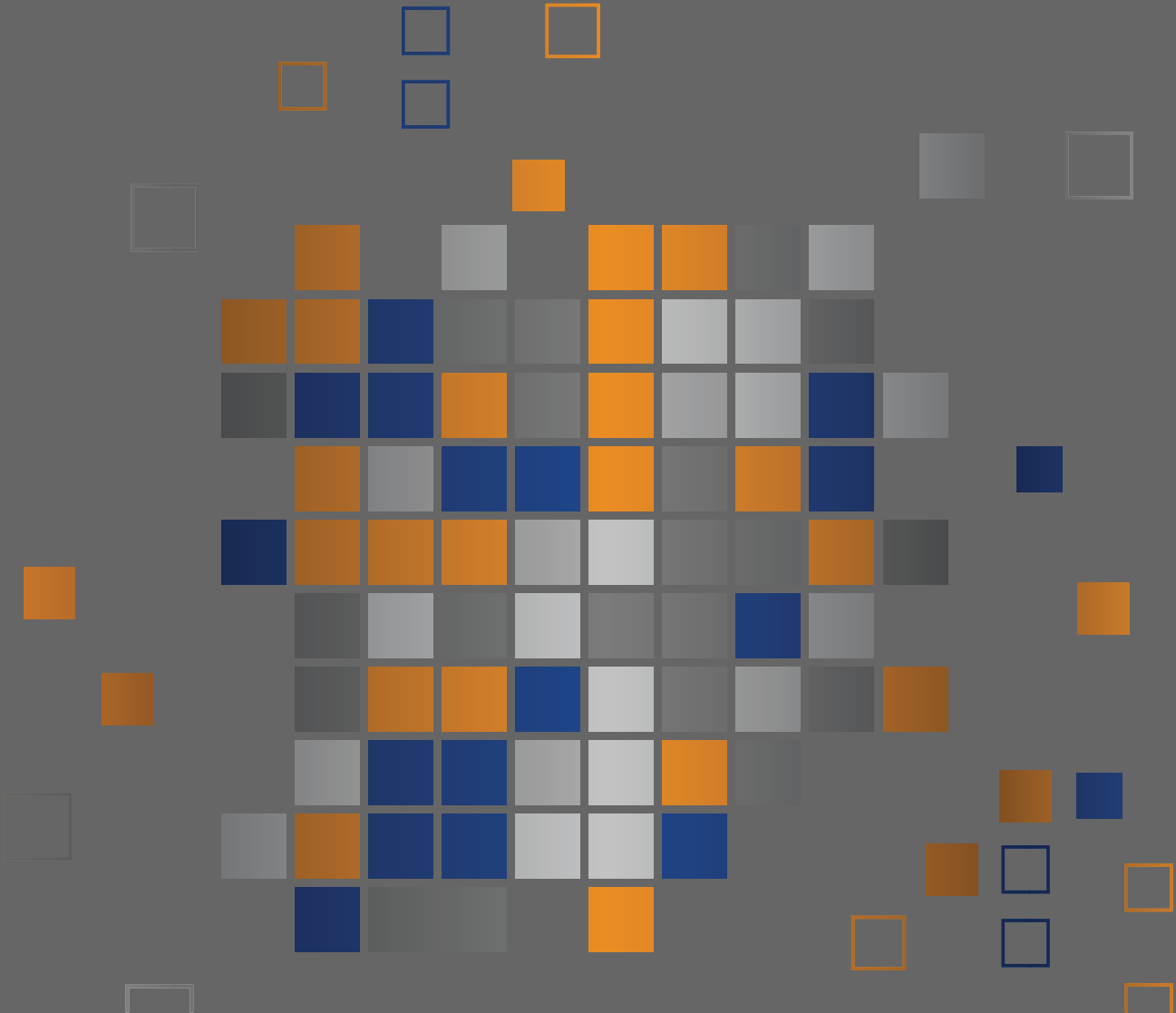




# ANNUAL REPORT

FOR THE YEAR ENDED  
MARCH 20,

**2022**





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بانک خاورمیانه  
Middle East Bank



# ANNUAL REPORT

FOR THE YEAR ENDED MARCH 20, 2022



# FINANCIAL HIGHLIGHTS

Table 1. Financial Highlights\*

IRR million

	2022	2021	2020	2019	2018
Outstanding Loans	355,437,369	239,995,924	117,637,578	95,535,206	67,821,271
Deposits	400,154,034	332,889,739	174,239,120	115,839,970	78,082,825
Total Assets	524,789,037	402,991,021	207,969,810	138,429,480	95,272,293
Net Profit	20,578,075	16,626,701	8,647,669	6,397,297	2,454,063
Basic EPS	823	1,108	865	914	499
Guarantees	124,570,656	92,753,012	54,040,606	38,739,992	27,939,617
Letter of Credit	3,066,333	1,144,390	5,228,882	6,145,322	4,971,119
Shareholders' Equity	55,865,646	37,829,118	21,623,574	14,204,872	8,923,780
Capital Adequacy Ratio	13.51%	12.08%	12.78%	8.92%	9.10%

\*Selected Financial Data for Fiscal Years ending 2018 through 2022

This is the annual report of the Middle East Bank (“MEB”, “we”, “our”, “us” or “the Bank”), domiciled in Tehran, Iran. The report covers the Iranian calendar year 1400, spanning from Mar. 20, 2021 to Mar. 20, 2022, which in the report we may interchangeably refer to as “1400”, “the year ended Mar. 20, 2022”, “the fiscal year ending Mar. 20, 2022” or “the Iranian year ending Mar. 20, 2022”.

**The first chapter** (“Executive Summary”) includes a brief overview of the Bank, followed by a message from our Chairman discussing recent events and developments for the year under review. In this chapter we also outline key financial highlights, balance sheet overview and supplementary financial tables.

**The second chapter** (“Corporate Overview”) describes the Bank’s corporate governance structure, financial and trust building strategies, our competitive environment, shareholders, human capital, information technology and a brief description of our subsidiaries and affiliated companies.

**In the third chapter** (“Business Segment Operations”) we discuss our front-line business operations, and the products and services we offer. These include Checking, Savings and Deposits, Corporate Credit, International Banking Services and Investment Banking.

**The fourth chapter** (“Managing Risk”) is dedicated to our risk management and compliance activities. Here, we discuss the Bank’s risk management governance and the management of strategic risk, compliance risk, credit risk, market risk, operational risk, capital adequacy and liquidity risk.

**In the last chapter** (“Auditor’s Report and Audited Financial Statements”), the Independent Auditor’s Report and the Bank’s financial statements with supplementary notes are provided.

**Note:**

At the date of this report, Mar. 20, 2022, according to the official exchange rate published by the Central Bank of Iran, IRR1 million was equivalent to €4.5 (IRR1 billion = €4,545)



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# 1. EXECUTIVE SUMMARY

## 1-1. Overview

Founded in 2012 and headquartered in Tehran, the Middle East Bank ("MEB") defines itself primarily as a corporate bank. Our business strategy is centered on providing financing and investment solutions to small and medium-sized enterprises, corporations and high net-worth individuals. Rather than focusing on proliferation of branches, we seek to leverage on our unparalleled domestic position in customer service and technology to deliver our services to clients across the country, often

through online banking and distance banking. Thanks to a dedicated management team, combined with a highly skilled and motivated workforce, we have during a relatively short time-period following the Bank's inception managed to establish ourselves as one of the safest and most profitable banks in Iran. Officially incorporated at the Companies Registrar Office of Tehran with registration number 430795, the Bank is listed on the Tehran Stock Exchange (TSE) under the ticker "vkhavar".

## 1-2. Message from the Chairman

The difficult conditions of the Country's economy and business activities persisted through the year 1400 (starting Mar. 21, 2021). Lingering economic sanctions, restrictions on international relations and continuation of Covid pandemic were among the impediments to a bright market prospect. Change of Administration and adoption of new economic policies affected the country's banking industry. In the meantime, Continuity of multiple exchange rates, violent FX market fluctuations and elevated market uncertainty deteriorated the conditions.

In the year 1400, the overall value added in the economy of the country was about IRR65,263 thousand billion. On the demand side, the private and public sectors spending in 1400, at the constant prices, experienced 3.9% and 8.3% growth respectively. Overall, it can be said that the positive growth in 1400 was due to service sector recovery from negative impacts of Coronavirus pandemic as well as notable growth of oil sector exports.

During the first 9-month of 1400, oil exports, with a remarkable growth of 91.2% over the same period of the previous year, reached USD27.9 billion while non-oil exports had a 43.2% growth over the same period of the

previous year reaching USD28.1 billion. Import of goods grew by 34.2% over the same period of the previous year to reach USD44.2 billion resulting in a negative trade balance of total USD2.2 billion.

Based on the current statistics, on February 19 the money market witnessed 33.2% growth in monetary base comparing the similar period of previous year and a growth of 26.6% over the beginning of the year. The main cause of monetary base growth during the first 11-month of 1400 (February 19), was net growth of CBI "other items" resulting from buying back the Government's debt securities in secondary market (with a 16.3% share), growth of CBI receivables from banks (with a 15% share of total growth) and net growth of CBI foreign assets (with a 7.7% share) arising from Rial devaluation, and Government borrowing from the National Development Fund (in FX) and receiving its Rial equivalent from CBI and also increase of the Government's oil export revenues. In this period, the Government's debts to CBI, IRR1,493.3 thousand billion on Mar. 20, 2021, increased by 42% to reach IRR2,119.8 thousand billion on Feb. 19, 2022. But the 69.5% growth of Government deposits with CBI resulted in reduction of CBI's net receivables from the Government, leading to a

negative 12.4% contribution of this monetary variable to the growth of monetary base. On Feb. 19, 2022), money supply reached IRR46,240 thousand billion, reflecting 39.7% point-to-point growth, which is much higher than the long-term pace of this variable. In that period, point-to-point growth of money supply amounted to 40.5% and that of near-money reached 39.5%. Pursuant to the rising inflation in 1399, the annual inflation kept its upward trend until mid-1400, ascending from 36.4% on Mar. 20, 2021 to 45.8% on Sep. 22, 2021. In the second half of year 1400, this direction started declining to decrease by 5.6% and reached 40.2% by the end of 1400.

In such circumstances and amid economic turmoil, the Middle East Bank, committed to its professional ethics and code of conducts on transparency, maintaining its valuable customers and increasing facility extension to them, could successfully go through the crisis, which is reflected in the Bank's financial statements. We were able, same as previous years, to maintain our profitability in this year too and recorded an after-tax profit of IRR20,578 billion, 24% higher than the previous year. Getting the approval for a capital increase for the Bank, already approved by the general assembly, the Bank's capital amounted to IRR25 thousand billion. The increase was made, using retained earnings, to enhance granting facilities to active, generating and successful firms. In the current year too, as approved by the shareholders, IRR10 thousand billion of the retained earnings shall go to capital increase, to elevate the Bank's capital to IRR35 thousand billion.

Our focus at the Middle East Bank is on paying close attention to, and assuming social responsibility against,

businesses active in trade and commerce and we endeavor to assist them with their working capital and try, in line with guidelines of the Central bank, to soften their loan repayment conditions. In addition, with regard to the interest-free facilities, with due regard to the CBI guidelines, we were mindful of rescheduling the loans. We also endeavored to develop the international transaction methods and keep the existing channels active, particularly for provision of basic and humanitarian goods.

Throughout the year 1400, the Bank's board of directors put the corporate governance mechanism, as one of the main tasks and missions of the board of directors high in its agenda in order to improve the directing procedures, risk management and the compliance and internal controls.

The Middle East Bank as a leading bank in offering banking services on electronic platforms, having received the permissions from CBI, is a front runner in digital banking field.

It is worth mentioning that the achievements are results of trust of the distinguished customers, support of esteemed shareholders and unrelenting efforts of the managers and my colleagues in the Middle East Bank. I hope continuity of efforts, provide the Bank with a future brighter than before.

At the end, I find it necessary to wholeheartedly appreciate the sincere and prudent cooperation of the distinguished board of directors and earnest efforts of executive board, managers and my dear colleagues, in particular the respected Managing director, Dr. Aghili.

**Gholamali Kamyab**

## 1-3. Financial and Operational Performance

A summary of the Bank's financial and operational performance in 2020 until 2022 is given below.

### ■ Principal Items of Statement of Financial Position

The principal items and brief explanation of some items are given below:

Table 2. Principal items of statement of financial position

Description	Mar. 20, 2022	percentage of total	Increase (Decrease) percent	Mar. 20, 2021	percentage of total	Increase (Decrease) percent	Mar. 19, 2020	percentage of total
	IRR million			IRR million			IRR million	
<b>A) Assets</b>								
Cash	33,490,443	6	(5)	35,327,130	9	61	21,931,318	11
Due from banks and financial institutions	38,444,733	7	(9)	42,279,997	10	126	18,749,025	9
Credit facilities granted	355,437,367	68	48	239,995,924	60	104	117,637,578	57
Investments	46,228,567	9	(6)	49,211,785	12	76	27,968,817	13
Fixed assets	5,836,064	1	40	4,157,632	1	3	4,045,815	2
Statutory deposit	27,154,220	5	27	21,340,048	5	93	11,047,915	5
Other Assets	18,197,643	3	70	10,678,505	3	62	6,589,342	3
<b>Total assets</b>	<b>524,789,037</b>	<b>100</b>	<b>30</b>	<b>402,991,021</b>	<b>100</b>	<b>94</b>	<b>207,969,810</b>	<b>100</b>
<b>B) Liabilities</b>								
Customers' deposits	400,154,034	76	20	332,889,739	83	91	174,239,120	84
Due to banks and financial institutions	50,528,563	10	288	13,020,497	3	742	1,547,290	1
Other liabilities	18,240,794	3	(5)	19,251,667	5	82	10,559,826	5
<b>Total liabilities</b>	<b>468,923,391</b>	<b>89</b>	<b>28</b>	<b>365,161,903</b>	<b>91</b>	<b>96</b>	<b>186,346,236</b>	<b>90</b>
<b>C) Shareholders' equity</b>								
Share capital	25,000,000	5	67	15,000,000	4	50	10,000,000	5
Other reserves	-	-	-	-	-	-	-	-
Foreign exchange translation differences for foreign operations	2,090,564	0	28	1,632,111	-	2,964	53,268	0
Retained earnings and legal reserve	28,775,082	5	36	21,197,007	5	83	11,570,306	6
<b>Total shareholders' equity</b>	<b>55,865,646</b>	<b>11</b>	<b>48</b>	<b>37,829,118</b>	<b>9</b>	<b>75</b>	<b>21,623,574</b>	<b>10</b>
<b>Total liabilities and shareholders' equity</b>	<b>524,789,037</b>	<b>100</b>	<b>30</b>	<b>402,991,021</b>	<b>100</b>	<b>94</b>	<b>207,969,810</b>	<b>100</b>
<b>D) Customers' commitments:</b>								
Letter of credit	3,066,333	2	168	1,144,390	1	(78)	5,228,882	8
Guarantees issued	124,570,656	93	34	92,753,012	86	72	54,040,606	86
Other commitments	6,410,005	5	85	3,457,017	3	2	3,382,866	5
Managed funds	-	0	(100)	10,474,848	10	25,644	40,688	0

### ■ Credit Facilities Granted

The total amount of credit facilities granted include IRR229,373 billion facilities and IRR126,063 billion is related to foreign currency loans, which experienced 58% and 33% increase in comparison with the previous year. The balance of facilities comprises 68% of total assets, pointing to the Bank's intent to play its financial

intermediary role. On the other hand, by monitoring and controlling customers' financial status, the NPL ratio of 1.57% at the year-end shows that the Bank didn't forego precision and quality for the sake of growth.

### ■ Investments

Out of IRR46,229 billion of the Bank's investment, IRR44,019 billion is related to investment in bonds which

have been acquired for liquidity management and risk mitigation purposes and IRR1,167 billion is pertaining to long-term investment in MEB Brokerage Co., MEB Currency Exchange Co., Dadeh Pardazan Simaye Aftab Co.(DSA), MEB Life Insurance Co. and The Instrument in Support of Trade Exchanges Co. (INSTEX).The amount of IRR1,043 billion It is related to investing in Mofid dedicated market making fund ,which has been done according to the letter of Tehran Stock Exchange Company No. 181/79674 dated 09/19/2020 in order to maintain capital stability and protect the rights of investors and shareholders.

## ■ Fixed Assets

The principal balance of the Bank's total fixed assets is related to its headquarter and branches' land and building, which has not significant enhancement at the end of 2022 compared to the end of previous year. The insignificant percentage of fixed assets compared to the total balance demonstrates the significance of investing resources in interest-bearing assets. Out of 16 branches

of Bank at the year-end, 11 are freeholds, and 5 are leaseholds.

## ■ Deposits

The Bank deposit with 20% growth compared to the previous year equals IRR400,154 billion. Rial deposits at the Year ended Mar. 20, 2022 has experienced a growth of 16% compared to the Year ended Mar. 20, 2021, Which is mainly for attracting short-term deposits, two-year deposits. According to the bank's capital increase from 15.000 billion to 25,000 billion , the ratio of deposits to the bank's capital has reached 16 times at the year ended Mar. 20, 2022 (if the capital increase is not taken into account, the mentioned ratio for the year ended Mar. 20, 2022 is equal to 26.68).

## ■ Principal Items of Income Statement

The principal items and brief explanation of some items are shown in the following table:

Table 3. Principal items of income statement

Description	Year ended	percentage	Increase	Year ended	percentage	Increase	Year ended	percentage
	Mar. 20, 2022	of total	(Decrease)	Mar. 20, 2021	of total	(Decrease)	Mar. 19, 2020	of total
	IRR million	income	percent	IRR million	income	percent	IRR million	income
<b>A) Income</b>								
Interest income on credit facilities granted and deposits	53,291,045	86	49	35,862,240	77	106	17,423,565	80
Net income (loss) from investment	1,837,632	3	30	1,412,767	3	282	369,448	2
Fees and commission income	2,953,555	5	69	1,748,992	4	94	900,741	4
Net foreign exchange transactions income	4,480,846	7	(42)	7,681,925	17	140	3,199,132	15
Other income	(255,050)	(0)	30	(195,982)	(0)	183	(69,270)	(0)
	11,018	0	(14)	12,873	0	(85)	83,762	0
<b>Total income</b>	<b>62,319,046</b>	<b>100</b>	<b>34</b>	<b>46,522,815</b>	<b>100</b>	<b>112</b>	<b>21,907,379</b>	<b>100</b>
<b>B) Expenses</b>								
Interest expenses	(35,226,702)	57	57	(22,416,790)	48	124	(10,020,316)	46
Administration and general expenses	(3,597,952)	6	35	(2,673,858)	6	71	(1,560,266)	7
Provision for bad and doubtful debts	(2,046,084)	3	(3)	(2,115,498)	5	442	(390,157)	2
Financial expenses	0	0	(100)	(198)	0	100	0	0
Depreciation and amortization	(495,913)	1	40	(353,125)	1	184	(124,464)	1
Other expenses	(374,320)	1	37	(272,686)	1	107	(132,012)	1
<b>Total expenses</b>	<b>(41,740,971)</b>	<b>67</b>	<b>50</b>	<b>(27,832,155)</b>	<b>60</b>	<b>128</b>	<b>(12,227,217)</b>	<b>56</b>
Profit before tax	20,578,075	33	10	18,690,660	40	93	9,680,160	44
Income tax	0	0	(100)	(2,063,959)	4	100	(1,032,491)	5
<b>Net income after tax</b>	<b>20,578,075</b>	<b>33</b>	<b>24</b>	<b>16,626,701</b>	<b>36</b>	<b>92</b>	<b>8,647,669</b>	<b>39</b>

## ■ Income

Interest income on credit facilities granted and deposits has grown by 49 percent Compared to the previous

year, On the other hand, it has a share 86% of the total bank's income. Of the amount of IRR38,329 billion in the income of the granted facilities, the amount of IRR30,449 billion was related to the income of the customer's Rial

facilities, and the rest IRR7,880 billion was related to the customer's foreign exchange facilities.

As shown in the table of income fluctuations of Rial facilities granted to customers based on volume and rate, The increase in the volume of facilities granted leads to an increase in revenue of IRR12,013 billion and On the other hand, the reduction of the effective rate of granted facilities has led to a decrease of IRR1,060 billion in the mentioned revenue and Finally, we have seen an increase of IRR10,952 billion in the income of Rial facilities in comparison to last year. The increase in the income of foreign exchange facilities in year ended Mar. 20, 2022 compared to the year ended Mar. 20, 2021 was mainly related to the increase in the exchange rate in accordance with the Central Bank sections.

## ■ Expenses

### ■ Interest Expense

The Middle East Bank, which started the last financial year with IRR314,858 billion, In Rial and foreign exchange resources, with using the existing capacities Succeeded increase the total available resources by 20.1% to IRR400,154 billion at the year ended Mar. 20, 2022.

Also, the average balance of bank's Rial deposits

have grown 37% during the year ended Mar. 20, 2022 compared to the previous financial year and it has reached IRR237,983 billion. It should be noted that the increase of IRR9,136 billion in the cost of interest paid to Rial deposits during the year ended Mar. 20, 2022 in comparison to the previous year, mainly as a result of the increase in the average balance of cost-generating deposits and after that, the increase in the average rate of absorption of these resources.

According to Islamic banking calculations at the end of 2022, Middle East Bank has IRR38,478 billion of payment deduction to the owners of investment deposits.

### ■ Provision for Bad and Doubtful Debts

The amount of doubtful debt during the year ended Mar. 20, 2022 is equivalent to IRR2,046 billion (IRR2,115 billion in the previous year). This amount includes IRR254 billion related to the specific provision for bad and doubtful debt (previous year IRR221 billion) and IRR1,792 billion are related to the general provision for bad and doubtful debt (previous year IRR1,895 billion).

Provisions for bad and doubtful debts are provided in accordance with the CBI's circular No. 99/220977 dated 01/10/2020.

## ■ Returns on Assets and Liabilities and Their Compatibility with Income Statement

Table 4. Returns on assets and liabilities and their compatibility with income statement

IRR million

Description	Year ended Mar. 20, 2021					
	Average balance	percentage of total	Projected return rate	Weighted return rate	Projected return	Actual return
	IRR million		percent	percent	IRR million	IRR million
<b>Cash</b>						
Cash	2,030,926	0.45%	0.00%	0.00%	-	-
Unencumbered current deposits	27,957,471	6.18%	0.00%	0.00%	-	13
Unencumbered term deposits-LCY	2,665	0.00%	2.84%	2.40%	76	64
Unencumbered term deposits-FCY	15,359	0.00%	7.54%	7.30%	1,158	1,121
Less: Banks and other financial institutions' balance in our accounts	-	0.00%				
<b>Due from banks and financial institutions</b>						
Current Deposits	15,848,427	3.50%	0.00%	0.01%	-	1,805
Term Deposits	79,167	0.02%	0.00%	0.00%	-	-
Inter banks deposits	25,778,818	5.70%	19.34%	19.45%	4,986,554	5,015,125
<b>Credit facilities granted</b>						
Credit facilities granted-LCY	178,313,691	39.43%	17.04%	17.08%	30,380,549	30,449,153
Credit facilities granted-FCY	104,932,276	23.21%	6.65%	7.51%	6,983,134	7,880,088
<b>Investments</b>						
Investment in listed shares	1,160	0.00%	0.00%	0.00%	-	-
Long-term Investment in unlisted shares	1,945,785	0.43%	97.30%	94.44%	1,893,249	1,837,632
Participating bonds	50,933,169	11.26%	18.53%	19.03%	9,436,082	9,690,364
Other accounts receivable	10,670,859	2.36%	0.00%	0.00%	-	-
Fixed assets	6,401,278	1.42%	0.00%	0.00%	-	-
Statutory deposit	25,603,152	5.66%	1.00%	1.00%	256,032	253,439
Other assets	1,677,944	0.37%	0.00%	0.00%	-	-
<b>Total assets</b>	<b>452,192,147</b>	<b>100%</b>				
<b>Due to banks and Financial Institutions</b>						
Current deposits	13,728,222	3.04%	0.00%	0.00%	-	-
Term deposits	-	0.00%	0.00%	0.00%	-	-
<b>Customers' current deposits</b>	<b>83,997,928</b>	<b>18.58%</b>	<b>0.00%</b>	<b>0.00%</b>	-	-
<b>Dividends payable</b>	<b>378,780</b>	<b>0.08%</b>	<b>0.00%</b>	<b>0.00%</b>	-	-
Income tax provision	2,176,374	0.48%	0.00%	0.00%	-	-
Other liabilities and accruals	5,270,243	1.17%	0.00%	0.00%	-	-
Received loan from NFD	6,166,867	1.36%	-3.43%	-3.63%	(211,761)	(224,095)
Staff termination benefit	331,092	0.07%	0.00%	0.00%	-	-
Customers' investment deposits						
Term deposits	188,396,924	41.66%	-14.30%	-14.39%	(26,947,694)	(27,111,320)
Inter banks deposits	15,347,438	3.39%	-19.85%	-19.51%	(3,046,249)	(2,993,523)
Term deposits-FCY	84,884,235	18.77%	-5.00%	-5.73%	(4,247,997)	(4,865,069)
<b>Interest payable to investment deposit holder</b>	<b>1,591,247</b>	<b>0.35%</b>	<b>0.00%</b>	<b>0.00%</b>	-	-
<b>Total liabilities and benefits of investment deposit holders</b>	<b>402,269,348</b>	<b>88.96%</b>		<b>0.00%</b>		
Accumulated depreciation	1,608,960	0.36%	0.00%	0.00%	-	-
Provision for bad and doubtful debts	4,960,218	1.10%	0.00%	0.00%	-	-
<b>Total provisions</b>	<b>6,569,178</b>	<b>1.45%</b>				
Share capital	18,333,333	4.05%	0.00%	0.00%	-	-
Capital increase in progress	4,166,667	0.92%	0.00%	0.00%	-	-
Legal reserve	8,694,085	1.92%	0.00%	0.00%	-	-
Retained earnings and other reserves and Foreign exchange translation differences for foreign operations	12,159,535	2.69%	0.00%	0.00%	-	-
<b>Total Shareholders' Equity</b>	<b>43,353,621</b>	<b>9.59%</b>		<b>0.00%</b>		
<b>Total liabilities, benefits of investment deposit holders and shareholders' equity</b>	<b>452,192,147</b>	<b>100%</b>				
Net profit before fee income, general expenses and doubtful debts provisions					19,483,132	19,934,797
Net return on assets before fee income, general expenses and doubtful debts provisions					4.31%	4.41%
Fee Income and foreign exchange profit(Loss)					7,532,956	7,532,956
Expenses					(6,889,678)	(6,889,678)
<b>Profit before tax</b>					<b>20,126,410</b>	<b>20,578,075</b>

## Financial and Operational Indices

Summary of financial and operational indices for years 2018 to 2022 are as below:

Table 5. Summary of financial indices

Percent

Description	Mar. 20, 2022	Mar. 20, 2021	Mar. 19, 2020	Mar. 20, 2019	Mar. 20, 2018
Capital adequacy ratio*	13.51	12.08	12.78	8.9	9.10
Loans to deposits	85.35	70.30	67.87	79.88	86.29
Loans to total assets	68	60	57	69	71
Total expenses to total income	67	64	61	63	80
Liability ratio	89	91	90	90	91
Return on assets	4.44	5.44	4.99	5.47	2.89
Return on capital	102.89	133.01	101.74	98.42	49.08
Total deposits to capital (times)	16.01	22.19	17.42	16.55	13.01
Interest paid to interest received from credit facilities granted and deposits	66	63	58	64	73
Interest paid to total deposits-LCY	11.40	10.37	10.51	12.03	14.33
Interest received to loans-LCY	17.82	18.46	18.88	19.76	20.66
Interest paid to total expenses	84	75	76	80	81
Interest received from credit facilities granted to total income	62	53	57	65	73
Non-performing loans ratio	1.57	1.31	2.71	6.98	4.45
Depreciation to total expenses	1.19	1.18	0.94	1.26	1.93
Bad debt expenses to total expenses	5	7	3	4	6

\*the capital adequacy ratio from the year ended 2020 calculations according to the new CBI circular No. 98/436758 dated 03/07/2020.

Table 6. Summary of operational indices

IRR million

Description	2022	2021	2020	2019	2018
Total income per branch (average no.)	3,894,940	2,907,676	1,327,720	1,041,707	780,643
Net profit per branch (average no.)	1,286,130	1,039,169	524,101	387,715	153,379
Total deposits per branch (average no.)	25,009,627	20,805,609	10,559,947	7,020,604	4,880,177
Total loans per branch(average no.)	21,345,169	14,626,878	7,166,692	5,608,137	4,211,156
Total income to the number of personnel	105,805	86,796	48,148	44,299	34,599
Net profit to number of personnel (average no.)	34,937	31,020	19,006	16,488	6,798
Total deposits to the number of personnel (average no.)	679,379	621,063	382,943	298,557	216,296
Total loans to the number of personnel (average no.)	579,835	436,623	259,891	238,490	186,644

## Deposits

Summary of the Bank's performance in absorbing deposits in 2021 and 2020:

Table 7. Mobilization of Rial customer's resources

Description	Mar. 20, 2022			Mar. 20, 2021		
	Number	Amount (IRR million)	percentage of total	Number	Amount (IRR million)	percentage of total
Short-term investment deposits	235,565	95,867,361	39	58,030	65,251,818	31
special Short-term investment deposits	2	318	0	9	37,587	0
One year deposits and general deposit certificate	1,394	17,914,890	7	4,332	103,964,997	49
two year deposits and general deposit certificate	3,511	79,405,817	32	230	258,705	0
Current deposits	10,260	47,793,175	19	9,834	38,731,474	18
Deposits of issued Guarantees		6,177,077	2		4,548,838	2
LCs' advances		244,034	0		6,627	0
Others		649,733	0		508,890	0
<b>Total</b>	<b>250,732</b>	<b>248,052,405</b>	<b>100</b>	<b>72,435</b>	<b>213,308,936</b>	<b>100</b>

Table 8. Mobilization of foreign currency resources

Description	Mar. 20, 2022			Mar. 20, 2021		
	Number	Amount (IRR million)	percentage of total	Number	Amount (IRR million)	percentage of total
Saving and current deposits	1,701	42,522,544	28	1,676	37,348,755	31
Special short-term investment deposits	41	13,288,851	9	46	1,981,616	2
Long-term investment deposits	283	88,227,564	58	303	77,361,272	65
Deposits of issued Guarantees		354,269	-		331,968	-
LCs' advances		-	-		108,710	-
Others		7,708,401	5		2,448,482	2
<b>Total</b>	<b>2,025</b>	<b>152,101,629</b>	<b>100</b>	<b>2,025</b>	<b>119,580,803</b>	<b>100</b>

Chart 1. Interest bearing deposits and Non-Interest bearing IRR deposits

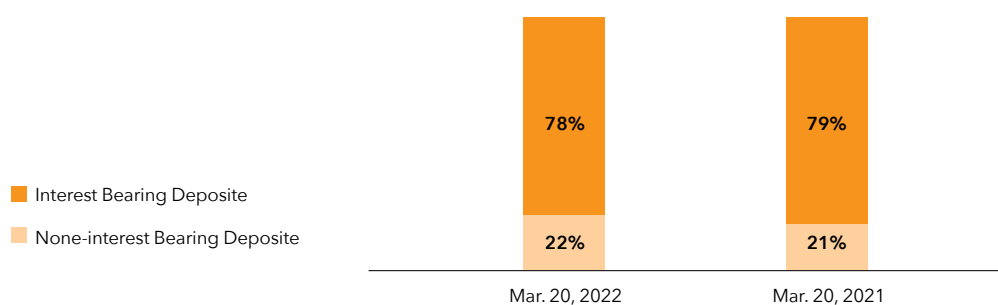


Table 9. Comparative analysis of fluctuations of interests expense on rial deposits due to volume and rate

Description	Mar. 20, 2022	Mar. 20, 2021
Average balance of deposits (IRR million)	237,982,783	173,561,412
Weighted average interest rate on deposits (before subtracting statutory deposit)	11.40%	10.37%
Interest expenses on Rial deposits (IRR million)	27,133,639	17,997,262
Increase in interest expenses (IRR million)	9,136,377	9,587,613
Increase in interest expense due to volume (IRR million)	6,680,104	9,830,100
Increase percentage	73.1%	102.5%
Increase (decrease) in interest expense due to rate (IRR million)	2,456,273	(242,986)
Increase (decrease) percentage	26.9%	(2.5%)

## Facilities Granted

A summary of Bank's performance in granting facilities to customers is as below:

Table 10. Comparative analysis of fluctuations of interest income on customers' Rial loans due to volume and rate

Description	Mar. 20, 2022	Mar. 20, 2021
Average balance of loans (IRR million)	169,302,638	105,872,342
Average balance of Facilities generating loans-daily (IRR million)	166,906,245	103,151,317
Interest income from loans (IRR million)	30,388,461	19,435,952
Weighted average rate of interest	18.21%	18.84%
Increase in interest income (IRR million)	10,952,509	9,247,348
Increase in interest income due to volume (IRR million)	12,012,815	9,287,431
Increase percentage	110%	100%
Increase (decrease) in interest income due to rate (IRR million)	(1,060,306)	(40,083)
Increase (decrease) percentage	(10%)	(0%)

# 2. CORPORATE OVERVIEW

Licensed by the Central Bank of Iran (“CBI”), Middle East Bank started its operations on Nov. 2, 2012 with an initial capital of IRR4 trillion.

We define ourselves primarily as a corporate bank, i.e. our business strategy is centered on providing financing and investment solutions to small and medium-sized enterprises, corporations and high net-worth individuals. Rather than focusing on proliferation of branches, we seek to leverage on our unparalleled domestic position in customer service and technology to deliver our services to clients across the country, often through online banking and distance banking. We outline the Bank’s strategies for attracting funding and extending credit facilities in the section titled “Our Strategy” on relevant pages.

In order to better facilitate the import/ export requirements of our customers, we embarked on a rigorous due diligence process in 2017 with the German Federal Financial Supervisory Authority (“BaFin”) aimed at establishing our first foreign branch in Munich. BaFin’s approval of MEB is a testimony to our strong corporate governance, risk management policy, strict compliance regime, adherence to international standards and regulations, as well as the Bank’s overall financial health.

We are committed to maintaining our position as a frontrunner among Iranian banks through embracing the latest international banking standards and best practices, deploying new and innovative technologies to enable our business and further our strategic goals, and by adhering to sound banking practices. Our risk management policy strictly prohibits us from engaging in non-banking activities such as speculation in foreign exchange, real-estate, commodities and equity markets.

## 2-1. Corporate Governance

### ■ Board of Directors

The Board of Directors is composed of seven members and two alternate members. It has ultimate responsibility for the Bank’s business strategy, financial stability, key personnel decisions, internal governance structure, risk management and compliance. Its duties include establishing goals and strategies for the Bank’s operations, approving its risk appetite, ensuring the existence of proper internal controls, maintaining an effective risk management and compliance framework, overseeing the internal audit function, and continuously monitoring the Bank’s financial position.

The Board regularly reviews and approves policies intended to ensure risks undertaken by the Bank in pursuit of its business objectives are prudent and properly managed. To this end, the internal audit and control functions frequently report to the Board on risk and compliance related matters, ensuring that the Bank’s business strategies are properly aligned with its overall risk profile.

The board members and alternate members, along with their educational backgrounds, are listed below.



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**Gholam Ali Kamyab (4)****Chairman**

MBA, University of Bridgeport, USA

**Amir Hossein Amin Azad (5)****Vice-Chairman**

MBA, Iran University of Science and Technology

**Parviz Aghili Kermani (3)****Board Member and Managing Director**

Ph.D. Finance, University of Wisconsin-Madison, USA

MBA, University of Wisconsin-Madison, USA

**Abdolkarim Ghavamifar (2)****Board Member**

M.Sc. Banking Management, Iran Banking Institute

**Javad Javadi (6)****Board Member and Deputy Managing Director**

EMBA, Aalto University, Finland

## ■ Executive Board

**Parviz Aghili Kermani****Managing Director**

Ph.D. Finance, University of Wisconsin-Madison, USA

MBA, University of Wisconsin-Madison, Madison, USA

**Javad Javadi****Deputy Managing Director**

EMBA, Aalto University, Finland

**Majid Safarian (7)****Board Member**

EMBA, Aalto University, Finland

**Masoud Soltan Zali (1)****Board Member and Assistant Managing Director, Credit Division**

Ph.D. Financial Management, Shahid Beheshti University, Tehran

## ■ Alternate Members

**Alireza Edalat****Alternate Member**

B.Sc. Accounting, Advanced Institute for Accounting, Tehran

**Majid Nourmohammadi****Alternate Member and Assistant Managing Director, Finance Division**

M.Sc. Financial Management, University of Tehran

**Vahid Azmoon****Assistant Managing Director, Logistics and Branch Affairs Division**

B.Sc. Industrial Management, Azad University, Tehran

**Masoud Soltan Zali****Assistant Managing Director, Credit Division**

Ph.D. Financial Management, Shahid Beheshti University, Tehran

**Farhad Fathipour**

Assistant Managing Director, International Division  
MBA, University of Wollongong, Australia

**Mehdi Nedjati**

Assistant Managing Director, Systems Development and IT Division  
Ph.D. Computer Science, University College London, UK

**Majid Nourmohammadi**

Assistant Managing Director, Finance Division  
M.Sc. Financial Management, University of Tehran

## ■ Advisors and Senior Managers

**Saeed Abedi**

Senior Manager, Information Technology Department  
M.Sc. Information Technology Management, Tarbiat Modares University, Tehran

**Pouyandeh Abedi**

Senior Manager, Trade Finance Operations Department 2  
M.Sc. Marketing, University of Birmingham, UK  
M.Sc. Business Management, Allameh Tabatabai University

**Banafsheh Adabi**

Senior Manager, Credit Operations and Supervision Department  
B.Sc. Computer Engineering- Hardware, Azad University, Tehran

**Amin Aghajani yazdabadi**

Senior Manager, Digital Business Development Department  
MBA, Sharif University of Technology, Tehran

**Azadeh Ahmadi Kousha**

Senior Manager, Finance Department  
M.Sc. Executive Management, University of Tehran

**Morteza Akbarpour**

Senior Manager, Systems Analysis Department  
B.Sc. Computer Engineering- Software, Azad University, Tehran

**Amir Ardalan Alaedini**

Senior Manager, Human Capital Department  
M.Sc. Information System Management, Shahid Beheshti University, Tehran

**Majid Alimadadi**

Senior Manager, Electronic Banking Services Department  
M.Sc. Information Technology Management, Payame Noor University, Tehran

**Mohammad Ali Dehghani**

Senior Manager, Credit Department 1  
M.Sc. Banking Management, Iran Banking Institute, Tehran

**Farshid Eslambolchi**

Senior Manager, Economic Research Department  
M.Sc. Socio-Economic Systems Engineering, Sharif University of Technology, Tehran

**Mehdi Garakani**

Senior Manager, Innovation Department  
M.Sc. Information Technology Engineering, Amirkabir University of Technology, Tehran

**Sahand Hamzei**

Senior Manager, Branch Affairs Department  
MBA, Sharif University of Technology, Tehran  
M.Sc. Electrical Engineering- Communication Systems, Sharif University of Technology, Tehran

**Gholamreza Hassanalizadeh**

Senior Manager, Legal Department  
M.A. Private Law, Azad University, Tehran

**Shiva Imani**

Senior Manager, Software Quality Assurance Department  
M.Sc. Computer Science, University of Malaya, Kuala Lumpur, Malaysia

**Amir Jafari**

Senior Manager, Security Department  
M.Sc. Computer Engineering, Sheffield Hallam University, UK

**Hossein Karami**

Senior Manager, Risk Management Department  
M.Sc. Socio-Economic Systems Engineering, Sharif University of Technology, Tehran

**Mohsen Karimi**

Senior Manager, Communication Department  
M.A. Social Communications, Azad University, Tehran

**Mohammad Mahdi Khalaji**

Senior Manager, Organization and Methods Department  
B.Sc. Industrial Engineering, Azad University

**Ali Khalili Sadatloo**

Advisor to the Managing Director, Legal Department  
B.A. Law, University of Tehran

**Sahar Khalilnezhad**

Senior Manager, International Support Services Department  
DBA, University of Tehran

**Amir Khavaran**

Senior Manager, Trade Finance Transactions Department  
B.Sc. Computer Engineering, Jamia Hamdard University, New Delhi, India

**Reza Mahdavi Vaziri**

Senior Manager, Business Intelligence Systems Department  
B.Sc. Computer Engineering- Software, Azad University, Tehran

**Laleh Mehradpay**

Senior Manager, Information Technology Department  
M.Sc. Socio-Economic Systems Engineering, Mazandaran University of Science and Technology

**Hengameh Moghadaspour**

Senior Manager, Internal Controls and Audit Department  
Ph.D. Accounting, University of Tehran

**Faezeh Mohammadi**

Senior Manager, Reporting, FX Accounting and Investor Relations Department  
M.Sc. Accounting, Alzahra University, Tehran

**Habibollah Mohammadi**

Senior Manager, International Department  
M.Sc. Banking Management, Iran Banking Institute, Tehran

**Hamid Nouri Khoshkanab**

Senior Manager, Core Applications Development Department  
M.Sc. Industrial Engineering, Sharif University of Technology, Tehran

**Ali Rahimi**

Senior Manager, Logistics Department  
M.Sc. Business Management, Shahid Beheshti University, Tehran

**Majid Rahimi**

Senior Manager, Investment Banking Department  
M.Sc. Chemical Engineering, Iran University of Science and Technology (IUST)

**Farzaneh Rajaei Salmasi**

Senior Manager, Compliance and Anti-Money Laundering Department  
M.Sc. Computer Engineering, Sharif University of Technology, Tehran

**Makan Sepehrifar**

Senior Manager, Digital Banking Development  
M.Sc. Computer Engineering- Artificial Intelligence (AI), Sharif University of Technology, Tehran

**Mohsen Soltani Mohammadi**

Senior Manager, Operations Department  
M.Sc. Information Technology, University of Qom

**Hedieh Tabrizi**

Senior Manager, Credit Department 2  
EMBA, Aalto University, Finland

**Maryam Taleb Beydokhti**

Senior Manager, Auxiliary Systems Department  
B.Sc. Computer Engineering, Bu-Ali Sina University, Hamedan

**Hossein Tayefeh Mahmoudi**

Advisor to the Managing Director, Human Capital Department  
M.A. Education, University of Tehran

**Gholamreza Sadegh Vishkaei**

Senior Manager, Inspection Department  
M.Sc. Business Management, Tarbiat Modares University, Tehran

**Mohsen Zadmehr**

Senior Manager, Digital Banking Department  
B.Sc. Information Technology, Sharif University of Technology, Tehran

## ■ Board Committees

The Board of Directors may delegate certain decision-making and approval functions to committees made up of members of the board with specified sets of duties. Committees make recommendations for action to the full board, which retains collective responsibility for decision making. These committees represent an essential part of the corporate governance process and have independent charters outline the duties, responsibilities and expectations of the committee, clear reporting procedures and scope. MEB's Board committees are listed as below:

### ■ Audit Committee

The Audit Committee was established shortly after the Bank's formation in 2013 and fulfills an important supervisory function for the Board. The committee is responsible for supervising proper implementation of corporate governance, financial reporting procedures and internal control processes, as well as to oversee and assess the performances of the internal and independent auditors. The aim is to ensure the Bank remains accountable and protects the interests of its various stakeholders, including our shareholders and depositors. The Audit Committee comprises one non-executive member of a Board as a chairman, and two independent members. Senior Manager of Internal Controls and Audit Department acts as committee secretary.

### ■ Board Risk Committee

The Risk Committee meets on a weekly basis and consists of one non-executive member of the Board, two Executive Board members, two members of the Governing Board, the Senior Risk Officer as well as two independent members. The Senior Risk Officer is responsible for reporting material risk-related issues to other committee members, as well as executing various resolutions issued by the committee. Key responsibilities of the Risk Committee include:

- Adopting sound policies for correct identification, assessment and mitigation of material risks, including strategic risk, credit risk, liquidity risk, market risk, operational risk, legal risk and reputational risk;
- Examining and verifying current and new processes for risk detection, mitigation and control;
- Establishing the necessary framework within the Bank for proper analysis, forecasting and reporting of capital adequacy and liquidity;

- Evaluating the effects of the Bank's capital management strategy and credit policy on its capital adequacy and liquidity status;
- Reviewing and updating the Bank's corporate governance documentation related to risk management on an ongoing basis, including the Risk Policy, Risk Strategy, Risk Appetite, Risk Department Charters and various underlying documents;
- Examining the Bank's current situation concerning the established risk exposure limits and enacting relevant mitigation plans to address violation of such limits;
- Educating and advising the management team and various business units comprising the first line of defense, in respect of their respective responsibilities relating to proper risk management, mitigation and reporting; and
- Advising the Board of Directors on adopting proper internal policies for risk management in line with regulatory requirements and international standards.

### ■ Compliance Committee

The main responsibility of the Compliance Committee is to supervise the Bank's ongoing compliance with domestic and international standards and regulations. As part of its mandate, the committee continuously oversees the Bank's policies, actions and procedures from a compliance standpoint. The committee regularly reviews and updates the Bank's corporate governance documentation and issues relevant directives to various business units on compliance related matters.

The Compliance Committee comprises at least one non-executive member of a board as a chairman, and two independent members. Senior Manager of the Compliance and AML Department acts as committee secretary. Depending on the meeting agenda, the committee may issue mandatory invites to managers and relevant personnel from other department, as attendees without voting rights.

### ■ Nomination and Remuneration Committee

Nomination and Remuneration Committee aims to ensure the Bank's effectiveness in attracting, retaining, promoting and compensating key employees. It does so through devising efficient compensation policies tied to key performance metrics, and monitoring the proper implementation of these policies throughout the organization. The committee comprises the Chairman of the Board, two members of the Board of Directors and the managing director of Human Resources.

## ■ Corporate Governance Committee

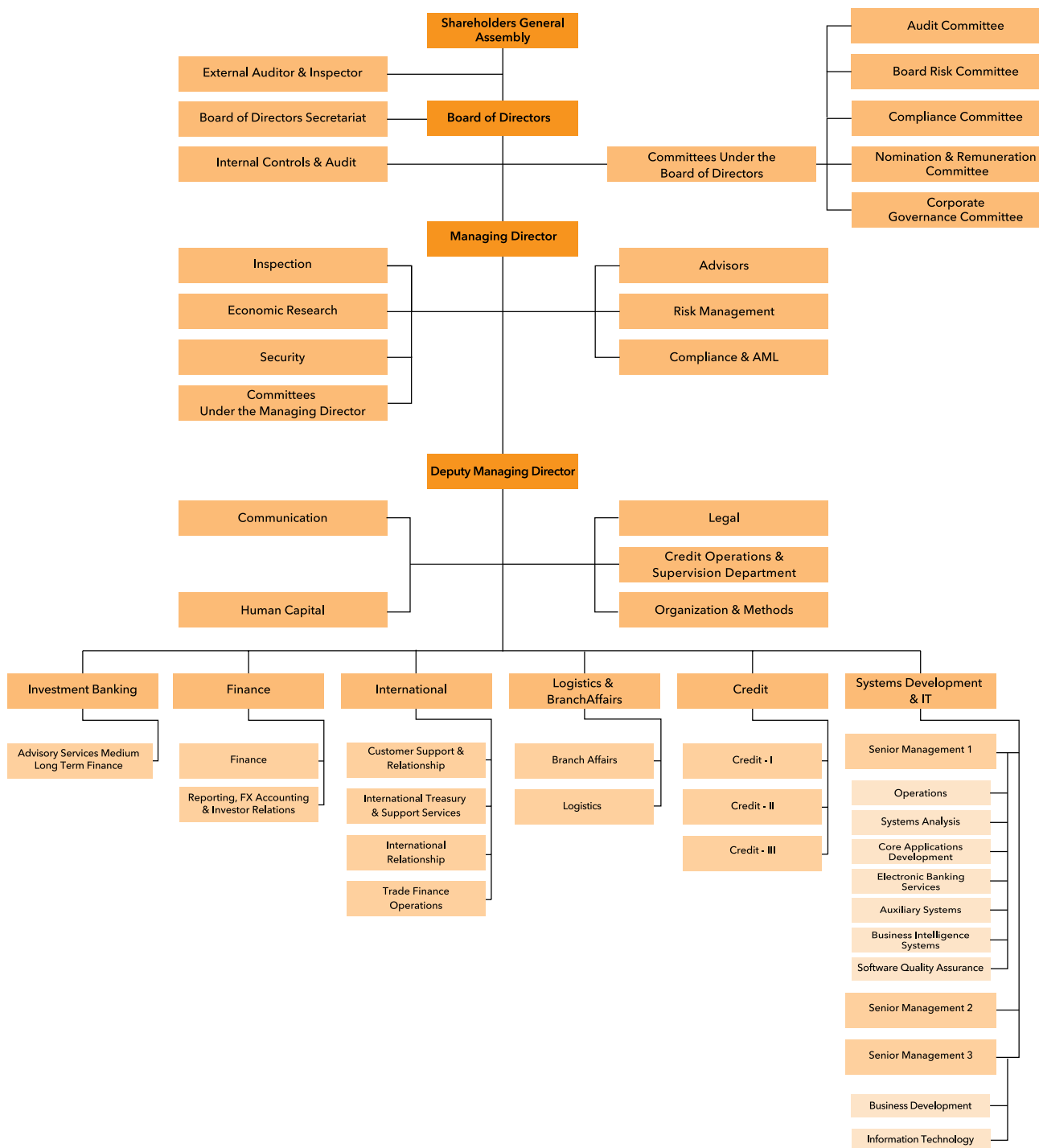
The main role of Corporate Governance Committee is to provide a platform for board to deal with specific issues that require specialized areas in corporate governance matters. This committee comprises of members of the Board, the Chief Executive Officer and his Deputy, chairmen of Compliance Committee, Audit Committee, Risk Management Committee and some other senior managers. Depending on the meeting agenda, the committee may issue mandatory invites to managers and relevant personnel from different departments, as attendees without voting rights.

## ■ Other Committees

The Bank also relies on various management-level committees to make business decisions with due regards to risks and returns. These committees receive their authority either through the Board, a Board committee, another management committee or from one or more executive officers. Listed in alphabetical order below, these committees include:

- Human Resource and Compensation Committee
- Training Committee
- Internal Rules and Regulations Committee
- Strategy and Product Development Committee
- Central Credit Committee
- Supreme Credit Committee
- Information Security and Data Protection Committee
- Marketing and Public Relations Committee
- Inspection Committee
- Information Security Steering Committee
- Complaints Committee
- Specialized Building Committee
- Supreme Trade Commission
- Trades Commission
- Logistics Committee
- Debt Collection Committee
- Operational Risk Management Committee
- Liquidity Risk Committee
- Green Climate Fund (GCF) Accreditation Steering Committee
- Supreme Planning and Excellence Committee
- Workplace Health and Technical Safety committee

## Organizational Structure



## 2-2. Our Strategy

For the purposes of implementing the corporate governance principles and obligations and in application of Paragraph 1 of Article 2 of Directive on Obligations Governing Corporate Governance in Credit Institutions and also implementing the Corporate Governance Document of the Middle East Bank, the present document, titled Five-Year Strategic Framework Document, hereinafter Document, has been drawn up for goal-setting and determining business strategies for the Bank as well as overseeing them.

