

2022



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Annual Report 2022

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Dear customers, dear business partners, dear friends of eihbank,

2022 was a year of deep concern for eihbank, in the face of upheaval in economy, politics and society. Geopolitical uncertainties, disrupted supply chains, high inflation and a volatile interest rate landscape in Germany made an uncertain environment in the 2022 financial year. The continuing sanctions against Iran have also once again required every effort to counter these parameters, in particular in the political sphere.

Thanks to our services and products, an excellent team and a stable cost model that has been developed over many years, we have been able to continue to grow at a moderate rate.

The economic internal capital adequacy at eihbank remains comfortable in 2022 thanks to the Bank's rock-solid capital ratios. Risk management and the risk situation are appropriate and have proven to be sufficiently stable.

Although eihbank has been forced by various external factors to implement projects such as TARGET2 under pressure in a much shorter period of time than other banks, this has been achieved very successfully on time and within budget, not least thanks to the commitment of our employees, despite various concerns and restrictions from third parties.

The figures underline the success of our long-term business and risk strategy, which – always affected by external factors – we have to constantly adjust. In the 2022 financial year, our annual surplus increased to EUR 4.3 million, following EUR 2.5 million in 2021. We are therefore pleased to report that the annual result has continued to develop positively in line with the trend of previous years, which is also reflected in the key figures on our sustainable financial performance. Nevertheless, our financial performance remains constrained by the political environment.

Given the interest rate landscape has changed significantly in the second half of 2022, it has been possible to reduce the considerable interest expense, which was previously the result of the negative interest rate policy. Net interest income increased significantly overall in the 2022 financial year.

Working closely with our customers and the income from deposits at the Deutsche Bundesbank once again have been the reliable basis for a successful 2022 financial year at the Bank. In particular in the context of the economic and market environment, which continues to be different and therefore represents an ambitious challenge for eihbank, because of the political sanctions imposed by the U.S. against Iran, the 2022 result figures once again demonstrate that the Bank is operating on the market as a substantial player with a positive outlook. In the 2022 financial year, we therefore succeeded in further developing the Bank in a capital market environment characterised by high volatility and risk aversion.

We would like to take this opportunity to thank all our staff in Hamburg, Tehran and Kish Island for their valuable contribution in 2022. We would also like to thank our valued business partners and long-standing customers for their trust in us. Last but not least, eihbank's Supervisory Board has always constructively supported our strategic goals and thereby enabled us to continue systematically on our chosen path.

2023 holds new challenges for our customers to be successful. That is why we plan to continue to conduct existing and new business at the same high level as ever, delivering the same quality and achieving a high level of customer satisfaction. Otherwise, our main focus this year will be on establishing and expanding our correspondent banking relationships. We are also striving to increase our market share of national and international Iran business with further measures.

As we do so, our consistent customer focus and, in particular, our strong financial position, in addition to our international orientation, are the solid foundation for sustainable growth on the way back to our strength before the political sanctions.

Board of Management

Headwinds are no obstacle – it is up to us how successfully we continue to use the often far from easy market conditions in the interests of our customers in 2023 and beyond to support them to achieve their goals.

Faithfully

Arash Onsori Ralf Vollmering



Arash Onsori

Chairman of the Board of
Management



Ralf Vollmering

Member of the Board of
Management

Key figures of eihbank at a glance

Amounts in million EUR	2022	2021	2020	2019	2018
Business volume	2.028,6	2.190,0	2.696,5	3.036,4	4.854,1
Total lending	356,5	375,4	305,8	274,2	397,3
Total deposits	1.447,1	1.598,0	2.131,1	2.463,4	4.252,4
Capital and reserves	547,1	534,9	532,4	531,4	530,9
Annual surplus	4,3	2,5	1,0	0,5	6,9
Balance sheet profit	4,1	2,4	1,0	0,5	3,2
Number of employees	67	69	82	94	94

Management Report for the Financial Year of 1 January to 31 December 2022

Business model and strategic orientation

The Europäisch-Iranische Handelsbank AG (“eihbank”) was founded by Iranian merchants and has been active in Germany since the early 1970s.

As a German financial institution supervised by the German Federal Financial Supervisory Authority (BaFin), it in particular supports trade with what is now the Islamic Republic of Iran (“Iran”). eihbank is the only German financial institution to maintain two branches (in Tehran and on Kish Island).

eihbank’s majority shareholders are Iranian banks that have provided the Bank with corresponding capital cover for the documentary and financial processing of European-Iranian foreign trade.

As a less significant institution (LSI), this means that eihbank is subject to supervision by the Federal Financial Supervisory Authority (BaFin) as the national supervisory authority. eihbank is obliged to comply with and implement the requirements set out by the European Central Bank (ECB).

Management of eihbank

Management units

The general management approach is a combination of centralised and decentralised management tools. It is aligned with eihbank’s business model and risks as a diversified credit institution. eihbank is therefore managed at a centralised and decentralised level with defined interfaces, taking into account business policy requirements.

eihbank’s risks are determined, reported and managed in an integrated manner by the Risk Management department. This meets the regulatory requirements of Basel Pillar 1 and Basel Pillar 2 for eihbank as an institution. It also complies with the Minimum Requirements for Risk Management in the Banking Sector (MaRisk BA), as the generally recognised risk management framework that eihbank is obliged to apply. According to the risk inventory, eihbank’s material risks are operational risk, liquidity risk in the form of transfer risk and business risk.

Governance

Governance at eihbank is defined by the general management approach of eihbank and the committee structure.

The highest management and coordinating body at eihbank is the Board of Management. In substance, the Board of Management deals with issues relating to strengthening the competitiveness of eihbank and coordinating fundamental issues relating to products and sales.

This committee also ensures consistent opportunity and risk management, capital allocation, the ongoing adjustment of strategic issues and the leveraging of synergies at eihbank. The Board of Management is assisted in particular by the Credit Front Office and Back Office, Human Resources, Financial Accounting, Internal Audit and Compliance, and Risk Management departments in this regard.

The Risk Management and Accounting departments provide advice to eihbank’s Board of Management on proper business organisation and, in particular, on

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eihbank's risk management within the meaning of Section 25a(1) in conjunction with (3) KWG.

They support eihbank's Board of Management on financial and liquidity management, company-wide risk capital management and on policy issues. The above departments also make recommendations to the Board of Management on overall bank management, risk methodology, risk policies, risk processes and the management of operational risks.

The Internal Audit department coordinates relevant audit topics and the planning of general audits and activities on the basis of work packages jointly developed with the Board of Management and coordinates their implementation on the basis of the general conditions approved by the Board of Management.

The Compliance department ensures that a compliance standard is prepared at eihbank. The working group reports to the Board of Management member responsible for compliance.

As a working group, the Compliance Committee supports eihbank on Bank-wide compliance management and acts as a platform for the exchange of technical information between the risk units.

Performance indicators

eihbank manages its core business according to both financial as well as non-financial performance indicators.

The essential management-related financial performance indicators of eihbank are:

- Annual result after taxes according to the German Commercial Code (HGB) (assessment basis for distributions)
- Liquidity Coverage Ratio (LCR)
- Observance of the total capital ratio in accordance with the Capital Requirements Regulation (CRR)

The Liquidity Coverage Ratio (LCR), Leverage Ratio (LR) and total capital ratio performance indicators in accordance with Capital Requirements Regulation (CRR) were calculated on the basis of eihbank's budgeted figures for the period 2023-2025, whereby the statutory requirements for the performance indicators must be complied with in accordance with the Minimum Requirements for Risk Management (MaRisk). This ensures that the performance indicators over the entire planning horizon meet the statutory requirements.

The determination of the annual result after taxes according to the German Commercial Code (HGB) is based on eihbank's three-year plan. The annual result after taxes according to the German Commercial Code (HGB) arises from the profit and loss statement, taking into account the tax burden for the company. It is a basis for calculating potential distributions to eihbank shareholders.

The liquidity coverage ratio (LCR) for the purposes of banking supervision is a minimum ratio for the short-term liquidity that is available to be held by the Banks. In order to fulfil the required ratio of at least 100.0 %, the available liquid assets of a bank must be higher than the expected cumulative net cash outflows for a period of 30 days. This is designed to ensure that the banks are able to survive a heavy stress scenario, for example, a partial withdrawal of customer deposits with a concurrent failure of unsecured refinancing. eihbank planned a ratio of 120.45 % for the

year 2022. For 2022, values in the range of 124.64 % to 132.63 % were achieved. As at 31 December 2022, the LCR ratio was 126.41 % (previous year: 125.8 %).

Compliance with the total capital ratio according to CRR is also an important performance indicator for the solvency of eihbank. The total capital ratio expresses the ratio of own funds actually available to the minimum regulatory requirements. In 2022, eihbank's total capital ratio, in view of the continued comfortable level of equity base, was between 78.68 % and 83.33 % in 2022, with a minimum ratio of 17.9 % to be complied with as at 31 December 2022. This minimum ratio includes a Supervisory Review and Evaluation Process (SREP) add-on on own funds of 1.5 % as well as the target equity ratio of 8.4 %. The total regulatory capital ratio in relation to the minimum requirements for the Bank was 86 % on the balance sheet date of 31 December 2022 (previous year: 82.7 %). The change is mainly due to a change in the Risk Weighted Assets (RWA).

eihbank considers the acquisition of new customers following the opening of an account to be a key non-financial performance indicator. In 2022, 46 (previous year: 40) new customers were acquired.

Against the backdrop of still uncertain political and economic conditions, the intention is to retain the annual result in coming years. The 2022 financial year closed with an annual surplus of EUR 4,263 thousand (previous year: EUR 2,511 thousand) and was therefore slightly below the planned figure of EUR 4,536 thousand, which was adjusted in the course of the year.

Economic report²

Macroeconomic framework conditions

After the Joint Comprehensive Plan of Action (JCPOA) came into force in January 2016, major sanctions against Iran were lifted. As a result, eihbank, as a specialist institution, was able to resume international banking business – primarily for trade between Europe and Iran – at the beginning of 2016.

eihbank's core business areas are services relating to the processing of letters of credit and the provision of associated financing solutions. This also includes the implementation of payment transactions for its customers and correspondent banks. Thanks to many years of experience in this challenging environment, accumulated know-how and a prudent business policy, eihbank has firmly established itself over the years as a successful trading bank with proven expertise in Iran as a reliable partner for its customers, despite severe restrictions.

The withdrawal of the U.S. from the JCPOA in 2018 and the reinstatement of U.S. sanctions against Iran have also put a significant strain on economic relations between Europe and Iran since the beginning of August 2018.

This is against the background of the massive influence of the U.S. on European market participants, in particular banks, to prevent financial transactions with Iranian business partners. INSTEX, the special purpose vehicle set up by Germany, Great Britain and France to act as a clearing house for trade between Europe and Iran, has not been able to commence its activities.

¹ SREP: Supervisory review and evaluation process

² Sources for the economic report: www.worldbank.org, www.statista.com, www.destatis.de, www.bmwi.de

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Despite increasing privatisation measures, Iran's economy is still largely organised and controlled by the state. The most important sector of the Iranian economy continues to be the production of crude oil and natural gas by state-owned companies. Revenues from crude oil and natural gas production make up more than 50 % of the Iranian national budget.

The willingness, especially of large European companies and banks with sustainable U.S. business, to engage economically in Iran has remained significantly reduced in recent years as a result of the U.S. primary and secondary sanctions in force. Hopes for normalisation of business with Iran by successfully concluding negotiations to resume the nuclear agreement were dashed in the second half of 2022, so that we cannot currently assume that Iran sanctions are going to be eased or lifted. There have also been geopolitical tensions worldwide as a result of the war in Ukraine, which has also had an impact on Iran business.

Nevertheless, German-Iranian foreign trade still increased by 5.7 % to EUR 1.86 billion in 2022. Deliveries from Germany to Iran increased by almost 9 % compared to the same period in the previous year and reached a value of EUR 1.58 billion. Imports from Iran fell by 11.5 % in the



same period compared to the previous year to EUR 278 million. How circumstances develop remains to be seen, given the tightened sanctions policy and the overall economic situation.

Foreign trade between Germany and Iran

Figures in billions of EUR	2022	2021	%
Exports	1.58	1.45	9
Imports	0.28	0.31	-9
Balance	1.30	1.14	

Exports from the 27 EU states to Iran increased by 7 % to EUR 4.18 billion in the course of 2022, with almost 38 % coming from Germany, followed by Italy, the Netherlands and Spain. Germany therefore remains Iran's most important EU trading partner in 2022. While EU imports from Iran fell to EUR 701 million in 2019, mainly due to the U.S. sanctions on oil imports, they reached EUR 1,055 million in 2022, which was an increase of 14.4 % compared to the previous year. Almost one third of these goods were delivered to Germany, which underlines once again Germany's role in trade with Iran.

Despite difficult conditions, the German economy continued to recover in 2022 and gross domestic product increased by 1.9 %. Compared to 2019, the year before the coronavirus pandemic began, it was 0.7 % higher in 2022.

