the
Management Board, CEO,
CRO*



Hayri CANSEVER
Management Board Member



Mag. Dina Karin HÖSELE
Management Board Member

REPRESENTATIVES OF THE AUSTRIAN FEDERAL MINISTRY OF FINANCE BANKING SUPERVISION DIVISION

Dr. Veronika Daurer
State commissioners

Mag. Christian Themel
Deputy

SUPERVISORY BOARD REPORT

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

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

In the reporting period 2022 the constitution of the Supervisory Board was amended as follows:

- The mandate of Mr. Suryanarayan SUBRAMANIAN was not prolonged by the annual General Meeting and Mr. Bjorn LENZMANN has been appointed as a new member of the Supervisory Board;
- Mr. Jonathan Edward MORRIS resigned from the Supervisory Board by 31.12.2022 and Mr. Aazar Ali KHWAJA has been appointed as member of the Supervisory Board with effective date 01.01.2023.

Acting upon the proposal of the Supervisory Board, the general meeting hold on 16.12.2021 selected Deloitte Audit Wirtschaftsprüfung GmbH ("Deloitte" or "Auditor") to become the financial statements auditor and consolidated financial statements auditor for financial year 2022, and Deloitte consequently performed these duties in financial year 2022. The financial statements (Jahresabschluss) 2022 and financial notes (Lagebericht) were prepared in accordance with the UGB (Austrian Corporate Code).

Based on the resolution dated 03.03.2022, the Supervisory Board has formed five committees from its Members (Risk Committee, Audit Committee, Remuneration Committee, Nomination Committee and Credit Approval Committee).

Four regular meetings of the Audit Committee were held in 2022 (03.03.2022, 15.06.2022, 20.10.2022 and 21.12.2022). By inspecting relevant documents, meeting with the Management Board and discussions with the Auditor, the Audit Committee was able to monitor the accounting process and the procedure used for auditing the financial statements and consolidated financial statements, and found no facts or circumstances providing grounds for objection.



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

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

The Audit Committee also monitored the effectiveness of the internal control system, internal audit and the risk management system by obtaining the regular reports of Internal Audit, ICS, Legal, Compliance, Anti-Money Laundering, IT Security and Data Protection Officer provided by the Management Board and the individuals directly responsible for these areas.

Additionally, the audit plan, compliance plan and the quarterly reports prepared by the Internal Audit, Compliance and other control functions accordingly were debated by the Audit Committee. The Chairman of the Audit Committee reported on these monitoring activities to the entire Supervisory Board and stated that no deficiencies have been identified.

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

In 2022, the Audit Committee also dealt with the selection of the statutory auditor for financial year 2023. It was determined that there were no grounds for exclusion of Deloitte as statutory auditor of DBAG for financial year 2023 and that sufficient protective measures had been taken to ensure an independent and impartial audit. The Audit Committee reported to the Supervisory Board on the insights of these evaluations and proposed to the Supervisory Board and subsequently to the General Meeting to select Deloitte as statutory auditor of the financial statements 2023.

Four meetings of the Risk Committee were held in 2022 (03.03.2022, 15.06.2022, 20.10.2022 and 21.12.2022), where the Risk Committee members discussed with the Management Board and functions involved the overall risk situation of DBAG. In particular, the report as regard the risk categories, risk appetite and risk strategy, FX risk report, report on large exposure and limits pursuant to Art 28b. Para 1 of Austrian Banking Act, NFL strategy, Covid 19 effects and Russia exposures on the credit portfolio were in-depth debated with the members of the Risk Committee.

The Remuneration Committee held one meeting on 03.03.2022 and dealt with the topics relating to the remuneration policy and its practical implementation at DBAG, compensation practices and compensation-related incentives in accordance with Art. 39c of Austrian Banking Act as well as remuneration of the Management Board members and the identified staff members.

Meetings of the Nomination Committee were held on 03.03.2022 and 21.12.2022. In the meeting on 03.03.2022 the Nomination Committee dealt issues as listed in §29 Austrian Banking Act. In particular, the Nomination Committee (i) assessed the knowledge, skills and experience of the Management Board and Supervisory Board members and of the respective corporate body in its entirety; (ii) reviewed the structure, size, composition and performance of the Management Board and the Supervisory Board; and (iii) defined target for the under represented gender in the Management Board and the Supervisory Board for the financial year 2022. Based on the recommended resolution of the Nomination Committee and the subsequent resolution of the Annual General Meeting on 03.03.2022 the incumbent members of the Supervisory Board were re-appointed for the term of office of 3 years.

In the meeting on 21.12.2022 the Nomination Committee dealt with appointment of a new member of the Supervisory Board, Mr. Aazar Ali KHVVAJA as well as constitution of the Supervisory Board and its committees.

In frame of two circular resolutions dated 31.01.2022 and 20.05.2022 respectively, the Nomination Committee dealt with constitution of the Management Board, namely prolongation of the Management Board mandate of Ms. Dina Karin HOSELE and appointment of a new member of the Management Board Mr. Hayri CANSEVER.

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

The Supervisory Board held four meetings in 2022, distributed across the financial year (03.03.2022, 15.06.2022, 20.10.2022 and 21.12.2022). No agenda items were discussed in Supervisory Board meetings in 2022 without the participation of members of the Management Board. No member of the Supervisory Board attended less than half of the Supervisory Board meetings.

There were eleven circular resolutions passed by the Supervisory Board in 2022.

Taking into consideration the review results and recommendations of the Audit, the Supervisory Board 2022 reviewed and examined the annual financial statements (Jahresabschluss) 2022 and financial notes (Lagebericht) thereto as well as non-financial report 2022. The review of the Auditor's report for the 2022 by the Supervisory Board did not provide any basis for reservation. Furthermore, the Management Board's proposal for appropriation of profits (incl. the statement of the Audit Committee hereto) was examined by the Supervisory Board in detail, in particular against the background of the capital requirements in force. The Supervisory Board found no grounds for objections.

Against the aforementioned background and in accordance with legal provisions in force (Art. 108 para 1 of Austrian Stock Corporation Act), the Supervisory Board proposed to the Annual General Meeting to resolve upon the appropriation of the profit 2022 and to discharge from the liability members of the Management Board and the Supervisory Board for the financial year 2022.