### ■ Vision

We will remain the most reliable bank in Iran forever.

### ■ Mission

Value creation for all stakeholders, including shareholders, customers and society, so as to be integrated into the corporate, environmental and social governance through empowering skillful, knowledgeable and responsible staff by applying cutting-edge technologies in a transparent, accountable and law-abiding ecosystem.

### ■ Values

#### ■ Meritocracy

- Ensuring employment of the best human capitals at the expected levels in light of requirements of each level, growing these capitals and preparing them for future responsibilities in the pre-designed career path.
- Regular monitoring of human capital merits based on performance excellence models and uncompromising attitude vis-à-vis mediocrity at any level.

#### ■ Accountability and Transparency

- Respecting the principle of transparency in all of the Bank processes and submitting all necessary information required by regulatory and legal bodies within the framework of the rules and regulations governing the Bank's activity.
- Holding the entire Bank staff, at any level whatsoever, answerable to the Bank's internal and external regulatory organs within the framework of the rules and regulations governing the Bank's activity.

#### ■ Pragmatism

- Prioritizing results orientation through transparent definition and regular monitoring of objectives.
- Creativity in presenting practical solutions with a view to responding to the stakeholders' needs within the framework of compliance with rules and regulations.

#### ■ Trustworthiness

- Prioritizing the Bank's responsibility towards shareholders, customers, society and the environment, and considering the stakeholders' best interests in decisions and operations.
- Constant improvement of the staff in order to enable them to comprehend the business environment and preserve professional skills. This aims at ensuring that the best method of action in promoting professional trustworthiness in interaction with stakeholders is recognized.
- Constant improvement of processes with a view to guaranteeing the reflection of updated commercial and legal obligations therein for the purpose of designing and preserving a structure wherein the proper performance of the Bank and its staff would be possible, guaranteed and subject to monitoring within the framework of compliance with rules and regulations and based on the stakeholders' best interests under any circumstances.
- Regular monitoring of the healthy performance of all staff at any level as well as the designed processes and zero tolerance vis-à-vis any harm to healthy performance.
- Awareness of the status of compliance, conformity with rules and regulations and focusing on commitment thereto and abidance thereby under all circumstances and without compromise.
- Full and transparent cooperation with regulatory organs.

#### ■ Reliability

- Close and regular relationship with customers for the purpose of understanding their business and supporting them under various circumstances.
- Responsibility and fostering correct judgement and decision-making capacity to empower stakeholders.
- Forming services based on the customers' needs and foresight of future needs.

## ■ Innovation

- Constant improvement of processes and organizational innovation.
- Knowledge of technological developments and commitment to proper utilization of said developments to streamline processes and provide modern services to customers.
- Foresight to anticipate the stakeholders' needs against the backdrop of technological developments.

## ■ Social and Environmental Sustainability and Responsibility

- Alignment of decisions with the country's principle of sustainable development.
- Awareness of the impacts of decisions and correct goal-setting with regard to social and environmental aspects.
- Applying the sustainable development criteria to stakeholders for effective participation in sustainable development with local approach.
- Transparency in structures, decisions, performance and monitoring of performance.

## ■ Strategic Focus Areas

The Bank's strategic focus areas during the next five years are as follows:

1. Organic growth through increasing the profitability of operations, optimizing the structure of expenses and expanding banking operations through designing new products, broadening the service-providing channels and reaching new resources within the framework set for ensuring compliance with rules and regulations and effective risk management.

2. Improving the current products and stabilizing the Bank's position in the competitive environment of these products, particularly in the areas of corporate banking, multinational customers and international affairs.

3. Organizational restructuring with a view to upgrading corporate governance, documentation system, transparency of processes and institutionalizing resulting in scalability, enhanced productivity, competitiveness and acquisition of performance excellence models for keeping pace with international developments and facilitating entry into global markets.

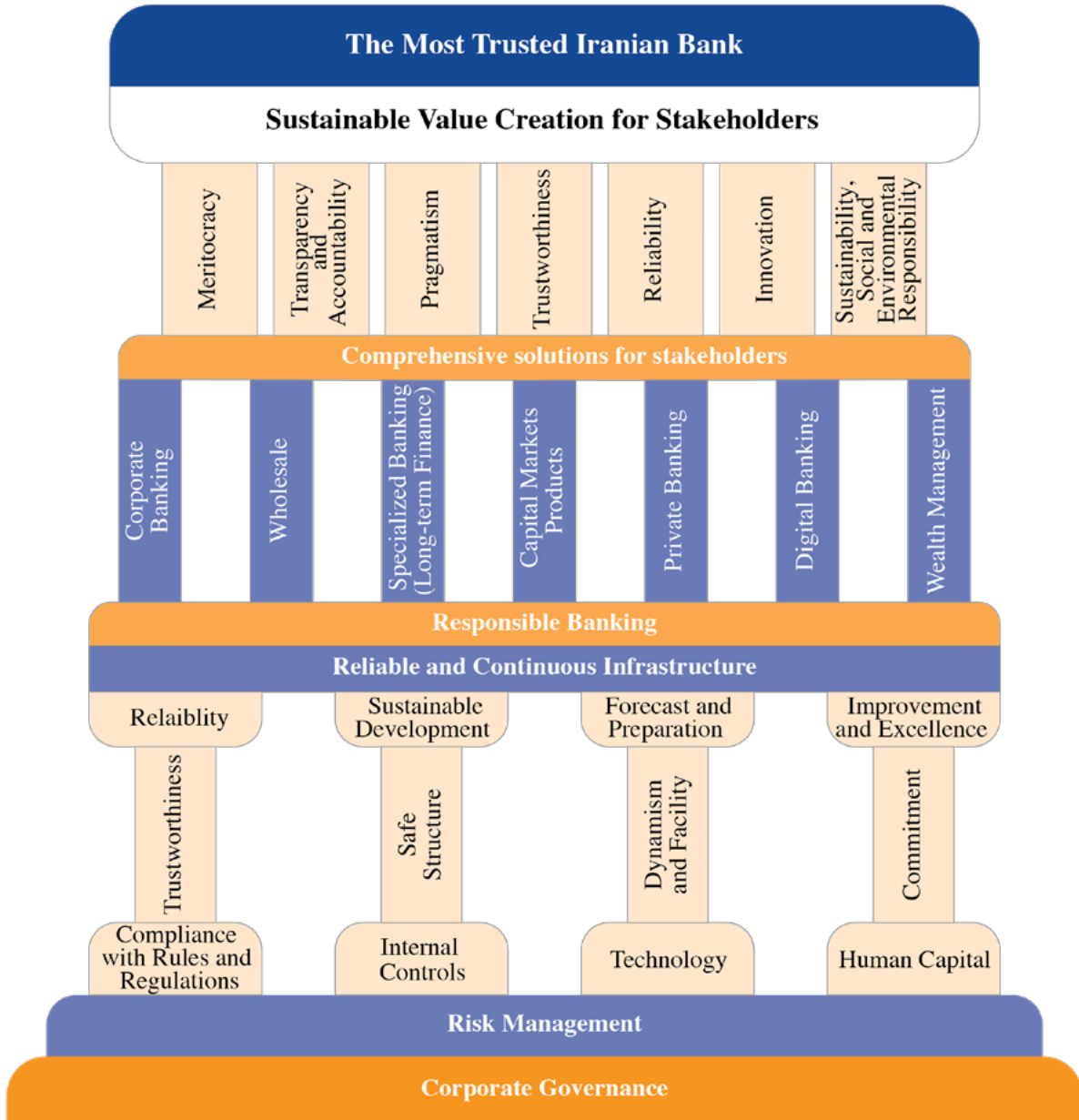
4. Monitoring and application of modern technologies in line with the Bank's vision and mission as well as digital transition to obtain assurance about the integrated management of data and information with a view to preparation for using the potentialities of artificial intelligence, integrated risk management, quantification of locations, contribution to comprehensive, transparent and responsible decision-making.

5. Establishing a social and environmental governance regime to take into account social and environmental responsibilities in operational, credit and market-related decisions as well as management and monitoring of the Bank's efficacy and performance in this domain. Is "Engage something in something" grammatically prevalent?

6. Selection, recruitment, retention and training of human capitals with a succession planning approach in light of the principle of non-reliance on individuals and individual and professional development of peers with a view to developing suitable alternatives to assume strategic responsibilities.

## ■ Strategic Principles

The fundamental elements of the Middle East Bank's strategic framework are illustrated in the following diagram:



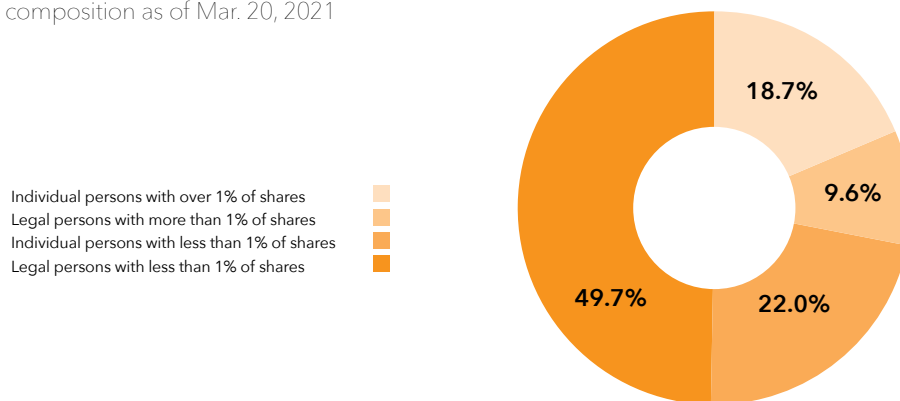
## 2-3. Shareholders

MEB had 23,943 separate shareholders as of Mar. 20, 2022. Our shareholder composition is illustrated in the in the table and pie chart below:

Table 11. MEB shareholder composition as of Mar. 20, 2022

Type	Shareholders	Shares	Ownership
Individual persons with over 1% of shares	10	4,668,191,350	18.7%
Legal persons with more than 1% of shares	7	2,400,634,958	9.6%
Individual persons with less than 1% of shares	397	5,503,374,850	22.0%
Legal persons with less than 1% of shares	23,529	12,427,798,842	49.7%
<b>TOTAL</b>	<b>23,943</b>	<b>25,000,000,000</b>	<b>100.0%</b>

Chart 2. MEB shareholder composition as of Mar. 20, 2021



The following table illustrates the historical performance of our shares on the Tehran Stock Exchange from Mar. 19, 2017 up to Mar. 20, 2022.

Table 12. Historical performance of MEB on the tehran stock exchange

Iranian Year Ending	Number of Traded Shares	Value of Traded Shares (IRR million)	Trading Days	Market Value (IRR million)	Year-end Share Price (IRR)	Registered Capital
Mar. 20, 2017	717,378,577	1,814,375	228	12,215,000	2,443	5,000,000
Mar. 20, 2018	739,070,695	1,679,848	229	12,000,000	2,000	6,000,000
Mar. 20, 2019	2,038,971,017	4,889,715	229	21,665,000	3,095	7,000,000
Mar. 19, 2020	2,126,468,610	9,928,259	226	69,640,000	6,964	10,000,000
Mar. 20, 2021	4,174,597,852	49,309,398	237	141,000,000	9,400	15,000,000
Mar. 20, 2022	2,984,982,596	18,506,129	234	136,500,000	5,460	25,000,000

## 2-4. Human Capital

The most valuable asset of any company is their personnel. We actively work to attract and retain talented individuals, i.e. mostly graduates of the best universities, to guarantee long-term success. Our Human Resource (HR) Department works with employees to ensure they remain motivated and are able to achieve their full professional potential. This includes managing and overseeing staff requirements, training and development, ongoing performance evaluations, compensation and benefits, as well as handling all aspects of employee relations.

### ■ Ongoing Professional Development

We actively encourage all our employees to continually update their professional skillsets and we also facilitate their enrollment by providing relevant training courses and workshops, this includes:

- Providing in-person and online training courses, taught by experienced professionals in organizational behavior, communication skills, cyber security, information technology, programming, finance, accounting, foreign exchange operations, banking regulations, compliance and anti-money laundering, economics, risk and auditing;
- Conducting workshops covering the bank's internal software systems and IT infrastructure, including CRM, DATAMATE and CARM;
- Conducting workshops covering prevention and identification of infections among employees in the context of COVID-19;

- Publishing infographics, posters and leaflets about COVID-19 on the bank electronic library; and
- Planning and conducting internal electronic exams.

### ■ Health and Wellbeing

The health and wellbeing of staff is our top priority. All of our personnel are covered by a comprehensive health insurance program. We also encourage our employees to lead a healthy lifestyle by offering privileged credit facilities for various sports activities. In light of the COVID-19 pandemic, The HR department has proactively sought to ensure the Bank's adherence to all health protocols, including working remotely, daily body temperature checks, mandatory face mask policy, deploying hand sanitizers throughout the bank and its branches, and regular PCR tests for all employees. We aim to be compliant with all applicable health and safety legal requirements, and ensure that the health and safety standards are implemented and maintained.

### ■ Employee Statistics

Out of our total workforce of 610 people (as of Mar. 20, 2022), 51% hold a bachelor's degree and 46% have a master's degree or Ph.D.

Table 13. Distribution of employees across MEB's headquarter and branches

	Year ended Mar. 19, 2016	Year ended Mar. 20, 2017	Year ended Mar. 20, 2018	Year ended Mar. 20, 2019	Year ended Mar. 19, 2020	Year ended Mar. 20, 2021	Year ended Mar. 20, 2022
Headquarters	171	188	211	232	328	375	416
Tehran Branches	104	106	105	112	121	127	136
Branches in Other Provinces	51	55	55	52	48	50	50
Branches in Other Countries	0	0	0	6	9	13	8
<b>Total</b>	<b>326</b>	<b>349</b>	<b>371</b>	<b>402</b>	<b>506</b>	<b>565</b>	<b>610</b>

Chart 3. Breakdown of employees by age and gender as of Mar. 20, 2022<sup>1</sup>

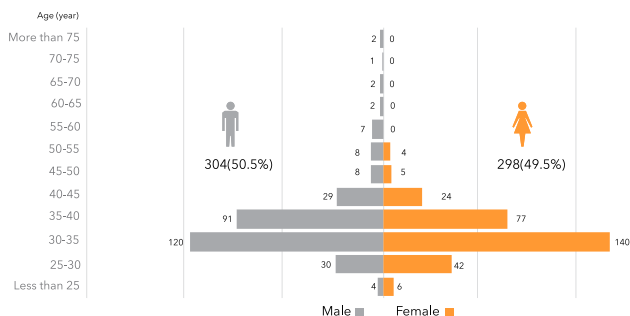


Chart 4. Breakdown of employees by gender and posting as of Mar. 20, 2022<sup>1</sup>

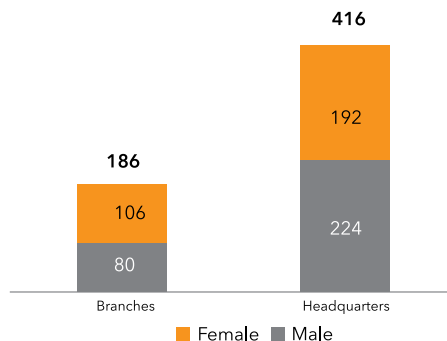


Chart 5. Breakdown of employees by education as of Mar. 20, 2022<sup>1</sup>

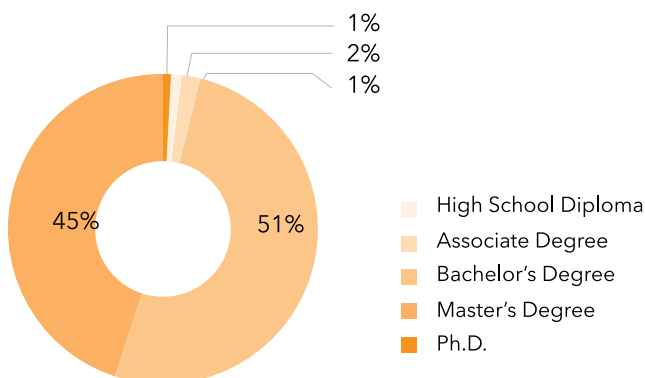
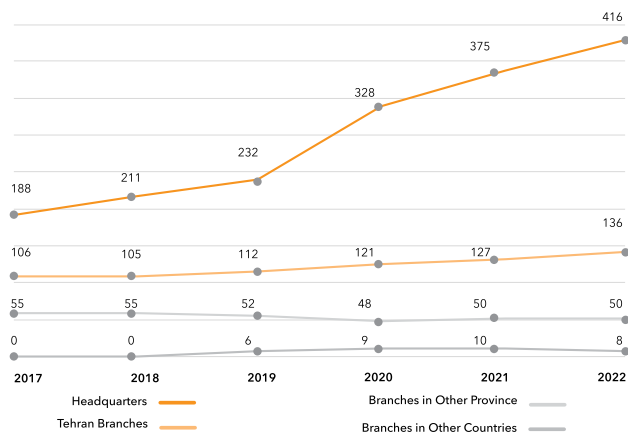


Chart 6. Demographic distribution trend of the organization



## 2-5. Information Technology

Information technology is rapidly transforming financial services around the world, and Iran is no exception. The relationships between customers and their bank is fundamentally changing to facilitate ever increasing needs for mobility and ease of access, regardless of income, geography or technological familiarity. We are a frontrunner among Iranian banks in deploying innovative new technologies to enable our business and further our strategic goals. Over the past few years, we have made significant changes in how we work with our clients across every channel: when visiting our branches, when using their computers or mobiles, or when they call us. Each of

these points of contact has been revolutionized by new technology.

### ■ Mobile and Online Banking

We do not view information technology merely as a digital infrastructure for facilitating customer transactions but rather as a tool for attracting a new customer base that appreciates the innovative, practical and high-quality banking services that we and our affiliate companies provide through our integrated online platforms and mobile applications. Today, nearly eight in 10 of our

1. Eight employees of Munich branch are not counted in charts 3 to 5.

clients use our secure online/mobile banking platforms, helping them reduce fees, make payments, transfer money between accounts, track their finances and manage their spending and budgeting. They can also choose to navigate our online banking and mobile apps in either Persian or English.

## ■ Using Technology to Connect with Clients

Despite the myriad of possibilities provided through new technology, we still acknowledge the value of face-to-face meetings, especially when it comes to making big financial decisions. To this end, we continually invest in the latest technologies for our branches, making them ideal places to visit for clients in need of expert advice. By leveraging on our technological capabilities, our customer advisors and relationship managers can instantly obtain all-round views of our clients' businesses, empowering them to provide tailored advice around the specific objectives and requirements of each client. The information technology department works hand-in-hand with our various business divisions to design functionally rich, secure and dependable systems, centered on client requirements.

## ■ Investing in Tomorrow

Our core banking, internet and the mobile services have all recently undergone major overhauls, incorporating new functionalities, updated operating environments and enhanced security systems.

- Our Open Banking platform has been expanded to accommodate the ever increasing requirements of our corporate customers, whilst incorporating the latest industry-standard protocols for authorization and data security.
- The functionality of our Trade Finance system has similarly been significantly improved to increase efficiency and client satisfaction within this important business area for the Bank.
- Over the past year, we have also made significant investments in building a new, state-of-the-art data operations center to cater for the Bank's growth and business requirements. Equipped with a new range of servers, network and storage devices, this new

data center is expected to accommodate the Bank's expansion over the next five to ten years

All this said, we realize that we are just the cusp of an era where financial services and technology are becoming increasingly intertwined. We constantly work maintain our leading edge domestically by keeping abreast of new technologies from the use of machine learning and artificial intelligence for mitigating risk, AML optimization, fraud detection and strategic decision making, to the emergence of block-chain and smart contracts.

This reporting period was another year with numerous regulatory and statutory requirements enforced on the banking system by the Central Bank of Iran. These requirements have put a great deal of pressures on banks and in particular on the technology departments of the banks to devise and develop computer systems to fulfill these regulatory needs. A significant portion of technology resources are allocated to fulfill these needs. The banking technology in the country has now become one of the most complicated and intertwined computer systems found anywhere in the developed or the developing economies. With the IT personnel numbers rising and the IT costs spiraling steeply for the banking system.

Amongst the many systems developed for the regulatory requirements of the central bank during the reporting period the followings can be named.

Application to enable Immediate payments service for retail (small) amounts (pol system).

A number of enhancements to the electronic cheque payment system (CHAKAVAK), including, beneficiary details registration and verification, put/release holds on cheques, cancelling /reinstating cheques, putting maximum limits on cheque amounts, transfer, clearing/ returning a cheques, etc.

On the client verification platform, client or potential client details such as birth certificate details, mobile telephone ownership registration, company registration details (for corporates) etc. are checked and verified in real time before client details can be used to open an account or transactions are carried out.

On the client transactions reporting, various transaction details such as monthly summary sums, set maximum

transaction limits for different client categories are prepared and sent out to CBI on a regular periods. International Transaction Reporting Systems are based on the last CBI requirements.

The technology group continues to support the MEB business goals and targets. User IT requirements are managed through a set of developed platforms with weekly development reporting on project progress to MEB's business managers.

During the reporting period, further enhancements were made to the trade finance suite of programs to better manage the Nostro account allocation and utilizations. The Business Intelligence unit use Natural Language Processing to identify target clients for specific product offering. Customer Lift Time Value is used to identify the most valuable clients for the bank.

With strong adherence to the pillars of MEB's technology of functionality, integrity, accessibility and availability, the MEB technology and its systems continue to be one the most functionally rich systems and one of the most secure platforms in the country. During the reporting period a third data center was commissioned for operation. This data center is located in Esfahan and is being used as a contingency operation center should the main data center and the back-up data center become inaccessible. The overall systems availability statistics for the MEB bank continues to be close to the figure of 100%.

## ■ Information Security

With the ever increasing functionality and complexity of our technology solutions, information security is a major area of focus for the Bank. We face a range of cyber security threats, including hackers seeking to access confidential customer information, making unauthorized transactions, damaging databases and information systems, as well as disrupting banking services. Such cyber threats can result in significant reputational damage for the Bank, as well as financial losses and the possibility of legal litigation.

To mitigate such risks, we continually work to strengthen our security controls, improving our ability to detect and respond to increasingly sophisticated cyber-attacks. This includes the implementation of an Information Security Management System, based on international standards including ISO 27001 and PCI DSS. Our dedicated security operations center employs the latest technology solutions to identify, analyze and respond to any cybersecurity threats and suspicious activities on our networks, servers, endpoints, databases, applications, websites, and other systems.

Through ongoing awareness programs and personnel training, we aim to ensure all our staff have sufficient knowledge regarding information security in order to detect and report any external interference within our systems.

## 2-6. Subsidiaries and Affiliated Companies

The results of the Bank's investments in shares at 20 Mar.2021 are given below:

Table 14. Investment in listed shares

IRR million

Description	Cost	Market Value	Dividend	Transaction Profit (loss)
MEB Life Insurance	240,000	1,071,400	24,000	-
Mofid dedicated market making fund	1,043,141	1,070,827	-	-

Table 15. Investment in Unlisted Shares

Description	Number of Total Shares	Percentage of Paid-up Capital	Percentage of Bank's Ownership	Cost (IRR million)
Dadeh Pardazan Simaye Aftab	30,000,000	35	100	10,500
MEB Brokerage Co.	749,999,000	100	75	665,930
MEB Currency Exchange	199,999,000	100	100	247,999
INSTEX	220,000	100	11	2,200

### ■ Dadeh Pardazan Simaye Aftab Co. (DSA)

DSA was incorporated on February 5, 2013, with a capital of 30,000 IRR million. The DSA's initial mission was the localization and customization of the acquired banking system for MEB. Subsequently, DSA was given the responsibility of operating and maintaining the MEB's entire information technology requirements. These include information technology, hardware, and network services. DSA operates from MEB's Operations Center and provides the full spectrum of technology services, including banking software application, system software, hardware, network services, enhancements, and maintenance and project management.

### ■ Middle East Bank Brokerage Co.

Middle East Bank Brokerage Company was established in March 1995. The company's previous name was "SAHAM POUYA", and the new owners of the company changed the

name to the current name in 2013. The Company's major activities include trading and market making services and financial and consulting services.

### ■ Middle East Bank Currency Exchange Co.

Middle East Bank Currency Exchange Company was incorporated on February 2, 2015, with the capital of IRR40 billion. Cash bill of exchange, gold coin trade, and trustee money transfer are among its activities.

### ■ Middle East Life Insurance Co.

The establishment of Middle East Bank Life Insurance Co. was authorized by the Supreme Insurance Council September 2012 and the underwriting process was completed in March 2016 via OTC Third Market. This company with the capital of IRR1,200,000 million provides all the services related to life insurance.

# 3. BUSINESS SEGMENT OPERATIONS

## 3-1. Checking, Savings and Deposits

The ability to raise capital effectively and cost-efficiently is a prerequisite for any successful bank. As a customer-oriented bank, we constantly strive to improve our customer satisfaction by offering a range of innovative and bespoke client services, as well as maintaining an unparalleled quality of service at all our branches.

### ■ Online/Mobile Banking

We employ the latest technologies to streamline clients' banking operations as far as possible, in line with domestic regulations and international banking standards. Our widely available online banking platform and mobile applications allow clients to safely access the vast majority of their banking services around the clock, without the need to visit a branch or ATM machine.

### ■ Open Banking

MEB is one of the leading banks in Iran to provide Open Banking services to our corporate clients. Our Open Banking APIs provide a secure interface for third-party developers to build applications (such as banking portals and accounting systems) that can access our financial services, thereby improving MEB's reach and desirability among corporate account holders.

### ■ Branches

The core objective of our branches is to gather surplus funds from individuals and companies, which we can subsequently direct towards profitable businesses in

need of capital, in line with the Bank's credit policy. To this end, we operate 17 cash, non-cash and digital branches throughout Iran, in addition to one overseas branch in Germany.

Non-cash branches are a relatively new concept in Iran. Such branches provide customers with the full range of MEB's banking services, except for cash transactions which are provided indirectly through an agent bank. As a frontrunner among Iranian banks, MEB was the first bank to be granted a license by the CBI to operate a non-cash branch.

To improve quality of service and customer satisfaction, we regularly conduct quality controls and onsite visits at all our branches

### ■ Distance Banking

Another distinguishing feature of MEB is our extensive use of distance banking, as part of which we offer to visit key customers at their own venues to carry out their banking requirements with minimal disruption to their business activities. This service is provided by specifically trained branch officers in compliance with domestic laws and regulations, and by observing relevant concerns with regards to security, proper due diligence, KYC and compliance. At present, approximately 19% of our deposits emanate from our distance banking customers.

The tables below provide a bird's-eye view of the performance and composition of MEB deposits over time.

Table 16. Deposit collection performance

	Mar. 20, 2022		Mar. 20, 2021	Mar. 19, 2020	Mar. 20, 2019	Mar. 20, 2018	Mar. 20, 2017
	Digital Branch	Other Branches					
No. of Clients	181,217	51,514	56,170	45,467	41,403	36,466	29,662
Deposits (IRR billion)	2,111	238,870	208,244	102,334	62,704	53,082	40,902
Average Interest Paid (percent)	0.00	12.43	10.89	10.51	12.44	14.22	16.90

Table 17. Composition of MEB's deposits

IRR billion

Date	Account types			Current
	Long term	Short term		
		Digital Branch	Other Branches	
Mar. 20, 2019	28,819	-	21,329	12,556
Mar. 19, 2020	42,814	-	42,356	17,163
Mar. 20, 2021	104,224	-	65,289	38,731
Mar. 20, 2022	2,111	93,756	97,321	47,793

## 3-2. Corporate Banking

Corporate banking forms the centerpiece of our business strategy. Ever since the formation of the Bank, we have worked hard to cultivate close banking relationships with a wide array of corporate customers based on mutual trust and strategic advice. Such corporate customers rely on us to fulfil their short and long-term financial requirements through a variety of financial products and services, including loans, bank guarantees, letters of credit and foreign exchange services.

### ■ Credit Department

Our credit department consists of two separate credit management units, backed by a credit support team. Each credit management unit has around twelve dedicated relationship managers ("RMs") who act as the link between the Bank and our corporate customers. RMs interact with our corporate customers to assess their financial requirements and offer them access to the Bank's products and services. To this end, they prepare detailed credit reports, evaluating the customer's financial standing, industry, management team, business outlook, credit history, number of personnel, shareholders, business partners, trade counterparties and more. Provided the customer's request is in line with the Bank's credit policy

and risk appetite, a credit proposal is prepared and presented for approval by the Bank's credit committee.

The credit support team is responsible for developing organizational and systematic tools to provide strategic guidance and support for the credit management units, as well as preparing periodic reports for senior management concerning the composition and performance of the Bank's credit portfolio.

### ■ Credit Selection and Vetting Process

Our credit selection process takes into account a wide range of factors, including customers' audited financial statements, cash flows, business outlook, financial character and credit risk ratings, using our internal credit scoring system. All credit customers must also undergo a rigorous compliance vetting process that includes:

- Know Your Customer (KYC)
- Customer Due Diligence (CDD)
- Enhanced Due Diligence (EDD)
- Know Your Customer's Customers (KYCC)

Table 18 illustrates our credit profile as of Mar. 20, 2022.

Table 18. MEB's Credit Profile as of Mar. 20, 2022

IRR billion

Description	Year ended Mar. 20, 2022	
	Approved	Balance
Loans*	380,817	232,935
Loans - FCY	128,846	128,846
Bank Guarantees	238,768	103,310
Bank Guarantees - FCY	21,261	21,261
Letters of Credit	50,291	3,066
Letters of Credit - FCY	36,130	-
Remittances	127,247	16,620
Total Loans	509,663	361,781
<b>Total BGs and LCs</b>	<b>346,450</b>	<b>127,637</b>

\* Principal balances

Table 19 and chart 7 illustrate the role of the Bank's various credit committees in reviewing and approving customers' credit requests:

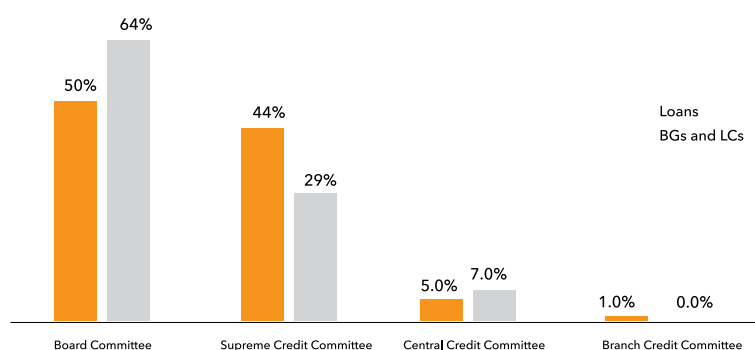
Table 19. Reviewing and approving customers' credit requests

IRR billion

	Loans' portfolio			BGs And LCs portfolio			No. of Customers	
	Approved (bn IRR)	Amount (bn IRR)	Share	Approved (bn IRR)	Amount (bn IRR)	Share	Number	Share
Board Committee	214,983	117,379	50%	198,530	82,069	64%	210	3%
Supreme Credit Committee	152,497	101,490	44%	128,288	37,123	29%	307	5%
Central Credit Committee	13,102	11,764	5%	19,613	8,317	7%	240	4%
Branch Credit Committee	235	2,302	1%	19	128	0%	5855	89%

1. All foreign currency Loans excluded

Chart 7. Monetary amount of credit requests approved by MEB's credit committees



## Breakdown of Credit Customers

Our credit customers are categorized into seven industry sectors based on their ISIC codes, namely manufacturing, trading, services, construction, agriculture, mining and

others. As illustrated in the table below, companies within the "manufacturing" sector account for 55% of the bank's total lending book, followed by the "trading" sector with a 23% share.

Table 20. Composition of credit facilities by industry as of Mar. 20, 2022

IRR billion

	Total Loans <sup>1</sup> (bn IRR)	Share of Total	BGs and LCs (bn IRR)	Share of Total
Manufacturing	129,128	55%	42,983	34%
Trading	53,016	23%	21,202	17%
Services	33,799	15%	25,188	20%
Construction	4,308	2%	33,549	26%
Agriculture	1,211	1%	1	0%
Mining	3,861	2%	4,539	4%
Others	7,612	3%	175	0%
<b>Total</b>	<b>232,935</b>	<b>100%</b>	<b>127,637</b>	<b>100%</b>

1. All foreign currency Loans excluded

As of Mar. 20, 2022, large-scale enterprises accounted for 69% of MEB’s loans, 73% of bank guarantees and | accounted for 99% of letters of credit, as illustrated below:

Chart 8. Breakdown of credit facilities according to customer type

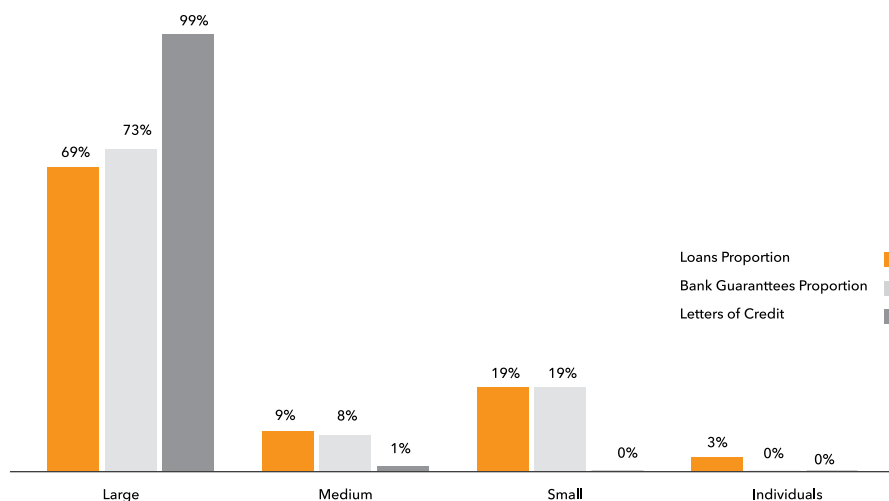


Table 21. MEB credit facilities according to customer type as of Mar. 20, 2022 IRR billion

Description	Loans*			Bank Guarantees			Letters of Credit		
	Number	Amount (IRR billion)	Proportion of the Total Amount (percent)	Number	Amount (IRR billion)	Proportion of the Total Amount (percent)	Number	Amount (IRR billion)	Proportion of the Total Amount (percent)
<b>Year ended Mar. 20, 2022</b>									
Large (More than 100 employees)	201	160,486	69	130	91,945	73	7	3,019	99
Medium (Between 50 and 100 employees)	67	21,106	9	46	8,363	8	2	41	1
Small (Less than 50 employees)	134	43,730	19	125	24,088	19	2	6	0
Individuals	5,902	7,613	3	21	175	0	0	0	0
<b>Total</b>	<b>6304</b>	<b>232,935</b>	<b>100</b>	<b>322</b>	<b>124,571</b>	<b>100</b>	<b>11</b>	<b>3066</b>	<b>100</b>
<b>Year ended Mar. 19, 2021</b>									
Large (More than 100 employees)	179	100,594	67	125	63,430	68	3	56	5
Medium (Between 50 and 100 employees)	65	18,173	12	45	3,048	4	1	1,087	95
Small (Less than 50 employees)	118	25,143	17	130	19,598	21	1	1	0
Individuals	1,469	5,204	4	19	6,678	7	0	0	0
<b>Total</b>	<b>1,830</b>	<b>149,114</b>	<b>100</b>	<b>319</b>	<b>92,754</b>	<b>100</b>	<b>5</b>	<b>1,144</b>	<b>100</b>

\* Excluding foreign currency loans

## Credit Risk Mitigation

To mitigate credit risk, all corporate customers are required to post collateral, as determined by the size and type of

their credit facilities, as well as their individually estimated default risk. The following table illustrates a breakdown of the amount and types of collateral held as of Mar. 20, 2022.

Table 22. Posted collateral by MEB credit customers

IRR billion

	Year ended Mar. 20, 2022
Land and Real Estates	74,568
Receivable Checks*	56,482
Listed Shares	95,395
Certified Checks	1,220,658
Deposits	10,680
Promissory Notes	16,935
Participation Bonds\Sukuk	1,626
Movable Assets	5,477
Stand-Alone Legally Binding Contracts	311,158
Lined Current a/c Balances	60,314
Deposits Against Guarantees Issued/ Prepayments for LCs	15,153

\* Receivable checks consist of all checks with due date of until 180 days from Mar. 20, 2022.

### 3-3. International Banking Services

Providing outstanding foreign currency services to customers is one of the top priorities of the Middle East Bank. Our international division has been well placed to identify new business opportunities and facilitated foreign currency transactions for importing humanitarian goods (food, medicine and medical equipment). Furthermore, we maintained to secure food and pharmaceutical supply of the country by issuing foreign currency facilities, bank guarantees, Documentary collections, remittances and letters of credit in local and foreign currencies.

It is impossible to develop international banking relations under current sanctions if not the expansion of brokerage relationship network of MEB. After opening a full-fledged branch in Germany in, which is the first and most significant Iranian private bank representative in Europe, we were able to facilitate financial transactions of importers without any intermediary and with minimal cost. We also successfully managed to facilitate humanitarian transactions in foreign currencies such as Euro, Turkish Lira and UAE Dirham through CBI which helped us to enhance our credibility.

Table 23. Volume of international operations

IRR million

Activities	Fiscal year 2021	Fiscal year 2022
Facilities from bank sources	12,373,338.9	41,195,288.4
Facilities from National Development Fund of Iran	8,674,513.6	14,002,984.6
Letters of Credit Issued (in foreign currency)	1,995,264.3	688,930.0
Bank Guarantees Issued	123,262.8	207,051.0
Letters of Credit Issued (in IRR )	4,950,140.2	10,360,464.8
Outward remittances facilitated	112,499,546.9	195,505,194.3
Other foreign remittances facilitated	226,219,242.5	138,882,061.6
Inward remittances facilitated (foreign currency)	50,153,857.2	38,679,959.2
Documentary Collections	8,678,134.2	5,180,053.3

## 3-4. Credit Operations and Supervision Department

This department is entrusted with the task of delivering corporate banking services to special clients in our headquarters. It has been established to promote the efficiency of services that MEB's Credit Committees approve. This department consists of Credit Operations Office, Project Supervision Office, and Collateral and Guarantees Office.

The Credit Operations Office is responsible for disbursing loans and issuing bank guarantees proposed by Credit Department. Table 24 demonstrates the activities of this office during the year under review.

Table 24. Credit Operations Office

	IRR million	Change	No.	Change
<b>Loans</b>				
Balance on Mar. 20, 2021	136,482,406	124%	1,840	21%
Additions	417,280,878	24%	4,163	37%
Settle during the year	353,874,192	36%	3,367	23%
Closing balance on Mar. 20, 2022	199,889,092	46%	2,636	43%
<b>Type of loans</b>				
Murabaha	283,278,039	20%	2,888	36%
Installment Sale	81,280,930	49%	674	15%
Ju'alah	46,897,764	19%	397	30%
Mosharekat Madani	650,000	-89%	3	-82%
Debt purchase	5,174,144	6835%	201	1156%
Sum	417,280,878	24%	4,163	37%
<b>Bank guarantees</b>				
Balance on Mar. 20, 2021	93,826,914	92%	3,416	14%
Issuance	68,634,200	-13%	1,950	7%
Cancel during the year	31,013,643	-8%	1,501	8%
Closing balance on Mar. 20, 2022	131,447,471	40%	3,865	13%

MEB acts as a guarantor bank to finance long-term projects using external funding sources (the national development fund of Iran (NDFI), Iran Capital Market, etc.). The Investment Banking Department processes the long-term financing,

and after Credit Committees' approval, it is passed on to the Project Supervision Office for follow-up, project monitoring, and evaluation. The following table summarizes the performance of this Office for the year ended Mar. 20, 2022.

Table 25. Project Supervision Office (Mar. 20, 2021-Mar. 20, 2022)

Funding sources	Number of projects	Approved	Used
NDFI's foreign currency funds deposited with MEB	2	500 USD million	500 USD million
NDFI's foreign currency funds, according to agency contracts with MEB	5	239 USD million	62 USD million
NDFI's local currency funds deposited with MEB	7	4,300 IRR Billion	3,300 IRR Billion
Iran Capital Market	2	2,226 IRR Billion	2,140 IRR Billion

Finally, the Collateral and Guarantees Office is responsible for mortgaging properties, keeping title deeds, securities,

checks, and promissory notes as collateral, and guarantees for all MEB's services.

## 3-5. Investment Banking

Our Investment Banking Department provides a range of services focused on generating non-interest income for the Bank. This function plays a vital role in supplementing our corporate banking services and allowing us to reach our revenue targets.

Key products and services include:

- Long-term financing through the National Development Fund ("NDF"), foreign credit lines, as well as MEB's own resources;
- Issuance of bond guarantees;
- Syndicated financing solutions for large loans and off-balance sheet commitments;
- Construction trustee account services for the financing of construction projects; and
- Advisory services in areas such as project financing, company valuations, MandA, ALM optimization, corporate restructurings, and wealth management.

The above factors have served to enhance our reputation among international banks, strengthened by our European presence through our Munich branch. Consequently, we

have managed to substantially increase our market share due to many import/ export customers shifting their business from other Iranian banks under secondary US sanctions to MEB.

In addition to the above, we are actively working to become the first Iranian bank accredited by the Green Climate Fund ("GCF"). This would allow us to access and allocate GCF resources for the funding of climate related adaptation and mitigation projects in Iran.

### ■ Project Financing through the NDF

We act as an agent bank and guarantor for the NDF, assisting in the allocation of foreign exchange and local currency funds to qualifying private sector enterprises, cooperatives and non-governmental organizations in Iran.

### ■ Foreign Currency Financing

Over recent years, we have financed several large-scale projects through agency contracts with the NDF worth over USD500 million, as illustrated by the table below.

Table 26. Foreign currency project financing as of Mar. 20, 2022

		USD million	
Year	Project	Approved	Used
1394	Production of Phosphate Concentrate	3.3	2.3
1394	Production of FCC and RFCC Catalysts	22.4	22.3
1395	Joint Oil and Gas Fields Development	300.0	300.0
1395	Joint Oil and Gas Fields Development	200.0	200.0
1395	Production of Diammonium phosphate Fertilizer	12.0	3.7
1395	Production of Single Pipe Heat-Exchangers	13.7	13.7
1397	Production of Olefins	187.9	20.3
<b>Total</b>		<b>739.3</b>	<b>562.2</b>

### ■ Local Currency Financing

The NDF has deposited portions of its local currency funds with us, as well other eligible Iranian banks. We can use

such funds to finance domestic projects, as agent bank in accordance with NDF regulations. The table 27 illustrates our local currency financings provided using NDF funds.

Table 27. Local currency project financing as of Mar. 20, 2022

		IRR billion	
Year	Project	Approved	Used
1397	Building (Construction) of Solar Power Plants	200	200
1397	Production of Cellulose products	600	600
1397	Production of steel billets	1,000	1,000
1397	Production of Petrochemicals	500	500
1399	Production of Cast Polypropylene films (CPP)	1,000	1,000
1400	Production of cold briquetted iron and Iron powder	2,500	0
1400	Production of food products	800	0
1400	Production of drugs	200	0
<b>Total</b>		<b>6,800</b>	<b>3,300</b>

## ■ Bond Guarantees

The growth of capital markets in Iran over recent years has witnessed an increase in the number of companies seeking to service their borrowing needs through bond

issuances rather than traditional bank lending. Iranian regulations require domestic corporate bond issuances to be guaranteed by one or more banks. The table 26 details bond issuances guaranteed by MEB as of Mar. 20, 2022.

Table 28. Bond guarantees issued by MEB as of Mar. 20, 2022

IRR billion

Client	Financing Source	Approved	Issued	Explanation
Omid Leasing Company (Public)	Bonds (Sukuk)	1,000	1,000	Bonds with maturity of four years and 18% yield were issued
Rayan Saipa Leasing Company (Public)	Bonds (Sukuk)	1,000	1,000	Bonds with maturity of four years and 18% yield were issued
Dr. Abidi Pharmaceutical Company (Public)	Bonds (Sukuk)	726	639	Bonds with maturity of four years and 18% yield were issued
metal products manufacturing company	Bonds (Sukuk)	1,500	1500	Bonds with maturity of four years and 18% yield were issued
<b>Total</b>		<b>4,226</b>	<b>4,139</b>	

## ■ Construction Trust Account

We provide construction trust accounts to facilitate the financing of real estate development and construction projects in Iran. As part of this mechanism, we act as trustee between investors and real estate developers by providing payment assurances to developers whilst at the same time safeguarding investor concerns regarding proper use of their funds.

objectives and operational requirements. Through our strategic advisory services, we aim to create a sustainable competitive advantage for our clients, in line with their specific business objectives and requirements. These services include:

## ■ Advisory Services

Our investment banking division regularly provides strategic advice to clients, assisting them in optimizing their financial structures in line with their individual business

- valuations and MandA;
- Corporate restructurings;
- Private placements;
- Balance sheet and ALM optimization;
- Debt and equity financing;
- Venture capital and private equity;
- Cash flow management; and
- Corporate governance.

# 4. MANAGING RISK

Risk is an intrinsic part of all our business activities. If not properly managed, risks can cause significant financial and reputational damage to the Bank, as well as exposing it to regulatory repercussions such as litigation, penalties, sanctions, and legal. To safeguard our business and ensure we can continue deliver for our shareholders, we take a comprehensive approach to risk management. Our risk management framework comprises a cohesive set of policies and procedures designed to effectively identify, measure, monitor and ultimately control risks within the bank. This is complemented by an articulated Risk Appetite Statement, which is reviewed and approved annually by the Board.

We classify risk into seven main categories, as follows:

- **Strategic risk** arises from fundamental business decisions made by directors and senior management. This includes business objectives formulated around incorrect assumptions, flawed business plans, suboptimal execution strategies and failure to respond to changes in the business environment, including regulatory, macroeconomic and competitive factors.
- **Compliance risk** stems from the Bank's failure to comply with applicable laws and regulations, as well as the Bank's own code of conduct. If left unmitigated, such risks can damage the Bank's reputation and lead to regulatory repercussions including litigation, financial penalties and legal, loss of business and sanctions.
- **Credit risk** is the risk of economic loss emanating from the failure of the Bank's credit customers to meet their obligations in a timely manner.
- **Market risk** is the risk that the Bank's assets, liabilities or earnings may be negatively impacted by changes in market

conditions, such as fluctuations in interest rates, equities and foreign exchange.

- **Operational risk** covers a wide range of risks resulting from inadequate or failed internal processes, systems, people and policies.
- **Liquidity risk** is the risk that the Bank may be unable to meet its short-term financial obligations. This can occur due to the inability to convert assets into cash in a timely manner without a loss of capital or income.
- **Reputational risk** refers to the potential for a damage to the Bank's reputation and/or social capital, leading to financial losses and a reduction in market share.

We continuously seek to foster a sound risk management culture throughout the organization. We actively work to educate all employees on developing a risk-focused mindset by encouraging sound risk-taking activities within our risk appetite. Being able to manage risk well is critical to our long term success, and it is something we expect from our executive management and the Board. The table below illustrate some of the Bank's key risk metrics as of Mar. 20, 2022.

Table 29. MEB Key Risk Metrics as of Mar. 20, 2022

Selected Risk Ratios	Percentage
Doubtful Loans / Total Loans <sup>1</sup>	1.37
Common Equity Tier 1 CAR2 (Basel 3 Standardised)	13.4
Total Capital CAR2 (Basel 3 Standardised)	14.7
Basel 3 Leverage Ratio <sup>2</sup>	9.8
Loans to Deposit Ratio <sup>3</sup>	85.3
Liquidity Coverage Ratio (LCR) <sup>4</sup>	42.7

1. See note 48-3-7-2 of the Financial Statements

2. See Pillar 3 Regulatory Capital Disclosure

3. See note 48-4-5-2 of the Financial Statements

4. See Pillar 3 Liquidity Coverage Ratio (LCR) Disclosure

## ■ Risk Management Framework

- Our risk management framework includes a cohesive set of written policies and procedures, designed to effectively identify, classify and manage the risks facing the Bank and facilitate the execution of its business strategies in line with our long-term objectives. In addition to defining clear roles and responsibilities for the management of risk throughout the Bank, the framework establishes our:
  - Risk-bearing capacity;
  - Risk appetite; and
  - Capital allocation strategy.

This is supported by an effective internal controls structure, comprising a set of systems and processes intended to ensure compliance with the Bank's policies and procedures, as well as to improve the transparency and reliability of our financial reporting.

## ■ Risk Bearing Capacity

Understanding the Bank's overall risk-bearing capacity helps formulate the borders of our risk appetite and facilitates a sound capital allocation strategy. Risk-bearing capacity measures the amount of economic capital available to the Bank for absorbing risk. Economic capital is the amount of risk capital assigned to cover the impact of unexpected losses, estimated using our internal risk models. We employ a three-stage process to determine the Bank's overall risk-bearing capacity:

1. Calculation of the risk-bearing capacity potential;
2. Planning allocation of capital in accordance with the capacity; and
3. Monitoring of and reporting the bank's adherence to its risk-bearing capacity.

We are in the process of adopting and integrating the

Internal Capital Adequacy Assessment Process ("ICAAP") and Liquidity Adequacy Assessment Process ("ILAAP") within the organization in a proportional manner.

### ■ Internal Capital Adequacy Assessment Process ("ICAAP")

ICAAP is composed of internal processes to ensure that the Bank possesses adequate capital to cover all material risks. The process runs in parallel to the calculation of required regulatory capital and leads to the determination of required economic capital in accordance with the Bank's risk bearing capacity.

### ■ Liquidity Adequacy Assessment Process (ILAAP)

ILAAP focuses on the assessment and management of liquidity risk and funding mismatch within the Bank. The ILAAP framework essentially brings various liquidity risk measures, including maturity and liquidity gaps, HQLA buffers, liquidity contingency funding plans, LCR and NSFR into a common liquidity-risk governance framework.

## ■ Risk Appetite

Our Risk Appetite Statement articulates the types and quantities of risk the Bank is willing to own in pursuit of its business and strategic objectives. It establishes strict limits, as well as key thresholds with respect to capital adequacy, liquidity risk, market risk, operational risk, compliance risk and reputational risk. Our executive management review and approve the Risk Appetite Statement by taking into consideration the risk-adjusted returns of each line of business, and submit their recommendations annually to the Board for approval. The risk function continuously monitors the implementation of our risk appetite across the organization, requiring all front line units to regularly report the status of their compliance with their respective risk limits.

