



بانك ملت
bank mellat

Annual Report 2018/19

Annual Report

2018/19



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Board of Directors



Mohammad Bigdeli

▪ CEO and board member



Alireza Lagzaei

▪ Board member and deputy CEO



Hasan Rousta

▪ Chairman



Bahman Eskandari

▪ Board member



Hamid Tajik

▪ Board member

Executive Board



Mohammad Bigdeli
▪ Chairman



Alireza Lagzaei



Hossein Bahari



Aziz Akhondi Asl



Mahmood Akhlaghi



Saeid Nasri



Morteza Najaf



Mohammad Taghi Samadi



Mohammad Ali Khademi



Abbas Jafarlu



Mohsen Kharazmi



Seyyed Aboutaleb Dibaei

Message from the CEO

Transparency and keeping public informed of the annual performance of the organization are undoubtedly the salient features of a professional financial institution which reflects position, image and acceptability of the organization in society by reporting operations and the efforts of its staff while informing the shareholders and main owners of the institution from the set targets and its profitability achievements.

Bank Mellat, as its usual practice, has continued this professional behavior every year and by announcing its performance status, has facilitated decision making for its shareholders and customers in order to continue and increase their cooperation. Transparency in performance also marks another golden chapter in the brilliant activities of the highly celebrated Bank Mellat.

The fact is that within the previous year the 21,000 pioneer staff of Bank Mellat followed up their lofty goals in providing services to their esteemed customers with exemplary efforts and using experience of experts and pioneers of the trade and their technical and professional potential, despite fluctuations in business and economic conditions due to unfair sanctions.

Although the transition process from this situation has proved difficult, the honorable and loyal staff in nearly 1450 branches across the country managed to increase resources of Bank Mellat to more than IRR 1,900 trillion and its EPS to IRR 2,420 using the most advanced electronic infrastructure.

Meanwhile, having ranked the first in terms of branches per capita in attracting Rial resources and deposits among commercial banks, as well as the first in banking network in terms of interest free deposit balances, foreign currency resources and deposits balance and the highest market capitalization in the banking industry of the stock market, they have taken another step to prove their capabilities.

This is the result of efforts of the sensible staff who have enhanced organizational efficiency in an atmosphere of respect and belief in human resources, by increasing their ability and using the most modern electronic platforms and systems, while promoting the bank's image, have placed themselves among the good organizational citizens.

And now, after achieving considerable success, we are proud to announce that in the coming year, we will endeavor to enhance the image and integrity of the great name of Bank Mellat and witness waving its glorious flag on top of the Islamic banking industry by adopting our Islamic teachings and perusing our organizational activities via trust in the blessings of the His Exalted Almighty.

Mohammad Bigdeli

Bank at a glance



History

By virtue of resolution dated 20/12/1980 of the Banks General Meeting and according to the article 17 of Banks Affairs Administration, Bank Mellat was established on 22nd of July 1980 by merger of 10 private banks under No. 38077 in companies' registration office.

After notifying policies of article 44 of the constitution and inclusion of Bank Mellat in companies subject to the mentioned article list, and on the strength of resolution No. 37925T/68985 dated 24/7/2007 of esteemed Board of Ministers, and decision made in Extraordinary General Meeting of banks on 6/4/2008, the legal entity of Bank Mellat changed to "public joint stock". In this line, Bank Mellat was listed in Tehran Stock Exchange as 448th listed company on 11/2/2009 in the banks, credit institutions and other monetary institutions section, and 5% of its shares were offered in the stock exchange to discover the price on 19th of Feb. 2009.

Head office address: No. 276, corner of shahid Mousavi St., Ayatollah Taleghani Ave., Tehran, Iran

Head office telephone No.: 021-82961 **Head office's fax:** 82962700

Mellat call center: Tehran 1556 **Province:** 021-82488

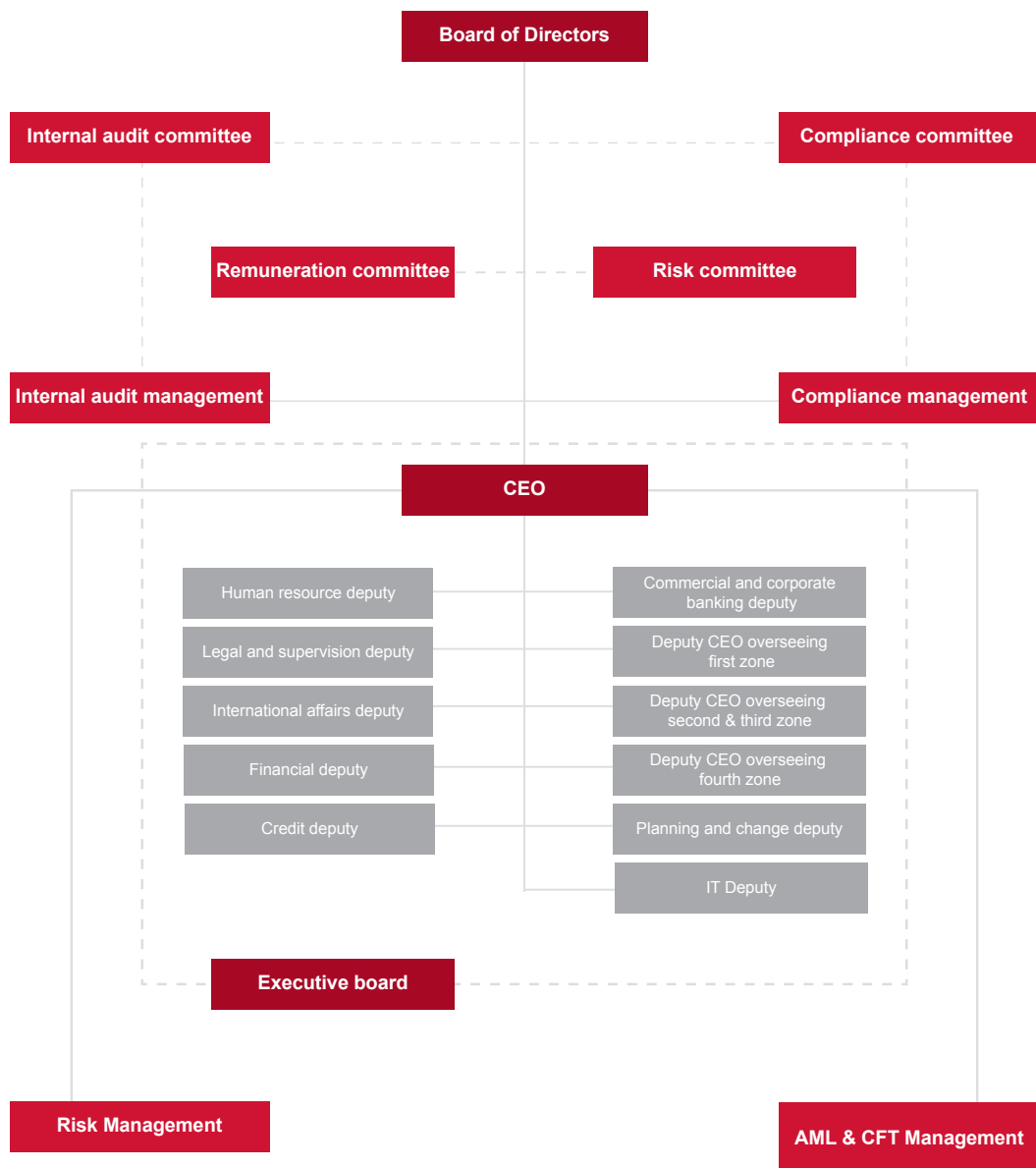
Shares affairs Dept.: Shares affairs Dept., Financial Accounting division, after Enghelab junction, Vali-e-asr Ave., Tehran, Iran.