Consumer prices in Germany increased significantly by an annual average of 7.9 % (previous year: +3.1 % p.a.). This historically high annual rate of inflation has been driven primarily by extreme price increases for energy and food

since the start of the war in Ukraine. The rate of inflation slowed at the end of 2022, but remained at a high level despite sharp increases in interest rates.

The labour market in Germany in the last 3 years has been defined by the impact of the coronavirus crisis and the resulting consequences for the economy. Only in the course of 2022 was there a slow easing. After 5.4 % in January, the unemployment rate in December 2022 was also 5.4 %. It reached an annual average of 5.3 % after 5.7 % in the previous year. In December, the number of people employed was 45.7 million, which was 1.0 % lower than in December of the previous year. Employment was therefore at its highest level since reunification.

The pandemic-related slowdown of the global economy, record inflation, the conflicts in international trade and increasing geopolitical tensions continued to weigh on the export-oriented German economy in 2022, although it continued to recover in the course of the year so that GDP rose to EUR 990 billion in Q4. Compared to the previous year, GDP rose by 1.8 % to EUR 3.87 trillion in price-adjusted terms.

The international political and economic crises mean that there are only cautiously positive expectations for the German economy. According to its forecast, the DIW expects only a slight increase in the gross national product for the whole of 2023, after it had fallen by a further 0.4 % in Q4 2022.

According to the International Monetary Fund (IMF), the global economy will cope with the consequences of the Ukraine war and high inflation better than initially predicted. Although growth will slow from 3.4 % to 2.9 % in 2023, the global economy is no longer expected to dip

into recession. For Germany's economic performance, the IMF forecasts +0.1 % in 2023.

The Eurozone is expected to grow by 0.7 % (2024: 1.6 %), the U.S. by 1.4 % (2024: 1.0 %) and China's economy by 5.2 % (2024: 4.5 %).

On inflation, the IMF sees a reversal in trend because of the stricter interest rate policy of the central banks. Global inflation was 8.8 % in 2022 (7.9 % in Germany). Inflation is expected to reach 6.6 % in 2023 and 4.3 % the following year.

German foreign trade, in terms of both export and import, has significantly increased over the course of worldwide globalisation processes. However, the international trade conflicts and the cooling of the global economy, as well as the coronavirus crisis, have also slowed down Germany's economy in 2022 and it is only slowly regaining momentum. Europe's largest economy is highly export-oriented and therefore also export-dependent. At the same time, Germany has limited raw materials, so it is equally dependent on imports, especially in the energy sector. German exports were EUR 1,574.5 billion in 2022, an increase of 14.2 % compared to 2021. Imports rose by 24.2 % to EUR 1,494.8 billion. The foreign trade balance fell to EUR 79.7 million, as per the downward trend for a number of years.

In terms of exports, the U.S. was again Germany's most important trading partner with EUR 156.1 billion. France followed in second place with EUR 116.1 billion and goods worth EUR 110.6 billion were delivered to the Netherlands.

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As in previous years, most products were imported into Germany from China, with goods amounting to a value of EUR 191.1 billion. China is followed by the Netherlands with EUR 123.0 billion and the United States with EUR 91.7 billion.

Coronavirus

The circumstances of the coronavirus (Covid-19) pandemic continued to be taken very seriously by eihbank in 2022. A contingency plan established by the Bank was applied in this period. Precautionary measures to protect employees have been constantly adapted to the changing risk situation and implemented immediately.

Once again in 2022, there has been no apparent negative impact on eihbank from the crisis.

Financial position and cash flows

The secondary sanctions in place since May 2018 have again meant that eihbank has only been able to offer its banking services on the market to a limited extent in this financial year.

The total business volume in the 2022 financial year fell by EUR 161.4 million (-7.37 %) to EUR 2,028.6 million compared to the previous year (EUR 2,190.0 million). The loan volume (gross) also fell by EUR 173.5 million (-7.89 %) to EUR 2,026.3 million compared to the previous year (EUR 2,199.8 million).

eihbank's balance sheet total and business volume have developed as follows in comparison over two years:

Balance sheet total and business volume

In EUR million / as at 31.12.	2022	2021
Balance sheet total	2,007.3	2,144.8
Liabilities from suretyships and warranty agreements	21.3	45.2
Total business volume	2,028.6	2,190.0

The main reason for the decline in business volume is the reduction in the balance sheet total compared to the previous year. This reduction is mainly due to the net outflow of liabilities to Iranian banks via use of the existing balance at the Deutsche Bundesbank.



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The loan volume (gross) of eihbank, including the balance at the Deutsche Bundesbank, has developed as follows:

Loan volume (gross)		
In EUR million / as at 31.12.	2022	2021
Central bank balances	1,648.0	1,791.1
Receivables from banks	155.8	211.5
Receivables from customers	197.7	146.2
Liabilities from suretyships and warranty agreements	24.9	51.1
Total loan volume	2,026.3	2,199.8

While the balance at the Deutsche Bundesbank, receivables (gross) from banks and the liabilities from suretyships and warranty agreements reported as contingent liabilities fell, receivables (gross) from customers increased.

Material balance sheet items developed as follows in the financial year:

The cash and cash equivalents reported in the cash reserve consist almost exclusively of balances at the Deutsche Bundesbank and amounted to EUR 1,648.0 million on the balance sheet date (previous year: EUR 1,791.1 million).

Receivables from banks fell to EUR 149.2 million (previous year: EUR 196.2 million).

The receivables from customers balance sheet item recorded an increase. The item is reported as EUR 186.1 million (previous year: EUR 134.0 million).

Intangible assets decreased to EUR 0.7 million (previous year: EUR 1.7 million) from amortisation.

The increase in tangible assets to EUR 22.4 million (previous year: EUR 19.9 million) is mainly due to additions in connection with the Tandis building under construction in Tehran.

Deposits		
In EUR million / as at 31.12.	2022	2021
Liabilities to banks	1,273.8	1,415.1
Liabilities to customers	173.3	182.8
Total deposits	1,447.1	1,598.0

Liabilities to banks decreased to EUR 1,273.8 million (previous year: EUR 1,415.1 million) as a result of lower deposits from Iranian banks.

Liabilities to customers also decreased to EUR 173.3 million (previous year: EUR 182.8 million).

The fund for general banking risks formed in previous years in accordance with Section 340g HGB was increased to EUR 49.5 million (previous year: EUR 41.5 million).

The balance sheet shareholders' equity of eihbank increased to EUR 497.6 million in the 2022 financial year (previous year: EUR 493.4 million). The main reason for the change is the increase in balance sheet profit for the 2022 financial year compared to the previous year, amounting to EUR 4,050,092.99 (previous year: EUR 2,385,502.37).

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The equity base of eihbank in 2022 is as follows:

Equity base		
in EUR thousand/ as at 31.12.	2022	2021
Subscribed capital	450,000	450,000
Statutory reserves	14,177	13,964
Other revenue reserves	29,423	27,037
Balance sheet profit	4,050	2,386
Total	497,649	493,386



The Board of Management and the Supervisory Board intend to propose to the shareholders' meeting that, with regard to the appropriation of profits, the reported balance sheet profit for 2022 of EUR 4,050,092.99 should be transferred to other revenue reserves (previous year: EUR 2,385,502.37).

In addition, there is the following irrevocably approved credit that is not utilised:

Irrevocably approved credit commitments not utilized

in EUR thousand/ as at 31.12.	2022	2021
Customers	101,563	142,645

The irrevocable, unutilised credit commitments primarily relate to two opened letter of credit transactions.

Overall, eihbank's financial position is in order.

The management of eihbank's cash flows encompasses liquidity management, investment planning and capital planning.

The Treasury Department is in charge of managing the liquidity of eihbank. The objective of liquidity management is to ensure eihbank's solvency at all times. eihbank again remained solvent throughout 2022. Considering the substantial liquid funds available, the company's cash flows are deemed to be sound.

Financial performance

eihbank's financial performance is as follows:

profit and loss statement				
in EUR thousand/ as at 31.12.	2022	2021	+ / - / .	%
Net interest income	17,014	14,358	2,656	18.5 %
Net commission income	2,882	1,644	1,238	75.3 %
Net interest and commission income	19,896	16,002	3,894	24.3 %
General administrative expenses	-11,916	-10,957	-959	8.8 %
of which:				
Personnel costs	-6,001	-5,833	-169	2.9 %
Other administrative expenses	-5,915	-5,124	-791	15.4 %
Depreciation on tangible assets	-1,480	-1,620	140	-8.7 %
Net other operating income and expenses	-131	257	-388	-150.9 %
Risk provision	8,684	763	7,921	1038.5 %
Operating result	15,053	4,445	10,608	238.6 %
Allocation to the fund for general banking risks	-8,000	0	-8,000	not disp.
Net extraordinary income and expenses	0	-36	36	-100.0 %
Earnings before taxes	7,053	4,409	2,644	60.0 %
taxes from income and revenues	-2,788	-1,964	-824	41.9 %
Other taxes	-2	66	-68	-103.1 %
Annual surplus	4,263	2,511	1,752	69.8 %

The material income items in the 2022 financial year were as follows:

Interest income developed noticeably positively and is reported in the financial year 2022 as a total of EUR 17,014 thousand (previous year: EUR 14,358 thousand). Interest income of EUR 14,945 thousand (previous year: EUR 11,262 thousand) resulted from credit and money-market transactions, firstly, in the form of deposit facilities

with the Deutsche Bundesbank and, secondly, as term deposit loans to banks and loans to customers. In the 2022 financial year, interest income is still reduced by negative interest from the Deutsche Bundesbank and other banks for holding liquidity, amounting to EUR -4,693 thousand (previous year: EUR -9,292 thousand). This negative interest was passed on to banks and customers, amounting to EUR 6,763 thousand (previous year: EUR 12,389 thousand). This is reported as negative

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interest expenses from money market transactions under interest expenses. The effects of the negative interest rate resulted in total net interest income of EUR 2,069 thousand (previous year: EUR 3,096 thousand), which, together with the other interest from credit and money-market transactions of EUR 14,945 thousand, made up the interest income of EUR 17,014 thousand for the financial year.

There was commission income of EUR 3,136 thousand (previous year: EUR 1,830 thousand) earned in the financial year. After deducting commission expenses of EUR 254 thousand (previous year: EUR 186 thousand), the commission result improved to a total of EUR 2,882 thousand compared to the previous year (previous year: EUR 1,644 thousand).

Personnel expenses for wages and salaries also fell in the 2022 financial year to EUR 4,875 thousand (previous year: EUR 4,959 thousand). The total increase in personnel expenses of EUR 6,001 thousand (previous year: EUR 5,833 thousand) is the result of an increase in pension expenses of EUR 1,127 thousand (previous year: EUR 874 thousand), which is mainly due to higher expenses for pension provisions.

Other administrative expenses increased year-on-year to EUR 5,915 thousand (previous year: EUR 5,124 thousand). This was mainly due to increased IT costs of EUR 1,696 thousand (previous year: EUR 842 thousand), in particular for the adaptation of the core banking system to new payment transaction requirements.

The risk provision of EUR 8,684 thousand (previous year: EUR 763 thousand) includes reversals of the provision reserve in accordance with Section 340f HGB, which are

determined in the 2022 financial year in accordance with Section 340f(1) sentence 2 HGB. In the 2022 financial year, this reversal is offset by the expense for the first-time formation of general provisions for losses on loans and advances in accordance with IDW AcS BFA 7 of EUR 3,524 thousand (previous year: EUR 0 thousand). The reversal of specific provisions for losses on loans and advances and the receipt of written-off receivables resulted in income of EUR 247 thousand (previous year: EUR 76 thousand). This is offset by direct write-offs on receivables of EUR 6 thousand (previous year: EUR 13 thousand).

The operating result was EUR 15,053 thousand (previous year: EUR 4,445 thousand) and was therefore, at EUR 10,609 thousand, significantly higher than in the previous year. This is mainly due to the gratifyingly positive development of the interest and commission results, and the result of risk provisioning.

A total of EUR 8,000 thousand (previous year: EUR 0 thousand) is allocated in the 2022 financial year to the fund for general banking risks under Section 340g HGB. The increase strengthens eihbank's capital base for regulatory purposes and enables the Bank to expand its business.

The cost/income ratio, which is the ratio of administrative expenses including depreciation on tangible assets to net interest and commission income and the result of risk provisioning, once again improved, in this year by 9.9 % (2022: 65.1 %; after 75.0 % in 2021 and 91.2 % in 2020).

Given the uncertainties that remain in this respect for the time being, eihbank has decided (with the approval of the Supervisory Board) initially to retain the recognised portion

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of the provisions from the redundancy programme for the 2023 financial year as well.

Otherwise for financial performance, the earnings before taxes has also improved and is now EUR 7,053 thousand (previous year: EUR 4,409 thousand).

Taxes from income and revenues relate to expenses for trade tax, corporation tax, including the solidarity surcharge due on this tax, amounting in total to EUR 2,683 thousand (previous year: EUR 1,770 thousand) for the concluded financial year. Taxes relating to previous years were taken into account, amounting to EUR 105 thousand (previous year: EUR 194 thousand).