Table 30. Key MEB Risk Limits

	Risk Limit (%)		
	Satisfactory	Caution	Unsatisfactory
<b>Capital Adequacy</b>			
CAR - Central Bank of Iran (CBI)	>9	>8	<8
CAR - Basel 3 Standardized	>13	>10.5	<10.5
CET1 CAR - Basel 3 Standardized	>10	>8	<8
Regulatory Capital/Economic Capital	>120	>100	<100
<b>Credit Risks</b>			
Largest Single Obligor (less cash and government collaterals) / CET1	<10	<25	>25
Related Persons (less cash and government collaterals) / CET1	<8	<15	>15
Largest 20 Obligor (less cash and government collaterals) / Total Loans	<25	<40	>40
Past Due, Suspended and Doubtful Loans / Total Loans	<5	<10	>10
Net Income / Shareholder's Equity	>inflation	=inflation	<inflation
<b>Liquidity Risks</b>			
IRR Loans / Total IRR Deposits	<80	<85	>85
IRR Fixed Income Assets + CBI Regulatory Deposit / Total IRR Deposits	>20	>15	<15
100 Largest IRR Depositors / Total IRR Deposits	<40	<50	>50
LCR - CBI	>100	>90	<90
LCR - Basel III	>110	>100	<100
NSFR - Basel III	>110	>100	<100
IRR Liquidity Gap in Months	>6	>3	<3
<b>Market Risks</b>			
Short-Term Equity Investment / Total Asset	<1	<2	>2
Net Interbank Loans / Regulatory Capital	<10	<20	>20
IRR Fixed Income Assets Duration - Year	<1	<3	>3
IRR Government Fixed Income Assets / Total IRR Fixed Income Assets	>90	>80	<80
<b>Operational Risks</b>			
Newly IT Identified Risks - Not Mitigated	<20	<25	>25
Newly Non-IT Identified Risk - Not Mitigated	<20	<25	>25
<b>Munich Branch</b>			
Non_IRR Fixed Income Assets / Branch Capital	>50	>40	<40

For more information regarding MEB's capital adequacy, credit risk, market risk and operational risk, refer to the Pillar 3 Regulatory Capital Disclosure. For details regarding the Bank's liquidity risk, refer to the Pillar 3 Liquidity Coverage Ratio (LCR) Disclosure.

## ■ Capital Allocation

Our capital allocation strategy takes into consideration return objectives and financial resources, which must align with our risk-bearing capacity and risk appetite. The success of our business operations, as measured by risk-adjusted returns, tells us the extent to which the Bank has satisfied its risk appetite. Consequently, management sets financial objectives for each line of business by allocating capital and setting a target risk-adjusted return on capital ("RAROC") for each line of business. The amount of capital allocated to each line of business is based on its unique risk

profile. As the business environment continues to change, capital allocations and operating limits are regularly reviewed as part of our overall governance processes.

In the following sections, we discuss how MEB manages risk in more detail, including the Bank's risk management governance and specific methods, procedures and analyses with regards to the major categories of risk.

## 4-1. Risk Management Governance

The Board oversees our risk management governance, safeguarding that MEB's business activities are:

- Consistent with the Bank's strategic plans and objectives;
- In line with the Bank's risk appetite and risk management framework;
- Subject to adequate internal controls, risk and compliance monitoring.

### ■ Laws and Regulations

Risk identification, classification and quantification can be a complex and often times subjective process. Consequently, the CBI, in its capacity as the national banking regulator and supervisory body, provides a standardized framework for all Iranian banks to properly identify, manage and disclose their risks in accordance with published guidelines and requirements. Banks are required by law to report their risks to CBI on a regular basis in order to facilitate transparency and instill public confidence. In addition to our compliance with CBI regulations, we also adhere to various other laws and regulations, including:

- Requirements of the Deposit Guarantee Fund;
- Various domestic laws and regulations concerning tax, AML, CFT;
- Other regulations passed by the Money and Credit Council;
- Our Munich branch is required to abide by BaFin regulations and German/EU law.

Our financial statements are prepared in line with the standards of CBI and the Securities and Exchange Organization of Iran ("SEO") and published on the CODAL website (Computer Database of All Listed Companies) on a semi-annual basis. We maintain statutory reserves of 11% in line with CBI regulations, in addition to various other reserves, including:

- General loan-loss reserves of 1.5% and
- Specific provisions for bad and doubtful loans as follows:
  - 10% for overdue loans (between 2 and 6 months overdue)
  - 20% for outstanding loans (between 6 and 18 months overdue)
  - 50% of doubtful loans (over 18 months overdue)

We report our financial statements in accordance with both CBI reporting standards and IFRS. A key difference between CBI reporting standards and IFRS lays within their respective approaches in calculating the fair value and facility reserves.

### ■ Three Lines of Defense

To facilitate the development and implementation of our risk management framework, the Board has adopted the three lines of defense within our risk management governance. We assign clear ownership and accountability across each line of defense, as described below:

#### ■ Front Line Units

We classify all risk bearing units as the first line of defense. This includes all front-line business units, as well as Information Technology, Finance and Treasury, Branch Affairs, Credit Operations and Public Relations Departments. These units are the owners of the risk generated through their activities and responsible for proper identification and managements of such risks.

#### ■ Control Functions

Studies indicate that sound and effective internal controls - in their capacity as the second line of defense - constitute one of the most crucial factors safeguarding the health and long-term success of any financial institution. Led by the Risk Management and Compliance functions, our internal control structure also includes other control functions such as Legal, IT security, Inspections, Human Resources and certain activities within Finance and Treasury. Control functions oversee the activities of executive officers and front-line units to ensure proper management of risk and compliance with laws and regulations.

The Risk Management function oversees develops and implements meaningful risk management frameworks that include written policies and procedures outlining how risks are to be effectively identified, classified and managed throughout the organization. It interfaces with the first line of defense to prevent unacceptable exposures or breaches in risk limits. The Senior Risk Manager regularly reports the status of material risk exposures, risk limit breaches and

changes to our risk bearing capacity to the Risk Committee and the Board.

The Compliance and AML Department independently assesses compliance risk, and evaluates the Bank's adherence to applicable laws and regulations. This includes identifying compliance issues, monitoring and reporting on the compliance status for all the Bank's business activities. Our compliance officers collaborate with front line business units, as well as other control functions, to ensure the day-to-day business operations of the Bank remain complaint.

### ■ Internal Audit

A prerequisite for confidence in the Bank's internal controls is the existence of an adequate and independent supervisory function. To this end, our Internal Audit - in its capacity as the third line of defense - independently assesses, tests and validates the effectiveness of key control systems and processes throughout the Bank and submits its findings directly to the Audit Committee or the Board. Through its activities, Internal Audit provides independent assurance to the Board and senior management, and furthermore helps strengthening the Bank's corporate governance by

validating and improving operations, controls, processes and systems. Key responsibilities include:

- Performance evaluation of operations, systems and processes;
- Ensuring the adequacy and effectiveness of the internal control system;
- Reviewing the financial reporting process to ensure quality, accuracy and transparency; and
- Ensuring proper assignment of responsibility and accountability throughout the organization;

### ■ Delegation of Authority

Our risk management governance stipulates that the Board may delegate certain decision-making and approval functions to executive officers and committees, as described by the Bank's various committee charters, minutes of meetings, job descriptions and resolutions. To this end, MEB has established a number of board and management-level committees in accordance with CBI directives and international guidelines. For more information on our Board and Board Committees, see our Board of Directors section and Other Board Committees section on page 16.

## 4-2. Strategic Risk Management

Strategic risk is inherent in every business. It arises primarily from misinformed assumptions concerning internal and external factors, ill-devised business plans, inappropriate execution strategies, and failure to respond to changes in the business environment in a timely manner.

We address strategic risk within our risk management framework, which is reviewed and approved annually by the Board, and consistent with our risk appetite, capital allocation strategy, compliance policy and liquidity requirements. Relevant processes are in place for the Board and executive management to formally assess

the strategic risk implications of significant business decisions, such as material capital allocations, strategic initiatives, restructurings, acquisitions, divestments and new products and services. We regularly review and update our financial forecasts in line with changes in macro-economic conditions, regulatory environment, competitive factors, as well as the Bank's capital and liquidity positions. Overseen by the Board, our executive management directs the business units to execute our strategic plans, consistent with our core operating principles and designed to optimize return on our targeted risk appetite whilst safeguarding the financial health of the Bank.

## 4-3. Compliance Risk

Our Compliance and AML Department was established with the aim to maintain the reputation of the Bank and ensure we remain fully compliant with international and domestic banking laws and regulations. We actively seek to avoid risky transactions that could result in money-laundering and terrorism financing. Our compliance policies focus on two core areas:

- Constantly monitoring our Bank's full adherence to international and domestic laws and regulations;
- Ensuring all our employees are fully equipped to understand and comply with the important concepts of code of ethics, fair lending practices, information protection, and financial crime. This includes Anti-Money Laundering (AML), Countering Financing of Terrorism (CFT), Sanctions, and Anti-Bribery and Corruption (ABandC).

### ■ Compliance Function

The organizational structure of our compliance function has been formulated by the Board of Directors (BoD), as part of which our Compliance Committee was setup to assist the BoD in monitoring the ongoing activities and overall effectiveness of the Bank's compliance function. Our Compliance and AML Department is responsible for ensuring the Bank's adherence to all applicable domestic and international laws, regulations and standards. This includes identifying compliance risks, assessing, controlling, monitoring and reporting any material risks and relevant issues to the Compliance Committee and BoD. The Director of Compliance and AML Department is responsible for finding solutions to address any identified risks, incorporating new regulations into the Bank's compliance policy, and overseeing staff training programs.

### ■ Compliance Control Framework

The responsibilities of the compliance function are carried out under a structured compliance control framework that aims to minimize the Bank's compliance risks. A key component of any compliance framework is compliance risk assessment. Compliance risks arise primarily from non-conformance with applicable regulations. In order to control and reduce such risks and thereby avoid legal, financial and reputational damage to the bank, we adhere to all applicable national and international laws and regulations.

Any relevant findings from our compliance risk assessment process are reported to the Compliance Committee and BoD, along with any recommendations regarding additional checks and controls to enhance and the Bank's compliance control framework. Our compliance control framework includes the implementation and review of policies and procedures, compliance monitoring and testing, and training.

### ■ Anti-Money Laundering and Countering the Financing of Terrorism

Our Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) programs are conducted in line with international efforts to combat money laundering, financing terrorism and other criminal acts. The Bank has in place a range of protective measures against suspicious activities, high risk transactions and high-risk customers such as Politically Exposed Persons (PEPs). Using our automated monitoring systems, we conduct Customer Due Diligence (CDD), and in high risk situations, Enhanced Due Diligence (EDD) on clients and transactions. Our AML program complies with the Central Bank of Iran's (CBI) Anti-Money Laundering regulations and the guidelines of the Financial Intelligence Unit (FIU). It is also in line with the money laundering recommendations of the Financial Action Task Force (FATF).

Our AML requirements apply to all the Bank's business units and its subsidiaries. Staff and senior managers are required to comply with these regulations to prevent misusing MEB's name, our products or services for money laundering and financing terrorism purposes. The work of our Compliance and AML Department is regularly reviewed to ensure the Bank continues to employ the safest, most up-to-date compliance practices.

### ■ AML/CFT And Compliance Enhancement Project

In accordance with the Bank's policy, and to safeguard the expansion of our international banking operations, we initiated the AML/CFT compliance enhancement project in 2016. International consultancy firm KPMG was hired to assess and advice the Bank on international best practices

regarding proper adherence and implementation of compliance regulations, AML/ CFT in addition to a wide range of other fields.

In recent years, we have continued to enhance our compliance function, focusing on improving policies and procedures, software development, and employee training. During the year under review, our main focus has been on enhancing our processes for identifying financial crimes such as fraud, bribery and corruption. We have developed a “whistleblowing” portal to allow all employees to report any fraudulent or non-compliant activities by their colleagues. We also continued expanding our policies and procedures in the fields of AML and CFT. Additionally, we have made changes to the Bank’s international trade policy, the most important of which was limiting our international trade to humanitarian goods.

### ■ Know Your Customer (KYC)

MEB has developed effective KYC procedures for proper assessment of new and existing clients. Our procedures apply not only our individual and corporate customers, but also to any direct or indirect beneficiaries.

Our KYC procedures start with intensive checks before accepting a client and continue in the form of regular reviews. KYC also provides valuable insights with respect to clients’ risk tolerance, financial knowledge and financial position, enabling our banking advisors and relationship managers to provide appropriate advice tailored around each customer.

### ■ Customer Compliance Risk Categorization

Based on information we obtain from clients, such as history with the Bank, field of activity, financial transparency and nationality, we are able to analyze their client-specific compliance risks and assign them a compliance risk category. For customers classified as high-risk, enhanced due diligence and ongoing monitoring is conducted.

### ■ Enhanced Due Diligence

We require Enhance Due Diligence (EDD) for all high-risk clients and transactions. This higher level of due diligence is required to mitigate compliance risks associated with situations where we perceive there may be an increased possibility of money laundering or terrorist financing.

We consider a number of situations as “high risk”, such as not meeting clients face-to-face, or when dealing with a Politically Exposed Person (PEP). When EDD is required, our compliance officers often request additional information and documentation from clients to complete the process, before allowing them to access the Bank’s services.

### ■ Suspicious Transaction Reporting (STR)

The Compliance and AML Department is required to report any suspicious transactions or activities to the FIU. Our employees are trained to inform the Compliance and AML Department in case they suspect money laundering or terrorist financing is taking place at the Bank. Such suspicious activities are reviewed by a team of qualified compliance officers who ultimately decide whether to report them to the FIU. Suspicious activities are detected in two ways:

- Our automated AML software, which has the ability to detect suspicious transactions based on their volume, frequency and pattern according to pre-defined rules. This software is under continuous development.
- Employee reports concerning suspicious customer behaviors and activities, which are evaluated in accordance with CBI guidelines.

### ■ Sanctions

At MEB, we are committed to comply with international economic and trade sanction acts, not simply out of requirement, but because it is the right thing to do. In line with the Bank’s business policy, we adhere to most important sanction regimes and forego any business that would breach any Iranian sanctions.

Despite the JCPOA (reached on July 14, 2015 by the P5+) the United State unilaterally quit the plan on 4th November 2018 and subsequently re-imposed sanctions against financial institutions in Iran. These sanctions resulted in most Iranian banks being labeled as SSDN (subject to secondary sanction) and consequently losing their access to SWIFT. MEB however, is labeled SDN, and therefore still able to transfer funds via SWIFT and conduct legitimate business operations with foreign banks. It should be noted however, that banks such as MEB labeled as SDN are only allowed to conduct international trade transactions in the field of humanitarian goods.

## ■ International Trade

At MEB, we require compliance confirmation for all services related to international trade. These include, but are not limited to import and export activities and any other international transaction over ten thousand dollars. Our Compliance and AML Department conducts due diligence on all parties, beneficiaries and goods involved in an international transaction prior to approval.

We evaluate compliance risks involved in Letters of Credit (LC), Bank Guarantees (BG) or SWIFTS. As part of this process, we review:

- Applicants;
- Any goods involved in the transaction;
- Seller, buyers and manufacturers of the goods;
- Third parties such as agencies, shipping lines, carriers, insurance companies and surveyors;

We are constantly improving our automated compliance systems to enhance the performance and effectiveness of our compliance reviews of international trade customers.

## ■ Anti-Bribery and Corruption

MEB's zero-tolerance approach to bribery and corruption complements our core values of integrity and the standards of behavior expected from all our employees. We are committed to comply with all anti-corruption and anti-bribery regulations in Iran and internationally.

## ■ Software Applications and Tools

### ■ Compliance Screening Tool (CST)

Our Compliance Screening Toolkit (CST) relies on a range of domestic and international databases to check and vet our clients, including:

- International sanction lists;
- Interpol list;
- Central Bank black list;
- Fraudulent persons; and
- Other restricted persons announced by legal authorities

### ■ AML Software

Through the use of advanced AML software, we can detect

suspicious transactions, potentially involving money laundering activities. Our AML software incorporates rules and guidelines issued by CBI's in addition to MEB's own set of standards and policies to detect suspicious changes in customer behavior and financial activities. Another function of our AML software is the Customer Compliance Risk Categorization, whereby customers are assigned relevant compliance risk categories to determine whether they require enhanced due diligence.

### ■ PEP Screening Tool

This tool uses advanced database searches to provide information on Politically Exposed Persons (PEPs). MEB customers are regularly screened using this tool, and if recognized as PEPs, they must undergo enhanced due diligence by the Bank.

## ■ Employee Awareness and Training

At MEB, we work hard to ensure all employees are aware of relevant laws and regulations concerning their line of work. Significant changes in compliance policy or procedures are communicated in a timely manner to all the Bank's employees and senior management. As part of our employee awareness training, all new employees must familiarize themselves with the key concepts of compliance, AML/CFT, ABandC and sanctions. Our employee training programs are held at least twice a year.

### ■ Whistleblowing

Through our whistleblowing portal, we provide a platform for employees to notify senior management of any misconduct or irregularities within their department without fear of reprisals. Whistleblowers can report any violation, crime or wrongdoing anonymously, by providing sufficient information to allow compliance officers to contact their department to investigate the matter.

## ■ Reporting

We have trained compliance officers present at all our branches and business departments. The role of the compliance officers is to ensure their respective business unit adheres to all compliance and AML/CFT policies of the Bank, submitting regular reports to the Compliance and AML Department. The Director of Compliance and AML Department is in turn required to provide monthly and quarterly reports to the Bank's Compliance Committee and BoD respectively. The Compliance and AML Department is also required to regularly submit reports concerning their

activities to financial regulators and supervisors such as the Central Bank and Financial Intelligence Unit.

## ■ Ethics and Integrity

MEB's compliance culture is anchored in the our code of ethics, which seeks to ensure the Bank carries out its business in accordance with highest standards of ethical and professional conduct. All MEB employees are required to take part in our annual compliance training program that includes our code of ethics, along with other relevant courses in the fields of compliance and AML.

## 4-4. Credit Risk

Credit risk is the risk of economic loss emanating from the failure of the Bank's credit customers to meet their obligations in a timely manner. Several products expose us to significant credit risk, including loans, bank guarantees, letters of credit, debt securities and assets within the trading book. Recent adverse macroeconomic events in Iran may affect our credit portfolio, including US sanctions, the onset of the COVID-19 pandemic, declining GDP and consumer spending, coupled with high inflation, volatile FX markets and uncertainty concerning interest rates. Increases in default rates among our credit customers would result in increased charge-offs and provisions for credit losses.

### ■ Credit Assessment

At MEB, credit risk management for each customer begins with a preliminary assessment of the customer's financial profile, credit history, business outlook, management and ownership structure. Using our industry-specific empirical rating models, and based on available data, we assign each customer a risk rating ranging from AAA to C/CC. Our ratings reflect customers expected annualized probability of default ("PD") for the coming financial year. We monitor and review individual credit ratings on an ongoing basis to reflect changes in general risk profiles of our clients. As part of the credit assessment process, we consider a range of factors, including customers' credit risk rating, collateral, industry concentrations, aggregate amount of credit lines

extended to affiliated/group companies, as well as clients' relationship with the Bank.

### ■ Credit Risk Policy

MEB's credit policy follows CBI regulations as well as guidelines from the Basel Committee on Banking Supervision ("BCBS"). The Bank's overall credit risk appetite is contingent on the credit-to-deposits ratio, capital adequacy measures, liquidity measures and CBI regulations.

Corporate clients constitute the core of MEB's credit customers. The Bank also welcomes individual business owners (sole traders) registered with the Chamber of Commerce and in possession of tax codes. We develop and maintain strong long-term banking relationships with all our credit customers.

The purpose of the majority of our credit facilities is to assist its clients with their short-term working capital financing requirements. Our international activities are mainly focused on the importation of raw materials and spare parts for companies operating within the food and pharmaceutical sectors. Occasionally, we also engage in syndicated funding activities where funding is sourced through the capital market or the National Development Fund ("NDF").

The Credit Department performs its own evaluation on its customers before submitting their information to be assessed by our credit risk officers. As part of our credit risk policy, we seek to maintain an average Moody's equivalent credit risk rating above "B2" (similar to SandP/Fitch rating of "B") in respect of our overall credit portfolio. Customers with lower credit ratings are typically required to post additional collateral to mitigate their elevated default probability. We manage concentrations of large loans on an ongoing basis to ensure they adhere with CBI limitations for "significant loans". Additionally, our credit risk policy applies a look-through approach to our credit customers, by considering the Bank's aggregate exposures to the various stakeholders (such as their management teams, Boards and shareholders) in order to evaluate the quality of their long-term relationships with the Bank.

### ■ Credit Approval Process

Depending their nature and scope, our credit approvals may take place either at branch level, or at the Bank's headquarters within the Central Credit Committee, Supreme Credit Committee or Board Committee. Note 49-3-4 of the Financial Statements details our organizational hierarchy for credit approvals. For information about the various stages involved in the Bank's credit approval process, see note 49-3-2 of the Financial Statements.

## ■ Credit Risk Exposures

### ■ Total Asset Balances

As of Mar. 20, 2022, the Bank's total consolidated assets were approximately 527 trillion IRR, up 122 trillion IRR from Mar. 20, 2021. The primary driver behind the increase in total assets balances was:

- Increase in loans driven by strong demand for corporate credit lines.

### ■ Cash and Cash Equivalents

The amount of cash equivalent has been reduced slightly, relative to the last year. The deviation is mainly originated from a meaningful decline in foreign currency call deposits. For more information regarding cash and cash-equivalent assets of Bank, see note 9 of the Financial Statements

### ■ Loans and Leases

Commercial loans and leases increased approximately by 115 trillion IRR, driven by strong demand for corporate loans. Table below illustrates borrowers' repayment behavior in respect performing loans denominated in local currency.

Table 31. Borrowers' repayment behavior in respect of performing local-currency loans

Status	Description	Exposure Amount (Percent of Total)
Excellent	No late payments	92%
Good	1 to 7 days late payment	3%
Average	7 to 25 days late payment	3%
Below average	25 to 60 days late payment	2%
Others	No payments due to date	0%
<b>Total</b>		<b>100%</b>

As of Mar. 20, 2022, around 1.8 percent of the Bank's loan exposures are defined as non-performing, out of which:

- 0.3% are between 2 and 6 months past their due date;
- 0.1% are between 6 and 18 months past their due date; and
- 1.4% are considered doubtful.

For information regarding amounts and breakdown of the Bank's non-performing loan exposures, please refer to note 49.3.7.2 of the Financial Statements. For more information regarding credit quality, concentrations, collateral, industry distributions and management of loans and leases, see note 49.3 ("Credit Risk") of the Financial Statements.

### ■ Debt Securities

Debt securities, including investments in Islamic treasury bills, governmental bonds and corporate bonds, totaled approximately 46 trillion IRR as of Mar. 20, 2022. We use the debt securities portfolio primarily to manage interest rate and liquidity risk and to take advantage of market conditions that create economically attractive returns on these investments. For more information on debt securities, see note 12.3 of the Financial Statements.

## ■ Equity and Subordinated Debt

The Bank made a strategic decision to exit its equity-trading portfolio in 2019 primarily due to regulatory and capital adequacy treatments of such assets. Total equity holdings on the banking book stood at around 2,210 trillion IRR as of Mar. 20, 2022, up from approximately 1,157 trillion IRR the previous year. For more information on the bank's equity investments, see note 12.1 and 12.2 of the Financial Statements.

## ■ Off-Balance Sheet Exposures

The Bank's total off-balance sheet exposures increased to 134 trillion IRR as of Mar. 20, 2022, from around 108 trillion IRR the previous year. For more information regarding the Bank's off-balance sheet exposures, see note 45 of the Financial Statements.

## ■ Concentration of Credit Exposures

The bulk of our loan exposures are concentrated around the 100 largest customers of the Bank. In order to mitigate such concentration risk, we exercise great caution in extending credit facilities by carefully considering each customer financial situation, credit rating, management structure, shareholders and past knowledge about the customer's credit history. Another mitigating factor is our practice of always ensuring we hold sufficient collateral for customers based on the size of their credit exposure and their expected probability of default, implied by their assigned credit rating. This serves to minimize our loss-given-default, and hence the overall expected loss of our credit portfolio. The table below illustrates the industry composition of our loan portfolio as of Mar. 20, 2022.

Table 32. Industry composition of MEB's loan portfolio as of Mar. 20, 2022

Industry	Share of Loan Portfolio
Beverage, Food, and Tobacco	23.8
Healthcare and Pharmaceuticals	18.8
Consumer Goods: Non-Durable	3.8
Automotive	7.4
Fire: Finance	9
Chemicals, Plastics, and Rubber	3.8
Individuals	3.1
Consumer Goods: Durable	4.3
Forest Products and Paper	1.8
Capital Equipment	2.4
Metals and Mining	7.6
Telecommunications	2.3
Others	4.7
Construction and Building	2
Utilities: Oil and Gas	2.3
Wholesale	1.4
Containers, Packaging, and Glass	1.5
<b>Total</b>	<b>100</b>

For additional information on the geographic and industry distribution of our credit exposures, refer to notes 49-3-8-1 ("Distribution of credit facilities and investments by economic sector") and 49.2 ("Geographical concentration

of major items of assets, liabilities and income") of the Financial Statements.

## ■ Credit Risk Rating System

The Bank's primary risk rating system consists of a range of industry-specific credit rating models based on empirical customer performance data. Such data includes the customers' financial statements, late payment history and other customer-specific information. The credit risk team periodically updates and calibrates the models based on the bank's historical default experience with existing customers, resulting in generally consistent default probabilities across risk ratings between different industry categories.

### ■ Determining Credit Risk Parameters

MEB's capital risk parameters are regularly back-tested and benchmarked to evaluate their ongoing performance and suitability. Through back testing, we are able to validate the appropriateness of each parameter by comparing its predicted values to the actual results. We then benchmark parameters against external standards or through alternative measurement methodologies to determine their validity.

#### ■ Probability of Default ("PD")

Probability of default or PD, is an empirical estimate of the average annualized default rate of a customer across different business cycles, including upturns and downturns. Our method of estimating PD aligns our risk ratings with the definition of default according to Basel 3. We define "default" either as write-offs, debt restructurings, or arrears on payment obligations of more than 90 consecutive days.

#### ■ Exposure-at-Default (EAD)

The exposure-at-default or EAD, is an empirical estimate of the amount of exposure that is outstanding to an obligor, when that obligor defaults, based on statistical analyses of historical data.

#### ■ Loss-Given-Default (LGD)

We define loss-given-default or LGD, as the estimated economic loss (in percentage terms of the EAD) that the

Bank would expect to incur if the customer (or any obligor within the customer's rating category) were to default within a one-year horizon. For the F-IRB approach, we assume a 45% LGD for all obligors, in line with Basel guidelines.

## ■ Credit Risk Mitigation

The Bank manages the size and risk profile of its loan portfolio through diversification with respect to obligor and industry concentrations. We proactively maintain our credit management practices and standards to meet the constantly changing economic environments in Iran and abroad.

Our credit decisions are primarily based on borrowers' credit standing and their debt servicing ability rather than collateral postings and/or guarantees. Nevertheless, we use collateral and third party guarantees whenever possible to mitigate credit risk, and monitor collateral values on an ongoing basis.

The main types of collateral accepted by the Bank include cash, marketable securities, real estate, equipment and trade receivable cheques. The practice of using trade receivable cheques as collateral allows us to monitor the cash flow and business performance of the borrower on an ongoing basis. Additionally, we often require personal guarantees and collaterals from the primary stakeholders of our corporate customers (e.g. principal residences of key shareholders and directors), as a form of ethical assurance that they intend to fulfill their credit obligations vis-a-vis the Bank.

The Bank recognizes the credit risk mitigation ("CRM") effects of qualifying collaterals, as described in Basel 3, with eligible haircuts within its regulatory capital calculations. These include primarily cash deposits and marketable securities posted by the borrowers. For further information on credit risk mitigation and its effect on our Risk Weighted Assets, please refer to the Credit Risk Mitigation section of our Pillar 3 Regulatory Capital Disclosure.

## 4-5. Market Risk

### ■ Overview

Factors such as interest rates, foreign exchange rates, inflation, tax regulations, commercial laws, political decisions and capital markets may all significantly impact our profitability. In this section, we discuss the risk that the Bank may sustain negative effects on the value of its assets, liabilities or earnings due to changes in market conditions. Market risk is especially relevant to our trading book, including bonds and equities, as well as our foreign exchange exposures.

The ALCO committee governs the Bank's market risk. The committee members meet on a weekly basis to update senior management and provide recommendations on market risk related matters. The Bank's market risk framework comprises policies and practices, validation and valuation procedures and valuation models. We are in the process of implementing a comprehensive approach to monitoring and stress testing market risk to ensure it remains well capitalized, even under adverse market conditions.

### ■ Regulatory Reporting of Market Risk

The Bank currently adopts an approach similar to the Basel 3 Simplified Standardised Approach (published January 2019) for the calculation of regulatory market risk, albeit adjusted with regards to the Iranian economy. We outline the calculations in note 49-7-2-2 of the Financial Statements.

### ■ Internal Measurement of Market Risk

Separate from regulatory reporting, the Risk Management Department employs a range of models to monitor the Bank's market risk on an ongoing basis, in line with sound market practices. Financial exposures are measured and controlled by our internal market risk models, including interest rates, foreign exchange, and equity risk.

Our VaR models assumes that observed historical changes could predict future movements in market rates. We base our VaR calculation on a one-percent probability (one tail) using daily standard deviations over a 10-day horizon. Complementing our VaR estimates, we also perform stress testing under various macro-economic scenarios to identify the Bank's vulnerability to event risk. The purpose of these tests are to provide the Bank an early-warning mechanism of in the case of systemic shocks.

### ■ Interest Rate Risk

Partially owing to recent debt market developments in Iran, the Bank faces an increased level of interest rate risk. MEB may face the prospect of losing funds by abiding by regulatory limits on interest rates while other banks deviate significantly from such regulations.

#### ■ Interest Rate Risk on Trading Book (IRRTB)

The only assets on the Bank's trading book as of Mar. 20, 2022 consisted of corporate and government bonds. Despite the still relatively small size of the secondary bond market in Iran, we have witnessed a notable increase in volume expect IRRTB to constitute a larger part of our overall market risk going forward. Due to the nature of these assets, their values may change due to a range of factors including yields, market liquidity, inter-market correlations and market volatility. The following table illustrates the effect of parallel shift in interest rates on the trading book.

#### ■ Interest Rate Risk on Banking Book (IRRBB)

MEB does not use floating rates, or significant optionality (e.g. early repayment) within its loan portfolio. Consequently, Bank's profitability may suffer in the short term due to increases in regulatory interest rates. The following table illustrates the effect of parallel shift in interest rates on the banking book.

Table 33. IRRTB Stress testing: sensitivity of market values due to parallel shifts in the yield curve

Category	MEB Consolidated			
	400 bp decrease	400 bp increase	200 bp decrease	200 bp increase
<b>Mar. 20, 2022</b>				
Fixed Income Securities (IRR million)	948,633	(910,110)	465,869	(463,020)
<b>Mar. 20, 2021</b>				
Fixed Income Securities (IRR million)	1,628,480	(1,516,865)	797	(774)

Table 34. IRRBB Stress testing: sensitivity of income due to parallel shifts in the interest rates

Category	MEB Consolidated			
	400 bp decrease	400 bp increase	200 bp decrease	200 bp increase
<b>Mar. 20, 2022</b>				
Loans (IRR million)	(5,856,207)	5,856,207	(2,928,104)	2,928,104
Fixed Income Securities (IRR million)	950	(910)	465	(463)
Deposits (IRR million)	3,554,677	(9,647,515)	1,777,339	(4,823,757)
<b>Total (IRR million)</b>	<b>2,300,580</b>	<b>(3,792,218)</b>	<b>1,150,300</b>	<b>(1,896,116)</b>
<b>Mar. 20, 2021</b>				
Loans (IRR million)	(3,940,591)	3,940,591	(1,970,296)	1,970,296
Fixed Income Securities (IRR million)	1,600	(1,600)	800	(800)
Deposits (IRR million)	5,329,246	(8,330,898)	2,664,623	(4,165,449)
<b>Total (IRR million)</b>	<b>1,390,255</b>	<b>(4,391,907)</b>	<b>695,127</b>	<b>(2,195,953)</b>

## Foreign Exchange Risk

Our profitability and balance sheet are highly sensitive to foreign exchange rate fluctuations. MEB's foreign exchange risk emanates primarily from off-balance sheet commitments related to imports of goods. We do not seek to engage in speculative foreign exchange activities. Occasionally however, the Bank ends up with open long or short positions, mainly because of our foreign exchange denominated credit facilities extended through the NDF, as well as due to import/export activities of our customers.

The value of the Iranian Rial over the coming year will be highly dependent on policies adopted by the government. Many such policies adopted over the previous year have been counterproductive and served to further devalue the Iranian Rial in the face of US sanctions, including the adoption of a multi-rate, state-regulated foreign exchange mechanism, as well as export restrictions on various types of products.

In the short term, we expect to witness a continued high inflation rate and a temporary rebound of Iranian Rial during 2022, bringing its value in line with PPP expectations. Certain fiscal policies could help reduce the level of inflation and currency devaluation over the coming years, such as abandoning the policy of subsidized imports

and centralized price-setting policies for certain products, unifying the foreign exchange rate in order to incentivize exporters to repatriate their money using free-market rates, as well as removing export restrictions for certain products.

For MEB, the result of a devaluing domestic currency is a double-edged sword. On one hand, it increases the value of foreign currency assets on our balance sheet. On the other hand, it increases the risk of default for many of our credit customers who will see demand for their products diminish due to higher prices.

- The tables within note 49-5-5-2 of the Financial Statements illustrate the possible effects on the Bank's income due to foreign exchange risk under the single-asset and variance-covariance VaR models.
- The tables within note 49-5-6 of the Financial Statements illustrate the expected amount of capital required to cover foreign exchange risk under the single-asset and variance-covariance VaR models.

## Equity Risk on the Banking Book

As of Mar. 20, 2022, the aggregate equity exposure of the Bank was restricted to strategic investments in ME Life Insurance Company, MEB Brokerage, MEB Currency

Exchange and MEB Information Technology Company. The two tables in note 49- 5-6 of the Financial Statements illustrate the VaR measure and corresponding regulatory

capital requirement for our equity exposures using the single-asset VaR method, as well as the variance-covariance VaR method.

## 4-6. Operational Risk

### ■ Overview

Operational risk covers a wide range of risks resulting from inadequate or failed internal processes, systems, people and policies. Despite its name, operational risk is not limited to our operations functions. It can occur anywhere in the Bank, including third-party business processes. The effects of operational risk often extend beyond financial losses and may result in significant reputational implications for the Bank.

In accordance with Basel guidelines, we classify operational risk into seven categories, as listed below:

- Internal fraud; 5. External fraud;
- Employment practices and workplace safety;
- Clients, products, and business practices;
- Damage to physical assets;
- Business disruption and systems failures;
- Execution, delivery, and process management;

We use these categories to identify and assess operational risks as part of its Risk and Control Self- Assessment framework, explained below.

### ■ Risk and Control Self-Assessment Framework

The operational risk assessment process follows the Risks and Controls Self-Assessment (RCSA) methodology, according to which:

- Each of the Bank's branches and risk-taking units has a designated RCSA representative, responsible to conduct the process within their unit in close co-ordination with a risk officer.

- The designated RCSA representatives determine the frequency and severity of identified operational risks and divide them into two categories: "material risks" and "non-material risks".
- The heads of all risk-taking units (in co-ordination with the relevant risk officers) are required to verify all identified "material risks" within their unit and propose mitigation procedures to control such risks.
- The Risk Management Department classifies all residual risks that remains unhedged following the application of the Bank's mitigation procedures as a "material risks" and include them within its Risk Inventory

By applying the RCSA process, we have identified numerous material operational risks within various sections of the Bank and its branches to date.

### ■ Risk Inventory

The Bank's Risk Inventory is a multi-disciplinary process according to which various types of risks are collected, identified and assessed at all levels of the Bank. Our risk inventory process comprises credit risk, market risk, operational risk, liquidity risk, concentration risk, legal and compliance risk and reputational risk. The Risk Inventory provides a detailed catalogue of all identified risks - categorized according to risk type - within the Bank, along with relevant mitigation procedures.

### ■ Employee Self-Appraisal and Reporting

At MEB, we employ a self-appraisal system to identify insufficient control mechanisms and potential operational risks. As part of this process, business unit employees within the first line of defense are encouraged to report any potential operational risks that they encounter within

their line of work to the second line of defense, through the online Operational Risk Reporting Portal. Additionally, we also use an Employee Fraud and Misconduct Reporting System aimed at detecting unusual transactions or suspicious behavior by Bank employees.

We treat reports received through the Operational Risk Reporting Portal or the Employee Fraud and Misconduct Reporting System with outermost confidentiality, to encourage whistleblowers to come forward without having to worry about potential consequences from their managers or colleagues. This system has enabled us to identify numerous operational risk cases to date in various areas of the Bank and its branches.

### ■ New Product and Services Process

The Bank's New Product and Services Process ("NPSP") ensures that operational risk emanating from new products and services within the Bank, its branches or third parties can be properly identified and mitigated through a multi-disciplinary, multi-departmental framework.

### ■ Information Security

Banks face a range of cyber security threats, including hackers seeking to access confidential customer information, making unauthorized transactions, damaging databases and information systems, as well as disrupting banking services.

Such cyber threats can result in significant reputational damage for the Bank, as well as financial losses and the possibility of legal litigation. To mitigate such risks, we have made substantial investments over recent years in cyber security aimed at enhancing our capabilities to prevent cyber-attacks, leakage of confidential customer information, unauthorized penetration into our databases and payment systems. This includes the implementation of an Information Security Management System, based on international standards including ISO 27001 and PCI DSS.

Through ongoing awareness programs and personnel training, we aim to ensure all our staff have sufficient knowledge regarding information security in order to detect and report any external interference within our systems.

Our Information Security Department has devised a

comprehensive framework for identifying, evaluating and responding to any unusual activities and vulnerabilities within our data infrastructure systems including our network, servers, datacenters, banking software, mobile applications, web-based services, open banking interfaces and other systems. Our Security Steering Committee meets on a regular basis and provides a forum through which the Information Security Department can report all material security risks to the CEO and senior management.

### ■ Operational Risk Capital Charge

Operational risk constitutes a significant component in our calculation of total risk-weighted assets, used in our capital adequacy calculations under the Basel 3 Standardised and F-IRB approaches. To calculate our operational risk capital charge, we use the Updated Standardized Measurement Approach ("USMA") as per Basel 3 guidelines. According to the USMA approach, we first calculate a value for the Bank's business indicator ("BI") based on the its interest income and interest expenses, interest earning assets, services incomes, and net profit/loss on the trading book and banking books. We then convert the calculated BI amount into the business indicator component ("BIC") and map it to the required operational risk capital charge in accordance with Basel 3 guidelines. However, as the Bank's BIC is less than 1 billion Euros, adjustments of the Bank's operational risk capital charge using the Internal Loss Multiplier ("ILM") component does not apply. The USMA model uses three years averages of each of the above components.

- Interest income includes income from loans and advances, securities held to maturity as well as the trading portfolio, in addition to other income emanating from interest on the Bank's statutory deposits.
- Interest expenses relate mainly to deposits.
- Interest earning assets consist of total gross outstanding balances of loans and other assets such as fixed income securities.
- Services income includes various fees and commissions charged by the Bank in respect of its products and services.
- Financial income relates to realized and unrealized gains and losses on assets measured at either fair value or through amortized costs.

The following table illustrates our operational risk capital charge calculation, as of Mar. 20, 2022, using the USMA method.

Table 35. Operational risk capital charge calculation using the USMA method

Factor	Sub-Factor	2020	2021	2022	Average
Interest income, except for financial and operating lease	Interest income form loans and advances	12,427,834	24,692,756	38,329,114	
	Interest income form assets held to maturity	2,484,191	2,922,206	5,018,241	
	Interest income form trading assets	2,441,385	8,060,444	9,771,556	
	Other interest income	86,677	184,894	254,846	
	<b>TOTAL</b>	<b>17,440,087</b>	<b>35,860,300</b>	<b>53,373,757</b>	<b>35,558,048</b>
Interest expenses, except for financial and operating lease	Interest expenses from deposits	10,005,694	22,382,890	35,468,512	22,619,032
Interest earning assets (balance sheet item, not PandL)	Total gross outstanding loans, advances, and interest bearing securities (including government bonds) measured at the end of each financial year	157,141,292	304,177,065	418,808,394	293,375,584
Dividend income	Dividend income from investments in stocks and funds not consolidated in the bank's financial statements, including dividend income from non-consolidated subsidiaries, associates and joint ventures.	369,448	1,426,399	1,824,000	1,206,616
Fee and commission income	Income received from providing advice and services. Includes income received by the bank as an outsourcer of financial services.	4,419,139	9,660,387	8,159,709	7,413,078
Fee and commission expenses	Expenses paid for receiving advice and services. Includes outsourcing fees paid by the bank for the supply of financial services, but not outsourcing fees paid for the supply of non-financial services ( eg logistical, IT, human resources)	132,013	272,884	374,320	259,739
Other operating income	Income from ordinary banking operations not included in other BI items but of similar nature (income from operating lease s should be excluded)	-	-	-	-
Other operating expenses	Expenses and losses from ordinary banking operations not included in other BI items but of similar nature and from operational loss events (expenses from operating lease s should be excluded)	-	-	-	-
Net profit (loss) on the trading and banking book	Realized net profit/loss on trading assets and trading liabilities (derivatives, debt securities, equity securities, loans and advances, short positions, other assets and liabilities)	121,863	1,103,769	1,514,345	
	Unrealized net profit/(loss) on trading assets and trading liabilities (derivatives, debt securities, equity securities, loans and advances, short positions, other assets and liabilities) measured at fair value or amortized cost through profit and loss	-	-	-	
	Net profit/loss from exchange differences	3,029,334	6,912,396	3,435,785	
	<b>TOTAL</b>	<b>3,151,197</b>	<b>8,016,165</b>	<b>4,950,130</b>	<b>5,372,497</b>
Business Indicator (BI)		20,593,142			
Business Indicator Component (BIC)		2,471,177			
Operational Risk Capital Charge (IRR million)		2,471,177			

## 4-7. Capital Management

### ■ Overview

MEB manages its capital position according to its risk appetite, ensuring the Bank has sufficient capital at all times to support its business activities in line with its overall business strategy. The Bank's corporate governance processes incorporate capital management as an integral factor in the formulation of our business strategy, risk appetite and risk limits.

We periodically conduct an Internal Capital Adequacy Assessment Process (ICAAP) to capital adequacy based on our current risk exposures. ICAAP is a prospective estimation of the Bank's resources and capital needs under standard and stressed economic/ market scenarios.

The Board oversees implementation of the ICAAP. The Risk Management Department regularly updates the

Board concerning economic capital, liquidity adequacy and capital adequacy, as well as assisting the Board in enhancing the ICAAP supervisory process.

## ■ Capital Adequacy

MEB was well capitalized as of Mar. 20, 2022, exceeding all regulatory capital requirements. MEB measures and reports its capital adequacy ratio (CAR) in accordance with three separate models:

- CBI regulations;
- Basel 3 Standardised approach; and
- Basel 3 Foundation-IRB approach.

Within this section, we outline our capital adequacy calculations according to Basel 3 guidelines. For information on the Bank's capital adequacy calculations based on CBI regulations, see note 49-7-3 of the Financial Statements.

## ■ Basel 3 Capital Adequacy Framework

The Basel 3 regulatory framework provides two principal methods for calculating capital adequacy: The Standardized Approach and the Internal Ratings Based (IRB) approaches.

Basel further divides the IRB approaches into the Foundation IRB approach (F-IRB) and the Advanced IRB approach (A-IRB). At present, MEB calculates its capital adequacy according to the Standardized Approach, and adopts the F-IRB approach on a partial basis for a subset of asset classes including corporate loans, specialized lending exposures and off-balance sheet items.

## ■ Capital Structure

Basel 3 defines capital within two tiers, Tier 1 capital and Tier 2 capital. Tier 1 is further composed of Common Equity Tier 1 Capital (CET1) and Additional Tier 1 Capital (AT1). At MEB, we do not presently utilize capital instruments qualifying as AT1 Capital. Hence, our Tier 1 Capital is comprised entirely of CET1 capital. MEB's total capital as per Basel 3 is the sum of the Bank's Tier 1 and Tier 2 capital.

The following table presents the capital composition of the Bank as measured under the Basel 3 Standardized approach as of Mar. 20, 2022. Investment in financial institutions were below the 10% Tier 1 capital threshold, hence no capital deduction was necessary in respect of such investments.

Table 36. MEB capital composition as of Mar. 20, 2022

	IRR million
	Mar. 20, 2022
Share Capital	25,000,000
Retained earnings	21,214,381
Statutory Reserves	9,067,581
Other Disclosed Reserves	-
Goodwill and Intangible Assets	(281,049)
Investments in financial firms above 10% of Tier 1	-
Other Regulatory adjustments	(1,308,747)
<b>Tier 1 Capital</b>	<b>53,692,166</b>
Re-evaluation Reserves	-
General Loss Provisions up to 1.25% of RWA	5,374,224
Other Regulatory adjustments	(265,606)
<b>Tier 2 Capital</b>	<b>5,108,618</b>
<b>Total Capital under the Standardized Approach</b>	<b>58,800,784</b>

## ■ Basel 3 Regulatory Capital Ratios

The table below illustrates the MEB capital ratios under the Basel 3 Standardised and Foundation-IRB approaches.

Table 37. Summary of Basel 3 regulatory capital ratios

	Basel 3	
	Standardised	Foundation IRB
<b>Regulatory Capital</b>		
Tier 1 capital	53,692,166	53,692,166
Total capital (1)	58,800,784	58,800,784
<b>Assets</b>		
Total Risk Weighted Assets	400,323,079	418,451,021
<b>Capital Ratios</b>		
Tier 1 CAR	13.41%	12.83%
Total Capital CAR	14.69%	14.05%
<b>Basel III Leverage Ratio (2)</b>	<b>9.79%</b>	<b>9.79%</b>

1. Total capital under the Foundation IRB approach differ from the standardised approach due to differences in the amount permitted in Tier 2 capital related to the qualifying allowance for credit losses.  
2. Tier 1 capital / (balance sheet exposures + converted off-balance sheet exposures).

## ■ Risk Weighted Assets

The Basel 3 Standardised and F-IRB approaches comprise estimates of credit risk, market risk and operational risk.

### ■ Standardised Approach

Under the Standardised approach, we estimate credit risk by classifying all credit exposures and risk positions into pre- defined Basel 3 categories and sub-categories, with stated risk weights for each.

Market risk applies to covered positions that include securities trading, foreign exchange (FX) and commodity exposures. We calculate the market risk capital according

to CBI standards, which are relatively similar to the guidelines set forth by the Basel 3 Simplified Standardised Approach (published January 2019), albeit adjusted with regards to the Iranian economy. For details regarding our market risk capital calculations, see note 49-7-2-2 of the Financial Statements.

We measure operational risk using the new Standardised approach for calculating operational risk capital charge, published by the Basel Committee in December 2017.

The following table illustrates the Bank's Risk Weighted Assets under the Basel 3 Standardised approach, as of Mar. 20, 2022.

Table 38. Risk weighted assets under Basel 3 standardised approaches as of Mar. 20, 2022

Risk and Exposure Type	Exposure Pre-CRM and Pre-CCF (IRR million)	Exposure Post-CRM and Post-CCF (IRR million)	RWA (IRR million)
Sovereigns	41,976,622	41,976,622	-
Multilateral Development Banks	-	-	-
Banks	22,290,805	22,290,805	17,832,644
Corporates and SMEs	294,490,506	267,732,574	254,712,836
Retail	5,479,522	5,474,476	2,639,644
Subordinated Debt and Equity	1,546,278	1,546,278	3,865,695
Other Assets	20,304,127	20,302,238	11,260,206
Defaulted Exposures	1,613,764	1,612,813	2,417,092
<b>Total on Balance Sheet Exposures</b>	<b>387,701,624</b>	<b>360,935,806</b>	<b>292,788,960</b>
Bank Guarantees	101,399,604	29,085,800	26,803,343
Letters of Credit (Sight)	2,816,575	464,659	464,659
Letters of Credit (Usance)	-	-	-
Other Commitments	1,845,092	1,845,092	738,037
<b>Total Off Balance Sheet Exposures</b>	<b>106,061,272</b>	<b>31,395,551</b>	<b>28,006,039</b>
Market risk	3,813,318		47,666,475
Operational Risk	2,471,177		30,889,713
<b>Total Risk Weighted Assets (RWA)</b>			<b>399,351,187</b>

## ■ Foundation IRB Approach

In addition to the Basel 3 Standardised approach, we voluntarily report our capital position according to the Basel F-IRB approach using empirical models to estimate probability of default.

Our application of the F-IRB approach applies to the corporate exposure class and specialized lending exposures for all on- and off-balance sheet exposures. The following table illustrates the historical default probabilities per risk rating category, and the total exposure to each category as a percentage of the Bank's total corporate loan portfolio.

Table 39. Historical default probabilities and exposure percentages per risk category Percent

Rating	Historical Default Probability	Percentage of Total Corporate Exposures
AAA	0.5%	0.0%
AA	0.5%	0.0%
A	0.5%	1.98%
BBB	0.8%	17.50%
BB	2.0%	29.30%
B	6.2%	19.72%
CCC	15.6%	18.66%
C/CC	26.5%	5.70%
Unrated	15.0%	7.10%
<b>TOTAL</b>		<b>100%</b>

As of the Mar. 20, 2022, the weighted average rating for the Bank's corporate portfolio was "B". The Bank's F-IRB Capital Adequacy Ratio was 14.1%, as illustrated in table 39 above.

more severe than anticipated. Capital stress testing helps us develop a comprehensive understanding of potential impacts of on- and off-balance sheet risks and how they impact our financial resiliency.

## ■ Capital Scenario Stress Testing

We regularly conduct capital scenario stress-tests to better understand our sensitivities to certain economic and business scenarios, including market conditions that are

The table below illustrates the impact on the Bank's F-IRB capital adequacy ratio under various credit stress testing scenarios. Credit exposures included in our stress tests include corporates, specialized lending and all rated off-balance sheet commitments.

Table 40. F-IRB CAR stress testing Percent

	Corporate Portfolio						Average Credit Portfolio Risk Weight	F-IRB CAR
	% rate A- and above	% rated BBB- to BBB+	% rated BB- to BB+	% rated B- to B+	% rated CCC- to CCC+	% rated C/CC		
Base Case <sup>1</sup>	1.98%	17.50%	29.30%	19.72%	25.76%	5.70%	120.00%	14.10%
Scenario 1 (mild stress) <sup>2</sup>	0.00%	1.98%	17.50%	29.30%	19.72%	31.46%	159.00%	10.60%
Scenario 2 (moderate stress) <sup>3</sup>	0.00%	0.00%	1.98%	17.50%	29.30%	51.18%	187.00%	9%
Scenario 3 (severe stress) <sup>4</sup>	0.00%	0.00%	0.00%	1.98%	17.50%	80.48%	194.00%	8.70%

1- Base Case Scenario:

a. Assuming asset composition and risk weights are equivalent to that of Mar. 20, 2020.