Postal Code: 1591614311 **Tel:** 66970058-9 **Fax:** 66970053

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Organizational chart







Selected financial data

Amounts in billion Rials

Description	Bank		Group	
	2018	2017	2018	2017
A-Operating data				
Operating incomes	205,268	86,408	217,091	91,209
Interest paid to the depositors	151,698	159,922	149,536	157,495
Net profit after deducting tax	120,977	5,906	131,202	8,208
Cash derived from operating activities	(60,130)	48,400	(55,862)	58,539
B-Balance sheet data				
Total assets	3,405,338	2,209,080	3,456,790	2,224,796
Total liabilities	3,231,609	2,160,915	3,258,115	2,168,656
Retained earnings (loss)	80,555	(22,417)	91,352	(21,380)
Total shareholders' equity	173,729	48,165	198,675	56,139
Capital	50,000	50,000	50,000	50,000



Bank's position among commercial banks

Amounts in Billion Rials

Market share in total FX and Rial resources of commercial banks				
Year	Bank Mellat	Other commercial banks	Total resources	Bank's share from total resources
2018	1,959,963	7,848,569	9,808,532	20 %

Amounts in Billion Rials

Market share in total FX and Rial resources allocation of commercial banks				
Year	Bank Mellat	Other commercial banks	Total resources allocation	Bank's share from total resources allocation
2018	1,703,004	5,657,784	7,360,788	23%

Amounts in Billion Rials

Market share in total FX and Rial commitments Guarantees issued by commercial banks				
Year	Bank Mellat	Other commercial banks	Total issued	Bank's share from total issued
2018	193,239	562,993	756,332	26%

Amounts in Billion Rials

Market share in total FX and Rial commitments of LCs issued by commercial banks				
Year	Bank Mellat	Other commercial banks	Total issued	Bank's share from total issued
2018	173,030	346,847	519,877	33%

Commercial banks here mean: Bank Melli Iran, Bank Mellat, Bank Refah Kargaran, Bank Sepah, Bank Tejarat and Bank Saderat Iran.

Human resource

Undoubtedly, human resource is the most important factor of production and source of creating competitive advantage nurturing and maintaining of which requires specific arrangements and strategic plans. Having realized the importance of human resource, the bank's CEO has delineated the document of the bank's transformation in the horizon of 1400 and has set the strategy of human resource prioritizing the following four main goals in its measures.

- Increasing satisfaction by promoting corporate justice approach
- Improving human resource efficiency
- developing expert empowered human resource
- Nurturing corporate culture

Major activities and projects of the human resource area

- Planning recruiting human resource until 2021
- Adapting current system of the bank with the job classification framework of ministry of cooperation, labor and social welfare
- Devising executive guidelines for disciplinary affairs
- Establishing technical and workplace health committees
- Devising staff supportive schemes using social responsibility approach
- Standardizing the mechanism of recruitment and cooperation with teachers
- Devising and implementing the project of designing and developing digital training methods on mobile platform
- Creating self-study training content for the IT and principles of foreign currency and international banking
- Admission of students in the Bank's applied science university



Restructuring and regulating branches network

During recent years, Bank Mellat has taken serious steps to optimize restructuring and regulating branches network and sub-branches (merger, closure and relocation of inefficient branches and sub-branches) based on the following factors:

- Potentials and status of economic indicators of different regions (including cities and industrial hubs, etc.) and composition of economic units located in those regions (such as commercial, industrial, agricultural, etc.)
- Density of banks branches and credit institutions, population growth rate index and texture of the dwelling population in those regions.

On the other hand, despite fast population growth rate, developments due to information technology and expansion of on-line banking tools penetration coefficient (especially Mobile banking and Internet banking), have led to significant changes in customer tastes and has increasingly affected customers presence in the bank's branches. Given above and considering all aspects, restructuring and regulating branches network plans have been carried out and at present, the number of the bank branches stands at 1441, while the number of bank sub-branches (located in special industrial centers, hospitals, commercial centers, etc.), is 558.



Bank's competitive edge

Bank's position in banking industry and its competitive edge

- Ranking first in non-interest bearing deposits balance
- Ranking first in balance of resources and FX deposits
- Ranking first in branches per capita in absorbing resources
- Ranking first in branches per capita in absorbing Rial deposits
- Ranking first in IRR and FX letters of credit
- Ranking first in reducing NPL ratio
- The highest market cap in banking industry in Tehran stock exchange
- Ranking second for staff per capita in absorbing resources
- Ranking second in letters of guarantee
- Ranking second in allocation of resources
- Ranking second in IRR deposits volume
- Ranking third in absorbing IRR and FX resources
- Ranking third in issuing letters of guarantee

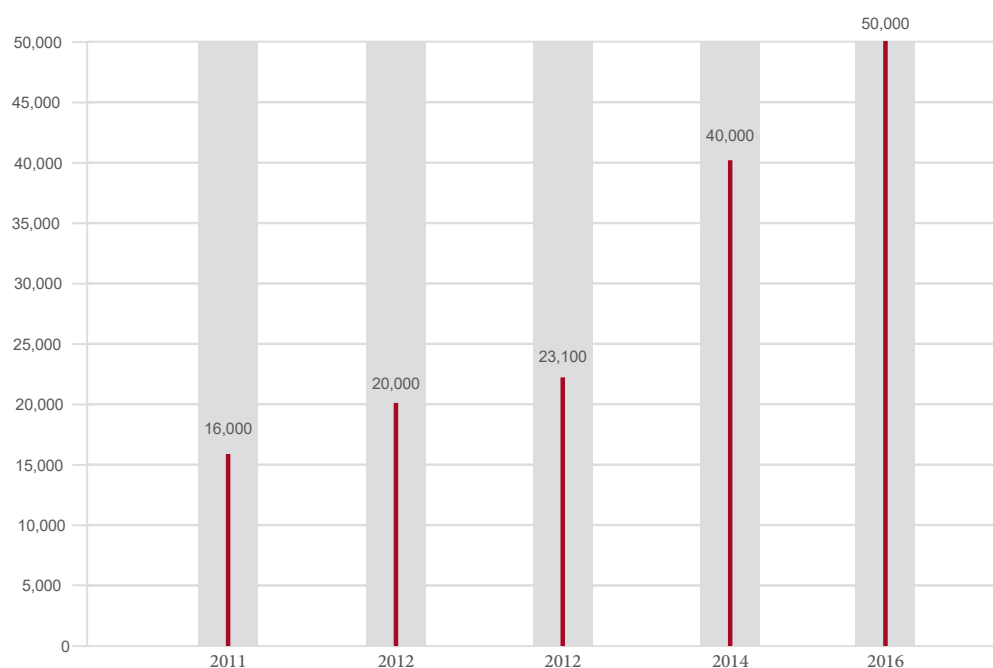
Bank's performance in achieving the goals set over the previous year

- Growth in the productive assets of the bank by 65 percent
- Growth in net interest by 1948 percent
- Growth in EPS of the bank by 20 times
- Growth in Rial deposits by 19.5 percent
- Reducing interest expenses by 2.02 percent
- Optimal liquidity management compared with other commercial banks

Changes in capital

Date	Capital injection	Capital (Million Rial)	Injected capital (Million Rial)	Capital after capital injection	Injection source
26/4/2011	22/14	13,100,000	2,900,000	16,000,000	Equity financing
24/06/2012	25	16,000,000	4,000,000	20,000,000	Retained earning
23/09/2012	65/5	20,000,000	13,100,000	33,100,000	Revaluation of fixed assets
29/04/2016	20/85	33,100,000	6,900,000	40,000,000	Retained earnings
19/10/2016	25	40,000,000	10,000,000	50,000,000	Reserves

