# Disclosure report in accordance with the EU Capital Requirements Regulation (CRR) as at 31.12.2022

## 1. Preamble

With this report as at 31 December 2022, we, as another unlisted company, disclose the qualitative and quantitative information of Bank Melli Iran, Hamburg, as required by Article 433C (2) CRR (Capital Requirements Regulation) in conjunction with the Implementing Regulation (EU) 2021/637 as at this reporting date.

The disclosure report contains information on regulatory key parameters, capital requirements, credit and market price risks as well as the liquidity coverage ratio. The basis for the quantitative disclosures in this report are the corresponding provisions of the German Commercial Code (HGB) and the Accounting Ordinance for Banks (RechKredV), on the basis of which the regulatory reports pursuant to CRR were prepared by us as at the balance sheet date.

## 2. Risk management objectives and policy including concise risk statement (Article 435 CRR)

Under this item, we have subsumed the general qualitative disclosures on credit risks according to Table EU CRA and described our risk management objectives and policies. We have explained the relationship between our Bank's business model and the components of our credit risk profile (concise risk statement in accordance with Article 435(1)(f) CRR). We also explained the criteria and approach for setting credit risk management policies and credit risk limits as part of the discussion of our credit risk management policies and procedures and credit risk hedging and mitigation strategies in accordance with Article 435(1)(a) and (d) CRR.

### 2.1 Strategies and procedures for managing risks

The Bank only accepts risks that are in line with the business and risk strategy. All risks must be evaluated in terms of their economic and legal risk and must be economically viable. In doing so, the risks are to be reduced to an acceptable minimum. The bank is aware that certain risks must be taken for profitable business operations. The Executive Board is responsible for drawing up the business and risk strategy. At least once a year, the overall bank strategy is reviewed by the Executive Board and the department heads within the framework of a strategy process. Based on the current risk potential and the business and target figures, the Executive Board then determines the business strategy and the risk strategy consistent with it, including the risk coverage potential provided for the coming business year. The strategic goals of the bank are communicated with the employees via the bank's intranet. Within the framework of the cornerstones of a strategic orientation, the achievement of success, taking into account the risks to be taken, is the decisive orientation parameter. On the basis of the overall risk profile, the Bank ensures that the material risks of the Bank are continuously covered by the risk coverage potential - taking into account interdependencies where applicable - and that the risk-bearing capacity is thus given. Decisions on the management of the lending and deposit business are made by the Executive Board with the involvement of the specialised departments in various committees, primarily in the Asset/Liability Committee and the Risk Committee.

## 2.2 Structure and organisation of the risk management Function

The identification, inventory, evaluation, monitoring and communication of risks is carried out by the Risk Controlling department. This staff department is directly subordinate to the business performance. The Risk Controlling Department thus performs the function pursuant to AT 4.4.1. of the Minimum Requirements for Risk Management (MaRisk). Regular or event-related communication takes place directly with the Executive Board as well as with the specialised departments. The Risk Controlling Department is generally granted all necessary powers and unrestricted access to all risk-relevant information. Notwithstanding the overall responsibility of the Executive Board, the Risk Controlling Department is organisationally assigned to the Head of Back Office.

## 2.3 Adequacy of risk management procedures

On the part of the management of Bank Melli Iran, Hamburg, it is hereby declared that the aim is to achieve a sustainable, appropriate and risk-adequate return on equity. The Bank makes targeted use of the opportunities arising in its markets. To this end, it is prepared to take risks consciously and in an economically acceptable amount. The bank's focus - with an operative business activity - is on the accompaniment, structuring and settlement of foreign trade between Iran and mainly European companies. We cover this through medium-term lending business, letter of credit business and payment transactions. The design of the bank's risk management system is determined by its business and risk strategy. The Executive Board is responsible for the development and implementation of this strategy. The risk strategy is derived from the Bank's sustainable business strategy. It defines rules for dealing with risks that arise directly or indirectly from the Bank's business activities. The risk strategy includes, in particular, the objectives of risk management for the main business activities and is an instrument geared to market activities and internal management, which is reviewed annually and adjusted if necessary. Risk sub-strategies are defined and documented for certain types of risk. Risks may only be taken within the framework of the risk-bearing capacity. Instructions, control measures, communication and, if necessary, sanction measures support the required risk awareness. The risk management process includes all activities for the systematic handling of risks. This includes identification, analysis, evaluation, control, monitoring, documentation and communication of risks in the company, operational monitoring of the success of the control measures as well as monitoring the effectiveness and appropriateness of the risk management measures. Bank Melli Iran, Hamburg assumes that the implemented methods, models and processes are suitable at all times to ensure a risk management system oriented towards the strategy and the overall risk profile.