Istanbul, February 2023

On behalf of the Supervisory Board

A handwritten signature in blue ink, appearing to read 'Hakan Ates', is written over a light blue horizontal line. The signature is stylized and cursive.

(Chairman of the Supervisory Board)

BALANCE SHEET AS OF DECEMBER 31, 2022

Assets	12/31/2022		12/31/2021	
	EUR	EUR	EUR	kEUR
1. Cash in hand, balances with central banks		1,251,849,384.06		1,961,544
2. Treasury bills and other bills eligible for refinancing with central banks				
a) Treasury bills and similar securities		85,259,039.52		52,292
3. Loans and advances to credit institutions				
a) Repayable on demand	45,702,758.51			252,483
b) Other loans and advances	1,152,099,561.51			1,132,054
		1,197,802,320.02		1,384,537
4. Loans and advances to customers		2,809,731,371.30		3,381,998
5. Debt securities including fixed-income securities				
a) issued by public bodies	233,550,672.08			221,484
b) issued by other borrowers	20,489,022.04			24,987
		254,039,694.12		246,471
6. Shares and other variable-yield securities		180,413.40		41
7. Shares in affiliated undertakings				
thereof: Shares in credit institutions 0.00 EUR (p.y.: 16,453 kEUR)		18,821,549.77		35,275
8. Intangible fixed assets		8,503,573.37		6,043
9. Tangible assets		3,245,277.52		4,084
thereof: Land and buildings occupied by a credit institution for its own activities EUR 0.00 (p.y.: 0 kEUR)				
10. Other assets		26,862,452.15		12,704
11. Prepayments and accrued income		5,767,586.53		6,758
12. Deferred tax assets		7,483,572.70		10,735
Total Assets		5,669,546,234.46		7,102,482
Off-balance sheet items				
1. Foreign assets		3,960,608,131.80		4,776,394

Liabilities and Shareholders' Equity		12/31/2022		12/31/2021
		EUR	EUR	kEUR
1.	Liabilities to credit institutions			
	a) Repayable on demand	72,731,180.80		91,716
	b) With agreed maturity dates or periods of notice	47,343,100.40		237,209
			120,074,281.20	328,925
2.	Liabilities to customers (non-banks)			
	a) Savings deposits			
	thereof:			
	aa) Repayable on demand	656,671,761.80		719,940
	bb) With agreed maturity dates or periods of notice	186,346,914.86		547,996
			843,018,676.66	1,267,936
	b) Other liabilities			
	thereof:			
	aa) Repayable on demand	1,376,149,810.32		1,496,683
	bb) With agreed maturity dates or periods of notice	1,923,568,771.02		2,233,117
			3,299,718,581.34	3,729,800
			4,142,737,258.00	4,997,736
3.	Other liabilities		31,689,751.89	83,065
4.	Accruals and deferred income		3,032,425.73	760
5.	Provisions			
	a) Provisions for severance payments	932,897.26		1,177
	b) Provisions for taxation	0.00		21
	c) Other provisions	10,704,680.50		16,205
			11,637,577.76	17,403
6.	Supplementary capital pursuant to chapter 4 of title I of part 2 of Regulation (EU) No 575/2013		0.00	26,488
7.	Subscribed capital		231,831,230.38	231,831
8.	Capital reserves			
	a) Comitted		340,626,293.96	340,626
9.	Retained earnings			
	a) Other reserves		407,924,819.16	607,925
10.	Liability reserve pursuant to section 57/5 BWG		77,952,088.00	77,952
11.	Net profit		302,040,508.38	389,771
	Total Liabilities		5,669,546,234.46	7,102,482.00
Off-balance sheet items				
1.	Contingent liabilities		14,283,120.40	17,254
	thereof: Guarantees and assets pledged			
	as collateral security		14,283,120.40	12,334
2.	Commitments		334,849.19	851
	thereof: Commitments arising from repurchase transactions EUR 0.00 (p.y.: 0 kEUR)			
3.	Total qualifying capital according to part 2 Regulation (EU) No 575/2013		1,151,869,918.61	1,318,548
	thereof: Subordinated loan according to part 2 title 1 chapter 4 Regulation (EU) Nr. 575/2013 0.00 EUR (p.y.: 26,488 kEUR)			
4.	Capital requirements pursuant to Art 92 of Regulation (EU) No 575/2013		3,338,728,212.59	3,953,670
	thereof: Capital requirements pursuant to Art 92 para. 1 point (a) of Regulation (EU) No 575/2013		34.50%	32.68%
	thereof: Capital requirements pursuant to Art 92 para. 1 point (b) of Regulation (EU) No 575/2013		34.50%	32.68%
	thereof: Capital requirements pursuant to Art 92 para. 1 point (c) of Regulation (EU) No 575/2013		34.50%	33.35%
5.	Foreign liabilities		2,352,411,899.34	2,628,533

