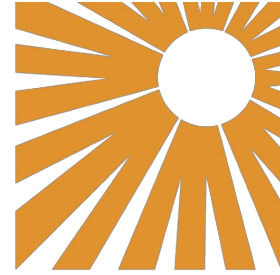


**Middle East Bank
Munich Branch**



Disclosure report

**pursuant to Section 26a of the
German Banking Act (KWG)**

in conjunction with

Article 433c (2) CRR

Reporting

date:

December

31, 2023



Disclosure report as of December 31,
2023

Table of contents

List of tables	III
List of abbreviations.....	IV
1 Foreword and objectives	6
2 - objectives and policy	7
2.1 xml-ph-0000@deepl.internal	7
2.2 The Management Body	14
3 Disclosure of own funds.....	16
3.1 Capital structure	16
3.2 Reconciliation of own funds components with the audited financial statements	26
4 Disclosure of risks and own funds requirements	27
4.1 Capital requirements	27
4.2 Key parameters	31
4.3 Counterparty default risk.....	33
4.4 Market price risk.....	36
4.5 Operational risk.....	38
4.6 Liquidity risk	41
5 Disclosure of remuneration policy	45
5.1 Qualitative information on remuneration policy	45
5.2 Quantitative information on remuneration policy	47



Disclosure report as of December 31,
2023

List of tables

Table 1: Risk management approach of the institution – EU-OVA table	9
Table 2: Utilization of risk-bearing capacity from an economic perspective.....	13
Table 3: Mandates of the management bodies (as of December 31, 2023).....	15
Table 4: Disclosure of corporate governance regulations – EU OVB table.....	15
Table 5: Reconciliation of balance sheet equity to own funds.....	17
Table 6: Composition of own funds – EU CC1 table	17
Table 7: Reconciliation of regulatory own funds with the balance sheet contained in the audited financial statements – Table EU CC2	26
Table 8: ICAAP information – Table EU OVC	28
Table 9: Overview of total risk amounts – Table EU OV1.....	30
Table 10: Key parameters – Table EU KM1	32
Table 11: General qualitative information on credit risks – Table EU CRA.....	34
Table 12: Qualitative disclosure requirements in relation to market risk – Table EU MRA	37
Table 13: Qualitative disclosures on operational risk – EU ORA table	40
Table 14: Qualitative disclosures on liquidity risk management – EU LIQA table	42
Table 15: Remuneration policy – EU REMA table.....	46
Table 16: Remuneration granted for the financial year – EU REM1 table.....	48
Table 17: Supplementary information pursuant to Section 16 (2) InstitutsVergV	49
Table 18: Special payments to employees whose professional activities have a material impact on the institution's risk profile (identified employees) – Table EU REM2	50
Table 19: Retained remuneration – Table REM3	51
Table 20: Remuneration of EUR 1 million or more per year – Table EU REM4	54
Table 21: Information on the remuneration of employees whose professional activities have a material impact on the institution's risk profile (identified employees) – Table EU REM5	54



Disclosure report as of December 31,
2023

List of abbreviations

AT1	Additional Tier 1 Capital
CET1	Core Equity Tier 1 (hard core capital)
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
CVA	Credit Value Adjustment
DVO	Implementing Regulation
EBA	European Banking Authority
EU	European Union
ECB	European Central Bank
GL	Guideline
ICAAP	Internal Capital Adequacy Assessment Process
ICT	Information and communication technology risk
InstitutsVergV	Institutional Remuneration Regulation
KWG	German Banking Act
LCR	Liquidity Coverage Ratio
MaRisk	Minimum Requirements for Risk Management
MB	Middle East Bank, Munich Branch
NSFR	Net Stable Funding Ratio
OVR	Overall Capital Requirement
OpRisk	Operational risk



**Disclosure report as of December 31,
2023**

OTC	Over the counter
RDP	Risk coverage potential
RTF	Risk-bearing capacity
RWA	Risk-weighted assets
SfO	Written rules
SREP	Supervisory Review and Evaluation Process
T1	Tier 1 capital (core capital)
T2	Tier 2 Capital (supplementary capital)
TSCR	Total SREP Capital Requirement



Disclosure report as of December 31,
2023

1 Foreword and Objective

This disclosure report as of December 31, 2023 applies the regulatory requirements under the Basel III framework that have been in force since January 1, 2014. These were implemented by Regulation (EU) 575/2013 (Capital Requirements Regulation – "CRR") and Directive 2013/36/EU ("CRD IV") of the European Parliament and of the Council. The disclosure requirements are set out in Part 8 of the CRR and Section 26a of the German Banking Act (KWG).

Middle East Bank, Munich Branch (hereinafter also referred to as "MB" or "Bank") is neither a "large institution" within the meaning of Article 433a CRR nor is it considered a "small and non-complex institution" within the meaning of Article 433b CRR. Rather, MB is an "other institution" within the meaning of Article 433c CRR. As an unlisted company, MB may make use of the simplifications provided for in Article 433c(2) CRR for the purposes of this disclosure report. The provisions of this article that apply to MB as an "unlisted" "other institution" are therefore decisive for the preparation of this report. This results in annual disclosure, with the date of disclosure taking into account the date of publication of the annual financial statements.

The disclosure report is published on the MB website (www.middle-east-bank.de) and should be read in conjunction with the annual financial statements and management report. These are published in the Federal Gazette at www.bundesanzeiger.de.

In accordance with Article 432 CRR and in line with EBA/GL/2014/14 on materiality and confidentiality of disclosure, the contents of this report are subject to the principle of materiality. Legally protected or confidential information is not included in this report. Regular reviews of the report content are carried out to ensure adequate disclosure practices.



**Disclosure report as of December 31,
2023**

The relevant responsibilities and framework conditions are regulated in work instructions. The Management Board continues to assume that the following information provides a comprehensive overview of the institution's overall risk profile.

2 and risk management policy

2.1 Risk Management

The business activities of MB are inherently subject to risks. Consequently, the management has implemented a comprehensive risk management system. This is based both on the regulatory requirements of national and international supervisory authorities and, in particular, on MB's internal economic framework conditions. The design of the risk management system is essentially shaped by the corporate objectives and planned measures documented in the business and risk strategy to ensure the long-term success of the company, which is reflected in a risk-adjusted return on the capital employed. The business and risk strategy is determined by the management and sets the framework for the business activities pursued by the bank and their (risk) management at the overall bank level. The aim is to achieve an appropriate risk/return ratio in line with the bank's risk-bearing capacity. The risk strategy is reviewed at least once a year as part of the strategy process. The level of risk appetite is determined as part of the risk strategy based on the existing risk potential and the current and planned business figures. Risk-bearing capacity, which is calculated on a monthly basis, is ensured if the risks are covered by the existing risk coverage potential.

As part of its risk management activities, the Bank refrains from transactions whose risk is not justifiable in light of the Bank's risk-bearing capacity and risk strategy. The aim is to systematically build up business positions in which the potential returns and risks are in reasonable proportion to one another.



**Disclosure report as of December 31,
2023**

MB has established a risk management process that covers all activities relating to the systematic handling of risks in the corporate sector. This includes, in particular, the identification, analysis, assessment, control, and documentation of risks. As part of a risk inventory, MB obtains an overview of the risks on an annual basis – and, if necessary, on an ad hoc basis – and checks whether and to what extent the material risks could impair the capital base and/or the earnings or liquidity situation. A process integrated into the overall bank management system ensures the monitoring of control measures and the measurement of the effectiveness and appropriateness of the derived risk management measures.

The following table, in accordance with Article 435(1) CRR, describes MB's risk management objectives and policies in detail.