Other taxes of EUR 2 thousand (previous year: EUR -66 thousand) are mainly insurance taxes.

As a result, eihbank was able to achieve an annual surplus of EUR 4,263 thousand in the 2022 financial year. This represents a significant increase in earnings of around EUR 1,752 thousand compared to the previous year (previous year: EUR 2,511 thousand). The reported annual surplus includes a deficit from the Kish Island branch of EUR -93 thousand (previous year: annual surplus of EUR 220 thousand) and a deficit from the Tehran branch of EUR -240 thousand (previous year: deficit of EUR -277 thousand).

The positive development of eihbank's result in the previous year and the current financial year is noteworthy. This is because the consequences of the secondary sanctions against Iran that came into force in May 2018 from the U.S. and the resulting reduction in options for foreign trade financing were expected to have a significant impact on eihbank's financial performance.

At the 2020 shareholders' meeting, the shareholders passed a resolution to continue to pursue eihbank's business model in principle. This continues unchanged. In addition, however, eihbank is constantly evaluating its business model in line with its own requirements.

Employees

At the end of 2022, eihbank had 69 employees and two Board members. Of these, 8 employees work at the Tehran branch and 2 at the eihbank branch on Kish Island.

The Bank has been able to retain expertise in particular in the operational parts of the Bank and the back-office departments and attract new, qualified employees from the market.

In the 2022 financial year, all employees continued to support the Bank's business activities with professionalism and commitment and were able to leverage potential, thereby contributing to the efficient processing of business while at the same time ensuring that regulatory requirements were met. We would like to take this opportunity to thank our employees in particular for their commitment to carrying out their daily tasks under the challenging conditions. It is in particular by the active exchange of knowledge and experience that everyone has contributed to eihbank's positive overall result in the 2022 financial year.

The Supervisory Board also expressly recognised the commitment of our employees that has led to a successful 2022 financial year and worked in its supporting role via Supervisory Board and committee meetings.

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We would also like to take this opportunity to thank the employees at our Iranian shareholder banks, the Central Bank of Iran and the Iranian correspondent banks for their work with us in 2022, which is always excellent and comprehensive.

Events after the reporting period

There were no events of particular significance after the end of the financial year.

HR report and sustainability

Declaration of the Board of Management

Equal participation of women and men in leadership positions

The “Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector” explicitly only obliges companies that are subject to codetermination with more than 500 employees to set binding targets for the supervisory board, board of management and the top two management levels.

Nonetheless, the Board of Management at eihbank regularly and in detail addresses the objectives set out in the act when appointing replacements. Alongside the statutory provisions, which do not apply to eihbank per se, eihbank remains committed to its own set goal of further increasing the proportion of women in management positions.

As a result of this regular process, 37.5 % of positions at the second management level at eihbank are held by women as at 31 December 2022.

Forecast Report⁴

Development of general macroeconomic conditions

Development of the global economy

The global economy was in a phase of recovery at the end of 2022. The global gross domestic product continued its positive trend and increased by USD 4.5 trillion to around USD 101.6 trillion compared to the previous year.

Global supply chain disruptions have been largely absent in 2022. However, it remains to be seen how the increasing trade conflicts and restrictions between the U.S., Europe and China will play out.

For an export country like Germany, developments in global trade are of great importance.

According to the OECD, trade in goods in the G20 countries declined in 2022. Exports fell by 3.5 % and imports decreased by 3.1 %.

For 2023 as a whole, the International Monetary Fund (IMF) currently expects the global economy to grow by 2.9 %, with an increase of 3.1 % forecast for the coming year. As China has opened up following the coronavirus crisis, analysts' expectations for this year have recently improved somewhat. However, the war in Ukraine and high inflation continue to have a very strong impact on the economy worldwide.

⁴ Sources for forecast report: www.bmwi.de, www.faz.de

Development in Germany

Gross domestic product in 2022 increased by 1.9%. Stabilisation of the industrial economy therefore continued, albeit to a somewhat lesser extent than in the previous year. The pandemic-related restrictions in the service sector were further reduced in the course of the year, benefiting the hospitality industry in particular.

Inflation peaked at 8.8% in the autumn and stood at 8.1% in December 2022. In 2023, fossil energy and food prices are expected to continue to contribute to the increase in prices, but not as much as in the past year.

In 2022, the number of corporate insolvencies is likely to have been lower again than in the previous year, reaching a new record low. Up to autumn 2022, there were 0.4% fewer insolvencies than in the previous year. The number of consumer insolvencies actually fell by 18.6% during the period.

Development of business with Iran

2022 continued to be strongly influenced by the U.S. sanctions on Iran business and the trade relations between Europe and Iran, but also by increasing political tensions between the EU and Iran. Contrary to expectations, the negotiations on a possible return to the nuclear agreement with Iran (JCPOA) were not brought to a successful conclusion.

A return of the U.S. to the agreement and continuation of the agreement, which would mean the normalisation of economic relations between the European Union and Iran, are not expected, at least in the short term.

Even under these difficult general conditions, eihbank has been able to open up new lucrative areas of activity in recent years by expanding its business activities, so that sound financial performance is also expected in the future with a significantly increased annual surplus after tax compared to 2022.

The Bank expects a moderate increase in new customers in 2023, particularly for the non-financial performance indicator of "New customer acquisition", continuing the positive development in previous years.

Taking into account the forecast business development, eihbank's internal capital adequacy is not at risk at any time in 2023.

In 2023 as well, eihbank will be able to continue to exceed all regulatory minimum requirements for its key financial performance indicators (LCR and total capital ratio according to CRR) as it has so far.

Opportunity Report

Despite the continuing challenging environment, eihbank is confident in the future for its core areas of business. The past financial years from 2020 have shown that eihbank can build on its long-standing, underlying correspondent banking relationships with Iranian banks, healthy capital resources and the support of the shareholder banks, which have been associated with the Bank for many years. Thanks to our motivated and specialist, qualified employees, eihbank has shown that it can continue to support European-Iranian foreign trade professionally with relevant products and services and also fully meet the

Management Report

heightened regulatory requirements in a unique market environment.

eihbank expects very positive impact on its material core business areas, in particular in the event of a gradual lifting of the sanctions. Under these conditions, a significant improvement in business involving letters of credit and in our lending and interest business in particular are to be expected.

As eihbank's liquidity and solvency remain sustainably stable and healthy, this would be expected to significantly improve financial performance in the coming years.

Risk Report

eihbank continuously assesses its opportunities and risks. In doing so, it places importance on a balanced relationship between the identified risks and the opportunities that can be achieved on the market. In the past financial year of 2022, eihbank was able to continue to fully bear all of the risks it identified at all times, thanks to its prudent business and risk strategy. eihbank also has additional available financial resources to cover risk to be able to cushion unforeseeable risks. Particularly worthy of mention in this regard are the notable reserves generated in previous years in accordance with Section 340f and g of the German Commercial Code (HGB). These reserves may compensate for possible reductions in profit in future years if the economic conditions on the market remain difficult.

eihbank prepared at an early stage for the possible impact of the global coronavirus pandemic and adjusted its risk management and processes accordingly. The crisis management team that was set up continuously analyses possible negative factors affecting the Bank's business activities. There has been no negative impact at any time.

eihbank also continuously analyses the potential impact of the Ukraine war on business and operations. Apart from the general impact associated with the rising costs of inflation, eihbank is not affected by any other negative impact in this case either.

Business relations with Iran require special due diligence to comply with the Bank's own and external requirements, with a particular focus on strict requirements for the management of assumed risks. eihbank's established business model therefore requires the Bank to identify, assess, measure, aggregate and manage risks at an early stage.

It is eihbank's goal to establish a holistic approach to managing risks and returns for the Bank as a whole. For this purpose, the defined risk management concept is anchored at all levels of the organisation and management at eihbank. The defined corporate culture supports this process on a permanent basis.

For Iran business, 2022 was still characterised by the effects of the restrictive U.S. policy. The far-reaching attempts by the P5+1 members of the UN Security Council plus Germany still did not lead to the conclusion of a new JCPOA agreement with Iran in 2022.

This circumstance continued to have an impact on eihbank's risk assessment and risk absorption, in particular with regard to the following parameters:

- The risk-weighted assets (RWAs) for receivables relating to Iran are included at an unchanged high rate of 150 %.
- The economic problems in Iran were again reflected in 2022 in the exchange rate changes in the Iranian currency (average market rates as at 1 January 2022: 1:337,450 EUR/IRR, as at 31 December 2022: 1:425,750 EUR/IRR).
- eihbank has made extensive use of the risk mitigation options available to it. There are no other options for risk mitigation because of the limited market access.

Despite these difficult conditions, the limits of regulatory parameters such as liquidity coverage ratio (LCR), net stable funding ratio (NSFR), leverage ratio (LR) and total capital ratio according to the Capital Requirements Regulation (CRR) and the Bank's internal risk limits were comfortably met at all times and the Bank's internal risk limits were complied with. The internal capital adequacy (ICA) was fully ensured at all times, even under stress assumptions.

In accordance with the regulatory requirements, in particular the Minimum Requirements for Risk Management (MaRisk), the Board of Management at eihbank defines the risk policy as part of the overall bank strategy and defines the guidelines for the risk strategy, which applies throughout the Bank and is consistently derived from this overall bank strategy.

The material risks for eihbank are analysed and assessed as part of a risk inventory to be carried out at the Bank and transferred to the risk monitoring system. The relevant processes necessary for this must be defined for risk management and risk control in terms of:

- risk identification;
- risk assessment;
- risk management; and
- their monitoring and communication

set out in the Risk Manual for the Bank as a whole.

Risk Management operates on a "Three Lines of Defence" (3LoD) model, which clearly defines risk, control and reporting responsibilities:

- "First Line of Defence" ("1st LoD"):
Ensure monitoring of operational management that is designed to avoid risks.
- "Second Line of Defence" ("2nd LoD"):
Determine the risk appetite and the risk management and control standards; and
ensure risk monitoring, independent of first line of defence activities in terms of risk appetite and assessment of risks.
This role is performed by the Risk Management department.

- “Third Line of Defence” (“3rd LoD”):
Independent and objective assessment of the appropriateness of the risk strategy and the effectiveness of the internal control and risk management system.
This role is performed by eihbank’s Internal Audit department.

The Board of Management presents its view of risk-appropriate behaviour, which it communicates to all employees to promote a transparent and open dialogue within the Bank on risk-related issues. This forms the cornerstone of the risk culture established at eihbank. The culture encompasses all the standards, the ethical understanding and behaviour relating to risk awareness, risk management and controls.

Risk officers have also been appointed in the specialist departments, who act as multipliers for bank-wide risk issues in their specialist departments and are in close communication with Risk Management.

Risk Management is a control function alongside representatives from the Compliance and Internal Audit departments. Working together, these control functions deal with current regulations and other matters and implement them at eihbank.

In addition, the following departments and functions complete risk management at the Bank:

- Compliance Department
Implements effective processes to comply with the legal regulations and corresponding controls that are essential for eihbank and is also responsible for managing risks in the field of money laundering and fraud prevention.

- Data Protection Officer
Advisory and control function for compliance with legal requirements.
- Information Security Officer
Checks compliance with all IT-related security requirements, in particular in accordance with the Supervisory Requirements for IT in Financial Institutions (BAIT), and ensures that they are implemented at eihbank.

Risk Management prepares a comprehensive risk report for the Board of Management monthly. The report analyses and assesses possible risks affecting eihbank. In addition, the Financial Accounting prepares analyses of business development, supplementing the monthly earnings performance. The Supervisory Board receives this report on a quarterly basis.

Risk inventory and material risk types

In order to assess the risks affecting eihbank, Risk Management conducts a risk inventory on an ad hoc basis, but at least once a year. Finally, the analysis groups the recorded risks into material and immaterial risks.

According to MaRisk, the following risks are to be considered material in all cases:

- Counterparty risks
- Market price risks
- Operational risks
- Liquidity risk

Not all of these risks are material for eihbank. The individual risks and their significance for eihbank are described in detail below. Risks are generally taken into account in the calculation of internal capital adequacy in

accordance with MaRisk, supplemented if necessary by other risks classified as material.

The following risks have been identified as material for eihbank:

- Counterparty risk
- Data protection risk and legal risk as part of operational risk
- Liquidity risk in the form of payment transaction or transfer risk

In 2022, eihbank continues to apply the Pillar 1 Plus approach to assess its risks within the calculation of internal capital adequacy. The counterparty risk is only at a high level within the internal capital adequacy calculation as a result of the calculation methodology.

Given current general political conditions, the assessment of the materiality of eihbank's risks also differs, in some cases significantly, from that of other banks.

As business at eihbank is primarily conducted with Iranian banks and corporate customers, the political development of the Iran-USA relationship (withdrawal of the U.S. from the JCPOA in May 2018) has a significant impact on the performance of business at eihbank. The fear among banks and companies entering into business relations with Iran that the USA will impose secondary sanctions is continuing to have a negative effect and limits the scope of action for eihbank, including in terms of using risk management tools.