INCOME STATEMENT FOR THE PERIOD FROM 01. JANUARY - 31. DECEMBER 2022

	12/31/2022	12/31/2021
	EUR	EUR
		kEUR
1. Interest receivable and similar income	186,683,142.49	196,256
thereof:		
from fixed-income securities 15,705,149.58 EUR (p.y.: 15,345 kEUR)		
2. Interest payable and similar expenses	-60,983,944.42	-75,585
I. NET INTEREST INCOME	125,699,198.07	120,671
3. Commissions receivable	13,931,012.14	13,537
4. Commissions payable	-2,699,424.53	-3,484
5. Net profit or net loss on financial operations	1,013,243.45	-56
6. Other operating income	10,548,746.72	11,640
II. OPERATING INCOME	148,492,775.85	142,308
7. General administrative expenses		
a) Staff costs thereof:		
aa) Wages and salaries	-22,438,787.65	-22,965
bb) Expenses for statutory social contributions and compulsory contributions relate to wages and salaries	-5,332,383.83	-5,555
cc) Other social expenses	-426,800.96	-392
dd) Expenses for pension and assistance	-355,209.58	-400
ee) Expenses for severance payments and contributions to severance and retirement funds	-554,447.74	-711
b) Other administrative expenses	-29,107,629.76	-30,023
	-15,271,061.31	-16,546
	-44,378,691.07	-46,569
8. Value adjustments in respect of asset items 8 and 9	-4,595,493.47	-4,593
9. Other operating expenses	-3,934,210.03	-12,606
III. OPERATING EXPENSES	-52,908,394.57	-63,768
IV. OPERATING RESULT	95,584,381.28	78,540
10. Value adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments	-179,303,446.17	-182,380
11. Value re-adjustments in respect of loans and advances and provisions for contingent liabilities and for commitments	141,821,200.87	146,744
12. Value adjustments in respect of transferable securities held as financial fixed assets participating interests and shares in affiliated undertakings	8,477,748.67	0
V. PROFIT ON ORDINARY ACTIVITIES	66,579,884.65	42,904
13. Tax on profit		
thereof: Income/Expenses from deferred taxes: 3,250,890.95 EUR (p.y.: 2.673 kEUR)	-3,584,955.01	-2,674
14. Other taxes not reported under item 14	-723,651.18	-459
VI. PROFIT FOR THE YEAR AFTER TAX	62,271,278.46	39,771
15. Changes in reserves	200,000,000.00	350,000
thereof: Allocation to liability reserve EUR 0,00 (p.y.: 0,000 kEUR)		
VII. NET INCOME FOR THE YEAR	262,271,278.46	389,771
16. Profit brought forward	39,769,229.92	0
VIII. NET PROFIT FOR THE YEAR	302,040,508.38	389,771

DEVELOPMENT OF FIXED ASSETS AS OF DECEMBER 31, 2022

	Cost of acquisition or production				Accumulated Depreciation				Book value					
	Acquisition costs		Additions		Disposals		Adjustments		Acquisition costs		Accumulated Depreciation		Disposals	
	01/01/2022	12/31/2022	01/01/2022	12/31/2022	01/01/2022	12/31/2022	01/01/2022	12/31/2022	01/01/2022	12/31/2022	01/01/2021	12/31/2021	01/01/2021	12/31/2021
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible fixed assets														
1. Software and rights	19,693,155.99	5,690,165.88	0.00	0.00	25,383,321.87	13,649,877.96	3,229,870.54	0.00	0.00	0.00	16,879,748.50	8,503,573.37	6,043,278.03	0.00
2. Low value assets - Software	0.00	1,821.07	1,821.07	0.00	0.00	0.00	1,821.07	0.00	1,821.07	0.00	0.00	0.00	0.00	0.00
	19,693,155.99	5,691,986.95	1,821.07	0.00	25,383,321.87	13,649,877.96	3,231,691.61	0.00	1,821.07	0.00	16,879,748.50	8,503,573.37	6,043,278.03	0.00
II. Tangible fixed assets														
1. Installations in third parties buildings	8,438,423.75	34,880.88	722,370.10	0.00	7,750,934.53	6,167,079.26	579,344.62	0.00	646,412.54	0.00	6,100,011.34	1,650,923.19	2,271,344.49	0.00
2. Fixture, furniture and office equipment	8,162,571.14	593,907.06	777,834.54	0.00	7,978,643.66	6,350,298.37	755,701.15	0.00	721,710.19	0.00	6,384,289.33	1,594,354.33	1,812,272.77	0.00
3. Low value assets	0.00	28,756.09	28,756.09	0.00	0.00	0.00	28,756.09	0.00	28,756.09	0.00	0.00	0.00	0.00	0.00
	16,600,994.89	657,544.03	1,528,960.73	0.00	15,729,578.19	12,517,377.63	1,363,801.86	0.00	1,396,878.82	0.00	12,484,300.67	3,245,277.52	4,083,617.26	0.00
III. Financial assets														
1. Treasury bills and other bills eligible for refinancing	0.00	64,639,483.36	0.00	0.00	64,639,483.36	0.00	0.00	0.00	0.00	0.00	0.00	64,639,483.36	0.00	0.00
2. Shares in affiliated undertakings	35,274,974.55	0.00	16,453,424.78	0.00	18,821,549.77	0.00	0.00	0.00	0.00	0.00	0.00	18,821,549.77	35,274,974.55	0.00
3. Shares and other variable-yield securities	41,329.37	139,084.03	0.00	0.00	180,413.40	0.00	0.00	0.00	0.00	0.00	0.00	180,413.40	41,329.37	0.00
	35,316,303.92	64,778,567.39	16,453,424.78	0.00	83,641,446.53	0.00	0.00	0.00	0.00	0.00	0.00	83,641,446.53	35,316,303.92	0.00
	71,610,454.80	71,128,098.37	17,984,206.58	0.00	124,754,346.59	26,167,255.59	4,595,493.47	0.00	1,398,699.89	0.00	29,364,049.17	95,390,297.42	45,443,199.21	0.00

NOTES TO THE FINANCIAL STATEMENTS 2022

I. GENERAL INFORMATION

The annual financial statements of DenizBank AG for the fiscal year 2022 were prepared according to generally accepted accounting principles and provide a true and fair view of the company's financial and earnings position.

The annual financial statements as of 31 December 2022 were drawn up by the Management Board in compliance with the regulations of the Austrian Commercial Code (UGB) and the special regulations of the Austrian Banking Act (BWG).

Accounting policies

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

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

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

The positive or negative market values of forward exchange transactions (FX-Swaps, FX-Forwards) were listed under the balance sheet positions other assets or other liabilities. Positive market values of interest rate swaps and cross currency swaps were not reported in the balance sheet, whereas, provisions for contingent losses for negative market values of interest rate swaps were recognized.

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

discounted under consideration of the market interest rate of the respective currency which was effective on the balance sheet date.

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

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

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

Assets

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

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

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

Provision for contingent loan losses is taken into account by specific loan loss provisions, general loan loss provisions and allowances, whereby specific loan loss provisions are calculated individually for each significant customer. The amount of the specific loan loss provisions is determined

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

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

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

Liabilities

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

The provision for severance obligations was calculated in accordance with recognized actuarial principles using the projected unit credit method pursuant to IAS 19. The calculation was based on a retirement age of 60 years (women) and 65 years (men) and an interest rate of 3.80% (previous year: 0.99%). The "AVÖ 2018-P Rechnungsgrundlagen für die Pensionsversicherung - Pagler & Pagler" (actuarial principles for pension insurance - Pagler & Pagler) for salaried employees were used as the basis for calculating all social capital provisions. In addition, 3.7% (previous year: 3.2%) was used as the basis for the valorization. A fluctuation rate was not taken into account when determining the provision for severance payments.

