Disclosure Report

eihbank
Europäisch-Iranische Handelsbank AG

according to Articles 435-455 of Regulation (EU) No 575/2013 (“CRR”)

2023

Contents

1. Background and objectives of the disclosure

On the basis of the amendments to Regulations (EU) 2019/876 and 2020/873 (hereinafter referred to as “CRR”), which came into force on 28 June 2021, Europäisch-Iranische Handelsbank AG (hereinafter referred to as “eihbank”) – in contrast to small and non-complex institutions pursuant to Article 4 No. 145 and large institutions pursuant to Article 4 No. 146 CRR – as a non-listed institution pursuant to Article 4 No. 148 CRR, is obliged pursuant to Article 433c CRR to publish qualitative and quantitative information on the following items at least on an annual basis:

Legal basis	Table
Article 435(1)(a), (e) and (f) CRR	EU OVA
Article 435(2)(a), (b) and (c) CRR	EU OVB
Article 437(a) CRR	EU CC1, CC2
Article 438(c) and (d) CRR	EU OV1, OVC
Key metrics according to Article 447 CRR	EU KM1
Article 450(1)(a) to (d) and (h) to (k) CRR	EU REM 1,2,3,4

This report fulfills the disclosure requirements for eihbank as at the reporting date of 31 December 2023. This report is disclosed via the eihbank website (www.eihbank.de).

According to Article 432 CRR and in line with EBA Guideline EBA/GL/2014/14 on materiality and confidentiality in relation to disclosure, the presented reporting content is subject to the principle of materiality. This report does not contain legally protected or confidential information. To ensure adequate disclosure practice, there are regular reviews of the report content. The corresponding responsibilities and general conditions are set out in work rules. eihbank assumes that the following report content provides comprehensive information regarding the overall risk profile.

2. Risk management objectives and policy (EU OVA information)

The design of eihbank’s risk management system is defined by its business strategy and the risk strategy that is consistently derived from the business strategy. The Board of Management is responsible for developing and implementing these strategies. It defines rules for handling risks that arise directly or indirectly from eihbank’s business activities. These rules form the basis for a uniform company-wide understanding of the company’s objectives in relation to risk management.

The risk strategy defines in particular the objectives of risk management for all material business activities and is a tool geared to eihbank’s market activities and to internal management, which is reviewed annually and adapted if necessary. Risks are only taken if they are acceptable to eihbank and in line with the internal capital adequacy and in compliance with regulatory requirements. The required risk awareness is an expression of an opportunity- and risk-oriented corporate and risk culture. Work rules and control measures place a supporting role, and any sanctions also have a limiting role, where applicable. The corporate and risk culture is significantly defined by the Board of Management, expressed in its management style and the way it handles risks.

The risk management process encompasses all activities for systematically handling risks throughout the business. This includes, in particular, the identification, analysis, assessment, control and documentation of all risks at eihbank, the operational monitoring of the control measures that are taken and review of the effectiveness and appropriateness of the measures that are introduced.

In summary, eihbank assumes that the implemented methods, models and processes are suitable at all times for ensuring that there is a risk management system guided by the strategy and the overall risk profile.

eihbank reviews its strategy annually, which also includes its strategic risk policy. In autumn 2023, eihbank's strategic orientation was calibrated with a time horizon until the end of 2026. On this basis, a business plan (forecast) consistent with strategic planning was derived up to the end of 2026.

The strategy is prepared via a defined strategy process, with the full Board of Management and the department heads working together. Once the strategic objectives have been defined, the strategy is discussed with the Bank's Supervisory Board, and then put into effect. The main objectives of the Bank's strategy are presented and made available to employees internally.

Risk Management is directly subordinate to the Board of Management. Risk Management also includes supervisory reporting. The tasks are undertaken by the Board member responsible for the Back Office.

eihbank is continuously working on expanding and optimising its information technology (IT). Projects to improve automated processes (digitalisation) and considerable investment in IT security strengthen eihbank's future viability and competitiveness, in particular with regard to new regulatory requirements. The solutions in use for assessing risks also support running stress scenarios. As part of its risk inventory, eihbank identifies the risks that affect the Bank and categorises them by materiality. To limit risks, eihbank sets limits against all material risks, as a key indicator. These limits are two-tiered.