Risk concentrations and limitation

As our focus is on Iran business, eihbank consciously accepts certain concentrations at a country level. For this reason alone, there are risk concentrations in liabilities to banks because of the extensive business relationships with Iranian banks, with some relationships going back many years. These are generally subject to an increased call risk as a result of their short-term maturities (current account). Valuations of these deposits in the past, in contrast, show that they have not been drawn down beyond a normal level – even in times of crisis. eihbank follows a corresponding core deposit base theory for the liquidity risk and therefore only assesses this call risk as having low relevance to risk.

Large-volume project financing leads to some concentrations. The risk is limited by appropriate contractual arrangements; there are limits here under the German Large Exposures Ordinance (GroMiKV).

The aim of risk management activities is in particular to identify concentrations of risk at an early stage and, if necessary, develop and implement options for diversification. To manage risk concentrations optimally, eihbank has defined specific limits for the individual risk types. These limits are regularly reviewed and, if necessary, adjusted on the basis of risk. For this reason, the limits for the interest rate risk and the currency risk were adjusted in the course of the year, while the overall risk limit that applied to eihbank remained unchanged. The current utilisation of the limits each month is reported to the Board of Management monthly in the Risk Report. Risk concentrations are also monitored via the supervisory reporting system.

Management Report

If situation-driven analyses produce indications of higher risk utilisation, risk-reducing processes, up to and including a separate escalation process, are triggered at an early stage in order to return risk utilisation of the limits to the defined normal level.

Capital planning

eihbank's long-term capital planning is based on the assumption that business will continue to develop positively. This includes the planned figures for the next three years.

Given the very comfortable capital resources that have been maintained for year, all capital-related performance indicators are exceeded. This also applies in particular under the influence of possible negative developments (stress scenarios).

Internal capital adequacy

The calculation of the internal capital adequacy of eihbank compares the available financial resources with the identified and assessed risks. The available financial resources to cover risk are formed from the Bank's capital.



The risk profile of eihbank as at 31 December 2022:

The risk profile of eihbank		
in EUR thousand/ as at 31.12.	2022	2021
Counterparty risk	47,786	49,164
Market price risk	2,860	3,806
of which interest rate risk	2,100	2,856
of which currency risk	759	951
Operational risks	2,503	2,993
Liquidity risks	0	0
Overall risk	53,148	55,963
total financial resources to risk	549,880	540,182
Available financial resources to risk	496,732	484,219

The internal capital adequacy is fully guaranteed as at 31 December 2022. The internal capital adequacy was also fully guaranteed at all times during the year.

eihbank takes full account of the requirements for risk management in accordance with the Internal Capital Adequacy Assessment Process ("ICAAP").

eihbank applies the Pillar 1 Plus approach to assess its risks: Under assessment according to the "Pillar 1 Plus" approach, all risks from Pillar 1 are supplemented by further material risks and their assessment.

The assessment according to the Pillar 1 Plus approach has an effect in particular on the assessment of counterparty risks, which are calculated to be EUR 47.786 thousand (previous year: EUR 49.164 thousand). The total risk amount of EUR 53.148 thousand (previous year: EUR 55.963 thousand) is offset by available financial resources to cover risk of EUR 549.880 thousand (previous year: EUR 540.182 thousand). Consequently, the utilisation of the available

financial resources to cover risk is 9,7 % (previous year: 10,4 %). The risks are offset by the Bank's risk appetite with a limit of EUR 197.000 thousand (previous year: EUR 197.000 thousand), which corresponds to a limit utilisation of 27,0 % (previous year: 28,4 %). This means that utilisation remains at a low and comfortable level.

eihbank's available financial resources to cover risk are formed from capital components of the Bank, supplemented by the 1.25 % of risk-weighted exposure amounts in accordance with Article 62c CRR (additional financial resources to cover risk).

Pursuant to CRR, the Credit Risk Standardised Approach (CRSA) taken by eihbank results in an own funds requirement of EUR 47.786 thousand at the balance sheet date (previous year: EUR 49.164 thousand). This value includes all supervisory capital requirements (e.g. target equity ratio).

eihbank has a target equity ratio of 8,4 % (previous year: 8,4 %). eihbank also takes into account an unchanged Supervisory Review and Evaluation Process (SREP) add-on of 1,5 % (previous year: 1,5 %). Taking into account the above target equity ratio and the SREP add-on, eihbank must therefore take into account a total capital adequacy ratio of 17,9 % (previous year: 17,9 %) as at 31 December 2022.

Stress testing

eihbank has defined different stress scenarios for itself, the content of which is based on the specifications of the above BaFin ICAAP circular.

Ad hoc stress tests are also carried out as required. As at 31 December 2022, no limit violation has occurred in any scenario.

Counterparty risks (credit risks)

Counterparty risks (credit risks) comprise all risks arising from the risk of partial or total default of contractually guaranteed payments by the customer.

The counterparty risk is managed by borrower-specific limits, which are the result of business policy decisions.

Close supervision/restructured loans

eihbank makes a distinction between loans under close supervision and loans being restructured (non-performing loans). Non-performing loans generally result in a termination of the exposure. A repayment agreement is generally arranged for borrowers with impairments, with specific provisions for losses on loans and advances or other provisions in the lending business formed for these borrowers if required.

Owing to a prudent business and risk strategy, eihbank still only has two loans that are assessed as non-performing loans at the end of the financial year 2022. Another exposure is under intensive supervision.

The measures initiated with these borrowers to deal with the default are being consistently applied. These measures also include checking the possible realisation of collateral or the initiation of legal action to enforce the interests of eihbank.

Risk provision/value adjustments

As at 31 December 2022, the following risk provisions are in place to hedge the credit risk of banks and non-banks:

Value adjustments		
in EUR thousand/ as at 31.12.	2022	2021
Specific provisions for losses on loans and advances	1,503	1,585
General provisions for losses on loans and advances	3,524	0
Risk provision in accordance with Section 340g HGB	49,500	41,500
Total	54,527	43,085

In 2022, eihbank adjusted its risk provisioning in accordance with the applicable requirements for the formation of general provisions for losses on loans and advances pursuant to IDW AcS BFA 7. For the measurement, it uses the measurement approach of the expected loss method ($EL = PD * LGD * EAD$).

To identify changes in the portfolio at an early stage, eihbank regularly carries out credit analyses and stress test calculations. This simulates a massive deterioration in the creditworthiness (rating shift: rating drop as per the LSI stress test) of all customers, as well as other events.

The counterparty default risk is still measured according to the Pillar 1 Plus approach. I.e., the risk value from the regulatory reporting according to Pillar 1 is applied. The calculation variant we use is based on the calculation of expected loss and unexpected loss and on a confidence level of 99.9 %. This calculation model is used, as eihbank lacks the ability to calculate probabilities of default (PD) and losses given default (LGD) properly because of

prudent business policy lending decisions and a lack of defaults. In 2023, the Bank plans to change the measurement of counterparty risks to a standard market calculation model in order to be able to reflect the risks more adequately.

The PD is significantly influenced by the result of the risk classification (the rating). eihbank uses its own risk classification procedure to assess the creditworthiness of borrowers.

Counterparty risks are assessed and monitored as part of an individual exposure assessment for each borrower.

Country risk

Given eihbank’s focus of business on customers with an Iranian business background, it is in principle possible to form a country risk provision.

However, since eihbank has already taken such banking risks sufficiently into account by forming a risk provision for general banking risks in accordance with Section 340f HGB and the formed general provisions for losses on loans and advances, eihbank does not use this option.

In addition, the country risk is managed and limited by voluntarily limiting Iran business to a maximum of 6 times own funds. Given the current business volume, this limitation, as in the previous year, is not relevant. Iranian assets continue to be included in the calculation of risk-weighted assets with a risk weight of 150 % (with a value of 7 on the OECD scale).

Market price risks

Market price risks describe the risks that can arise from fluctuations in market parameters. This includes changes in market prices (interest rate risk, share price risk, exchange rate risk), as well as the associated changes in the value of financial products. In view of the fact that eihbank is not a trading book institution and therefore does not hold any securities in its investment portfolio, the Bank is not exposed to any market price risk from securities.

Interest rate risk

Interest rate risk is determined using maturity bands in accordance with regulatory requirements. The underlying IRRBB model also includes various stress scenarios, such as the base rate shock (± 200 BP). Applying this stress scenario, the regulatory reporting limit of 20,0 % is only utilised to an immaterial extent. Changes in 2022 are as follows:

Present value change

as at 31.12.	in Thousand EUR	in %
interest shock +200	-12,780	-2.4
interest shock -200	14,738	2.7

Given the lack of market access, not all options for action (e.g. interest rate swaps) are available to reduce a potential risk for interest rate risk. The set limits must therefore be complied with in all cases and any violation of any limits must be reported immediately.

In the context of the sharp rise in the yield curve over the course of 2022, eihbank has adjusted its limit for the interest rate risk.

The interest rate risk, taking into account the regulatory parameters under the IRRBB model, is reported at EUR 2.856 thousand as at 31 December 2022 (previous year: EUR 2.856 thousand) and therefore remains at a low level overall.

Currency risks

In principle, new business is only concluded in EUR. Based on business development to date, however, eihbank has a balance in Iranian rials.

The sanctions against Iran continue to weigh down the Iranian economy, which is also reflected in the exchange rate of the Iranian currency, the rial. The recession in Iran has led to the establishment of a market exchange rate alongside the official exchange rate. This difference between the official exchange rate and the market exchange rate creates a currency risk for eihbank beyond ordinary exchange rate fluctuations. The risk is restricted by a limit and monitored.



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Given the still limited market access, closing open items via corresponding coverage and hedging transactions aimed at reducing and controlling risk, continue (still) not to have been possible in 2022 (as a result of secondary sanctions).

The exchange rate volatility is used to calculate the currency risk at a confidence level of 99.9 % in the course of the year. The calculation is performed using the maximum exchange rate deviations within the scenarios. A holding period of one year is currently assumed.

Stress scenarios for currency risks are calculated unchanged with different currency volatilities. No increased risks worth noting can be deduced.

Development of exchange rates		
EUR/IRR as at 31.12.	2022	2021
Official exchange rate	44,993	47,613
Market value	425,750	339,850
Sana rate	306,188	280,109
Valuation rate	220,000	190,000

The Central Bank of Iran (CBI) proposed exchange rate adjustments for the EUR/IRR valuation due to the volatile exchange rate conditions caused by the sanctions. The eihbank has again followed the proposal. As at 31 December 2022, it therefore values EUR/IRR positions at an exchange rate of EUR/220.000 IRR 1:

Given the foreign currency items are manageable overall, eihbank has adjusted its limit for currency risks in 2022.

Operational risks

According to Article 4 CRR, operational risk means the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, and includes legal risk.

Several of eihbank's business partners fear that the U.S. will impose secondary sanctions if they continue to maintain or enter into business relationships that relate to Iran to the same extent as before.

As a direct consequence of the restrained market acceptance, eihbank still does not have all options for minimising risk at its disposal.

This circumstance results in a fundamentally increased operational risk at eihbank.

Operational risks can also arise from the following circumstances:

- Outsourcing
- Reputational risks
eihbank's listing on OFAC lists and the risk of business policy decisions by market participants/contracting parties to terminate or refuse cooperation with eihbank without being required to do so by law.
- Project risks
Risks arising from the failure to implement a project on schedule and/or on budget.

By taking out insurance policies and the risk transfer this entails, the operational risk to eihbank is also restricted.

Operational risk is assessed at eihbank according to the Pillar 1 Plus approach, i.e. according to the basic indicator approach and taking into account the regulatory requirements. There is also the measurement of the risk under stress conditions. The Bank assumes in this case that it might suffer increased losses from these risks. For measurement purposes, the calculated risk for the stress case is therefore multiplied by an average risk ratio, which is derived from the stressed counterparty risk on the basis of effective risk parameters.

Information security

Given the general external conditions described, an increasingly critical cyber threat situation and continuously expanded regulatory requirements (MaRisk and BAIT), information security and operational IT security are of particular importance. The increasing digitalisation of eihbank's business model also requires secure, highly available and reliably functioning IT infrastructure as well as effectively developed information security, which in particular ensures appropriate protection of the confidentiality and integrity of processed data and minimises information risks.

Information security risk is the risk of damage (financial, data loss, reputation) within the data processing of all eihbank business processes that may result from a threat situation (human error, targeted attacks, organisational deficiencies and technical failure).

As in the previous year, eihbank continued to invest in expansion of the infrastructure and organisation for IT and information security in the 2022 financial year. One focus was on progressive digitalisation and the optimisation and refocussing of data centre operations. This means that the Bank is able to assess and manage its information security risks even more efficiently and to strengthen its position on the market further vis-à-vis its competitors. In the future, eihbank intends to continue with the same approach.

Overall, eihbank complies with the strict IT requirements of the banking supervisory authorities and thereby ensures, now and in the future, that all data is appropriately protected to justify the trust placed by customers in the Bank and its performance.