Disclosure report as of December 31,
2023

Table 1: Risk management approach of the institution – EU-OVA table

Legal basis	Row	Information
<p>Article 435(1)(f) CRR paragraph 1 letter f) CRR</p>	<p>a</p>	<p><i>Disclosure of the concise risk statement approved by the management body</i></p> <p>MB has a risk statement approved by the management in accordance with Art. 435 (1) (f) CRR. MB's strategic orientation is set out in its business and risk strategy. The business strategy and the objectives for the main business activities are defined as part of the annual review of the strategy (planning). All influencing factors and the underlying assumptions, taking into account internal variables such as risk-bearing capacity, earnings situation, and liquidity position, are included in the strategic planning. Based on the business strategy, the management decides on a risk strategy for the coming financial year that is consistent with the business strategy. This is preceded by a risk inventory that incorporates relevant aspects of the business strategy.</p> <p>The defined risk strategy is divided into sub-strategies according to the main types of risk. The overarching goal of the risk policy strategy is to ensure that MB's risk-bearing capacity is maintained at all times. Risk management at MB is carried out separately for all material risks according to risk type. The basis for determining materiality is, in turn, the result of the risk inventory. Non-material risks are taken into account on a flat-rate basis via a buffer amount in the risk-bearing capacity calculation. Management limits risks through a regularly reviewed limit system. If a limit is exceeded, an escalation procedure is initiated.</p> <p>All tasks and areas of responsibility are documented in the written rules of procedure, which determine the principles of the risk management system at MB, taking into account regulatory requirements and specific organizational instructions.</p> <p>Article 435</p>



Disclosure report as of December 31,
2023

<p>Article 435 (1) (b) CRR paragraph 1 letter b) CRR</p>	<p>b</p>	<p><i>Information on the risk management structure for each risk category</i></p> <p>The Executive Board has overall responsibility for risk management. The risk control function is performed by the Senior Risk Officer, who reports directly to the Head of Back Office. This ensures that the risk control function is structurally separated from the market areas up to and including the level of the Executive Board. The Senior Risk Officer is responsible for identifying, assessing, controlling, monitoring, and communicating each risk category in MB. In addition, he has all the necessary powers and information required to perform the risk control function adequately. As a member of risk-relevant (steering) committees at the bank, he is involved in all important risk policy decisions made by the management, including the definition of the risk strategy for MB. In addition, he supports the management in the development and establishment of appropriate risk management and control processes.</p>
<p>Article 435, paragraph 1 letter e) CRR</p>	<p>c</p>	<p><i>Declaration approved by the management body on the adequacy of risk management procedures</i></p> <p>MB has a comprehensive risk strategy, including a risk-bearing capacity concept. This is revised/updated annually. Approval is granted by the management.</p>
<p>Article 435, paragraph 1 letter c) CRR</p>	<p>d</p>	<p><i>Disclosure of the scope and nature of risk reporting and/or measurement systems</i></p> <p>Risks identified as material are monitored and managed at MB using a comprehensive reporting system. In addition to the planned scenario, risks are also considered in various stress scenarios and compared with the risk coverage potential. Reviews, including reporting on risk-bearing capacity, take place on a monthly basis. The findings from the stress tests are taken into account in a more comprehensive quarterly report. from the stress tests are taken into account.</p>



Disclosure report as of December 31,
2023

<p>Article 435 paragraph 1 letter c) CRR</p>	<p>e</p>	<p><i>Disclosure of information on the main features of risk reporting and measurement systems</i></p> <p>Risk quantification forms the core of MB's risk management process. It is this quantification that makes it possible to assess, manage, and monitor risks in the first place. Furthermore, risk-bearing capacity can only be assessed on the basis of quantified risks. At MB, all material risks are quantified using the so-called Pillar 1 approach, which supplements the Pillar 1 risks under Basel II with additional material risks under Pillar 2.</p> <p>1+ approach, which, in addition to the Pillar 1 risks under Basel II, takes into account other significant risks within the framework of the second pillar</p> <p>.</p>
<p>Article 435(paragraph 1 letter a) CRR</p>	<p>f</p>	<p><i>Strategies and procedures for managing risks for each individual risk category</i></p> <p>The management is kept informed of all limit exceedances as part of the risk reporting process. If the defined loss limits are exceeded, this is immediately identified by risk management and appropriate recommendations are made. The management then decides on suitable measures and communicates them to the affected business area and to the risk management.</p>



Disclosure report as of December 31,
2023

<p>Article 435 Sentence paragraph 1 letters a) and d) CRR</p>	<p>g</p>	<p><i>Information on strategies and procedures for managing, hedging, and mitigating risks, as well as on monitoring the effectiveness of measures taken to hedge and mitigate risks</i></p> <p>Risks at MB are managed using a system of limits to cap the respective material risks. Risk-bearing capacity is reviewed regularly by risk management. Risk-bearing capacity is calculated in accordance with the regulatory guidelines on the realignment of internal bank risk-bearing capacity concepts issued by BaFin (Federal Financial Supervisory Authority) from a normative and economic perspective. Both perspectives are equally relevant for control purposes. For the normative approach, the MB uses a calculation system for (minimum) ratios defined by management (e.g., capital or liquidity ratios) to continuously monitor compliance with risk-bearing capacity from a normative perspective. To determine risk coverage from an economic perspective of risk-bearing capacity, the risk coverage amount is compared with the total risk position. At MB, the risk coverage amount consists of the working capital made available to it after deduction of current and future planned losses, intangible assets, and possible hidden liabilities from fixed assets. The minimum of this calculated value and EUR 7,000 thousand is used as the risk coverage potential for calculating risk coverage. The utilization rates resulting as of December 31, 2023, can be found in Table 2.</p> <p>The processes for identifying, assessing, controlling, monitoring, and communicating risks ensure that significant risks are identified at an early stage, recorded in full, and controlled and monitored in an appropriate manner. Furthermore, the processes are reviewed regularly and adapted promptly to changing conditions. The methods and procedures used are also validated regularly by risk management, which reviews the appropriateness of the procedures and the underlying assumptions and modifies them if necessary. If necessary, changes are made.</p>
---	----------	--

MB has appropriately designed the methods, models, and processes it has implemented with a view to effective risk management and early risk detection. MB's



Disclosure report as of December 31, 2023

MB's primary objective is to ensure risk-bearing capacity at all times. As part of its risk inventory, MB has identified the following key types of risk:

- Counterparty default risk
- Market price risk
- Operational risk
- Liquidity risk

These risks are limited as part of the risk-bearing capacity calculation. To determine the risk coverage in normative capital planning, the capital ratios for risk limitation are applied and compared with the values on the reporting date. Normative risk-bearing capacity is guaranteed if the minimum requirements of the CRR are above the defined limit.

In the economic risk-bearing capacity calculation, the risk coverage amount is compared with the total risk position. At MB, the risk coverage amount consists of the capital allocated to it after deduction of current and future planned losses, intangible assets, and possible hidden liabilities from fixed assets. The minimum of this calculated value and EUR 7,000 thousand is used as the risk coverage potential for calculating the risk coverage. This results in the following utilization rates as of December 31, 2023:

Table 2: Utilization of risk-bearing capacity from an economic perspective

Risk-bearing capacity (RBC) [Pillar 1+ approach]	2023	Absolute loss limit	Utilization
	TEUR		
Own funds	7,884		
Result for the next 12 months (only if negative)	0		
Risk coverage potential [RDP]	7,884		
Risk buffer (other insignificant risks)	500		
Risk coverage potential [available]	7,384		



Disclosure report as of December 31,
2023

Risk coverage potential allocated	7,000		
Pillar 1 risks (CRR) for the next 12 months – credit	615	3,500	18
Pillar 1 risks (CRR) for the next 12 months – OpRisk	380	75	51
Supplementary Pillar 2 risks for the next 12 months	1,578		
Market price risk	103	400	26
Counterparty risk	38	200	19
Liquidity risk	1,380	2,000	69
Operational risk	57	150	38
Free risk coverage potential	4,427	7,000	37

From an economic perspective, approximately 37% of the allocated risk coverage potential is therefore utilized by risk positions as of December 31, 2023.

In summary, it can be stated for MB for the 2023 financial year that its risk-bearing capacity was not jeopardized at any time and that even in the event of the worst-case stress scenario, the company's continued existence was still assured. Further information is contained in the risk report section of MB's management report as of December 31, 2023.

2.2 Management body

MB's management is responsible for risk management. Risk policy principles are defined on the basis of the strategic business orientation and risk-bearing capacity. MB's management function is performed by two managing directors, who are responsible for the front office and back office respectively. The front office function is headed by Managing Director Vahid Moshrefi. Mr. Marc Kirchberger is responsible for back office in terms of individual transaction-related risk monitoring, the risk controlling function, the compliance function, and internal auditing. In addition to his role as managing director of MB, he also holds another management position. No managing director performs any supervisory functions.