In addition, figures are compared directly with the defined forecast in the monthly income statement. Deviations are analysed and, if necessary, appropriate control measures are initiated by the Board of Management. It must be noted here that, given the business policy decisions of other market participants, eihbank still only had limited opportunities for active control measures at all risk levels in 2023 (because of secondary sanctions).

Risk Management prepares a comprehensive monthly risk report for the Board of Management, in accordance with the Minimum Requirements for Risk Management (MaRisk). The Supervisory Board also receives a quarterly risk report for information.

2.1 Appropriateness of risk management procedures

eihbank aims to generate a sustainable, risk-appropriate return on the capital invested, for its shareholders. To this end, it makes targeted use of the opportunities that arise on its markets. It consciously takes risks and at an economically sustainable level. The areas of focus of its activities are compliance with internal capital adequacy and all supervisory requirements, maintaining and establishing new customer and correspondent banking relationships, as well as the further expansion of business. The measures necessary for this are always implemented with sustainability in mind.

The appropriateness of the risk management procedures and risk models that are used are validated annually as a minimum and are adapted as necessary.

2.2 Risk profile of the Bank

For eihbank, the primary objective is to ensure not just solvency, but internal capital adequacy as well at all times.

eihbank's risk profile is defined by processing trading activities for national and international customers with Iranian companies. That is why eihbank's business continues to be influenced by the political development of the Iran-USA relationship (withdrawal of the USA from the Joint Comprehensive Plan of Action (JCPOA) in May 2018). Despite these difficult conditions, eihbank further expanded its core business in 2023.

eihbank's expertise makes it possible to assess the country risk for Iran.

The material risks for eihbank are identified in the risk inventory, conducted annually.

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

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

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

Not all of the above risks are material to eihbank; nevertheless, risks are always taken into account in the calculation of internal capital adequacy in accordance with MaRisk.

In its risk inventory, eihbank has identified the following risks as material risks:

- Counterparty risk
- Operational risk
  (in particular legal risk and data protection risk)
- Liquidity risk
  (in particular payment transaction and transfer risk)
- Concentration risk
  (at business and country level)

The country risk is taken into account in the counterparty risk. As our focus is on Iran business, eihbank deliberately accepts certain concentrations at a country level, the limits for which have a controlling and regulating effect. eihbank also accepts potential risks arising from concentrations.

Owing to a prudent business and risk strategy, eihbank still only has one loan that is classified as a non-performing loan at the end of the 2023 financial year.

eihbank has also formed a comprehensive risk provision to mitigate potential counterparty risks. In addition to a specific provision for losses on loans and advances, this also takes into account general provisions for losses on loans and advances and provisions in accordance with Sections 340f and 340g of the German Commercial Code (HGB). Generally, there are no correspondent banks available for Iran business for converting foreign currency items. eihbank therefore only concludes new business in the EURO currency. Given the already low holdings of foreign currencies, the currency risk for eihbank is therefore manageable. Rial holdings are held for a construction project being undertaken by the Bank in Tehran and to operate the branches. These circumstances result in the limited, calculated and low currency risk.

Operational risks only play a secondary role in eihbank's business units. eihbank is currently listed by the Office of Foreign Assets Control (OFAC). Given the listing, there is a latent transfer risk for eihbank under liquidity risk, as banks are still refusing, on the basis of their business policy, to work with Iran or parties with an Iranian business background. eihbank also applies increased due diligence requirements to itself for such business.

To hedge any risks that could currently arise from eihbank's limited refinancing options under the above general conditions for liquidity risks itself, 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 financial support for eihbank in the event of any liquidity bottlenecks.

ESG risks are currently not considered individually. They are understood as part of the risks under consideration and are therefore taken into account in the internal capital adequacy.

Thanks to eihbank's prudent business policy, potential earnings risks were again kept at a low level overall in 2023.

The available financial resources to cover the risks, determined at on the fully-fledged NPV approach and economic basis, are formed from capital components of eihbank, supplemented by the 1.25 % of risk-weighted exposure amounts in accordance with Article 62(c) CRR (additional financial resources to cover risk).