The Bank was able to maintain IT operations at all times and respond to changing requirements promptly and effectively.

Liquidity risks

The liquidity risk is that the required cash or cash equivalents will not be available or will only be available to a limited extent and that it is therefore no longer possible to meet payment obligations in full and on time.

In the reporting year, there were no liquidity bottlenecks and no assessable liquidity risks.

Management Report

Given the reduced market access of eihbank, the scope for action at eihbank in 2022 in terms of liquidity management remains very limited.

In the reporting year 2022, there were also no liquidity bottlenecks, because eihbank has substantial deposits from its shareholders. The liquidity situation therefore remains comfortable. Even under current circumstances, there is no observed risk to eihbank's liquidity that the shareholder banks or other Iranian banks will withdraw their deposits in the near term, although this would in principle be possible due to the daily maturity of the funds. This also matches the above deposit base theory.

To hedge any risks that could currently arise from eihbank's limited refinancing options under the above general conditions, eihbank has entered into agreements with its shareholder banks. These have the effect of reducing risk to the extent that the shareholder banks have irrevocably committed themselves in the agreements to guarantee support for eihbank in the event of liquidity bottlenecks.

To ensure appropriate short-term management of the liquidity situation, Risk Management regularly reports to the Board of Management using up-to-date liquidity overviews. On this basis, the Board of Management decides on the short-term and strategic direction of liquidity management.

The regulatory LCR is also an important liquidity performance indicator in this regard, which is analysed daily by Reporting. The LCR was always comfortably complied with in 2022, as in the previous year as well, and is a ratio of 126,4 % as at 31 December 2022 (previous year: 125,8 %). The NSFR is used to assess long-term

liquidity. This is also extremely comfortable at 442,8 % as at 31 December 2022 (previous year: 397,9 %)

Last but not least, risk concentrations are additionally subject to separate stress tests in order to simulate e.g. increased liquidity outflows and therefore the increase in liquidity risk. The continuous monitoring and reporting implemented at eihbank, however, means that even the slightest risk concentrations in refinancing are recognised promptly and mitigated by appropriate measures.

As part of this stressed assumption in the form of the modified funding matrix, it is assumed that eihbank can only cover its liquidity requirements at increased refinancing costs.

A risk amount for liquidity risks is also taken into account in the internal capital adequacy calculation. The gaps between asset and liability items per maturity band under consideration are calculated with a refinancing rate of 12-month Euribor plus an eihbank-specific calculated refinancing rate. This approach is based on the assumption that the refinancing will take place via the Central Bank of Iran or the Iranian shareholder banks. As at 31 December 2022, a risk amount of EUR 0 thousand is taken into account in the internal capital adequacy calculation because of the lack of risk impact, as in the previous year.

Given its adequate liquidity, eihbank, like many comparable banks in Germany in this regard, invests free liquidity via a deposit facility with the Deutsche Bundesbank, if necessary, after many years of negative interest rate policy. The business contributes positively to the interest income and thereby additionally strengthens eihbank's net financial performance.

Sustainability risks

“Sustainability risks” are environmental, social or governance events or conditions, which if they occur have or may potentially have significant negative impacts on the financial position, cash flows and financial performance, or reputation of a supervised entity. These risks are not considered individually, but as a component of the individual risks from counterparty default risk, market risk and operational risk.

The basis for the measurement of sustainability risks is the information sheet published by BaFin on 20 December 2019 and adjusted at the beginning of January 2020. The focus at eihbank also therefore continues to be on integrating sustainability aspects into risk management.

Owing to the business orientation and the currently difficult business environment, sustainability risks continue to play a somewhat secondary role for eihbank, unchanged to the present. Nevertheless, eihbank has anchored the topic of sustainability in its overall bank strategy and there is a constant and intensive discussion of this topic, in particular in Risk Management. This is not only about compliance with legal requirements, but also about opportunities and risks arising from the sustainability discussion, which are assessed and, where appropriate, taken into account.

Recovery plan pursuant to Section 12(3) SAG

Just like other banks, eihbank was required to develop and maintain a recovery plan pursuant to Section 12(3) SAG. This requirement was of a general nature and not aimed at the current economic conditions of the Bank.

These SAG indicators applied by the Bank are subject to continuous monitoring. As at 31 December 2022 and in the course of the year, there has been no indication to trigger the recovery plan from a breach of the indicator thresholds.



Relations with affiliated enterprises

In the 2022 financial year, the Board of Management submitted a report on relations with affiliated enterprises in accordance with Section 312 of the German Stock Corporation Act (AktG). The report contains the following closing declaration by the Board of Management:

“We hereby declare that in relation to the legal transactions with the Bank of Industry and Mine, Tehran/Iran and companies affiliated with it, as listed in the report as part of the relation with affiliated companies, Europäisch-Iranische Handelsbank AG, Hamburg, agreed or received reasonable consideration for each legal transaction under the circumstances known to the Board of Management at the time at which they were implemented, and that no steps were taken or omitted for the purposes of Section 312 of the German Stock Corporation Act (AktG) in the 2022 financial year.”

Note

By way of this management report, Europäisch-Iranische Handelsbank AG, Hamburg, implements the transparency requirements pursuant to Section 289 HGB.

The figures are rounded in accordance with standard commercial practice. This may result in minor deviations in the calculation of totals and in the calculation of percentages.

Hamburg, 6 April 2023

**EUROPÄISCH-IRANISCHE HANDELSBANK
AKTIENGESELLSCHAFT
HAMBURG**

Arash Onsori

Ralf Vollmering



Balance Sheet as of 31 December 2022

Assets			
as at 31.12.		2022 in EUR	2021 in TEUR
1. Cash reserve			
a) Cash at hand	12,873.89		16
b) Central bank balances of which: at Deutsche Bundesbank EUR 1,647,959,695.10 (p.y. EUR 1,791,075,921.72)	1,647,959,695.10		1,791,076
		1,647,972,568.99	1,791,092
2. Receivables from banks			
a) Due on demand	22,105,217.40		6,388
b) Other receivables	127,081,439.46		189,798
		149,186,656.86	196,186
3. Receivables from customers		186,077,676.80	134,041
thereof: secured by liens on lended property EUR 0.00 (p.y. EUR 0.00)			
municipal loans EUR 1,000,000.00 (p.y. EUR 1,000,000.00)			
4. Intangible assets			
a) Internally generated industrial property rights and similar rights and values	26,600.00		42
b) Concessions aquired for a consideration, industrial property rights and similar rights and values and licenses to such rights and values	659,703.97		1,618
		686,303.97	1,660
5. Tangible assets		22,425,623.80	19,859
6. Other assets		815,061.62	1,719
7. Deferred income		174,142.27	226
Total assets		2,007,338,034.31	2,144,783

Liabilities			
as at 31.12.		2022 in EUR	2021 in TEUR
1. Liabilities to banks			
a) Due on demand	1,273,805,045.32		1,415,149
b) At agreed terms or period of notice	0.00		0
		1,273,805,045.32	1,415,149
2. Liabilities to customers			
Other liabilities			
a) Due on demand	173,262,360.75		182,811
b) At agreed terms or period of notice	0.00		0
		173,262,360.75	182,811
3. Other liabilities		514,993.12	1,186
4. Deferred income		94,872.88	556
5. Provisions			
a) Provisions for pensions and similar commitments	5,218,855.00		5,091
b) Provisions for taxes	4,469,900.00		2,539
c) Other provisions	2,822,662.63		2,565
		12,511,417.63	10,195
6. Fund for general banking risks		49,500,000.00	41,500
7. Shareholders' equity			
a) Subscribed capital	450,000,000.00		450,000
b) Revenue reserves			
ba) Statutory reserves	14,176,718.26		13,964
bb) Other revenue reserves	29,422,533.36		27,037
c) Balance sheet profit	4,050,092.99		2,385
		497,649,344.61	493,386
Total liabilities		2,007,338,034.31	2,144,783
1. Contingent liabilities			
Liabilities from suretyships and warranty agreements		21,250,464.50	45,220
2. Other obligations			
Irrevocable credit commitments		101,562,739.45	142,645

Statement of Income for the period from 1 January to 31 December 2022

Expenses		2022 in EUR	2021 in TEUR
1. Interest expenses			
Negative interest from money-market transactions	-6,762,734.28		-12,389
		-6,762,734.28	-12,389
2. Commission expenses		253,961.94	186
3. General administrative expenses			
a) Personnel costs			
aa) Wages and salaries	4,874,595.21		4,959
ab) Social contributions and expenses for old age provisions and for support of which: for old age provision EUR 387,963.59 (p.y. EUR 106,370,03)	1,126,847.11		874
		6,001,442.32	5,833
b) Other administrative expenses		5,914,560.98	5,124
		11,916,003.30	10,957
4. Depreciation and value adjustments on intangible investment assets and tangible assets		1,479,983.68	1,620
5. Other operating expenses		361,345.87	715
thereof from currency translation EUR 138,935.67 (p.y. EUR 100,177.56)			
6. Allocation to the fund for general banking risks		8,000,000.00	0
7. Extraordinary expenses		0.00	36
8. Taxes from income and revenue		2,788,447.89	1,964
9. Other taxes		2,064.78	-66
10. Annual surplus		4,263,255.78	2,511
Total expenses		22,302,328.96	5,534

Annual Statement for financial year 1 January 2022 to 31 December 2022

Income				
			2022	2021
			in EUR	in TEUR
1. Interest income from				
a) Credit and money-market transactions	14,944,732.13			11,262
b) Negative interest from money-market transactions	-4,693,386.34			-9,293
		10,251,345.79		1,969
			10,251,345.79	1,969
2. Income from commissions			3,136,361.60	1,830
3. Income from write-ups on receivables and certain securities and from release of provisions relating to credit business			8,684,084.97	763
4. Other operating income			230,536.60	972
thereof from currency translation EUR 299.84 (p.y. EUR 12,087.00)				
Total income			22,302,328.96	5,534
1. Annual surplus			4,263,255.78	2,511
2. Profit carried forward from the previous year			2,385,502.37	960
3. Allocation to revenue reserves				
a) in the statutory reserve			213,162.79	126
b) on other revenue reserves			2,385,502.37	960
4. Balance sheet profit			4,050,092.99	2,385

Annex

A. Notes to the financial statements

1. General

Europäisch-Iranische Handelsbank Aktiengesellschaft (eihbank) has its registered offices in Hamburg and is registered at the Hamburg Local Court under registry number HR B 14604.

The annual financial statements were compiled with due regard to the regulations HGB, Stock Corporation Act (AktG), Banking Act (KWG), Accounting regulations for banks (RechKredV) and the principles of proper accounting.

The company is classified as a large corporation pursuant to Section 340a(1) HGB in conjunction with Section 267 HGB.

eihbank has made use of the option available under Section 340a(1) in conjunction with Section 265 (5) HGB and provided a further breakdown of the items “interest expenses” and “interest income” to allow for the separate accounting of “negative interest” in the profit and loss statement.

2. Accounting policies

Accounting and measurement was based on the assumption that the business will continue as a going concern (Section 252(1) No. 2 HGB).

The following accounting policies have been employed in preparing the balance sheet and the profit and loss statement:

Cash reserves have been accounted for at their nominal value.

Receivables from banks and customers have been accounted for at their nominal value. Specific provisions for losses on loans and advances, general provisions for losses on loans and advances and contingency reserves in accordance with Section 340f HGB have been offset against receivables.

In 2022, the general provisions for losses on loans and advances are formed in accordance with the IDW statement on “Risk provisioning for foreseeable counterparty risks that have not yet been individually specified in the annual and consolidated financial statements of institutions subject to commercial law” (IDW AcS BFA 7) using the one-year expected loss method. In contrast to the previous calculation method, which was based on actual defaults, the general provisions for losses on loans and advances are now determined on the basis of the expected values of future losses from loan losses. General provisions for losses are made for receivables from banks, receivables from customers, contingent liabilities and other obligations.

The contingency reserves pursuant to Section 340f HGB are determined in the financial year in accordance with Section 340f(1) sentence 2 HGB.

Financial assets are carried at cost and, where necessary, measured at the lower fair value.

Tangible assets and intangible assets are assessed at acquisition costs less scheduled depreciation/amortisation. This also concerns recognised intangible rights of use.

Other assets have been accounted for at their nominal value.

Liabilities have been assessed at their settlement values.

The provisions cover all discernible risks and contingent liabilities. They have been measured at their settlement value according to Section 253(1) sentence 2 HGB and on the basis of a reasonable commercial assessment. Provisions with an expected remaining maturity of more than one year are discounted pursuant to Section 253(2) HGB using the average market interest rate published by the Bundesbank for the past ten financial years in the case of provisions for pension obligations and the past seven financial years in the case of other provisions.

Pension provisions are calculated in accordance with actuarial principles. The settlement value is determined using the projected unit credit method. Pursuant to Section 253(2) sentence 1 HGB, the applied discount rate is 1.78 % (previous year: 1.90 %) (10-year average). As there were no ongoing entitlements as at the reporting date, as in the previous year, it was not necessary to provide a figure for future salary increases. The figure for future pension increases was 1.75 % (previous year: 1.75 %). The current Heubeck mortality tables 2018G are used as the biometric actuarial basis.