Disclosure report as of December 31,
2023

Table 3: Mandates of the management bodies (as of December 31, 2023)

Name	Place of residence	Occupation	Function	Number of management positions	Number of supervisory positions
Marc Kirchberger	Stuttgart	Banker; responsibilities: back office	Managing Director; Spokesperson for the Management Board	2	0
Vahid Moshrefi	Munich	Banker; Responsibility: Market Division	Managing Director	1	0

The appointment of the managing directors is carried out by the Supervisory Board of the Middle East Bank, Tehran. Expertise, balance, and diversity of knowledge, skills, and experience play an important role in this process. The management regularly informs the supervisory body at the head office in a timely and comprehensive manner about all significant issues relating to the business and risk strategy and the risk situation at MB. Special committees such as the Asset-Liability Committee and the Risk Controlling Committee support the management in steering and decision-making.

The following table summarizes MB's corporate governance rules in accordance with Article 135(2) CRR.

Table 4: Disclosure of corporate governance rules – EU OVB table

Legal basis	Line	Disclosures
Article 435 Paragraph 2(a) CRR	a	<i>Number of management or supervisory functions held by members of the management body</i> The number of executive and supervisory positions held by the members of the Management Board and Supervisory Board is shown in Table 3.



Disclosure report as of December 31,
2023

<p>Article 435 Paragra ph 2 (b) CRR</p>	<p>b</p>	<p><i>Information on the strategy for selecting members of the management body and on their actual knowledge, skills, and experience</i></p> <p>The strategy for selecting members of MB's management body is set out in the rules of procedure and takes into account the specific provisions of the German Banking Act (Kreditwesengesetz). Managers have the appropriate knowledge, skills, and experience, which is verified on the basis of their CVs, references, and personal interviews. In addition, potential managers must undergo the professional suitability and licensing procedure of the BaFin and the Deutsche Bundesbank.</p>
<p>Article 435 (2)(c) CRR</p>	<p>c</p>	<p><i>Diversity strategy for the selection of members of the management body</i></p> <p>MB's diversity strategy is fundamentally in line with the General Equal Treatment Act. When selecting the members of MB's management bodies, the supervisory board of the main branch ensures the necessary diversity in terms of professional expertise and personal and social skills. In addition, appropriate consideration is given to age, degree of disability, gender, ethnic origin, religion, and sexual</p>

3 Disclosure of own funds

3.1 Own funds structure

As of the reporting date of December 31, 2023, MB has own funds in accordance with Article 72 CRR amounting to EUR 7,884 thousand, which consist exclusively of common equity tier 1 capital. Losses (EUR 17,116 thousand) and intangible assets (EUR 0 thousand) are deducted from the balance sheet equity (EUR 25,000 thousand).



Disclosure report as of December 31,
2023

Table 5: Reconciliation of balance sheet equity to own funds

Item	TEUR
Balance sheet equity	25,000
<i>Corrections/adjustments</i>	
+/- Retained earnings/losses	-17,116
- Intangible assets	0
Regulatory capital	7,884

The following table contains detailed information on MB's capital structure in accordance with Article 437 CRR.

Table 6: Composition of own funds – EU CC1 table

		a)	b)
		Amounts in TEUR	Source according to reference numbers/letters of the balance sheet
Common Equity Tier 1 (CET1): instruments and reserves			
1	Equity instruments and the related premium	25,000	
	of which: working capital	25,000	P12a
	of which: type of instrument 2	0	
	of which: type of instrument 3	0	
2	Retained earnings	0	
3	Accumulated other comprehensive income (and other reserves)	0	
EU-3a	Fund for general banking risks	0	



Disclosure report as of December 31,
2023

4	Amount of items within the meaning of Article 484(3) CRR plus the associated premium whose inclusion in CET1 is expiring	0	
5	Minority interests (eligible amount in consolidated CET1)	0	
EU-5a	Independently verified interim profits, less all foreseeable levies or dividends	0	
6	Common Equity Tier 1 (CET1) before regulatory adjustments	25,000	
Common Equity Tier 1 (CET1): regulatory adjustments			
7	Additional valuation adjustments (negative impact)	0	
8	Intangible assets (less related tax liabilities) (negative amount)	0	
9	Not applicable.		
10	Deferred tax assets dependent on future profitability, except those resulting from temporary differences (reduced by corresponding tax liabilities if the conditions under Article 38(3) CRR are met) (negative amount)	0	
11	Reserves from gains or losses on fair value-measured transactions to hedge cash flows for non-fair value-measured financial instruments	0	
12	Negative amounts from the calculation of expected loss amounts	0	
13	Increase in equity resulting from securitized assets (negative amount)	0	
14	Gains or losses on own liabilities measured at fair value due to changes in own credit rating	0	
15	Assets from defined benefit pension plans (negative amount)	0	



Disclosure report as of December 31,
2023

16	Direct, indirect, and synthetic positions of an institution in its own Common Equity Tier 1 instruments (negative amount)	0	
17	Direct, indirect, and synthetic positions of the institution in Common Equity Tier 1 instruments of financial sector entities that have entered into a cross-shareholding with the institution for the purpose of artificially increasing its own funds (negative amount)	0	
18	Direct, indirect, and synthetic positions of the institution in instruments of the hard core capital of companies in the financial sector in which the institution does not hold a significant interest (more than 10% and minus eligible sales positions) (negative amount)	0	
19	Direct, indirect, and synthetic positions of the institution in Common Equity Tier 1 instruments of financial sector entities in which the institution holds a significant interest (more than 10% and net of eligible short positions) (negative amount)	0	
20	Not applicable.		
EU-20a	Exposure amount from the following items, which are assigned a risk weight of 1,250% if the institution deducts the exposure amount from the amount of the Common Equity Tier 1 items as an alternative from the amount of the items of the core capital	0	
EU-20b	of which: from qualifying holdings outside the financial sector (negative amount)	0	
EU-20c	of which: from securitization positions (negative amount)	0	
EU-20d	of which: from intermediate consumption (negative amount)	0	
21	Deferred tax assets resulting from temporary differences (above the 10% threshold, reduced by corresponding tax liabilities if the conditions of Article 38(3) CRR are met) (negative amount)	0	



Disclosure report as of December 31,
2023

22	Amount exceeding the threshold of 17.65% (negative amount)	0	
23	Of which: direct, indirect, and synthetic positions of the institution in instruments of the common equity tier 1 capital of financial sector entities in which the institution holds a significant interest	0	
24	Not applicable.		
25	of which: deferred tax assets resulting from temporary differences	0	
EU-25a	Losses for the current fiscal year (negative amount)	-17,116	P12d
EU-25b	Predictable tax burden on common equity tier 1 items, unless the institution adjusts the amount of common equity tier 1 items in an appropriate manner if such tax burden reduces the amount by which these items can cover risks or losses (negative amount)	0	
26	Not applicable.		
27	Amount of items to be deducted from additional core capital items that exceeds the institution's additional core capital items (negative amount)	0	
27a	Other regulatory adjustments	0	
28	Total regulatory adjustments to Common Equity Tier 1 (CET1) capital	-17,116	
29	Common Equity Tier 1 (CET1)	7,884	
Additional Tier 1 capital (AT1): instruments			
30	Capital instruments and the associated premium	0	
31	of which: classified as equity in accordance with applicable accounting standards	0	
32	of which: classified as liabilities in accordance with applicable accounting standards	0	
33	Amount of items within the meaning of Article 484(4) CRR plus the associated premium, the inclusion of which in additional Tier 1 capital is expiring	0	



Disclosure report as of December 31,
2023

EU-33a	Amount of items within the meaning of Article 494a(1) CRR whose inclusion in additional Tier 1 capital is expiring	0	
EU-33b	Amount of items within the meaning of Article 494b(1) CRR whose inclusion in additional core capital is expiring	0	
34	Qualifying core capital instruments (including minority interests not included in row 5) that are included in consolidated additional core capital, issued by subsidiaries and held by third parties	0	
35	of which: instruments issued by subsidiaries whose eligibility is expiring	0	
36	Additional Tier 1 capital (AT1) before regulatory adjustments	0	
Additional core capital (AT1): regulatory adjustments			
37	Direct, indirect, and synthetic positions of an institution in its own Additional Tier 1 instruments (negative amount)	0	
38	Direct, indirect, and synthetic positions of the institution in instruments of additional core capital of companies in the financial sector that have entered into cross-shareholdings with the institution for the purpose of artificially increasing its own funds (negative amount)	0	
39	Direct, indirect, and synthetic positions of the institution in additional core capital instruments of financial sector entities in which the institution does not hold a significant interest (more than 10% and minus eligible short positions) (negative amount)	0	
40	Direct, indirect, and synthetic positions of the institution in instruments of the additional core capital of companies in the financial sector in which	0	