2- Stress Scenario 1 (mild stress):

a. Downgrading all rated corporate exposures by three notches.  
b. Assuming all exposures rated CCC+ and below become C/CC.

3- Stress Scenario 2 (moderate stress):

a. Downgrading all corporate exposures by six notches.  
b. Assuming all exposures rated B+ and below become C/CC.  
c. Assuming the all specialized lending exposures deteriorate by one cardinal (in accordance with Basel's supervisory slotting criteria for specialized lending)

4- Stress Scenario 3 (severe stress):

a. Downgrading all performing corporate exposures by nine notches.  
b. Assuming all exposures rated BB+ and below become C/CC.  
c. Assuming the all specialized lending exposures deteriorate by two cardinals (in accordance with Basel's supervisory slotting criteria for specialized lending)

## 4-8. Liquidity Risk

### ■ Overview

Liquidity risk is the risk that the Bank may be unable to meet its cash flow obligations and collateral requirements under various economic conditions, particularly in financial crisis scenarios. This usually occurs due to insufficient amount of High-Quality Liquid Assets ("HQLA") held by the Bank relative to its liabilities, or as a result of maturity mismatches between its assets and liabilities.

Our primary liquidity risk management objective is ensuring the Bank can meet its financial obligations at all times, including during times of economic stress. To this end, we continuously assess and monitor our liquidity position under expected and stressed market conditions. Our liquidity risk strategy seeks to ensure liquidity-related incentives and risks are properly aligned, and safeguard the Bank's access to a well-diversified and stable funding base. Our liquidity contingency plans outline the Bank's possible responses to various liquidity-related stress scenarios with varying degrees of severity, including emergency funding strategies and communication procedures.

We disclose our liquidity position and liquidity management strategy within the notes of the Financial Statements:

- Liquidity ratios table within note 49-4-5-2
- Asset/liability maturity analysis within note 49-4-5-3
- Analysis of contractual maturities of financial liabilities within note 49-4-5-4
- Maturity breakdown of FX liabilities within note 49-4-5-4-2
- The Bank's liquidity crisis management strategy is explained within note 49-4-6

Within this section, we focus on the Bank's Liquidity Coverage Ratio ("LCR"), including the composition of our HQLA and funding sources. We conclude our discussion with an

overview of the Bank's foreign currency management and liquidity management strategies.

### ■ LCR Requirements and Disclosures

In November 2010, the Basel committee introduced the liquidity coverage ratio as part of their guidelines to improve banks' ability to withstand temporary stressed liquidity conditions. Accordingly, the CBI, in its capacity as the national banking regulator and supervisory body in Iran, published its framework for calculating LCR on 17 October 2017.

The LCR requires banks to hold sufficient HQLA, consisting of cash and assets that can be easily converted into cash, in order to meet their projected liquidity needs over a 30-day stress scenario. Implementation of the LCR provides banks a cushion of cash in the event of a financial crisis and allows their national supervisors time to take corrective action to resolve the liquidity crisis in an orderly manner. Expressed as a percentage, the LCR is calculated by dividing the bank's HQLA with the projected net cash outflows over a stressed 30-day timeframe.

As part of the CBI's liquidity framework, Iranian banks were required to maintain a minimum LCR of 60% for 2017, gradually increasing by 10% per annum to reach 100% in 2021. As of Mar. 20, 2022, the CBI's minimum regulatory LCR threshold was 100%.

### ■ Key Components of the LCR

The key components of the Bank's LCR include the amount and composition of HQLA assets, as well as cash inflows and outflows, stemming primarily from changes in deposits, credit facilities and the Bank's securities portfolio. The Bank's LCR was 42.7% as of Mar. 20, 2022, as illustrated by the following table.

Table 41. Key components of the LCR as of Mar. 20, 2022

IRR million

	Unweighted Amount	Weighted Amount
<b>High-Quality Liquid Assets</b>		
Level 1 Assets	46,167,944	46,167,944
Level 2A Assets	-	-
Level 2B Assets	-	-
<b>Total HQLA</b>	<b>46,167,944</b>	<b>46,167,944</b>
<b>Cash Outflow Amounts</b>		
Retail Deposits	24,026,014	3,195,277
Wholesale Deposits	307,628,901	47,348,438
Other Dues Within 30 Days	76,406,468	46,148,641
Other Funding And Commitments	145,122,990	36,347,542
<b>Total Cash Outflow</b>	<b>553,184,373</b>	<b>133,039,898</b>
<b>Cash Inflow Amounts</b>		
Retail And Wholesale Cash Inflows	32,219,033	10,263,307
Other Inflows From Cbi (Stat. Res.)	6,808,153	6,808,153
Cash inflows from financial institutions <sup>1</sup>	20,112,464	-
Other Inflows	15,635,260	7,817,630
<b>Total Cash Inflow</b>	<b>74,774,910</b>	<b>24,889,090</b>
<b>HQLA Amount</b>		<b>46,167,944</b>
<b>Total Net Cash Outflow Amount (Incl. 75% Cap On Inflows)</b>		<b>108,150,808</b>
<b>LCR</b>		<b>42.70%</b>

1. Contrary to Basel 3 guidelines, the CBI requires that overnight interbank bank loans receive a zero percent entry coefficient.

## ■ Composition of HQLA

MEB identifies HQLA in accordance with Basel 3 guidelines, MEB identifies HQLA in accordance with CBI guidelines, which classify HQLA into three groups: Level 1 assets, Level 2A assets and Level 2B assets.

- Level 1 assets include cash, central bank deposits and certain qualifying marketable debt securities issued or guaranteed by sovereigns, central banks and multilateral development banks that are subject to a zero percent risk weight according to CBI's capital adequacy regulations. Such assets qualify to be included in HQLA with zero haircut.
- Level 2A assets are subject to a 15% haircut. These include marketable debt securities issued by certain listed companies and public institutions, as well as marketable debt securities issued or guaranteed by sovereigns, central banks and multilateral development banks that are subject to a 20% risk weight according to CBI's capital adequacy regulations.
- Level 2B assets include certain debt securities and publicly traded common equities that do not qualify as Level 2A assets. Such assets are subject to haircuts between 25% and 50%, and may not exceed 15% of total HQLA.

For more information regarding the composition of HQLA, see note 48-4 of the Financial Statements.

## ■ Funding Sources

The Bank funds its assets primarily through retail and wholesale customer deposits. We consider the majority of our deposits to be a stable, low-cost and consistent source of funding. The Finance Department manages the Bank's day-to-day financing needs and may under stressed market conditions resort to fund its liquidity requirements through interbank loans. The Bank's government and corporate bond portfolio acts as a secondary source of funding. The Bank can sell such securities on the secondary market to generate additional liquidity in times of distress. For more information regarding funding sources, see note 49-4-5-1 of the Financial Statements.

## ■ Foreign Currency Management

Due to the prevailing economic environment in Iran, both our HQLA and net cash outflows are predominantly denominated in IRR.

- For information regarding foreign currency denominated investment deposits, see note 25-1 of the Financial Statements.

- For information regarding changes in foreign currency denominated investment deposits, see note 25-1-4 of the Financial Statements.
- For information regarding maturity breakdown of foreign currency denominated liabilities, see note 49-4-5-4-2 of the Financial Statements.
- For information regarding the status of foreign currency denominated assets and liabilities, see note 49-5-5 of the Financial Statements.

## ■ Liquidity Risk Management

We take a comprehensive approach to liquidity management to ensure the Bank can sustain higher-than-expected net cash outflows, even under stressed conditions. The Finance Department monitors and manages the Bank's liquidity position on a day-to-day basis, whilst our ALCO committee governs liquidity risk as a whole. The committee members meet on a weekly basis to update senior management and provide recommendations on liquidity related matters, including changes in our liquidity gap and LCR. Our liquidity risk framework comprises a cohesive set of policies and practices, as well as valuation procedures and stress-testing models maintained by the Risk Management Department.

In addition to the LCR, the Bank employs a number of other quantitative indicators to manage its liquidity risk and determine its optimal asset-liability structure, including:

- Cash inflows, outflows and liquidity gap changes;
- Loan-to-deposits ratio;
- Net open foreign currency positions;
- Regulatory foreign currency limits;
- List of funding sources;
- Breakdown of top 100 depositor;

For more information on the Bank's various liquidity ratios, see the "Liquidity ratios" table within note 49-4-5-2 of the Financial Statements.

## ■ Liquidity Stress Testing and Contingency Planning

We use liquidity stress testing to assist us in determining the appropriate amounts of liquidity to maintain throughout the year. As part of our liquidity stress testing process, we analyse potential contractual and contingent cash outflows. We evaluate our Bank's liquidity positions and requirements under a range of scenarios under different time horizons and with varying levels of severity. Our liquidity scenarios incorporate market-wide and bank-specific events and are based on our historical experience, experience of failed financial institutions and regulatory guidance. Our liquidity contingency plans outline the Bank's possible responses to various liquidity-related stress scenarios with varying degrees of severity, including emergency funding strategies and communication procedures.



**AUDITOR'S REPORT &  
AUDITED FINANCIAL STATEMENTS**





**Independent Auditor's Report**  
**to the Shareholders**  
**Middle East Bank (Public Joint Stock Company)**

***Qualified Opinion***

We have audited the accompanying consolidated financial statements of Middle East Bank ("the Bank") and its subsidiaries ("the Group") which comprise the consolidated statement of financial position as at 20 March, 2022, the consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the financial year then ended and a summary of significant accounting policies and other explanatory notes.

In our opinion, except for the effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 20 March, 2022 and of its performance and cash flows for the year then ended in conformity with the Iranian Accounting Standards.

***Basis for Qualified Opinion***

- 1- As disclosed in Note 7-11 to the consolidated financial statements, the monetary foreign currency assets and liabilities relating to the funds allocated by the Central Bank of Iran ("CBI") for import of subsidized products by the Bank's customers are translated into Rials at the official rate of exchange published by CBI (Rials 42,000 to USD). Other monetary items are translated into Rials using the exchange rates as instructed in the CBI's circular No. 00/376983 dated 15 March, 2022 (Rials 220,000 to EUR, Rials 200,000 to USD and other currencies based on the relevant parity rates). Furthermore, those items recorded in the accounts at the rates higher than the above rates during the financial year, are shown at the same rates of the original postings.

The above translation policy has resulted in an exchange gain of Rials 2,532 bn. shown in the statement of income as well as Rials 458 bn. gain in respect of foreign operations which, in accordance with the Accounting Standards, is classified as other reserves in the shareholders equity.

With respect to the rate of exchange, according to Accounting Standard No. 16, when several exchange rates are available, the rate used is that at which the future cash flows represented by the translation or the balance could have been settled if those cash flows had occurred at the measurement date.

In our opinion, based on the exchange rates published at the balance sheet date, the effects of the translation would be higher than those reported in the accounts and consequently the adjustments are considered necessary. However, due to the existence of different foreign currency rates and resources, we are unable to determine the available rates of exchange for translation purposes and the extent of necessary adjustments at the balance sheet date.

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**Middle East Bank (Public Joint Stock Company)**

- 2- Investments in shares and other securities as disclosed in Note 12 to the consolidated financial statements include Rls 1,043 bn investments in the market maker funds, of which Rls 926 bn was allocated for purchase of the Bank's own shares. According to the Accounting Standards, the substance of such investments are the Bank's shares being acquired by it's own and should have been classified as a contra balance in equity in the financial statements. However, according to the enquiry made by the Bank from the Securities and Exchange Organization ("SEO"), such investment is not considered as "treasury shares".
- 3- As stated in the Note 22 to the consolidated financial statements, additional income taxes were claimed by the State Tax Organization ("STO") for the financial years March 2016 to March 2020 which were protested by the Bank and are currently under review by the Tax Dispute Settlement Boards. The additional claims were mainly due to the allocation of interests paid to exempt income, disallowing of the interests paid to the customer's deposits above the rates instructed by CBI as well as calculation of exchange gain at the prevailing rates higher than those instructed by CBI. The matter of dispute has also been reported to CBI and the Association of Private Banks for their follow- up with the tax authorities. Furthermore, the provision for income tax of the financial year under review has been provided on the basis of declared income and taking into account of zero tax rate on part of the current year's profit which is planned to be used for the purpose of share capital increase in the subsequent financial year (subject to Clause "F" of Note 2 of the subsequent year's Budget Act) which is yet to be assessed by the STO. Qualifying for such exemption is dependent on the approval of the capital increase and registering it with the Company's Registrar within the subsequent financial year.

The Bank has provided additional tax provisions in the accounts based on the management's assertion on outcome of the above appeal. However, the final amounts of tax liabilities for the above financial years will be determined once the relevant tax rulings being issued by the competent authorities.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Bank in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

***Key Audit Matters***

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



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**Middle East Bank (Public Joint Stock Company)**

***Responsibilities of the Management and Those Charged with Governance for the Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Iranian Accounting Standards and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditor's Responsibility for the Audit of the Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.



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Middle East Bank (Public Joint Stock Company)

- Conclude on the appropriateness of the management' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosure are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements including disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the consolidated financial information of the business activities within the entity to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the entity audit. We remain solely responsible for our audit opinion.

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

We also provide management with a statement that we have complied with relevant ethical requirements regarding independence and to communicate to them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safe guards.

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



Bayat Rayan  
Chartered Accountants

Tehran: 27 June, 2022



MIDDLE EAST BANK (PJKC)  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 20 MARCH 2022

IRR million

Description	Note	20 Mar. 2022	20 Mar. 2021
<b>Assets:</b>			
Cash	9	40,179,385	40,785,040
Due from banks and financial institutions	10	38,444,732	42,279,997
Credit facilities granted	11	354,698,618	239,669,890
Investments	12	46,514,260	49,359,635
Due from subsidiaries and associates	13	1,889	1,893
Other accounts receivable	14	10,951,229	4,810,393
Fixed assets	15	5,645,318	3,939,727
Intangible assets	16	281,049	304,420
Statutory deposit	17	27,154,220	21,340,048
Other assets	18	3,424,642	2,774,605
<b>Total assets</b>		<b>527,295,342</b>	<b>405,265,648</b>
<b>Liabilities:</b>			
Due to banks and financial institutions	19	50,528,563	13,020,497
Customers' deposits	20	104,476,334	82,845,223
Dividends payable	21	54,376	47,109
Income tax provision	22	1,654,453	3,517,922
Other liabilities and accruals	23	16,422,244	13,020,379
Staff termination benefits	24	363,908	247,994
Total liabilities before benefits of investment deposit holders		173,499,878	112,699,124
Benefits of investment deposit holders	25	295,990,943	252,469,628
<b>Total liabilities</b>		<b>469,490,821</b>	<b>365,168,752</b>
<b>Shareholders' equity:</b>			
Share capital	26	25,000,000	15,000,000
Legal reserve	27	9,067,581	5,969,152
Other reserves	28	90,560	121,323
Foreign exchange translation differences for foreign operations	29	2,090,564	1,632,111
Retained earnings		21,214,381	17,115,498
Total equity attributable to equity holders of the Bank		57,463,086	39,838,084
Non-controlling interests		341,435	258,812
Total shareholders' equity		57,804,521	40,096,896
<b>Total liabilities and shareholders' equity</b>		<b>527,295,342</b>	<b>405,265,648</b>
Letters of credit	45-1	3,066,333	1,144,390
Issued guarantees	45-2	124,570,656	92,753,012
Other commitments	45-3	6,410,005	3,457,017
Managed funds	45-4	-	10,474,848

The accompanying notes are an integral part of these financial statements.

MIDDLE EAST BANK (PJKC)  
CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
YEAR ENDED 20 MARCH 2022

IRR million

Description	Note	year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Interest income on credit facilities granted and deposits	30	53,373,757	35,862,324
Interest expense	32	<u>(35,468,512)</u>	<u>(22,409,338)</u>
Net interest income on credit facilities granted and deposits		17,905,245	13,452,986
Fees and commission income	34	3,735,687	2,724,506
Fees and commission expense	35	<u>(374,320)</u>	<u>(272,686)</u>
Net fees and commission income		3,361,367	2,451,820
Net income (loss) from investments	31	104,137	340,663
Net foreign exchange transactions income	36	6,337,340	10,644,355
Other operating income	37	<u>(255,050)</u>	<u>(195,982)</u>
Total operating income		27,453,039	26,693,842
Other income	38	11,018	50,676
executive and general expenses	39	(4,231,175)	(3,310,406)
Provision for bad and doubtful debts	40	(2,033,802)	(2,094,421)
Financial expenses	41	-	(198)
Depreciation and amortization	42	<u>(509,121)</u>	<u>(364,033)</u>
Profit before tax		20,689,959	20,975,460
Income tax for the year / period	22	(479,505)	(2,236,960)
Income tax for the prior years/period	22	-	(576,886)
<b>Net Profit</b>		<b><u>20,210,454</u></b>	<b><u>18,161,614</u></b>
<b>Profit attributable to:</b>			
Shareholders of the parent company		20,132,339	17,980,594
Non-controlling interests		78,115	181,020
		<b><u>20,210,454</u></b>	<b><u>18,161,614</u></b>
<b>EPS (Rials)</b>	47		
Basic EPS (Rials)		<u>805</u>	<u>719</u>

The accompanying notes are an integral part of these financial statements.

MIDDLE EAST BANK (PJKC)  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
YEAR ENDED 20 MAR. 2022

IRR million

Description	Note	year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Net Profit		20,210,454	18,161,614
Foreign exchange translation differences for foreign operations	29	458,453	1,578,843
<b>Comprehensive income of reporting financial period</b>		<b>20,668,907</b>	<b>19,740,457</b>
Total comprehensive income attributable to:			
Shareholders of the parent company		20,590,792	19,559,437
Non-controlling interests		78,115	181,020
		<b>20,668,907</b>	<b>19,740,457</b>

The accompanying notes are an integral part of these financial statements.

MIDDLE EAST BANK (PJKC)  
 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY-  
 YEAR ENDED 20 MAR. 2022

IRR million

Description	Note	Share capital	Capital increase in progress	Share Premium reserve	Legal reserve	Other reserves	Revaluation of assets	Foreign exchange translation differences for foreign operations	Retained earnings	Treasury share	Total equity attributable to equity holders of the Bank	Non-controlling interest	Total equity	IRR million
Balance at 21 March, 2021		15,000,000	-	-	5,969,152	121,323	-	1,632,111	17,115,498	-	39,838,084	258,812	40,096,896	
Net profit									20,132,339		20,132,339	78,115	20,210,454	
Prior years adjustments (correction of error)									-		-	-	-	
<b>Other comprehensive income (net of tax)</b>														
Revaluation of assets														
Foreign exchange translation differences for foreign operations	29							458,453			458,453		458,453	
Tax on other comprehensive income														
Total other comprehensive income								458,453			458,453		458,453	
<b>Total comprehensive income</b>								<b>458,453</b>	<b>20,132,339</b>		<b>20,590,792</b>	<b>78,115</b>	<b>20,668,907</b>	
<b>Capital increase</b>														
Share capital increase-Registered		10,000,000							(10,000,000)			212,500	212,500	
Share capital in progress														
<b>Treasury share</b>														
Purchase of treasury share														
Sale of treasury share														
<b>Parent's shares owned by subsidiaries</b>														
<b>Distribution</b>														
Legal reserve	27				3,098,429				(3,098,429)					
Other reserves	28					(30,763)			64,973		34,210	(32,992)	1,218	
Dividends	21								(3,000,000)		(3,000,000)	(175,000)	(3,175,000)	
<b>Total</b>		10,000,000			3,098,429	(30,763)			(16,033,456)		(2,965,790)	4,508	(2,961,282)	
<b>Balance at 20 Mar. 2022</b>		<b>25,000,000</b>			<b>9,067,581</b>	<b>90,560</b>		<b>2,090,564</b>	<b>21,214,381</b>		<b>57,463,086</b>	<b>341,435</b>	<b>57,804,521</b>	

The accompanying notes are an integral part of these financial statements.

Continued on next page

MIDDLE EAST BANK (PJKC)  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 20 MAR. 2022

IRR million

Description	Note	Year ended 20 Mar. 2021										Total equity attributable to equity holders of the Bank	Non-controlling interest	Total equity
		Share capital	Capital increase in progress	Share Premium reserve	Legal reserve	Other reserves	Revaluation of assets	Foreign exchange translation differences for foreign operations	Retained earnings	Treasury share	Total equity attributable to equity holders of the Bank			
Balance at 20 Mar. 2020		10,000,000	-	-	3,459,147	-	-	53,268	8,806,674	-	22,319,089	54,100	22,373,189	
Net profit									17,980,594		17,980,594	181,020	18,161,614	
Prior years adjustments (correction of error)									-		-	-	-	
<b>Other comprehensive Income (net of tax)</b>														
Revaluation of assets														
Foreign exchange translation differences for foreign operations	29							1,578,843			1,578,843		1,578,843	
Tax on other comprehensive income														
Total other comprehensive income								1,578,843			1,578,843		1,578,843	
Total comprehensive income								1,578,843	17,980,594		19,559,437	181,020	19,740,457	
<b>Capital increase</b>														
Share capital increase-Registered		5,000,000							(5,000,000)					
Share capital in progress														
<b>Treasury share</b>														
Purchase of treasury share														
Sale of treasury share														
<b>Parent's shares owned by subsidiaries</b>														
<b>Distribution</b>														
Legal reserve	27				2,510,005				(2,510,005)					
Other reserves	28					121,323			(161,765)		(40,442)	40,442		
Dividends	21								(2,000,000)		(2,000,000)	(16,750)	(2,016,750)	
Total		5,000,000			2,510,005	121,323			(9,671,770)		(2,040,442)	23,692	(2,016,750)	
<b>Balance at 20 Mar. 2021</b>		<b>15,000,000</b>			<b>5,969,152</b>	<b>121,323</b>		<b>1,632,111</b>	<b>17,115,498</b>		<b>39,838,084</b>	<b>258,812</b>	<b>40,096,896</b>	

The accompanying notes are an integral part of these financial statements.

MIDDLE EAST BANK (PJKC)  
CONSOLIDATED STATEMENT OF CASH FLOWS  
YEAR ENDED 20 MAR. 2022

IRR million

Description	Note	year ended 20 Mar. 2022	Year ended 20 Mar. 2021
<b>Operating activities:</b>			
Cash inflows(outflows)from operating activities	43	4,059,358	5,769,988
Paid tax		(2,353,453)	(1,295,250)
<b>Net Cash inflows(outflows)from operating activities</b>		<b>1,705,905</b>	<b>4,474,738</b>
<b>Investing activities:</b>			
Acquisition of fixed assets		(2,125,151)	(295,327)
Disposal of fixed assets		-	2,987
Acquisition of intangible assets		(168,859)	(143,827)
<b>Net cash inflow from investing activities</b>		<b>(2,294,010)</b>	<b>(436,167)</b>
<b>Net cash inflow before financing activities</b>		<b>(588,105)</b>	<b>4,038,571</b>
<b>Financing activities:</b>			
Dividends paid		(2,992,733)	(1,988,920)
Capital increase		45,090	-
<b>Net cash inflow(outflow) from financing activities</b>		<b>(2,947,643)</b>	<b>(1,988,920)</b>
<b>Net increase (decrease) in cash</b>		<b>(3,535,748)</b>	<b>2,049,651</b>
Cash at beginning of the year / period		40,785,040	24,882,356
Effect of exchange rate fluctuations on cash		2,930,093	13,853,033
<b>Cash at end of the year / period</b>		<b>40,179,385</b>	<b>40,785,040</b>
<b>Non-cash transactions</b>	44	<b>327,541</b>	<b>-</b>
<b>Operating activities:</b>			
<b>Cash inflows:</b>			
Loans' interest and penalty		28,356,593	16,083,153
Interest from debt securities		9,335,364	4,818,955
Fees and commission		3,772,813	3,239,636
Deposits interest		5,288,192	3,058,116
Investments income		104,197	340,663
Other operating income		(255,050)	(195,982)
Other income		11,018	47,688
<b>Cash outflows:</b>			
Deposits interest		(39,241,096)	(18,668,959)
Fees and commission		(374,320)	(272,686)
Finance expenses		-	(198)
Other operating expenses		(3,907,213)	(3,586,588)
Paid tax		(2,353,453)	(1,295,250)
Cash inflows(outflows)from operating activities before changes in operating assets and liabilities:		737,046	3,568,548
Cash flows from changes in operating assets and liabilities:			
<b>Net increase (decrease) in liabilities and deposits:</b>			
Due to Banks and financial institutions		37,508,066	11,473,207
Customers' deposits		21,631,110	42,532,972
Provisions and other liabilities-operating		3,204,294	5,442,281
Customers' investment deposits		47,293,899	113,940,449
<b>Net increase (decrease) in assets:</b>			
Due from Banks and financial institutions		3,835,264	(23,530,971)
Loans to customers-principal		(107,073,652)	(115,432,514)
Investment in shares and other securities		2,845,376	(21,553,499)
Due from subsidiaries and associates		928	(17,489)
Other accounts receivable		(5,767,586)	721,958
Statutory deposit		(5,814,172)	(10,292,133)
Other assets-operating		3,305,332	(2,378,071)
<b>Cash flows from changes in operating assets and liabilities</b>		<b>968,860</b>	<b>906,190</b>
<b>Net cash inflow(outflow)from operating activities</b>		<b>1,705,905</b>	<b>4,474,738</b>

The accompanying notes are an integral part of these financial statements.

MIDDLE EAST BANK (PJKC)  
STATEMENT OF FINANCIAL POSITION  
AS AT 20.MAR 2022

IRR million

Description	Note	20 Mar. 2022	20 Mar. 2021
<b>Assets:</b>			
Cash	9	33,490,443	35,327,130
Due from banks and financial institutions	10	38,444,733	42,279,997
Credit facilities granted	11	355,437,367	239,995,924
Investments	12	46,228,567	49,211,785
Due from subsidiaries and associates	13	1,773,799	1,380,008
Other accounts receivable	14	13,042,036	6,573,914
Fixed assets	15	5,557,561	3,856,980
Intangible assets	16	278,503	300,652
Statutory deposit	17	27,154,220	21,340,048
Other assets	18	3,381,808	2,724,583
<b>Total assets</b>		<b>524,789,037</b>	<b>402,991,021</b>
<b>Liabilities and shareholders' equity</b>			
<b>Liabilities:</b>			
Due to banks and financial institutions	19	50,528,563	13,020,497
Customers' deposits	20	105,449,232	84,033,744
Dividends payable	21	54,376	47,109
Income tax provision	22	1,224,048	2,843,205
Other liabilities and accruals	23	15,653,473	11,380,040
Staff termination benefits	24	327,607	227,439
Total liabilities before benefits of investment deposit holders		173,237,299	111,552,034
Benefits of investment deposit holders	25	295,686,092	253,609,869
<b>Total liabilities</b>		<b>468,923,391</b>	<b>365,161,903</b>
<b>Shareholders' equity:</b>			
Share capital	26	25,000,000	15,000,000
Legal reserve	27	9,024,756	5,938,045
Foreign exchange translation differences for foreign operations	29	2,090,564	1,632,111
Retained earnings		19,750,326	15,258,962
Total shareholders' equity		55,865,646	37,829,118
<b>Total liabilities and shareholders' equity</b>		<b>524,789,037</b>	<b>402,991,021</b>
Letters of credit	45-1	3,066,333	1,144,390
Issued guarantees	45-2	124,570,656	92,753,012
Other commitments	45-3	6,410,005	3,457,017
Managed funds	45-4	-	10,474,848

The accompanying notes are an integral part of these financial statements.

MIDDLE EAST BANK (PJKC)  
STATEMENT OF PROFIT OR LOSS  
YEAR ENDED 20 MAR. 2022

IRR million

Description	Note	year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Interest income on credit facilities granted and deposits	30	53,291,045	35,862,240
Interest expense	32	<u>(35,226,702)</u>	<u>(22,416,790)</u>
Net interest income on credit facilities granted and deposits		18,064,343	13,445,450
Fees and commission income	34	2,953,555	1,748,992
Fees and commission expense	35	<u>(374,320)</u>	<u>(272,686)</u>
Net fees and commission income		2,579,235	1,476,306
Net income (loss) from investment	31	1,837,632	1,412,767
Net foreign exchange transactions income	36	4,480,846	7,681,925
other operating income	37	<u>(255,050)</u>	<u>(195,982)</u>
Total operating income		26,707,006	23,820,466
Other income	38	11,018	12,873
executive and general expenses	39	(3,597,952)	(2,673,858)
Provision for bad and doubtful debts	40	(2,046,084)	(2,115,498)
Financial expenses	41	-	(198)
Depreciation and amortization	42	<u>(495,913)</u>	<u>(353,125)</u>
Profit before tax		20,578,075	18,690,660
Income tax for the year / period	22	-	(1,563,959)
Income tax for the prior years / periods	22	-	(500,000)
<b>Net Profit</b>		<b><u>20,578,075</u></b>	<b><u>16,626,701</u></b>
<b>EPS (Rials)</b>	47		
Basic EPS (Rials)		<u>823</u>	<u>665</u>

The accompanying notes are an integral part of these financial statements.

MIDDLE EAST BANK (PJKC)  
STATEMENT OF COMPREHENSIVE INCOME  
YEAR ENDED 20 MAR. 2022

Description	Note	IRR million	
		year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Net Profit		20,578,075	16,626,701
Foreign exchange translation differences for foreign operations	29	458,453	1,578,843
<b>Comprehensive income of reporting financial year</b>		<b>21,036,528</b>	<b>18,205,544</b>

The accompanying notes are an integral part of these financial statements.

MIDDLE EAST BANK (PJSC)  
STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 20 MAR. 2022

Description	Note	Year ended 20 Mar. 2022							Total equity		
		Share capital	Capital increase in process	Share Premium reserve	Legal reserve	Other reserves	Revaluation of assets	Foreign exchange translation differences for foreign operations		Retained earnings	Treasury share
Balance at 21 March, 2021		15,000,000	-	-	5,938,045	-	-	1,632,111	15,258,962	-	37,829,118
Net profit									20,578,075		20,578,075
Prior years adjustments (correction of error)											-
<b>Other comprehensive Income (net of tax)</b>											-
Revaluation of assets											-
Foreign exchange translation differences for foreign operations	29							458,453			458,453
Tax on other comprehensive income											-
Total other comprehensive income								458,453			458,453
<b>Total comprehensive income</b>								458,453	20,578,075		21,036,528
<b>Capital increase</b>											
Share Capital increase-Registered		10,000,000							(10,000,000)		-
Share Capital increase in progress											-
<b>Treasury share</b>											
Purchase of treasury share											-
Sale of treasury share											-
<b>Distribution</b>											
Legal reserve	27				3,086,711				(3,086,711)		-
Dividends	21				3,086,711				(3,000,000)		(3,000,000)
Total		10,000,000			9,024,756				(16,086,711)		(3,000,000)
<b>Balance at 20 Mar. 2022</b>		<b>25,000,000</b>						<b>2,090,564</b>	<b>19,750,326</b>		<b>55,865,646</b>

The accompanying notes are an integral part of these financial statements.

Continued on next page

MIDDLE EAST BANK (PJKC)  
STATEMENT OF CHANGES IN EQUITY  
YEAR ENDED 20 MAR. 2022

		Year ended 19 Mar. 2021							IRR million		
Description	Note	Share capital	Capital increase in process	Share Premium reserve	Legal reserve	Other reserves	Revaluation of assets	Foreign exchange translation differences for foreign operations	Retained earnings	Treasury share	Total equity
Balance at 20 Mar. 2020		10,000,000	-	-	3,444,040	-	-	53,268	8,126,266	-	21,623,574
Net profit		-	-	-	-	-	-	-	16,626,701	-	16,626,701
Prior years adjustments (correction of error)		-	-	-	-	-	-	-	-	-	-
<b>Other comprehensive income (net of tax)</b>											
Revaluation of assets		-	-	-	-	-	-	-	-	-	-
Foreign exchange translation differences for foreign operations	29	-	-	-	-	-	1,578,843	1,578,843	-	-	1,578,843
Tax on other comprehensive income		-	-	-	-	-	-	-	-	-	-
Total other comprehensive income		-	-	-	-	-	1,578,843	1,578,843	-	-	1,578,843
Total comprehensive income		-	-	-	-	-	1,578,843	1,578,843	16,626,701	-	18,205,544
<b>Capital increase</b>											
Share Capital increase-Registered		5,000,000	-	-	-	-	-	-	(5,000,000)	-	-
Share Capital increase in progress		-	-	-	-	-	-	-	-	-	-
<b>Treasury share</b>											
Purchase of treasury share		-	-	-	-	-	-	-	-	-	-
Sale of treasury share		-	-	-	-	-	-	-	-	-	-
<b>Distribution</b>											
Legal reserve	27	-	-	-	2,494,005	-	-	-	(2,494,005)	-	-
Dividends	21	-	-	-	-	-	-	-	(2,000,000)	-	(2,000,000)
<b>Total</b>		<b>5,000,000</b>	<b>-</b>	<b>-</b>	<b>2,494,005</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,494,005)</b>	<b>-</b>	<b>(2,000,000)</b>
<b>Balance at 20 Mar. 2021</b>		<b>15,000,000</b>	<b>-</b>	<b>-</b>	<b>5,938,045</b>	<b>-</b>	<b>-</b>	<b>1,632,111</b>	<b>15,258,962</b>	<b>-</b>	<b>37,829,118</b>

The accompanying notes are an integral part of these financial statements.

MIDDLE EAST BANK (PJKC)  
STATEMENT OF CASH FLOWS  
YEAR ENDED 20 MAR. 2022

IRR million

Description	Note	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
<b>Operating activities:</b>			
Cash inflows(outflows)from operating activities	43	2,019,456	3,011,395
Paid tax		(1,619,158)	(1,032,491)
<b>Net Cash inflows(outflows)from operating activities</b>		<b>400,298</b>	<b>1,978,904</b>
<b>Investing activities:</b>			
Acquisition of tangible assets		(2,108,419)	(327,197)
Disposal of tangible assets		-	987
Acquisition of intangible assets		(65,926)	(137,745)
<b>Net cash inflow(outflow) from investing activities</b>		<b>(2,174,345)</b>	<b>(463,955)</b>
<b>Net cash inflow(outflow) before financing activities</b>		<b>(1,774,047)</b>	<b>1,514,949</b>
<b>Financing activities:</b>			
Dividends paid		(2,992,733)	(1,972,170)
<b>Net cash inflow(outflow) from financing activities</b>		<b>(2,992,733)</b>	<b>(1,972,170)</b>
Net increase (decrease) in cash		(4,766,780)	(457,221)
Cash at beginning of the year / period		35,327,130	21,931,318
Effect of exchange rate fluctuations on cash		2,930,093	13,853,033
<b>Cash at end of the period</b>		<b>33,490,443</b>	<b>35,327,130</b>
<b>Non-cash transactions</b>	44	<b>119,550</b>	<b>-</b>
<b>Operating activities:</b>			
<b>Cash inflows:</b>			
Loans' interest and penalty		28,356,593	16,083,153
Interest from debt securities		6,857,353	4,889,865
Fees and commission		2,973,298	2,258,595
Deposits interest		5,288,078	3,084,479
Investments income		1,437,688	363,016
Other operating income		(255,050)	(195,982)
Other income		11,018	11,886
<b>Cash outflows:</b>			
Deposits interest		(38,999,286)	(18,702,859)
Fees and commission		(374,320)	(272,686)
Finance expenses		-	(198)
Other operating expenses		(3,297,621)	(2,518,812)
Paid tax		(1,619,158)	(1,032,491)
<b>Cash inflows(outflows)from operating activities before changes in operating assets and liabilities:</b>		<b>378,593</b>	<b>3,967,966</b>
Cash flows from changes in operating assets and liabilities:			
<b>Net increase (decrease) in liabilities and deposits:</b>			
Due to Banks and financial institutions		37,508,066	11,473,207
Customers' deposits		21,415,488	43,533,020
Provisions and other liabilities-operating		6,359,597	6,917,398
Customers' investment deposits		45,848,807	115,117,598
Net increase (decrease) in assets:			
Due from Banks and financial institutions		(107,492,652)	(115,779,625)
Loans to customers-principal		2,983,218	(21,242,969)
Investment in shares and other securities		(398,863)	(1,072,525)
Due from subsidiaries and associates		(5,568,397)	(1,335,588)
Other accounts receivable		(5,814,172)	(10,292,133)
Statutory deposit		1,345,349	(5,776,474)
<b>Other assets-operating</b>		<b>21,705</b>	<b>(1,989,062)</b>
<b>Cash flows from changes in operating assets and liabilities</b>		<b>400,298</b>	<b>1,978,904</b>
Net cash inflow(outflow)from operating activities		400,298	1,978,904

The accompanying notes are an integral part of these financial statements.

MIDDLE EAST BANK (PJKC)  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 20 MAR. 2022

## 1. Introduction

### 1-1. Background

Middle East Bank (Public Joint Stock Company) - ("the Bank") was established by the Central Bank of Iran ("CBI") under license number of 91/184904 in October 2012 and registered with Tehran Registrar of Companies under registration number 430795 and National ID number 10320826196, in the same month. The Bank's operation license as a commercial bank was issued by the CBI at 1st Nov. 2012. The stock of the bank was registered with OTC on 5th Dec. 2012 and its shares have been traded in the secondary market of TSE since 16 Mar. 2015. The Bank's Head Office is located in No. 2, 5th St, Ahmad Qasir(Bucharest) Ave, Tehran, Iran.

### 1-2. Bank's main activity

The Bank's main activity is in accordance with Article No. 3 of the Bank's Articles of Association.

### 1-3. Number of branches

The number of the Bank's branches at the year / period end is as follows:

	20 Mar. 2022		20 Mar. 2021	
	End of the period	Average	End of the year	Average
Branches-Tehran province	11	11	11	11
Branches-other provinces	5	5	5	5
Overseas Branches	1	1	1	1
	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>

### 1-4. Employees

The number of employees is as follows:

	20 Mar. 2022		20 Mar. 2021	
	End of the year	Average	End of the year	Average
Head office	416	396	375	352
Tehran branches	136	132	127	124
Other provinces' branches	50	50	50	49
Overseas Branches	8	9	10	11
	<b>610</b>	<b>587</b>	<b>562</b>	<b>536</b>

## 2. The Basis of preparation financial statements

The parent company (the Bank's) and the group's consolidated financial statements are prepared based on the Iranian Accounting Standards and the Central Bank of Iran's regulations in accordance with the latest version of sample Financial statements released by CBI at 01/03/2020. Details of accounting policies, including changes during the year, are included in notes 5 to 8.

### 2-1. Basis of consolidation

- The consolidated financial statements are the result of aggregation of the financial statements of the parent company and it's subsidiaries after adjustments for intergroup transactions and elimination of unrealized profit and losses.
- The subsidiaries consolidated are "Dadeh Pardazan Simaye Aftab Co." "Middle East Bank Brokerage Co." and "Middle East Currency Exchange Co."

## 3. Functional and presentation currency

These consolidated financial statements are presented in Iranian Rials which is the Bank's functional currency. All amounts have been rounded to the nearest million, except when otherwise indicated.

MIDDLE EAST BANK (PJKC)  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 20 MAR. 2022

## 4. Use of judgments and estimates

In preparing financial statements, the Bank's management has made judgments, estimates and assumptions to determine the amounts recognized in the financial statements. Actual results may be different from estimates. The underlying assumptions are based on historical records, and are reviewed on an ongoing basis. The areas that management uses judgments and estimates are as follows:

**4-1.** Determination of control over investees; including Dadeh Pardazan Simaye Aftab Co., Middle East Bank Brokerage Co. and Middle East Currency Exchange Co.

**4-2.** Recognition and measurement of contingent liabilities

**4-3.** Investments in debt securities are considered as long term investments and the related accounting policy is cost less than impairment.

## 5. Measurement

Consolidated financial statements have been prepared based on historical costs except for investment in listed shares which are measured at LCM.

## 6. Changes in accounting policies

The Bank presents all accounting policies, mentioned in note 7, with consistency in all reporting periods in the financial statements.

## 7. Significant Accounting policies

### 7-1. Investments

	Consolidated	Parent
<b>Measurement:</b>		
<b>Long term investments:</b>		
Investment in subsidiaries	Consolidated	Cost less impairment losses
Investment in associates	Equity method	Cost less impairment losses
Other Non current investments	Cost (less than impairment)	Cost less impairment losses
<b>Short term investments:</b>		
Investment in listed shares	LCM ( lower of cost and market value) For trading investments and market value for fixed income securities.	LCM ( lower of cost and market value) For tradable investments and market value for fixed income securities.
<b>Revenue recognition:</b>		
Investment in subsidiaries	Consolidation	when dividend is approved in the annual general meeting of the investee(until the date of approval of the financial statement)
Investment in associates	Equity method	when dividend is approved in the annual general meeting of the investee(until the date of approval of the financial statement)
Other current & Non current investments in shares	At the time in which payments of dividends are approved in their annual general meetings (AGM's) (till the balance sheet date).	when dividend is approved in the annual general meeting of the investee(until the date of approval of the financial statement)
Investment in other securities	When the interest is realized	When the interest is realized

### 7-2. Property , plant equipment

**7-2-1.** P.P.E are measured at cost. Major repairs and improvement expenses that considerably increase the capacity or useful life of P.P.E or improve the quality of asset return are capitalized and depreciated during the remaining useful life of the respective assets, whereas minor repairs and maintenance expenses which restore the expected economic useful life of the assets, are recognized as an expense in income statement.

MIDDLE EAST BANK (PJKC)  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 20 MAR. 2022

7-2-2. Depreciation of P.P.E is calculated based on Article 149 of Iranian Direct Taxation Act of 2015 (amended) as follows:

Asset	Depreciation Rate	Basis
Buildings	25 year	Straight line
Elevator	15%	Reducing balance
Installations	6,8&10 year	Straight line
Electrical and mechanical installation	12% and 20%	Reducing balance
Office furniture	3,5,6,8&10 year	Straight line
Computer hardware	3,5,6,8&10 year	Straight line
Motor vehicles	6 year	Straight line
Leasehold improvements	During the lease term	Straight line

7-2-3. Depreciation of assets acquired during the month begins from beginning of the next month. Assets not utilized immediately when ready to use, are depreciated at 30% of the above rates for the period they have not been used.

### 7-3 Intangible assets

Intangible assets are measured at cost. Computer software are depreciated during one, three or five years on the straight line basis.

### 7-4. Impairment loss of non-current assets

7-4-1. An entity shall assess at the end of each reporting period whether there is any indication that an assets may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset and perform the impairment test. the recoverable amount of the asset is compared with its carrying amount. If the estimation of the recoverable amount of a specific asset is not possible, the recoverable amount of the cash generating unit to which the asset belongs is determined.

7-4-2. Impairment test is done annually for intangible assets with an indefinite useful life irrespective of whether there is any indication of impairment.

7-4-3. The recoverable amount of an asset (or a cash generating unit) is the higher of its fair value less costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit. The discount rate is a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

7-4-4. If, and only if, the recoverable amount of an asset (or cash generating unit) is less than its carrying amount, the carrying amount of the asset reduces to its recoverable amount. That reduction is an impairment loss that shall be recognized immediately in profit or loss, unless the asset is carried at revalued amount. Any impairment loss of revalued asset shall be treated as a decrease in revaluation surplus.

7-4-5. In the case of increasing recoverable amount of an asset (or cash generating unit) since the last impairment loss was recognized, the carrying amount of the asset will be increased maximum to its new recoverable amount (with assuming no impairment losses recognized in prior years). That reversal of an impairment loss for an asset is recognized immediately in profit or loss, unless the asset is carried at revalued amount. Any reversal of an impairment loss of a revalued asset will be treated as an increase in revaluation surplus.

### 7-5. Loan's interest, fee and penalty revenue recognition

Recognition of bank's revenues is in accordance with CBI's regulations (No.97/96778 announced at 17 June 2018) as follows:

MIDDLE EAST BANK (PJKC)  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 20 MAR. 2022

Loan's interest, fee and penalty	Revenue recognition
<b>Interest (Mosharekat Madani)</b>	
Current loans	Due Date
Past due loans	Due Date
Outstanding and Doubtful debt	Due Date
<b>Interest (Other loans)</b>	
Current loans	Accrual basis
Past due loans	Accrual basis
Outstanding and Doubtful debt	Accrual basis
<b>Penalty(Loan's rate)</b>	
Current loans	Accrual basis
Past due loans	Accrual basis
Outstanding and Doubtful debt	Cash basis
<b>Penalty(Over loan's rate)</b>	
	Cash basis
<b>Fee</b>	
Bank guarantee issuance	Accrual basis
Other services	At the time of performing

All of the granted Mosharekat Madani facilities(civil partnership contracts) are related to before released CBI regulations No. 97/69643 dated 06/17/2018 .

#### 7-6. The basis for determining the depositors' share of mutual income

According to Usury-Free Banking Law approved on 30 Aug. 1983 and its instructions and according to CBI regulations, mutual income, usage of mutual sources and depositors' share of mutual income are calculated and its results are reported in the note 34.

#### 7-7. Classification of loans

Loans are classified in accordance with the CBI's regulation No. 2823/MB dated 02/24/2007 and based on time as below, customers' financial states and their industry and business. The classification of loan portfolio is as follows:

Classification	Principal & interest (PI) outstanding in months
Current	PI < 2
Past due	2 < PI < 6
Outstanding	6 < PI < 18
Doubtful	PI > 18

\* Management has not applied any judgments over the CBI's regulations.

#### 7-8. Provision for bad and doubtful loans

Provisions for bad and doubtful debts are provided in accordance with the CBI's regulations as follows:

- General provision is calculated amounting to 1.5% of the total loan portfolio at the end of each year, except for the balance of loans for which specific provision is calculated.
- Specific provision- depending on the classification of the non-performing loans, the Bank is required to provide specific provisions, after allowing for the value of collaterals based in below table:

Classification	Specific percentage
Past due loans	10%
Outstanding	20%
Doubtful debt (regarding to the clients refund power)	50-100%

MIDDLE EAST BANK (PJKC)  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED 20 MAR. 2022

\* Management has not applied any judgments over the CBI regulations.

3. For loans that payment of its principal and interest are deferred more than 5 years, specific provision is taken into account equal to 100%(without allowing for collaterals' value).

#### 7-9. Termination benefits

Staff termination benefits are provided at the rate of one month salary and other remunerations for each year of service.

#### 7-10. Defined contribution plans

The employees are covered by social security fund so no defined contribution plans provision has taken in to account.

#### 7-11. Foreign Currencies

##### 7-11-1. Items related to internal operations

Foreign Currency items related to essential commodities, medicines and medical supplies are exchanged with the official rate announced by the CBI on the Statement of financial position date and other monetary items at the rate stated in the circular No. 00/376983 dated 15/03/2022 (200,000 Rials per USD & 220,000 Rials per EUR). Monetary items with the rate above mentioned circular, are exchanged with the rate of transactions date. Non-monetary items recorded at historical rate based on the official rate or ETS at the date of the transactions. Additionally the differences arising from the settlement or exchange of monetary items are recognized as income or expense in the period in which they are incurred and reported in the statement of profit or loss. During the reporting period, the official rate or ETS is higher than the official rate announced by the CBI, but until the disposal of foreign exchange resources at the mentioned rate, the announced rate of the CBI will be used to calculate the difference.

##### 7-11-2. Items related to foreign operations

Monetary assets and liabilities are exchanged at rates stated by CBI circular No. 00/376983 dated 03/15/2122, (220,000 Rials per Euro and 200,000 Rials per USD).The income and expenses of foreign operations are translated into IRR at the average rates of reporting period.All resulting differences are recognized in the statement of comprehensive income and are classified under shareholders' equity in the Statement of financial position. In addition, differences in the monetary items that are inherently part of the net investment in foreign operations are recognized in the statement of comprehensive income and are classified under the shareholders' equity until they are disposed.

## 8. "Others" in Notes

The "Others" in notes are insignificant amount and are less than 10% of the relevant Note's total balance.

## 9. Cash

		IRR million			
Note	Consolidated		Parent Co.		
	20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021	
Cash in hand-LCY	168,397	129,417	168,397	129,345	
Cash in hand- FCY	1,915,753	2,321,306	1,911,059	2,319,082	
Unrestricted balances with CBI	9-3 28,645,293	26,684,593	28,645,293	26,684,593	
Unrestricted balances with other banks	9-4 9,449,942	11,649,724	2,765,694	6,194,110	
	<b>40,179,385</b>	<b>40,785,040</b>	<b>33,490,443</b>	<b>35,327,130</b>	

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9-1. Local and foreign cash in hand in the Bank's branches up to IRR 2,459,760 million are insured against theft and fire.

9-2. Cash in hand-FCY included USD 2,761,653 , EUR 5,954,037 , AED 889,340 , INR 6,500 , TRY 35,100 , CNY 3,540 and CHF 4.

9-3. Unrestricted balances with CBI

	IRR million	
	Consolidated and Parent Co.	
	20 Mar. 2022	20 Mar. 2021
Unrestricted current deposits with CBI-LCY	15,121	38,937
Unrestricted current deposits with CBI-FCY	56,311	43,994
Unrestricted current deposits with other countries' central banks	28,573,861	26,601,662
	<b>28,645,293</b>	<b>26,684,593</b>

9-4. Unrestricted balances with other banks

		IRR million			
		Consolidated		Parent Co.	
		20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021
Unrestricted current deposits with other local banks-LCY		313,422	176,431	13,989	25,496
Unrestricted current deposits with other local banks-FCY	9-4-1	8,039,822	7,903,412	1,656,091	2,599,835
Unrestricted term deposits with other local banks-LCY		24,819	1,838	23,735	736
Unrestricted term deposits with other local banks-FCY		-	129,801	-	129,801
Unrestricted current deposits with foreign banks-FCY		1,071,879	3,438,242	1,071,879	3,438,242
		<b>9,449,942</b>	<b>11,649,724</b>	<b>2,765,694</b>	<b>6,194,110</b>

9-4-1. At group level, Middle East Exchange Company Found which is kept in trust on behalf of customers has been offsetted against customers debts.

9-5. Restricted balances are classified in due from banks and financial institutions note.

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## 10. Due from banks and financial institutions

	Note	IRR million			
		Consolidated		Parent Co.	
		20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021
Due from CBI	10-2	83	802,315	83	802,315
Due from other banks and financial institutions	10-3	38,444,649	41,477,682	38,444,650	41,477,682
<b>Total</b>		<b>38,444,732</b>	<b>42,279,997</b>	<b>38,444,733</b>	<b>42,279,997</b>

10-1. Unrestricted balances are classified as cash.