Where the identified risks can be measured in a meaningful way, they are limited accordingly within the internal capital adequacy calculation. The internal capital adequacy is as follows as at 31 December 2023:

Type of risk	**Risk as at 31.12.2023**	**Limit**	**Utilisation**
	in TEUR	**in TEUR**	**in %**
Counterparty risk	40,443	150,000	27.00%
Market price risk	1,814	28,000	6.50%
Interest rate risk	1,407	25,000	5.60%
Currency risk	407	3,000	13.60%
Operational risks	2,703	20,000	13.50%
Liquidity risks	0	15,000	0.00%
Overall risk	**44,960**	**213,000**	**21.10%**
Total available financial resources to risk	563,505		
Available financial resources to risk	518,545		

Figure 1: Internal capital adequacy in EUR thousand

3. General requirements (Article 436 CRR)

eihbank's branches in Tehran and in Kish Island are legally dependent branches. Therefore, no consolidated financial statements within the meaning of Section 290 ff. of the German Commercial Code (HGB) have to be prepared.

The regulatory scope of consolidation for the capital adequacy calculation is defined in accordance with Section 10a of the German Banking Act (KWG) as amended on 28 August 2013 in conjunction with Article 18 ff. CRR.

4. Own funds (Article 437 CRR)

eihbank's Common Equity Tier 1 capital consists of subscribed capital, capital and revenue reserves and the special item for general banking risks in accordance with Section 340g HGB.

The total capital ratio according to Article 92(1) CRR is the ratio of regulatory own funds to the total risk exposure amount at eihbank. As at 31 December 2023, it is 85.41 % (previous year: 87.98 %) and is therefore considerably higher than the ratio required by the regulatory authority pursuant to Article 92(1)(a) CRR. The Common Equity Tier 1 capital ratio as at 31 December 2023 is 84.29 % (previous year: 86.80 %) and is therefore also significantly higher than the ratio required under Article 92(1) a) CRR.

in EUR		a) Amounts	b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1) capital: instruments and reserves			
1	Capital instruments and the related share premium accounts	450,000,000.00	c
	of which: Instrument type 1	450,000,000.00	
2	Retained earnings	79,256,117.62	d
3	Accumulated other comprehensive income (and other reserves)	0.00	
EU-3a	Funds for general banking risk	49,500,000.00	b
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	0.00	
5	Minority interests (amount allowed in consolidated CET1)	0.00	
5a	Independently reviewed interim profits net of any foreseeable charge or dividend	0.00	
6	**Common Equity Tier 1 (CET1) capital before regulatory adjustments**	**578,756,117.62**	
Common Equity Tier 1 (CET1) capital: instruments and reserves			
7	Additional value adjustments (negative amount)	0.00	
8	Intangible assets (net of related tax liability) (negative amount)	–337,183.37	e
9	empty set in the EU		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	0.00	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	0.00	
12	Negative amounts resulting from the calculation of expected loss amounts	0.00	
13	Any increase in equity that results from securitised assets (negative amount)	0.00	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	0.00	
15	Defined-benefit pension fund assets (negative amount)	0.00	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	0.00	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0.00	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0.00	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0.00	
20	empty set in the EU		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	0.00	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	0.00	
EU-20c	of which: securitisation positions (negative amount)	0.00	
EU-20d	of which: free deliveries (negative amount)	0.00	
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	0.00	
22	Amount exceeding the 17.65% threshold (negative amount)	0.00	

in EUR		a) Amounts	b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	0.00	
24	empty set in the EU		
25	of which: deferred tax assets arising from temporary differences	0.00	
EU-25a	Losses for the current financial year (negative amount)	0.00	
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	0.00	
26	empty set in the EU		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	0.00	
27a	Other regulatory adjustments to CET1 capital (including IFRS 9 transitional adjustments when relevant)	0.00	
28	**Total regulatory adjustments to Common Equity Tier 1 (CET1)**	**–337,183.37**	
29	**Common Equity Tier 1 (CET1) capital**	**578,418,934.25**	
Additional Tier 1 (AT1) capital: instruments			
30	Capital instruments and the related share premium accounts	0.00	
31	of which: classified as equity under applicable accounting standards	0.00	
32	of which: classified as liabilities under applicable accounting standards	0.00	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1 as described in Article 486(3) CRR	0.00	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	0.00	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	0.00	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	0.00	
35	of which: instruments issued by subsidiaries subject to phase out	0.00	
36	**Additional Tier 1 (AT1) capital before regulatory adjustments**	**0.00**	
Additional Tier 1 (AT1) capital: regulatory adjustments			
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	0.00	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0.00	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0.00	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0.00	
41	empty set in the EU		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	0.00	
43	**Total regulatory adjustments to Additional Tier 1 (AT1) capital**	**0.00**	
44	**Additional Tier 1 (AT1) capital**	**0.00**	
45	**Tier 1 capital (T1 = CET1 + AT1)**	**578,418,934.25**	