## 2.4 Risk profile of the Bank

According to MaRisk, material risks include:
-Address default risks (individual risk / country risk)
- Market price risks (foreign currency risk / interest rate risk)
- Liquidity risks
- Operational risks

Furthermore, we have defined the following risks as material:
- Concentration risks
- Other risks

Within the scope of the risk inventory, it was determined that foreign currency risks, liquidity risks and other risks do not currently represent any significant risks for Bank Melli Iran, Hamburg.

**Counterparty risks**

All borrowers are classified for risk assessment and portfolio management purposes. The management of credit risks is the responsibility of the organisationally separate "front office" and "back office" units, which vote on all risk-relevant exposures. The Bank has three risk classification systems:

- For the assessment of creditworthiness in the corporate customer business, a Risk classification procedure available, in which borrowers are included in the Risk classes A to H are classified.

- For the assessment of the creditworthiness of national and international banks, the external ratings are used and reconciled to the risk levels A to H. If there are If these banks do not have any external ratings, the rating procedure for the Iranian banks used.

- An internal rating procedure is used to assess the creditworthiness of Iranian banks. is used, according to which the respective bank is also classified in risk classes from A to H.

The result of the respective risk classification procedure is transferred to a risk classification of the entire loan portfolio and the utilisation of the individual credit rating classes is presented in the quarterly risk report. The preparation of the data for the risk report is carried out by the accounting department. The risk monitoring tasks are carried out by the "Back Office" division. Risk management is carried out by assigning individual limits for individual borrowers or group limits for customer groups. The maximum limit is always the large loan individual limit. The borrower's collateral (commodity documents and own deposits) is mainly used to limit the risk.

From the point of view of the great importance of the lending business, maximum partial loss ceilings for counterparty default risk are derived in three stages. The utilisation of the partial loss ceiling for counterparty risks is derived from the default probabilities and volumes, which are used by means of a simplified procedure to calculate unexpected losses. Similarly, country risks are calculated using the country rating. The amount exceeding the counterparty risks constitutes the country risk. The country risk is classified at least annually and on an ad hoc basis on the basis of the plausibility check of the Euler Hermes Country Risk Rating. The categories of the short-term rating are assigned to the bank's internal risk classes in conjunction with the medium-term rating. The determination of the country limits is proposed and voted on by the back office and approved by both managing directors. Limit compliance is monitored by the back office. The Bank currently assesses counterparty default risks as a significant risk for it.

**Market price risks**

- Foreign currency risk

The Bank is a non-trading book institution and settles foreign exchange transactions on behalf of customers and to cover positions arising from customer business. Open foreign exchange positions are valued according to the mid-market rate. Foreign currency risks are managed by means of a fixed overall limit for open positions, counterparty limits and the granting of an upper loss limit. According to the current assessment, this risk is not material for the Bank.

- Interest rate risk

The Bank's asset and debt structure is characterised by transactions with predominantly short fixed-interest periods. This makes it possible to react very quickly to changes in interest rates on the capital market. Fixed interest rate commitments and balance sheet items with a term of more than one year play a subordinate role. Interest rate risks are calculated using the net present value change method. The measurement is carried out via the Basel II ratio, which is to be kept below the observation value of 20 %. With regard to the BaFin Circular 06/2019, the early warning level of 15 % including further scenarios is defined and mapped via Navision. Here, the present value effects of a sudden and unexpected change in interest rates are determined in order to check whether a solid risk coverage is ensured. The Bank has reclassified the interest rate risk as "material" in 2020. Although interest rate risks have been assessed as not material in quantitative terms in the past, the Bank nevertheless considered this risk to be material in qualitative terms, as the planning always envisaged and continues to envisage the expansion of interest-bearing business.