10-2. Due from CBI

	Note	IRR million	
		Consolidated and Parent Co.	
		20 Mar. 2022	20 Mar. 2021
Restricted current deposits with CBI-LCY		-	1,172
Restricted current deposits with CBI-FCY		83	72
Restricted current deposits with other countries' central banks	10-2-1	1,443,385	13,994,824
Less: CBI's balance in our accounts (Note 19)	10-2-1	(1,443,385)	(13,994,824)
Restricted specific deposits with CBI-LCY		-	800,000
Receivable interest from statutory deposit		-	-
Others		-	1,071
		<b>83</b>	<b>802,315</b>

10-2-1. Since the risks and rewards of these funds are not transferred to the bank, all amounts are netted.

10-3. Due from other banks and financial institutions

	Note	IRR million			
		Consolidated		Parent Co.	
		20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021
Restricted current deposits with other local banks-LCY		-	-	-	-
Restricted current deposits with other local banks-FCY		2,392,275	3,164,678	2,392,275	3,164,678
Restricted term deposits with other local banks-LCY	10-3-1	19,425,000	16,450,000	19,425,000	16,450,000
Restricted term deposits with other local banks-FCY		-	-	-	-
Restricted current deposits with foreign banks-FCY	10-3-2	36,739,713	38,217,583	36,739,713	38,217,583
Restricted term deposits with foreign banks-FCY		-	-	-	-
Less: CBI balance in our accounts (Note 19)	10-3-2	(20,135,515)	(16,382,289)	(20,135,515)	(16,382,289)
Other banks checks		12,545	567	12,545	567
Other		10,631	27,143	10,632	27,143
		<b>38,444,649</b>	<b>41,477,682</b>	<b>38,444,650</b>	<b>41,477,682</b>

10-3-1. Restricted term deposits with other local banks is related to interbank deposits that maturity date of 12.425 bilion is 03/26/2022 and maturity date of rest of it is 04/04/2022.

10-3-2. Since the risks and rewards of these funds are not transferred to the bank, all amounts are netted.

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## 11. Credit facilities granted

	Consolidated										IRR million
	20 Mar. 2022					20 Mar. 2021					
	Principal balance	Fee and interest receivable balance	Penalty receivable balance	Mudharaba and Mosharekat Madani received fund	Future interests	Deferred fee and interest	Total	Provision for bad and doubtful debts	Net balance	Net balance	
Installment sales	53,793,106	820,808	6,567	-	(4,861,845)	(5,880)	49,752,756	(746,345)	49,006,411	30,690,827	
Wakala	24,917,497	292,376	1,470	-	(1,232,808)	(320)	23,978,215	(359,673)	23,618,542	14,843,646	
Mudharaba	796,961	77,004	88,063	-	-	(77,004)	885,024	(34,683)	850,341	986,986	
Mosharekat Madani (civil partnership contracts)	(136,337)	42,041	79,733	-	-	(42,041)	(56,604)	(322,437)	(379,041)	1,450,894	
Debt purchase	3,957,098	142,362	-	-	(432,306)	-	3,667,154	(55,007)	3,612,147	4,874	
Murabaha	161,834,725	3,747,126	56,216	-	(12,355,629)	(48,652)	153,233,786	(2,299,588)	150,934,198	96,179,501	
Gardh-UI Hasan	579,916	-	-	-	(64,979)	-	514,937	(7,724)	507,213	444,123	
Foreign currency facilities	122,794,835	14,878,016	21,929	-	(9,135,328)	-	128,559,452	(2,495,858)	126,063,594	94,880,285	
Debtors for paid L/Cs	284,527	-	2,400	-	-	-	286,927	(4,304)	282,623	-	
Debtors for paid guarantees	56,355	-	1,462	-	-	-	57,817	(4,568)	53,249	60,087	
Debtors for paid credit cards	163,130	892	19	-	(12,299)	(24)	151,718	(2,377)	149,341	128,667	
	<b>369,041,813</b>	<b>20,000,625</b>	<b>257,859</b>	<b>-</b>	<b>(28,095,194)</b>	<b>(173,921)</b>	<b>361,031,182</b>	<b>(6,332,564)</b>	<b>354,698,618</b>	<b>239,669,890</b>	

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IRR million

	Parent Co.										
	Note	20 Mar. 2022					20 Mar. 2021				
		Principal balance	Fee and interest receivable balance	Penalty receivable balance	Mudharaba and Mosharekat Madani received fund	Future interests	Deferred fee and interest	Total	Provision for bad and doubtful debts	Net balance	Net balance
Installment sales	53,793,106	820,808	6,567	-	(4,861,845)	(5,880)	49,752,756	(746,345)	49,006,411	30,690,827	
Wakala	24,917,497	292,376	1,470	-	(1,232,808)	(320)	23,978,215	(359,673)	23,618,542	14,843,646	
Mudharaba	796,961	77,004	88,063	-	-	(77,004)	885,024	(34,683)	850,341	986,986	
Mosharekat Madani (civil partnership contracts)	613,662	42,041	79,733	-	-	(42,041)	693,395	(333,687)	359,708	1,776,929	
Debt purchase	3,957,098	142,362	-	-	(432,306)	-	3,667,154	(55,007)	3,612,147	4,874	
Murabaha	161,834,725	3,747,126	56,216	-	(12,355,629)	(48,652)	153,233,786	(2,299,588)	150,934,198	96,179,501	
Gardh-Ul Hasan	579,916	-	-	-	(64,979)	-	514,937	(7,724)	507,213	444,123	
Foreign currency facilities	122,794,835	14,878,016	21,929	-	(9,135,328)	-	128,559,452	(2,495,858)	126,063,594	94,880,284	
Debtors for paid LCs	284,527	-	2,400	-	-	-	286,927	(4,304)	282,623	-	
Debtors for paid guarantees	56,355	-	1,462	-	-	-	57,817	(4,568)	53,249	60,087	
Debtors for paid credit cards	163,130	892	19	-	(12,299)	(24)	151,718	(2,377)	149,341	128,667	
	<b>369,791,812</b>	<b>20,000,625</b>	<b>257,859</b>	<b>-</b>	<b>(28,095,194)</b>	<b>(173,921)</b>	<b>361,781,181</b>	<b>(6,343,814)</b>	<b>355,437,367</b>	<b>239,995,924</b>	

In previous years based on the country budget law, \$500 million from the National development fund was assigned to the bank for the provision of facilities to builders and private and cooperative contractors, who are contracting party with National oil company and introduced by that company, which was paid in full and in the form of facilities to them. Moreover \$ 50 million of the facilities in the previous year and \$ 40 million in the current year were settled and at the end of 20 Mar. 2022, the balance of these facilities is equivalent to \$410 million. Based on the agreement concluded between the bank and National oil company, the repayment of the debt related to the subject of the bank foreign exchange facility contracts and the borrowers facilities of the relevant maturities in accordance with the terms of the said contract has been decided and committed by the National oil company.

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**11-1.** Classification of loans according to CBI's regulations is as below(note 7-7):

IRR million

	Parent Co.				
	20 Mar. 2022				
	Current loans	Past due loans	Outstanding loans	Doubtful loans	Total
Installment sales	54,591,562	21,257	-	7,662	54,620,481
Wakala	24,871,066	340,277	-	-	25,211,343
Mudaraba	-	-	-	962,028	962,028
Mosharekat Madani (civil partnership contracts)	-	-	-	735,436	735,436
Debt purchase	4,099,460	-	-	-	4,099,460
Murabaha	164,948,415	368,641	20,745	300,266	165,638,067
Gardh-UI Hasan	579,588	74	254	-	579,916
Foreign currency facilities	134,411,169	-	-	3,283,611	137,694,780
Debtors for paid L/Cs	286,927	-	-	-	286,927
Debtors for paid guarantees	11,096	-	-	46,721	57,817
Debtors for paid credit cards	163,745	35	65	196	164,041
	<b>383,963,028</b>	<b>730,284</b>	<b>21,064</b>	<b>5,335,920</b>	<b>390,050,296</b>
<b>Less</b>					
Future interests	(27,876,753)	-	-	(218,441)	(28,095,194)
Deferred fee and interest	-	(33,205)	(53)	(140,663)	(173,921)
Mudaraba received fund	-	-	-	-	-
Mosharekat Madani received fund	-	-	-	-	-
Net loans before deduction of provision for bad and doubtful loans	<b>356,086,275</b>	<b>697,079</b>	<b>21,011</b>	<b>4,976,816</b>	<b>361,781,181</b>
General provision for bad and doubtful loans	(5,341,293)	(10,440)	(310)	(22,181)	(5,374,224)
Specific provision for bad and doubtful loans	-	(111)	(62)	(969,417)	(969,590)
Balance at 20 Mar. 2022	<b>350,744,982</b>	<b>686,528</b>	<b>20,639</b>	<b>3,985,218</b>	<b>355,437,367</b>
Balance at 20 Mar. 2021	<b>237,490,087</b>	<b>130,679</b>	<b>738,313</b>	<b>1,636,845</b>	<b>239,995,924</b>

As subsidiaries loan balance is not significant, consolidated note has not been presented in this part. The intragroup loans has been presented in note 11-8.

**11-2.** Provision for bad and doubtful loans is as below:

IRR million

	Parent Co.					
	20 Mar. 2022			20 Mar. 2021		
	General provision	Specific provision	Total	General provision	Specific provision	Total
Opening balance	3,651,178	668,906	4,320,084	1,768,021	519,156	2,287,177
Recoveries	-	-	-	-	(114,963)	(114,963)
Write-offs	-	-	-	-	-	-
Increase (decrease) during the year	1,723,046	300,684	2,023,730	1,883,157	264,713	2,147,870
Closing balance	<b>5,374,224</b>	<b>969,590</b>	<b>6,343,814</b>	<b>3,651,178</b>	<b>668,906</b>	<b>4,320,084</b>

As subsidiaries loan balance is not significant, consolidated note has not been presented in this part. The intragroup loans has been presented in note 11-8.

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**11-3.** Classification of foreign facilities according to resources based on CBI's regulations (note 7-7):

IRR million

	Consolidated and Parent Co.					20 Mar. 2021 Total
	20 Mar. 2022					
	Current loans	Past due loans	Outstanding loans	Doubtful debt	Total	
Internal resources	19,230,166	-	-	-	19,230,166	10,614,809
National development fund	104,381,702	-	-	2,451,726	106,833,428	84,265,475
	<b>123,611,868</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>126,063,594</b>	<b>94,880,284</b>

**11-4.** Classification of loans according to its maturity and interest rate is as below:

IRR million

	Parent Co.							20 Mar. 2021 Total
	20 Mar. 2022							
	24% and more	21-24%	18-21%	15-18%	12-15%	12% and less	Total	
20 Mar. 2022 and before	518,660	925,006	1,361,172	390,303	-	5,016,880	8,212,021	5,400,460
2022	-	-	8,188,142	5,258,008	-	112,748,345	126,194,495	223,675,715
2023	24,303	61,798	202,856,795	1,801,352	1,260,598	996,538	207,001,384	1,861,002
2024 and after	991	45,609	1,200,338	1,745,802	205,998	10,830,729	14,029,467	9,058,747
	<b>543,954</b>	<b>1,032,413</b>	<b>213,606,447</b>	<b>9,195,465</b>	<b>1,466,596</b>	<b>129,592,492</b>	<b>355,437,367</b>	<b>239,995,924</b>
20 Mar. 2021	788,767	4,764,145	133,142,965	3,931,029	391,706	96,977,312	239,995,924	

As subsidiaries loan balance is not significant, consolidated note has not been presented in this part. The intragroup loans has been presented in note 11-8.

**11-5.** Classification of loans according to its collaterals is as below:

IRR million

	Parent Co.	
	20 Mar. 2022	20 Mar. 2021
	Deposits	6,911,361
participation bonds and other securities guaranteed by government and CBI	12,750	8,026
Participation bonds and other securities guaranteed by other banks	217,796	38,775
Listed shares	12,846,922	9,607,270
Land and building	21,120,283	13,422,447
Machinery	1,086,494	-
Check and promissory notes	313,092,801	210,488,548
Total	<b>355,288,407</b>	239,995,924
Without collateral	148,960	-
	<b>355,437,367</b>	239,995,924

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**11-6. Loans movement is as below:**

	Parent Co.										IRR million	
	Installment sales	Wakala	Mudaraba	Mosharekat Madani (civil partnership contracts)	Debt purchase	Murabaha	Gardh-UJ Hasan	Foreign currency facilities	Debtors for paid L/Cs	Debtors for paid guarantees		Debtors for paid credit cards
<b>Principal</b>												
Balance at 20 Mar. 2021	30,595,277	14,846,801	832,184	2,158,256	4,948	95,544,751	450,897	89,404,010	-	62,892	130,029	234,030,045
Increase during the year	82,075,115	361,425,608	224,571	2,662,979	6,313,301	269,054,823	169,989	38,671,551	1,114,903	904,932	658,752	763,276,524
Decrease during the year	(63,745,011)	(352,588,040)	(336,798)	(4,249,614)	(2,793,457)	(215,169,130)	(105,949)	(38,287,546)	(830,376)	(911,469)	(637,974)	(679,655,364)
Foreign exchange effect	-	-	-	-	-	-	-	23,871,492	-	-	-	23,871,492
Balance at 20 Mar. 2022	48,925,381	23,684,369	719,957	571,621	3,524,792	149,430,444	514,937	113,659,507	284,527	56,355	150,807	341,522,697
<b>Interest and penalty*</b>												
Balance at 20 Mar. 2021	565,951	222,890	191,566	277,504	-	2,104,141	-	6,921,151	-	1,867	893	10,285,963
Increase during the year	392,771	1,248,803	-	94,980	142,394	2,154,360	-	8,847,977	8,932	7,450	2,230	12,899,897
Decrease during the year	(131,347)	(1,177,847)	(26,499)	(250,710)	(32)	(455,159)	-	(4,169,164)	(6,532)	(7,855)	(2,212)	(6,227,357)
Foreign exchange effect	-	-	-	-	-	-	-	3,299,981	-	-	-	3,299,981
Balance at 20 Mar. 2022	827,375	293,846	165,067	121,774	142,362	3,803,342	-	14,899,945	2,400	1,462	911	20,258,484
<b>Provision for bad and doubtful loans</b>												
Balance at 20 Mar. 2021	(470,401)	(226,045)	(36,764)	(658,832)	(74)	(1,469,391)	(6,773)	(1,444,877)	-	(4,672)	(2,255)	(4,320,084)
Recoveries	-	-	-	-	-	-	-	-	-	-	-	-
Write-offs	-	-	-	-	-	-	-	-	-	-	-	-
Increase or decrease during the year	(275,944)	(133,628)	2,081	325,145	(54,933)	(830,197)	(951)	(1,050,981)	(4,304)	104	(122)	(2,023,730)
Balance at 20 Mar. 2022	(746,345)	(359,673)	(34,683)	(333,687)	(55,007)	(2,299,588)	(7,724)	(2,495,858)	(4,304)	(4,568)	(2,377)	(6,343,814)
Mudaraba received fund												
Mosharekat Madani received fund												
<b>Net balance</b>												
Balance at 20 Mar. 2021	30,690,827	14,843,646	986,986	1,776,929	4,874	96,179,501	444,123	94,880,284	-	60,087	128,667	239,995,924
Balance at 20 Mar. 2022	49,006,411	23,618,542	850,341	359,708	3,612,147	150,934,198	507,213	126,063,594	282,623	53,249	149,341	355,437,367

\*This amount includes Interest of granted facilities and delay penalty

Penalties and interest of loans after outstanding and doubtful classes have not been taken into accounts, in accordance with note 7-5.

As subsidiaries loan balance is not significant, consolidated note has not been presented in this part. The intragroup loans has been presented in note 11-8.

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11-6-1- Loans interest and penalty movement is as below:

	Parent Co.										IRR million	
	Installment sale	Wakala	Mudaraba	Mosharekat Madani (civil partnership contracts)	Purchase of debt	Murabaha	Foreign currency facilities	Debtors for paid L/Cs	Debtors for paid guarantees	Debtors for paid credit cards		Total
<b>Loans' interest</b>												
Balance at 20 Mar. 2021	560,742	221,769	89,653	130,291	-	2,085,837	6,914,550	-	-	889	10,003,731	
Increase during the year	260,070	1,099,896	-	70,315	142,362	1,661,703	8,599,083	-	-	2,141	11,835,570	
Decrease during the year	(4)	(1,029,289)	(12,649)	(158,565)	-	(414)	(3,930,241)	-	-	(2,138)	(5,133,300)	
Foreign exchange effect	-	-	-	-	-	-	3,294,624	-	-	-	3,294,624	
Balance at 20 Mar. 2022	820,808	292,376	77,004	42,041	142,362	3,747,126	14,878,016	-	-	892	20,000,625	
<b>Loans' penalty</b>												
Balance at 20 Mar. 2021	5,209	1,121	101,913	147,213	-	18,304	6,601	-	1,867	4	282,232	
Increase during the year	132,700	148,906	-	24,665	-	492,684	248,895	8,932	7,449	89	1,064,320	
Decrease during the year	(131,342)	(148,557)	(13,850)	(92,145)	-	(454,772)	(238,924)	(6,532)	(7,854)	(74)	(1,094,050)	
Foreign exchange effect	-	-	-	-	-	-	5,357	-	-	-	5,357	
Balance at 20 Mar. 2022	6,567	1,470	88,063	79,733	-	56,216	21,929	2,400	1,462	19	257,859	
<b>Balance at 20 Mar. 2021</b>	<b>565,951</b>	<b>222,890</b>	<b>191,566</b>	<b>277,504</b>	<b>-</b>	<b>2,104,141</b>	<b>6,921,151</b>	<b>-</b>	<b>1,867</b>	<b>893</b>	<b>10,285,963</b>	
<b>Balance at 20 Mar. 2022</b>	<b>827,375</b>	<b>293,846</b>	<b>165,067</b>	<b>121,774</b>	<b>142,362</b>	<b>3,803,342</b>	<b>14,899,945</b>	<b>2,400</b>	<b>1,462</b>	<b>911</b>	<b>20,258,484</b>	

As subsidiaries loan balance is not significant, consolidated note has not been presented in this part. The intragroup loans has been presented in note 11-8.

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### 11-7. Classification of loans according to types of customer

IRR million

	Parent Co.					
	20 Mar. 2022			20 Mar. 2021		
	Gross balance	Provision for bad and doubtful loans	Net balance	Gross balance	Provision for bad and doubtful loans	Net balance
Natural persons	6,323,279	(108,343)	6,214,936	5,205,415	(91,551)	5,113,864
Corporate customers	354,390,613	(6,219,360)	348,171,253	238,380,460	(4,217,292)	234,163,168
Staff	1,067,289	(16,111)	1,051,178	730,133	(11,241)	718,892
	<b>361,781,181</b>	<b>(6,343,814)</b>	<b>355,437,367</b>	<b>244,316,008</b>	<b>(4,320,084)</b>	<b>239,995,924</b>

As subsidiaries loan balance is not significant, consolidated note has not been presented in this part. The intragroup loans has been presented in note 11-8.

### 11-8. Loans to subsidiaries

IRR million

	weighted Interest rate	20 Mar. 2022				20 Mar. 2021
		Current	Non-performing	Provision for bad and doubtful loans	Total	Total
	%					
<b>Consolidated subsidiaries</b>						
Middle East Bank Brokerage Co.	18	756,756	-	(11,351)	745,405	328,211

## 12. Investments

IRR million

	Note	Consolidated					
		20 Mar. 2022			20 Mar. 2021		
		Short term	Long term	Total	Short term	Long term	Total
Investment in listed shares	12-1	1,043,141	-	1,043,141	556,350	-	556,350
Investment in unlisted shares	12-2	-	786,343	786,343	-	746,110	746,110
Investment in securities with fixed income	12-3	1,160	44,683,616	44,684,776	1,160	48,056,015	48,057,175
		<b>1,044,301</b>	<b>45,469,959</b>	<b>46,514,260</b>	<b>557,510</b>	<b>48,802,125</b>	<b>49,359,635</b>

IRR million

	Note	Parent Co.					
		20 Mar. 2022			20 Mar. 2021		
		Short term	Long term	Total	Short term	Long term	Total
Investment in listed shares	12-1	1,043,141	-	1,043,141	529,508	-	529,508
Investment in unlisted shares	12-2	-	1,166,629	1,166,629	-	628,102	628,102
Investment in securities with fixed income	12-3	1,160	44,017,637	44,018,797	1,160	48,053,015	48,054,175
		<b>1,044,301</b>	<b>45,184,266</b>	<b>46,228,567</b>	<b>530,668</b>	<b>48,681,117</b>	<b>49,211,785</b>

**12-1.** The balance is related to MEB share investment fund and is according to the letter dated 09/10/2020 of the Tehran Stock Exchange Company in order to maintain capital stability and protect the rights of investors and shareholders has taken place. At the date of preparation of the financial statements, the cost of this investment is 1,043,141 million Rials and its market value is equal to 1,070,827 million Rials. According to Audit organization and Central bank, the balance should be classified as treasury shares. However, the Securities and Exchange Organization believes this type of shares can not be recognized as treasury shares. According to the law, Securities and Exchange Organization has been identified as the setter of regulations in this regard, Middle East Bank has classified the mentioned shares as investment due to the response received from SEO.

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## 12-2. Investment in unlisted shares

		Consolidated						
		20 Mar. 2022					20 Mar. 2021	
Note	No. of shares	Percentage of investments	Cost	Accumulated decrease in value	Book value	Market value*	Book value	
		%	IRR million	IRR million	IRR million	IRR million	IRR million	
Middle East Life Insurance Co.	12-2-2	240,000,000	20%	531,212	-	531,212	1,071,400	500,937
INSTEK		220,000	11%	2,200	-	2,200	-	2,200
Others				252,930	-	252,929	-	242,973
				<b>786,342</b>	<b>-</b>	<b>786,341</b>	<b>-</b>	<b>746,110</b>

		Parent Co.						
		20 Mar. 2022					20 Mar. 2021	
Note	No. of shares	Percentage of investments	Cost	Accumulated decrease in value	Book value	Market value	Book value	
		%	IRR million	IRR million	IRR million	IRR million	IRR million	
Middle East Bank Brokerage Co.		749,999,000	75%	665,930	-	665,930	-	127,403
Dadeh Pardazane Simaye Aftab Co.	12-2-1	30,000,000	100%	10,500	-	10,500	-	10,500
Middle East Currency Exchange Co.		199,999,000	100%	247,999	-	247,999	-	247,999
Middle East Life Insurance Co.		440,000,000	20%	240,000	-	240,000	1,071,400	240,000
INSTEK		220,000	11%	2,200	-	2,200	-	2,200
				<b>1,166,629</b>	<b>-</b>	<b>1,166,629</b>	<b>-</b>	<b>628,102</b>

\* Except for the ME life Insurance , there are not market for other company's shares to determine the market value.

12-2-1. At the Statement of financial position date 35% of investment in Dadeh Pardazan Simaye Aftab Co. has been paid.

12-2-2. Group share of net assets of the associates company:

		Consolidated	
		20 Mar. 2022	20 Mar. 2021
		IRR million	
Balance at beginning of the year		500,937	298,967
Share of associate company' net profit		54,275	228,371
Profit receivable / received during the year		(24,000)	(26,400)
Balance at end of the year		<b>531,212</b>	<b>500,937</b>

12-2-3. Summary of financial information of the associates company:

		Consolidated							
		20 Mar. 2022				20 Mar. 2021			
		Total assets	Total liabilities	Total income	Net Profit	Total assets	Total liabilities	Total income	Net Profit
Middle East Life Insurance Co.		6,793,061	4,245,607	3,198,354	271,375	3,626,511	1,225,382	1,878,843	1,135,223

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**12-3. Investment in securities with fixed income is as follows:**

Issuer	Note	Type of bond	Interest income %	Consolidated		Parent Co.		IRR million
				20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021	
				-	-	-	-	
<b>Governmental</b>								
Ministry of Economic Affairs and Finance		Participation	15% and 17%	-	11,963	-	-	11,963
Fourth Shahrivar intermediary		Manfaat	20%	-	995,000	-	-	995,000
Ministry of Economic Affairs and Finance	12-3-1	Islamic treasury bonds		7,595,404	16,281,645	7,595,403	16,281,645	
Ministry of Economic Affairs and Finance		Murabaha	15%, 16%, 18%	25,972,686	20,647,934	25,972,686	20,647,934	
Khordad intermediary		Manfaat	18%	3,000,000	3,000,000	3,000,000	3,000,000	
Tir intermediary		Manfaat	18%	3,000,000	3,000,000	3,000,000	3,000,000	
First Ordibehešt intermediary		Manfaat	18%	2,000,000	2,000,000	2,000,000	2,000,000	
Investment of Munich branch in other countries' governmental bonds		Participation		408,532	352,823	408,532	352,823	
<b>Non-governmental</b>								
Investment of Munich branch in other countries' non-governmental bonds		Participation		2,034,016	1,756,650	2,034,016	1,756,650	
Middle East Bank Ofoogh mutual fund	12-3-2	Preferred investment units	15%	531,075	10,000	7,000	7,000	
Middle East Ofoogh roshan mutual fund		Preferred investment units		143,063	1,160	1,160	1,160	
				<b>44,684,776</b>	<b>48,057,175</b>	<b>44,018,797</b>	<b>48,054,175</b>	

\* For investment in fixed income securities, no reliable market is available.

**12-3-1.** Islamic treasury bonds are zero-coupon bonds published by Ministry of Economic Affairs and Finance on behalf of the government.

**12-3-2.** Interest rates in the table above are the predicted rates determined by mutual funds.

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### 13. Due from subsidiaries and associates

	IRR million			
	Consolidated			
	20 Mar. 2022			20 Mar. 2021
	Balance	Provision of doubtful debts	Net	Net
Subsidiaries	-	-	-	-
Associates	1,918	(29)	1,889	1,893
	<b>1,918</b>	<b>(29)</b>	<b>1,889</b>	<b>1,893</b>
Gross balance of the previous year				<u>2,846</u>

	IRR million			
	Parent Co.			
	20 Mar. 2022			20 Mar. 2021
	Balance	Provision of doubtful debts	Net	Net
Subsidiaries	1,799,285	(27,375)	1,771,910	1,378,115
Associates	1,918	(29)	1,889	1,893
	<b>1,801,203</b>	<b>(27,404)</b>	<b>1,773,799</b>	<b>1,380,008</b>
Gross balance of the previous year				<u>1,402,339</u>

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**13-1.** Due from subsidiaries and associates according to intergroup transactions is as follows:

Name of Company	Parent Co.											IRR million
	20 Mar. 2022											
	Sales of assets and investments	Purchase of assets and investments	Purchase of services	Sales of foreign currency	Received advances	Prepayments	Trust funds	Dividends receivable	Dividends payable	Other	Total	
Dadeh Pardazan Simaye Afiab Co.	-	-	(217)	-	-	-	-	-	-	(504)	(721)	
Middle East Life Insurance Co.	-	-	890	-	-	1,027	-	-	-	-	1,917	
Middle East Currency Exchange Co.	-	-	-	-	-	-	1,680,007	-	-	-	1,680,007	
Middle East Bank Brokerage Co.	-	-	-	-	-	-	120,000	-	-	-	120,000	
	-	-	<b>673</b>	-	-	<b>1,027</b>	<b>1,800,007</b>	-	-	<b>(504)</b>	<b>1,801,203</b>	
Net Profit	<u>77,229</u>											
Name of Company	Parent Co.											IRR million
	20 Mar. 2021											
	Sales of assets and investments	Purchase of assets and investments	Purchase of services	Sales of services	Received advances	Prepayments	Gardh-UI Hasan	Dividends receivable	Dividends payable	Other	Total	
Dadeh Pardazan Simaye Afiab Co.	-	-	8,724	-	-	-	-	-	(9,694)	(970)		
Middle East Life Insurance Co.	-	-	(2,060)	-	-	-	-	-	4,906	2,846		
Middle East Bank Currency Exchange Co.	-	-	-	-	-	-	875,000	-	464	875,464		
Middle East Bank Brokerage Co.	-	-	-	-	-	-	524,999	-	-	524,999		
	-	-	<b>6,664</b>	-	-	-	<b>1,399,999</b>	-	<b>(4,324)</b>	<b>1,402,339</b>		
Net Profit	<u>-</u>											

**13-1-1.** The profit and loss of transactions with subsidiaries and associates are disclosed separately (note 5 1-3)

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13-2. Classification of Due from subsidiaries and associates according to CBI's regulations is as below (note 7-7)

IRR million

	Parent Co.				
	20 Mar. 2022				
	Current	Past due	Outstanding	Doubtful debt	Total
Due from subsidiaries	1,799,285	-	-	-	1,799,285
Due from associates	1,918	-	-	-	1,918
Due from subsidiaries and associates before deduction of provision of doubtful debts	1,801,203	-	-	-	1,801,203
General provision for bad and doubtful debts	(27,404)	-	-	-	(27,404)
Specific provision for bad and doubtful debts	-	-	-	-	-
Balance at 20 Mar. 2022	<u>1,773,799</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,773,799</u>
Balance at 20 Mar. 2021	<u>1,379,101</u>	<u>-</u>	<u>-</u>	<u>907</u>	<u>1,380,008</u>

## 14. Other accounts receivable

IRR million

Note	Consolidated				Parent Co.			
	20 Mar. 2022			20 Mar. 2021	20 Mar. 2022			20 Mar. 2021
	Balance	Provision of doubtful debts	Net	Net	Balance	Provision of doubtful debts	Net	Net
Dividends receivable	-	-	-	60	-	-	-	60
Participation bonds interest	1,433,349	(29,260)	1,404,089	966,490	1,433,348	(29,260)	1,404,088	848,482
Receivable from staff	73,070	(242)	72,828	48,754	16,129	(242)	15,887	13,156
Temporary debtors	9,774,569	(300,257)	9,474,312	3,795,089	11,922,318	(300,257)	11,622,061	5,712,216
	<u>11,280,988</u>	<u>(329,759)</u>	<u>10,951,229</u>	<u>4,810,393</u>	<u>13,371,795</u>	<u>(329,759)</u>	<u>13,042,036</u>	<u>6,573,914</u>

14-1. Dividends receivable (except dividends from subsidiaries and associate) are as follows:

IRR million

	Consolidated and Parent Co.	
	20 Mar. 2022	20 Mar. 2021
<b>TSE and OTC companies</b>		
Mazandaran Cement	-	61
Total	-	61
Provision of bad and doubtful debts	-	(1)
	<u>-</u>	<u>60</u>

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**14-2.** Temporary debtors are as follow:

IRR million

	Note	Consolidated		Parent Co.	
		20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021
<b>Related to loans</b>					
Loans related costs		99,788	120,530	99,788	120,530
<b>Not related to loans</b>					
Murabaha securities of Ministry of Agriculture-Jahad		40,000	40,000	40,000	40,000
Guarantee issuance fee		32,253	65,702	32,253	65,702
Remittance commission		1,834	2,816	1,834	2,816
Unrealized share of employees bonus cost		-	-	-	-
Middle East Bank Brokerage Co. clients		2,954,103	1,762,603	-	-
Corporate debtors	14-2-1	6,312,481	1,837,763	11,427,812	5,518,765
Natural person debtors		305,773	95,512	305,773	95,512
Others		28,337	29,413	14,858	28,141
<b>Total</b>		<b>9,774,569</b>	<b>3,954,339</b>	<b>11,922,318</b>	<b>5,871,466</b>
Provision of bad and doubtful debts		(300,257)	(159,250)	(300,257)	(159,250)
<b>Net</b>		<b>9,474,312</b>	<b>3,795,089</b>	<b>11,622,061</b>	<b>5,712,216</b>

**14-2-1.** Included within receivable from corporate customer is IRR5,115,332 million Rials relating to trust funds with Middle East Currency Exchange Co.

**14-3.** Other accounts receivable classification based on CBI regulations is as follow(note 7-7):

IRR million

	Parent Co.				
	20 Mar. 2022				
	Current	Past due	Outstanding	Doubtful debt	Total
Dividends receivable	-	-	-	-	-
Participation bonds interest	1,417,348	-	-	16,000	1,433,348
Receivable from staff	16,129	-	-	-	16,129
Temporary debtors	11,509,213	9,058	21,226	382,821	11,922,318
Other accounts receivable before deduction of bad and doubtful debts provision	12,942,690	9,058	21,226	398,821	13,371,795
General provision for bad and doubtful debts	(75,965)	-	-	(117)	(76,082)
Specific provision for bad and doubtful debts	-	(906)	(4,245)	(248,526)	(253,677)
<b>Balance at 20 Mar. 2022</b>	<b>12,866,725</b>	<b>8,152</b>	<b>16,981</b>	<b>150,178</b>	<b>13,042,036</b>
Balance at 20 Mar. 2021	6,487,168	5,436	39,186	42,124	6,573,914

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## 15. Fixed assets

IRR million

	Consolidated							Total	
	Land	Buildings	Installations & equipment	Motor vehicles	Office furniture	Lease hold improvements	Assets under construction		Capex prepayments
<b>Cost</b>									
<b>Balance at 20 Mar. 2020</b>	1,588,010	1,226,481	864,534	16,421	204,699	77,834	171,461	364,005	4,513,445
Additions	-	939	86,187	41,060	24,317	-	186,940	(24,587)	314,856
Increase (decrease) from revaluation	-	-	-	-	-	-	-	-	-
Disposals	-	-	(8,589)	(14,378)	(3,797)	-	-	-	(26,764)
Adjustments	-	9,854	17,251	-	-	-	(27,105)	-	-
<b>Balance at 20 Mar. 2021</b>	<b>1,588,010</b>	<b>1,237,274</b>	<b>959,383</b>	<b>43,103</b>	<b>225,219</b>	<b>77,834</b>	<b>331,296</b>	<b>339,418</b>	<b>4,801,537</b>
Additions	-	-	489,936	-	51,700	-	287,318	1,296,198	2,125,152
Increase (decrease) from revaluation	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
Adjustments	584,105	25,500	21,846	-	10,983	-	-	(642,434)	-
<b>Balance at 20 Mar. 2022</b>	<b>2,172,115</b>	<b>1,262,774</b>	<b>1,471,165</b>	<b>43,103</b>	<b>287,902</b>	<b>77,834</b>	<b>618,614</b>	<b>993,182</b>	<b>6,926,689</b>
<b>Accumulated depreciation</b>									
<b>Balance at 20 Mar. 2020</b>		238,114	169,319	11,440	94,003	61,102			573,978
Depreciation		48,143	212,711	4,472	25,569	6,043			296,938
Disposals		-	(4,362)	(2,615)	(2,129)	-			(9,106)
Adjustments		-	-	-	-	-			-
<b>Balance at 20 Mar. 2021</b>		<b>286,257</b>	<b>377,668</b>	<b>13,297</b>	<b>117,443</b>	<b>67,145</b>			<b>861,810</b>
Depreciation		99,643	275,367	5,936	32,790	5,825			419,561
Disposals		-	-	-	-	-			-
Adjustments		-	-	-	-	-			-
<b>Balance at 20 Mar. 2022</b>		<b>385,900</b>	<b>653,035</b>	<b>19,233</b>	<b>150,233</b>	<b>72,970</b>			<b>1,281,371</b>
<b>Book value</b>									
<b>Balance at 20 Mar. 2020</b>	1,588,010	988,367	695,215	4,981	110,696	16,732	171,461	364,005	3,939,467
<b>Balance at 20 Mar. 2021</b>	1,588,010	951,017	581,715	29,806	107,776	10,689	331,296	339,418	3,939,727
<b>Balance at 20 Mar. 2022</b>	2,172,115	876,874	818,130	23,870	137,669	4,864	618,614	993,182	5,645,318

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	Parent Co.							IRR million		
	Land	Buildings	Installations & equipment	Motor vehicles	Office furniture	Improvements of lease property	Project in progress		Capex prepayments	Total
<b>Cost</b>										
<b>Balance at 20 Mar. 2020</b>	1,556,669	1,178,280	849,429	12,329	183,330	77,835	134,326	364,005	4,356,203	
Additions	-	939	79,151	41,060	20,190	-	224,075	(24,587)	340,828	
Increase (decrease) from revaluation	-	-	-	-	-	-	-	-	-	
Disposals	-	-	-	(13,508)	-	-	-	-	(13,508)	
Adjustments	-	9,854	17,251	-	-	-	(27,105)	-	-	
<b>Balance at 20 Mar. 2021</b>	<b>1,556,669</b>	<b>1,189,073</b>	<b>945,831</b>	<b>39,881</b>	<b>203,520</b>	<b>77,835</b>	<b>331,296</b>	<b>339,418</b>	<b>4,683,523</b>	
Additions	-	-	481,708	-	44,975	-	287,318	1,296,198	2,110,199	
Increase (decrease) from revaluation	-	-	-	-	-	-	-	-	-	
Disposals	584,105	25,500	21,846	-	10,983	-	-	(642,434)	-	
Adjustments	-	-	-	-	-	-	-	-	-	
<b>Balance at 20 Mar. 2022</b>	<b>2,140,774</b>	<b>1,214,573</b>	<b>1,449,385</b>	<b>39,881</b>	<b>259,478</b>	<b>77,835</b>	<b>618,614</b>	<b>993,182</b>	<b>6,793,722</b>	
<b>Accumulated depreciation</b>										
<b>Balance at 20 Mar. 2020</b>		224,625	160,407	9,181	83,416	61,103			538,732	
Additions		46,188	210,654	3,937	22,735	6,042			289,556	
Disposals		-	-	(1,745)	-	-			(1,745)	
Adjustments		-	-	-	-	-			-	
<b>Balance at 20 Mar. 2021</b>		<b>270,813</b>	<b>371,061</b>	<b>11,373</b>	<b>106,151</b>	<b>67,145</b>			<b>826,543</b>	
Depreciation		97,689	271,195	5,576	29,334	5,824			409,618	
Disposals		-	-	-	-	-			-	
Adjustments		-	-	-	-	-			-	
<b>Balance at 20 Mar. 2022</b>		<b>368,502</b>	<b>642,256</b>	<b>16,949</b>	<b>135,485</b>	<b>72,969</b>			<b>1,236,161</b>	
<b>Book value</b>										
<b>Balance at 20 Mar. 2020</b>	1,556,669	953,655	689,022	3,148	99,914	16,732	134,326	364,005	3,817,471	
<b>Balance at 20 Mar. 2021</b>	1,556,669	918,260	574,770	28,508	97,369	10,690	331,296	339,418	3,856,980	
<b>Balance at 20 Mar. 2022</b>	2,140,774	846,071	807,129	22,932	123,993	4,866	618,614	993,182	5,557,561	

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**15-1.** Fixed assets up to IRR8,768,680 million are insured against potential hazards caused by fire, flood and earthquake.

**15-2.** The necessary steps are being taken to obtain the ownership documents of the building of the headquarter.

## 16. Intangible assets

IRR million

	Consolidated			Total
	Software	Software development	Right to use public services	
<b>Cost</b>				
<b>Balance at 20 Mar. 2020</b>	404,723	150,747	8,717	564,187
Additions	87,744	161,588	64	249,396
Internal development	-	-	-	-
Increase (decrease) from revaluation	-	-	-	-
Disposals	-	-	(22)	(22)
Adjustments	35,452	(35,452)	-	-
<b>Balance at 20 Mar. 2021</b>	<b>527,919</b>	<b>276,883</b>	<b>8,759</b>	<b>813,561</b>
Additions	119,290	49,537	34	168,861
Internal development	-	-	-	-
Increase (decrease) from revaluation	-	-	-	-
Disposals	-	-	-	-
Adjustments	5,539	(5,539)	-	-
<b>Balance at 20 Mar. 2022</b>	<b>652,748</b>	<b>320,881</b>	<b>8,793</b>	<b>982,422</b>
<b>Accumulated amortization</b>				
<b>Balance at 20 Mar. 2020</b>	297,989	36,641		334,630
Amortization for the year	66,955	107,556		174,511
Impairment loss	-	-		-
Disposals	-	-		-
Adjustments	-	-		-
<b>Balance at 20 Mar. 2021</b>	<b>364,944</b>	<b>144,197</b>	-	<b>509,141</b>
Amortization	1,257	158,189		159,446
Impairment loss	-	-		-
Disposals	-	-		-
Adjustments	-	32,786		32,786
<b>Balance at 20 Mar. 2022</b>	<b>366,201</b>	<b>335,172</b>	-	<b>701,373</b>
<b>Book value</b>				
<b>Balance at 20 Mar. 2020</b>	<b>106,734</b>	<b>114,106</b>	<b>8,717</b>	<b>229,557</b>
<b>Balance at 20 Mar. 2021</b>	<b>162,975</b>	<b>132,686</b>	<b>8,759</b>	<b>304,420</b>
<b>Balance at 20 Mar. 2022</b>	<b>286,547</b>	<b>(14,291)</b>	<b>8,793</b>	<b>281,049</b>

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IRR million

	Parent Co.			
	Software	Software development	Right to use public services	Total
<b>Cost</b>				
<b>Balance at 20 Mar. 2020</b>	401,602	150,748	8,607	560,957
Additions	83,699	161,589	13	245,301
Internal development	-	-	-	-
Increase (decrease) from revaluation	-	-	-	-
Disposals	-	-	-	-
Adjustments	35,452	(35,452)	-	-
<b>Balance at 20 Mar. 2021</b>	<b>520,753</b>	<b>276,885</b>	<b>8,620</b>	<b>806,258</b>
Additions	119,289	49,537	-	168,826
Internal development	-	-	-	-
Increase (decrease) from revaluation	-	-	-	-
Disposals	-	-	-	-
Adjustments	5,539	(5,539)	-	-
<b>Balance at 20 Mar. 2022</b>	<b>645,581</b>	<b>320,883</b>	<b>8,620</b>	<b>975,084</b>
<b>Accumulated amortization</b>				
<b>Balance at 20 Mar. 2020</b>	295,973	36,641		332,614
Amortization for the year	65,436	107,556		172,992
Impairment loss	-	-		-
Disposals	-	-		-
Adjustments	-	-		-
<b>Balance at 20 Mar. 2021</b>	<b>361,409</b>	<b>144,197</b>	-	<b>505,606</b>
Amortization	-	158,189		158,189
Impairment loss	-	-		-
Disposals	-	-		-
Adjustments	-	32,786		32,786
<b>Balance at 20 Mar. 2022</b>	<b>361,409</b>	<b>335,172</b>	-	<b>696,581</b>
<b>Book value</b>				
<b>Balance at 20 Mar. 2020</b>	<b>105,629</b>	<b>114,107</b>	<b>8,607</b>	<b>228,343</b>
<b>Balance at 20 Mar. 2021</b>	<b>159,344</b>	<b>132,688</b>	<b>8,620</b>	<b>300,652</b>
<b>Balance at 20 Mar. 2022</b>	<b>284,172</b>	<b>(14,289)</b>	<b>8,620</b>	<b>278,503</b>

## 17. Statutory deposit

IRR million

	Consolidated and Parent Co.	
	20 Mar. 2022	20 Mar. 2021
Statutory deposit	<b>27,154,220</b>	<b>21,340,048</b>

**17.1.** Statutory deposit has been deposited with CBI in accordance with paragraph 3 of Article 14 of banking and monetary law.

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## 18. Other assets

	Note	IRR million			
		Consolidated		Parent Co.	
		20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021
LCs and collections debtors-net	18-1	2,094,868	1,659,331	2,094,868	1,659,331
Collateral in possession	18-2	607,550	488,000	607,550	488,000
Rental deposits		353,649	231,700	353,648	231,700
Consumables		50,946	29,645	50,946	29,645
Tax stamps		639	619	639	619
Acquisition goodwill (net)		32,883	34,894	-	-
Others (4 items)		284,107	330,416	274,157	315,288
		<b>3,424,642</b>	<b>2,774,605</b>	<b>3,381,808</b>	<b>2,724,583</b>

### 18-1. LCs and collections debtors-net

	Note	IRR million	
		Consolidated and Parent Co.	
		20 Mar. 2022	20 Mar. 2021
Debtors for term letters of credit-LCY		2,155,659	1,992,876
Debtors for term letters of credit-FCY		9,437	-
Debtors for current letters of credit		-	90,299
		<u>2,165,096</u>	<u>2,083,175</u>
<b>Less:</b>			
Term letters of credit advance-LCY		(38,326)	(398,575)
General provision for bad and doubtful debts	18-1-2	(31,902)	(25,269)
		<b><u>2,094,868</u></b>	<b><u>1,659,331</u></b>

18-1-1. Letters of credit debtors maturity is up to six months in accordance with CBI's regulations.

18-1-2. The movements for general provision for bad and doubtful debts are as follow

	IRR million	
	Consolidated and Parent Co.	
	20 Mar. 2022	20 Mar. 2021
Opening balance	25,269	16,089
Recoveries	(25,269)	(16,089)
Increase (decrease) during the year	31,902	25,269
Closing balance	<b><u>31,902</u></b>	<b><u>25,269</u></b>

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## 18-2. Collateral in possession

	IRR million			
	Consolidated and Parent Co.			
	20 Mar. 2021	Possessed during the year	Sale / Submission during the year	20 Mar. 2022
<b>Immovable property</b>				
Residential property	488,000	119,550	-	607,550
	<u>488,000</u>	<u>119,550</u>	<u>-</u>	<u>607,550</u>
<b>Accumulated impairment loss</b>	-			-
	<u>488,000</u>			<u>607,550</u>
<b>Gain/loss on sale</b>	<u>-</u>			<u>-</u>

18-2-1. Immovable collateral in possession age analysis is as below:

	IRR million	
	20 Mar. 2022	20 Mar. 2021
Less than one year from possession	119,550	-
1-2 years from possession	-	466,000
More than 2 years from possession	488,000	22,000
	<u>607,550</u>	<u>488,000</u>

## 19. Due to banks and financial institutions

	IRR million			
	Consolidated		Parent Co.	
	20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021
<b>Due to the CBI</b>				
Current deposit-FCY	17,722,113	27,266,294	17,722,113	27,266,294
Term deposit-FCY	3,856,787	3,110,819	3,856,787	3,110,819
Due for purchasing foreign currency	-	1,447,507	-	1,447,507
Due for repurchase agreement	19-1 40,217,092	-	40,217,092	-
Less: CBI's balance in our accounts (Note 10)	(21,578,900)	(30,377,113)	(21,578,900)	(30,377,113)
	<u>40,217,092</u>	<u>1,447,507</u>	<u>40,217,092</u>	<u>1,447,507</u>
<b>Due to other internal banks</b>				
Current deposits-FCY	10,244,718	11,519,162	10,244,718	11,519,162
Paya payments order	4,352	25,274	4,352	25,274
SHETAB transactions	62,401	28,554	62,401	28,554
	<u>10,311,471</u>	<u>11,572,990</u>	<u>10,311,471</u>	<u>11,572,990</u>
	<u>50,528,563</u>	<u>13,020,497</u>	<u>50,528,563</u>	<u>13,020,497</u>

19-1. Following the CBI circular No. 99/321265 dated 12/29/2020, repurchase agreement was allowed for the banking sector.

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## 20. Customers' deposits

IRR million					
	Note	Consolidated		Parent Co.	
		20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021
<b>Natural persons</b>					
Current deposits	20-1	20,436,079	19,459,795	20,436,079	19,459,795
Saving deposits	20-2	350,073	373,685	350,073	373,684
Other deposits and advances	20-3	20,061	15,808	20,061	15,809
		<u>20,806,213</u>	<u>19,849,288</u>	<u>20,806,213</u>	<u>19,849,288</u>
<b>Corporate customers</b>					
Current deposits	20-1	57,373,606	40,110,907	57,708,056	40,260,931
Saving deposits	20-2	19,543,327	17,906,680	20,179,644	18,943,191
Other deposits and advances	20-3	6,753,188	4,978,348	6,755,319	4,980,334
		<u>83,670,121</u>	<u>62,995,935</u>	<u>84,643,019</u>	<u>64,184,456</u>
		<u><b>104,476,334</b></u>	<u><b>82,845,223</b></u>	<u><b>105,449,232</b></u>	<u><b>84,033,744</b></u>

### 20-1. Current deposits

IRR million					
	Consolidated		Parent Co.		
	20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021	
Current deposits-LCY	47,458,764	38,581,418	47,793,175	38,731,474	
Current deposits-FCY	21,992,826	18,031,880	21,992,826	18,031,880	
Bank checks	473,157	394,976	473,157	394,976	
Remittance-FCY	7,706,828	2,400,213	7,706,828	2,400,213	
Others-FCY	1,573	48,269	1,573	48,269	
Others-LCY	176,537	113,946	176,576	113,914	
	<u>77,809,685</u>	<u>59,570,702</u>	<u>78,144,135</u>	<u>59,720,726</u>	

### 20-2. Saving deposits

IRR million					
	Consolidated		Parent Co.		
	20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021	
Non interest bearing deposits-FCY	<u>19,893,400</u>	<u>18,280,365</u>	<u>20,529,717</u>	<u>19,316,875</u>	

### 20-3. Other deposits and advances

IRR million					
	Consolidated		Parent Co.		
	20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021	
Guarantee issuing deposits -LCY	6,174,946	4,546,851	6,177,077	4,548,838	
Guarantee issuing deposits -FCY	354,269	331,968	354,269	331,968	
LCs' advances-LCY	244,034	6,627	244,034	6,627	
LCs' advances-FCY	-	108,710	-	108,710	
Total	<u>6,773,249</u>	<u>4,994,156</u>	<u>6,775,380</u>	<u>4,996,143</u>	

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## 21. Dividends payable

IRR million

	Consolidated and Parent Co.					
	Dividend per share	Dividend	Balance at 20 Mar. 2021	Paid dividend during the year	offsetting with staff loans	Balance at 20 Mar. 2022
Year ended 20 Mar. 2013	85	340,000	147	-	-	147
Year ended 20 Mar. 2014	150	600,000	188	-	-	188
Year ended 20 Mar. 2015	160	640,000	404	(7)	-	397
Year ended 19 Mar. 2016	250	1,000,000	1,339	(13)	-	1,326
Year ended 20 Mar. 2017	100	500,000	1,594	(152)	-	1,442
Year ended 20 Mar. 2018	150	900,000	2,737	(322)	-	2,415
Year ended 20 Mar. 2019	200	1,400,000	11,000	(940)	-	10,060
Year ended 19 Mar. 2020	200	2,000,000	29,700	(18,144)	-	11,556
Year ended 20 Mar. 2021	300	3,000,000	-	(2,959,891)	(13,264)	26,845
<b>Total</b>			<b>47,109</b>	<b>(2,979,469)</b>	<b>(13,264)</b>	<b>54,376</b>

## 22. Income tax provision

IRR million

	Consolidated		Parent Co.	
	20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021
Opening balance	3,517,922	2,069,325	2,843,205	1,811,737
Provision for the year	479,505	2,236,960	-	1,563,959
Extra precautionary provision	7,979	506,886	-	500,000
Paid during the year	(2,350,953)	(1,295,249)	(1,619,157)	(1,032,491)
	<b>1,654,453</b>	<b>3,517,922</b>	<b>1,224,048</b>	<b>2,843,205</b>
Prepayments	-	-	-	-
<b>Closing balance</b>	<b>1,654,453</b>	<b>3,517,922</b>	<b>1,224,048</b>	<b>2,843,205</b>

22-1. The Bank's tax position for the years 2016 to 2020 is as follows:

IRR million

Fiscal year	20 march. 2022 - IRR million				20 Mar. 2021			Method of assessment	
	Declared profit	Taxable income	Tax						Provision balance
			Declared	As assessed	Final	Paid	"Provision balance"		
19 Mar. 2016	1,500,519	931,454	139,718	350,289	-	139,718	-	-	Assessment the Books
20 Mar. 2017	2,197,088	866,397	173,279	807,346	-	173,279	-	-	Assessment the Books
20 Mar. 2018	2,729,781	1,838,123	275,718	676,836	-	274,844	-	-	Assessment the Books
20 Mar. 2019	6,798,249	3,823,015	400,952	1,326,133	-	400,952	-	-	Assessment the Books
19 Mar. 2020	9,680,162	6,883,276	1,032,491	2,568,190	-	1,032,491	-	-	Assessment the Books
20 Mar. 2021	18,690,660	9,199,761	1,619,158	4,016,051	-	1,563,959	-	1,563,959	Assessment the Books
20 Mar. 2022	20,578,076	9,050,078	-	-	-	-	-	-	Assessment the Books
Extra precautionary provision						55,198	1,224,048	1,279,246	
Provision before deduction of tax prepayments							<b>1,224,048</b>	<b>2,843,205</b>	
Tax prepayments							-	-	
							<b>1,224,048</b>	<b>2,843,205</b>	

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**22-2.** The banks income tax has been finalized and paid till end of the 2015.