in EUR		a) Amounts	b) Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Tier 2 (T2) capital: instruments			
46	Capital instruments and the related share premium accounts	0.00	
47	Amount of qualifying items referred to in Article 484 (5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	0.00	
EU-47a	Amount of qualifying items referred to in Article 494a (2) CRR subject to phase out from T2	0.00	
EU-47b	Amount of qualifying items referred to in Article 494b (2) CRR subject to phase out from T2	0.00	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	0.00	
49	of which: instruments issued by subsidiaries subject to phase out	0.00	
50	Credit risk adjustments	7,722,443.82	a
51	**Tier 2 (T2) capital before regulatory adjustments**	**7,722,443.82**	
Tier 2 (T2) capital: regulatory adjustments			
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	0.00	
53	Direct, indirect and synthetic goldings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	0.00	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	0.00	
54a	empty set in the EU		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	0.00	
56	empty set in the EU		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	0.00	
EU-56b	Other regulatory adjustments to T2 capital	0.00	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	**0.00**	
58	**Tier 2 (T2) capital**	**7,722,443.82**	
59	**Total capital (TC = T1 + T2)**	**586,141,378.07**	
60	**Total Risk exposure amount**	**686,249,409.35**	
Capital ratios and buffers			
61	Common Equity Tier 1 (as a percentage of total risk exposure amount)	84.29%	
62	Tier 1 (as a percentage of total risk exposure amount)	84.29%	
63	Total capital (as a percentage of total risk exposure amount)	85.41%	
64	Institution CET1 overall capital requirement (CET1 requirement in accordance with Article 92 (1) CRR, plus additional CET1 requirement which the institution is required to hold in accordance with point (a) of Article 104(1) CRD, plus combined buffer requirement in accordance with Article 128(6) CRD) expressed as a percentage of risk exposure amount)	7.36%	
65	of which: capital conservation buffer requirement	2.50%	
66	of which: countercyclical buffer requirement	0.08%	
67	of which: systemic risk buffer requirement	0.00%	
EU-67a	of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.00%	

in EUR		a)	b)
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
68	**Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)**	**76.91%**	
69	empty set in the EU		
70	empty set in the EU		
71	empty set in the EU		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	0.00	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	0.00	
74	empty set in the EU		
75	Deferred tax assets arising from temporary differences (amount below 17.65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	0.00	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	15,635,506.78	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	7,722,443.82	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based approach (prior to the application of the cap)	0.00	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	0.00	

Figure 2: EU CC1 – Composition of regulatory own funds

The data are taken from the balance sheet items of the approved annual financial statements 2023.

5. Own funds requirement (Article 438 CRR)

eihbank determines the regulatory own funds requirement in accordance with the CRR rules.

The available financial resources to cover risk used for the economic capital adequacy as at 31 December 2023 is reported at EUR 563,505 thousand. It is used to ensure appropriate capital adequacy and as a buffer for unexpected losses:

Step-by-step approach to determine the available financial resources to cover risk at eihbank		**TEUR**
+	Share capital	450,000
+	Reserves	49,230
-	Intangible assets	–337
+	Tier 2 capital	7,722
=	**Eligible capital before provisional reserves**	**506,615**
+	General provisions for losses on loans and advances	3,157
=	**Existing risk provision**	**3,157**
+/-	Inventory of taxed hidden reserves/hidden liabilities (Section 340f HGB; provision for general banking risks)	13,913
+	Balance of taxed disclosed provisional reserves (Section 340 g HGB; special item for general banking risks)	49,500
-	Long-term provisions, pension obligations	–7,622
-	Long-term provisions, pension obligations, redundancy programme	–600
-	Long-term provisions, credit provisions	–1,459
=	**Total available financial resources to risk**	**563,505**

Figure 3: EU OVC available financial resources to risk

The counterparty risk is determined according to the Credit Risk Standardised Approach pursuant to Part 3 Title II Chapter 2 CRR; the operational risk according to the Basic Indicator Approach pursuant to Part 3 Title III CRR; the market risk according to the standard methods of Part 3 Title IV CRR; and the settlement risk according to Part 3 Title V CRR.

For the regulatory capital adequacy, the relevant country rating is applied in which the party has its corporate domicile. Under the Credit Risk Standardised Approach, eihbank has nominated the rating agency Moody's for countries within the EC. For countries that are not rated by Moody's, eihbank uses the OECD ratings.