Disclosure report as of December 31,
2023

	the institution holds a significant interest (less eligible short positions) (negative amount)		
41	Not applicable.		
42	Amount of items to be deducted from the items of supplementary capital that exceeds the items of the institution's supplementary capital (negative amount)	0	
42	Other regulatory adjustments to additional Tier 1 capital	0	
43	Regulatory adjustments of additional core capital (AT1) total	0	
44	Additional Tier 1 capital (AT1)	0	
45	Core capital (T1 = CET1 + AT1)	7,884	
Supplementary capital (T2): instruments			
46	Capital instruments and the associated premium	0	
47	Amount of the items within the meaning of Article 484(5) CRR plus the associated premium, the inclusion of which in the supplementary capital expires in accordance with Article 486(4) CRR	0	
EU-47a	Amount of items within the meaning of Article 494a(2) CRR whose inclusion in the supplementary capital is expiring	0	
EU-47b	Amount of items within the meaning of Article 494b(2) CRR whose inclusion in the supplementary capital expires	0	
48	Qualifying own funds instruments included in consolidated supplementary capital (including minority interests and additional core capital instruments not included in row 5 or row 34 of this reporting form) issued by subsidiaries and held by third parties	0	



Disclosure report as of December 31,
2023

49	of which: instruments issued by subsidiaries whose eligibility is expiring	0	
50	Credit risk adjustments	0	
51	Supplementary capital (T2) before regulatory adjustments	0	
Supplementary capital (T2): regulatory adjustments			
52	Direct, indirect, and synthetic positions of an institution in its own supplementary capital instruments and subordinated loans (negative amount)	0	
53	Direct, indirect, and synthetic positions of the institution in instruments of supplementary capital and subordinated loans of companies in the financial sector that have entered into a cross-shareholding with the institution for the purpose of artificially increase its own funds (negative amount)	0	
54	Direct, indirect, and synthetic positions of the institution in supplementary capital instruments and subordinated loans of companies in the financial sector in which the institution does not hold a significant interest (more than 10% and minus eligible sales positions) (negative amount)	0	
54a	Not applicable.		
55	Direct, indirect, and synthetic positions of the institution in instruments of supplementary capital and subordinated loans of companies in the financial sector in which the institution holds a significant interest (less eligible sales positions) (negative amount)	0	
56	Not applicable.		
EU-56a	Amount of items to be deducted from eligible liabilities that exceeds the institution's eligible liabilities (negative amount)	0	



Disclosure report as of December 31,
2023

EU-56b	Other regulatory adjustments to supplementary capital	0	
57	Total regulatory adjustments to supplementary capital (T2)	0	
58	Supplementary capital (T2)	0	
59	Total capital (TC = T1 + T2)	7,884	
60	Total risk amount	6,954	
Capital ratios and requirements including buffers			
61	Common Equity Tier 1 ratio	113.37	
62	Core capital ratio	113.37	
63	Total capital ratio	113.37	
64	Requirements for the institution's total core capital ratio	11.27	
65	of which: requirements with regard to the capital conservation buffer	3.25	
66	of which: requirements with regard to the countercyclical capital buffer	0	
67	of which: requirements relating to the systemic risk buffer	0	
EU-67a	of which: requirements with regard to global systemically important institutions (G-SIIs) and other systemically important institutions (O-SIIs)	0.00	
EU-67b	of which: additional capital requirements to mitigate risks other than the risk of excessive leverage	3.52	
68	Common Equity Tier 1 ratio (expressed as a percentage of the exposure amount) after deduction of the amounts required to meet minimum capital requirements	102.10	
National minimum requirements (if different from Basel III)			
69	Not applicable.		
70	Not applicable.		
71	Not applicable.		
Amounts below the thresholds for deductions (before risk weighting)			
72		0	



Disclosure report as of December 31,
2023

	Direct and indirect positions in own funds instruments or eligible liabilities instruments of financial sector entities in which the institution does not hold a significant interest (less than 10% and less eligible sales positions)		
73	Direct and indirect positions of the institution in Common Equity Tier 1 instruments of financial sector entities in which the institution holds a significant interest (below the threshold of 17.65% and net of eligible sales positions)	0	
74	Not applicable.		
75	Deferred tax assets resulting from temporary differences (below the threshold of 17.65%, reduced by the amount of related tax liabilities if the conditions of Article 38(3) CRR are met)	0	
Applicable limits for the inclusion of value adjustments in supplementary capital			
76	Credit risk adjustments eligible for inclusion in additional Tier 1 capital in relation to exposures subject to the standardised approach (before application of the cap)	0	
77	Cap on the inclusion of credit risk adjustments in supplementary capital under the standard approach	0	
78	Credit risk adjustments eligible for inclusion in supplementary capital in relation to exposures subject to the internal ratings-based approach (before application of the cap)	0	
79	Cap on the inclusion of credit risk adjustments in supplementary capital under the internal ratings-based approach	0	
Equity instruments subject to phase-out provisions (applicable only from January 1, 2014 to January 1, 2022)			



Disclosure report as of December 31,
2023

80	Current cap for Common Equity Tier 1 instruments subject to phase-out provisions	0	
81	Amount excluded from Common Equity Tier 1 due to cap (amount above cap after repayments and maturities)	0	
82	Current cap on instruments of additional Tier 1 capital subject to phase-out provisions	0	
83	Amount excluded from additional core capital due to cap (amount above cap after repayments and maturities)	0	
84	Current cap for supplementary capital instruments subject to phase-out provisions	0	
85	Amount excluded from supplementary capital due to cap (amount above cap after repayments and maturities)	0	

3.2 Reconciliation of own funds components with the audited financial statements

The following table contains a reconciliation of the equity components of MB's approved 2023 annual financial statements with the final status of own funds used for regulatory purposes as of December 31, 2023.

Table 7: Reconciliation of regulatory capital with the balance sheet contained in the audited financial statements – Table EU CC2

		a)	c)
		Balance sheet in published financial statements	Reference
		Reporting year (TEUR)	
Assets			
1	Cash reserve	128,697	
2	Receivables from credit institutions	7,105	
3	Receivables from customers	1	
4	Bonds and other fixed-income securities securities	0	



Disclosure report as of December 31,
2023

5	Shares and other non-fixed-income securities securities	0	
6	Intangible assets	0	
7	Property, plant, and equipment	20	
8	Other assets	700	
9	Prepaid expenses	61	
	Total assets	136,586	
Liabilities			
1	Liabilities to banks	15,180	
2	Liabilities to customers	63,005	
3	Securitized liabilities	0	
4	Fiduciary liabilities	0	
5	Other liabilities	222	
6	Prepaid expenses	0	
7	Provisions	179	
8	Passive clearing balance	50,116	
	Total liabilities	128,702	
12 Equity			
1	Endowment capital	25,000	1
2	Capital reserve	0	
3	Retained earnings	0	
4	Retained earnings/accumulated deficit	-17,116	25a
	Total equity	7,884	

4 Disclosure of risks and capital requirements

4.1 Capital requirements

The result of the institution's own procedure for assessing the adequacy of MB's internal capital is not required by the supervisory authorities. In this respect, the disclosure requirement arising from Article 438(c) CRR for MB is not relevant.



Disclosure report as of December 31,
2023

Table 8: ICAAP information – EU OVC table

Legal basis	Row	Disclosures
Article 438(c) CRR	b	Article 438(c) is not relevant for Middle East Bank, Munich Branch.

MB determines its regulatory capital requirements in accordance with the CRR regulations. For counterparty default risk, the calculation is based on the credit risk standardised approach in accordance with Part 3, Title II, Chapter 2 of the CRR; for operational risk, it is based on the basic indicator approach in accordance with Part 3, Title III of the CRR; for market risk, it is based on the standardised methods in Part 3, Title IV of the CRR; and for settlement risk, it is based on Part 3, Title V of the CRR. The regulatory capital for the risk of a credit valuation adjustment is calculated on the basis of the standard method in accordance with Article 384 CRR. As no positions in OTC derivatives are held, no corresponding credit valuation adjustment had to be determined and reported in the reporting year.

In a decision dated June 23, 2022, MB was imposed an SREP surcharge of 6.25%. This Pillar 2 requirement applies the same criteria to capital quality and composition as those applied in Pillar 1 for the capital requirements specified therein. This results in a total internal capital requirement from the SREP (Total SREP Capital Requirement – TSCR) of 14.25% or, measured in absolute terms against the total risk amount, EUR 991 thousand as of December 31, 2023. Together with the combined capital buffer requirement of the MB, consisting of the capital conservation buffer (2.50%) and the institution-specific countercyclical capital buffer (0.75%), this results in a total capital requirement (Overall Capital Requirement – OCR) of 17.50% as of December 31, 2023, or EUR 1,217 thousand in absolute terms. In order to comply with the OCR, MB must hold additional capital components consisting of hard core capital in the amount of EUR 522 thousand on the reporting date, in addition to the TSCR.