**22-3.** Bank has made a protest to the assessment of fiscal years 2016 to 2020 and it's protest against assessment of tax dispute committees is in progress.

**22-4.** The major difference between declared and assessed tax of years 2016 to 2020 is as below:

- The deductions under Article 143 tax laws,
- Although impairment loss of investments wasn't considered as an acceptable expenses, the related income due to increase of investments value wasn't recognized as tax-exempt income by tax authorities.
- Bank has made a protest disallowance of considerable amount of overpaid interest to depositors
- The deduction under article 105 tax laws which wasn't considered by tax authorities.
- Considering part of paid interest to depositors as tax-exempt income.
- paid interest to depositors is being investigated and followed up by executive Justice Court

**22-5.** According to paragraph 2, note 2 of the budget act, the bank's proposed capital increase from the undivided profit of 2021 has been considered as a tax exemption and is subject to zero tax rate.

**22-6.** The total difference among the tax assessments during 2016 to 2020 and declared taxes is 6,103,528 million Rials, which was adjusted to 5,541,771 million Rials due to banks protest.

### 23. Other liabilities and accruals

	Note	IRR million			
		Consolidated		Parent Co.	
		20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021
Received loans from National Development Fund	23-1	11,264,431	6,554,301	11,264,431	6,554,301
Debts for long term LCs-LCY	23-2	2,491,383	1,992,877	2,491,383	1,992,877
Debts for short term LCs-FCY		9,437	90,299	9,437	90,299
Customers' prepayments for LCs and BGs fees and commission		135,729	894,840	135,729	894,840
Contractors performance deposit		34,332	25,805	34,332	25,805
Social security		99,972	56,886	90,062	54,825
Payable Membership fee of Deposit Guarantee Fund		41,085	31,025	41,085	31,025
Withholding tax payable		274,464	292,646	19,100	19,366
Provision of employee benefits		111,871	67,403	106,094	65,480
Brokerage customers		422,708	186,589	-	-
Exchange customers		64,601	747,631	-	-
Others		1,472,230	2,080,077	1,461,820	1,651,222
		<b>16,422,244</b>	<b>13,020,379</b>	<b>15,653,473</b>	<b>11,380,040</b>

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23-1. Received loans from the National Development Fund at the balance sheet date are as follows:

Amounts received	Currency	Receipt date	Due date	No. installment	interest rate	Balance-currency	Balance million IRR
1,218,368	USD	1395/12/24	1405/01/19	9	4	1,218,368	243,674
1,233,036	USD	1396/06/24	1405/01/19	9	4	1,233,036	246,607
1,071,974	USD	1396/06/31	1405/01/19	9	4	1,071,974	214,395
410,904	USD	1396/08/05	1405/01/19	9	4	410,904	82,181
2,063,104	USD	1396/08/12	1405/01/19	9	4	2,063,104	412,621
2,078,874	USD	1396/08/26	1405/01/19	9	4	2,078,874	415,775
480,383	USD	1396/09/08	1405/01/19	9	4	480,383	96,077
1,067,672	USD	1396/09/17	1405/01/19	9	4	1,067,672	213,534
561,310	USD	1396/11/13	1405/01/19	9	4	561,310	112,262
3,988,989	USD	1396/12/03	1405/01/19	9	4	3,988,989	797,798
1,997,247	USD	1396/12/18	1405/01/19	9	4	1,997,247	399,449
1,803,051	USD	1397/02/07	1405/01/19	9	4	1,803,051	360,610
475,922	USD	1397/02/28	1405/01/19	9	4	475,922	95,184
945,070	USD	1397/03/04	1405/01/19	9	4	945,070	189,014
1,680,568	USD	1397/06/16	1405/01/19	9	4	1,680,568	336,114
578,140	USD	1397/07/06	1405/01/19	9	4	578,140	115,628
607,634	USD	1397/08/07	1405/01/19	9	4	607,634	121,527
3,438,118	USD	1400/07/19	1405/01/19	9	4	3,438,118	687,624
13,729,441	USD	1396/10/01	1403/09/27	7	2	9,734,164	1,946,833
554,390	USD	1398/09/27	1403/09/27	7	2	554,390	110,878
16,240	USD	1399/12/06	1408/06/27	12	3.5	16,240	3,248
158,317	USD	1399/12/06	1408/06/27	12	3.5	158,317	31,663
41,537	USD	1399/12/24	1408/06/27	12	3.5	41,537	8,307
467,221	USD	1399/12/24	1408/06/27	12	3.5	467,221	93,444
19,649,922	USD	1400/01/28	1408/06/27	12	3.5	19,649,922	3,929,984
						<u>56,322,155</u>	<u>11,264,431</u>

23-2. Debts for LCs amounted to IRR 2,491 billion is related to the LCs that their documents have been sent to the buyers and the Bank has guaranteed the payment in the maturity. Generally in the maturity date Bank will funding from the buyer and pays debts.

## 24. Staff termination benefits

	IRR million			
	Consolidated		Parent Co.	
	20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021
Opening balance	247,994	167,997	227,439	153,181
Paid during the period	(68,058)	(20,179)	(65,104)	(16,175)
Provision for the period	183,972	100,176	165,272	90,433
Closing balance	<u>363,908</u>	<u>247,994</u>	<u>327,607</u>	<u>227,439</u>

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## 25. Customers investment deposits

IRR million					
	Note	Consolidated		Parent Co.	
		20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021
<b>Long-term deposits</b>					
Long-term investment deposits	25-1	185,548,271	181,584,974	185,548,271	181,584,974
Short-term investment deposits	25-1	94,222,212	63,611,577	95,867,361	65,251,818
Special short-term investment deposits	25-1	13,289,169	2,019,203	13,289,169	2,019,203
Interbank deposits	25-1	1,950,000	500,000	-	-
		<b>295,009,652</b>	<b>247,715,754</b>	<b>294,704,801</b>	<b>248,855,995</b>
<b>Investment deposits' interest payable</b>					
Long-term investment deposits	25-2	961,389	4,559,551	961,389	4,559,551
Short-term investment deposits	25-2	19,842	194,263	19,842	194,263
Special short-term investment deposits	25-2	60	60	60	60
		981,291	4,753,874	981,291	4,753,874
		<b>295,990,943</b>	<b>252,469,628</b>	<b>295,686,092</b>	<b>253,609,869</b>

### 25-1. Term investment deposits based on currency are as follows:

IRR million						
	Consolidated					
	20 Mar. 2022			20 Mar. 2021		
	IRR	FCY	Total	IRR	FCY	Total
Interbank deposits	1,950,000	-	1,950,000	500,000	-	500,000
Short-term investment deposits	94,222,212	-	94,222,212	63,611,577	-	63,611,577
<b>Special short-term investment deposits</b>						
Three-month deposit	-	13,265,203	13,265,203	22,287	1,960,644	1,982,931
Three- month to six-month deposit	318	23,648	23,966	15,300	20,972	36,272
<b>Long-term investment deposits</b>						
One year deposits and general deposit certificate	17,914,890	6,227,564	24,142,454	103,964,997	5,811,272	109,776,269
Two-year deposit	79,405,817	-	79,405,817	258,705	-	258,705
Three-year deposit	-	82,000,000	82,000,000	-	71,550,000	71,550,000
	<b>193,493,237</b>	<b>101,516,415</b>	<b>295,009,652</b>	<b>168,372,866</b>	<b>79,342,888</b>	<b>247,715,754</b>

IRR million						
	Parent Co.					
	20 Mar. 2022			20 Mar. 2021		
	IRR	FCY	Total	IRR	FCY	Total
Short-term investment deposits	95,867,361	-	95,867,361	65,251,818	-	65,251,818
<b>Special short-term investment deposits</b>						
Three-month deposit	-	13,265,203	13,265,203	22,287	1,960,644	1,982,931
Three- month to six-month deposit	318	23,648	23,966	15,300	20,972	36,272
<b>Long-term investment deposits</b>						
One- year deposits and general deposit certificate	17,914,890	6,227,564	24,142,454	103,964,997	5,811,272	109,776,269
Two-year deposit	79,405,817	-	79,405,817	258,705	-	258,705
Three-year deposit	-	82,000,000	82,000,000	-	71,550,000	71,550,000
	<b>193,188,386</b>	<b>101,516,415</b>	<b>294,704,801</b>	<b>169,513,107</b>	<b>79,342,888</b>	<b>248,855,995</b>

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## 25-1-1. Term investment deposits according to maturity and interest rate

IRR million

	Consolidated							20 Mar. 2021 Total
	20 Mar. 2022							
	More than 20%	19%-20%	16%-19%	13%-16%	10%-13%	Less than 10%	Total	
Non-specific maturity	-	-	29,673,704	14,055,189	1,925,340	50,517,979	96,172,212	64,111,578
2021-22	-	1,719,229	4,287,155	2,352,389	-	102,516,415	110,875,188	107,495,471
2022-23	-	34,196,220	44,966,032	1,000,000	-	1,000,000	81,162,252	71,808,705
2023-24	-	-	-	600,000	-	-	600,000	-
2024-25	-	-	-	1,500,000	-	200,000	1,700,000	600,000
2025 and after that	-	-	3,500,000	1,000,000	-	-	4,500,000	3,700,000
	-	<b>35,915,449</b>	<b>82,426,891</b>	<b>20,507,578</b>	<b>1,925,340</b>	<b>154,234,394</b>	<b>295,009,652</b>	<b>247,715,754</b>
20 Mar. 2021	-	51,442,957	66,209,172	7,529,829	193,911	122,339,885	247,715,754	

IRR million

	Parent Co.							20 Mar. 2021 Total
	20 Mar. 2022							
	More than 20%	19%-20%	16%-19%	13%-16%	10%-13%	Less than 10%	Total	
Non-specific maturity	-	-	31,318,854	14,055,189	1,925,340	48,567,978	95,867,361	65,251,819
2021-22	-	1,719,229	4,287,155	2,352,389	-	102,516,415	110,875,188	107,495,471
2022-23	-	34,196,220	44,966,032	1,000,000	-	1,000,000	81,162,252	71,808,705
2023-24	-	-	-	600,000	-	-	600,000	-
2024-25	-	-	-	1,500,000	-	200,000	1,700,000	600,000
2025 and after that	-	-	3,500,000	1,000,000	-	-	4,500,000	3,700,000
	-	<b>35,915,449</b>	<b>84,072,041</b>	<b>20,507,578</b>	<b>1,925,340</b>	<b>152,284,393</b>	<b>294,704,801</b>	<b>248,855,995</b>
20 Mar. 2021	-	51,442,957	65,709,172	7,529,829	193,911	123,980,126	248,855,995	

## 25-1-2. Movements of investments deposits-LCY

IRR million

	Consolidated			
	Balance at 20 Mar. 2021	New Deposits	Principal repayment	Balance at 20 Mar. 2022
<b>Long-term deposits</b>				
One year deposits and general deposit certificate	103,964,997	13,912,530	99,962,637	17,914,890
Two-year deposits	258,705	108,979,098	29,831,986	79,405,817
Short-term deposits	63,611,577	2,450,481,044	2,419,870,409	94,222,212
Special short-term deposits	37,587	138,918	176,187	318
Interbank deposits	500,000	1,950,000	500,000	1,950,000
	<b>168,372,866</b>	<b>2,575,461,590</b>	<b>2,550,341,219</b>	<b>193,493,237</b>

IRR million

	Parent Co.			
	Balance at 20 Mar. 2021	New Deposits	Principal repayment	Balance at 20 Mar. 2022
<b>Long-term deposits</b>				
One year deposits and general deposit certificate	103,964,997	13,912,530	99,962,637	17,914,890
Two-year deposits	258,705	108,979,098	29,831,986	79,405,817
Short-term deposits	65,251,818	2,450,485,952	2,419,870,409	95,867,361
Special short-term deposits	37,587	138,918	176,187	318
Interbank deposits	-	-	-	-
	<b>169,513,107</b>	<b>2,573,516,498</b>	<b>2,549,841,219</b>	<b>193,188,386</b>

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25-1-3. Movements of investments deposits-FCY

	Consolidated and Parent Co.					
	Balance at 20 Mar. 2021	New Deposits	Principal repayment	Balance at 20 Mar. 2022	Balance at 20 Mar. 2022	Balance at 20 Mar. 2021
	Currency amount	Currency amount	Currency amount	Currency amount	IRR million	IRR million
<b>Long-term deposits</b>						
USD	452,100,904	578,700	40,818,300	411,861,304	82,372,261	71,884,044
EUR	834,438	106,170	67,870	872,738	192,002	158,543
AED	122,927,058	27,100	18,546,122	104,408,036	5,663,301	5,318,685
<b>Ordinary &amp; Special short-term deposits</b>						
USD	137,547	4,900	25,000	117,447	23,489	21,870
EUR	10,314,450	100,220,900	50,238,250	60,297,100	13,265,362	1,959,746
					<b>101,516,415</b>	<b>79,342,888</b>

25-1-4. The composition of depositors of investment deposits is as follows:

	Parent Co.			
	20 Mar. 2022		20 Mar. 2021	
	No.	Amount	No.	Amount
	Investor	IRR million	Investor	IRR million
<b>Deposits-LCY</b>				
Entities Investors	3,310	128,827,535	3,095	118,884,402
Natural person	228,280	64,360,851	51,911	50,628,705
	<b>231,590</b>	<b>193,188,386</b>	<b>55,006</b>	<b>169,513,107</b>
<b>Deposits-FCY</b>				
Entities Investors	10	100,912,035	8	78,822,069
Natural person	173	604,380	183	520,819
	<b>183</b>	<b>101,516,415</b>	<b>191</b>	<b>79,342,888</b>
	<b>231,773</b>	<b>294,704,801</b>	<b>55,197</b>	<b>248,855,995</b>

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## 25-2. Investment deposits' interest payable

IRR million

	Consolidated				
	Balance at 20 Mar. 2021	On account advance interest	The difference between final interest and on account advance interest	Interest paid during the year	Balance at 20 Mar. 2022
Short-term deposits	31,552	8,480,306	18,962	(8,510,975)	19,845
Special short-term deposits	16	7,587	13	(7,600)	16
One- year deposits and general deposit certificate	443,115	13,479,947	13,697	(13,825,143)	111,616
Two-year deposits	600	5,070,184	5,806	(4,799,964)	276,626
Five-year deposits	8	-	-	-	8
Interbank deposits	-	413,653	-	(413,653)	-
Foreign currency deposits	4,278,583	5,121,860	-	(8,827,263)	573,180
	<b>4,753,874</b>	<b>32,573,537</b>	<b>38,478</b>	<b>(36,384,598)</b>	<b>981,291</b>

IRR million

	Parent Co.				
	Balance at 20 Mar. 2021	On account advance interest	The difference between final interest and on account advance interest	Interest paid during the year	Balance at 20 Mar. 2022
Short-term deposits	31,552	8,515,124	18,962	(8,545,793)	19,845
Special short-term deposits	16	7,587	13	(7,600)	16
One- year deposits and general deposit certificate	443,115	13,479,947	13,697	(13,825,143)	111,616
Two-year deposits	600	5,070,184	5,806	(4,799,964)	276,626
Five-year deposits	8	-	-	-	8
Interbank deposit	-	137,025	-	(137,025)	-
Foreign currency deposits	4,278,583	5,121,860	-	(8,827,263)	573,180
	<b>4,753,874</b>	<b>32,331,727</b>	<b>38,478</b>	<b>(36,142,788)</b>	<b>981,291</b>

25-2-1. According to the Circular No. 94/69383 dated 06/10/2015, the procedure for allocating difference between final interest and on account interest to each type of investment deposits, approved in the Board of Directors meeting No. 297 dated 04/14/2019. The mentioned procedure is as follows and it is applied in the above tables.

	Proportion of the difference between final and on account interest	Average interest rate on account during the period	The difference of allocated and definite rate	Definite rate
Short-term deposits	49.28%	9.31%	0.02%	9.34%
Special short-term deposits	0.04%	12.07%	0.02%	12.10%
One year deposits and general deposit certificate	35.60%	19.04%	0.02%	19.06%
Two-year deposits	15.09%	17.53%	0.02%	17.56%
	<b>100%</b>			

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## 26. Share capital

At date of establishment, the bank's capital was 4,000,000 million Rials (including 4,000 million shares with a nominal value of 1,000 Rials per share). Bank's capital has increased to 25,000,000 million Rials (including 25,000 million shares with a nominal value of 1,000 Rials per share) at the end of 20 Mar. 2022 in several stages.

Date of capital increase registration	Percent of capital increase	Amount of capital increase	Amount of new capital	Source of capital increase
	%	IRR million	IRR million	
At date of establishment		4,000,000		
12-Jul-17	25	1,000,000	5,000,000	Cash and payable to shareholders
27-Dec-17	20	1,000,000	6,000,000	Retained earnings
25-Feb-19	16.6	1,000,000	7,000,000	Retained earnings
23-Oct-19	42.8	3,000,000	10,000,000	Retained earnings and other reserves
9-Sep-20	50.0	5,000,000	15,000,000	Retained earnings
29-Nov-21	66.66	10,000,000	25,000,000	Retained earnings

26-1. Composition of shareholders at Statement of financial position date is as follows:

	20 Mar. 2022		20 Mar. 2021		
	No. of shares	Percentage of shares	No. of shares	Percentage of shares	
		%		%	
<b>1% and more</b>			<b>1% and more</b>		
Kia Asa Tejarat Toos Co. (Private Joint Stock)	1,179,614,882	4.7%	Natural person	490,979,997	3.3%
Atiyeh maskan Co. (Private Joint Stock)	895,113,662	3.6%	Atiyeh maskan Co. (Private Joint Stock)	424,717,880	2.8%
Natural person	624,999,992	2.5%	Natural person	374,999,997	2.5%
Middle East bank's Ofogh brokerage mutual fund	547,797,726	2.2%	Middle East bank's Ofogh brokerage mutual fund	320,665,715	2.1%
Pars Tousheh Investment Co.(PJSC)	377,451,523	1.5%	Pars Tousheh Investment Co.(PJSC)	226,470,915	1.5%
Sepahan Industry Group (PJSC)	359,999,998	1.4%	Sepahan Industry Group (PJSC)	216,000,000	1.4%
Natural person	328,892,907	1.3%	Natural person	208,123,499	1.4%
Natural person	321,949,995	1.3%	Natural person	193,169,998	1.3%
Natural person	303,962,495	1.2%	Natural person	182,377,498	1.2%
Natural person	298,999,998	1.2%	Natural person	181,124,998	1.2%
Iran Insurance Co (Private Joint Stock)	275,571,938	1.1%	Natural person	179,400,000	1.2%
Sam Group Co. (Private Joint Stock)	268,749,995	1.1%	Sam Group Co. (Private Joint Stock)	161,249,998	1.1%
Natural person	263,489,573	1.1%	Natural person	160,293,745	1.1%
Radis electronic Co. (Private Joint Stock)	260,415,836	1.0%	Natural person	155,000,000	1.0%
Natural person	258,339,998	1.0%	Radis electronic Co. (Private Joint Stock)	154,590,000	1.0%
Iran national investment Co.(PJSC)	252,475,792	1.0%	Saman bank(PJSC)	151,499,995	1.0%
Rama electronic Co. (Private Joint Stock)	250,999,998	1.0%	Iran national investment Co.(PJSC)	151,336,971	1.0%
			Natural person	150,000,000	1.0%
			Natural person	150,000,000	1.0%
			Natural person	150,000,000	1.0%
			Rama electronic Co. (Private Joint Stock)	150,000,000	1.0%
<b>Others (less than 1%)</b>			<b>Others (less than 1%)</b>		
Entities (397 shareholders)	5,503,374,850	22.0%	Entities ( 401 shareholders)	2,988,924,609	20%
Natural persons (23,529 shareholders)	12,427,798,842	49.7%	<b>Natural persons (25,652 shareholders)</b>	7,479,074,185	50%
	<b>25,000,000,000</b>	<b>100%</b>		<b>15,000,000,000</b>	<b>100%</b>

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## 27. Legal reserve

	IRR million			
	Consolidated		Parent Co.	
	20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021
Opening balance	5,969,152	3,459,147	5,938,045	3,444,040
Transferred from net profit	3,098,429	2,510,005	3,086,711	2,494,005
Closing balance	<b>9,067,581</b>	5,969,152	<b>9,024,756</b>	5,938,045

According to Article 33 of the Money and Banking Regulation and Article 108 of the Bank's articles of association, 15 percent of net profit is allocated to legal reserve annually. Annual allocation is compulsory till it equals the Bank's capital.

## 28. Other reserve

Other reserves in the consolidated Statement of financial position is related to the Middle East Bank Brokerage Co. mandated by the Securities and Exchange Organization according to the circular No. 110200273 dated 07/08/2020 which has been transferred from retained earnings.

## 29. Foreign exchange translation differences for foreign operations

	IRR million	
	Consolidated and parent Co.	
	20 Mar. 2022	20 Mar. 2021
Foreign exchange translation differences for foreign operations in Germany	2,090,564	1,632,111

## 30. Interest income on credit facilities granted and deposits

	Note	IRR million					
		Consolidated					
		year ended 20 Mar. 2022			Year ended 20 Mar. 2021		
		Mutual	Non-mutual	Total	Mutual	Non-mutual	Total
Loans interest income	30-1	30,356,401	7,972,713	38,329,114	19,401,417	5,291,201	24,692,618
Deposits interest income	30-2	14,025,903	1,018,740	15,044,643	10,478,141	691,565	11,169,706
<b>Total</b>		<b>44,382,304</b>	<b>8,991,453</b>	<b>53,373,757</b>	<b>29,879,558</b>	<b>5,982,766</b>	<b>35,862,324</b>

	Note	IRR million					
		Parent Co.					
		year ended 20 Mar. 2022			Year ended 20 Mar. 2021		
		Mutual	Non-mutual	Total	Mutual	Non-mutual	Total
Loans interest income	30-1	30,356,401	7,972,713	38,329,114	19,401,417	5,291,201	24,692,618
Deposits interest income	30-2	13,943,191	1,018,740	14,961,931	10,478,056	691,566	11,169,622
<b>Total</b>		<b>44,299,592</b>	<b>8,991,453</b>	<b>53,291,045</b>	<b>29,879,473</b>	<b>5,982,767</b>	<b>35,862,240</b>

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**30-1. Loans interest income**

IRR million

	Note	Consolidated and Parent Co.									
		year ended 20 Mar. 2022					Year ended 20 Mar. 2021				
		LCY		Total	FCY (Non-mutual)	Total	LCY		Total	FCY (Non-mutual)	Total
Mutual	Non-mutual	Mutual	Non-mutual								
Wakala	30-1-1	2,971,321	-	2,971,321	6,352,380	9,323,701	1,935,554	-	1,935,554	4,742,055	6,677,609
Installment sales		6,183,021	-	6,183,021	242,440	6,425,461	4,132,093	-	4,132,093	220,422	4,352,515
Mosharekat Madani (civil partnership contracts)		70,315	-	70,315	180,319	250,634	513,208	-	513,208	-	513,208
Murabaha		19,642,641	-	19,642,641	829,801	20,472,442	11,532,645	-	11,532,645	81,757	11,614,402
Debt purchase		257,622	-	257,622	-	257,622	2,772	-	2,772	-	2,772
Penalty		1,229,303	-	1,229,303	275,021	1,504,324	1,280,977	-	1,280,977	14,591	1,295,568
Paid credit cards		2,178	-	2,178	-	2,178	4,168	-	4,168	-	4,168
Penalty from paid LCs		-	11,130	11,130	-	11,130	-	162,327	162,327	-	162,327
Penalty from paid guarantees		-	16,010	16,010	-	16,010	-	20,703	20,703	-	20,703
Other		-	65,612	65,612	-	65,612	-	49,346	49,346	-	49,346
		<b>30,356,401</b>	<b>92,752</b>	<b>30,449,153</b>	<b>7,879,961</b>	<b>38,329,114</b>	<b>19,401,417</b>	<b>232,376</b>	<b>19,633,793</b>	<b>5,058,825</b>	<b>24,692,618</b>

\*Amounts recognized as non-mutual income in accordance with the regulations of mutual income circular, classified in a separate column.

**30-1-1.** Loans income-FCY amounted IRR 6,540,555 million is related to the loans paid from National Development Fund of Iran deposits.

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### 30-2. Deposits Income

	Consolidated										IRR million
	year ended 20 Mar. 2022					Year ended 20 Mar. 2021					
	LCY		FCY (Non-mutual)		Total	LCY		FCY (Non-mutual)		Total	
	Mutual	Non-mutual	Total	Total	Mutual	Non-mutual	Total	Total	Mutual	Non-mutual	Total
Income from statutory deposit	-	253,439	253,439	253,439	-	182,999	182,999	182,999	-	-	182,999
Income from term deposits	5,015,302	-	5,015,302	5,018,241	2,900,986	-	2,900,986	2,900,986	21,220	-	2,922,206
Income from participation bonds and fixed income securities	9,009,194	762,362	9,771,556	9,771,556	7,575,260	484,937	8,060,197	8,060,197	247	-	8,060,444
Income from fixed income mutual funds	1,407	-	1,407	1,407	1,895	-	1,895	1,895	-	-	1,895
	<b>14,025,903</b>	<b>1,015,801</b>	<b>15,041,704</b>	<b>15,044,643</b>	<b>10,478,141</b>	<b>667,936</b>	<b>11,146,077</b>	<b>11,146,077</b>	<b>21,467</b>	<b>-</b>	<b>11,167,544</b>
	Parent Co.										
	year ended 20 Mar. 2022					Year ended 20 Mar. 2021					IRR million
	LCY		FCY (Non-mutual)		Total	LCY		FCY (Non-mutual)		Total	
	Mutual	Non-mutual	Total	Total	Mutual	Non-mutual	Total	Total	Mutual	Non-mutual	
Income from statutory deposit	-	253,439	253,439	253,439	-	182,999	182,999	182,999	-	-	182,999
Income from term deposits	5,015,189	-	5,015,189	5,018,128	2,900,901	-	2,900,901	2,900,901	21,221	-	2,922,122
Income from participation bonds and fixed income securities	8,926,595	762,362	9,688,957	9,688,957	7,575,260	487,346	8,062,606	8,062,606	-	-	8,062,606
Income from fixed income mutual funds	1,407	-	1,407	1,407	1,895	-	1,895	1,895	-	-	1,895
	<b>13,943,191</b>	<b>1,015,801</b>	<b>14,958,992</b>	<b>14,961,931</b>	<b>10,478,056</b>	<b>670,345</b>	<b>11,148,401</b>	<b>11,148,401</b>	<b>21,221</b>	<b>-</b>	<b>11,169,622</b>

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### 31. Net income (loss) from investments

IRR million

	Note	Consolidated		Parent Co.	
		year ended 20 Mar. 2022	Year ended 20 Mar. 2021	year ended 20 Mar. 2022	Year ended 20 Mar. 2021
		LCY (mutual)	LCY (mutual)	LCY (mutual)	LCY (mutual)
<b>Realized income (loss) from investments</b>					
Dividends	31-1	57,576	230,717	1,824,000	1,426,399
Income (loss) from sale of investments		32,930	123,578	-	-
<b>Total</b>		<b>90,506</b>	<b>354,295</b>	<b>1,824,000</b>	<b>1,426,399</b>
<b>Income (loss) from increase (decrease) in value of investments</b>					
Net income (loss) from increase (decrease) in value of investments	31-2	13,631	(13,632)	13,632	(13,632)
<b>Net income (loss) from investments</b>		<b>104,137</b>	<b>340,663</b>	<b>1,837,632</b>	<b>1,412,767</b>

#### 31-1. Dividends are as follow :

IRR million

	Consolidated		Parent Co.	
	year ended 20 Mar. 2022	Year ended 20 Mar. 2021	year ended 20 Mar. 2022	Year ended 20 Mar. 2021
	LCY (mutual)	LCY (mutual)	LCY (mutual)	LCY (mutual)
Middle East Life Insurance Co.	54,275	228,371	24,000	26,400
Middle East Currency Exchange Co.	-	-	1,680,000	875,000
Middle East Bank Brokerage Co.	-	-	120,000	524,999
<b>Dividends from investments in unlisted shares</b>	<b>54,275</b>	<b>228,371</b>	<b>1,824,000</b>	<b>1,426,399</b>
Other companies	3,301	2,346	-	-
<b>Dividend from investment in listed shares</b>	<b>3,301</b>	<b>2,346</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>57,576</b>	<b>230,717</b>	<b>1,824,000</b>	<b>1,426,399</b>

#### 31-2. Net income (loss) from increase (decrease) in value of investments

IRR million

income (loss) from increase (decrease) in value of investments-LCY (mutual )	Consolidated and parent co.			
	year ended 20 Mar. 2022			Year ended 20 Mar. 2021
	book value	market value	profit(loss)	profit(loss)
Investment in listed shares	LCY (mutual)	LCY (mutual)	LCY (mutual)	LCY (mutual)
income (loss) from increase (decrease) in value of investments-LCY (mutual )	1,043,141	1,070,827	13,632	(13,632)
trading fund	1,043,141	1,070,827	13,632	(13,632)

MIDDLE EAST BANK (PJKC)  
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## 32. Interest expense

IRR million

Description	Note	Consolidated	
		year ended 20 Mar. 2022	Year ended 20 Mar. 2021
<b>Mutual income</b>			
Loans' interest income	30	30,356,401	19,401,417
Deposits interest income	30	13,943,191	10,478,056
Net income (loss) from investments	31	1,837,632	1,412,767
Total of mutual income		46,137,224	31,292,240
Bank's share of mutual income	32-1	(14,977,244)	(8,583,870)
Depositors' share of mutual income before deduction of the bank's charges		31,159,980	22,708,370
Bank's charges	32-2	(4,114,753)	(3,864,754)
Depositors' share of mutual income		27,045,227	18,843,617
Income from statutory deposit of investment deposits	32-3	203,118	142,692
Depositors' interest income		27,248,345	18,986,309
Interest from currency deposit		5,121,860	3,430,481
Open market operations(repurchase agreement)*		2,856,497	-
Net paid Interest expense by subsidiaries to outside the group and Interest expense in the group		241,810	(7,452)
<b>Interest expense</b>		<b>35,468,512</b>	<b>22,409,338</b>
<b>Interest payable (overpaid) to depositors</b>		<b>38,478</b>	<b>28,945</b>

IRR million

Description	Note	Parent Co.	
		year ended 20 Mar. 2022	Year ended 20 Mar. 2021
<b>Mutual income</b>			
Loans' interest income	30	30,356,401	19,401,417
Deposits interest income	30	13,943,191	10,478,056
Net income (loss) from investments	31	1,837,632	1,412,767
Total of mutual income		46,137,224	31,292,240
Bank's share of mutual income	32-1	(14,977,244)	(8,583,870)
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Bank's charges	32-2	(4,114,753)	(3,864,754)
Depositors' share of mutual income		27,045,227	18,843,617
Income from statutory deposit of investment deposits	32-3	203,118	142,692
Depositors' interest income		27,248,345	18,986,309
Interest from currency deposit		5,121,860	3,430,481
Open market operations(repurchase agreement)*		2,856,497	-
Net paid Interest expense by subsidiaries to outside the group and Interest expense in the group		-	-
<b>Interest expense</b>		<b>35,226,702</b>	<b>22,416,790</b>
<b>Interest payable (overpaid) to depositors</b>		<b>38,478</b>	<b>28,945</b>

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### 32-1. Bank's share of mutual income

Bank's share of mutual income is as follows:

#### 32-1-1. Bank's share of mutual income

Year	Bank's resource to mutual usages (32-1-2)	Mutual income	Share of Bank Resources from mutual incomes
	Percentage	IRR million	IRR million
20 Mar. 2022	32.46%	46,137,224	14,977,244
20 Mar. 2021	27.43%	31,292,240	8,583,870

\* If mutual usages are less than free resources of term deposits, bank's resources and bank's share of mutual income will be zero.

#### 32-1-2. Distribution of mutual resources and mutual usages between bank and depositors

Description	IRR million		Notes
	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021	
Average of mutual usages( 32-1-2-1 )	253,855,646	177,521,610	Weekly average
Average of depositors' term deposits(32-1-2-2)	191,925,365	143,437,162	Weekly average
less: statutory deposit of term deposits	(20,477,323)	(14,612,046)	Weekly average
Free resources of term deposits	171,448,042	128,825,116	
Bank's share of mutual usages (Additional free resources from term deposits)	<b>82,407,604</b>	<b>48,696,494</b>	

Bank's share of mutual usages is mutual usages minus free resources of term deposits. If the total of term deposits' free resources are more than mutual usages, the excess is called excess of free resources of term deposits.

#### 32-1-2-1. Average of mutual usages

Mutual usages items	IRR million	
	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
	Amount(average)	Amount(average)
Net usages related to loans	177,012,116	112,237,730
Net usages related to participation bonds	49,203,245	43,489,850
Net usages related to term deposit in other banks	25,743,619	21,007,317
Net usages related to investments	1,896,666	786,713
Total usages related to mutual operation	<b>253,855,646</b>	<b>177,521,610</b>

#### 32-1-2-2. Average of term deposits

Term deposits	IRR million	
	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
	Amount(average)	Amount(average)
One year deposits	70,808,785	68,421,152
Two years deposits	28,921,303	114,151
Short term deposits	91,450,439	69,948,004
Interbank deposit	681,981	4,933,285
Special short term deposits	62,857	20,570
Average of term deposits	<b>191,925,365</b>	<b>143,437,162</b>

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### 32-2. The Bank's charge

The Bank's charge rate was published in public newspaper, as 2.4 percent for the fiscal year ended 20 Mar. 2022 and the amount is calculated as below:

$$\text{Bank's charge} = \text{Average of free resources of depositors} * \text{Rate}$$

$$4,114,753 = 171,448,042 * 2.4 \%$$

#### 32-2-1. Declared and applied bank's charge

	Declared bank's charge		Applied bank's charge	
	Rate	IRR million	Rate	IRR million
One-year deposits	2.4%	1,515,883	2.4%	1,515,883
Two-year deposits	2.4%	621,062	2.4%	621,062
Five-year deposits	2.4%	0	2.4%	0
Short term deposits	2.4%	1,960,096	2.4%	1,960,096
Interbank deposit	2.4%	16,368	2.4%	16,368
Special short term deposits	2.4%	1,345	2.4%	1,345
		<b>4,114,753</b>		<b>4,114,753</b>

### 32-3. Interest from statutory deposit of term deposits

Description	IRR million	
	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Average of statutory deposit of term deposits	20,477,323	14,612,046
Statutory deposit's interest	203,118	142,692

### 32-4. Interest paid on account to investment deposits-LCY

Description	IRR million			
	Consolidated		Parent Co.	
	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
<b>Short term deposits</b>				
Short term	8,480,306	5,477,128	8,515,124	5,484,579
Special short term	7,587	2,551	7,587	2,551
<b>Long term deposits</b>				
One year deposit and general deposit certificate	13,479,947	12,461,251	13,479,947	12,461,251
two years	5,070,184	19,934	5,070,184	19,934
Interbank deposite	413,653	989,048	137,025	989,048
	<b>27,451,677</b>	<b>18,949,912</b>	<b>27,209,867</b>	<b>18,957,363</b>

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### 33. Reconciliation of the amount paid on account to investment deposits and term deposits interest expense-LCY

Description	Note	IRR million	
		Parent Co.	
		Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Final interest to depositors		27,248,345	18,986,308
Interest paid on account	32-4	(27,209,867)	(18,957,363)
<b>Interest payable (overpaid) to depositors</b>		<b>38,478</b>	<b>28,945</b>

### 34. Fees and commission income

	Note	IRR million			
		Consolidated		Parent Co.	
		Year ended 20 Mar. 2022	Year ended 20 Mar. 2021	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Net commission of Gardh-UI Hasan (Non interest bearing) loans	34-1	21,568	17,665	21,568	17,665
On L/Cs issuance		26,771	40,858	26,771	40,858
On guarantees issuance		1,629,888	1,183,075	1,629,888	1,183,075
Managed funds		2,495	12,060	2,495	12,060
Review of customers credit files		1,110,871	431,811	1,110,871	431,811
Participation and guarantee fee		7,756	-	7,756	-
SHETAB (inter bank ATM settlement)		21,080	11,655	21,080	11,655
Oversight commission received from the National Development Fund		13,782	1,763	13,782	1,763
On share trading		782,133	975,514	-	-
Other services		119,343	50,105	119,344	50,105
		<b>3,735,687</b>	<b>2,724,506</b>	<b>2,953,555</b>	<b>1,748,992</b>

#### 34-1. Net commission of Gardh-UI Hasan loans

	IRR million	
	Consolidated and Parent Co.	
	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Commission of Gardh-UI Hasan loans	21,568	17,665
<b>Net commission of Gardh-UI Hasan loans</b>	<b>21,568</b>	<b>17,665</b>

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### 35. Fees and commission expenses

	IRR million	
	Consolidated and Parent Co.	
	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
SHETAB (inter bank ATM settlement) commission	7,428	3,356
POS transaction commission	303,388	225,110
Paid commission to brokerages	45,175	37,986
other	18,329	6,234
	<b>374,320</b>	<b>272,686</b>

### 36. Net foreign exchange transactions income

	Note	IRR million			
		Consolidated		Parent Co.	
		Year ended 20 Mar. 2022	Year ended 20 Mar. 2021	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Income (loss) from foreign currency transactions		1,481,415	980,191	1,012,567	769,692
Income (loss) from foreign exchange difference		3,435,785	6,912,396	3,468,279	6,912,233
Income from foreign exchange operations	36-1	99,942,688	87,948,751	-	-
Cost of currency foreign operations	36-1	(98,522,548)	(85,196,983)	-	-
		<b>6,337,340</b>	<b>10,644,355</b>	<b>4,480,846</b>	<b>7,681,925</b>

**36-1.** Income and cost of foreign exchange operation is related to purchase and sale of foreign exchange by the Middle East Currency Exchange Co. For better presentation and avoiding overstatement of the group income, foreign exchange operations are reported on a net basis.

### 37. Other operating income

	IRR million	
	Consolidated and Parent Co.	
	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
profit(Loss) of foreign country's branch	(255,050)	(195,982)
	<b>(255,050)</b>	<b>(195,982)</b>

### 38. Other income

	IRR million			
	Consolidated		Parent Co.	
	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Gain and loss from disposal of fixed and intangible assets	-	2,987	-	987
Others	11,018	47,689	11,018	11,886
	<b>11,018</b>	<b>50,676</b>	<b>11,018</b>	<b>12,873</b>

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### 39. Executive and general expenses

IRR million

	Note	Consolidated		Parent Co.	
		Year ended 20 Mar. 2022	Year ended 20 Mar. 2021	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Personnel expenses	39-1	2,881,622	2,189,235	2,620,901	1,977,704
Other executive expenses	39-2	1,349,553	1,121,171	977,051	696,154
		<b>4,231,175</b>	<b>3,310,406</b>	<b>3,597,952</b>	<b>2,673,858</b>

39-1. The details of personnel expenses are as follows:

IRR million

	Consolidated		Parent Co.	
	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Wages, salaries and allowances	2,431,784	1,921,713	2,224,144	1,739,772
Insurance employer contribution	249,278	160,643	219,935	142,687
Staff termination benefits	191,458	104,185	167,720	92,795
Travel and mission	9,102	2,694	9,102	2,450
	<b>2,881,622</b>	<b>2,189,235</b>	<b>2,620,901</b>	<b>1,977,704</b>

39-2. The details of other administrative expenses are as follows:

IRR million

	Consolidated		Parent Co.	
	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Rent	68,851	67,603	57,792	58,151
Training and research	4,978	1,059	4,978	1,059
Communications	50,144	17,046	50,144	17,046
Insurance costs	10,840	9,517	8,553	8,225
Audit fee	9,183	5,114	7,488	3,389
Consulting fee	59,919	45,629	51,082	42,295
Transportation	11,455	8,519	6,771	6,055
Power and Water	33,666	18,333	33,049	17,857
Repair and maintenance of fixed assets	182,077	88,420	181,665	118,720
Consumable items	100,187	101,744	95,939	73,969
Board of directors bonus	37,500	48,000	30,000	42,000
Contractors' fee payment	338,424	218,870	331,364	217,137
Membership fee in Deposit Guarantee Fund	41,085	31,026	41,085	31,026
Membership fee in associations	4,787	3,015	3,765	2,170
Others	396,457	457,276	73,376	57,055
	<b>1,349,553</b>	<b>1,121,171</b>	<b>977,051</b>	<b>696,154</b>

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## 40. Provision for bad and doubtful debts

IRR million

	Note	Consolidated		Parent Co.	
		Year ended 20 Mar. 2022	Year ended 20 Mar. 2021	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Specific provision for bad and doubtful debts	40-1	254,480	220,826	254,480	220,826
General provision for bad and doubtful debts	40-2	1,779,322	1,873,595	1,791,604	1,894,672
		<b>2,033,802</b>	<b>2,094,421</b>	<b>2,046,084</b>	<b>2,115,498</b>

40-1. Specific provision for bad and doubtful debts is calculated as follows:

IRR million

	Consolidated and Parent Co.					Year ended 20 Mar. 2021
	Year ended 20 Mar. 2022					
	Past due	Outstanding	Doubtful debt before 5 years	Doubtful debt after 5 years	Total	
Credit facilities granted-non governmental (note 11-1)	697,079	21,011	4,428,928	547,888	5,694,906	3,209,321
<b>Balance of Other accounts receivable at the year ended</b>						
Due from subsidiaries and associates (note13)	-	-	-	-	-	1,814
Other accounts receivables (note14)	9,058	21,226	280,468	118,353	429,105	385,784
<b>Total before deduction of collaterals' value</b>	<b>706,137</b>	<b>42,237</b>	<b>4,709,396</b>	<b>666,241</b>	<b>6,124,011</b>	<b>3,596,919</b>
<b>Less : adjusted collaterals' value</b>						
Investment deposits	-	-	-	-	-	(673)
Listed shares	-	-	-	-	-	-
Real states	(695,972)	(20,700)	(3,195,193)	(205,401)	(4,117,266)	(2,261,765)
	<b>(695,972)</b>	<b>(20,700)</b>	<b>(3,195,193)</b>	<b>(205,401)</b>	<b>(4,117,266)</b>	<b>(2,262,438)</b>
Basis of specific provision calculation	10,165	21,537	1,514,203	460,840		
Specific provision calculation factor of-%	10%	20%	50%	100%		
Specific provision of bad and doubtful debts	1,018	4,307	757,102	460,840	1,223,267	968,787
Less: specific provision of bad and doubtful debts balance at 20 Mar. 2021	(9,619)	(9,681)	(47,156)	(902,331)	(968,787)	(747,961)
Specific provision of bad and doubtful debts expense	<b>(8,601)</b>	<b>(5,374)</b>	<b>709,946</b>	<b>(441,491)</b>	<b>254,480</b>	<b>220,826</b>

40-2. General provision for bad and doubtful debts is calculated as follows:

IRR million

	Parent Co.	
	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Loan balance (note 11)	361,781,182	244,316,009
Debtors related to loans (note 14)	99,788	120,530
Debtors for letters of credit (note 18)	2,126,770	1,684,600
Other accounts receivable	5,393,690	1,603,498
Due from subsidiaries and associates (note 13)	1,826,896	1,430,093
<b>Less:</b>		
Balance of loans that specific provision has calculated for	(3,920,859)	(1,287,524)
Basis of general provision calculation	367,307,467	247,867,206
General provision calculation factor-%	1/5	1/5
General provision for bad and doubtful debts	5,509,612	3,718,008
Less: general provision for bad and doubtful debts at 20 Mar. 2021	(3,718,008)	(1,823,336)
General provision for bad and doubtful debts expense	<b>1,791,604</b>	<b>1,894,672</b>

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## 41. Financial expenses

	IRR million	
	Consolidated and Parent Co.	
	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Overdraft penalty	-	198

## 42. Depreciation and amortization

	IRR million			
	Consolidated		Parent Co.	
	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Fixed assets depreciation	417,778	295,067	407,838	287,688
Intangible assets amortization	91,343	68,966	88,075	65,437
	<u>509,121</u>	<u>364,033</u>	<u>495,913</u>	<u>353,125</u>

## 43. Reconciliation of profit before tax with cash flow from operating activities

	IRR million			
	Consolidated		Parent Co.	
	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Profit before tax	20,210,454	18,161,614	20,578,075	16,626,701
<b>Adjustment</b>				
Depreciation and amortization	509,121	364,033	495,913	353,125
Payable tax	479,505	2,813,846	-	2,063,959
Provision for bad and doubtful debts	2,033,802	2,094,421	2,046,084	2,115,498
Net increase (decrease) in provision of staff termination benefits	115,914	79,997	100,168	74,258
(Profit) or loss from disposal of tangible and intangible assets	-	(2,987)	-	(987)
Effect of exchange rate fluctuation on cash	(2,930,093)	(12,274,190)	(2,930,093)	(12,274,190)
	<u>20,418,703</u>	<u>11,236,734</u>	<u>20,290,147</u>	<u>8,958,364</u>
<b>Net increase (decrease) in operating liabilities</b>				
Due to banks and financial institutions	37,508,066	11,473,207	37,508,066	11,473,207
Customers' deposits	21,631,111	42,532,971	21,415,488	43,533,020
Other liabilities and provisions-operating portion	3,412,344	2,367,950	4,273,433	3,844,354
Benefits of investment deposit holders	43,521,315	117,654,382	42,076,223	118,831,530
	106,072,836	174,028,510	105,273,210	177,682,111
<b>Net increase (decrease) in operating assets</b>				
Due from banks and financial institutions	3,835,265	(23,530,972)	3,835,264	(23,530,972)
Credit facilities granted	(117,046,173)	(124,044,142)	(117,465,173)	(124,391,254)
Investment	2,845,375	(21,553,497)	2,983,218	(21,242,968)
Due from Subsidiaries and associates	928	(17,489)	(398,863)	(1,072,525)
Other accounts receivable	(6,151,487)	615,212	(6,478,772)	(2,421,175)
Statutory deposit	(5,814,172)	(10,292,133)	(5,814,172)	(10,292,133)
Other assets-operating portion	(101,916)	(672,235)	(205,404)	(678,053)
	(122,432,181)	(179,495,256)	(123,543,901)	(183,629,080)
Net cash inflow(used in) from operating activities	<u>4,059,358</u>	<u>5,769,988</u>	<u>2,019,456</u>	<u>3,011,395</u>

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#### 44. Non-cash transactions

Major non-cash transactions during the year is as below:

	IRR million			
	Consolidated		Parent Co.	
	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021	Year ended 20 Mar. 2022	Year ended 20 Mar. 2021
Possession of asset against granted loans	119,550	-	119,550	-
Capital increase from payable to shareholders'	207,991	-	-	-
	<b>327,541</b>	<b>-</b>	<b>119,550</b>	<b>-</b>

**44-1.** In the reported financial year, the following Collateral in possession were acquired by the bank

	Customer relationship	debt at the time of acquisition	appraised value of acquired property	IRR million		
				amount of paid/waived	Debt balance after acquisition	Debt after possession of asset
Residential property of Novin Aban Fanavar	irrelated customer	3,180,643	105,750	-	-	3,074,893
Residential property of Ali Nasajpour	irrelated customer	42,280	13,800	-	-	28,480
		<b>3,222,922</b>	<b>119,550</b>	<b>-</b>	<b>-</b>	<b>3,103,372</b>

#### 45. Off-balance sheet items

##### 45-1. Letters of credit commitments

##### 45-1-1. Letters of credit-FCY

Consolidated and Parent Co.											
Currency	No.	Opening balance		Issued during the period		Paid during the period		Exchange rate fluctuation		Closing balance	
		IRR million	No.	FCY	IRR million	No.	FCY	IRR million	No.	IRR million	FCY
EUR	1	1,087,098	2	3,131,500	782,135	(3)	(24,776,500)	(1,671,607)	(197,626)	-	-
		<u>1,087,098</u>			<u>782,135</u>			<u>(1,671,607)</u>	<u>(197,626)</u>		

Current

##### 45-1-2. Letters of credit-FCY

Consolidated and Parent Co.											
Type of credit	No.	Opening balance		Issued during the period		Paid during the period		Closing balance		No.	IRR million
		IRR million	No.	IRR million	No.	IRR million	No.	IRR million	No.		
Current	2	17,605	7	3,683,271	(7)	(3,556,939)	2	143,937			
Term	4	39,687	46	6,677,194	(31)	(3,794,485)	19	2,922,396			
<b>Total</b>		<u>57,292</u>		<u>10,360,465</u>		<u>(7,351,424)</u>		<u>3,066,333</u>			

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## 45-2. Issued guarantees commitments

## 45-2-1. Guarantees-FCY

	Consolidated and Parent Co.			
	20 Mar. 2022		20 Mar. 2021	
	FCY	IRR million	FCY	IRR million
EUR	81,655,433	17,964,195	98,413,361	18,698,538
AED	1,445,169	78,389	1,445,169	62,528
USD	15,205,603	3,041,121	17,028,041	2,707,459
INR	37,000,000	97,051	20,000,000	43,880
CNY	-	-	4,990,143	122,084
		<b>21,180,756</b>		<b>21,634,489</b>

## 45-2-2. Guarantees-LCY

	IRR million	
	Consolidated and Parent Co.	
	20 Mar. 2022	20 Mar. 2021
Commitments for issued guarantees-LCY	<b>103,389,900</b>	<b>71,118,523</b>

## 45-3. Other commitments

	IRR million	
	Consolidated and Parent Co.	
	20 Mar. 2022	20 Mar. 2021
Commitments for bonds guarantee	4,564,913	2,100,033
Commitments for credit cards	1,832,819	1,346,885
Others	12,273	10,099
	<b>6,410,005</b>	<b>3,457,017</b>

## 45-4. Managed funds and other

	IRR million	
	Consolidated and Parent Co.	
	20 Mar. 2022	20 Mar. 2021
Loans paid from managed funds	-	5,298,848
managed funds not spent	-	5,176,000
total of Managed funds and other	<b>-</b>	<b>10,474,848</b>

## 45-4-1. Managed funds related to customers have been fully settled during the current year.

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#### 45-5. Commitments for letter of credits and guaranties by type of collateral:

Type of collaterals	IRR million	
	20 Mar. 2022	20 Mar. 2021
Deposits	1,916,657	1,391,516
Participation bonds and other securities with guaranties of other banks	74,249	38,975
Listed shares	485,186	473,408
Land and building	3,625,414	2,195,379
Checks and promissory notes	117,346,339	89,798,124
	123,447,845	93,897,402
Without collateral	4,189,144	-
<b>Total</b>	<b>127,636,989</b>	<b>93,897,402</b>

## 46. Capital commitments and contingent liabilities

### 46-1. Contingent liabilities

Social Security Organization (SSO) debt not has been raised for the fiscal year ended 19th March 2020 of IRR 18.5 billion which has been protested and referred to the dispute settlement Board, however the final result has not been determined yet. The amount for the fiscal year ended 20th March 2021 is currently under examination and for the current year has not been examined yet. Also, bank's books have not been examined for the Value Added Tax regulations for 2022.