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

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

1. ASSETS

Cash in hand, balances with central banks

Cash and balances with central banks amount to 1,251,849,384.06 EUR (previous year: 1,961,544 kEUR) at yearend and were thus 709,695 kEUR lower than in the prior year.

Treasury bills

Treasury bills and bills of exchange eligible for refinancing with the central bank were newly established in 2022 in the amount of 85,259,039.52 EUR (previous year: 52,292 kEUR). There were hidden liabilities amounting at 345,894.86 (previous year: EUR 0 kEUR).

Loans and advances to credit institutions

Loans and advances to credit institutions decreased by 186,735 kEUR to 1,197,802,320.02 EUR in the reporting period (previous year: 1,384,537 kEUR). This includes accrued interest in the amount of 2,564,584.20 EUR (previous year: 1,438 kEUR). Loans to affiliated companies amounted to 43,543,701.21 EUR (previous year: 147,424 kEUR) of which 5,687,558.60 EUR (previous year: 5,633 kEUR) are subordinated at the closing date for the annual financial statements. The fiduciary transactions included in loans and advances to credit institutions amount to 18,910,426.06 EUR (previous year 23,561 kEUR). A general loan loss provision was booked to cover the loans to banks in the amount of 4,181,828.81 EUR (previous year: 2,513 kEUR) as of 31 December 2022.

Regional classification of Loans & advances to credit institutions

12/31/2022		12/31/2021*	
Austria	262,177,475.46	Austria	277,939
Switzerland	176,893,988.71	Switzerland	90,360
Belgium	160,990,860.69	Belgium	214,303
Qatar	111,665,327.88	Qatar	158,502
Saudi-Arabia	94,691,283.57	Saudi-Arabia	45,042
Luxembourg	90,006,738.35	Luxembourg	8
Germany	73,254,310.91	Germany	194,625
Egypt	42,190,136.88	Egypt	11,037
Bahrain	41,864,987.16	Bahrain	45,635
United Arab Emirates	32,848,438.51	United Arab Emirates	62,168
Other	111,218,771.90	Other	155,067
Total	1,197,802,320.02	Total	1,384,537

*12/31/2021 amounts in kEUR

Loans and advances to customers

Loans and advances to customers decreased from 3,381,998 kEUR in the previous year by 527,267 kEUR to 2,809,731,371.30 EUR. Accrued interest amounts to 32,395,013.22 EUR (previous year: EUR 25,124 kEUR). Loans to affiliated companies amount to 74,451,380.92 EUR (previous year: 12 kEUR) at the accounting date. A general loan loss provision was booked to cover the loans to customers in the amount of 53,347,151.24 EUR (previous year: 52,419 kEUR) as of 31 December 2022. Specific loan loss provisions amounted to 153,992,633.44 EUR (previous year: 173,746 kEUR) at the end of the year.

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

12/31/2022		12/31/2021*	
Türkiye	1,787,644,343.39	Türkiye	2,161,532
Germany	290,722,252.77	Germany	337,829
Great Britain	215,886,243.00	Great Britain	253,437
Austria	143,591,464.77	Austria	94,741
Serbia	80,408,873.81	Serbia	55,794
Cyprus	53,391,701.25	Cyprus	69,262
Netherlands	45,500,465.80	Netherlands	116,891
Montenegro	39,594,503.68	Montenegro	49,491
United Arab Emirates	33,553,621.03	United Arab Emirates	43,113
Azerbaijan	25,783,022.03	Azerbaijan	43,234
Other	93,654,879.77	Other	156,674
Total	2,809,731,371.30	Total	3,381,998

*12/31/2021 amounts in kEUR

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

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

DenizBank AG has granted loans to customers in foreign currency that give rise to foreign currency risk. As of 31 December 2022, the volume of loans granted in USD amounted to the equivalent of 1,022,470,620.77 EUR (previous year: 1,178,613 kEUR), while loans granted in TRY had the equivalent value of 293,714.63 EUR (previous year: 467 kEUR). The Bank has essentially hedged this risk through currency swaps. As of 31 December 2022, loan commitments in the sectors infrastructure, Consumer durable electronics and tourism amounted to 599,542,838.31 EUR (previous year: 683,782 kEUR), 468,935,945.42 EUR (previous year: 473,608 kEUR) and 423,708,998.36 EUR (previous year: 566,387 kEUR) respectively.

Remaining terms of loans and advances of credit institutions and customers

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

	Credit institutions		Customers	
	31.12.2022	31.12.2021*	31.12.2022	31.12.2021*
Up to 3 months	926,300,019.24	907,559	80,943,815.55	210,531
Over 3 months to 1 year	118,234,593.06	157,057	198,810,588.32	261,936
Over 1 year up to 5 years	111,631,680.09	67,438	1,693,369,919.96	1,847,259
Over 5 years	0.00	0	1,042,928,195.94	1,286,894
Total	1,156,166,292.39	1,132,054	3,016,052,519.77	3,606,620

* 12/31/2021 amounts in kEUR.

Debt securities including fixed-income securities

The position bonds and other fixed-interest securities increase from 246,471 kEUR in the previous year to 254,039,694.12 EUR at the balance sheet date. The accrued interest assets amount to 6,233,368.67 EUR (previous year: 5,930 kEUR).

Listed securities with a book value of 254,039,694.12 EUR (previous year: EUR 245,734 kEUR) are included in current assets. As of 31 December 2022, 7,561,349.42 EUR (previous year: 5,193 kEUR) was booked as a general provision for securities.

The portfolio includes fixed-income securities with a remaining maturity of less than one year in amount of 22,447,885.57 EUR (previous year: EUR 30,017 kEUR).

Hidden reserves amount to 52,503.28 EUR (previous year: 72 kEUR).