**Disclosure report as of December 31,
2023**

Table 9 provides an overview of the regulatory capital requirements for the individual risk exposure classes of MB as of December 31, 2023.



Disclosure report as of December 31,
2023

Table 9: Overview of total risk amounts – EU OV1 table

		Total risk amount (TEUR)		Total capital requireme nts (TEUR)
		a	b	c
		Dec. 31, 2023	12/31/2022	December 31, 2023
1	Credit risk (excluding counterparty default risk)	2,204	2,011	176
2	Of which: Standardized approach	2,204	2,011	176
3	Of which: IRB basic approach (F-IRB)	0	0	0
4	Of which: Slotting approach	0	0	0
EU 4a	Of which: equity positions under the simple risk weighting approach	0	0	0
5	Of which: Advanced IRB approach (A-IRB)	0	0	0
6	Counterparty credit risk – CCR	0	0	0
7	Of which: Standardized approach	0	0	0
8	Of which: Internal model-based (IMM)	0	0	0
EU 8a	Of which: exposures to a CCP	0	0	0
EU 8b	Of which: credit valuation adjustment (CVA)	0	0	0
9	Of which: Other CCR	0	0	0
10	Not applicable			
11	Not applicable			
12	Not applicable			
13	Not applicable			
14	Not applicable			
15	Settlement risk	0	0	0
16	Securitization positions in the banking book (after application of the upper limit)	0	0	0
17	Of which: SEC-IRBA	0	0	0
18	Of which: SEC-ERBA (including IAA)	0	0	0
19	Of which: SEC-SA	0	0	0



Disclosure report as of December 31,
2023

EU 19a	Of which: 1250% / deduction	0	0	0
20	Position, currency, and commodity position risks (market risk)	0	0	0
21	Of which: Standard approach	0	0	0
22	Of which: IMA	0	0	0
EU 22a	Large exposures	0	0	0
23	Operational risk	4,750	4,813	380
EU 23a	Of which: Basic indicator approach	4,750	4,813	380
EU 23b	Of which: Standard approach	0	0	0
EU 23c	Of which: Advanced measurement approach	0	0	0
24	Amounts below the deduction thresholds (with a risk weight of 250%)	0	0	0
25	Not applicable			
26	Not applicable			
27	Not applicable			
28	Not applicable			
29	Total	6,954	6,824	556

4.2 Key parameters

In accordance with Article 447 CRR, key regulatory parameters must be disclosed. Pursuant to Implementing Regulation (EU) 2021/637, Table EU KM1, which contains a comparison of the relevant disclosure periods, must be used for this purpose. Due to MB's annual disclosure obligation, a comparison with the previous year is presented. It is therefore not necessary to present columns 20 to 40 for the first three quarters of 2023.



Disclosure report as of December 31,
2023

Table 10: Key parameters – Table EU KM1

Amounts in TEUR		a	b
		Dec. 31, 2023	12/31/2022
Available own funds (amounts)			
1	Common Equity Tier 1 (CET1)	7,884	3,604
2	Core capital (T1)	7,884	3,604
3	Total capital	7,884	3,604
Risk-weighted exposure amounts			
4	Total risk amount	6,954	6,824
Capital ratios (as a percentage of the risk-weighted exposure amount)			
5	Common Equity Tier 1 ratio (CET1 ratio) (%)	113.37	52.82
6	Common Equity Tier 1 ratio (%)	113.37	52.82
7	Total capital ratio (%)	113.37	52.82
Additional capital requirements for risks other than excessive debt risk (as a percentage of the risk-weighted exposure amount)			
EU 7a	Additional capital requirements for risks other than the risk of excessive indebtedness (%)	6.25	6.25
EU 7b	Of which: to be held in the form of CET1 (percentage points)	3.52	3.52
EU 7c	Of which: to be held in the form of T1 (percentage points)	4.69	4.69
EU 7d	Total SREP capital requirement (%)	14.25	14.25
Combined capital buffer and total capital requirement (as a percentage of the risk-weighted exposure amount)			
8	Capital conservation buffer (%)	2.5	2.5
EU 8a	Capital conservation buffer due to macroprudential risks or systemic risks at Member State level (%)	0.00	0.00
9	Institution-specific countercyclical capital buffer (%)	0.75	0
EU 9a	Systemic risk buffer (%)	0.00	0.00
10	Buffer for global systemically important institutions (%)	0.00	0
EU 10a	Buffer for other systemically important institutions (%)	0.0	0
11	Combined capital buffer requirement (%)	2.50	2.5
EU 11a	Total capital requirements (%)	17.5	16.75
12	CET1 available after meeting the SREP total capital requirement (%)	99.12	38.57
Debt ratio			



Disclosure report as of December 31,
2023

13	Total risk exposure measure	136,590	208,873
14	Debt ratio (%)	5.77	1.73
Additional capital requirements for the risk of excessive indebtedness (as a percentage of the total risk exposure amount)			
EU 14a	Additional capital requirements for the risk of excessive debt (%)	0.00	0.00
EU 14b	Of which: to be held in the form of CET1 (percentage points)	0.00	0.00
EU 14c	Total SREP leverage ratio (%)	3.0	3
Requirement for the leverage ratio buffer and the total leverage ratio (as a percentage of the total risk exposure measure)			
EU 14d	Leverage ratio buffer (%)	0	0
EU 14e	Total debt ratio (%)	3.0	3
Liquidity coverage ratio			
15	Total high-quality liquid assets (HQLA) (weighted value – average)	127,681	158,754
EU 16a	Cash outflows – weighted total	89,921	105,784
EU 16b	Cash inflows – weighted total value	7,105	545
16	Total net cash outflows (adjusted value)	82,815	105,239
17	Liquidity coverage ratio (%)	154.18	150.85
Structural liquidity ratio			
18	Total available stable funding	40,161	54,602
19	Total stable funding required	1,493	1,754
20	Structural liquidity ratio (NSFR) (%)	2,689.65	3,113.00

4.3 Counterparty default risk

Counterparty risk is generally understood to be the risk that a borrower or counterparty will be unable to meet its obligations in full or at all due to insolvency. MB generally makes credit decisions on the basis of a standardized credit risk classification procedure.

A description of the risk management objectives and policies for credit risks in accordance with Article 435(1) CRR can be found in Table 11.



Disclosure report as of December 31,
2023

Table 11: General qualitative information on credit risks – EU CRA table

Legal basis	Row	Information
<p>Article 435(1)(f) CRR paragraph 1 letter f) CRR</p>	<p>a</p>	<p><i>The concise risk statement in accordance with Article 435(1)(f) CRR explains the relationship between the business model and the components of the institution's credit risk profile.</i></p> <p>The risk strategy for counterparty default risk is part of MB's integrated business and risk strategy. At the end of 2023, this was revised in terms of the business orientation, the overall economic situation, and the bank's capital and liquidity position. The resulting risk capital requirement was provided as a limit for this type of risk, taking into account the available risk coverage and the bank's risk-bearing capacity, and monitored on a daily basis. MB distinguishes between credit risk, migration risk, and credit spread risk with regard to counterparty default risks, which are explained in more detail below. Within the scope of customer lending business within the meaning of Section 1 (1) No. 2 of the German Banking Act (KWG), corporate customers are granted credit lines. A risk arises here from unsecured drawdowns and possible overdrafts on the reporting date. In a broader sense, credit risk also includes migration risks, which can result in changes in the present value of the credit exposure due to changes in the probability of a credit default in the future. MB's lending and guarantee business therefore gives rise to credit (default) and migration risks.</p> <p>Credit spread risk describes the risk of changes in credit spreads, which are defined as the difference in yield between a risk-free bond and a risky bond. At MB, it is taken into account in the risk-bearing capacity calculation depending on the amount of credit risk covered by own funds.</p> <p>Article 435 of the German Banking Act (KWG)</p>