**Liquidity risks**

The bank is integrated into the liquidity management of the head office, which provides the branch with refinancing funds via the clearing balance. Due to the geographical and business orientation, the liquidity risks are little influenced by macroeconomic developments.

Ensuring the permanent readiness to pay by drawing down cash investments, utilising loan commitments or fulfilling trading transactions is guaranteed by maintaining adequate liquidity reserves, primarily through credit balances at the Deutsche Bundesbank. Operational liquidity planning is primarily geared towards the regulatory observation ratio (LCR). In addition, the worst-case scenario of a complete withdrawal of deposits ("bank run") is taken into account in daily liquidity management. This scenario includes all conceivable stress scenarios. The bank currently assesses the liquidity risks as a risk that is not significant for it.

**Operational risks**

For the Bank, operational risk refers to the risk of direct and indirect losses caused by the inadequacy or failure of internal procedures, people and systems or by external events. Operational risks include legal risks. To measure operational risk and calculate the utilisation of the limit, the Bank has chosen the basic indicator approach in accordance with CRR, Articles 315 and 316 CRR, supplemented by an expert estimate (loss database). The risk types occurring in the area of operational risk are divided into the categories, persons, processes, technologies, external influences and legal risks, whose risk assessment is presented by means of a traffic light system. Operational risks in business operations are limited by technical systems and clear rules that are constantly adapted to the requirements. One focus is on measures in the IT area, for which detailed emergency plans are available. Accumulated loss events are listed monthly by amount and frequency in the risk report. Since these risks are not quantifiable, a buffer is kept in reserve as a precaution. The bank currently assesses the operational risk - especially due to the reactivation of all Iran sanctions by the USA - as a significant risk for it. In the 2021 financial year, the above-mentioned contingency plans were expanded to include the "pandemic" contingency.

**Concentration risks**

Concentration risks are considered separately. Due to the fact that concentration risks arise on the one hand from the high level of holdings at the Bundesbank and on the other hand from lending to customers based in Iran or to customers based in Germany with a connection to Iran, we reclassified this risk in 2020 and have considered it material since then. As a precaution, a further deduction is made from the risk coverage potential for any concentration risks. The buffer is determined from a comparison of counterparty risks according to the Gordy model with and without granularity adjustment using the Herfindahl-Hirschman index and is reviewed at least once a year.

**Other risks**

The other risks include the danger of asset losses. The Bank includes both strategic risk and reputational risk among these risks. After evaluation, the Bank classifies the other risks as not material. As a precautionary measure, a buffer is maintained for possible defaults.

**Risk-bearing capacity**

On the basis of the overall risk profile, the Bank ensures that the main risks of the credit institution, defined as counterparty risks, including country risks, interest rate risks and operational risk, are continuously covered by the risk coverage potential, taking into account interactions where applicable, and that the risk-bearing capacity is thus given. The entire risk is managed in such a way that the Bank's risk-bearing capacity is guaranteed at all times under the going concern assumption. After the introduction of the new software described above has been completed, the changeover to the normative economic method will take place as of 1 January 2023.

Clear limits are assigned to the individual risk types on the basis of the risk-bearing capacity and compliance with these limits is ensured by appropriate risk control and monitoring systems. Buffers are kept in reserve for non-quantifiable risks as a deduction from the risk coverage potential.

In order to provide the management with comprehensive information, to monitor and control the risks, various evaluations and reports are prepared on a daily basis or on certain key dates - or on an ad hoc basis.

The Bank follows a balance sheet and profit and loss oriented risk management approach. For the determination of the risk-bearing capacity, the bank sets the cover funds in three levels. In the process, the burden on the bank increases, while the corresponding cover fund decreases from level to level.