The calculation of the limitation on profit distribution is based on an interest rate of 1.42 % (previous year: 1.36 %) (7-year average). The difference amount (limitation on profit distribution) pursuant to Section 253(6) HGB is EUR 246,505 (previous year: EUR 374,590).

For the general risk provision for contingent liabilities and other obligations in accordance with IDW AcS BFA 7, provisions were recognised as liabilities in accordance with Section 249 HGB. They are reported under other provisions.

The surplus of deferred tax assets beyond the netting out range is not shown in the balance sheet, as the option under Section 274(1) sentence 2 HGB has been exercised. The deferred tax assets arise from differences between the commercial law and tax law value for the risk provision and the provisions, which are expected to be reduced in subsequent financial years. A tax rate of 32.275 % was applied in the assessment (previous year: 32.275 %).

The fund for general banking risks formed in previous years in accordance with Section 340g HGB was increased to EUR 49.5 million (previous year: EUR 41.5 million).

The currency receivables and liabilities are valued in accordance with the regulations under Section 340h HGB in conjunction with Section 256a HGB. Assets and liabilities in foreign currencies are stated in Euros using the reference exchange rate of the European Central Bank (ECB) and the Central Bank of Iran (CBI) as at the balance sheet date.

The CBI proposed an adjustment of the exchange rate ratio in March 2022 to 1:220,000.00 EUR/IRR, due to the volatile exchange rate caused by the sanctions. eihbank followed this proposal and implemented the system rate proposed by the CBI with effect from 29 June 2022. This transaction resulted in a total loss from currency translation of EUR 221 thousand.

Foreign currency items		
in EUR thousand/ as at 31.12.	2022	2021
Assets	1,607	2,193
Liabilities	-188	-154
	1,419	2,039

3. Notes to the balance sheet

There are receivables from affiliated undertakings (Bank of Industry and Mine, Tehran/Iran) of EUR 83,911 thousand (previous year: EUR 88,651 thousand).

A 2. b) Other receivables from banks by remaining terms		
in EUR thousand/ as at 31.12.	2022	2021
up to and including three months	33,525	76,693
more than three months up to and including one year	93,426	112,811
more than one year up to and including two years	130	293
	127,081	189,797

A 3. Receivables from customers by remaining term		
in EUR thousand/ as at 31.12.	2022	2021
up to and including three months	44,717	10,197
more than three months up to and including one year	20,276	6,489
more than one year up to and including five years	80,602	90,546
more than five years	31,358	18,389
	176,953	125,621
with an unspecified term	9,125	8,420
	186,078	134,041

A 4. Intangible assets

The reduction in intangible assets in the 2022 financial year is mainly accompanied by amortisation of EUR 1,051 thousand on software assets. Software required for banking operations with a value of EUR 77 thousand was purchased.

A 5. Tangible assets

The buildings in Hamburg, Tehran and Kish Island are mainly used for banking operations. A book value of EUR 9,476 thousand is attributable to the buildings and land used for banking activities (previous year: EUR 9,687 thousand). In addition, the construction of a new office building in Tehran together with the relevant Bank-owned land is reported under tangible assets with a value of EUR 10,651 thousand (previous year: EUR 8,081 thousand).

A 7. Other assets		
in EUR thousand/ as at 31.12.	2022	2021
claim against insurance from liability case	569	0
Tax receivables	125	1,483
Advance payment for new building in Tehran	68	53
Other	51	9
Prepayments made	2	85
Income from the sale of an apartment in Kish	0	46
Claim out of repayment SWIFT Shares	0	43
	815	1,719

The reported receivable from an insurance company is related to a liability insurance claim of EUR 569 thousand. The tax refund claim of EUR 125 thousand relates to an outstanding VAT receivable.

P 1. Liabilities to banks

Liabilities to banks include liabilities to affiliated undertakings of EUR 3,185 thousand (previous year: EUR 6,727 thousand). There are liabilities of EUR 263,740 thousand (previous year: EUR 274,767 thousand) to undertakings in which participating interests are held (Section 271(1) HGB).

As in the previous year, the Bank did not provide any contractual collateral for the liabilities.

P 3. Other liabilities		
in EUR thousand/ as at 31.12.	2022	2021
Members of the Supervisory Board	217	168
Tax liabilities	99	102
Liabilities to buildings in Iran	91	63
Accounts payable	90	6
Other	18	58
Interest suspended pursuant to Section 361 para. 2 German Fiscal Code	0	789
	515	1,186

The items reported under other liabilities primarily include liabilities to Supervisory Board members of EUR 217 thousand and tax liabilities from wage tax still to be paid of EUR 97 thousand at the end of the financial year.

P 5. Balance sheet provisions

The provisions for taxes of EUR 4,470 thousand (previous year: EUR 2,539 thousand) consist of deferred tax expenses for the previous year of EUR 1,771 thousand, current tax expenses of EUR 2,683 thousand and expenses in connection with tax audit risks of EUR 16 thousand.

The other provisions, as in 2021, include a figure of EUR 600 thousand in connection with the reconciliation of interests concluded on 23 July 2020 between the Board of Management and the Works Council of eihbank.

A provision of EUR 494 thousand (previous year: EUR 399 thousand) was reserved for special payments for the 2022 financial year.

An amount of EUR 250 thousand (previous year: EUR 270 thousand) was reserved for the external costs of the annual financial statements, and an amount of EUR 54 thousand (previous year: EUR 54 thousand) was reserved for the internal costs of the annual financial statements.

P 7. Shareholders' equity

The Bank's share capital is reported at EUR 450.0 million (previous year: EUR 450.0 million). The share capital is fully paid up and is certified in the form of global certificates for no-par value shares with a nominal value of EUR 1 per share.

P 7. b) Revenue reserves

in EUR thousand/ as at 31.12.	2022	2021
Statutory reserves	14,177	13,964
Other revenue reserves	29,422	27,037
	43,599	41,001

After allocation of EUR 213,162.79 (previous year: EUR 125,552.76) to the statutory reserve in accordance with Section 150(2) AktG, there is a remaining balance sheet profit of EUR 4,050,092.99 (previous year: EUR 2,385,502.37). The balance sheet profit of EUR 2,385,502.37 reported in the 2021 financial year was transferred to other revenue reserves by resolution of shareholders' meeting on 6 July 2022. The Board of Management's proposal for the appropriation of profit for the 2022 financial year is presented at the end of these notes.

Contingent liabilities

The contingent liabilities relate to business with both customers and banks:

Contingent liabilities

in EUR thousand/ as at 31.12.	2022	2021
Guarantees and warranty agreements	21,250	17,220
thereof: to banks	10,000	0
thereof: to customers	11,250	17,220
Letter of credit openings	0	28,000
	21,250	45,220

On behalf of the Bank of Industry and Mine, eihbank has issued a guarantee in the form of a guarantee credit for EUR 10.0 million. Compensating balances of EUR 3,641 thousand have been offset against liabilities from securities and guarantees. According to current knowledge, eihbank does not expect any utilisation of the contingent liabilities.

Other obligations

There are irrevocably approved credit commitments not utilised primarily for two letters of credit that have already been opened.

Irrevocably approved credit commitments not utilized

in EUR thousand/ as at 31.12.	2022	2021
Customers	101,563	142,645
	101,563	142,645

According to current knowledge, eihbank does not expect full drawdown of the unutilised credit commitments. To the extent that risks of utilisation arise from contingent liabilities and other commitments reported under the balance sheet, provisions have been made for these risks. General provisions for losses on loans and advances were also made in accordance with IDW AcS BFA 7. The obligations are monitored and evaluated as credit.



4. Notes to the items in the profit and loss statement

A 5. Other operating expenses

in EUR thousand/ as at 31.12.	2022	2021
Losses from currency conversion	139	100
Interest on long-term provisions	94	115
Expenses due to changes in interest rates for pension provisions	78	298
Other social personnel expenses	47	70
Other	3	31
Allocation to provision due to BGH jurisdiction	0	100
	361	714

Other operating expenses include losses from currency translation of EUR 139 thousand (previous year: EUR 100 thousand). This item also includes interest expenses for long-term provisions of EUR 94 thousand (previous year: EUR 115 thousand) and in connection with pension provisions of EUR 78 thousand (previous year: EUR 298 thousand).

A 6. Allocation to the fund for general banking risks

To further strengthen the regulatory capital base, a total of EUR 8,000 thousand (previous year: EUR 0 thousand) was allocated to the fund for general banking risks under Section 340g HGB.

E 1. Interest income (with interest result)

The interest income of EUR 14,945 thousand (previous year: EUR 11,262 thousand) comes from credit and money-market transactions in the form of deposit facilities with the Deutsche Bundesbank and term deposit loans to banks and loans to customers. It is reduced by negative interest of EUR -4,693 thousand (previous year: EUR -9,292 thousand) charged by the Deutsche Bundesbank for temporarily holding liquid funds. In the wake of the ECB's interest rate decisions, the negative interest rate on liquid funds was no longer applied at the Deutsche Bundesbank from 27 July 2022.

In 2022, this negative interest was still passed on to banks and customers, amounting to EUR 6,763 thousand (previous year: EUR 12,389 thousand). This is reported as negative interest expenses from money market transactions under interest expenses. In total, the effects of negative interest on the interest result produce an income of EUR 2,070 thousand (previous year: EUR 3,096 thousand).

Including all of the above interest components, the interest income is reported as a total of EUR 17,014 thousand (previous year: EUR 14,358 thousand).

E 2. Commission income (with commission result)

There was commission income in 2022 of EUR 3,136 thousand (previous year: EUR 1,831 thousand).

After deducting commission expenses, the total commission result is EUR 2,882 thousand (previous year: EUR 1,644 thousand).

E 3. Income from write-ups on receivables and certain securities and from release of provisions relating to credit business

The income item is EUR 8,684 thousand in 2022 (previous year: EUR 763 thousand). Among other things, this item includes income from the adjustment of contingency reserves in accordance with Section 340f HGB to the limit in accordance with Section 340f(1) sentence 2 HGB, which is offset against the expense for forming general provisions for losses on loans and advances in accordance with IDW AcS BFA 7. The resulting expense, which is included in offsetting pursuant to Section 340f(3) HGB, amounted to a total of EUR 3,524 thousand in 2022 (previous year: EUR 0 thousand): The newly formed general provisions for losses on loans and advances reduce the receivables from banks balance sheet item by EUR 402 thousand. Receivables from customers decrease by EUR 2,360 thousand. For the contingent liabilities, general provisions for losses on loans and advances of EUR 762 thousand are taken into account in the other provisions.

E 4. Other operating income

in EUR thousand/ as at 31.12.	2022	2021
Income from the release of other provisions	143	72
Rental income Kish Island	50	72
Other	36	71
Profit on disposal of property, plant and equipment	2	363
Collection of old liabilities	0	383
Income from currency conversions	0	12
231	973	

Other operating income includes income from the reversal of provisions of EUR 143 thousand (previous year: EUR 72 thousand). Among other things, the provision of EUR 100 thousand that was formed in 2021 as a precaution in the context of the ruling of the Federal Court of Justice of 27 April 2021 (Case No. XI ZR 26/20) was reversed, because a claim by the customer is no longer expected. This item also includes rental income of EUR 50 thousand (previous year: EUR 72 thousand) from the office building on Kish Island.



The breakdown of interest and commission income and of other operating income by geographical criteria is provided in the following overview:

Amounts broken down by geographic criteria

in EUR thousand/ as at 31.12.	2022		2021	
	Domestic	Inter-national	Domestic	Inter-national
Interest income	3,383	11,562	261	11,001
Negative Interest	-4,693	0	-9,293	0
Commission income	331	2,805	434	1,396
other operating income	171	59	79	893
	-808	14,426	-8,519	13,290

An annual surplus of EUR 4,263 thousand (previous year: EUR 2,511 thousand) is reported as at 31 December 2022. The annual surplus includes the annual deficit of the Tehran branch of EUR -240 thousand (previous year: annual deficit of EUR -277 thousand) and the deficit of the Kish Island branch of EUR -93 thousand (previous year: annual surplus of EUR 220 thousand).

B. Other information

Employees (Section 285 No. 7 HGB)

The average number of employees in the 2022 financial year was 67 (previous year: 69), broken down by group as at 31 December 2022 as follows:

Employees per 31.12.2022						
	Male	of which part time	Female	of which part time	Total	of which part time
Hamburg	32	0	26	9	58	9
Tehran	4	0	3	0	7	0
Kish	1	0	1	0	2	0
	37	0	30	9	67	9



Disclosures pursuant to Section 285 No. 10 HGB

The members of the Board of Management

Arash Onsori, Chair
Member for Front Office

Ralf Vollmering
Member for Back Office

Disclosure of management board remuneration

in EUR thousand/ as at 31.12.	2022	2021
§ 285 Nr. 9 a) HGB	589	550

Disclosures pursuant to Section 285 No. 9 b) HGB

Previous members of the Board of Management were paid total remuneration of EUR 280 thousand in 2022 (previous year: EUR 266 thousand).