Disclosure report as of December 31,
2023

<p>Article 435 Absentence 1 letters a) and d) CRR</p>	<p>b)</p>	<p><i>As part of the discussion of its strategies and procedures for managing credit risk and its strategies for risk hedging and mitigation in accordance with Article 435(1)(a) and (d) CRR, the criteria and approach for establishing the principles for credit risk management and for setting credit risk limits are explained.</i></p> <p>Appropriate processes have been established at MB to ensure adequate credit risk monitoring. If the market division intends to assume a counterparty default risk for a customer, it must first apply to risk management in the form of a standardized procedure. To this end, MB uses an internal rating procedure that ensures the assignment of a risk class for the customer. This serves as a basis for decisions regarding the granting of credit. Risk management decides on the granting of credit or limits in accordance with MB's defined rules of competence and in consultation with the back office manager.</p> <p>If a limit already granted for counterparty default risks is exceeded, risk management notifies the management with a corresponding proposal for measures to be taken. The management then decides on a measure to be initiated, the implementation of which is in turn monitored by risk management. In addition, any exceedances of the counterparty default risk limit are reported to the management as part of ad hoc or ongoing reporting.</p> <p>.</p>
<p>Article 435, sentence 1 letter b) CRR</p>	<p>c)</p>	<p><i>As part of the information on the structure and organization of the risk management function in accordance with Article 435(1)(b) CRR, the structure and organization of the credit risk management and control function are explained.</i></p> <p>Reference is made to Table 1 "Institution's risk management approach – EU OVA table," line b).</p>



Disclosure report as of December 31,
2023

<p>Article 435(1)(b) CRR (1)(b) CRR</p>	<p>d)</p>	<p><i>As part of the information on responsibilities, statutes, and other procedures for the risk management function in accordance with Article 435(1)(b) CRR, the relationships between the credit risk management, risk control, compliance, and internal audit functions are explained.</i></p> <p>In addition to the information provided in line a), responsibilities in credit risk management are structured according to the three lines of defense model. Business is initiated by the market division. After a (positive) second vote by the back office, monitoring at the individual exposure and portfolio level is carried out by risk control. The third line of defense is provided by the internal audit department, which, as part of its ongoing audit activities, checks the internal credit processes for correctness, regularity, appropriateness, and cost-effectiveness as part of its ongoing audit activities.</p>
---	-----------	---

4.4 Market price risk

The following table describes the objectives and policies of market risk management in accordance with Article 435(1).



Disclosure report as of December 31,
2023

**Table 12: Qualitative disclosure requirements in relation to market risk –
EU MRA table**

Legal basis	Row	Disclosures
<p>Article 435(1)(a) and (d) CRR paragraph 1 letters a) and d) CRR</p>	<p>a</p>	<p><i>Description of the institution's market risk management strategies and processes.</i></p> <p>In general, MB understands market price risks to be all risks resulting from changes in the market price of a financial instrument over a certain period of time. Depending on the influencing parameters, a distinction is made between share price risk, interest rate risk, and currency risk. Share price risk refers to the risk arising from changes in the price of shares. Interest rate risk is the risk of a reduction in the present value of an interest rate-sensitive financial instrument induced by changes in market interest rates. Exchange rate risk is the risk of a loss due to unfavorable exchange rate movements. The risk strategy for identifying, managing, and monitoring market price risks is part of MB's integrated business and risk strategy. Since all transactions and business are conducted in euros, MB does not incur any currency risks. Interest rate risks play only a minor role at MB. The balances of third-party banks and customers are demand deposit accounts. Correspondingly, MB's lending business consists mainly of balances with the Deutsche Bundesbank. Risks of market value changes in interest-bearing products due to changes in the market interest rate environment are therefore limited. Furthermore, no trading book transactions subject to market price risk were contracted as of the balance sheet date. MB is considered a non-trading book institution. MB is therefore not exposed to any significant market price risks. The monitoring, measurement, and communication of market price risks is the responsibility of the bank's risk management department.</p>



Disclosure report as of December 31,
2023

<p>Article 435, paragraph 1 letter b) CRR</p>	<p>b</p>	<p><i>A description of the structure and organization of the market risk management function, including a description of the structure created to implement the institution's strategies and processes described in (a) for market risk management, which provides information on the relationships and communication mechanisms between the various areas involved in market risk management.</i></p> <p>MB's risk strategy and other guidelines are reviewed at least once a year to make sure they're in line with the bank's current business focus, the economic situation, and its capital and liquidity position. The resulting risk capital requirement is provided as a limit for market price risk, taking into account the available risk coverage and the bank's risk-bearing capacity. In the absence of trading book or currency positions at MB as of the current reporting date, there is no need to maintain a limit or monitoring system or associated internal control and steering procedures.</p> <p>currency positions in the MB as of the current reporting date, there is no need to maintain a limit or monitoring system or associated internal control and communication mechanisms.</p>
<p>Article 435, sentence 1 letter c) CRR</p>	<p>c</p>	<p><i>Scope and nature of risk reporting and measurement systems.</i></p> <p>Due to the absence of trading book and currency positions in the MB as of the reporting date, disclosure pursuant to Article 435(1)(b) CRR is not applicable.</p>

4.5 Operational risk

Article 4(1)(52) defines operational risk as the risk of loss resulting from inadequate or failed internal processes, people, systems, or external events, including legal risks. In accordance with the Minimum Requirements for Risk Management (MaRisk), operational risk must always be regarded as a material risk and, as such, must be integrated into the bank's risk-bearing capacity calculation.



**Disclosure report as of December 31,
2023**

MB uses the "basic indicator approach" in accordance with Article 315 CRR to determine the capital requirement for operational risks. The basis for calculation in this method is the three-year average of the "relevant indicator," which at MB is essentially derived from net interest and commission income and other operating income per calendar year. The three-year average of this relevant indicator is multiplied by 15% to calculate the capital requirement.

Operational risks are taken into account at MB to the extent that they are minimized through appropriate control measures. This applies in particular to structural and procedural organizational measures within the framework of MB's internal control system. In order to minimize losses due to non-compliance or incorrect compliance with a process, organizational measures are regularly reviewed with regard to regulatory requirements and their practical implementation. In its written rules and regulations (SfO), MB has established rules on competences, responsibilities, guidelines, and work instructions to ensure effective corporate governance. Risks in the area of human resources are reduced through additional training and further education measures. Other potential damages are mitigated through appropriate outsourcing and insurance contracts.

The following table contains qualitative information on operational risk and describes the risk management objectives and policy.



Disclosure report as of December 31,
2023

Table 13: Qualitative information on operational risk – EU ORA table

Legal basis	Row	Information
<p>Article 435, paragraph 1 letters a), b), c) and d) CRR</p>	<p>a)</p>	<p><i>Disclosure of risk management objectives and policies</i></p> <p>The operational risk strategy is part of MB's integrated business and risk strategy and was revised at the end of 2023 in light of the bank's current business orientation, the economic situation, and its capital and liquidity position. The resulting risk capital requirement was provided as a limit for this type of risk, taking into account the available risk coverage and the bank's risk-bearing capacity. Risk management continuously reviews whether the risk capital provided (loss limit) is sufficient to cover unexpected losses from operational risks. In addition to the risk report, this is also part of a monthly report to the management.</p> <p>The risk potential is assessed by risk management as part of the annual risk inventory. The results are presented to the management.</p> <p>In addition to being involved in assessing the risk potential, risk management is also responsible for reporting losses incurred from operational risks. For this purpose, MB uses a database in which damages exceeding a defined amount must be recorded. A damage is a financial loss directly related to the operational risk. Significant damage cases are then immediately analyzed with regard to their causes and, if necessary or possible, measures are taken to prevent such damage occurring in the future.</p>
<p>Article 446 CRR</p>	<p>b)</p>	<p><i>Disclosure of procedures for assessing minimum capital requirements</i></p> <p>The regulatory capital requirement for operational risk risk at MB is determined using the Basic Indicator Approach in accordance with Article 315 CRR.</p>



Disclosure report as of December 31,
2023

Article 446 CRR	c)	<i>Description of the advanced measurement approach (AMA) used</i> Not applicable.
Article 454 CRR	d)	<i>Risk mitigation through insurance in the advanced measurement approach</i> Not applicable.

4.6 Liquidity risk

Liquidity or refinancing risk refers to the risk of not being able to obtain the funds required to settle maturities at a future date (or not being able to do so on time). As MB only uses equity financing and no debt financing for maturity transformation, the financing risk is relatively low. No maturity transformation has been carried out in the original lending business to date. Demand deposits are accepted and daily maturing balances are invested. In addition to the working capital provided, MB has sufficient liquid funds at its disposal to avoid payment difficulties.