The steering circles are defined as follows:

| Steering committee | Definition |
|---|---|
| I | Normal case (current US sanction) |
| II | Deterioration of the economic or political framework data in Iran, rising inflation, decline in the oil price and outflow of foreign exchange reserves, falling GDP |
| III | EU sanctions against the Bank or Iran |

The risk coverage potential is composed of equity capital, plus reserves if applicable, plus the fund for general banking risks if applicable, less intangible assets, less an active offsetting balance if applicable, less a loss if applicable, and less some buffers for non-quantifiable risks.

In determining the risk coverage potential (RDP), the Bank follows a regulatory approach. In the definition of internal capital, the Bank uses the regulatory own funds according to COREP. The derivation is based on the balance sheet in accordance with the German Commercial Code (HGB).

| | |
|---|---|
| Approach to assessing the adequacy of internal capital | We use our regulatory own funds according to COREP as internal capital. We consider the amount of this internal capital to be more than sufficient and therefore appropriate (see also page 12 Table 2 EU OVI). |

**Risk coverage potential as at 31.12.2022**
The RDP is calculated as of the balance sheet date for control groups I-III as follows (kEUR):

| RDP | Steering circles | | |
|---|---|---|---|
| | I | II | III |
| **Core capital** | **174,189** | **174,189** | **174,189** |
| - EK requirement | -27,318 | -27,318 | -27,318 |
| - Operational risks | -6,404 | -7,949 | -9,494 |
| - Other risks | -1,545 | -3,090 | -4,635 |
| - Concentration risks | -10,000 | -10,000 | -10,000 |
| - Loss or planned loss | 0 | 0 | 0 |
| **Risk coverage potential** | **128,922** | **125,832** | **122,742** |

The current utilisation of RDP as of the balance sheet date is as follows (kEUR):

| RDP risk limits | Steering circles | | | Actual values S I | Actual values S II | Actual values S III |
|---|---|---|---|---|---|---|
| | I | II | III | | | |
| Country risk | 10,000 | 15,000 | 0 | 0 | 0 | 0 |
| Counterparty risk individual exposures | 46,500 | 66,500 | 85,000 | 29,426 | 53,005 | 62,466 |
| Interest rate risk | 4,000 | 4,000 | 4,000 | 806 | 806 | 806 |
| **Total Risk limit** | **60,500** | **85,500** | **89,000** | **30,232** | **53,811** | **63,272** |
| Buffer to the RDP | 68,422 | 40,332 | 33,742 | 98,690 | 72,021 | 59,470 |
| **Total** | **128,922** | **125,832** | **122,742** | **128,922** | **125,832** | **122,742** |

## 2.5 Stress testing

The defined stress test scenarios are geared to the Bank's material risks and reflect the business model. The results of the stress tests are mapped in the steering committees II and III. The use of management circles reflects the Bank's particular business model and implicitly maps the relevant stress tests (economic downturn = management circle II) up to the hardest case of an embargo (management circle III). When calculating these stress scenarios, the parameters are usually increased (e.g. increase in LGD, PD, etc.) or a multiplier approach is used. Continuous monitoring of economic, legal or political risk factors that could influence the business model or the risk position is also carried out in order to be able to adjust these parameters if necessary. The results of the stress tests help to assess the amount of the free buffer between the sum of the limits for risks and the total amount of the risk coverage potential. Inverse stress tests are also carried out at least once a quarter. In these stress tests, scenarios are simulated that would endanger the bank's ability to survive. The results are calculated and communicated to the management at least quarterly. Due to its good capitalisation, the bank proves to be particularly resilient.

## 2.6 Disclosures on intra-group transactions and on Transactions with related parties and Individuals who have a material impact on the risk profile of the consolidated group could have an impact

BMI Hamburg is a dependent company that does not have any subsidiaries or participations. Related persons or companies as at 31 December 2022 are the two managing directors, Mr Dehghan and Mr Ferchland, as well as Melli Bank plc, London, Melli Bank plc, Hong Kong, MIR Business Bank, Moscow, and Denarius Vermögenverwaltungsgesellschaft AG, Hamburg. The above-mentioned related persons/companies only maintained credit balances of a comparatively small amount with us in the 2022 financial year. Thus, these transactions do not have a significant impact on the risk profile of our bank.