Capital injection trend



Bank's shareholders

Bank's shareholders at the end of the financial year ending on 20.03.2019

Row	Shareholder's name	Date	
		20/03/2019	
		Number of shares	Stake
1	Government of the I.R.I.	8,499,999,996	17
2	Saba Tamin investment company (PJSC)	3,313,208,594	6.63
3	Tamin atiyeh investment company	3,224,703,139	6.45
4	Social security organization	1,904,782,481	3.81
5	Mellat financial group	1,569,240,989	3.14
6	Tehran province stock investment company	1,525,595,446	3.05
7	Moein Atiyeh khahan cooperative company	1,448,719,028	2.90
8	Khorasan razavi stock investment company	1,217,728,923	2.44
9	Fars stock investment company	1,032,597,703	2.07
10	Mehr-e-Ayandegan financial development group	1,015,400,000	2.03
11	Mellat market making exclusive investment fund	975,520,510	1.95
12	Isfahan province stock investment company	941,458,365	1.88
13	Khuzestan province stock investment company	921,606,612	1.84
14	Eastern Azarbayjan province stock investment company	777,907,910	1.56
15	Mazandaran province stock investment company	725,746,772	1.45
16	Trans-Iran distribution company (PRJSC)	720,612,912	1.44
17	Kerman province stock investment company	707,520,623	1.42
18	Gilan province stock investment company	654,789,078	1.31
19	Shirin Asal company	604,246,528	1.21
20	Iran national investment company	572,557,471	1.15
21	Western Azarbayjan province stock investment company	567,032,348	1.13
22	First investment fund of Bank Keshavarzi brokerage	551,154,167	1.10
23	Sistan-o-Balouchestan province stock investment company	547,327,808	1.09
24	Other shareholders less than 1 percent	15,980,542,597	31.95
Total		50,000,000,000	100

Financial ratios

Title	Description	2018	2017
Net loans to deposits (%)	Net loans to deposits	106	93
NPL to net loans balance (%)	Overdue, defaulted & doubtful loans / net loans	4	5
Deposits growth rate (%)	Deposits of the reporting year / deposits of the previous year	39	22
Loans growth rate (%)	Loans of the reporting year / loans of the previous year	58	20
Equity ratio (%)	Total shareholders' equity / total assets	5	2
Liquidity coverage ratio (%)	Cash + items under collection / resources subject to the legal deposit	1	1
Interest coverage ratio (%)	Cash flow derived from operations / net profit	(50)	(820)
Resources per capita to branches (billion rials)	Total resources / number of branches	1,473	1,033
Staff deposit per capita	Four deposits / number of staff	109	75
Return on equity (%)	After tax profit / average shareholders' equity	109	12
Return on assets (%)	After tax profit / average total assets	4	0.3
Net profit growth rate (%)	Net profit of the reporting year / net profit of the previous year	1,948	48
Expenses to (operating) income ratio (%)	Doubtful loans expenses + operating expenses/ gross operating income	50	76
Services commission to total income (%)	Services commission / total income	4	6
EPS (Rials)	Net interest / total shares	2,420	118

Improving productive assets ratio to total assets

Title	2018	2017	Growth
Bank Mellat	83 %	77 %	8 %
Average of some of large listed banks	65 %	67 %	(3)

Strengthening financial stability of the bank

Row	Title	2018	2017	Growth (%)
1	Assets (Billion Rials)	3,405,338	2,209,080	54
2	Liabilities (Billion Rials)	3,231,609	2,160,915	50
3	Shareholders' equity (Billion Rials)	173,729	48,165	261
4	Total incomes (Billion Rials)	370,135	256,706	44
5	Net operating balance (Billion Rials)	58,380	25,885	126
6	Net profit (Billion Rials)	120,977	5,906	1,948
7	Equity ratio (%)	5/1	2/2	132
8	Return on equity (%)	109	12	807
9	Return on assets (%)	4/3	0/3	1,333
10	Operating income to operating expenses (%)	1/24	1/05	18
11	Joint-income to deposits interest expenses (%)	1/2	1/11	8

Bank from the Stock Market Perspective

The status of transactions and stock price

Bank's stock symbol "WebMellat" was listed in Tehran Stock Exchange on 11/2/2008, in the banks, credit institutions and other monetary institutions group. The status of the bank's stock during the recent years is as follow:

Financial year ending on	Transacted shares number	Transacted shares (value million rials)	Stock symbol open days	Market capitalization (Million rials)	Year-end share price	Capital (Million rials)
19/03/2012	1,922,789,338	4,057,217	228	31,220,000	1,561	20,000,000
20/03/2013	2,408,269,077	2,882,811	215	39,521,400	1,194	33,100,000
20/03/2014	6,176,229,968	15,072,050	215	101,760,000	2,544	33,100,000
20/03/2015	3,641,647,776	7,909,389	227	85,480,000	2,137	40,000,000
19/03/2016	7,046,704,189	15,710,367	229	93,520,000	2,338	40,000,000
20/03/2017	3,291,894,290	6,522,605	113	55,250,000	1,105	50,000,000
20/03/2018	2,113,712,407	2,159,449	220	50,150,000	1,003	50,000,000
19/03/2019	24,864,730,507	53,883,665	222	145,850,000	2,917	50,000,000



International banking operations

Finance facilities

In an effort to implement credit policies of the bank to finance important industrial projects of the country, direct finance facilities or syndicated participation amounting to EUR 1 billion were allocated to various industrial, mining, oil, gas and petrochemical projects.

Refinance facilities

18 letters of credit totaling EUR 11.3 million were issued out of short-term credit lines of Bank Mellat Yerevan, Bank Mellat Istanbul branch, Bank Mellat Seoul branch, PIB of London, and EIH of Hamburg.

Short-term and mid-term facilities out of the bank's internal resources

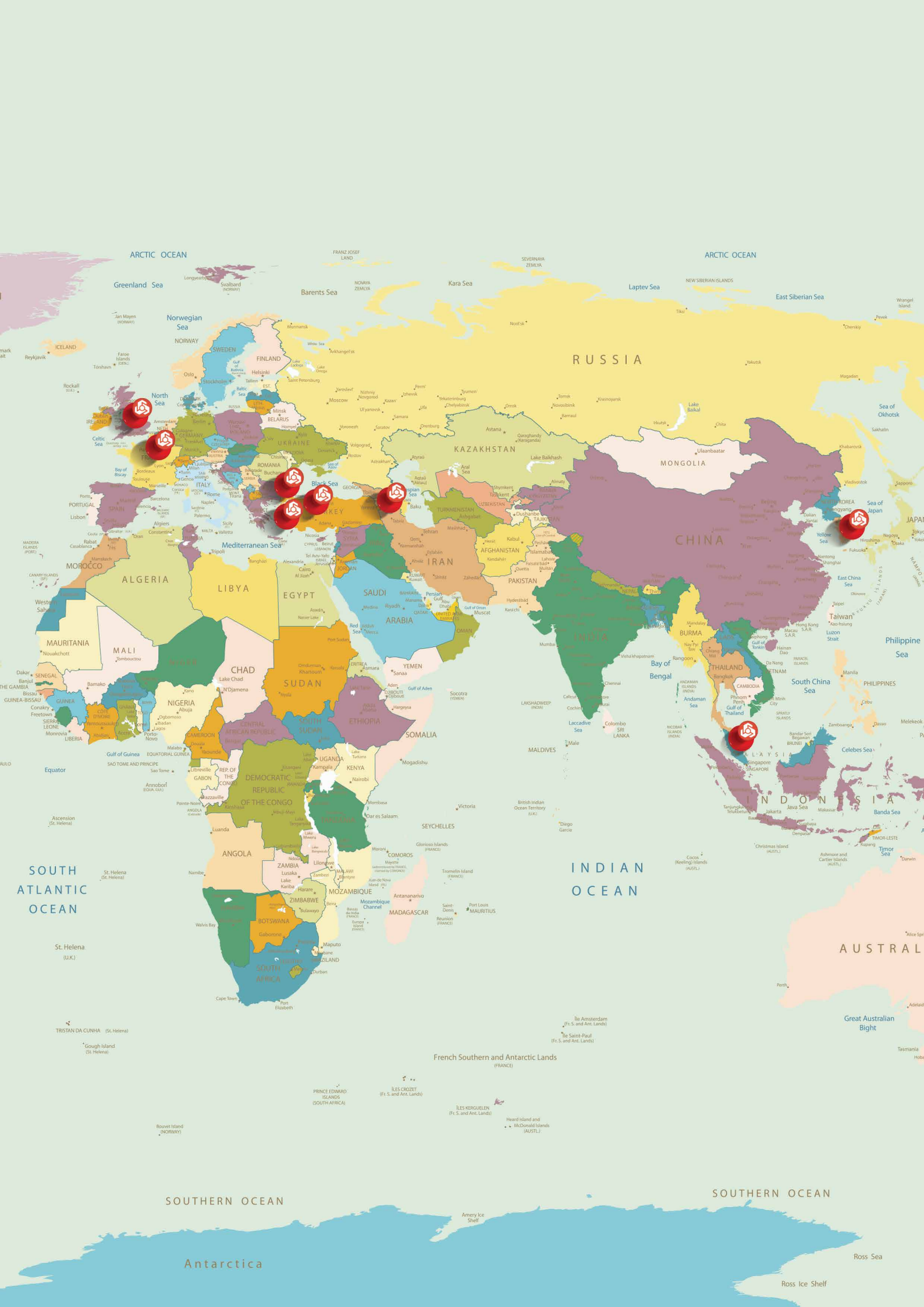
40 short-term and mid-term facilities totaling EUR 72 million have been granted to different industries out of the bank's internal resources.