Description	IRR million
	20 Mar. 2022
Due to Social Security Organization	<b>18,586</b>

### 46-2. Capital commitments

As mentioned in note 12-2-1, at the Statement of financial position date, the amount of commitment for investment in Dadeh Pardazan Simaye Aftab Co. is IRR19,500 million.

Description	IRR million
	20 Mar. 2022
Committed amount of investments in companies	<b>19,500</b>

## 47. Earning per share

### 47-1. Basic EPS

Basic earning per share has been calculated based on the profit attributable to ordinary shareholders divided by weighted-average number of ordinary shares outstanding. Weighted-average number of ordinary shares for the current and two previous financial period was 25,000,000,000.

### 47-2. Diluted EPS

Diluted EPS is a calculation used to gauge the quality of a bank's earnings per share (EPS) if all convertible securities were exercised. In the two previous financial period there were no convertible securities.

## 48. Events after the reporting date

From the date of financial position to the date of approval of the financial statements, no event that requires disclosure in financial statements (in accordance with Section 5 of the Minimum Standards of Transparency and Public Disclosure by Credit Institutions) has occurred.

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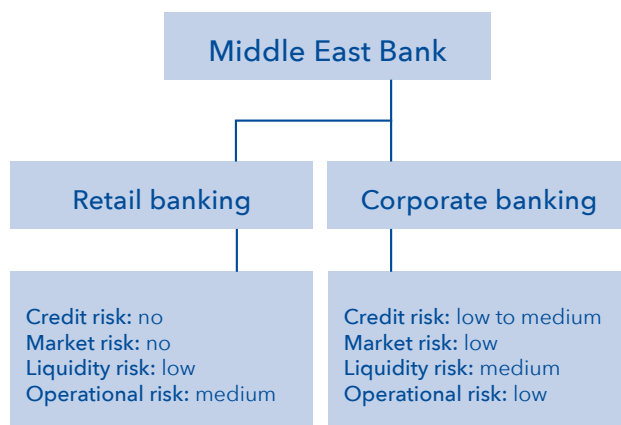
**49. Bank risks**

Bank faces the following types of risk:

- **Credit risk**
- **Liquidity risk**
- **Market risk**
- **Operational risk**

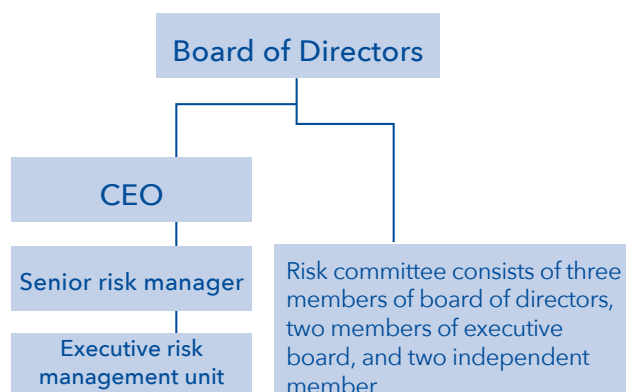
level of influence of risks on different types of banking is illustrated by the following chart.

**49-1.** The relation between types of banking and the associated major risks.



**49-2.** Risk management structure is as follows:

Risk Management in MEB consists of Risk Committee (RC) and risk management department. The duties of the RC are modeled based on the Basel document entitled "Guidelines - corporate governance principles for banks", issued in October 2014. The RC consists of selected Board members and the head of risk department (or senior risk manager - SRM). SRM is responsible for reporting risk related matters to RC, discussing relevant information with members of the RC/Board members, as well as executing various resolutions of RC. Risk department operates under the guidance of risk committee (RC) and carries the policies set forth by the RC. The risk department is headed by the SRM and employs four additional risk analysts. The risk analysts and SRM share the duties of credit risk modeling, credit risk rating and liquidity risk measurements.



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### 49-3. Credit risk

#### 49-3-1. Credit risk definition

Any inability or willingness of credit customers to repay principal and interest of facilities or not to perform obligations that result in bank income reduction or cause expenses, is known as credit risk.

#### 49-3-2. ME Bank's policies regarding credit risk

MEB's credit extension policies ensure CBI's rules and regulations are properly implemented. MEB's primary credit clients are incorporated entities with whom MEB develops and maintains strong long-term banking relationships. However, natural persons who manage their business activities personally and are not under a legal umbrella are welcomed and treated as proprietorships. Concentration of MEB's credit is in short-term requirements of its clients; namely inventory and receivable financing. Even international activities are limited to the importation of raw materials, spare parts and finished goods. MEB occasionally arranges and participates in syndicated guarantee loans.

The principles of Middle East Bank for extension of credit:

1. Knowing the client and his/her credibility. Credit measurement is performed such that it is an indicator of ability and capacity of the client in paying back the loans. Making sure that the loan usage is monitored, and that the resources for repayment are identified and recognized by the bank.
2. The approved loans are valid for at most one year. The branches are required to periodically check the documents and financial statements in order to make sure that documents are compliant with the loans' covenants.
3. The interest rate charged, and the required collaterals depend on the clients credit worthiness and client's history with the bank.
4. Bank makes sure that the collaterals are unencumbered and have high degree of liquid ability.
5. Clients' receivable checks from their own customers and identifying the validity of these checks confirms the clients business viability and these checks can be endorsed for collection by the bank. These receivable checks constitute one method of loan repayment.
6. The level of activity of the deposit and current accounts of the borrower are periodically checked in order to verify that the level of activity is conforming with the loan covenants.
7. The credit quality and operations of the client are periodically checked to make sure that the borrower is conforming with loan covenants.
8. The borrowers are credit risk rated by the risk department. The capacity of the borrower is also evaluated and then the credit committees set loan conditions and collaterals accordingly.
9. For SMEs and corporate borrowers, the audited financial statements are required to obtain a reasonably good credit risk rate .
10. Collateral quality and amount is dependent on the credit risk rate evaluation of the risk department. Borrowers with bad credit risk rate are required to provide substantially higher level of liquid collaterals.
11. MEB has set its policy to maintain a minimum weighted average credit rating of B- for its loan portfolio.
12. In general, approval and extension of large credit loans are concentrated in MEB's headquarter.
13. It is the policy of the bank that after the Credit Department evaluates a borrower to be credit worthy, it must inform the risk department and provide all required information to risk department for proper credit risk rating. The credit risk rate should be taken in consideration for setting covenants and collaterals of the loan.
14. The risk department periodically reports to the Risk Committee and to the Board. The reports discuss the portfolio concentrations in credit risk, industry, borrower type, collaterals, etc.

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#### 49-3-3. Executive units of risk department

The risk management department is an executive unit and it has no separate sub-units for specific risk types, instead, the risk analysts are assigned different tasks by the SRM and cover all risk types including credit risk.

#### 49-3-4. Different levels of institutional authority to approve loans and commitments

In general, Middle East bank's credit issuance decision makings are centralized at the headquarter. Considering the amount of credit requested, approvals will be carried out by the following authorities:

1. Branches - based on the first type collaterals, for credit facilities less than 50 billion Rials and for obligations less than 8 billion Rials and based on the second type collaterals, for credit facilities less than 2 billion Rials and obligations less than 4 billion Rials (since the Middle East Bank's approach is providing banking services to corporate customers, the credit committee of the branches should use the mentioned authorities in order to attract and expand the existing depositor customers of the branches)
2. Central credit committee - Based on first and second type collaterals, for credit facilities up to 1% of regulatory capital and for commitments (without applying coefficients) up to 2% of regulatory capital.
3. Supreme credit committee - Based on first and second type collaterals, for credit facilities up to 10% of regulatory capital and for commitments (without applying coefficients) up to 20% of regulatory capital. (total of credit facilities and commitments by applying coefficients should not exceed 10% of regulatory capital)
4. Board of director-The limits of the Board of Directors' authority in granting facilities / commitments is in addition to the total facilities and commitments of the Supreme Credit Committee for major facilities and commitments, related persons, trade unions and consortiums.

#### 49-3-5. Methods of credit risk mitigation

Currently, considering the lack of appropriate financial instruments, the only way to soothe the credit risk is to take collaterals and guarantees at the discretion of the decision makers considering the analysis of financial statements and the credit rate of the client performed by the risk management department, past behavior of the client, payment history, visiting the business site by account officers, and monitoring the usage of the loan. Moreover, the presence of seasoned lawyers of ME Bank in charge of designing contracts and following up law cases helps ME Bank to reduce the credit risk to a great extent.

#### 49-3-6. Credit rating procedure

More than 90% of ME Bank's loan takers are legal entities and giving loan to natural persons are done based on their business activities.

Besides from complying with the CBI rules, all customers seeking loans and commitments must be assessed by risk departments in terms of credit risk and this assessment must be done independently of credit department. Credit risk scoring of the customers is carried out based on the following major elements: 1- Three years of financial statements 2-Risk management department's assessment of the customers' cash flow from operating activities to pay back the principal and interest portions of the loans. 3- Qualitative elements including competition ability and managerial ability 4- Past payment behavior

The summary of loans and commitment credit granting procedure to legal and natural persons running business is as follows:

1. Submitting request, information, and the required documents through CARM system which is available at the bank's website (<http://carm.middleeastbank.ir>), it includes the company registration and management information, operational licenses, history, and financial information.
2. After filling the required information by the customer, the relationship manager check the data and contact the customer for any additional information or corrections.
3. Having the case completed by the relationship manager, the case will be referred to risk department to find a primary risk score.

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4. The customers information gets processed by a computer program to produce the primary risk score.
5. The credit status of the customer is then analyzed more precisely by risk analysts to obtain the final risk score.
6. The risk score obtained by risk management department will play a key role for credit granting and specifying collaterals.
7. Loan granting process for natural persons is usually considered regarding a specified business activity. Their tax declaration is the base of risk management department analysis.
8. The equity ratio of the customer must meet the CBI's standard.

#### 49-3-7. Credit quality analysis

The quality of bank assets, including loans, commitments and investments, the type and amount of collaterals taken and adequacy of collaterals taken (loan to value ratio) is illustrated by the notes from 49-3-7-1 to 49-3-7-5 from risk department point of view.

#### 49-3-7-1. Analysis of credit quality of loans and funded commitments and investments based on the bank's internal credit rating

Credit quality analysis table regardless of the value of collaterals and on the basis of a review of financial statements, ability to pay principal and interest on loans and payment behavior of customers in the past is provided. Level 1 loans (low risk) are those in which customers have paid back their debts completely in the past with credit rate B to AAA. Granted loans from NFD resources are considered in this class. Level 2 loans (medium risk) are those in which customers paid back completely with credit score CCC- to B- risk score. Level 3 loans (high risk) are those who have C to CC credit rate and paid back their debts totally. Level 4 loans (nearly doubtful) are those which have been "doubtful" in 20 March. 2022 As for risk levels for commitments, the same risk level of the loan of that customer has been used. As for investments, long-term and short-term investments(TSE listed companies) have been considered as "low risk" and "medium risk" respectively.

IRR million

	Credit quality analysis					
	Loans		Investments		Commitments	
	20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021
level1 - low risk	309,508,420	165,739,756	2,209,770	1,157,610	96,049,197	24,555,915
level2 - medium risk	45,045,107	71,706,769	-	-	30,373,933	55,804,715
level 3 - high risk	2,268,870	4,580,695	-	-	1,213,859	13,536,772
level 4 - nearly doubtful	4,958,784	2,288,788	-	-	-	-
Total gross amount	361,781,181	244,316,008	2,209,770	1,157,610	127,636,989	93,897,402
Provision for bad and doubtful loans	(6,343,814)	(4,320,084)	-	-		
Book value	<b>355,437,367</b>	<b>239,995,924</b>	<b>2,209,770</b>	<b>1,157,610</b>		

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## 49-3-7-2. Analysis of credit quality of loans granted to customers based on asset classes

	IRR million			
	Loans		Commitments	
	20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021
Current	356,086,275	241,106,687	127,636,989	93,897,402
Past due	697,079	140,438	-	-
Outstanding	21,011	749,564	-	-
Doubtful	4,976,816	2,319,319	-	-
Total gross amount	361,781,181	244,316,008	127,636,989	93,897,402
Provision for bad and doubtful loans	(6,343,814)	(4,320,084)	-	-
Book value	<b>355,437,367</b>	<b>239,995,924</b>	<b>127,636,989</b>	<b>93,897,402</b>

## 49-3-7-3. Credit quality of participation bonds and etc.

	IRR million	
	20 Mar. 2022	20 Mar. 2021
<b>Analysis of credit quality</b>		
<b>Governmental</b>		
Islamic treasury bonds	7,595,404	16,281,645
Government benefits 1- Efad 1	-	995,000
Government benefits 4- Efad 4	1,000,000	1,000,000
Government benefits 5- Efad 55	2,000,000	2,000,000
Government benefits 6- Efad 61	3,000,000	3,000,000
Government benefits 7- Efad 74	2,000,000	2,000,000
Government Contribution 1- Eshad1	-	590
Government Contribution 10- Eshad 10	-	11,372
Government Murabaha 2- Erad 24	4,000,000	4,000,000
Government Murabaha 3 - Erad 36	4,336,807	-
Government Murabaha 3 - Erad 37	-	8,111,306
Government Murabaha 3 - Erad 38	2,109,547	2,078,696
Government Murabaha 4 - Erad 41	-	2,470,395
Government Murabaha 4 - Erad 44	-	2,019,314
Government Murabaha 4 - Erad 47	-	1,968,224
Government Murabaha 8 - Erad 85	15,526,331	-
Investment of Munich branch in other countries' governmental bonds	408,532	352,823
	<b>41,976,621</b>	<b>46,289,365</b>
<b>Non-governmental</b>		
Ofogh Middle East Bank fixed income fund	7,000	7,000
Ofogh Roshan Middle East mutual fund	1,160	1,160
Investment of Munich branch in other countries' non-governmental bonds	2,034,016	1,756,650
	<b>2,042,176</b>	<b>1,764,810</b>
	<b>44,018,797</b>	<b>48,054,175</b>

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49-3-7-4. Types and amounts of customers' collaterals

Collaterals' type	IRR million	
	20 Mar. 2022	20 Mar. 2021
<b>Collaterals from natural persons' loans</b>		
Participation bonds\sukuk	19,453	21,575
Listed shares	356,180	-
Deposit	133,077	135,667
Land and real estates	7,164,886	7,243,977
Checks	14,174,649	10,531,021
Promissory notes	968,788	737,551
Machinery	12,000	12,000
Stand-alone legally binding contract	7,487,761	3,520,117
	<u>30,316,794</u>	<u>22,201,908</u>
<b>Collaterals from corporate customers' loans</b>		
Participation bonds\sukuk	1,675,982	347,110
listed shares	107,307,222	112,523,007
Deposit	15,679,091	9,697,930
Land and real estates	100,679,572	67,615,546
Checks	1,255,103,959	850,595,968
Promissory notes	17,497,081	22,173,491
Stand-alone legally binding contract	306,207,322	196,105,590
Machinery	11,269,990	3,165,309
	<u>1,815,420,219</u>	<u>1,262,223,951</u>
	<u><b>1,845,737,013</b></u>	<u><b>1,284,425,859</b></u>

\* Above amounts are based on the Bank's valuer expert report.

49-3-7-5. Loans classification(net) according to collateral's market value is as below:

Description	IRR million	
	20 Mar. 2022	20 Mar. 2021
<b>Loans to natural persons</b>		
Less than 50%	6,347,551	5,161,244
51-70%	30,949	3,349
71-90%	31,187	3,316
91-100%	1,705	664,847
More than 100%	854,722	-
	<u>7,266,114</u>	<u>5,832,756</u>
<b>Loans to corporate customers</b>		
Less than 50%	236,308,108	143,829,357
51-70%	1,656,562	798,705
71-90%	7,442,524	-
91-100%	-	76,894,460
More than 100%	102,764,059	12,640,646
	<u>348,171,253</u>	<u>234,163,168</u>
	<u><b>355,437,367</b></u>	<u><b>239,995,924</b></u>

\* The amount of collateral's market value is based on CBI's regulations.

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#### 49-3-8. Credit risk concentration

MEB's credit risk management mostly concentrates on short-term loans that provide manufacturing, commercial or contracting firms and business owners with their working capital. Furthermore, investment companies and stock brokerage firms can get loan in order to facilitate their own customers investment activities in the condition that they bring all their banking activities to MEB. Generally, Future operational cash flow forecast must confirm firms' ability to reimburse principal and interest of the loan received. Thus, credit risk management's concentration is in its minimum level for personal loans, mortgages, usage loans or long-term project financing. Although MEB might contribute in national projects with other banks as syndication to ensure project's profitability.

At the moment, risk management department does not rate individuals and brokerage firms based on financial statements, but tries to cover the risk by substantiating customer's reputation, experience, history of its activity with MEB and other banks and obtaining guarantees. Risk management department is developing internal rating models to cover brokerage firms, leasing companies, investment companies, currency exchange firms and individuals.

On average, facility applicants have B or higher credit rate. Based on definition, at the moment customer with B or higher credit rate has ability to reimburse received loans. Although bad economic situations of the country might cause these kind of customers face difficulties. The range of Middle East Bank customers credit rate is from AA to C. Average rate of customers credit, regardless of the amount of collateral, is between B and BB.

Collateral received from customers with credit rates lower than average are much higher than those with credit rates higher than average (B to AA). Amount of collateral based on credit rates ensure risk management they expected loss would be lower than one percent.

If loans or commitments concentration increases in a specific area, bank tries to control or decrease loans and commitments in that area. Risk management department periodically prepares reports about loans concentration in different areas for risk committee/board of directors.

Risk appetite amount in Middle East Bank differs based on the level of loans and deposits and other existing risks. For instance, if the loan to deposit ratio exceeds approximate level of 85%, bank tries to lower this ratio by carefully selecting customers and maintaining its liquidity position at a favorable level. Also, if bank notices that average risk factor of loans exceeds its usual level (based on capital adequacy ratio calculation in Basel III), it prefers to give loans to customers with higher credit rates.

Giving Loans and making commitments take place by considering relationships in any kind and by observing huge Loans and commitments regulation approved by Money and credit council.

#### 49-3-8-1. Loan and investment distribution based on economic sectors and geography

Description	IRR million					
	Loans		Investment in shares		Commitments of guaranties and L/Cs	
	20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021
Book value	355,437,367	239,995,924	2,209,770	1,157,610	127,636,989	93,897,402
<b>Amount of loans based on economic sectors</b>						
Industrial	253,086,043	174,786,435	-	-	23,668,436	21,664,272
Housing	5,059,713	3,931,632	-	-	20,660,957	31,002,611
Commercial	57,215,632	33,905,860	-	-	16,469,200	13,975,372
Services	33,898,956	23,234,260	2,209,770	1,157,610	22,609,879	21,926,054
Agriculture	1,210,996	230,734	-	-	625	1,260
Mining	3,803,121	278,810	-	-	1,746,330	5,199,037
Other	1,162,906	3,628,193	-	-	42,481,562	128,796
	355,437,367	239,995,924	2,209,770	1,157,610	127,636,989	93,897,402
<b>Amount of loans/commitments inside/outside of the country</b>						
Inside the country	355,435,609	239,994,775	2,209,770	1,157,610	127,636,989	93,897,402
Outside the country	1,758	1,149	-	-	-	-
	355,437,367	239,995,924	2,209,770	1,157,610	127,636,989	93,897,402

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49-3-8-1-1. Distribution of loans, commitments and investments based on the type of industry is as follows:

Description	IRR million	
	20 Mar. 2022	20 Mar. 2021
<b>Loans</b>		
Automobile and parts	13,671,854	5,772,811
Mineral and metal industries	16,826,512	10,131,160
Chemical and petrochemical industries	119,028,442	92,455,055
Food and Drug	65,100,871	39,707,903
Energy	449,574	330,597
Contracting	449,889	182,219
Telecommunications, Computers and related industries	1,563,998	2,388,729
Other	35,994,903	23,817,961
Subtotal	253,086,043	174,786,435
<b>Commitments</b>		
Automobile and parts	1,176,435	-
Mineral and metal industries	6,848,249	894,897
Chemical and petrochemical industries	8,277,744	7,930,273
Food and Drug	394,178	416,537
Energy	4,388,497	1,903,195
Contracting	1,244,701	5,375,175
Telecommunications, Computers and related industries	331,304	305,891
Other	1,007,328	4,838,304
Subtotal	23,668,436	21,664,272
<b>Total</b>	<b>276,754,479</b>	<b>196,450,707</b>

49-3-8-2. Loans according to profit sharing contracts and trading contracts

		Loans increase during the period		Loans balance at the Statement of financial position date	
		Amount	Percentage of total	Amount	Percentage of total
		IRR million		IRR million	
Trading contracts	Natural persons	22,826,743	3.0%	7,226,046	2.1%
	Corporate customers	728,769,711	97.0%	342,436,338	97.9%
		751,596,454		349,662,384	
Profit sharing contracts	Natural persons	120,287	1.0%	40,068	0.7%
	Corporate customers	11,559,783	99.0%	5,734,915	99.3%
		11,680,070		5,774,983	
		<b>763,276,524</b>		<b>355,437,367</b>	

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#### 49-3-9. Managing of non performing loans

The committee of "Supervision and collection of loans and receivables" meets every week to follow through with the status of the Non-performing loans, and the required legal actions in order to collect bad loans and receivables. The committee members are the managing director, the deputy to managing director, legal advisor to managing director, the assistant managing director in credit department, the managers of the credit department, the manager of finance department, the manager of legal department, and the manager of credit operations department.

The decisions made in this committee are sent to relevant departments to follow through. The loans and receivables that are late for more than 60 days are categorized as overdue and will be put on the committee's agenda for decision making.

When the following through with a non performing client does not result in the desired collection or settlement, the case will be sent to legal department for raising the case with the Judiciary for collection and possibly the liquidation of collaterals according to the laws and regulations.

#### 49-3-9-1. Non performing loan movements is as below

Description	IRR million							
	20 Mar. 2022				20 Mar. 2021			
	Principal	Interest	Penalty	Total	Principal	Interest	Penalty	Total
<b>Opening Balance</b>	2,708,249	243,745	257,327	3,209,321	2,761,175	173,922	317,219	3,252,316
Additions	15,193,229	1,019,652	2,837,334	19,050,215	16,676,244	3,219,041	1,309,597	21,204,882
<b>Settled during the year</b>								
By cash	(11,949,945)	(1,025,881)	(2,855,075)	(15,830,901)	(16,729,170)	(3,149,218)	(1,240,197)	(21,118,585)
By asset possession	(84,057)	(12,419)	(9,273)	(105,749)	-	-	-	-
Roll over	(582,755)	-	-	(582,755)	-	-	-	-
waived of penalties	-	-	(45,225)	(45,225)	-	-	(129,292)	(129,292)
<b>Closing Balance</b>	<b>5,284,721</b>	<b>225,097</b>	<b>185,088</b>	<b>5,694,906</b>	<b>2,708,249</b>	<b>243,745</b>	<b>257,327</b>	<b>3,209,321</b>

#### 49-3-9-2. Distribution of non performing loans based on economic sectors

Distribution of non performing loans	IRR million					
	Balance of non-performing loans		Specific provision		Net balance of non-performing loans	
	20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021	20 Mar. 2022	20 Mar. 2021
Industry	3,380,615	900,366	(619,369)	(16,081)	2,761,246	884,285
Housing	526,709	186,699	-	(105)	526,709	186,594
commercial	1,336,499	1,660,922	(336,384)	(525,374)	1,000,115	1,135,548
Services	39,866	130,168	-	(8,963)	39,866	121,205
Agriculture	1,018	107,088	-	(104,390)	1,018	2,698
other	410,199	224,078	(13,837)	(13,993)	396,362	210,085
<b>Total</b>	<b>5,694,906</b>	<b>3,209,321</b>	<b>(969,590)</b>	<b>(668,906)</b>	<b>4,725,316</b>	<b>2,540,415</b>

#### 49-3-9-3. Balance of possessed assets

Description	IRR million	
	20 Mar. 2022	20 Mar. 2021
Residential real estates	607,550	488,000

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#### 49-3-10. Capital needed to cover credit risk

The amount of capital needed to cover the credit risk of the assets is IRR27,296,576 million and its calculations presented in table 49-3-10-1. Compared with base capital at the Statement of financial position date (note 49-7-1), Bank has IRR30,598,427 million surplus in order to cover credit risk.

49-3-10-1. Calculation of needed capital to cover credit risk is as below:

	Note	IRR million	
		20 Mar. 2022	20 Mar. 2021
Credit risk weighted assets	49-7-2-1	341,207,205	247,260,136
Risk factor-%		8%	8%
Needed capital to cover credit risk		27,296,576	19,780,811

#### 49-4. Liquidity risk

##### 49-4-1. Liquidity risk definition

Liquidity risk is caused by bank's inability to repay its short-term liability. Liquidity risk is usually intensified by the lack of enough assets with high liquidity and because of the inability to liquidate other assets fast to repay short-term liability.

##### 49-4-2. Liquidity management policy

In order to control liquidity risk or be sure of the bank's ability to repay its short-term debt, its needed to define bank's asset management and resource collection.

MEB's asset management policy, as last years is based on giving short-term loans to firms and establishing long-term relationships with corporate clients. For financial period ended 20 Mar. 2022, bank's short-term loans portfolio ( before impairment loss deduction) comprised 68% of its total asset. Major part of this portfolio (45% of bank's total assets) was allocated to short-terms loans to provide working capital for firms and individuals who run businesses for buying raw materials, sales on credit, etc. Also 20% of bank's total assets related to long-term loans (NDF loans). Corporate clients would be rated based on their financial reports, cash flows and ability to repay principal and interest of the given facility from their revenues. Long-term investments comprises 0.2% of total asset and include investment on Munich Branch, life insurance company, brokerage firm, currency exchange company and investment company in order to facilitate other financial needs of clients beside investment on an IT firm to develop bank's systems. Because of the economic situations, MEB has continued its conservative approach of liquidity management by maintaining highly liquid assets (cash and cash equivalent, contribution bonds or other assets with active market) composing 9% of total asset. About 2% of banks asset consist of fixed, intangible and other assets which are employed for bank's main operations.

MEB's resources are mainly collected from 3 sources: 1- Cash flows from corporate clients and individuals related to those clients 2- Customers who have good long-term relationship with MEB for their asset management and 3-Other customers with low amount deposits.

##### 49-4-3. Executive units for liquidity risk management

MEB's risk management department has one executive unit and does not have different units for each risk of the bank. Risk department's experts cover other risks of the bank by switching responsibilities assigned by the senior risk manager.

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#### 49-4-4. Liquidity risk assessment methodology

Liquidity risk assessment is based on some traditional models and regulations of Minimum Liquidity Risk Management Requirements. Traditional models include loans to deposits ratio, highly liquid assets to total assets ratio and liquidity gap ladder. CBI's regularity include liquidity coverage ratio (LCR). LCR indicates bank's ability to recover deposit outflow in crisis situation for a 30-day period.

#### 49-4-5. Liquidity risk control & monitoring procedures

To ensure that the bank's path is aligned with defined policies in 49-4-2 note and to control liquidity risk and managing cost and resource, finance department every day provides the seniors managers of the bank with a status report of deposits, given loans, bank's various assets and liabilities, assets profitability and cost of resources. Every week costs and resources status would be reviewed with the presence of senior managers and based on these reports decisions would be made in order to progress the affairs. In appropriate times, risk management department prepares reports about calculation of liquidity gap, liquidity coverage ratio and net stable funding ratio to senior managers and board of directors. Based on defined acceptable ratios including liquidity ratios, necessary decisions would be made for liquidity management. For liquidity risk, these decisions include decrease or increase in loans amount which causes increase or decrease in bank's liquid assets. MEB tries loans to resources ratio not to be more than 85%. In case of liquidity gap, bank maintains a significant positive balance for the period less than 3 months.

#### 49-4-5-1. Liquidity reserves

Description	IRR million	
	20 Mar. 2022	20 Mar. 2021
Due from CBI	28,645,293	26,684,593
Cash and due from banks and financial institutions	4,845,150	8,642,537
Governmental bonds	41,976,621	46,289,365
Non-governmental bonds	2,042,176	1,764,810
Investments in listed shares	1,043,141	529,508
<b>Total</b>	<b>78,552,381</b>	<b>83,910,813</b>

#### 49-4-5-2. Liquidity ratios:

	Percent				
	At the beginning of the year	Average	Maximum	Minimum	At the end of the year
Cash and cash equivalent to total assets	21	18	22	15	15
Cash and cash equivalent to total deposits	25	22	26	19	20
Net cash equivalents to total deposits *	22	15	23	7	7
Loans to total deposits	72	75	89	67	89
Loans to long-term deposits	132	159	192	131	192
Non-maturity deposits to total deposits**	42	44	47	41	47

Cash and cash equivalent include cash, bonds and etc. which have active liquid market.

\*Net liquid assets include cash, cash equivalent and investments which have active liquid market excluding other banks deposit, issued debts securities and other liabilities with less than one month maturity.

\*\*Non-maturity deposits include deposits which have no contractual maturity like current deposits, saving deposits and short-term deposits.

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49-4-5-3. Assets and liabilities maturity analysis

The following table illustrates the maturity of assets and liabilities according to the date that is possible to be withdrawn or settled:

	20 Mar. 2022					IRR million
	Less than 1 Month	Between 1 and 3 Months	Between 3 Months and 1 Year	Between 1 and 5 Years	More than 5Years	
<b>Assets:</b>						
Cash	33,490,443	-	-	-	-	33,490,443
Due from banks and financial institutions	38,444,733	-	-	-	-	38,444,733
Credit facilities granted	355,437,367	182,284,112	109,231,132	11,297,277	698,190	361,781,182
Investments	46,228,567	1,044,301	2,385,528	33,562,093	8,063,016	46,228,567
Due from subsidiaries and associates	1,773,799	-	1,773,799	-	-	1,768,022
Other accounts receivable	13,042,036	10,914,137	388,009	710,250	-	13,371,795
Fixed assets	5,557,561	-	-	-	-	5,557,561
Intangible assets	278,503	-	-	-	-	278,503
Statutory deposit	27,154,220	842,650	1,370,439	13,263,753	7,292,134	27,154,220
Other assets	3,381,808	2,072,031	51,445	961,715	-	3,413,710
<b>Total assets</b>	<b>524,789,037</b>	<b>187,075,198</b>	<b>149,385,482</b>	<b>34,296,011</b>	<b>9,156,953</b>	<b>531,488,736</b>
<b>Liabilities:</b>						
Due to banks and financial institutions	(50,528,563)	-	-	-	-	(50,528,563)
Customers' deposits	(105,449,232)	(16,806,533)	(15,999,469)	(14,370,377)	(22,896,064)	(105,449,232)
Dividends payable	(54,376)	(54,376)	-	-	-	(54,376)
Income tax provision	(1,224,048)	-	-	-	-	(3,041,547)
Other liabilities and provisions	(15,653,473)	(52,392)	(801,994)	(124,992)	(8,188,567)	(15,626,698)
Staff termination benefits	(327,607)	-	-	-	-	(327,607)
Benefits of investment deposits holders	(295,686,092)	(6,036,913)	(31,810,879)	(107,412,786)	(43,717,206)	(295,678,000)
<b>Total liabilities</b>	<b>(468,923,391)</b>	<b>(123,567,233)</b>	<b>(48,612,342)</b>	<b>(121,908,155)</b>	<b>(74,801,837)</b>	<b>(470,706,023)</b>
Total shareholders' equity	(55,865,646)	-	-	-	-	(54,049,835)
<b>Total liabilities and shareholders' equity</b>	<b>(524,789,037)</b>	<b>(123,567,233)</b>	<b>(48,612,342)</b>	<b>(121,908,155)</b>	<b>(74,801,837)</b>	<b>(524,755,858)</b>
Gap	41,590,501	63,507,965	100,777,314	(87,612,144)	(65,644,884)	(52,614,578)
Accumulated gap	41,590,501	105,098,466	205,871,606	118,259,462	52,614,578	-
Gap to base capital	72%	110%	174%	-151%	-113%	-91%
Accumulated gap to base capital	72%	182%	356%	204%	91%	0%
Gap to CBI base capital	113%	173%	274%	-238%	-178%	-143%
Accumulated gap to CBI base capital	113%	286%	560%	321%	143%	0%

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	20 Mar. 2021					IRR million		
	Book value	Less than 1 Month	Between 1 and 3 Months	Between 3 Months and 1 Year	Between 1 and 5 Years		More than 5 Years	Non-specific maturity
<b>Assets:</b>								
Cash	35,327,130	35,327,130	-	-	-	-	-	35,327,130
Due from banks and financial institutions	42,279,997	42,279,997	-	-	-	-	-	42,279,997
Credit facilities granted	239,995,924	19,314,141	100,614,174	108,495,847	10,740,779	829,265	1,718	244,316,009
Investments	49,211,785	1,160	341,444	26,990,419	20,029,271	1,312,983	536,508	49,211,785
Due from subsidiaries and associates	1,380,008	-	1,380,008	-	-	-	-	1,402,339
Other accounts receivable	6,573,914	5,107,508	282,683	770,994	278,959	-	133,770	6,893,023
Fixed assets	3,856,980	-	-	-	-	-	3,856,980	3,856,980
Intangible assets	300,652	-	-	-	-	-	300,652	300,652
Statutory deposit	21,340,048	780,439	1,437,558	13,063,520	2,948,077	3,110,454	-	21,340,048
Other assets	2,724,583	1,659,585	217	30,242	720,284	-	314,255	2,749,854
<b>Total assets</b>	<b>402,991,021</b>	<b>104,469,960</b>	<b>104,056,084</b>	<b>149,351,022</b>	<b>34,717,370</b>	<b>5,252,702</b>	<b>5,143,883</b>	<b>407,677,817</b>
<b>Liabilities:</b>								
Due to banks and financial institutions	(13,020,497)	(13,020,497)	-	-	-	-	-	(13,020,497)
Customers' deposits	(84,033,744)	(29,135,171)	(4,135,794)	(30,564,782)	(10,558,744)	(9,639,253)	-	(84,033,744)
Dividends payable	(47,109)	(47,109)	-	-	-	-	-	(47,109)
Income tax provision	(2,843,205)	-	-	(1,840,072)	-	-	(1,003,133)	(2,343,205)
Other liabilities and provisions	(11,380,040)	(2,814,397)	(6,657)	(82,265)	(6,636,239)	(231,629)	(1,608,853)	(11,380,040)
Staff termination benefits	(227,439)	-	-	-	-	-	(227,439)	(227,439)
Customers' investment deposits	(253,609,869)	(5,527,854)	(89,613,700)	(118,106,997)	(18,909,375)	(21,451,943)	-	(253,609,869)
<b>Total liabilities</b>	<b>(365,161,903)</b>	<b>(50,545,028)</b>	<b>(93,756,151)</b>	<b>(150,594,116)</b>	<b>(36,104,358)</b>	<b>(31,322,825)</b>	<b>(2,839,425)</b>	<b>(364,661,903)</b>
Total shareholders' equity	(37,829,118)	-	-	-	-	-	(37,829,118)	(38,329,118)
<b>Total liabilities and shareholders' equity</b>	<b>(402,991,021)</b>	<b>(50,545,028)</b>	<b>(93,756,151)</b>	<b>(150,594,116)</b>	<b>(36,104,358)</b>	<b>(31,322,825)</b>	<b>(40,668,543)</b>	<b>(402,991,021)</b>
Gap	53,924,932	53,924,932	10,299,933	(1,243,094)	(1,386,988)	(26,070,123)	(35,524,660)	
Accumulated gap	53,924,932	53,924,932	64,224,865	62,981,771	61,594,783	35,524,660	-	
Gap to base capital	136%	136%	26%	-3%	-3%	-66%	-89%	
Accumulated gap to base capital	158%	158%	161%	158%	155%	89%	0%	
Gap to CBI base capital	261%	261%	50%	-6%	-7%	-126%	-172%	
Accumulated gap to CBI base capital	261%	261%	310%	304%	298%	172%	0%	

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49-4-5-4. Contractual maturity analysis of financial liabilities

49-4-5-4-1. The following table illustrates financial liabilities according to their maturity that mentioned in related contract

IRR million

	20 Mar. 2022						
	Book value	Less than 1 Month	Between 1 and 3 Months	Between 3 Months and 1 Year	Between 1 and 5 Years	More than 5 Years	Non-specific maturity
<b>Liabilities:</b>							
Due to banks and financial institutions	(50,528,563)	(50,528,563)	-	-	-	-	-
Customers' deposits	(105,449,232)	(22,594,577)	(1,493,677)	(4,628,446)	(335)	-	(76,732,197)
Received loans from NDF	(11,264,431)	(2,566,299)	-	(523,153)	-	(8,174,979)	-
Customers' investment deposits	(295,686,093)	(2,119,872)	(100,817,060)	(8,787,238)	(83,594,562)	(4,500,000)	(95,867,361)
<b>Total</b>	<b>(462,928,319)</b>	<b>(77,809,311)</b>	<b>(102,310,737)</b>	<b>(13,938,837)</b>	<b>(83,594,897)</b>	<b>(12,674,979)</b>	<b>(172,599,558)</b>

IRR million

	20 Mar. 2021						
	Book value	Less than 1 Month	Between 1 and 3 Months	Between 3 Months and 1 Year	Between 1 and 5 Years	More than 5 Years	Non-specific maturity
<b>Liabilities:</b>							
Due to banks and financial institutions	(13,020,497)	(13,020,497)	-	-	-	-	-
Customers' deposits	(84,033,744)	(31,658,344)	(1,086,710)	(12,556,756)	(460)	-	(38,731,474)
Received loans from NDF	(6,554,301)	-	-	-	(6,554,301)	-	-
Customers' investment deposits	(253,609,870)	(1,492,888)	(84,564,661)	(96,741,798)	(3,558,705)	(2,000,000)	(65,251,818)
<b>Total</b>	<b>(357,218,412)</b>	<b>(46,171,729)</b>	<b>(85,651,371)</b>	<b>(109,298,554)</b>	<b>(10,113,466)</b>	<b>(2,000,000)</b>	<b>(103,983,292)</b>

49-4-5-4-2. The following table illustrates foreign currency financial liabilities according to their maturity that mentioned in related contract

IRR million

	20 Mar. 2022						
	Book value	Less than 1 Month	Between 1 and 3 Months	Between 3 Months and 1 Year	Between 1 and 5 Years	More than 5 Years	Non-specific maturity
<b>Liabilities:</b>							
Due to banks and financial institutions	(10,244,718)	(10,244,718)	-	-	-	-	-
Customers' deposits	(50,585,213)	(22,010,343)	(50,821)	(287,504)	-	-	(28,236,545)
Received loans from NDF	(11,264,431)	(2,566,299)	-	(523,153)	-	(8,174,979)	-
Customers' investment deposits	(102,089,595)	(216,621)	(97,545,095)	(4,195,569)	(132,310)	-	-
<b>Total</b>	<b>(174,183,957)</b>	<b>(35,037,981)</b>	<b>(97,595,916)</b>	<b>(5,006,226)</b>	<b>(132,310)</b>	<b>(8,174,979)</b>	<b>(28,236,545)</b>

IRR million

	20 Mar. 2021						
	Book value	Less than 1 Month	Between 1 and 3 Months	Between 3 Months and 1 Year	Between 1 and 5 Years	More than 5 Years	Non-specific maturity
<b>Liabilities:</b>							
Due to banks and financial institutions	(11,519,162)	(11,519,162)	-	-	-	-	-
Customers' deposits	(40,237,915)	(18,262,839)	(126,048)	(131,939)	-	-	(21,717,089)
Received loans from NDF	(6,554,301)	-	-	-	(6,554,301)	-	-
Customers' investment deposits	(83,621,471)	(211,041)	(79,221,361)	(4,189,069)	-	-	-
<b>Total</b>	<b>(141,932,849)</b>	<b>(29,993,042)</b>	<b>(79,347,409)</b>	<b>(4,321,008)</b>	<b>(6,554,301)</b>	-	<b>(21,717,089)</b>

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#### 49-4-6. Program to cope with crisis (crisis testing)

Middle East Bank, according to special circumstances of Iran economics during 2022 and recently years in which MEB has been established, follow a high conservative policy to liquidity management and capital preservation. To be aware of these policies can be referred to 49-4-2 and 49-4-4 notes.

Accumulated gap for less than 3 months period is IRR105,098,466 million which is 182% of the bank's capital. This indicates the liquidity status of bank for less than 3 months is in good position.

#### 49-5. Market risk

##### 49-5-1. Market risk definition

Market risk in MEB raised from 3 causes: 1- Changing the value of short-term investments in listed and unlisted shares. 2- Change in deposits and loans interest rates and 3- Change in foreign Currencies Exchange rates.

At 20 Mar. 2022 the bank has no short term investment in listed and unlisted shares.

"Therefore there was no increase in the interest rate during the reporting period as opposed to the previous year, control over interest expenses increased. It is worth saying an increase in the possibility of issuing governmental bonds based on inflation rate during the current year can lead to a reduction in the attractiveness of bank deposits, and as a result, an increase in the possibility of withdrawing deposits by depositors and investing in mentioned bonds. So the most significant component of market risk for the Middle East Bank will be exchange rate risk, also, imperative deposit rate, as other banks and financial institutions in Iran in financial period ended 20 Mar 2022, as last year."

Foreign exchange rate risk in MEB arises from the off-Statement of financial position commitments related to imports of goods. MEB did not engage in direct market related foreign exchange activities or related hedging activities. MEB does not engage in profiting from changes to foreign currency exchange rates, however, occasionally, MEB would end up with open positions in its normal activities for servicing clients engaging in import/export or other foreign exchange activities.

##### 49-5-2. Executive units for market risk management

Risk management in MEB consists of integrated executive department and has not a separate unit for each type of risk. Risk experts by rotating in various responsibility that assigned by the senior risk management (SRM), in addition to market risk, cover other type of risks faced by bank.

##### 49-5-3. Method of market risk calculation

Market risk arises from stock investment calculated by Basel III and sharp model. According to Basel III, market risk can be calculated using the Value at Risk (VaR) methodologies. The "Value at Risk" calculation must be done based on 0.1% probability (one tail) using daily standard deviation and 10 days horizon time. Each bank must meet, on a daily basis, capital requirement illustrated as the higher of previous day's value at risk or an average of the daily value at risk in 60 working days. According to Basel III notes, the capital requirement equals to VaR Amount  $\times (3 + X)$  with X between 0 and 1. Regarding portfolio situation we assumed that the amount of X equals to one. According to this calculation method, the risk factor for the stock portfolio is obtained.

According to the Sharp model, the return of the portfolio is higher than the risk-free rate with the annual standard deviation of the portfolio return, and the ratio of these two criteria reflects the proportionality of portfolio efficiency with portfolio risk. As the value of bank's portfolio at Statement of financial position date was insignificant the sharp ratio hasn't been calculated.

##### 49-5-4. Stock and other market investment VaR

VaR for stock investments and other market-oriented investments based on 10 days horizon time and 1% loss probability are calculated by 2 methodology: single asset and variance-covariance. However, since the bank does not have any stock investment at 20 March. 2022, VAR does not calculated for the reporting period.

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49-5-5. Foreign Currency VaR Analysis

	20 Mar. 2022						
	Dollar	Euro	Emirates AED	Swiss Franc	Japanese Yen	Chinese Yuan	Other currency
Cash	2,768,964	15,749,594	25,366,538	35,851	580,653	-	-
Due from banks and financial institutions	-	89,340,974	6,838,887	16,229	-	-	-
Due from government	-	-	-	-	-	-	-
Credit facilities granted to governmental parties	-	-	-	-	-	-	-
Credit facilities granted to non-governmental parties	544,865,843	62,928,445	104,659,987	-	-	-	-
Investments	-	-	-	-	-	-	-
Due from subsidiaries and associates	-	-	4,669	-	-	-	-
Other accounts receivable	-	24,296,820	102,147,325	-	-	-	-
Fixed assets	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-
Statutory deposit	-	-	-	-	-	-	-
Other assets	-	208,610	-	-	-	-	-
<b>Total assets-FCY</b>	<b>547,634,807</b>	<b>192,524,442</b>	<b>239,017,406</b>	<b>52,080</b>	<b>580,653</b>	<b>-</b>	<b>-</b>
Customers' letters of credit commitments	-	-	-	-	-	-	-
Customers' Issued guarantees commitments	15,205,603	80,360,220	1,445,169	-	-	-	-
Customers' other commitments	-	-	-	-	-	-	-
<b>Total of customers' commitments-FCY</b>	<b>15,205,603</b>	<b>80,360,220</b>	<b>1,445,169</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total of assets and customers' commitments</b>	<b>562,840,409</b>	<b>272,884,662</b>	<b>240,462,574</b>	<b>52,080</b>	<b>580,653</b>	<b>-</b>	<b>-</b>
<b>Total of assets and customers' commitments-IRR equivalent</b>	<b>112,631,354</b>	<b>59,838,696</b>	<b>13,062,579</b>	<b>11,104</b>	<b>970</b>	<b>-</b>	<b>4,090,092</b>
Due to banks and financial institutions	-	(35,074,990)	(727,534)	(0)	-	-	-
Customers' deposits	(48,437,091)	(64,210,983)	(78,952,794)	(16,229)	-	-	-
Dividends payable	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-
Income tax provision	-	-	-	-	-	-	-
Other liabilities and accruals	(56,322,155)	(795,656)	(275,760)	-	-	-	-
Staff termination benefits	-	-	-	-	-	-	-
Customers investment deposits	(414,221,088)	(61,587,301)	(105,014,034)	(0)	-	-	-
<b>Total liabilities-FCY</b>	<b>(518,980,335)</b>	<b>(161,668,931)</b>	<b>(184,970,122)</b>	<b>(16,229)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Bank's letters of credit commitments	-	-	-	-	-	-	-
Bank's Issued guarantees commitments	(15,205,603)	(81,655,433)	(1,445,169)	-	-	-	-
Bank's other commitments	-	-	-	-	-	-	-
<b>Total of Bank's commitments-FCY</b>	<b>(15,205,603)</b>	<b>(81,655,433)</b>	<b>(1,445,169)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total of liabilities and Bank's commitments</b>	<b>(534,185,937)</b>	<b>(243,324,364)</b>	<b>(186,415,290)</b>	<b>(16,229)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total of liabilities and Bank's commitments-IRR equivalent</b>	<b>(106,837,187)</b>	<b>(53,496,038)</b>	<b>(10,111,538)</b>	<b>(3,460)</b>	<b>-</b>	<b>-</b>	<b>(3,078,343)</b>
Foreign currency open position at 20 Mar. 2022	28,654,472	29,560,298	54,047,284	35,851	580,653	-	-
Foreign currency open position at 20 Mar. 2022- IRR equivalent	5,794,167	6,342,658	2,951,041	7,644	970	-	1,011,749
Foreign currency open position to base capital at 20 Mar. 2022	10%	11%	5%	0%	0%	0%	2%
Foreign currency open position to regulatory capital (base of other prudential ratios) at 20 Mar. 2022	16%	17%	8%	0%	0%	0%	3%

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	Dollar	Euro	Emirates AED	Pound	Swiss Franc	Japanese Yen	Chinese Yuan	Other currency
Cash	2,626,217	28,450,599	5,651,291	-	35,851	702,653	-	-
Due from banks and financial institutions	-	146,666,536	4,725,108	-	16,229	-	-	-
Due from government	-	-	-	-	-	-	-	-
Credit facilities granted to governmental parties	-	-	-	-	-	-	-	-
Credit facilities granted to non-governmental parties	538,042,178	28,560,934	123,608,291	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Due from subsidiaries and associates	-	-	41,921	-	-	-	-	-
Other accounts receivable	-	241,189	100,416,920	-	-	-	-	-
Fixed assets	-	-	-	-	-	-	-	-
Intangible assets	-	-	-	-	-	-	-	-
Statutory deposit	-	-	-	-	-	-	-	-
Other assets	-	1,797,920	-	-	-	-	-	-
<b>Total assets-FCY</b>	<b>540,668,395</b>	<b>205,717,177</b>	<b>234,443,531</b>	<b>-</b>	<b>52,080</b>	<b>702,653</b>	<b>-</b>	<b>-</b>
Customers' letters of credit commitments	-	21,645,000	-	-	-	-	-	-
Customers' Issued guarantees commitments	17,028,041	98,413,361	1,445,169	-	-	-	-	-
Customers' other commitments	-	-	-	-	-	-	-	-
<b>Total of customers' commitments-FCY</b>	<b>17,028,041</b>	<b>120,058,361</b>	<b>1,445,169</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total of assets and customers' commitments</b>	<b>557,696,436</b>	<b>325,775,538</b>	<b>235,888,700</b>	<b>-</b>	<b>52,080</b>	<b>702,653</b>	<b>-</b>	<b>-</b>
<b>Total of assets and customers' commitments-IRR equivalent</b>	<b>88,673,733</b>	<b>60,246,096</b>	<b>10,732,161</b>	<b>-</b>	<b>8,957</b>	<b>1,024</b>	<b>-</b>	<b>6,047,017</b>
Due to banks and financial institutions	-	(56,343,660)	(2,063,951)	-	-	-	-	-
Customers' deposits	(899,793)	(97,843,957)	(71,192,561)	-	(16,229)	-	-	-
Dividends payable	-	-	-	-	-	-	-	-
Debt securities	-	-	-	-	-	-	-	-
Income tax provision	-	-	-	-	-	-	-	-
Other liabilities and accruals	(41,222,571)	(3,827,513)	(3,188,519)	-	-	-	-	-
Staff termination benefits	-	-	-	-	-	-	-	-
Customers investment deposits	(478,911,069)	(1,150,116)	(123,773,250)	-	-	-	-	-
<b>Total liabilities-FCY</b>	<b>(521,033,434)</b>	<b>(159,165,246)</b>	<b>(200,218,281)</b>	<b>-</b>	<b>(16,229)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Bank's letters of credit commitments	-	(21,645,000)	-	-	-	-	-	-
Bank's Issued guarantees commitments	(17,028,041)	(98,413,361)	(1,445,169)	-	-	-	-	-
Bank's other commitments	-	-	-	-	-	-	-	-
<b>Total of Bank's commitments-FCY</b>	<b>(17,028,041)</b>	<b>(120,058,361)</b>	<b>(1,445,169)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total of liabilities and Bank's commitments</b>	<b>(538,061,475)</b>	<b>(279,223,607)</b>	<b>(201,663,450)</b>	<b>-</b>	<b>(16,229)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total of liabilities and Bank's commitments-IRR equivalent</b>	<b>(85,551,775)</b>	<b>(49,377,409)</b>	<b>(8,713,528)</b>	<b>-</b>	<b>(2,791)</b>	<b>-</b>	<b>-</b>	<b>(3,782,288)</b>
Foreign currency open position at 20 Mar. 2021	19,634,961	46,551,931	34,225,250	-	35,851	702,653	-	-
Foreign currency open position at 20 Mar. 2021- IRR equivalent	3,121,958	10,868,687	2,018,633	-	6,166	1,024	-	2,264,729
Foreign currency open position to base capital at 20 Mar. 2021	8%	27%	5%	0%	0%	0%	0%	6%
Foreign currency open position to regulatory capital (base of other prudential ratios) at 20 Mar. 2021	15%	53%	10%	0%	0%	0%	0%	11%

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#### 49-5-5-1. Summary of foreign currencies' open position

	IRR million	
	20 Mar. 2022	20 Mar. 2021
Positive open position of all foreign currencies-IRR equivalent	16,108,229	18,281,197
Open position of all foreign currencies-IRR equivalent	16,108,229	18,281,197
Open position of all foreign currencies to base capital-percent	28%	46%
Open position of all foreign currencies to regulatory capital (base of other prudential ratios)-percent	44%	88%

#### 49-5-5-2. Analysis of foreign exchange risk on profit or loss

##### Method 1: Single asset VaR

According to the method of calculating the value at risk of foreign exchange assets and liabilities in accordance with the "variance-covariance" and "Single asset" method, Daily expected VaR based on CBI rates and free market rates is calculated in below table.