## 2.7 Members of the Governing Body

The managing directors within the meaning of Chapter 1 para. 2 of the German Banking Act were Mr Mehran Dehghan, Hamburg, and Mr Christian Ferchland, Kiel. Mr Dehghan was not a member of any supervisory boards or other supervisory bodies within the meaning of Chapter 125 para. 1 sentence 5 of the German Stock Corporation Act (AktG) during the reporting period. Mr Ferchland was a member of the Supervisory Board of Verka VK Kirchliche Vorsorge VVaG, Schellendorffstr. 17/19, 14199 Berlin (until 30 June 2022), and is a member of the Supervisory Board of Diakonisches Werk Altholstein GmbH, Am Alten Kirchhof 16, 24534 Neumünster (since 1 April 2022). Our strategy for the selection of members of the Executive Board is strictly based on the requirements of the BaFin bulletin on managing directors in accordance with the KWG, ZAG and KAGB (current version of 29.12.2020). We ensure their knowledge, skills and experience by means of CVs, references from previous employers and during our recruitment interviews. Furthermore, potential new managing directors naturally go through the professional suitability and approval procedure of BaFin and the Deutsche Bundesbank. In accordance with our diversity strategy, which is in line with the General Equal Opportunities Act (AGG), we address all people within the scope of the job offer regardless of their age, degree of disability, gender, ethnic origin, religion/belief and sexual identity, provided that they can prove to us their fundamental suitability as a business manager through their knowledge, skills and experience. In accordance with our business and risk strategy, the targets set for the Executive Board are core business, new clients, network, annual result, growth, proprietary trading and human resources, whereby the degree of target achievement is measured on a scale of 1 to 10 (10 being full target achievement). The parameters for measuring the aforementioned targets are firmly defined in our business and risk strategy. The degrees of target achievement are redefined annually and analysed and measured at the end of the year.

# 3. Own funds (Article 437 CRR)

The Bank's own funds consist only of hard core capital. The bank currently does not have any positions from additional core capital or supplementary capital. An overview of the equity structure of Bank Melli Iran, Hamburg as of 31 December 2022 is provided in the following calculation, which is valid from the date of adoption of the annual financial statements as of 31 December 2022.

| Hard core capital (CET 1): Instruments and reserves | | Amount in kEUR | Regulation (EU) No 575/2013 Reference to Article |
|---|---|---|---|
| 1a | Capital instruments and the premium associated with them (corresponds to equity according to the annual financial statements under commercial law) | 154,500 | 26 (1), 27, 28, 29 |
| 1a | Retained earnings (addition of kEUR 5,900 becomes part with the date of determination) | 5,900 | 26 (1) (c) |
| 3a | Fund for general banking risks (allocation of kEUR 900 becomes part with determination date) | 13,900 | 26 (1) (f) |
| 6 | Hard core capital (CET1) before regulatory adjustments (corresponds to equity according to the annual financial statements under | 174,300 | |

| | | | |
|---|---|---|---|
| | commercial law plus fund for general banking risks) | | |
| 8 | Intangible assets (reduced by corresponding tax liabilities) (negative amount) | -111 | 36 (1) (b), 37 |
| 25a | Losses of the current business year | 0 | 36 (1) (a) |
| 26 | Regulatory adjustments to Common Equity Tier 1 capital added to the deduction items under the transitional arrangements | 0 | |
| 27 | Amount of the items to be deducted from the Additional Tier 1 capital items that exceeds the Additional Tier 1 capital of the institution (negative amount) | 0 | 36 (1) (j) |
| 28 | Total regulatory adjustments to Common Equity Tier 1 capital (CET1) | -111 | |
| 29 | Hard core capital (CET1) | 174,189 | |

Table 1.