A securities trading book has been held since 1 January 2005. As of 31 December 2022, the volume was 0,00 EUR (previous year: 0 kEUR).

Shares and other variable-yield securities

At the end of the year, shares in unlisted companies were valued at 34,129.07 EUR (previous year: 41 kEUR) and equity funds amount to 146,284.33 EUR (previous year: 7 kEUR).

Shares in affiliated undertakings

In December 2003, 51% of the shares of JSC DenizBank, Moscow were acquired. 2% of the shares were sold on 28th February 2022, the remaining 49% were sold on 2nd November 2022 to DenizBank A.S., Istanbul.

In September 2014, DenizBank AG, Vienna, acquired 99.9% of the shares of CR Erdberg Eins GmbH & Co KG, Vienna. Deniz Immobilien Service GmbH, Vienna, was founded in 2013 and is owned 100% by DenizBank AG, Vienna. The share capital of Deniz Immobilien Service GmbH, Vienna, amounts to 35,000.00 EUR (previous year: 35 kEUR).

Intangible fixed assets

Amounting to 8,503,573.37 EUR (previous year: 6,043 kEUR), intangible fixed assets mainly consist of purchased computer software. Thereof 8,046,416.21 EUR concern software which was purchased by an affiliated company.

Tangible assets

The depreciation amounts 1,363,801.86 EUR (previous year: 1,711 kEUR) additions by tangible assets are worth of 657,544.03 EUR (previous year: 491 kEUR). Tangible assets decreased from 4,084 kEUR by 839 kEUR to 3,245,277.52 EUR. The development of the individual tangible assets positions is shown in the assets analysis pursuant to Article 226 UGB and can be found in the enclosed attachment as Annex 3(1).

Commitments arising from the use of tangible assets not shown in the balance sheet amount to 3,353,821.83 EUR (previous year: 3,630 kEUR) for the following fiscal year and 16,678,160.86 EUR (previous year: 18,226 kEUR) for the following five years.

Other assets

At the balance sheet date, this position mainly contains clearing items in the amount of 823,309.89 EUR (previous year: 10,643 kEUR) as well as a positive market value of forward exchange transactions (FX Swaps, FX Forwards) amounting to 24,782,624.57 EUR (previous year: 313 kEUR).

Other assets include interest income amounting to EUR 1,256,517.69 (previous year: EUR 1,747 kEUR), which will be only due and payable after the balance sheet date.

Prepayments and accrued income

At the end of the year, prepayments and accrued income amount to 5,767,586.53 EUR (previous year: 6,758 kEUR). This position mainly consists of commissions, which were paid for the next periods prior to the balance sheet date.

Deferred tax assets

Deferred taxes on assets in the amount of 7,483,572.70 EUR (previous year: 10,734 kEUR) were determined by the end of the year. This amount results from the temporary difference between the tax value of provisions for severance payments, which were formed in previous years until 1.1.2022 and their book value as well as general loan loss provisions for credit risks.

Total assets

The total assets of DenizBank AG reached 5,669,546,234.46 EUR (previous year: 7,102,482 kEUR) at the end of 2022 and is thus 1,432,936 kEUR below the previous year. The total of assets not denominated in EUR was reported as 1,673,202,924.13 EUR (previous year: 2,320,749 kEUR). The total of liabilities denominated in currencies other than EUR amount to 987,962,521.72 EUR (previous year: 886,432 kEUR).

Off-balance-sheet items

As per end of the year, the bank's foreign assets amount to 3,960,608,131.80 EUR (previous year: 4,776,394 kEUR).

2. LIABILITIES

Liabilities to credit institutions

Liabilities to credit institutions, consisting of payables on demand as well as payables with agreed maturity dates or periods of notice, decreased from 328,925 kEUR by 208,851 kEUR to 120,074,281.20 EUR. Liabilities to affiliated companies amount to 50,389,114.78 EUR (previous year: 42,706 kEUR) at the balance sheet date.

Due to the strong liquidity of the bank and the expected rising interest rate environment, DenizBank AG has repaid the last tranche of TLTRO II amounting at 200,000,000.00 EUR to the ECB at the end of September 2022.

Liabilities to customers

In comparison to prior year, liabilities to customers decreased from 4,997,736 kEUR in the previous year to 4,142,737,258.00 EUR at the end of the year. This item includes accrued interest liabilities in the amount of 5,567,795.37 EUR (previous year: EUR 9,658 kEUR). The savings deposits contained therein realized a decrease of 424,917 kEUR and totalled 843,018,676.66 EUR as of the balance sheet date (previous year: 1,267,936 kEUR). The percentage of saving deposits with agreed maturity or period of notice is 22% (previous year 43%). The saving deposits do not contain trustee savings deposits. Liabilities to affiliated companies amount to 755,850.54 EUR (previous year: 1,823 kEUR). The liabilities include fiduciary transactions amounting to 18,864,987.16 EUR (previous year: 23,561 kEUR).

Liabilities to credit institutions and customers grouped by residual maturities

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

	Liabilities to			
	Credit institutions		Customers	
	31.12.2022	31.12.2021*	31.12.2022	31.12.2021*
Up to 3 months	14,000,000.00	0.00	605,835,282.23	635,698
Over 3 months to 1 year	0.00	0.00	664,672,098.58	1,173,838
Over 1 year up to 5 years	0.00	200,000	794,800,588.27	878,748
Over 5 years	33,300,000.00	37,000	44,607,716.80	82,475
Total	47,300,000.00	237,000	2,109,915,685.88	2,770,759

* 12/31/2021 amounts in kEUR.

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

Other liabilities

As of 31 December 2022, other liabilities amount to 31,689,751.89 EUR (previous year: 83,065 kEUR). Other liabilities include accrued interest expenses worth 18,498,655.37 EUR (previous year: 21,717 kEUR), which are payable after the year-end.

Other liabilities also include negative market value of forward exchange transactions in the amount of 11,094,485.82 EUR (previous year: 59,437 kEUR).

Accruals and deferred income

As of the balance sheet date, accruals and deferred income amount to 3,032,425.73 EUR (previous year: 760 kEUR). This position mainly includes received interest before balance sheet date for the next periods.