The following template presents an overview of the total risk-weighted assets, based on the approved annual financial statements.

in TEUR		Risk weighted exposure amounts (RWEAs)		Total own funds requirements
		a	b	c
		2023	2022	2023
1	**Credit risk (excluding CCR)**	**617,796**	**595,776**	**49,424**
2	of which standardised approach	617,796	595,776	49,424
3	of which the foundation IRB (FIRB) approach	0	0	0
4	of which: slotting approach	0	0	0
EU 4a	of which: equities under the simple riskweighted approach	0	0	0
5	of which the advanced IRB (AIRB) approach	0	0	0
6	Counterparty credit risk – CCR	0	0	0
7	of which standardised approach	0	0	0
8	of which internal model method (IMM)	0	0	0
EU 8a	of which exposures to a CCP	0	0	0
EU 8b	of credit valuation adjustment – CVA	0	0	0
9	of which other CCR	0	0	0
10	empty set in the EU			
11	empty set in the EU			
12	empty set in the EU			
13	empty set in the EU			
14	empty set in the EU			
15	Settlement risk	0	0	0
16	Securitisation exposures in the non-trading book (after the cap)	0	0	0
17	of which SEC-IRBA approach	0	0	0
18	of which SEC-ERBA (including IAA)	0	0	0
19	of which SEC-SA approach	0	0	0
EU 19a	of which 1250%/ deduction	0	0	0
20	Position, foreign exchange and commodities risks (Market risk)	0	0	0
21	of which standardised approach	0	0	0
22	of which IMA	0	0	0
EU 22a	Large exposures	0	0	0
23	Operational risk	68,454	33,790	2,703
EU 23a	of which basic indicator approach	68,454	33,790	2,703
EU 23b	of which standardised approach	0	0	0
EU 23c	of which advanced measurement approach	0	0	0
24	empty set in the EU			
25	empty set in the EU			
26	empty set in the EU			
27	empty set in the EU			
28	**Total**	**686,249**	**629,566**	**52,127**

Figure 4: EU OV1 – Overview of total risk exposure amounts

5.1 Reconciliation of regulatory own funds to balance sheet in the audited financial statements

eihbank's accounting scope of consolidation corresponds to the regulatory scope of consolidation. Therefore, columns a and b of the EU CC2 template are merged.

		a) + b)	c)
		Balance sheet as in published financial statements	**Reference**
		As at period end	
Assets – Breakdown by asset clases according to the balance sheet in the published financial statements (in TEUR)			
1	Cash reserve	12,236	
2	Receivables from banks	1,675,844	a
3	Receivables from customers	156,216	a
4	Intangible assets	337	
5	Tangible assets	25,692	
6	Other assets	191	
7	Deferred income	235	
	Total assets	**1,870,751**	
Liabilities – Breakdown by liability clases according to the balance sheet in the published financial statements (in TEUR)			
1	Liabilities to banks	1,113,640	
2	Liabilities to customers	142,342	
3	Other liabilities	573	
4	Deferred income	69	
5	Provisions	35,371	
6	Fund for general banking risks	49,500	b
7	Shareholders' equity	529,256	
	a) Subscribed capital	450,000	c
	b) Revenue reserves	79,256	d
	Total liabilities	**1,870,751**	

Figure 5: EU CC2 – Reconciliation of regulatory own funds to balance sheet

5.2 Key metrics (Article 447 CRR)

The following table “EU KM1 – Key metrics” shows an overview of the key metrics to be complied with by eihbank.

in TEUR		a	e
		2023	2022
	Available own funds (amounts)		
1	Common Equity Tier 1 (CET1) capital	578,419	546,463
2	Tier 1 capital	578,419	546,463
3	Total capital	586,141	553,910
	Risk-weighted exposure amounts		
4	Total risk-weighted exposure amount	686,249	686,249
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	84.29	86.80
6	Tier 1 ratio (%)	84.29	86.80
7	Total capital ratio (%)	85.41	87.98
	Additional own funds requirements based on SREP (as a percentage of risk-weighted exposure amount)		
EU 7a	Additional CET1 SREP requirements (%)	0.50	1.50
EU 7b	Additional AT1 SREP requirements (%)	0.28	0.84
EU 7c	Additional T2 SREP requirements (%)	0.38	1.13
EU 7d	Total SREP own funds requirements (%)	8.50	9.50
	Combined buffer requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.50	2.50
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00	0.00
9	Institution specific countercyclical capital buffer (%)	0.08	0.04
EU 9a	Systemic risk buffer (%)	0.00	0.00
10	Global Systemically Important Institution buffer (%)	0.00	0.00
EU 10a	Other Systemically Important Institution buffer (%)	0.00	0.00
11	Combined buffer requirement (%)	2.58	2.54
EU 11a	Overall capital requirements (%)	11.08	12.04
12	CET1 available after meeting the total SREP own funds requirements (%)	76.91	78.48