A breakdown between the balance sheet under commercial law and the allocation of the own funds structure in the calculation of Common Equity Tier 1 capital (CET1) is provided in Table 2.

| Balance sheet in published financial statements as at 31.12.2022 | kEUR | Reference to own funds structure |
|---|---|---|
| **Assets** | | |
| Intangible assets | -111 | 8 |
| Clearing balance BMI Tehran | 0 | 27 |
| Loss of the current business year | 0 | 0 |
| Regulatory adjustments to Common Equity Tier 1 capital added to the deduction items under the transitional arrangements | 0 | 26 |
| **Liabilities** | | |
| Capital instruments and the premium associated with them | 154,500 | 1 |
| Retained earnings | 5,900 | 1 |
| Fund for general banking risks | 13,900 | 3a |

Table 2.

# 4. Own funds (Article 437 CRR)

Table 2 shows the relevant data for our bank, i.e. the total risk amount and the capital requirements from operational risks. The reasons for the increase in the total risk amount compared to the previous year have already been explained under point 3. In determining the counterparty risk, the Bank uses the credit risk standard approach in accordance with Chapter 2 of Title II of Part 3 of the CRR, the operational risk is determined according to the basic indicator approach in accordance with Title III of Part 3 of the CRR and the market risk is determined according to the standard methods of Title IV of Part 3 of the CRR. The total risk amount for operational risk increases due to increased interest and commission income. The assessment of the adequacy of the internal capital is carried out by means of the risk-bearing capacity concept described in the risk report of the management report.

**Table 2: EU OV1 - Overview of total risk amounts**

| | | Total amount at risk (kEUR) | | | Total capital requirements |
|---|---|---|---|---|---|
| | | 31.12.2022 | 31.12.2021 | 31.12.2020 | 31.12.2022 |
| 1 | Credit risk without counterparty default risk | 166,393 | 188,029 | 168,087 | 15,042 |
| 2 | of which: standard approach | | 168,154 | 156,712 | 13,452 |
| 3 | not applicable | | | | |
| 4 | not applicable | | | | |
| EU 4a | not applicable | | | | |
| 5 | not applicable | | | | |
| 6 | Counterparty default risiko - CCR | 0 | 0 | 0 | |
| 7 | of which: standard approach | 0 | 0 | 0 | |
| 8 | not applicable | | | | |
| EU 8a | not applicable | | | | |
| EU 8b | not applicable | | | | |
| 9 | not applicable | | | | |
| 10 | not applicable | | | | |
| 11 | not applicable | | | | |
| 12 | not applicable | | | | |
| 13 | not applicable | | | | |
| 14 | not applicable | | | | |
| 15 | Settlement risk | - | - | - | - |
| 16 | not applicable | | | | |
| 17 | not applicable | | | | |
| 18 | not applicable | | | | |
| 19 | not applicable | | | | |
| EU 19a | not applicable | | | | |

| | | | | | |
|---|---|---|---|---|---|
| 20 | Position, currency and commodity position risks (market risk) | | - | - | - |
| 21 | of which: standard approach | | - | - | - |
| 22 | of which: IMA standard approach | | - | - | - |
| EU 22a | Large loans | | - | - | - |
| 23 | Operational risk | 22,113 | 19,875 | 11,375 | 1,590 |
| EU 23a | of which: Basic indicator approach | 22,113 | 19,875 | 11,375 | 1,590 |
| EU 23b | of which: standard approach | 0 | 0 | 0 | 0 |
| EU 23c | of which: Advanced measurement approach | | - | - | - |
| 24 | Amounts below the deduction thresholds (with a risk weight of 250%) | 0 | 0 | 0 | 0 |
| 25 | not applicable | | | | |
| 26 | not applicable | | | | |
| 27 | not applicable | | | | |
| 28 | not applicable | | | | |