FX Letters of guarantee

81 various import and export letters of guarantee totaling USD 36 million were issued. Bank's share from total balance of FX letters of guarantee issued by the six large commercial banks stands at 32 percent.

International network

Bank Mellat provides international banking services through its international network; including, three subsidiary banks in the UK (PIB), Malaysia (FEE bank) and Armenia (Bank Mellat Yerevan) an affiliated bank in Germany (EIH) as well as three branches in Turkey (Istanbul, Ankara and Izmir) and one branch in South Korea (Seoul).





Information technology area

Status of customers and E-banking instruments	
On 20.03.2019	
Total customers	34,411,737
E-banking customers	4,738,894
Mobile banking customers	4,319,408
Telephone bank customers	1,562,422
Total accounts on 20.03.2019	48,914,462
E-banking services scope	
Type of product	Number
Electronic cards	27,079,144
Number of ATMs	4,883
Number of cashless terminals	2,374
POSs connected to Bank Mellat account	871,939
Fuel stations connected to pay-station	3,200



Major measures in information technology area

- Using modern hardware equipment in launching core 2 system and digital banking
- Using updated security equipment for card and core bank systems
- Implementing SSO mechanism in head office systems
- Utilizing comprehensive ticketing and monitoring system to monitor the bank's internal systems
- Mellat encryption application
- Developing Mellat Mobile banking system
- Devising data management strategy document in line with moving towards data-oriented bank as one of the pillars of digital banking implementation
- Utilizing new internet banking system

Customer Segmentation

The banking approach based on customer segmentation has long been practiced in the banking industry. Based on this approach, banks render a wide range of financial services including corporate, retail, commercial and investment services along with non-financial services to their customers. The important point in this transformation is dividing customers into different segments and providing products targeting needs of each segment. Bank Mellat has started customer segmentation in three levels including: corporate, commercial and private banking since 2013. From the bank's perspective, in this type of banking, customers are considered as the bank's business partners; therefore, making it inevitable to use all types of hardware and software facilities as well as committed expert staff to provide them with various viable solutions to meet the esteemed customers' needs which have nowadays diversified due to the changing business climate.

Corporate banking

Corporate banking requires tremendous effort to focus on the needs of large legal-entity customers and creates appropriate banking and financial solutions to respond them effectively and accurately. In fact, corporate banking is the ability of a bank to provide banking services to address current issues of large companies including, most notably, analyzing customers' requests and providing customized solutions, especially in corporate financing, facilitating global trade for business with global markets, granting credit lines, working capital, helping in financial management of companies, providing various financial consulting services, liquidity management, E-banking services, foreign exchange services and insurance services.

Corporate banking mission

Bank Mellat has tried to help continuous growth and profitability of the business of this group of customers as stakeholders and business partners of the bank by creating value for large legal-entity customers. In this regard, in order to improve quality and technical level of presentable services to customers, RMs as connecting link of customers with the bank, enjoying qualities such as accurately identifying opportunities and challenges, accurately identifying and monitoring their target markets, effective risk management, proficiency on credit, financial and non-financial affairs, try to strengthen and deepen bank's relation with customers as much as possible.

Currently, Bank Mellat corporate banking section provides services to more than 325 corporate customers in two offices located in the main branch and Zafar branch, but is doing its best to expand its services across the borders of our esteemed country using the bank's extensive network all around the country in the years to come.

On the other hand, corporate banking, having concluded more than 45 memorandums of understanding with large companies and organizations in 2018, has tried to contribute in constant profitability of these customers as their business partners and consequently increase their wallet share via financial value creation, by providing the aforementioned services.

Developing electronic services, such as MOHEB system, in order to create constant value creation for corporate customers, is a kind of service that is rendered to this group of customers. MOHEB system, as a perfect example of office banking, seeks to enable large companies and organizations to access many different company-specific banking services from their offices. Services such as fund management (recognizing remittances and withdrawals), handling different kinds of remittances and individual, group, proportionate transfer of funds or managing all kinds of checks (reports based on the status of the checks, writing, confirmation, clearing services, etc.), various types of statement reports and accounts balances in cumulative, breakdown and schematic at the managerial and operational users level of the bank's legal customers. This system has created value for 604 large corporate customers of the bank in 2018.

Commercial banking

Companies as legal entities have different needs from individuals or real entities, so banks or financial institutions products and services will be different to target these needs. Bank Mellat has paid special attention to facilitate business transactions of legal customers which surpass small businesses in terms of sales volume, and has created a department to cater commercial banking customers.

Commercial banking mission

Relying on rendering distinctive products and services, enjoying expert staff, using new technologies and taking smart strategies, commercial banking is vested with marketing and communication with the bank's business partners in this group and creates a sustainable increasing value for them. Establishing credit lines, defining appropriate value packages for legal-entity customers, issuing letters of credit and providing distinctive E-banking services are among presentable products and services to the commercial banking customers. As one of the most important value packages and products to commercial banking customers in 2018 we could address to value packages of exchange offices, value packages in information technology telecommunications area, health value and health tourism package and brokerage value package, which are available in the branches to the commercial partners of the bank.

Private banking

Private banking is designed to meet the needs of real entity customers and small businesses. The main mandate of this group is to set up a new method in retail banking that puts the customer as the center of all its activities and regulates its relations with them based on the value created for customers by these relations.

Private banking mission

Private banking tries to improve the customer experience in using banking services along with improving profitability by group efforts of the bank staff. The main private banking activities are divided in two parts: customer's experience analysis and improving communication channels to render banking services. In 2018, in customer's experience analysis part besides focusing on structural duties, the value package of Parnian Plus (for women) and Mellat Hami card product is rendered and developing leased electronic safe deposit boxes is also in the pipeline. Meanwhile, by unveiling new internet banking system and developing Mellat mobile banking, it is tried to create a better experience in using communicational channels for customers. "Parnian Plus" value package with possibility of managing the financial recourses of the women are designed and produced in deposit, facility and insurance area. Meanwhile, Mellat Hami card provides the owners with the opportunity to buy Iranian goods from the shops participating in the campaign and repay in instalment. Development of leased electronic safe deposit boxes was also put on the agenda in response to daily increasing demand of the customers that apart from increase in non-joint income for the bank, is a safe place to keep their documents and valuable belongings. In 2018 with investments made, the number of leased electronic safe deposit boxes of Bank Mellat increased by 122% over the previous year, and together with the mechanical safe deposit boxes, it has reached totally 20,086 boxes in twelve provinces.