in TEUR		a	e
		2023	2022
	Leverage ratio		
13	Leverage ratio total exposure measure	2,043,923	2,080,390
14	Leverage ratio (%)	28.30	26.27
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)		
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	0.00	0.00
EU 14b	Additional AT1 SREP requirements (%)	0.00	0.00
EU 14c	Total SREP leverage ratio requirements (%)	3.00	3.00
	Additional own funds requirements to address risks of excessive leverage (as a percentage of leverage ratio total exposure amount)		
EU 14d	Applicable leverage buffer (%)	0.00	0.00
EU 14e	Overall leverage ratio requirements (%)	3.00	3.00
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets (HQLA) (Weighted value – average)	1,594,231	1,633,996
16	Total net cash outflows (adjusted value)	1,225,336	1,415,695
17	Liquidity coverage ratio (%)	136.79	126.38
	Net Stable Funding Ratio		
18	Total available stable funding	659,051	642,665
19	Total required stable funding	126,293	143,616
20	NSFR ratio (%)	521.84	447.49

Figure 6: EU KM1 – Key metrics

As eihbank discloses this information annually, the data is only shown for the periods T (column a) and T-4 (column e).

eihbank's total capital ratio of 85.41 % is comfortably above the legal minimum requirements for the total SREP capital requirements set by the supervisory authority for eihbank (11.08 %).

The leverage ratio, which is monitored daily, was 28.30 % as at the reporting date. This means that eihbank has clearly exceeded the regulatory minimum requirement of 3 %.

The Liquidity Coverage Ratio (LCR) is a short-term liquidity ratio. Banks use it to ensure they can meet their payment obligations within 30 days, provided that the minimum requirement of 100 % is met. eihbank's LCR was always significantly above that level in 2023; as at the reporting date of 31 December 2023, it was 136.79 %.

6. Governance arrangements (Article 435 CRR)

The EU OVB table describes eihbank's governance arrangements for the selection and number of members of the management body.

Legal basis	Row	Free format
Point (a) of Article 435(2) CRR	a	The number of directorships held by members of the management body: The two members of the management body – other than their activities as members of eihbank's Board of Management – have no other directorships.
Point (b) of Article 435(2) CRR	b	Information regarding the recruitment policy for the selection of members of the management body and their actual knowledge, skills and expertise: The Board of Management at eihbank is divided into areas of responsibility for Front Office and Back Office and is made up of two members. They have many years of professional experience as well as extensive expertise in the market environment of the Bank and the banking industry.
Point (c) of Article 435(2) CRR	c	Information on the diversity policy with regard of the members of the management body: When appointing new members to the Board of Management, the Supervisory Board pays particular attention to ensuring that the knowledge, skills and expertise of the members of the Board of Management are balanced.

Figure 7: EU OVB – Disclosure on governance arrangements

7. Remuneration policy (Article 450 CRR)

eihbank is a member of the Employers' Association of the Private Banking Industry (AGV) and applies the collective agreements for the private banking industry. The employment contracts subject to collective agreements for eihbank employees are based on the collective agreement for the private banking industry.

The following table describes the features of eihbank's remuneration policy and how it is implemented:

Qualitative disclosures

a) Information relating to the bodies that oversee remuneration. Disclosures shall include:

- Name, composition and mandate of the main body (management body or remuneration committee as applicable) overseeing the remuneration policy and the number of meetings held by that main body during the financial year.

  The Supervisory Board of eihbank decides on the design and implementation of the remuneration system for the members of eihbank's Board of Management. It also monitors the design of the remuneration systems and their compliance with the business and risk strategy. The Board of Management is responsible for, decides on and monitors the appropriate design of the remuneration systems for employees.

  The Supervisory Board, which also has a Personnel Committee, meets regularly, up to four times a year. The Board of Management also shares information directly with the chair of the Supervisory Board on an ongoing basis.