**Capital requirements for operational risk and risk-weighted exposure amounts**

| | Own funds requirements | Risk position amount | Own funds requirements | Risk position amount |
|---|---|---|---|---|
| | **2022** | **2022** | **2021** | **2021** |
| Banking activities using the basic indicator approach | 3% of subscribed equity + basic indicator approach (15%) | kEUR 19,875 | 3% of subscribed equity + basic indicator approach (15%) | kEUR 19,875 |
| Banking activities using the standardised approach (SA)/the alternative standardised approach (ASA) | 0 | 0 | 0 | 0 |
| Application of the standard approach | 0 | 0 | 0 | 0 |
| Application of the alternative | 0 | 0 | 0 | 0 |

| | | | | |
|---|---|---|---|---|
| standard approach | | | | |
| Banking activities using advanced measurement approaches (AMA) | 0 | 0 | 0 | 0 |

# 5. Key parameters (Article 447 CRR)

The following table contains an overview of the regulatory key parameters required in accordance with Article 438 CRR and Article 447 CRR. As the disclosure was made for the first time as at the reporting date of 31 December 2021, the planned history of four comparison dates is still being built up. There are currently only three comparison periods.

Compared to the previous year, the hard core capital ratio, the core capital ratio and the total capital ratio have decreased, but are still well above the required minimum ratios. The reason for the reduction was the increase in the total risk amount due to significant new business in the area of forfaiting as well as increases in capital charges in the area of corporate lending.

Further data on the total amount at risk can be found in Table 2.

In the case of the leverage ratio, the reduction in total assets in particular leads to a reduction in the overall risk position measure.

Information on the Liquidity Coverage Ratio (LCR) is provided in Table 3.

We significantly exceed the minimum ratio for the Net Stable Funding Ratio (NSFR). The first calculation was made in June 2021, so there is no comparative value as at 31 December 2020.

**Table 1: EU KM1 - Key parameters**

| | | **31.12.2022** | **31.12.2021** | **31.12.2020** |
|---|---|---|---|---|
| | **Available own funds (kEUR)** | | | |
| 1 | Hard core capital (CET1) | 167,389 | 167,460 | 167,521 |
| 2 | Core capital (T1) | 167,389 | 167,460 | 167,521 |
| 3 | Total capital | 167,389 | 167,460 | 167,521 |
| | **Risk-weighted position contributions (kEUR)** | | | |
| 4 | Total risk amount | 166,393 | 188,029 | 168,087 |

**Capital ratios (in % of the risk-weighted position contribution)**

| | | | | |
|---|---|---|---|---|
| 5 | Hard core capital ratio (CET1 ratio) | 100.60 | 89.06 | 99.66 |
| 6 | Core capital ratio | 100.60 | 89.06 | 99.66 |
| 7 | Total capital ratio | 100.60 | 89.06 | 99.66 |

**Additional capital requirements for risks other than excessive leverage risk (in % of risk-weighted exposure contribution)**

| | | | | |
|---|---|---|---|---|
| EU 7a | Additional capital requirements for risks other than the risk of excessive leverage | 2.50 | 2.50 | 2.50 |
| EU 7b | of which: to be held in the form of CET1 | 1.41 | 1.41 | 1.41 |
| EU 7c | of which: to be held in the form of T1 | 1.88 | 1.88 | 1.88 |
| EU 7d | SREP Total Capital Requirement | 13.00 | 13.00 | 13.00 |

**Combined capital buffer and total capital requirement (in % of risk-weighted exposure contribution)**

| | | | | |
|---|---|---|---|---|
| 8 | Capital conservation buffer | 0.00 | 0.00 | 0.00 |
| EU 8a | Capital conservation buffer due to macro-prudential risks or systemic risks at the level of a member state | 0.00 | 0.00 | 0.00 |
| 9 | Institution-specific countercyclical capital buffer | 0.00 | 0.00 | 0.00 |
| EU 9a | Systemic risk buffer | 0.00 | 0.00 | 0.00 |
| 10 | Not applicable | | | |
| EU 10a | Buffers for other systemically important institutions | 0.00 | 0.00 | 0.00 |
| 11 | Combined capital buffer requirement | 2.50 | 2.50 | 2.50 |
| EU 11a | Total capital requirement | 15.50 | 15.50 | 15.50 |
| 12 | CET1 available after meeting the SREP total capital requirement (%) | 90.10 | 78.56 | 89.16 |