Provisions

The total of provisions are valued at 11,637,577.76 EUR (previous year: 17,403 kEUR) showing a decrease of 5,765 kEUR compared to last year. This position includes provisions for severance payments worth 932,897.26 EUR (previous year: 1,177 kEUR), provisions for taxation at the amount of 0.00 EUR (previous year: 21 kEUR) as well as 10,704,680.50 EUR (previous year: 16,205 kEUR) worth of other provisions, which mainly refer to general administrative expense provisions amounting to 10,609,754.35 EUR (previous year: 6,749 kEUR), guarantee credits in the amount of 94,926.15 EUR (previous year: 60 kEUR) and contingent losses of derivatives worth 0.00 EUR (previous year: 9,395 kEUR). The general administrative expense provisions include provisions for vacations and premiums in the amount of 4,707,119.92 EUR (previous year: 4,567 kEUR).

Composition of provisions

in EUR	31.12.2022	31.12.2021*
Provisions for severance payments	932,897.26	1,177
Provisions for taxation	0.00	21
Other provisions	10,704,680.50	16,205
Provisions for guarantee credits	94,926.15	60
Provisions for contingent losses of derivatives	0.00	9,395
Provisions for general administrative expenses	10,609,754.35	6,749
Provisions for vacations and premiums	4,707,119.92	4,567
Other provisions	5,902,634.43	2,182
Total	11,637,577.76	17,403

* 12/31/2021 amounts in kEUR.

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

In 2016 (on May 6th, 2016 and September 30th, 2016), two subordinated loans were taken from DenizBank A.S. in the amount of 15 million USD each, i.e. a total of 30 million USD. The subordinated loans were to mature on 6 May 2027 and 30 September 2027. Both loans were repaid early due to our solid capital base on 15th July 2022 after the approval act of Austrian Financial Market Authority (FMA). Supplementary capital amounted to 0.00 EUR as of the balance sheet date (previous year: EUR 26,488 kEUR).

Subscribed capital

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

Capital reserves

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

Retained earnings

Retained earnings amount to 407,924,819.16 EUR (previous year: 607,925 kEUR) at the balance sheet date. The movement in reserves of 200,000,000.00 EUR (previous year: 350,000 kEUR) relates to the reversal of retained earnings.

Liability reserve pursuant to Article 57 (5) BWG

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

Net profit for the year

The net profit in the balance sheet amounts to 302,040,508.38 EUR (previous year: 389,771 kEUR) and includes the release of retained earnings in the amount of 200,000,000.00 EUR and the net profit for the year in the amount of EUR 62,271,560.18 and as well as the retained earnings amounting to EUR 39,769,229.92.

The management board decided to propose to the shareholder meeting a dividend pay-out amounting at 200,001,253.90 EUR (previous year: 350.002 kEUR) for fiscal year 2022.

Off-balance-sheet Items

Contingent liabilities in the amount of 14,283,120.40 EUR (previous year: 17,254 kEUR) include solely guarantees (previous year: 12,334 kEUR and letters of credit 4,920 kEUR). Credit risks arising from not-utilized credit facilities amount to 334,849.19 EUR (previous year: 851 kEUR). Foreign liabilities amount to 2,352,411,899.34 EUR (previous year: 2,628,533 kEUR).

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

in EUR	31.12.2022	31.12.2021*
Subscribed capital	231,831,230.38	231,831
Capital reserves	340,626,293.96	340,626
Retained earnings	407,924,819.16	607,925
Liabilities reserve	77,952,088.00	77,952
Net profit of the year	302,040,508.38	389,771
Net retained profit intended for distribution	-200,001,253.90	-350,002
Total	1,160,373,685.98	1,298,103
Positions to be deducted	-8,503,767.37	-6,043
Core capital	1,151,869,918.61	1,292,060
Supplementary capital	0.00	26,488
Equity capital	1,151,869,918.61	1,318,548
CET1- & T1-ratios	34.50%	32.68%
Total capital ratio	34.50%	33.35%

* 12/31/21 amounts in kEUR

As of 31 December 2022, DenizBank AG has a total capital ratio, CET1 and Tier 1 ratios amount of 34.50%. DenizBank AG thus has sufficient capitalization to meet regulatory capital requirements.

Return on assets for the fiscal year 2022 has a value of 1.10% (previous year: 0.56%), which was calculated as the ratio of net profit after tax divided by the total assets as of balance sheet date. Return on average equity amounts to 4.14% (previous year: 2.44%), which was calculated as the ratio of net profit after tax divided by the average equity.

Additional Information for financial derivatives in the banking book

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

12/31/2022 in kEUR	Nominal	Positive market value	Negative market value
Forward exchange transactions	615,700,375.65	24,782,624.55	58,398.05
short-term	615,700,375.65	24,782,624.55	58,398.05
Interest Rate Swaps without hedging relationship	71,000,000.00	2,888,160.86	127,819.94
long-term	71,000,000.00	2,888,160.86	127,819.94
Interest Rate Swaps with hedging relationship	329,746,743.90	5,853,584.67	5,853,584.67
long-term	329,746,743.90	5,853,584.67	5,853,584.67
Cross Currency Swaps without Hedging relationship	99,418,000.17	0.00	11,036,087.77
long-term	99,418,000.17	0.00	11,036,087.77
Total	1,115,865,119.72	33,524,370.08	17,075,890.42
short-term	615,700,375.65	24,782,624.55	58,398.05
medium-term	0.00	0.00	0.00
long-term	500,164,744.07	8,741,745.53	17,017,492.38

12/31/2021 in kEUR	Nominal	Positive market value	Negative market value
Forward exchange transactions	1,269,298	313	54,315
short-term	1,269,298	313	54,315
Interest Rate Swaps without hedging relationship	353,536	0.0	9,371
medium-term	282,536	0.0	7,382
long-term	71,000	0.0	1,989
Interest Rate Swaps with hedging relationship	369,692	11,327	11,327
long-term	369,692	11,327	11,327
Cross Currency Swaps without Hedging relationship	110,717	0.00	5,274
medium-term	110,717	0.00	5,274
Cross Currency Swaps with Hedging relationship	31,804	18,915	18,915
short-term	31,804	18,915	18,915
Total	2,135.047	30.555	99.202
short-term	1,301,102	19,228	73,230
medium-term	282,536	0	7,382
long-term	551,409	11,327	18,590

Other liabilities include negative market value of forward exchange transactions in the amount of 58,398.05 EUR (previous year: 54,315 kEUR), as well as the foreign currency valuation of the cross-currency swap without hedging relationship in the amount of 11,036,087.77 EUR (previous year: 5,122 kEUR). Provisions amounting to 0.00 EUR as of December 31st, 2022 (previous year: 9,395 kEUR) have been set as contingent losses regarding the negative market value of derivatives. Without hedging transactions provisions for contingent losses worth 5,853,584.67 EUR (previous year: 30,242 kEUR) would have been taken into consideration on the balance sheet date.