The members of the Supervisory Board

Dr Ali Khorsandian, Chair (from 06 July 2022)
 Managing Director
 Bank of Industry and Mine, Tehran/Iran

Dr Hossein Mehri, Chair (until 24 February 2022)
 Managing Director
 Bank of Industry and Mine, Tehran/Iran

Reza Dolatabadi, Deputy Chair (from 06 July 2022)
 Managing Director
 Bank Mellat (previously Bank Tejarat), Tehran/Iran

Mohammad Bigdeli, Deputy Chair (until 06 July 2022)
 Managing Director
 Bank Mellat, Tehran/Iran

Dr Mehdi Razavi (from 06 July 2022)
 Professor
 University, Tehran/Iran

Dr Hadi Akhlaghi Feiz Asar (from 16 February 2022)
 Managing Director
 Bank Tejarat, Tehran/Iran

Dr Abbas Memarnejad (until 24 February 2022)
 Deputy Finance Minister
 in Banking and Insurance, Tehran/Iran

Wolfgang Albrecht
 REFA graduate in business administration/employee
 representative

Christian Bäßgen
 Banker/employee representative

Disclosure of supervisory board remuneration		
in EUR thousand/ as at 31.12.	2022	2021
§ 285 Nr. 9 a) HGB	225	190

Disclosure pursuant to Section 285 No. 17 HGB

Total fee charged by the external auditor for the fiscal year		
in EUR thousand/ as at 31.12.	2022	2021
Auditing services	194	192
Tax advisory services	0	30
Other services	8	13
	202	235

The auditing services relate to the audit costs including ancillary services reserved in the financial year for the audit of the 2022 annual financial statements.

Other services relate to activities as support for transfer pricing documentation.

Disclosure pursuant to Section 26a KWG

The country-by-country disclosures referred to in the context of the implementation of Article 89 of EU Directive 2013/36 (Capital Requirements Directive CRD IV) in Section 26a KWG are presented below:

	Head Office in Hamburg	Branch Tehran	Branch Kish Island
Company:	Europäisch-Iranische Handelsbank AG		
Type of business activity	Bank		
Geographical location	Hamburg, Germany	Tehran, Iran	Kish Islands, Iran
Turnover in TEUR:	19,610	213	74
Number of full-time equivalent employees	58	7	2
Profits(+) or losses(-) before taxes in TEUR	4,596	-240	-93
Taxes on profits or losses in TEUR	2,788	0	0
Public aid received in TEUR	-	-	-

Disclosure of return on assets pursuant to Section 26a(1) sentence 3 KWG

Net profit	4,263,255.78	= 0.212 % (previous year: 0.117 %)
Balance sheet total	2,007,338,034.31	

Disclosure pursuant to Section 160(1) No. 8 AktG (existence of an ownership interest in our bank)

The Bank of Industry and Mine, Tehran/Iran holds a majority stake of 51.8 % of the subscribed capital. Bank Mellat, Tehran/Iran holds 26.3 % of the subscribed capital.

Disclosure pursuant to Section 285 No. 33 HGB (events after the reporting period)

Information about the status of negotiations on the renewal of the JCPOA continue to be followed and assessed. Russia's continuing attack on Ukraine has also been monitored since 24 February 2022. These issues may have an impact on eihbank's business activities and are therefore assessed on an ongoing basis.

There are no other events of particular significance after 31 December 2022 that have a material impact on the business performance of eihbank.

Disclosure pursuant to Section 285 No. 34 HGB in conjunction with Section 325(1) HGB

EUR 4,050,092.99 (previous year: EUR 2,385,502.37) to other revenue reserves.

The Board of Management and the Supervisory Board propose that the shareholders' meeting transfers the reported balance sheet profit for 2022 of

The previous year's balance sheet profit was allocated to other revenue reserves by resolution of the shareholders' meeting of 6 July 2022.

Hamburg, 6 April 2023

EUROPÄISCH-IRANISCHE HANDELSBANK
AKTIENGESELLSCHAFT
HAMBURG

Arash Onori
Ralf Vollmering

Assets movement

in EUR	Historical or manufacturing costs			Status 31.12.2022
	Status 01.01.2022	Additions	Disposals	
1. Intangible assets				
- Internally generated industrial property rights and similar rights and values	76,000.00	0.00	0.00	76,000.00
- Concessions acquired for a consideration, industrial property rights and similar rights and values and licenses to such rights and values				
a) Beneficial interest	933,203.98	0.00	0.00	933,203.98
b) Software	4,366,883.82	76,734.17	0.00	4,443,617.99
	5,376,087.80	76,734.17	0.00	5,452,821.97
2. Tangible assets				
a) Land	5,159,157.67	0.00	0.00	5,159,157.67
b) Buildings	18,013,899.20	11,520.15	0.00	18,025,419.35
c) Other plants, office fixtures and fittings	3,603,479.32	415,043.64	35,933.04	3,982,589.92
d) Plants under construction	7,900,770.05	2,569,482.51	0.00	10,470,252.56
	34,677,306.24	2,996,046.30	35,933.04	37,637,419.50
	40,053,394.04	3,072,780.47	35,933.04	43,090,241.47



Cumulated Depreciation			Net book value		
Status 01.01.2022	Additions	Disposals	Status 31.12.2022	Status 31.12.2022	Status Previous year
34,200.00	15,200.00	0.00	49,400.00	26,600.00	41,800.00
421,803.49	409,120.00	0.00	830,923.49	102,280.49	511,400.49
3,259,786.73	626,407.78	0.00	3,886,194.51	557,423.48	1,107,097.09
3,715,790.22	1,050,727.78	0.00	4,766,518.00	686,303.97	1,660,297.58
0.00	0.00	0.00	0.00	5,159,157.67	5,159,157.67
11,743,347.69	233,785.20	0.00	11,977,132.89	6,048,286.46	6,270,551.51
3,075,125.15	195,470.19	35,932.53	3,234,662.81	747,927.11	528,354.17
0.00	0.00	0.00	0.00	10,470,252.56	7,900,770.05
14,818,472.84	429,255.39	35,932.53	15,211,795.70	22,425,623.80	19,858,833.40
18,534,263.06	1,479,983.17	35,932.53	19,978,313.70	23,111,927.77	21,519,130.98

Independent Auditor's Opinion

**To Europäisch-Iranische Handelsbank
Aktiengesellschaft, Hamburg**

**Auditor's opinion on the audit of the annual financial
statements and the management report**

In accordance with Section 322(3) sentence 1 HGB, we declare that our audit has not led to any reservations relating to the compliance of the annual financial statements and the management report.

Opinions

We have audited the annual financial statements of Europäisch-Iranische Handelsbank AG, Hamburg, comprising the balance sheet as of 31 December 2022 and the profit and loss statement for the financial year from 1 January 2022 to 31 December 2022, and the notes to the financial statements, including a description of the accounting policies used. We have also audited the management report of Europäisch-Iranische Handelsbank AG, Hamburg, for the financial year from 1 January 2022 to 31 December 2022. In accordance with German statutory provisions, we have not audited the content of the corporate governance statement pursuant to Section 289f(4) HGB (information on the quota of women).

In our judgement, based on the findings of our audit:

- the accompanying annual financial statements comply in all material respects with the requirements of German commercial law applicable to corporations and give a true and fair view of the financial position and cash flows of the Company as of 31 December 2022 and of its financial performance for the financial year from 1 January 2022 to 31 December 2022 in accordance with German principles of proper accounting and German commercial law; and
- the accompanying management report as a whole fairly presents the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development. Our opinion on the management report does not extend to the content of the above corporate governance statement.

Basis for the audit opinions

We conducted our audit of the annual financial statements and the management report in accordance with Section 317 HGB and the EU Audit Regulation (Regulation 537/2014; hereafter, the "EU-AR") and in compliance with German Generally Accepted Standards on Auditing as promulgated by the Institut der Wirtschaftsprüfer (IDW) governing the conduct of an audit of financial statements. Our responsibility under these rules and principles is further described in the section regarding "Responsibility of the auditor for the audit of the annual financial statements and management report" in our audit opinion. We are independent of the Company in accordance with European and German commercial and professional regulations and have performed our other professional duties under German law in accordance with these requirements. We also declare pursuant to Article 10(2)(f) EU-AR that we have not provided any prohibited non-audit services referred to in Article 5(1) EU-AR. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and the management report.

Key audit matters for the audit of the annual financial statements

Key audit matters are those matters that were most significant in our audit of the annual financial statements in our professional judgement for the financial year from 1 January 2022 to 31 December 2022. These matters have been considered in conjunction with our audit of the annual financial statements as a whole and in the preparation of our opinion; we do not express a separate opinion on these matters.

Independent Auditor's Opinion

In our view, the following matters were the most significant in our audit:

- I. Recognition and valuation of plant under construction („Tandis“ Project)
- II. Realisation of interest income

We have structured our presentation of these key audit matters as follows:

- a) The risk for the financial statements
- b) Our approach to the audit
- c) Our conclusion

The key audit matters are described below:

Regarding I. Recognition and valuation of plant under construction

For information on the accounting policies applied, see section “2. Accounting policies” and section “3. Notes to the balance sheet” in the notes to the financial statements. We also refer to section “Financial performance” in the management report.

a) The risk for the financial statements

In its annual financial statements as at 31 December 2022, the Europäisch-Iranische Handelsbank Aktiengesellschaft reports plant under construction in connection with the building of a new office/residential building in Tehran/Iran with a value of EUR 10,470 thousand (previous year: EUR 7,901 thousand) under the balance sheet item “Tangible assets”. Additions to plant under construction in 2022 amounted to EUR 2,569 thousand.

The production costs and incidental production costs incurred for the building of EUR 10,470 thousand, are to be capitalised and depreciated as scheduled over the normal useful life from the time the building is ready for operation. As at the balance sheet date of 31 December 2022, they were not yet ready for business (as planned). No scheduled depreciation was therefore required in the 2022 financial year.

The risk for the financial statements is that the expenses to be capitalised might not be properly accrued.

On the basis of the information obtained, this matter is of particular importance.

It was therefore of particular importance in our audit to obtain evidence that the value-determining assumptions were properly derived.

b) Our approach to the audit

Our audit procedures included the following steps, among other things:

First, we obtained and assessed the approval for the construction project by the Board of Management, the contract with the construction manager in Iran on site and individual invoices for the building under construction in Tehran/Iran. The subject of the contracts and invoices was the demolition of the old and the construction of a new building.

We have also checked whether the invoiced expenses have to be capitalised. We also checked the exchange rates applicable on the date of performance, which were used to convert the expenses into euros, as well as the accuracy of the amounts capitalised in euros.

We have examined the appropriateness of the valuation approach for the building under construction in Tehran/Iran on the basis of contractual documents and invoices. The building in Iran was not depreciated in the 2022 financial year, as its construction had not yet been completed and it was therefore not yet ready for operation (as planned).

c) Our conclusion

The estimates and assumptions made by the legal representatives are adequately documented and justified in order to derive properly the recognition and valuation of the significant production and ancillary production costs for the building under construction since 2019. The planning was done in 2018. Monitoring of the construction phases has been ongoing. Our last on-site inspection of the construction progress in May 2022, including a discussion with representatives of the construction company and with the architects, did not give rise to any doubts about the

Independent Auditor's Opinion

previously obtained reports, the reports on the monitoring of construction activities or the planning approach.

Regarding II. Realisation of interest income

For information on the accounting policies applied, see section "2. Accounting policies" and section "4. Notes to the items of the profit and loss statement" in the notes to the financial statements.

a) The risk for the financial statements

In its profit and loss statement for the period from 1 January to 31 December 2022, the Europäisch-Iranische Handelsbank Aktiengesellschaft records significant interest income. eihbank is a credit institution whose business is focused, among other things, on the advising of letters of credit from its Iranian correspondent banks and the hedging and financing of letters of credit for customers, as well as accepting deposits. As a result, significant parts of its income are generated in the form of interest income.

Therefore, the correct calculation and posting of interest income from these transactions has a material impact on the correct presentation of the Company's financial performance.

It was therefore of particular importance in our audit to obtain evidence that interest income has been recorded correctly, i.e. at the correct amount and on an accrual basis.

b) Our approach to the audit

In connection with the settlement of interest-related transactions, we have gained an understanding of the process of interest calculation and accrual of interest up to the posting of interest income and have tested selected controls. In particular, we conducted control tests to check the process of transferring the transaction data for interest rate transactions to the IT systems that are used for interest calculation and the user access rights concepts that are deployed. We have also carried out audit procedures and, on the basis of tests of details, assessed the correct calculation and posting of interest income for a sample of transactions.

We are satisfied that the calculation logic of the IT systems that are used and the control activities that are implemented guarantee both proper interest calculation and correct accrual accounting.

c) Our conclusion

Interest income was recorded correctly, i.e. at the correct amount and on an accrual basis, in eihbank's profit and loss statement.