- A description of the scope of the institution's remuneration policy (e.g. by regions, business lines), including the extent to which it is applicable to subsidiaries and branches located in third countries.

  eihbank's remuneration policy applies to the Hamburg site, while the remuneration policy for the Iranian branches is based on the local market conditions.

- A description of the staff or categories of staff whose professional activities have a material impact on the institution's risk profile.

  Risk takers are members of the Supervisory Board and the Board of Management, department heads with control functions, money laundering officers and department heads of business units who take risk decisions.

  This is analysed annually.

Qualitative disclosures

b) Information relating to the design and structure of the remuneration system for identified staff. Disclosures shall include:

- An overview of the key features and objectives of remuneration policy, and information about the decision-making process used for determining the remuneration policy and the role of the relevant stakeholders.

  The Board of Management reviews and adjusts the principles of remuneration annually, which are presented to the Supervisory Board after they have been discussed, if necessary, with the Personnel Committee.

- Information on the criteria used for performance measurement and ex ante and ex post risk adjustment.

  eihbank remunerates according to the individual performance under the target agreements and on the Bank's performance.

- Information on whether the management body and the remuneration committee, where established, reviewed the institution's remuneration policy during the past year, and if so, an overview of any changes that were made, the reasons for those changes and their impact on remuneration.

  The remuneration policy has been reviewed regularly; no changes have been made.

- Information on how the institution ensures that staff in internal control functions are remunerated independently of the business units they oversee.

  Evaluation is within the framework of the annual review of the principles of remuneration.

- Policies and criteria applied for the award of guaranteed variable remuneration and severance payments.

  There are no guaranteed variable remuneration/severance payments at eihbank.

c) Description of the ways in which current and future risks are taken into account in the remuneration processes.

A regular review is carried out as part of the annual review of the principles of remuneration, with the involvement of the control units and their assessments with regard to any changes due to a change of risk assessment at eihbank.

d) The ratios between fixed and variable remuneration set in accordance with point (g) of Article 94(1) CRD.

In 2023, employees covered by collective agreements received 13.5 fixed and up to 1.2 variable monthly salaries; employees not covered by collective agreements received 13 fixed and up to 1.2 variable monthly salaries.

Qualitative disclosures
e) Description of the ways in which the institution seeks to link performance during a performance measurement period with levels of remuneration. Disclosures shall include:
• An overview of the main performance criteria and metrics for institution, business lines and individuals. eihbank bases its remuneration policy on the individual performance under the target agreement and on the Bank's performance.
• An overview of how amounts of individual variable remuneration are linked to institution-wide and individual performance. eihbank bases its remuneration policy on the individual performance under the target agreement and on the Bank's performance.
• Information on the criteria used to determine the balance between different types of instruments awarded including shares, equivalent ownership interest, options and other instruments. These instruments are not used at eihbank.
• Information of the measures the institution will implement to adjust variable remuneration in the event that performance metrics are weak, including the institution's criteria for determining performance metrics when the performance metrics are considered 'weak'. eihbank bases its remuneration policy on the individual performance under the target agreement and on the Bank's performance. Depending on the Bank's performance (achieving targets), this has a positive or negative effect on the variable remuneration.
f) Description of the ways in which the institution seeks to adjust remuneration to take account of long-term performance. Disclosures shall include:
• An overview of the institution's policy on deferral, payout in instrument, retention periods and vesting of variable remuneration including where it is different among staff or categories of staff. There is no option to withhold remuneration payments at eihbank.
• Information of the institution's criteria for ex post adjustments (malus during deferral and clawback after vesting, if permitted by national law). There is no option for ex post adjustments at eihbank.
• Where applicable, shareholding requirements that may be imposed on identified staff. No disclosure.

Qualitative disclosures
g) The description of the main parameters and rationale for any variable components scheme and any other non-cash benefit in accordance with point (f) of Article 450(1) CRR. Disclosures shall include:
• Information on the specific performance indicators used to determine the variable components of remuneration and the criteria used to determine the balance between different types of instruments awarded, including shares, equivalent ownership interests, share-linked instruments, equivalent non cash-instruments, options and other instruments. eihbank bases its remuneration policy on the individual performance under the target agreement and on the Bank's performance.
h) Upon demand from the relevant Member State or competent authority, the total remuneration for each member of the management body or senior management. No disclosure.
i) Information on whether the institution benefits from a derogation laid down in Article 94(3) CRD, as referred to in point (k) of Article 450(1) CRR.
• For the purposes of this point, institutions that benefit from such a derogation shall indicate whether this is on the basis of point (a) and/or point (b) of Article 94(3) CRD. They shall also indicate for which of the remuneration principles they apply the derogation(s), the number of staff members that benefit from the derogation(s) and their total remuneration, split into fixed and variable remuneration. No disclosure.
j) Large institutions shall disclose the quantitative information on the remuneration of their collective management body, differentiating between executive and non-executive members, as referred to in Article 450(2) CRR. No disclosure.