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

Assessment on a qualitative basis (critical term match) is carried out at the date of designation and balance sheet date while the main features (nominal value, currency, begin date, maturity date, reference interest rate, payment frequency, repayment structure, day count convention) of the customer transaction and its hedge item are identical. Therefore, no prospective effectiveness has been calculated. No hedge relationships were terminated prematurely in the 2022 financial year (previous year: 0.00 kEUR).

3. Profit and Loss Account

Net Interest Income

The net interest result including interest from fixed-income securities, interest expenses and similar expenses resulted in net interest income of 125,699,198.07 EUR as of the balance sheet date, which was 5,028 kEUR higher than in the prior year (previous year: 120,671 kEUR). This includes interest expenses for subordinated liabilities in the amount of 1,061,849.95 EUR (previous year: 1,797 kEUR).

Distribution according to geographical markets:

Net Interest Income	31.12.2022	31.12.2021*
Austria	131,306,949.97	131,037
Germany	-5,607,751.90	-10,366
Total	125,699,198.07	120,671

* 31.12.2021 amounts in kEUR.

Operating Income

The operating income including net interest income, net fee and commission income, income or expenses resulting from financial transactions and other operating income registered an increase of 6,185 kEUR or 4,35 % to 148,492,775.85 EUR (previous year: 142,308 kEUR). The operating income consists of the following amounts:

	Region	Fee and commission income	Fee and commission expense	Income/Expense from financial transactions	Other operat- ing income
2022	Austria	13,255,368.53	-2,683,800.31	959,609.70	10,375,816.68
	Germany	675,643.61	-15,624.22	53,633.75	172,930.04
	Total	13,931,012.14	-2,699,424.53	1,013,243.45	10,548,746.72
2021	Austria	12,542	-3,476	-604	11,591
	Germany	994	-8	548	49
	Total	13,537	-3,484	-56	11,640

* 12/31/2021 amounts in kEUR

The operating income signs a decrease to the previous year of 1,091 kEUR from 11,640 kEUR to 10,548,746.72 EUR compared to the previous year. This amount includes 3,260.90 EUR from the disposal of fixed assets and other operating incomes amounting at 10,545,485.82 EUR, which mostly include the release of impending losses in the amount of 9,702,651.13 EUR.

Operating Expenses

Operating expenses realized a decrease of 10,860 kEUR from 63,768 kEUR to 52,908,394.57 EUR. Also personnel expenses decreased by 915 kEUR to 29,107,629.76 EUR (previous year: 30,023 kEUR). Other administrative expenses decreased from 16,546 kEUR to 15,271,061.31 EUR. This position includes rent and leasing expenses totalling 3,267,421.46 EUR (3,953 kEUR in the previous year). Other operating expenses amount to 3,934,210.03 EUR (previous year: 12,606 kEUR) containing the amounts resulting from paid contributions to the resolution fund and deposit protection scheme worth 2,891,091.84 EUR (previous year: 11,203 kEUR).

Operating Result

At 95,584,381.28 EUR, the operating result was 17,044 kEUR higher than in the previous year (previous year: 78,540 kEUR).

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

This position contains valuation losses of securities in current assets in the amount of 2,776,993.50 EUR (previous year: 11,195 kEUR), realized losses from the sale of securities with an amount 55,138.46 EUR (previous year: 2,088 kEUR), and value adjustments and written-off receivables in the amount of 176,471,314.21 EUR (previous year: 169,098 kEUR).

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

The realized profit from the sale of securities is 0.00 EUR (previous year: 10,387 kEUR). Income from the reversal of value adjustments of loans and advances is worth 141,821,200.87 EUR (previous year: 136,357 kEUR).

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

In 2022 there were realized gains from the sale of shares regarding JSC Deniz Bank, Moscow amounting at 8,477,748.67 EUR (previous year: 0.00 EUR).

Profit or loss on ordinary activities

The reported result from ordinary business activities of 66,579,884.65 EUR was 23,676 kEUR higher than in the previous year (previous year: 42,904 kEUR).

Tax on profit

Taxes on income and earnings amount to 3,584,955.01 EUR (previous year: 2,674 kEUR). Due to the double tax treaty between Türkiye and Austria a notional withholding tax from interest income at the value of 11,661,856.25 EUR for 2022 (previous year: 8,508 kEUR) could be credited against the corporate tax for 2022. The deferred tax decreased by 3,251 kEUR from 10,735 kEUR to 7,483,572.70 EUR in the current fiscal year.

Profit for the year after tax

Profit after tax was 62,271,278.46 EUR and increased by 22,500 kEUR compared to the result of the previous year of 39,771 kEUR.

Changes in reserves

The changes in reserves totalling 200,000,000.00 EUR (previous year: 350,000 k EUR) relates to the reversal of revenue reserves to retained earnings.

Net profit for the year/profit distribution

The net profit in the balance sheet amounts to 302,040,508.38 EUR (previous year: 389,771 kEUR) and includes the release of retained earnings in the amount of 200,000,000.00 EUR and the net profit for the year in the amount of EUR 62,271,560.18 and as well as the Profit brought forward amounting to EUR 39,769,229.92.

Other Information

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

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

Branch Frankfurt am Main	2022	2021*
Nature of activities	Universal Banking	Universal Banking
Geographical location	Germany	Germany
Net interest income in EUR	7,828,192.70	7,467
Operating income in EUR	8,714,775.89	9,051
Number of employees (FTE)	66	86
Profit before tax in EUR	2,076,537.52	72
Tax on profit in EUR	1,413,602.92	0
Public subsidies received	0.00	0

* 12/31/2021 amounts in kEUR.