Other information

The legal representatives are responsible for the other information obtained as at the date of this audit opinion. This other information is the corporate governance statement pursuant to Section 289f(4) HGB (information on the quota of women).

Our opinions on the annual financial statements and the management report do not extend to the other information and, accordingly, we do not express an opinion or any other form of conclusion with regard to the other information.

In connection with our audit, we have the responsibility to read the above other information and to assess whether the other information:

- contains material discrepancies against the annual financial statements, the audited information in the management report or the knowledge acquired during the audit; or
- is otherwise materially misstated.

If, based on our work on the other information obtained by us prior to the date of this audit opinion, we conclude that there is a material misstatement of that other information, we are required to report that fact. We have nothing to report in this regard.

Independent Auditor's Opinion

Responsibility of the legal representatives and the Supervisory Board for the annual financial statements and the management report

The legal representatives are responsible for preparing the annual financial statements in all material respects in compliance with the requirements of German commercial law applicable to corporations, and for ensuring that the annual financial statements present a true and fair view of the financial position, cash flows and financial performance of

the Company in accordance with German principles of proper accounting. The legal representatives are also responsible for the internal controls that they have determined to be necessary in accordance with German generally accepted principles of proper accounting so that annual financial statements can be prepared that are free from material misstatement, whether due to fraud (i.e. manipulation of the accounting system or misstatement of assets) or error.



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When preparing the annual financial statements, the legal representatives are responsible for assessing the Company's ability to continue as a going concern. They are also responsible for disclosing matters relating to the continuing operation of the Company, if relevant. In addition, they are responsible for preparing the balance sheet on the basis of the going concern accounting principle, unless this is contrary to the factual or legal circumstances.

The legal representatives are also responsible for preparing the management report, which as a whole fairly presents the Company's position and is consistent with the annual financial statements in all material respects, complies with German legal requirements and suitably presents the opportunities and risks of future development. In addition, the legal representatives are responsible for the arrangements and measures (systems) that they have deemed necessary in order to prepare a management report in accordance with the applicable German statutory provisions and to provide sufficient suitable evidence for the statements in the management report.

The Supervisory Board is responsible for monitoring the Company's accounting process for the preparation of the annual financial statements and the management report.

Responsibility of the auditor for the audit of the annual financial statements and management report

Our objective is to obtain reasonable assurance regarding whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an accurate view of the Company's position and is consistent, in all material respects, with the annual financial statements and the findings of our audit, complies with German statutory requirements and presents fairly the opportunities and risks of future development, and to submit a report that includes our opinion on the annual financial statements and the management report.

Reasonable assurance is a high level of assurance, but not a guarantee that an audit conducted in accordance with Section 317 HGB and the EU Audit Regulation and German generally accepted standards for the audit of financial

statements promulgated by the Institut der Wirtschaftsprüfer (IDW) will always identify a material misstatement. Misstatements may result from fraud or error and are considered material if it could reasonably be expected that they would individually or collectively influence the economic decisions of stakeholders made on the basis of these annual financial statements and management report.

During the audit, we exercise our best judgement and maintain a critical attitude. We also:

- identify and assess the risks of material misstatement, whether due to fraud or error, of the annual financial statements and management report, plan and perform audit procedures in response to those risks, and obtain audit evidence that is sufficient and appropriate as a basis for our opinions. The risk of not detecting material misstatements resulting from fraud is higher than the risk of not detecting material misstatements resulting from errors, as fraud may involve collusion, falsification, intentional omissions, misrepresentations, or the over-riding of internal controls.
- gain an understanding of the internal control system relevant to the audit of the annual financial statements and of the arrangements and measures relevant to the audit of the management report to plan audit procedures that are adequate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of those systems.
- assess the adequacy of accounting policies used and the reasonableness of accounting estimates made by legal representatives, as well as the reasonableness of accounting estimates made and related disclosures made by legal representatives.
- draw conclusions about the adequacy of the going concern principle applied by the legal representatives and, on the basis of the audit evidence obtained, draw conclusion regarding whether there is any material uncertainty in connection with events or circumstances that could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that there

Independent Auditor's Opinion

is a material uncertainty, we are required to draw attention in the audit opinion to the related statements in the annual financial statements and management report or, if such statements are inadequate, to modify our applicable opinion. We draw our conclusions on the basis of the audit evidence obtained up to the date of our audit opinion. Future events or circumstances may, however, result in the Company no longer continuing as a going concern.

- express an opinion on the overall presentation, the structure and the content of the annual financial statements, including the disclosures, as well as on whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements give a true and fair view of the financial position, cash flows and financial performance of the Company in accordance with German principles of proper accounting.
- assess the consistency of the management report with the annual financial statements, its compliance with the law and the presentation of the Company's position by the management report.
- perform audit procedures on the forward-looking statements in the management report, as presented by the legal representatives. On the basis of sufficient and suitable audit evidence, we specifically consider the significant assumptions on which the forward-looking statements of the legal representatives are based and assess the proper derivation of the forward-looking statements from these assumptions. We do not express a separate opinion on the forward-looking statements or the underlying assumptions. There is a significant, unavoidable risk that future events will differ materially from the forward-looking statements.

Among other things, we discuss the planned scope and the timing of the audit and the significant findings of the audit with the parties responsible for monitoring, which includes discussion of any deficiencies in the internal control system that we identify during our audit.

We make a declaration to those responsible for monitoring that we have complied with the relevant independence requirements and discuss with them all relationships and other matters that are reasonably believed to affect our independence and, when relevant, the actions taken or safeguards that have been put in place to address threats to our independence.

From the matters discussed with those responsible for monitoring, we identify those matters that have been most significant in the audit of the annual financial statements for the current reporting period and are therefore the key audit matters. We describe these matters in the audit opinion, unless these matters may not be disclosed publicly by law or other regulations.

Other statutory and other legal requirements

Other information according to Article 10 of the EU Audit Regulation

We were elected as external auditor by the shareholders' meeting on 6 July 2022. We were engaged by the Supervisory Board on 26 July 2022. We have acted as the external auditor of Europäisch-Iranische Handelsbank AG, Hamburg a number of times.

We declare that the opinions contained in this audit opinion are consistent with the additional report to the audit committee pursuant to Article 11 EU-AR (Audit Report).

Responsible auditor

The auditor responsible for the audit is
Mr. Wolfgang von Thermann.

Hamburg, 6 April 2023

Hundertmark GmbH
Wirtschaftsprüfungsgesellschaft (auditing company)

Wolfgang von Thermann, Auditor
Christian Klein, Auditor

Report of the Supervisory Board

eihbank's Supervisory Board properly performed the duties incumbent on it in accordance with the law, the Articles of Association and the Rules of Procedure. The Supervisory Board continuously monitored the work of the Board of Management on the basis of written and oral reports from the Board of Management, and provided advice.

The Supervisory Board held three meetings in the 2022 financial year.

At these meetings, the Supervisory Board was informed in detail of the economic situation, business development and risk management at the Bank. The Bank applies a sophisticated compliance system that allows it to conduct its business in compliance with all international regulations and German standards. The therefore Supervisory Board received comprehensive information about the business and risk situation at eihbank on an ongoing basis in the 2022 financial year. In doing so, it contributed to the completion of several infrastructure projects in Iran (transport, energy, petrochemical and other industries) that were important for Iran and the Bank's customers, as part of its balanced lending decisions.

The members also regularly satisfied themselves that management and organisation of the business are being conducted correctly. The most important business transactions and plans, as well as the strategic direction and business policy – which are ambitious given the political conditions and have to be evaluated on an ongoing basis – were discussed together with the Board of Management, which is responsible for strategy and business policy. eihbank's committees performed the tasks assigned to them under the applicable Rules of Procedure and submitted recommended resolutions to the Supervisory Board.

The main topics at the Supervisory Board meetings in 2022 were the annual financial statements for 2021, the economic and business development of eihbank in 2022 (including the risk situation), the further development of eihbank's strategic planning for 2023 with outlook to 2025, as well as new regulatory requirements for the Bank, which included detailed consultations and resolutions.

The structure, size, composition and performance of the Supervisory Board were assessed and, in the opinion of the Supervisory Board, were deemed appropriate and relevant for eihbank.

The auditing firm Hundertmark GmbH, Düsseldorf, has audited the annual financial statement of eihbank as at 31 December 2022. The annual financial statement has been issued with an unqualified audit opinion.

The Supervisory Board received detailed reports from the auditors and had important matters explained directly to it. The Supervisory Board has acknowledged the auditor's report with approval. After completing its own review, it raises no objections and approves the annual financial statements as at 31 December 2022, the Management Report and the Board of Management's proposed resolution on the appropriation of the balance sheet profit.

The Supervisory Board agrees with the proposal of the Board of Management to also allocate the balance sheet profit for the year 2022 to the other revenue reserves, as in previous years. This is in line with the recommendation by the Deutsche Bundesbank and the Federal Financial Supervisory Authority to the institutions they supervise to take a very restrictive approach to distributions.

Report of the Supervisory Board

The Supervisory Board would like to thank the Board of Management and all the staff at eihbank for their dedicated work in the 2022 financial year.

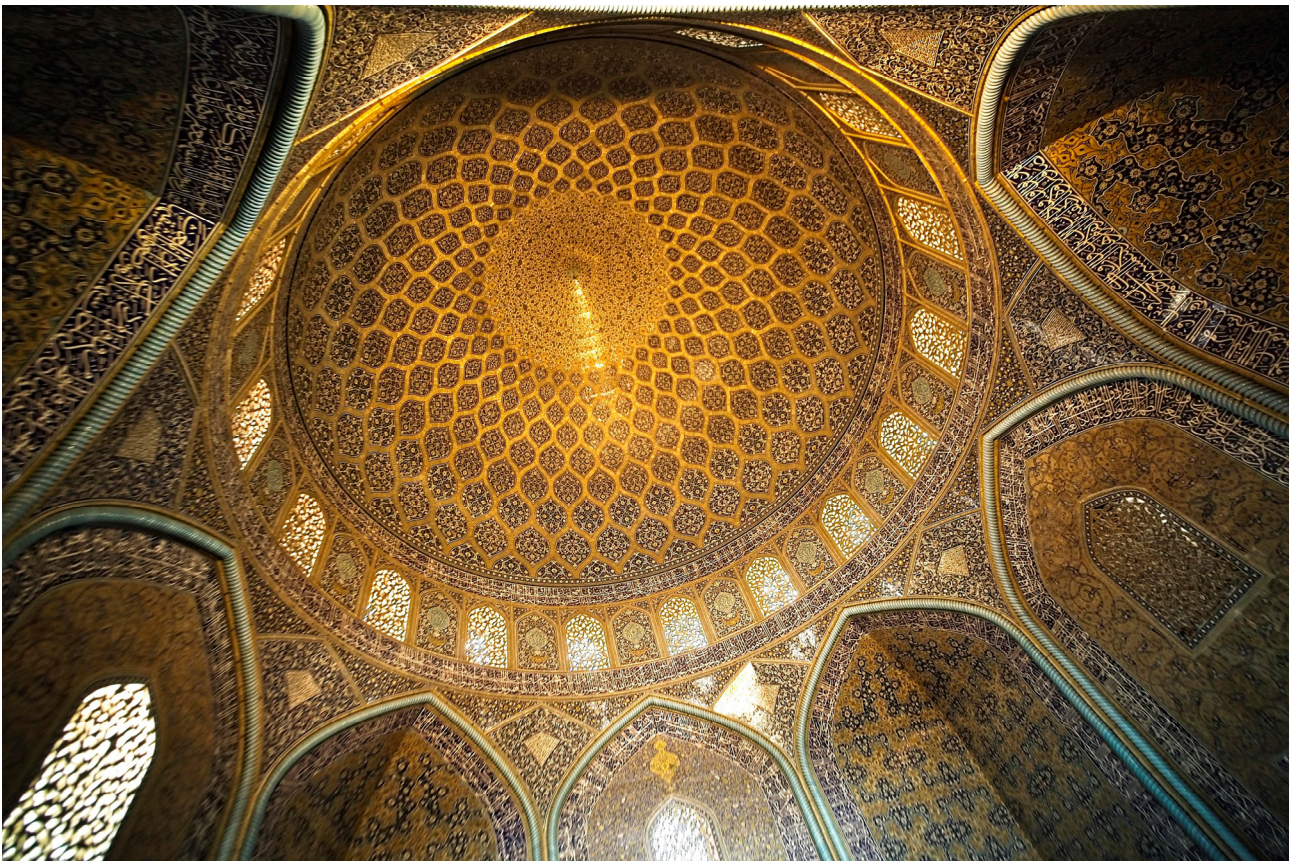
Special thanks go to all our valued shareholders, who have responded with a great sense of responsibility to all matters at eihbank.

Finally, I would like to thank all of eihbank's customers for their commitment to an active business relationship with eihbank and assure them of the Bank's and the Supervisory Board's support in the coming years.

Tehran, May 2023

On behalf of the Supervisory Board

Dr. Ali Khorsandian
Chairman



2022