Figure 8: EU REMA – Remuneration Policy

The following templates show the fixed and variable remuneration granted to identified employees whose professional activities have an impact on the institution's risk profile.

The EU REM1 template shows the remuneration awarded to the specially identified employees in the 2023 financial year.

			a	b	c	d
			MB Supervisory function	**MB Management function**	**Other senior management**	**Other identified staff**
1	Fixed remuneration	Number of identified staff	2	0	2	9
2		Total fixed remuneration (in TEUR)	211	0	513	779
3		of which: cash-based (in TEUR)	211	0	513	779
4		(Not applicable in the EU)				
EU-4a		of which: shares or equivalent ownership interests	0	0	0	0
5		of which: share-linked instruments or equivalent non-cash instruments	0	0	0	0
EU-5x		of which: other instruments	0	0	0	0
6		(Not applicable in the EU)				
7		of which: other forms	0	0	0	0
8		(Not applicable in the EU)				
9	Variable remuneration	Number of identified staff	2	0	2	9
10		Total variable remuneration (in TEUR)	22	0	178	70
11		of which: cash-based (in TEUR)	14	0	176	49
12		of which: deferred	0	0	0	0
EU-13a		of which: shares or equivalent ownership interests	0	0	0	0
EU-14a		of which: deferred	0	0	0	0
EU-13b		of which: share-linked instruments or equivalent non-cash instruments	0	0	0	0
EU-14b		of which: deferred	0	0	0	0
EU-14x		of which: other instruments	0	0	0	0
EU-14y		of which: deferred	0	0	0	0
15		of which: other forms	0	0	0	0
16		of which: deferred	0	0	0	0
17	**Total remuneration (2 + 10) in TEUR**		**233**	**0**	**691**	**849**

Figure 9: EU REM1 – Remuneration awarded for the financial year

The EU REM2 template shows the special payments to the identified employees for the 2023 financial year.

		a	b	c	d
		MB Supervisory function	**MB Management function**	**Other senior management**	**Other identified staff**
	Guaranteed variable remuneration awards				
1	Guaranteed variable remuneration awards – Number of identified staff	2	0	2	9
2	Guaranteed variable remuneration awards -Total amount (in TEUR)	14	0	176	49
3	of which guaranteed variable remuneration awards paid during the financial year, that are not taken into account in the bonus cap (in TEUR)	14	0	176	49
	Severance payments awarded in previous periods, that have been paid out during the financial year				
4	Severance payments awarded in previous periods, that have been paid out during the financial year – Number of identified staff	0	0	0	0
5	Severance payments awarded in previous periods, that have been paid out during the financial year – Total amount	0	0	0	0
	Severance payments awarded during the financial year				
6	Severance payments awarded during the financial year – Number of identified staff	0	0	0	0
7	Severance payments awarded during the financial year – Total amount	0	0	0	0
8	of which paid during the financial year	0	0	0	0
9	of which deferred	0	0	0	0
10	of which severance payments paid during the financial year, that are not taken into account in the bonus cap	0	0	0	0
11	of which highest payment that has been awarded to a single person	0	0	0	0

Figure 10: Template EU REM2 – Special payments to staff whose professional activities have a material impact on eihbank’s risk profile

The EU REM3 template is not relevant to eihbank, as there is no deferred remuneration.

eihbank also does not pay remuneration to any of its employees of EUR 1 million or more per year, so the EU REM4 template is not relevant.

8. Confirmation by the Board of Management (Article 431(3) sentence 2 CRR)

By approval, it is certified that this Disclosure Report has been prepared in accordance with the formal procedures and internal processes, systems and controls established by eihbank.

EUROPÄISCH-IRANISCHE HANDELSBANK
AKTIENGESELLSCHAFT

HAMBURG

Dr. Arash Onsori   Ralf Vollmering

July 2024

List of figures