**Debt ratio**

| | | | | |
|---|---|---|---|---|
| 13 | Total exposure measure (kEUR) | 644,190 | 744,058 | 820,203 |
| 14 | Debt ratio (%) | 25.98 | 22.00 | 20.00 |

| | | | | |
|---|---|---|---|---|
| | **Additional capital requirements for the risk of excessive leverage (in % of the total risk position measure)** | | | |
| EU 14a | Additional own funds requirements for the risk of excessive leverage | 0.00 | 0.00 | 0.00 |
| EU 14b | of which: to be held in the form of CET1 | 0.00 | 0.00 | 0.00 |
| EU 14c | SREP total debt ratio | 3.00 | 3.00 | 3.00 |

| | | | | |
|---|---|---|---|---|
| | **Buffer requirement for leverage ratio as well as total leverage ratio (in % of the total exposure measure)** | | | |
| EU 14d | Buffer in the debt ratio | 0.00 | 0.00 | 0.00 |
| EU 14e | Total debt ratio | 25.98 | 22.00 | 20.00 |

| | | | | |
|---|---|---|---|---|
| | **Liquidity coverage ratio (values in kEUR or %)** | | | |
| 15 | Total high quality liquid assets (HQLA) (weighted value - average) | 517,715 | 509,199 | 605,120 |
| EU 16a | Cash outflows - total weighted value | 426,277 | 405,877 | 473,788 |
| EU 16b | Cash outflows - total weighted value | 39,402 | 50,344 | 7,433 |
| 16 | Total net cash outflows | 386,875 | 355,533 | 466,355 |
| 17 | Liquidity coverage ratio (%) | 133.06 | 143.22 | 129.76 |

| | | | | |
|---|---|---|---|---|
| | **Structural liquidity ratio (values in kEUR or %)** | | | |
| 18 | Total stable refinancing available | 197,490 | 238,284 | not applicable |
| 19 | Total stable refinancing required | 93,115 | 124,595 | not applicable |
| 20 | Structural liquidity ratio (NSFR in %) | 212.09 | 191.25 | not applicable |

# 6. Key parameters (Article 447 CRR)

The remuneration policy of our bank is based on the "Remuneration Ordinance of Bank Melli Iran" in its current version. This states that all employees of our bank receive a fixed remuneration and that there are currently no contracts for performance/ success-oriented remuneration. Thus, the bank does not pay any variable remuneration. The Head Office in Tehran decides on the remuneration of the management bodies as well as on the remuneration of Iranian civil servants. The remuneration for all other employees is determined by the management. Collective bargaining agreements are in place. Employment contracts for non-tariff employees are individually drafted, but are generally based on the applicable collective agreement for the private banking industry and public banks. The main body responsible for the supervision of remuneration is basically the Executive Board, which, however, does not have to take action regarding the determination of variable salary components due to the purely fixed remuneration described above. We have identified our

Executive Board and seven other employees as having a significant influence on the risk profile of our bank. Personnel expenses amounted to kEUR 3 in the 2022 financial year, 955 for an average of 38 employees (including 9 part-time employees) and two managing directors. No employee received an annual salary of EUR 1 million or more. We do not pay variable remuneration according to Chapter 10 para. 2 InstitutsVergV or Chapter 87 para. 1 sentence 3 AktG and have not retained any remuneration. In the 2022 financial year, only one severance payment of kEUR 175 was made. Thus, we did not complete tables EU REM 2 and EU REM3. We have published the information required under Table EU REMA above. According to table EU REM1, we identified two employees as management body with a management function who received fixed monetary remuneration totalling kEUR 448 in the financial year 2022. Furthermore, we have identified seven other employees with a material influence on the risk profile of our Bank who received fixed monetary remuneration totalling kEUR 647 in the financial year 2022. Other data included in the EU REM1 table are not relevant for our bank. Therefore, we have not published them.

Hamburg, 23.05.2023

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