In addition, there is a fundamental funding risk, which the bank defines as the risk that the parent company will not be able to provide sufficient liquidity in its account to execute transactions. As a result, no income can be generated from the transactions. The risk therefore has no direct impact on the bank's actual liquidity position.

The following table describes the qualitative information on liquidity risk management.



Disclosure report as of December 31,
2023

Table 14: Qualitative information on liquidity risk management – EU LIQA table

Row	Information
<p>a) <i>Strategies and processes in liquidity risk management, including strategies for diversifying the sources and maturities of planned financing</i></p>	<p>Liquidity risk management aims to ensure that the institution is able to meet all of its payment obligations at all times. The risk strategy for identifying, managing, and monitoring liquidity risks is part of MB's integrated business and risk strategy. In addition, there are further guidelines from the Risk Management department that deal with liquidity planning and liquidity management. MB's risk strategy and further guidelines are subject to at least one annual review with regard to the current business orientation, the economic situation, and the bank's liquidity situation.</p> <p>MB's business model is essentially based on the execution of payment services, which are processed via deposits from third-party banks.</p> <p>Deposits received are mainly held at the Bundesbank. In this respect, even immediate withdrawal of funds possible at any time, even in stressful situations.</p>
<p>b) <i>Structure and organization of the liquidity risk management function (responsibilities, statutes, other procedures)</i></p>	<p>Risk management is responsible for monitoring liquidity risk. Various monitoring mechanisms have been put in place to perform this task adequately and initiate countermeasures in a timely manner. From a regulatory perspective, MB monitors liquidity risk using the regularly reported LCR (liquidity coverage ratio) and NSFR (net stable funding ratio) key figures, as well as three liquidity stress scenarios developed in-house. Due to the Bank's business orientation as described in line a), no further liquidity management procedures are specified at MB. As part of the risk report, liquidity risk, including forecasts (in the form of the LCR and NSFR ratios), is reported to the management on a quarterly basis.</p> <p>In addition, the current and future liquidity (risk) situation is discussed at the monthly Asset & Liability Committee meeting.</p>



Disclosure report as of December 31,
2023

		future liquidity (risk) situation is discussed with the management .
c)	<i>A description of the degree of centralization of liquidity management and the interaction between the Group's entities</i>	Operational liquidity control and liquidity risk management are carried out centrally at the level of Middle East Bank, Munich Branch.
d)	<i>Scope and nature of risk reporting and measurement systems</i>	In addition to the information on liquidity risks contained in the risk report, MB's management receives a monthly report that includes, among other things, key liquidity risk-related indicators (in particular LCR and NSFR). key liquidity risk-related indicators (in particular LCR and NSFR).
e)	<i>Guidelines for liquidity risk hedging and mitigation and the strategies and procedures for monitoring the ongoing effectiveness of the measures taken to hedge and mitigate risk</i>	The management, including risk mitigation and monitoring of liquidity risk, is carried out in accordance with the Bank's guidelines listed above.
f)	<i>An overview of the Bank's contingency funding plans</i>	Risk management has created a liquidity contingency plan This contains a definitive list of potential sources of liquidity.
g)	<i>An explanation of how stress tests are used</i>	MB calculates a liquidity stress test under extreme conditions (adverse scenario). In this scenario, it is assumed that all significant sources of income and all deposits from customers and credit institutions will flow out ad hoc while costs remain constant. Even under these extreme stress conditions, MB would still be viable from a liquidity perspective over a time horizon of more than two years. .



Disclosure report as of December 31, 2023

h)	<p><i>A statement adopted by the management body on the adequacy of the institution's liquidity risk management procedures, ensuring that the liquidity risk management systems in place are appropriate to the institution's profile and strategy.</i></p>	<p>The adequacy of liquidity risk management is ensured by the management as part of the annual review of the risk strategy.</p>
i)	<p><i>A concise liquidity risk statement approved by the management body, briefly describing the institution's overall liquidity risk profile associated with its business strategy</i></p>	<p>The liquidity risk strategy is part of MB's integrated business and risk strategy. At the end of 2023, this was revised in line with the bank's current business orientation, the economic situation, and its liquidity position.</p>

The minimum requirements for the liquidity coverage ratio (LCR) are set out in Part 6 of the CRR. According to Article 412(1) CRR, institutions must have liquid assets whose total value at least covers liquidity outflows minus liquidity inflows under stress conditions to ensure that they have adequate liquidity buffers to cope with a possible imbalance between liquidity inflows and outflows under conditions of severe stress for 30 days. In addition to the LCR, the NSFR was developed to establish minimum requirements for structural changes in the liquidity risk profile of banks. In contrast to the LCR, this measure requires a minimum amount of stable refinancing over a time horizon of up to one year, which covers the maturity-matched liquidity required for corresponding transactions. The requirements for this ratio are met if the stock of refinancing funds with a reliable availability of at least one year is greater than the refinancing requirements of long-term asset transactions. In the course of the initial application of the provisions of CRR II, which is the amendment to CRR I,



**Disclosure report as of December 31,
2023**

The NSFR regulations have been applicable and must be complied with since June 28, 2021. For a presentation of the LCR and NSFR ratios relevant to the disclosure period, please refer to the information in Table 10.

5 Disclosure of remuneration policy ()

5.1 Qualitative information on remuneration policy

MB is subject to EU-wide and national requirements regarding the appropriateness of its remuneration systems. In addition to the remuneration-related provisions of the CRR, it must apply selected provisions of the KWG and the Institutional Remuneration Regulation. As part of the disclosure requirements, MB must publish specified information on its remuneration policy on an annual basis.

For persons who influence the bank's risk profile through their activities (so-called "Risk Taker"), the scope of the remuneration disclosures is based on Article 433c CRR in conjunction with Article 450(1)(a) to (d) and (h) to (k) CRR. In addition, as a non-significant institution pursuant to Section 1 (3c) KWG, MB must disclose cumulative quantitative remuneration data for all employees (Section 16 (2) InstitutsVergV).



Disclosure report as of December 31,
2023

Table 15: Remuneration policy – EU REMA table

Qualitative information	
	<p><i>Information on the decision-making process leading to the determination of the remuneration policy and information on the bodies responsible for remuneration supervision</i></p> <p>The business activities of MB are inherently risky. The conscious assumption, active management, and ongoing monitoring of risks are core elements of business and risk management. The relevant business and risk strategy is set out in the business and risk strategy. The compensation strategy is linked to the business and risk strategy defined by the Executive Board and provides the framework for the design of the compensation systems. It describes the connection between the business and risk strategy and the contribution that the compensation instruments and processes make to its successful implementation. The remuneration parameters applied take appropriate account of the risks incurred.</p> <p>The remuneration strategy sets out the principles for remuneration systems that are</p> <p>a) appropriate, transparent, gender-neutral, and geared toward the sustainable development of MB. If the remuneration systems provide for variable remuneration elements, these are designed in such a way that the achievement of the targeted goals is incentivized, but inappropriate risk incentives are excluded and only sustainable success and performance bases are used to set variable incentives. Variable remuneration at MB is performance- and market-oriented and meets regulatory requirements.</p> <p>There are clear responsibilities for determining the overall remuneration policy, designing the remuneration systems, and setting remuneration amounts: The Supervisory Board decides on the remuneration system and the remuneration of the members of the Management Board. The Management Board, in turn, is responsible for designing and implementing the remuneration system for employees. The principles of the employee remuneration system are laid down in written rules and are regularly reviewed to ensure they are appropriate.</p>
	<p><i>Relationship between employee remuneration and performance</i></p> <p>MB is a non-significant institution within the meaning of Section 1 (3c) of the German Banking Act (KWG). With the entry into force of the Risk Reduction Act of December 14, 2020, it must identify employees whose activities have an impact on the institution's risk profile (risk takers) from 2021 onwards. The criteria for identifying risk takers are set out in Section 1 (21) KWG in conjunction with Section 25a (5b) sentence 1 KWG. In addition to the function performed and the hierarchical classification, the amount of individual total remuneration is also taken into account</p> <p>b) . The determination is updated annually. In the management board, a total of</p>