Improving telecommunication channels

In addition to unveiling the new internet banking system, by analyzing customers' behavior and optimizing ATMs locations, the bank's commission balance held with the CBI improved significantly. In order to protect the interests of all stakeholders of the bank, the mentioned commission balance became positive for the first time during 2018 autumn after a series of measures taken by the bank with the approach of optimal locating of ATMs. The net SHETAB commission level of the bank increased from IRR (-10) billion in April 2018 to IRR (+7) billion in March 2019 that this trend is still on the agenda. In addition to ATM terminals, developing cashless services was another measure in 2018, so that the number of transactions conducted via these terminals, with a 76% growth, was more than 4,214 thousand transactions in March 20, 2019 over the same period of the last year.

One of the important measures taken in private banking channels, is developing interaction with the National Iranian Oil Distribution Company in developing electronic fuel price payment plan by creating modern payment solutions for about 3,200 gas stations across the country.



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Social responsibilities And Major participations

Credit area performance

Banks are the main point of reliance for economic sectors in financing and priority of market participants in meeting their financial needs in economic structure of the country. So, the performance quality of a bank's credit area plays a decisive role in the success of the bank and development of the country's economy. Having understood this, Bank Mellat has paid special attention to credit processes, allocating resources and facilities, observing credit health and credit risk management. Relying on its experienced staff capability in credit area as well as designing and implementing strategic operating systems in this area, the bank is proud that is considered as one of the pioneers in promoting credit knowledge and skill in the country.

Major activities

- Participating in national mega projects such as in oil and gas area, petrochemical projects, steel, cement, aviation, etc.
 - Participating in syndicated projects, financing companies and mega projects out of NDF and internal resources of the bank.
 - Participating in developing, equipping, constructing of schools across the country
-
- Granting interest-free facilities (marriage, releasing prisoners, creating job for Imam Khomeini relief foundation nominees, state welfare organization, helping hemophilia patients, home jobs, ministry of cooperatives, labor , and social welfare, allowance for dispatching students to holy shrines, repairing rural house and construction of rural bath, provincial travels of president, etc.)
 - Granting housing facilities to special groups (rural housing, faculty members, honorable families of martyrs, army personnel, police and elites)
 - Granting renovation facilities for worn out urban areas
 - Financing SMEs in facilities and obligations area aiming at boosting production and reviving manufacturing sector
 - Assisting flood stricken people with housing and sustenance, agricultural equipment, etc.
 - Assisting victims of all types of unexpected disasters, including fire accident in Plasco building.
 - Developing urban transportation and fuel for replacing and renovating urban worn-out taxis and tow truck and fuel transport tankers.
 - Granting micro-finance facilities, including credit card, mark-up loans, etc. to different classes of society
-
- Reviving and supporting manufacturing and industrial companies through resolving bank claims
 - Designing and launching intelligent system to assess capacity and credit worthiness of loan applicants .
 - Monitoring credit risk arising from working with inter-connected entities via launching the relevant system.

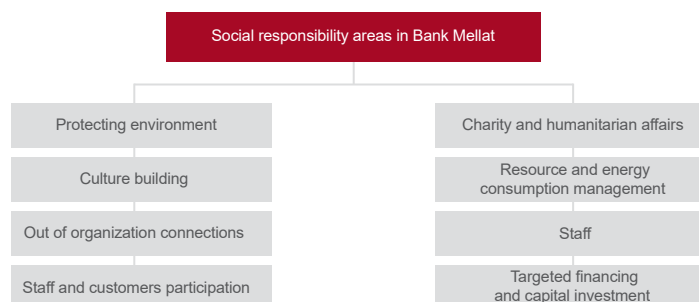


Social responsibilities

Bank's participation in fulfilling social responsibilities

As the organizations change their approach and pay more attention to public interest activities and fulfilment of social duties and responsibilities, Bank Mellat, besides providing modern banking services, while nurturing its sense of responsibility, has fulfilled extensive activities in social responsibility area.

The bank's approach to the activities in social responsibility area is beyond the common measures and accordingly in the bank's transformation document on the 2021 horizon, fulfilling social responsibilities is considered as one of the nine axes of the bank's strategy and enhancing the role of the bank in this area is on the agenda of the relevant departments.





Major activities in social responsibilities area

- Participating in constructing schools and health houses in deprived areas
- Constructing dormitories for medical and paramedical students in Semnan province.
- Participating in constructing Shaghayegh building of Alborz Kahrizak complex.
- Participation in constructing and equipping Shobeyr and Roghayeh nurseries in Tehran.
- Equipping Imam Ali (PBUH) hospital in Komijan and Imam Khomeini hospital in Esfarayen town.
- Donating 101,000 pairs of shoes to poor children.
- Signing a memorandum of understanding for constructing library in Neyshabour town.
- Participating in atonement headquarter celebration and helping needy prisoners.
- Distributing more than 6,000 packages of stationery among students in deprived areas.
- Teaching environment protection to students in cooperation with UNESCO, and also honoring and appreciating rangers.
- Participating in the renovation of worn out taxis in order to reduce air pollution, etc.
- Preparing and distributing 3000 food packages and 1500 packages of other necessary items for flood victims of Lorestan and Khuzestan provinces.

Mellat call center (1556)

Mellat call center was established in March 2007 aiming at honoring costumers, informing public, following-up and guiding on banking issues and rendering some remote services to customers and started rendering services with modern modes of communication, especially electronically. This center was launched with a customer oriented and service oriented structure to mechanize the bank and customer communication channels. At present, the communicative channels of this center are as follows:

Phone call based on 4-digit telephone (1556) and with 60 digital telephone lines, SMS, voice-mail, E-mail, and fax.

Having more than 60 experienced staff, this center is ready to answer the bank's customers round the clock and presently responds to an average daily 3500 - 4000 calls.





Corporate governance and AML & CFT

Corporate governance

After changing Bank Mellat's legal status to a public joint stock company in 2008, the idea of establishing pillars of corporate governance in the bank's structure gained strength. In this context, a number of effective measures were planned and implemented by the bank's board aimed at increasing the effectiveness and efficiency of the bank's activities and monitoring their soundness and correctness, strengthening the internal control system, identifying, assessing and responding to economic and financial risks which are summarized as follows:

Row	Decision making body	Date of Establishing/ reviewing the bank's structure	Row	Decision making body	Date of Establishing/ reviewing the bank's structure
1	Audit committee	Jul 23,2008	6	Remuneration committee	Dec 25,2013
2	Risk committee	Aug 20,2008	7	Executive board	Mar 17,2016
3	Risk and audit management	Dec 20,2010	8	Risk and compliance management	Sep 26,2016
4	Risk management	Apr 22,2012	9	Compliance committee	Feb 05,2018
5	Internal audit management	Apr 22,2012	10	Compliance management	Feb 05,2018

Audit committee

In an effort to establish an efficient and effective internal control system and assure validity of financial statements, the financial reporting and accounting systems of this committee were created in the bank's structure. Effective support from internal audit department to comply with independence and professional competency as well as performance of independent and internal auditors are the main objectives of this committee.

Pillars of the committee

The committee is comprised of 3-5 main members most of whom having financial credentials and are elected by the board of directors for two years. Chaired by one of the board members, the internal audit manager is a member and secretary of the committee, and three advisors are other members of the audit committee.

Some of the activities of this committee in 2018 include:

Assessing internal audit reports on the bank's operational procedures,

Decision-making based on applying amendments subsequently confirmed and approved by the committee members to submit to the bank's board,

Assessing the effects of translation of foreign exchange assets and liabilities on financial statements,

Assessing analytical report of the bank's financial status,

Discussing and exchanging views regarding the "actuary assessment of the bank's pension commitments on March 20, 2017 with attachment of the 2008 commitments" report.

Risk committee

It is a specialized and independent committee that helps the board in supervising effective management of the risks facing the bank. Determining and specifying the status of the bank's risks; assessing performance of the systems used in setting risk exposures; devising strategies to face and mitigate risks; assessing and monitoring large transactions (if necessary) are the main goals of this committee.