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

Shares in affiliated undertakings for the 2022 financial year				
Name	Location	Shareholders' equity	Share in %	Net profit
CR Erdberg Eins GmbH & Co KG	Vienna	18,216,897.35	99.90%	544,548.71
Deniz Immobilien Service GmbH	Vienna	5,981.45	100.00%	-4,256.61

Shares in affiliated undertakings for the 2021 financial year				
Name	Location	Shareholders' equity	Share in %	Net profit
DenizBank Moscow	Moscow	89.502	51.00%	6,764,938.28
CR Erdberg Eins GmbH & Co KG	Vienna	17.672	99.90%	484,192.21
Deniz Immobilien Service GmbH	Vienna	10	100.00%	-4,214.39

During the financial year 2022 an average number of 406 (previous year: 454 employees) people were employed. The yearly remuneration for members of the Management Board amounts to 2,011,937.56 EUR (previous year: 3,457 kEUR). The expenses for severance payments and pensions for members of the Management Board as well as executives, pursuant to Article 80 (1) Austrian Stock Corporation Act (AktG), amount to 260,576.73 EUR (previous year: 273 kEUR). Expenses for severance payments and pensions for non-executive employees totalled 1,151,684.50 EUR (previous year: 1,548 kEUR). Expenses for severance payments in the amount of 566,878.00 EUR (previous year: 955 kEUR) and expenses for the employee welfare fund worth 247,584.06 EUR (previous year: 256 kEUR) were included in this amount.

The expenses for audit costs amounted to 291,926.59 EUR (previous year: 255 kEUR), 40,126.59 EUR (previous year: 38 kEUR) on the quarterly audits.

Significant events after the balance sheet date

After the end of the fiscal year 2022 until 8th February 2023 there were no major events or developments which could lead to a significant change in the disclosure or valuation of assets or liabilities.

Disclosure:

With the disclosure report as of December 31st, 2022 DenizBank AG fulfils the disclosure requirements pursuant to Article 431 to 455 of Regulation (EU) No 575/2013 (Capital Requirements Regulation – CRR).

With the non-financial report as of December 31st, 2022, DenizBank AG complies with the disclosure obligations in accordance with the Sustainability and Diversity Improvement Act and the corresponding provisions of the Austrian Commercial Code and Austrian Stock Corporation Act.

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

Information on the Supervisory Board and the Management Board:

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

In 2022 the members of the Supervisory Board are as follows:

Hakan Ates, Chairman
 Derya Kumru, Deputy-Chairman
 Björn Lenzmann, Member
 Aazar Ali Khwaja, Member
 Hayri Cansever, Member (until 31st May 2022)
 Ruslan Abil, Member
 Mag. Bernhard Raberger, LL.M. MSc, Member
 Dr. Döne Yalcin-Mock, Member
 Aysenur Hickiran, Member

Following State Commissioners are appointed:

Dr. Veronika Daurer, State Commissioner
 Mag. Christian Themel, Deputy State Commissioner

In 2022 and during the preparation of the financial statement for 2022 the Management Board consisted of following members:

Van Roste Wouter, Chairman
 Hayri Cansever, Vice Chairman (since 1st June 2022)
 Mag. Dina Karin Hösele, Member

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

Vienna, February 8th, 2023

Management Board



WOUTER VAN ROSTE
CHAIRMAN



HAYRI CANSEVER
VICE CHAIRMAN



MAG. DINA KARIN HÖSELE
MEMBER

5. AUDITOR'S REPORT *

Report on the Financial Statements

Opinion

We have audited the financial statements of

DENIZBANK AG, VIENNA

which comprise the statement of financial position as at December 31, 2022, and the income statement and notes to the financial statements.

In our opinion, the accompanying financial statements comply with legal requirements and give a true and fair view of the financial position of the company as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Austrian Generally Accepted Accounting Principles and the BWG.

Basis for Opinion

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

Key Audit Matters

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

Recoverability of loans and advances to customers

Facts and problem

In its annual financial statements as of December 31, 2022, DenizBank AG reported loans and advances to customers in the amount of MEUR 2,809.7 after deduction of specific loan loss provisions of MEUR 154.0 and general loan loss provisions of MEUR 53.3.

Information on the valuation of loans and advances to customers can be found in Note I. "General provisions" and Note II. "Notes to the balance sheet and income statement".

The assessment of the recoverability of loans and advances to customers includes significant estimates in the area of identifying defaults and in assessing the amount of expected cashflows from operating activities and potential sale of collateral. The general loan loss provision is estimated based on probability of default derived from the rating category and on Loss Given Defaults. Due to the volume of loans and advances to customers and the dependency of the loan loss provisions on management estimates, we have identified this area as a key audit matter.

Audit approach

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

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

For general loan loss provisions, we assessed the underlying calculation model and have checked whether the parameter applied are suitable for calculating adequate loan loss provisions and we have verified the mathematical accuracy.

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

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with Austrian Generally Accepted Accounting Principles and the BWG, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit.

We also:

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

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

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

Report on the Audit of the Management Report

Pursuant to statutory provisions, the management report is to be audited as to whether it is consistent with the financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the management report.

Opinion

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

Statement

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

Other Matters which we are required to address according to Article 10 of Regulation (EU) No 537/2014

We were appointed as auditors by the annual general meeting on December 16, 2021 and commissioned by the supervisory board on January 13, 2022 to audit the financial statements for the financial year ending December 31, 2022. In addition, we were appointed as auditors for the following financial year by the annual general meeting on December 21, 2022 and commissioned by the supervisory board on December 21, 2022 to audit the financial statements. We have been auditing the Company without interruption since the financial year ending December 31, 2020.

We confirm that our opinion expressed in the section "Report on the Audit of the Financial Statements" is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 and that we remained independent of the Company in conducting the audit.

Vienna, February 8, 2022

Deloitte Audit Wirtschaftsprüfungs GmbH



Dr. Peter Bitzyk
Certified Public Accountant

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