Disclosure report as of December 31,
2023

	<p>Four individuals are classified as risk takers. This includes two members of the management team. The special requirements of the InstitutsVergV (German Remuneration Regulation for Credit Institutions) regarding risk taker remuneration do not apply. While separate remuneration systems exist for managers, uniform remuneration systems generally apply to employees , i.e., without any special provisions for risk takers.</p>
c)	<p><i>Description of the most important features of the remuneration system</i></p> <p>Managers and employees receive a fixed basic remuneration, the amount of which is based on the requirements of the position held and the market remuneration. The underlying job evaluations are reviewed regularly as part of the annual personnel planning process. In addition, the bank may grant special remuneration elements in individual cases: allowances are paid to reward the assumption of special tasks or permanent additional workloads. In comparable cases, these allowances are granted and calculated independently of discretion to all employees concerned on the basis of a uniform institution-wide regulation. Severance payments are remuneration payments made in connection with the premature termination of employment. The Bank has established material principles for determining severance payments and a framework concept for determining and approving severance payments. In justified individual cases, the bank grants retention bonuses to retain employees who are particularly critical to its success.</p>
d)	<p><i>The values specified in accordance with Article 94(1)(g) CRD for the ratio between the fixed and variable components of remuneration.</i></p> <p>Total remuneration generally consists of fixed and, for the management, additional variable salary components. The upper limit of the variable component is based on Section 25a (5) KWG in conjunction with Section 6 InstitutsVergV and generally amounts to a maximum of 100% of the fixed remuneration.</p>

5.2 Quantitative information on the remuneration policy of

In addition to the above qualitative information on remuneration systems pursuant to Article 450(1)(a) to (d) CRR, MB publishes further quantitative remuneration indicators pursuant to Article 450(1)(h) to (k) CRR. The requirements of Article 17 of Implementing Regulation (EU) 2021/637 of March 15, 2021, regarding the content to be disclosed and its presentation are applied. The remuneration information relates to the 2022 financial year (all figures in TEUR). Due to the assumption of the



Disclosure report as of December 31,
2023

supervisory function by MB's head office, no quantitative information on the remuneration of the persons concerned is provided.

Table 16: Remuneration granted for the financial year – EU REM1 table

		a	b	c	d	
		Management body - Supervisory board	Management body - Executive board Management	Other members of the management	Other identified employees	
1	Fixed remuneration	Number of identified employees	0	2		2
2		Total fixed remuneration	0	467		221
3		Of which: monetary compensation	0	467		221
4		(Not applicable in the EU)				
EU-4 a		Of which: shares or equivalent interests	0	0		0
5		Of which: instruments linked to shares or equivalent non-cash instruments	0	0		0
EU-5x		Of which: other instruments	0	0		0
6		(Not applicable in the EU)				
7		Of which: other items	0	0		0
8	(Not applicable in the EU)					
9	Variable remuneration	Number of identified employees	0	0		0
10		Total variable compensation	0	0		0
11		Of which: monetary compensation	0	0		0
12		Of which: retained	0	0		0
EU-13a		Of which: shares or equivalent holdings	0	0		0
EU-14a		Of which: retained	0	0		0
EU-13b		Of which: instruments linked to shares or equivalent non-cash instruments	0	0		0
EU-14b		Of which: retained	0	0		0
EU-14x	Of which: other instruments	0	0		0	



Disclosure report as of December 31,
2023

EU-14y		Of which: retained	0	0		0
15		Of which: other items	0	0		0
16		Of which: retained	0	0		0
17		Total remuneration (2 + 10)	0	467		221

Table 17: Supplementary information pursuant to Section 16 (2) InstitutsVergV

Information	Value
Total amount of all remuneration for the financial year (TEUR)	1,151
Of which fixed (TEUR)	1,151
Of which variable (TEUR)	0
Number of beneficiaries of variable remuneration	0



Disclosure report as of December 31,
2023

Table 18: Special payments to employees whose professional activities have a material impact on the institution's risk profile (identified employees) – EU REM2 table

	a	b	c	d
	Management body - Supervisory board	Management body - Executive Board	Other members of the management Other identified employees	Other identified employees
Guaranteed variable remuneration – total amount				
1	Guaranteed variable remuneration granted - Number of identified employees	0	0	0
2	Guaranteed variable remuneration granted - Total amount	0	0	0
3	Of which: guaranteed variable compensation paid during the fiscal year that is not subject to the cap on bonus payments	0	0	0
Severance payments granted in previous periods and paid during the fiscal year				
4	Severance payments granted in previous periods and paid during the fiscal year – Number of employees identified	0	0	0
5	Severance payments granted in previous periods but paid during the fiscal year - Total amount	0	0	0
Severance payments granted during the fiscal year				
6	Severance payments granted during the financial year - Number of employees identified	0	0	0
7	Severance payments granted during the fiscal year Severance payments - Total amount	0	0	0
8	Of which: during the fiscal year paid	0	0	0
9	Of which: retained	0	0	0
10	Of which: severance payments made during the fiscal year that are not based on	0	0	0

	the upper limit for bonus payments is applied				
11	Of which : highest severance payment granted to an employee	0	0	0	0

Table 19: Retained remuneration – Table REM3

		a	b	c	d	e	f	g	h
1	Management body – supervisory function	Total amount of remuneration granted for previous periods of service and retained							
		Of which: to be received in the fiscal year							
		Of which: to be received in subsequent fiscal years							
		Amount of benefit adjustments made during the fiscal year to retained remuneration to be received during the fiscal year							
		Amount of performance adjustments made in the financial year to remuneration retained and to be received in future annual performance periods							
		Total amount of adjustments during the financial year due to subsequent implicit adjustments (such as changes in value attributable to changes in the prices of the instruments concerned)							
		Total amount of remuneration granted before the financial year and retained, which was actually paid during the financial year							
		Total amount of remuneration granted and retained for previous performance periods that has been earned but is subject to vesting periods							
		2	Monetary compensation	0	0	0	0	0	0
3	Shares or equivalent investments	0	0	0	0	0	0	0	0



Disclosure report as of December 31,
2023

4	Equity-linked instruments or equivalent non-cash instruments	0	0	0	0	0	0	0	0
5	Other instruments	0	0	0	0	0	0	0	0
6	Other forms	0	0	0	0	0	0	0	0
7	Governing body - Executive Board								
8	Monetary compensation Remuneration	0	0	0	0	0	0	0	0
9	Shares or equivalent investments	0	0	0	0	0	0	0	0
10	Equity-linked instruments or equivalent non-cash-settled instruments	0	0	0	0	0	0	0	0
11	Other instruments	0	0	0	0	0	0	0	0
12	Other forms	0	0	0	0	0	0	0	0
13	Other members of management								
14	Monetary compensation	0	0	0	0	0	0	0	0
15	Shares or equivalent investments	0	0	0	0	0	0	0	0
16	Instruments linked to shares or equivalent	0	0	0	0	0	0	0	0



Disclosure report as of December 31,
2023

	Non-cash instruments								
17	Other instruments	0	0	0	0	0	0	0	0
18	Other forms	0	0	0	0	0	0	0	0
19	Other identified employees								
20	Monetary compensation	0	0	0	0	0	0	0	0
21	Shares or equivalent investments	0	0	0	0	0	0	0	0
22	Instruments linked to shares or equivalent non-cash instruments	0	0	0	0	0	0	0	0
23	Other instruments	0	0	0	0	0	0	0	0
24	Other forms	0	0	0	0	0	0	0	0
25	Total								



Disclosure report as of December 31,
2023

Table 20: Remuneration of EUR 1 million or more per year – EU REM4 table

		a
	EUR	Identified employees who receive high income within the meaning of Article 450(1)(i) CRR
1	EUR 1,000,000 to less than EUR 1,500,000	0
2	1,500,000 to less than 2,000,000	0
3	2,000,000 to less than 2,500,000	0
4	2,500,000 to less than 3,000,000	0
5	3,000,000 to less than 3,500,000	0
6	3,500,000 to less than 4,000,000	0
7	4,000,000 to less than 4,500,000	0
8	4,500,000 to less than 5,000,000	0

Table 21: Information on the remuneration of employees whose professional activities have a material impact on the institution's risk profile (identified employees) – EU REM5 table

		a	b	c	d-i	j
		Remuneration of management bodies			Business areas	-
		Management body - Supervisory function	Management body - Management function	Total Management body	All business areas	Total
1	Total number of employees identified employees					4
2	Of which: members of the management body	0	2	2		
3	Of which: other members of the management board				0	
4	Of which: other identified employees				2	



Disclosure report as of December 31,
2023

5	Total compensation of identified employees	0	467	467	221	
6	Of which: variable remuneration compensation	0	0	0	0	
7	Of which: fixed remuneration	0	467	467	221	