Pillars of the committee

The committee is comprised of 5-9 main members, chaired by one of the board members. Risk manager is one of the members and secretary of the committee, other members include three advisors, deputies of CEO in financial and credit affairs. Major activities of this committee during 2018 include:

Assessing risk appetite document,

Assigning risk values to economic sectors and sub-sectors,

Analyzing risk of recent developments in Iranian economy and forecasting future trends,

Assessing risk of the bank's subsidiary companies,

Assessing liquidity appetite risk document,

Assessing operational risk policy document,

Assessing information technology risk management principles document

Remuneration committee

The remuneration committee is responsible for monitoring establishing, maintaining and managing remuneration strategies and policies, salaries and allowances, bonuses and incentive schemes of the bank's human resources at all levels. Activities of this committee are in line with the optimal allocation of financial resources in human resource area of the bank observing and protecting the rights and benefits of the shareholders.

Pillars of the committee

Remuneration committee is comprised of 6 main members, chaired by one of the board members. General manager of organization and procedures improvement division is one of the members and secretary of the meeting and the other members include deputies of CEO in human resource affairs, financial affairs, director general of planning and scheme, and general manager of welfare and remuneration division.

Compliance committee

This committee has been established aiming at monitoring the bank's policies, strategies and procedures with regard to complying with rules and regulations and monitoring adequacy and effectiveness of non-compliance risk management in the macro structure of the bank.

Pillars of the committee

Compliance committee is comprised of 11 main members, chaired by one of the board members. Manager of compliance division is one of the members and secretary of the committee and other members including CEO deputies in legal and supervision affairs, international affairs, credit affairs, financial affairs, inspection and supervision managers, planning and scheme, and general managers of AML and CFT, risk, and internal audit divisions.

The most prominent measures adopted by this committee in 2018 include assessing code of conduct for the compliance committee, reviewing the draft of the compliance policies, reviewing reports of non-compliance instances and providing appropriate rectifying solutions.

Internal audit management

The structure of internal audit management of the bank was founded in 2010 in accordance with the professional and international principles and standards. In this line, the charter of responsibilities of the internal audit division was approved by the board of the bank. According to this charter, the internal audit division has to assess the risks related to the governance, operations and information systems of the bank in the following cases:

- Reliability and accuracy of financial and operational information
- Effectiveness and efficiency of operations
- Protecting assets
- Complying with the rules and regulations, code of conducts, requirements of the banking industry and provisions of contracts
- Achieving the targets set for operations and plans

Some of the major efforts made by the mentioned management in 2018 include:

- Conducting 23 audit projects from different department of the bank
- Assessing the draft of the independent auditor's report in order to submit the same to the audit committee.
- On-time monitoring related to rules and regulations issued by relevant external authorities such as the CBI and adopting required additional measures in this regard.
- Continuous training in order to make the process of performing audit operations knowledge-based and presenting scientific materials by using translation of the latest articles in auditing field.

Risk management

This division was established in 2010 based on the guidelines of the CBI in corporate governance structure of the bank. Its major missions include leading and supervising the process of realizing corporate governance in the risk area, devising risk portfolio across the bank, devising risk appetite document of the bank, and presenting risk assessment methodology in the bank.

This division was established in 2010 based on the guidelines of the CBI in corporate governance structure of the bank. Its major missions include leading and supervising the process of realizing corporate governance in the risk area, devising risk portfolio across the bank, devising risk appetite document of the bank, and presenting risk assessment methodology in the bank.

Identifying important risks related to the bank's performance in credit, financial and liquidity, operational and market areas, it provides the platform required to address them properly.

Some of the major measure adopted by this division during 2018 include:

- Rating industries and economic sectors to be incorporated in the bank's credit policies,
- Forecasting macroeconomic indicators (such as inflation, liquidity, FX rate, GDP, interest rates, etc.) in order to target the bank's budget and other decision makings in the financial and credit area,

- Forecasting the price trends and fluctuations of foreign currencies in the FX position (such as USD, EUR, JPY, KRW, CNY, AED, etc.),
- Assessing the risk of the bank's subsidiaries,
- Devising financial statements based on IFRS,
- Devising operational risk management policy document of the bank,
- Devising and approving information technology risk methodology,
- Setting credit limits for the domestic and foreign banks,
- Assessing credit concentration risk (economic sectors, geographical areas and industries)

AML & CFT management

The Anti-Money Laundering Department is in charge of planning the executive and operational affairs in AML and CFT areas. In this context, in accordance with the policies and procedures of the CBI, it has taken steps in planning and implementing executive programs in AML operation area since 2012. These measures include fully identifying the customers, following up and tracking their financial transactions and banking chains, and monitoring the financial and banking behaviors of walk-in or permanent customers which is implemented in compliance with the principle of operational efficiency aimed at preventive action or identifying possible misconducts.

Activities of this division in designing systems related to completing the know your customers (KYC) procedure and analyzing their behaviors, tracking the performance chain, responding to inquiries, and in the international banking area and supervising the bank divisions in 2018 Includes:


- Designing and implementing RBA system (identifying customer risk based on AML indicators)
- Launching “customers determining level system“ to identify transactions exceeding the authorized activity threshold announced by the financial intelligence unit (FIU)
- Organizing the status of customers lacking national ID / pervasive code
- Launching banking inquiry web service in order to expedite exchanging information in responding inquiries from the FIU
- Reviewing and comparing AML acts practiced by the bank's overseas branches with the domestically practiced one in terms of compliance with the international standards

Compliance management

As one of the core principles of corporate governance, compliance with the rules and regulations plays an effective role in stability and soundness of the bank's activities. Establishing a proper structure and correctly determining the staff responsibilities in compliance with rules and regulations has been considered as one of the requirements of corporate governance in the bank. Compliance management, as an independent division in the bank, has been responsible for complying the bank's activities with the prevailing rules, regulations and standards since early 2018.

Some of the activities carried out by this management in 2018 include:

- Tracing the latest changes made in the regulations notified by the CBI
- Supervising and monitoring risks of deviation from rules and regulations
- Answering inquiries and regulatory ambiguities of the staff and divisions
- Following-up implementation of rectifying proposals to improve compliance with the rules and regulations



Independent Auditor and Legal Inspector's Report and Financial Statements



Bank Mellat (Public Joint Stock Company)

Independent Auditor and Legal Inspector's Report

Together with Consolidated Financial Statements of the Group and Bank
For the year ending on March 20, 2019



Ministry of Economic Affairs & Finance Audit Organization

Independent Auditor and Legal Inspector's Report
To Ordinary General Meeting of Shareholders
Bank Mellat (Public Joint Stock Company)

Report on the financial statements

Introduction

1- The consolidated financial statements of the group and Bank Mellat (Public Joint Stock Company) including balance sheets ending on 20th March 2019 as well as profit and loss statements; comprehensive profit and loss statement; changes in shareholders' equity, and cash flow statements for the fiscal year ending on the above-stated date, together with the explanatory notes 1-67 have been audited by this organization.

Responsibility of the Board of Directors for financial statements

2- The responsibility for preparation of the financial statements in accordance with financial accounting standards lies with the bank's board of directors. This responsibility entails designing, implementing and maintaining internal controls in preparation of the financial statements in a manner that the statements are free from material misstatement, whether due to fraud or error.

Responsibility of auditor and legal inspector

3- The responsibility of this organization is to express an informed judgment with respect to the said financial statements based on the auditing procedures conducted in accordance with financial accounting standards. The aforementioned standards require this organization to comply with the professional behavior and organize and perform the auditing procedure so as to obtain reasonable assurance that the statements are free from material error or misstatement.

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Independent Auditor and Legal Inspector's Report Bank Mellat (Public Joint Stock Company)

Auditing involves implementing procedures to obtain accounting evidence on the figures and other disclosed information in the financial statements. Choosing auditing method will depend on the auditor's judgment, including assessing the material fraud risks whether due to fraud or error in the financial statements. To appraise these risks, internal controls relevant to preparation and presenting financial statements are assessed to design proper auditing procedures appropriate to the existing circumstances, and not for the purpose of expressing an opinion on the efficiency of the bank's internal controls. Auditing also includes assessing the appropriateness of accounting procedures adopted and the reasonableness of the conducted accounting estimates made by the board, as well as assessing the overall presentation of the financial statements.