Potential market price changes are calculated 10 days horizon time and 1% loss probability.

Currency Type	20 Mar. 2022		Currency Type	20 Mar. 2021	
	Potential change in market price	Impact on profit and loss		potential change in market price	Impact on profit and loss
	Percent	IRR Million		Percent	IRR million
USD	(-3,3)	381,542	USD	(-3,3)	202,561
CHF	(-10,10)	1,838	CHF	(-10,10)	1,483
EUR	(-9,9)	1,263,767	EUR	(-9,9)	2,178,620
JPY	(-9,9)	192	JPY	(-9,9)	202
AED	(-4,4)	298,183	AED	(-4,4)	203,920
CNY	(-9,9)	-	CNY	(-9,9)	-
Others	(-6,6)	135,046	Others	(-6,6)	300,613
		<u>2,080,568</u>			<u>2,887,399</u>

##### Method 2: value at risk using variance-covariance method

probable changes interval in market price has been calculated within 10 days and 99% confidence.

Currency Type	20 Mar. 2021		Currency Type	19 Mar. 2020	
	probable changes in market price	Value at risk		probable changes in market price	Value at risk
	Percent	IRR Million		Percent	IRR million
USD	(-3,3)	381,542	USD	(-3,3)	202,561
CHF	(-10,10)	1,838	CHF	(-10,10)	1,483
EUR	(-9,9)	1,263,767	EUR	(-9,9)	2,178,620
JPY	(-9,9)	192	JPY	(-9,9)	202
AED	(-4,4)	298,183	AED	(-4,4)	203,920
CNY	(-9,9)	-	CNY	(-9,9)	-
Others	(-6,6)	135,046	Others	(-6,6)	300,613
Total		2,080,568	Total		2,887,399
Diversification effect		(603,107)	Diversification effect		(393,909)
		<u>1,477,461</u>			<u>2,493,490</u>

The values are presented in this note are calculated based on the average of daily standard deviation of the rate announced by the Central Bank and free market exchange rate in the last 24 months.

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49-5-6. :The amount of required capital to cover market risk

49-5-6-1. :The amount of required capital to cover market risk using a single asset method

IRR million

Measurement method	Stock risk		Foreign exchange risk		Total contingency reserved for market risk
	Value at risk (10days)	contingency reserved	Value at risk (10days)	contingency reserved	
Normal Var model	-	- **	2,080,568	8,322,273	8,322,273

49-5-6-2. The amount of required capital to cover market risk using variance-covariance method

IRR million

Measurement method	Stock Risk		Foreign Exchange Risk**		Total contingency reserved for market risk*
	Value at risk (10days)	contingency reserved	Value at risk (10days)	contingency reserved	
Norman Var model	-	- **	1,477,462	5,909,847	5,909,847

\*This amount of capital calculated according to the Basel instructions to calculate the required capital risk of exchange rate fluctuations and Equivalent to 4 times the value at risk of 10 days in the foreign exchange basket.

\*\*In calculation of VaR it is assumed that daily standard deviation for the foreign exchange rate is 0.13%. The 0.13% is average standard deviation of the daily exchange rate announced by the central bank and the free market exchange rate based on 24 months of historical data. The daily standard deviation of the central bank's exchange rate and the free market exchange rate over the past 24 months were 0.02 and 0.2 percent, respectively.

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48.5.7. Interest rate sensitive asset and liability gap analysis

IRR million							
20 Mar. 2022							
	Amount	"Maturities up to one month	1-3 Month	3 Month-1 Year	1-5 Year	>5 Year	Insenstive to rate
<b>Assets</b>							
Cash	33,490,443	-	-	-	-	-	33,490,443
Due from banks and financial institutions	38,444,733	38,444,733	-	-	-	-	-
Credit facilities granted	355,437,367	51,924,906	182,284,112	109,231,132	11,297,277	698,190	1,750
Investments	46,228,567	1,044,301	2,385,528	33,562,093	8,063,016	1,166,629	7,000
Due from subsidiaries and associates	1,773,799	-	-	-	-	-	1,773,799
Other accounts receivable	13,042,036	-	-	-	-	-	13,042,036
Fixed assets	5,557,561	-	-	-	-	-	5,557,561
Intangible assets	278,503	-	-	-	-	-	278,503
Statutory deposit	27,154,220	779,166	1,213,226	3,906,172	13,271,767	7,296,560	687,329
Other assets	3,381,808	-	-	-	-	-	3,381,808
<b>Total assets</b>	<b>524,789,037</b>	<b>92,193,106</b>	<b>185,882,866</b>	<b>146,699,397</b>	<b>32,632,060</b>	<b>9,161,379</b>	<b>58,220,229</b>
<b>Liabilities</b>							
Due to banks and financial institutions	(50,528,563)	(50,528,563)	-	-	-	-	-
Customers' deposits	(105,449,232)	(35,319,791)	(16,806,533)	(15,999,469)	(14,370,377)	(22,896,064)	(56,998)
Dividends payable	(54,376)	-	-	-	-	-	(54,376)
Income tax provision	(1,224,048)	-	-	-	-	-	(1,224,048)
Other liabilities and accruals	(15,653,473)	-	-	-	(11,264,431)	-	(4,389,042)
Staff termination benefits	(327,607)	-	-	-	-	-	(327,607)
Benefits of investment deposits holders	(295,686,092)	(6,036,914)	(106,708,308)	(31,810,878)	(107,412,786)	(43,717,206)	-
<b>Total liabilities</b>	<b>(468,923,391)</b>	<b>(91,885,268)</b>	<b>(123,514,841)</b>	<b>(47,810,347)</b>	<b>(133,047,594)</b>	<b>(66,613,270)</b>	<b>(6,052,071)</b>
<b>Shareholders' equity</b>	<b>(55,865,646)</b>	-	-	-	-	-	<b>(55,865,646)</b>
<b>Total liabilities and shareholders' equity</b>	<b>(524,789,037)</b>	<b>(91,885,268)</b>	<b>(123,514,841)</b>	<b>(47,810,347)</b>	<b>(133,047,594)</b>	<b>(66,613,270)</b>	<b>(61,917,717)</b>
Liquidity gap		307,838	62,368,025	98,889,050	(100,415,534)	(57,451,891)	(3,697,488)
Cumulative liquidity gap		307,838	62,675,863	161,564,913	61,149,379	3,697,488	-

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IRR million

	20 Mar. 2021						
	Amount	Maturities up to one month	1-3 Month	3 Month-1 Year	1-5 Year	>5 Year	Insensitive to rate
<b>Assets</b>							
Cash	35,327,130	-	-	-	-	-	35,327,130
Due from banks and financial institutions	42,279,997	42,279,997	-	-	-	-	-
Credit facilities granted	239,995,924	19,314,141	100,614,174	108,495,847	10,740,779	829,265	1,718
Investments	49,211,785	1,160	341,444	26,990,419	20,029,271	1,312,983	536,508
Due from subsidiaries and associates	1,380,008	-	-	-	-	-	1,380,008
Other accounts receivable	6,573,914	-	-	-	-	-	6,573,914
Tangible fixed assets	3,856,980	-	-	-	-	-	3,856,980
Intangible assets	300,652	-	-	-	-	-	300,652
Statutory deposit	21,340,048	729,255	1,339,835	12,738,603	2,944,481	3,106,709	481,165
Other assets	2,724,583	-	-	-	-	-	2,724,583
<b>Total assets</b>	<b>402,991,021</b>	<b>62,324,553</b>	<b>102,295,453</b>	<b>148,224,869</b>	<b>33,714,531</b>	<b>5,248,957</b>	<b>51,182,658</b>
<b>Liabilities</b>							
Due to banks and financial institutions	(13,020,497)	(13,020,497)	-	-	-	-	-
Customers' deposits	(84,033,744)	(29,135,171)	(4,135,794)	(30,564,782)	(10,558,744)	(9,639,253)	-
Dividends payable	(47,109)	-	-	-	-	-	(47,109)
Income tax provision	(2,843,205)	-	-	-	-	-	(2,843,205)
Other liabilities and accruals	(11,380,040)	-	-	-	(6,554,301)	-	(4,825,739)
Staff termination benefits	(227,439)	-	-	-	-	-	(227,439)
Benefits of investment deposits holders	(253,609,869)	(5,527,854)	(89,613,700)	(118,106,997)	(18,909,375)	(21,451,943)	-
<b>Total liabilities</b>	<b>(365,161,903)</b>	<b>(47,683,522)</b>	<b>(93,749,494)</b>	<b>(148,671,779)</b>	<b>(36,022,420)</b>	<b>(31,091,196)</b>	<b>(7,943,492)</b>
<b>Shareholders' equity</b>	<b>(37,829,118)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(37,829,118)</b>
<b>Total liabilities and shareholders' equity</b>	<b>(402,991,021)</b>	<b>(47,683,522)</b>	<b>(93,749,494)</b>	<b>(148,671,779)</b>	<b>(36,022,420)</b>	<b>(31,091,196)</b>	<b>(45,772,610)</b>
Liquidity gap	-	14,641,031	8,545,959	(446,910)	(2,307,889)	(25,842,239)	5,410,048
Cumulative liquidity gap	-	14,641,031	23,186,990	22,740,080	20,432,191	(5,410,048)	-

## 49-6. Operational risk

### 49-6-1. Operational risk definition

Potential losses due from internal bank processes which are not well defined or are not carried out completely. Samples of operational risk are losses due to intentional or unintentional breakdowns, losses due to bank software application bugs and errors, losses due to events outside the Bank, or losses due to legal issues. Losses due to strategic decisions or damages resulting from strategic decisions are not considered operational risk.

### 49-6-2. Executive units for operational risk management

Middle East Bank risk management has an executive unit and has no separate unit for each of the Bank's risks. Risk department experts cover the bank's other risks by changing the responsibilities periodically. In addition, the Bank has recruited experienced advisors in operational risk assessments, whom analyze different parts of the bank, with the cooperation of Bank's risk experts.

### 49-6-3. Intentional and unintentional human errors preventive measure

Internal audit, compliance department and risk management department each have control and monitoring systems and report separately to board of directors on the implementation of the bank's internal rules, current issues, problems or process improvement methods. Human capital Management holds training courses to familiarize employees with the rules and regulations of the Bank. Also, all employees are required to sign a commitment to carry out tasks correctly in terms of morality and in accordance with the Bank's rules and regulations. Managers are responsible for the errors of their own staff and the effectiveness of managers in controlling the errors of their staff is examined in terms of lack of human errors.

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**49-6-4. Program to cope with crisis (crisis testing)**

The crises of banking operations can be divided into the following groups: The crisis due to failure of information security systems, crisis due to failure of data communication lines, crisis due to physical damages to the Bank's information systems, crisis due to inaccessibility of the Bank's employees to their activity place for setting up banking systems. Middle East Bank has created replicated information system in different buildings in Tehran and keeps several copies of the Bank's database in several location. The Bank also is setting a site for catastrophic events outside Tehran where information is copied with a few hours delay. Additionally, Middle East Bank holds training courses and operational safety drills and exercises for critical events.

**49-6-5. Operational risk measurement method**

The risk weight for operational risk is measured using, the "Standardized approach" announced by the CBI regulation No 98/436758 dated 03/18/2020. In this approach 15% of the last 3 years income average is calculated as needed capital to cover operational risk and then multiplied by 12.5. The result is added to the total risk weights of other risks such as credit risk and market risk for foreign exchange risk weights.

**49-6-6. Operational risk control & monitoring procedures**

Operational risk management consultants and risk management department issue reports which would be reviewed in risk committee and board of directors committees and based on reported recommendations, necessary orders would be given by risk committee and bank's CEO in order to establish better controls. Also internal audit, compliance and legal departments have their specific monitoring's and make risk department aware of probable operational problems in the bank and risk management department executes necessary arrangements to solve the problems by presenting these reports to credit risk committee. Periodic reports of the result of implementing new controls would be presented to risk committee and risk committee gives necessary orders to reduce operational risks.

**49-6-7. Necessary amount of capital to cover operational risk**

Based on Bank's method to measure operational risk, capital exposed to this risk is:

Measurement method	Capital exposed to operational risk
Base on CBI regulation	3,169,791

IRR million

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#### 49-7. Capital management

##### 49-7-1. Basic capital

Basic capital at Statement of financial position date is IRR57,895,003 million and presented as follows:

Description	IRR million	
	20 Mar. 2022	20 Mar. 2021
<b>Tier I</b>		
Capital after deduction of it's increase from revaluation surplus	25,000,000	15,000,000
Share premium	-	-
Retained earnings	19,750,326	15,258,962
Legal reserve	9,024,756	5,938,045
Other reserves	2,090,564	1,632,111
	<b>55,865,646</b>	<b>37,829,118</b>
<b>Less: Regulatory adjustments</b>		
Intangible assets	(278,503)	(300,652)
The minimum cost of mutual investments in shares of credit institutions or non-subsidiary financial institutions	(201,447)	(586,257)
Net book value of investments more than limits 50%	(356,321)	(118,850)
Other adjustments at the discretion of the Central Bank	(1,043,141)	-
<b>Total Regulatory adjustments</b>	<b>(1,879,412)</b>	<b>(1,005,759)</b>
<b>Tier I capital after regulatory adjustments</b>	<b>53,986,234</b>	<b>36,823,359</b>
<b>Tier II</b>		
General provision for bad and doubtful debts up to 1.25% of risk weighted assets	4,265,090	3,090,752
<b>Total of Tier II</b>	<b>4,265,090</b>	<b>3,090,752</b>
<b>Less: Regulatory adjustments</b>		
Book value of investments more than limits 50%	(356,321)	(118,850)
<b>Tier II capital after regulatory adjustments</b>	<b>3,908,769</b>	<b>2,971,902</b>
Less: An increase in Tier II capital over Tier I capital	-	-
<b>Total regulatory capital</b>	<b>57,895,003</b>	<b>39,795,261</b>
<b>The base capital of the bank</b>	<b>36,795,262</b>	<b>20,700,330</b>

\* The calculation of base capital for reporting period is in accordance with CBI new regulation No. 98/436758 dated 7 March 2020.

The base capital of the bank for calculation of prudential ratios, up to the date of financial statements approval is amount to IRR36,795,262 million . The base capital which has been already approved by the CBI, is the basis for calculating prudential ratios until the date of approval of the bank's financial statements

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49-7-2. Capital allocation

49-7-2-1. Total Credit risk weighted assets at the Statement of financial position date equals to IRR341,207.205 million.

		20 Mar. 2022									
Description	Amount		Conversion factor		Adjusted amount		Risk factor	Risk weighted commitments and assets		Needed capital	
	IRR million	percent	IRR million	percent	IRR million	percent		IRR million	percent	IRR million	IRR million
Cash	2,079,457	-	2,079,457	-	-	-	-	-	-	-	-
Statutory deposit	27,154,220	-	27,154,220	-	-	-	-	-	-	-	-
Due from CBI	71,515	-	71,515	-	-	-	-	-	-	-	-
Due from banks and financial institutions (in form of deposits, loans and securities purchases)	23,399,439	50	23,399,439	50	11,699,720	50	11,699,720	50	935,978	935,978	935,978
Claims from governmental institutions and companies and non-governmental public institutions (in the form of loans and purchase of securities)	96,034,077	50	96,034,077	50	48,017,039	50	48,017,039	50	3,841,363	3,841,363	3,841,363
Principal amount of partnership contracts loans(Mosharekat Madani, Mudaraba, Mozareeh, Mosaghat) of other natural and corporate persons	9,550,532	150	7,721,020	150	11,581,530	150	11,581,530	150	926,522	926,522	926,522
Non trading investments in unlisted shares after deduction of accumulated decrease in value	260,699	200	260,699	200	521,398	200	521,398	200	41,712	41,712	41,712
Interest and principal amount of non-partnership contracts loans-residential real estates	575,229	50	178,867	50	89,434	50	89,434	50	7,155	7,155	7,155
The principal and interest of the facilities of natural persons and small and medium enterprises and legal entities (with a maximum of 100 employees) that the principal of the facility is a maximum of 20 billion Riels	1,779,652	75	1,339,309	75	1,004,482	75	1,004,482	75	80,359	80,359	80,359
The balance of principal and interest on other facilities (current) granted to natural and legal persons that are not included in the above paragraphs	247,567,237	100	161,384,972	100	161,384,972	100	161,384,972	100	12,910,798	12,910,798	12,910,798
Net of non-current dues (principal, interest and penalties after deduction of related specific provision)-amount of specific provision less than 20% of non-current dues balance	4,720,181	150	4,720,181	150	7,080,272	150	7,080,272	150	566,422	566,422	566,422
Net of non-current dues (principal, interest and penalties after deduction of related specific provision)-amount of specific provision less than 20% to 50% of non-current dues balance	278	100	278	100	278	100	278	100	22	22	22
Net of non-current dues (principal, interest and penalties after deduction of related specific provision)-amount of specific provision more than 50% of non-current dues balance	4,858	50	4,858	50	2,429	50	2,429	50	194	194	194
Due from subsidiaries and associates	1,801,202	100	1,801,202	100	1,801,202	100	1,801,202	100	144,096	144,096	144,096
Other current accounts receivable	12,942,690	100	12,942,690	100	12,942,690	100	12,942,690	100	1,035,415	1,035,415	1,035,415
Net of fixed assets	5,557,561	100	5,557,561	100	5,557,561	100	5,557,561	100	444,605	444,605	444,605
Other on Statement of financial position items	4,168,686	100	4,168,686	100	4,168,686	100	4,168,686	100	333,495	333,495	333,495
Claims including deposits and facilities granted or the purchase of securities from other governments, central banks and non-governmental public institutions in other countries Credit rating + AAA to -AA	28,573,861	-	28,573,861	-	-	-	-	-	-	-	-
Claims including deposits and facilities granted or the purchase of securities from development banks	8,397	-	8,397	-	-	-	-	-	-	-	-
Claims including deposits and facilities granted or the purchase of securities from credit institutions and financial institutions of other countries, central banks and non-governmental public institutions in other countries Credit rating + AAA to -AA	9,345	20	9,345	20	1,869	20	1,869	20	150	150	150
Claims including deposits and facilities granted or the purchase of securities from credit institutions and financial institutions of other countries Credit rating + A to -A	97,412	50	97,412	50	48,706	50	48,706	50	3,896	3,896	3,896

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Description	20 Mar. 2022					
	Amount	Conversion factor	Adjusted amount	Risk factor	Risk weighted commitments and assets	Needed capital
	IRR million	percent	IRR million	percent	IRR million	IRR million
Claims including deposits and facilities granted or the purchase of securities from credit institutions and financial institutions of other countries Credit rating + BB to -B	9,396,294		9,396,294	100	9,396,294	751,704
Claims including deposits and facilities granted or the purchase of securities from credit institutions and financial institutions of other countries without credit rating	8,299,456		8,299,456	100	8,299,456	663,956
Issued letter of credit Commitments with collaterals other than commodity after deduction of advances	2,822,299	50	810,197	100	810,197	64,816
Issued guarantees Commitments after deduction of cash deposits	118,039,310	50	52,671,443	100	52,671,443	4,213,715
Commitments of transaction contracts and guarantee bonds	4,564,913	50	2,282,457	100	2,282,457	182,597
<b>Other commitments</b>	1,845,092	100	1,845,092	100	<b>1,845,092</b>	<b>147,607</b>
					<b>341,207,205</b>	<b>27,296,576</b>

\*The calculation of risk weighted assets for reporting period is in accordance with CBI new regulation No. 98/436758 dated 7 March 2020.

The adjustment of on balance sheet items in according to type of collaterals are done in line with CBI new regulation No. 98/436758 dated 7 March 2020 and after that, the amount will be multiply by the risk factor, but in the case of, off balance sheets items, at first the amounts are adjusted by the conversion factor.

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20 Mar. 2021						
Description	Amount	Conversion factor	Adjusted amount	Risk factor	Risk weighted commitments and assets	Needed capital
Cash	2,448,428	-	2,448,428	-	-	-
Statutory deposit	21,340,048	-	21,340,048	-	-	-
Due from CBI	885,246	-	885,246	-	-	-
Due from banks and financial institutions (in form of deposits, loans and securities purchases)	22,290,805	50	22,290,805	50	11,145,403	891,632
Claims from governmental institutions and companies and non-governmental public institutions (in the form of loans and purchase of securities)	78,063,723	50	78,063,723	50	39,031,862	3,122,549
Principal amount of partnership contracts loans(Mosharekat Madani, Mudaraba, Mozareeh, Mosaghat) of other natural and corporate persons	5,397,398	150	3,814,018	150	5,721,027	457,682
Non trading investments in unlisted shares after deduction of accumulated decrease in value	260,699	200	260,699	200	521,398	41,712
The principal and interest of the facilities of natural persons and small and medium enterprises and legal entities (with a maximum of 100 employees) that the principal of the facility is a maximum of 20 billion Rials	1,784,792	75	1,228,187	75	921,140	73,691
The balance of principal and interest on other facilities (current) granted to natural and legal persons that are not included in the above paragraphs	155,739,997	100	103,383,959	100	103,383,959	8,270,717
Net of non-current dues (principal, interest and penalties after deduction of related specific provision)-amount of specific provision less than 20% of non-current dues balance	2,496,037	150	2,496,037	150	3,744,056	299,524
Net of non-current dues (principal, interest and penalties after deduction of related specific provision)-amount of specific provision more than 20% to 50% of non-current dues balance	31	100	31	100	31	2
Net of non-current dues (principal, interest and penalties after deduction of related specific provision)-amount of specific provision more than 50% of non-current dues balance	44,348	50	44,348	50	22,174	1,774
Due from subsidiaries and associates	1,400,525	100	1,400,525	100	1,400,525	112,042
Other current accounts receivable	6,507,242	100	6,507,242	100	6,507,242	520,579
Net of fixed assets	3,856,980	100	3,856,980	100	3,856,980	308,558
Other on Statement of financial position items	2,958,345	100	2,958,345	100	2,958,345	236,668
Claims including deposits and facilities granted or the purchase of securities from other governments, central banks and non-governmental public institutions in other countries Credit rating + AAA to -AA	26,601,662	-	26,601,662	-	-	-
Claims including deposits and facilities granted or the purchase of securities from development banks	6,814	-	6,814	-	-	-
Claims including deposits and facilities granted or the purchase of securities from credit institutions and financial institutions of other countries, central banks and non-governmental public institutions in other countries Credit rating + AAA to -AA	1,194	20	1,194	20	239	19
Claims including deposits and facilities granted or the purchase of securities from credit institutions and financial institutions of other countries Credit rating + A to -A	86,724	50	86,724	50	43,362	3,469
Claims including deposits and facilities granted or the purchase of securities from credit institutions and financial institutions of other countries Credit rating + BBB to -B	15,621,636	100	15,621,636	100	15,621,636	1,249,731

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Description	20 Mar. 2021					
	Amount	Conversion factor	Adjusted amount	Risk factor	Risk weighted commitments and assets	Needed capital
Claims including deposits and facilities granted or the purchase of securities from credit institutions and financial institutions of other countries without credit rating	9,664,618		9,664,618	100	9,664,618	773,169
Issued letter of credit Commitments with commodity collaterals after deduction of advances	978,389	978,389	48,919	100	48,919	3,914
Issued letter of credit Commitments with collaterals other than commodity after deduction of advances	50,665	50,665	12,270	100	12,270	982
Issued guarantees Commitments after deduction of cash deposits	87,872,205	50	40,247,951	100	40,247,951	3,219,836
Commitments of transaction contracts and guarantee bonds	2,100,033	50	1,050,016	100	1,050,016	84,001
Other commitments	1,356,984	100	1,356,984	100	1,356,984	108,559
<b>Total of credit risk weighted assets</b>					<b>247,260,136</b>	<b>19,780,811</b>

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49-7-2-2. Total of market risk weighted assets at the Statement of financial position date equals to IRR 47,669,676 million.

Description	20 Mar. 2022		
	Amount	Risk factor	Needed amount of capital to cover the market risk
	IRR million	%	IRR million
Trading shares	-	8	-
Total cost of trading debt securities-specific risk	44,010,637	5	2,200,532
Trading debt securities-general risk-mature till one month or less	-	-	-
Trading debt securities-general risk-mature till 1 to 3 month	2,385,528	0.2	4,771
Trading debt securities-general risk-mature till 3 to 6 month	11,504,154	0.4	46,017
Trading debt securities-general risk-mature till 6 to 12 month	22,057,939	0.7	154,406
Trading debt securities-general risk-mature till 1 to 2 year	6,533,643	1.25	81,671
Trading debt securities-general risk-mature till 2 to 3 year	240,585	1.75	4,210
Trading debt securities-general risk-mature till 3 to 4 year	477,567	2.25	10,745
Trading debt securities-general risk-mature till 4 to 5 year	811,222	2.75	22,309
Trading debt securities-general risk-mature till 5 to 7 year	-	3.25	-
The positive position of all foreign currencies or the absolute of the negative position, whichever is higher	16,108,229	8	1,288,658
<b>Total of capital needed to cover credit risk</b>			<b>3,813,318</b>
Factor			12.5
<b>Market risk weighted assets</b>			<b>47,666,476</b>

Description	20 Mar. 2021		
	Amount	Risk factor	Needed amount of capital to cover the market risk
	IRR million	%	IRR million
Trading shares	81,115	8	6,489
Total cost of trading debt securities-specific risk	48,046,014	5	2,402,301
Trading debt securities-general risk-mature till one month or less	-	0	-
Trading debt securities-general risk-mature till 1 to 3 month	341,444	0.2	683
Trading debt securities-general risk-mature till 3 to 6 month	16,193,754	0.4	64,775
Trading debt securities-general risk-mature till 6 to 12 month	10,796,665	0.7	75,577
Trading debt securities-general risk-mature till 1 to 2 year	12,697,452	1.25	158,718
Trading debt securities-general risk-mature till 2 to 3 year	6,462,494	1.75	113,094
Trading debt securities-general risk-mature till 3 to 4 year	460,527	2.25	10,361.86
Trading debt securities-general risk-mature till 4 to 5 year	408,797	2.75	11,241.92
Trading debt securities-general risk-mature till 5 to 7 year	684,880	3.25	22,258.60
The positive position of all foreign currencies or the absolute of the negative position, whichever is higher	18,281,197	8	1,462,496
<b>Total of capital needed to cover credit risk</b>			<b>4,327,994</b>
Factor			12.5
<b>Market risk weighted assets</b>			<b>54,099,930</b>

49-7-2-3. Total of operational risk-weighted assets at the Statement of financial position date equals to IRR39,622,391 million.

Description	20 Mar. 2022			20 Mar. 2021		
	Amount	Risk factor	Needed amount of capital to cover the operational risk	Amount	Risk factor	Needed amount of capital to cover the operational risk
	IRR million	%	IRR million	IRR million	%	IRR million
Average income of the past three years	21,131,942	15	3,169,791	14,974,049	15	2,246,107
Factor			12.5			12.5
<b>Operational risk weighted assets</b>			<b>39,622,391</b>			<b>28,076,342</b>

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## 49-7-3. Capital adequacy ratio

Capital adequacy ratio at 20 Mar. 2022 is 13.5% .

	IRR million	
	20 Mar. 2022	20 Mar. 2021
Base capital	57,895,003	39,795,261
Credit risk weighted assets	341,207,205	247,260,136
Market risk weighted assets	47,666,476	54,099,930
Operational risk weighted assets	39,622,391	28,076,342
Risk weighted assets	<u>428,496,071</u>	<u>329,436,407</u>
Tier I capital to risk weighted assets- ratio	12.6%	11.2%
Capital adequacy ratio	13.5%	12.1%

## 49-7-4. Leverage ratio

leverage ratio is total assets to shareholders' equity and for the financial year ended 20 Mar. 2022 is 10.6%.

	IRR million	
	20 Mar. 2022	20 Mar. 2021
Total assets	55,865,646	37,829,118
Total shareholders' equity	524,789,037	402,991,021
Leverage ratio	10.6%	9.4%

## 50. Operational segments

## 50-1. Base of classification of segments

information related to each reportable parts are shown in the below table. Profit before tax of the segment is used as criterion of segment performance.

Description	IRR million		
	Treasury and banking operations	International banking	Total
<b>incomes earned from outside of the bank</b>			
Interest income on credit facilities granted and deposits	45,397,014	7,894,031	53,291,045
Interest expense	(30,104,842)	(5,121,860)	(35,226,702)
Net interest income on credit facilities granted and deposits	15,292,172	2,772,171	18,064,343
Fees and commission income	2,620,796	332,759	2,953,555
Fees and commission expense	(329,145)	(45,175)	(374,320)
Net fees and commission income	2,291,651	287,584	2,579,235
Net income (loss) from investment	1,837,632	-	1,837,632
Net foreign exchange transactions income	-	4,480,846	4,480,846
Total other operating income	-	(255,050)	(255,050)
	<u>1,837,632</u>	<u>4,225,796</u>	<u>6,063,428</u>
Net income earned from outside of the bank	19,421,455	7,285,551	26,707,006
Net income between different parts of the bank	5,714	(5,714)	-
Total income of operational parts of the bank	19,427,169	7,279,837	26,707,006
Doubtful debts of operational parts expenses	(984,167)	(1,061,917)	(2,046,084)
Other expenses attributable to operational parts	(2,208,259)	(46,564)	(2,254,823)
Profit(loss) of every parts before non-attributable general expenses	<u>16,234,743</u>	<u>6,171,356</u>	<u>22,406,099</u>
Non attributable General expenses to segments			(1,828,024)
Profit before tax			<u>20,578,075</u>

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**50-2. Geographical concentration of major items of assets, liabilities and income**

Assets are reported by location and income and liabilities are reported based on domicile of the bank's counterparty in geographical areas

IRR million

	20 Mar. 2022							Total
	Iran	Germany	China	Swiss	Oman	Turkey	Others	
<b>Assets</b>								
Cash	5,362,663	27,065,247	8,720	54,847	148,574	585,383	265,009	33,490,443
Due from banks and financial institutions	32,899,996	(4,236,540)	1,201,546	1,260,766	-	6,717,228	601,737	38,444,733
Credit facilities granted	355,435,582	1,785	-	-	-	-	-	355,437,367
Investments	43,786,019	2,442,548	-	-	-	-	-	46,228,567
Due from subsidiaries and associates	1,773,799	-	-	-	-	-	-	1,773,799
Other accounts receivable	10,172,294	-	-	-	310,847	2,097,834	461,061	13,042,036
Fixed assets	5,551,952	5,609	-	-	-	-	-	5,557,561
Intangible assets	205,163	73,340	-	-	-	-	-	278,503
Statutory deposit	27,154,220	-	-	-	-	-	-	27,154,220
Other assets	3,115,199	266,609	-	-	-	-	-	3,381,808
<b>Total</b>	<b>485,456,887</b>	<b>25,618,598</b>	<b>1,210,266</b>	<b>1,315,613</b>	<b>459,421</b>	<b>9,400,445</b>	<b>1,327,807</b>	<b>524,789,037</b>
<b>Liabilities</b>								
Due to banks and financial institutions	(50,528,563)	-	-	-	-	-	-	(50,528,563)
Customers' deposits	(83,456,406)	(21,992,826)	-	-	-	-	-	(105,449,232)
Dividends payable	(54,376)	-	-	-	-	-	-	(54,376)
Income tax provision	(1,224,048)	-	-	-	-	-	-	(1,224,048)
Other liabilities and accruals	(15,393,701)	(259,772)	-	-	-	-	-	(15,653,473)
Staff termination benefits	(327,607)	-	-	-	-	-	-	(327,607)
Benefits of investment deposits holders	(295,686,092)	-	-	-	-	-	-	(295,686,092)
<b>Total</b>	<b>(446,670,793)</b>	<b>(22,252,598)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(468,923,391)</b>
<b>Total operating income</b>	<b>26,962,056</b>	<b>(255,050)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>26,707,006</b>
<b>Total other income and expenses</b>	<b>11,018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,018</b>

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IRR million

	20 Mar. 2021							Total
	Iran	Germany	China	Spain	Oman	Turkey	Others	
<b>Assets</b>								
Cash	6,212,761	25,990,221	955,479	320	119,815	788,527	1,260,007	35,327,130
Due from banks and financial institutions	20,263,857	6,426,507	2,042,482	9	(116,139)	13,287,302	375,979	42,279,997
Credit facilities granted	239,992,513	3,411	-	-	-	-	-	239,995,924
Investments	47,102,312	2,109,473	-	-	-	-	-	49,211,785
Due from subsidiaries and associates	1,380,008	-	-	-	-	-	-	1,380,008
Other accounts receivable	5,625,590	-	-	-	755,742	-	192,582	6,573,914
Fixed assets	3,850,923	6,057	-	-	-	-	-	3,856,980
Intangible assets	168,108	132,544	-	-	-	-	-	300,652
Statutory deposit	21,340,048	-	-	-	-	-	-	21,340,048
Other assets	2,415,713	308,870	-	-	-	-	-	2,724,583
<b>Total</b>	<b>348,351,833</b>	<b>34,977,083</b>	<b>2,997,961</b>	<b>329</b>	<b>759,418</b>	<b>14,075,829</b>	<b>1,828,568</b>	<b>402,991,021</b>
<b>Liabilities</b>								
Due to banks and financial institutions	(13,020,497)	-	-	-	-	-	-	(13,020,497)
Customers' deposits	(66,001,864)	(18,031,880)	-	-	-	-	-	(84,033,744)
Dividends payable	(47,109)	-	-	-	-	-	-	(47,109)
Income tax provision	(2,843,205)	-	-	-	-	-	-	(2,843,205)
Other liabilities and accruals	(11,238,913)	(141,127)	-	-	-	-	-	(11,380,040)
Staff termination benefits	(227,439)	-	-	-	-	-	-	(227,439)
Benefits of investment deposits holders	(253,609,869)	-	-	-	-	-	-	(253,609,869)
<b>Total</b>	<b>(346,988,896)</b>	<b>(18,173,007)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(365,161,903)</b>
<b>Total operating income</b>	<b>24,016,448</b>	<b>(195,982)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,820,466</b>
<b>Total other income and expenses</b>	<b>83,762</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>83,762</b>

## 51. Transactions with related parties

### 51-1. Changes of major shareholders (more than 1%)

"During the financial period ended 22 Mar. 2022, 5 natural persons and an entity by selling 490,979,997, 181,124,998, 150,000,000, 150,000,000, 150,000,000 and 98,500,004 shares exited from the group of more than one percent shareholders, also, Kia Asa Tejarat Toos Co., Rama electronic Co. and Iran Insurance Co (Private Joint Stock), with purchase of 483,134,922, 217,999,998 and 121,297,539 shares respectively, placed in the ranking of shareholders with more than one percent.

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51-2. Transactions with managers

IRR million

	Related party	Transaction type	Transaction amount during the reporting year	Maximum balance throughout the year	Balance at the end of the year	Collateral type	Collateral amount	Income(loss) of transaction
Board members / executive	Bank	Deposit	(16,249)	(134,917)	(19,536)		-	(200)
Board members/Non-executive	Bank	Credit Card	1,901	1,140	1,140		2,000	323
		Deposit	(16,471)	(73,695)	(21,320)		-	(452)
Managing Directors (excluding Board Members)	Bank	Mortgages	-	1,451	1,435		-	864
		Other Loans	35,510	35,827	-		84,000	1,065
		Deposit	37,476	(120,547)	(7,356)		-	(1,472)
Members of committees related to the board of directors (excluding board members)	Bank	Mortgages	7,000	10,324	10,218		-	8,850
		Car loan	-	343	343		-	85
		Credit Card	1,065	1,540	814		2,320	174
		Other Loans	39,502	45,363	15,490		156,514	7,573
		Deposit	(374)	(85,196)	(14,707)		-	(2,129)
		Net	<b>89,360</b>	<b>(318,367)</b>	<b>(33,479)</b>		<b>244,834</b>	<b>14,681</b>

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### 51-3. Transactions with related parties during the period are as follows:

IRR million

Group	Related party	Relationship	20 Mar. 2021					Balance at 20 Mar. 2022	
			Transaction subject	Is it subject to Article 129 of Trade Act?	Pricing method	Transaction amount*	Gross profit (loss)		
Subsidiaries	Dadeh Pardazan Simaye Aftab Co.	Subsidiaries	Prepayments for the development of the Bank Automation Project	✓	Bank's BOD	-	-	(720)	
	Middle East Bank Brokerage Co.	Subsidiaries	Commission of stock trading in TSE	✓	Bank's BOD	924	-	-	
			Wakala	✓	Bank's BOD	6,318,000	76,903	756,756	
			Issued Guarantees	✓	Bank's BOD	1,443	326	14,481	
	Middle East Bank Currency Exchange Co.	Subsidiaries	Payments for foreign currency transactions	✓	Bank's BOD	18,881,923	-	-	
			Commission of trading	✓	Bank's BOD	467	-	-	
			other	✓	Bank's BOD	36,082	-	-	
Associate company	Middle East Life Insurance Co.	Associate company / Joint board member	Wakala	✓	Bank's BOD	2,686	-	890	
other	Iran Industry Investment Co.	Joint board member / Shareholder above 5%	Wakala	✓	Bank's BOD	977,200	43,974	215,559	
			Issued Guarantees	✓	Bank's BOD	8,106	150	7,296	
	Rahnamoun information technology	Joint board member	Murabaha Loans	✓	Bank's BOD	19,500	2,242	10,786	
			Issued Guarantees	✓	Bank's BOD	18,522	974	27,149	
	Marvdasht Co.	Shareholder above 5%	Issued Guarantees	x	Bank's BOD	-	44	1,953	
Murabaha Loans			x	Bank's BOD	600,000	33,896	-		
Boursiran Brokerage	Shareholder above 5%	Wakala	Issued Guarantees	x	Bank's BOD	3,860,000	29,682	401,313	
			Issued Guarantees	x	Bank's BOD	-	6,750	450,000	
		Natural person	Shareholder above 5%	Murabaha Loans	x	Bank's BOD	-	17	3,380
				Issued Guarantees	x	Bank's BOD	950	3	-

## 52. Retained earning at the year-end

Allocation of the closing of the retained earning is subject to approval of the annual general meeting:

	IRR million
	Amount
<b>Legal</b>	
10% of net profit of the year ended 20 Mar. 2021 according to commercial law	2,057,808
	17,724,822

Following the CBI circular No. 00/376983 dated 03/15/2022, profit or loss on foreign currency items exchange with the rate of 200,000 Rials per USD & 220,000 Rials per EUR (159,000 Rials per USD & 190,000 Rials per EUR for the previous year) can not be considered as dividend and is only transferable to the capital account. This amount for reporting year equal to IRR 2.531.880 million, deducted from retained earning in calculation of the most attributable profit.

	IRR
	Amount
<b>Propose dividend by the board</b>	
propose dividend by the board	200

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## 53. Statement of Gardh-UI Hasan Saving deposits Operations-Rials (Non interest bearing deposits)

### 53-1. Balance of recourses and usage of Gardh-UI Hasan Saving deposits

#### Recourses from Gardh-UI Hasan Saving deposits

		IRR million	
	Note	20 Mar. 2022	20 Mar. 2021
Gardh-UI Hasan Savings Deposits - Rials		-	-
Gardh-UI Hasan Current Deposits - Rials		47,793,175	38,731,474
<b>Total resources</b>		<b>47,793,175</b>	<b>38,731,474</b>
<b>Gardh-UI Hasan usages</b>			
Credit facilities granted (before deduction of provision)		514,937	450,896
<b>Total of Gardh-UI Hasan usages</b>	11	<b>514,937</b>	<b>450,896</b>
<b>Statutory deposit of Gardh-UI Hasan Savings Deposits</b>		-	-
<b>Liquidity provision of Gardh-UI Hasan Savings Deposits</b>		-	-
<b>Surplus (deficit) of resources to usages</b>		<b>47,278,238</b>	<b>38,280,578</b>

### 53-2. Net fee of Gardh-UI Hasan operations

		IRR million	
	Note	20 Mar. 2022	20 Mar. 2021
Received fee of Gardh-UI Hasan credit facilities granted	36-1	21,568	17,665
<b>Net fee of Gardh-UI Hasan operations</b>		<b>21,568</b>	<b>17,665</b>

### 53-3. Classification of Gardh-UI Hasan credit facilities granted by subject of facilities

	IRR million	
	20 Mar. 2022	20 Mar. 2021
Marriage	514,937	450,896
	<b>514,937</b>	<b>450,896</b>

### 53-4. Classification of Gardh-UI Hasan credit facilities granted based on customers type

	IRR million	
	20 Mar. 2022	20 Mar. 2021
Natural persons	514,937	450,896
	<b>514,937</b>	<b>450,896</b>







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IRR million

Row	Name	Examples of related parties according to the second chapter of the regulations								Paid amount-principal			Loan/debt				Total balance of net of loans and commitments and stock price				Collaterals' situation				
		1-2	2-2	3-2	4-2	5-2	6-2	7-2	8-2	9-2	Current	Non-current	Total	Type of debt or contract	Duration of contract (day)	Breathing period	Rate of interest / commission	Gross commitments	Received cash advance	Net	Net of commitments adjusted with conversion ratio	Total net of loans and commitments	Collateral type	Collaterals' situation	
7	Corporate person									60,140	-	60,140	Wakala -Services part	1	-	17	-	-	-	-	-	60,140	Checks /Stand-alone legally binding contract	132,000	
										70,293	-	70,293	Wakala -Services part	1	-	17	-	-	-	-	-	70,293	Checks /Stand-alone legally binding contract	154,000	
										70,228	-	70,228	Wakala -Services part	1	-	17	-	-	-	-	-	70,228	Checks /Stand-alone legally binding contract	154,000	
										100,373	-	100,373	Wakala -Services part	1	-	17	-	-	-	-	-	100,373	Checks /Stand-alone legally binding contract	220,000	
										100,279	-	100,279	Wakala -Services part	1	-	17	-	-	-	-	-	100,279	Checks /Stand-alone legally binding contract	220,000	
										401,313	-	401,313	-	5	-	85	-	500,000	50,000	450,000	225,000	225,000	626,313	Checks	500,000
										50,197	-	50,197	Wakala -Services part	1	-	18	-	-	-	-	-	50,197	Checks /Stand-alone legally binding contract	110,000	
										50,123	-	50,123	Wakala -Services part	1	-	18	-	-	-	-	-	50,123	Checks /Stand-alone legally binding contract	110,000	
										101,036	-	101,036	Wakala -Services part	1	-	18	-	-	-	-	-	101,036	Checks /Stand-alone legally binding contract	220,000	
										100,690	-	100,690	Wakala -Services part	1	-	18	-	-	-	-	-	100,690	Checks /Stand-alone legally binding contract	220,000	
										201,874	-	201,874	Wakala -Services part	1	-	18	-	-	-	-	-	201,874	Checks /Stand-alone legally binding contract	440,000	
8	Corporate person									252,836	-	252,836	Wakala -Services part	1	-	18	-	-	-	-	-	252,836	Checks /Stand-alone legally binding contract	550,000	
										120,000	-	120,000	Dividends receivable	-	-	-	-	1,000	100	900	450	120,000	Checks	1,000	
										-	-	-	-	-	-	-	-	1,443	144	1,299	649	450	1,443		
										-	-	-	-	-	-	-	-	1,000	100	900	450	450	1,000		
										-	-	-	-	-	-	-	-	1,000	100	900	450	450	1,000		
										-	-	-	-	-	-	-	-	6,000	600	5,400	2,700	2,700	6,000		
										-	-	-	-	-	-	-	-	5,647	565	5,082	2,541	2,541	5,647		
										876,756	-	876,756	-					16,090	1,609	14,481	7,241	883,997	-	1,666,090	

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IRR million

Row	Name	Examples of related parties according to the second chapter of the regulations								Paid amount-principal		Loan/debt				Total balance of net of loans and commitments and stock price				Collaterals' situation					
		1-2	2-2	3-2	4-2	5-2	6-2	7-2	8-2	9-2	Current	Non-current	Total	Balance after deduction of cash received from Mozarebeh and Mosharekat (Madani)	Type of debt or contract	Duration of contract (day)	Breathing period	Rate of interest / commission	Gross commitments	Received cash advance	Net	Net of commitments adjusted with conversion ratio	Total net of loans and commitments	Collateral type	Collateral amount
9	Natural Person									1,127	1,140	1,140	1,140	Murabaha loans-credit cards of staff	24	-	15	-	-	-	-	-	1,140	Stand-alone legally binding contract	2,000
										1,127	-	1,140	-		24	-	15	-	-	-	-	-	1,140	-	2,000
10	Natural Person									1,443	-	1,435	1,435	Installment sales loan-housing loan of staff	194	-	7	-	-	-	-	-	1,435	-	-
										1,443	-	1,435	1,435		194	-	7	-	-	-	-	-	1,435	-	-
11	Natural Person									-	-	-	-		-	-	0	-	3,380	-	3,380	1,690	1,690	deposit	3,380
										-	-	-	-		-	-	0	-	3,380	-	3,380	1,690	1,690	-	3,380
12	Natural Person									10,000	-	10,784	10,784	Wakala-housing part	6	-	18	-	-	-	-	-	10,784	Checks /Stand-alone legally binding contract	22,000
										-	-	4	4	Temporary debtors	0	-	0	-	-	-	-	-	4	-	-
13	Natural Person									10,000	10,788	10,788	10,788		6	-	18	-	-	-	-	-	10,788	-	22,000
										1,394,570	3,226,573	3,226,573	3,226,573					559,440	55,182	504,258	232,129	3,478,702	-	4,083,521	
										331,000	855,999	855,999	855,999					14,647	1,465	13,182	6,591	862,590	-	2,874,647	
										1,076,402	2,452,405	2,452,405	2,452,405					637,712	63,095	574,617	287,309	2,739,714	-	6,699,582	

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## 55. Information of major loans and commitments

Information major of loans and commitments in accordance with council of money and credit (CBI's circular No. 92/242553 dated 11/07/2013 ) are as below:

IRR million

Beneficiary	Major loans and commitments				Collaterals' situation		
	Loans		Commitments		Total	Type	Value
	PL (1)	NPL (2)	Gross	Net (3)			
1	3,754,879	-			3,754,879	Checks /real state/Stand-alone legally binding contract	11,492,063
2	3,813,316	-			3,813,316	Checks/Stand-alone legally binding contract	7,961,108
3	3,819,776	-	4,224	1,901	3,821,677	Checks /real state/Stand-alone legally binding contract	10,111,747
4	3,988,611	-	45,996	20,598	4,009,209	Checks /real state	12,057,921
5	-	-	8,383,253	4,106,164	4,106,164	Checks /deposit	6,357,405
6	125,323	-	8,877,067	4,380,521	4,505,844	Checks /deposit/Promissory note	12,724,984
7	4,443,891	-	737,428	333,388	4,777,278	Checks /stock /Stand-alone legally binding contract /deposit	19,455,074
8	5,060,748	-	87,788	41,699	5,102,447	Checks /Stand-alone legally binding contract /deposit	11,189,397
9	5,200,107	-	-	-	5,200,107	Checks /real state/Stand-alone legally binding contract	17,720,739
10	5,255,074	-	-	-	5,255,074	Checks /real state/Stand-alone legally binding contract	16,643,364
11	5,336,561	-	48,526	(2,426)	5,334,135	Checks/Stand-alone legally binding contract	18,095,209
12	5,434,475	-	-	-	5,434,475	Checks /stock /Stand-alone legally binding contract	15,660,956
13	5,676,967	-	-	-	5,676,967	deposit	6,627,589
14	248,203	-	-	-	248,203	Checks /real state/Stand-alone legally binding contract	4,159,847
15	828,901	-	10,545,482	5,157,124	5,986,025	Checks /deposit	7,787,766
16	5,761,797	-	-	-	5,761,797	Checks /real state/Stand-alone legally binding contract	20,271,904
17	1,645,149	-	10,755,398	4,841,429	6,486,578	Checks /Stand-alone legally binding contract	20,993,149
18	6,659,235	-	52,318	23,543	6,682,778	Checks /real state/Stand-alone legally binding contract	25,746,096
19	6,242,047	-	984,913	492,457	6,734,503	Checks /stock /Stand-alone legally binding contract	20,090,486
20	6,421,546	-	379,221	179,964	6,601,511	Checks /stock /Stand-alone legally binding contract	16,125,769
21	94,247	-	14,650,798	6,980,005	7,074,251	Checks /real state/Stand-alone legally binding contract/Promissory note/deposit	17,477,338
22	5,647,786	-	3,649,429	1,536,993	7,184,779	Checks /real state/Stand-alone legally binding contract	32,758,676
23	10,381,764	-	-	-	10,381,764	Checks /Stand-alone legally binding contract	15,587,681
<b>Total</b>	<b>95,840,401</b>	<b>-</b>	<b>59,201,841</b>	<b>28,093,359</b>	<b>123,933,759</b>		<b>347,096,264</b>