This organization believes that the obtained audit evidence is sufficient and appropriate for a qualified opinion with regards to the consolidated financial statements of the group and bank.

This organization, while fulfilling duties of the legal inspector, has the responsibility for reporting to the ordinary general meeting of the stockholders of any relatable required information as well as any instances of deviation from legal obligations set in the monetary and banking regulations, amendments of the provisions of the commercial code, and the provisions of the bank's article of association.

Basis for qualified opinion

4- On the basis of the provisions of clause (34) of articles of association of the bank's staff retirement fund, the deficits of the cash should be secured by the respective member banks. On the basis of the actuary calculations, of the reporting bank's share from fund's deficit is set as IRR 100,138 billion by the end of the Iranian calendar year 1397 (equivalent to March 20th, 2019). It is worth to note that the bank whilst objecting to criteria subject to actuary calculations during the period of the bank privatization (end of the Iranian calendar year 1387; equivalent to March 20th, 2009) and thereafter, has paid up a total sum of IRR 34,588 billion (see explanatory note 26-1) has settled or posted to the accounts. With due regard to the aforementioned, it is necessary to consider sufficient reserves in the accounts, but determining the exact amount will be subject to clarification of the bank's objections result.

5- Dues from government heading includes IRR 5,027 Billion (principal: IRR 1,788 Billion and interest: IRR 3,239 Billion) is related to actuary cost before privatization of the bank that no documents are provided to the organization about its having been committed or pledged by the government. In addition, the bank has calculated and posted IRR 26,252 Billion in the accounts for interest of delay payment charges for dues from the government in previous years by assuming that the new facilities (including principal and interest) have been granted, the mentioned calculations are not in compliance with the provisions of circular No.H53875T/M/96-9343 issued by council of ministers on August 14th, 2017 (based on calculating the interest until the maturity date with the rate stated in the contract and from March 21st, 2011 with the rate ratified by money and credit council in each year as notified by the CBI).



6- As stated in explanatory notes 12 and 13 of the financial statements, a part of NPLs of the clients approximately IRR 97,201 Billion (IRR 107,830 Billion previous year) have been gotten forbearance and have been transferred to outstanding items after instalment, in the reported fiscal year. Furthermore, a part of FX facilities granted in the previous years are reflected in current items upon asking for forbearance and recognizing accrual interest and foreign exchange translation, and the inspections show that the principal and its interest have not been collected on maturity date. Also, the provisions of binding circulars ratified by money and credit council and the CBI about separating and classifying granted facilities and considering reserve for doubtful loans is necessary and taking valuable collaterals, have not been fully complied with. Given above, although adjustment is necessary in this regard, it is not possible for this organization to determine its accurate amount under this circumstances.

7- As stated in explanatory note 24 of the financial statements, total amount of IRR 23,585 Billion has been claimed for tax that IRR 8,764 Billion of which has been paid or posted in the accounts and the remaining has been objected based on the award of tax dispute settlement board and final and recognition tax papers issued by national Iranian tax administration for operating tax of 2015 to 2017. In addition, the bank has posted IRR 420 Billion merely in the accounts for operating tax of the reporting fiscal year by assuming exemption of foreign currency translation profit. Also, according to the tax claim sheet subject to the clauses B and P of article 17 of competitive production barrier removal law and improving financial system of the country, national Iranian tax administration has considered non-banking activities such as running enterprise and maintaining surplus stocks and immoveable properties of the bank in 2016 to 2017 subject to tax, and has claimed totally IRR 33,167 Billion in this regard, but the bank has objected the recognition basis and has posted no reserves in the accounts. With regard to tax records of the bank in recent years and exclusion of foreign currency translation profit tax in the reporting year, it is necessary to consider additional reserve in the accounts but the exact amount is subject to inspection and announcing final judgment of tax authorities.



8- According to explanatory notes 8-10 32 and 44 of the financial statements, based on the letter No.98/92847 issued by the CBI on June 12th, 2019, the monetary and foreign currency assets and liabilities of the bank have mainly been translated at the rate of IRR 85,000 per EUR (IRR 75,000 for USD) and other foreign currencies have been translated based on their parity rates at the end of the year and to this end IRR 131,518 Billion has been posted to the net profit (loss) of foreign currency transactions and sum of IRR 4,560 Billion has been set to foreign currency translation difference of foreign operations. According to accounting standards, if there are several rates for one foreign currency, the rate will be used for translation that future cash flows derived from transactions or balance of the relevant account will be settled based on that rate. So, the abovementioned method does not comply with the accounting standards and therefore, it is necessary to adjust financial statements for the abovementioned items, but currently determining necessary adjustments to the financial statements is not clear for this organization.

9- The heading dues from subsidiaries and affiliated companies (explanatory note 15-1) includes sum of IRR 4,346 Billion dues from Tarh Va Andisheh Behsaz Mellat subsidiary company that sum of IRR 2,192 Billion of it approximately equal to EUR 224 Million (previous year EUR 242 Million) is for transferring the balance of foreign investment and the rest of it, is related to the recognized investments profit that have been transferred from previous years.

The audited financial statements of Tarh Va Andisheh Behsaz Mellat subsidiary company shows no liabilities to Bank Mellat and no document related to recoverable value of the abovementioned dues has been delivered to this organization. In addition, regarding investment in Rey investment company stocks, acquiring Noor credit institute stocks and foreclosing two stores in subsidiary companies totally IRR 2,160 Billion, sufficient and necessary evidence and documents has not been presented to this organization indicating net sale value, ownership and occupation of the abovementioned properties. Also, sum of IRR 3,021 Billion is cost price of investment in shares of banks and foreign companies (explanatory note 14) that necessary information of the abovementioned investment status has not been presented to this organization. In addition, the audited financial statements of PIB has not been presented to this organization. Meanwhile, the reconciliation statement of balance of the bank's accounts with NDF and OSF has not been presented and the requested confirmations remain unanswered.



In addition, the answer of requested confirmations from lawyers and consultants of the bank about the bank's claim against HM Treasury of the UK, 86 accounts in foreign currency held with 53 foreign banks and National Iranian Oil Company have not been received. Given above, it is not currently possible to determine the possible adjustments to the financial statements that would be necessary in case of accessing those documents and receiving answers for the requested confirmations.

Qualified opinion

10- This organization believes that except the effects of provisions stated in clause 4 to 8 and also except the possible impacts of provisions stated in clause 9, the abovementioned financial statements favorably shows the financial status of the group and bank (PJSC) on March 20th, 2019 and financial operation and cash flows of the group and the bank for the year ending on the abovementioned date from all material respects according to accounting standards.

Emphasis on specific issues

11- According to explanatory notes 10-2-1 and 21 of the financial statements, based on guidelines of meeting obligations in foreign currency No.60/1015 issued by the CBI on December 07th, 2013, the bank under report claims allocating USD 1,081 Million to the CBI at the reference rate stated in the CBI system. The bank has recognized and posted in the accounts the amount of IRR 18,342 Billion as profit for foreign currency translation until March 20, 2016 that in this regard the CBI has debited current account of Bank Mellat for IRR 2,537 Billion (as stated in explanatory note 10-2-2 of the financial statements) and has credited to the account of the Treasury via letter dated April 15, 2019 of statistics & FX obligations department of the CBI, but final resolving of the said amount requires necessary coordination with the government and taking necessary licenses that are being followed up. Also, claiming foreign currency with reference rate is being followed up and its result is not clear until the date of this report. Opinion of this organization has not been qualified due to the effects of provisions of this clause.

Other information

12- The board of the bank are responsible for the "other information". Other information includes the existing information in the explanatory report of the management. The opinion of this organization for the financial statements does not include giving opinion about "other information" and no opinion is given on it.



As for auditing financial statements, this organization is responsible for studying “other information” in order to identify whether it has material discrepancy with the financial statements or the knowledge acquired during auditing process or material misstatement. If this organization concludes that there is material misstatement in the “other information”, it shall report the issue. There is not any reportable point in this respect.

13- The provisions of article 5 of guidelines of clause B of article 17 of the sixth five-year development plan of IRI and clause A of article 20 of permanent decrees law of development plans of the country which prohibit credit institutes from opening and maintaining government accounts for executive organizations including National Iranian Oil Company, National Iranian Oil Refining and Distribution Company, National Iranian Gas Company, and Iran University of Medical Sciences, has not been complied with. It shall be mentioned that some of the abovementioned companies are obliged to meet their obligations toward the bank.

14- As stated in explanatory note 61-7-3 of the financial statements, the capital adequacy ratio of the bank is less than prescribed rate of the CBI. In addition, in case of fully complying with the provisions of articles 11 and 12 of guidelines No.96/111597 for calculating supervisory capital and capital adequacy ratio of the credit institutes issued on July 08th, 2017 and subsequent amendments about calculating the weight of credit risk of the customers and also by considering the impacts of clauses 4 to 8 of this report, it would be decreased.

15- The heading of dues from subsidiaries and affiliated companies (explanatory note 15-1 of the financial statements) includes IRR 35,052 Billion is mainly related to the receivable dividend from investee companies that has been transferred from the previous years that has not been collected up to the date of this report.

16- Despite launching core banking system as per article 19 of chapter five of policy-supervisory package of the CBI in 2010, it has not been fully operative for some open cases of the previous years and FX facilities, as a result the discrepancy of items under collection has not been reconciled on time. In addition,



the heading for items under collection (explanatory note 25-3) includes several unreconciled payable and receivable items (IRR and FX) which have not been resolved until date of this report.

17- We draw attention of the general meeting, when distributing dividend, to the effects of clauses 4 to 8 and clause 1-2 of letter No.98/92847 issued by the CBI on June 12th, 2019 stating that profits derived from translation of FX assets and liabilities shall not be considered as attributable dividend and the bank shall maintain the resulted profit in a separate ancillary account under heading of other reserves account.

18- The bank's follow-ups to fulfil assignments set in the extraordinary general meeting of Bank Mellat held on August 20th, 2018 about clauses 4 to 7, 9, 11, 13, 14, 19, 23, and 25 to 27 of this report and also follow-ups of collecting debts from Tehran municipality and the affiliated companies via applying delay payment charges rates prescribed by the money and credit council have not yet reached the final result.

19-The cases of non-compliance with the regulatory requirements stated in trade act amendment and provisions of articles of association of the bank during the fiscal year under report are as follows:

19-1- Article 106 of trade act amendment about registering the minutes of the extraordinarily general meeting of the shareholders held on August 20th, 2018 in companies' registrar office.

19-2- The provisions of note 2 of article 241 of amendment bill of a part of trade act based on membership of the Bank Mellat's board of directors in more than one company wholly or partially owned by the government or private institutions or organizations.

19-3- Article 7 of the bank's articles of association setting authorized ceiling of direct or indirect ownership of the bank's shares by other legal entities at maximum 5% (6.45% for Tamin atiyeh fund of Bank Mellat and 6.63% for Saba Tamin investment company) and also note 1 of the said article that legal entities managed by the government cannot be shareholder of the bank. (Saba Tamin investment company owns 6.63% and social security organization owns 3.8% of the bank's shares).



19-4- Article 114 of the articles of association of the bank on granting facilities to interrelated beneficiaries and accepting obligations in whose favor merely based on the CBI rules (on facilities and obligations of National Iranian Oil Company, Mellat financial group, social security investment, Mobarakeh steel company of Isfahan, and the fact that the total macro facilities and obligations exceeds the maximum set amount).

19-5- Article 117 of the bank's articles of association stating that the bank cannot accept its shares belonging to its shareholders as guarantee for granted facilities or obligations as collateral (social security organization investment company).

19-6- The provisions of article 118 of the bank's articles of association about allocating sufficient provisions proportionate to each category of assets based on the criteria set by the CBI.

20- The information of the major risks in the banking industry and analyzing the bank's status mentioned in explanatory note 61 was assessed by this organization in terms of structure and risk management methods and their analysis. This organization has not noticed any cases of discrepancy between the presented information and the criteria stated in the sample financial statements of the banks.

21- The transactions stated in the explanatory note 62-3, as all transactions subject to article 129 of the trade act amendment conducted during the fiscal year under report announced to this organization by the board of the bank were reviewed. As for these transactions, the provisions of the said article prescribing obtaining the board's approval and non-participation of the beneficial manager in voting has been observed and this organization has not noticed any evidence indicating that the said transactions have not been conducted in proper commercial conditions and ordinary procedure of operations of the bank.

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22- This organization has reviewed the report of the board of directors on the operations and general status of the bank, subject of article 232 of trade act amendment that has been prepared to present to the shareholders ordinary general meeting. This organization has not noticed any material instances indicating discrepancy between the financial information of the said report and the documents and papers presented by the board in the investigations.

Report on the other legal and regulatory responsibilities of the auditor

23- The provisions of articles 7, 9 and 10 of executive guidelines on disclosing information of companies listed in the stock exchange for presenting the report of the board to the general meeting, unaudited annual consolidated financial statements, information of investments portfolio of the bank and subsidiaries and timely presentation of interim financial statements of some of the subsidiaries, prompt disclosure of decisions of the general meeting and presenting the minutes of the general meeting within maximum 10 days after the date of holding the meeting to companies registrar office and article 19 of disciplinary guidelines of issuers listed in the stock exchange on ex gratias aids by approval of the ordinary general meeting and article 6 of guidelines of admission of securities in the stock exchange for minimum 30% of the shareholders equities to total assets have not been observed. In addition, the detailed report has not been fully presented in compliance with the relevant regulations.

24- The provisions of notes 1 and 5 of article 4, note 2 of article 15, article 16 and article 42 of guidelines of corporate governance of the listed companies on the number of the board members for large companies shall be minimum 7 persons, attended at least by one non-executive member, members of appointment committee shall consist at least of three members the majority of whom are independent and non-executive members of the board of directors, establishing and evaluating the influence of the board of directors of the bank and the relevant members of the board of directors in subsidiaries and affiliated companies, disclosing material information of the board of directors and the CEO and specialized committees of the board of directors and their members for membership in the board of directors of other companies, the salary and benefits of main managers and corporate governance procedure have not been fully complied with in data provided by the bank on the internet.



25- Based on explanatory note 25-2 of the financial statements, according to the provisions of “the code of conduct on the amount and the manner of receiving membership fee in deposits guarantee fund” the annual membership fee of each bank has been determined equal to minimum 0.25% of average of weekly balance of every deposit account of the previous fiscal year up to maximum guarantee of the fund. The bank has on-account paid his share of the membership fee from 2014 to 2017 for IRR 3,926 Billion and it has been posted IRR 1,697 Billion in the accounts for the year under report. Controlling the calculation process and determining the abovementioned years’ membership fee requires special auditing.

26- Calculations of the definite and on-account profit difference for investment deposits have been disclosed as stated in explanatory note 38 to 40 and has been examined in compliance with provisions of the circular No.94/69383 issued by the CBI on June 10th, 2015. We have not noticed any instances of deviation from provisions of the said circular except paying surplus profit above the prescribed rates ratified by the money and credit council in some cases.

27- In execution of article 33 of the guidelines of anti-money laundering law by auditors, compliance with the provisions of the said law and relevant bylaws and executive guidelines as per checklists of the competent authority and auditing standards have been assessed by this organization. Despite establishing anti-money laundering division in the bank and effective measures adopted in this respect, the provisions of the above-stated law and its applicable guidelines have not been fully executed in the banking system yet.

July 13th, 2019

Audit Organization

Vahid Ghasem Tohidi

Mahmoud Asefi



Bank Mellat (Public Joint Stock Company)

Consolidated financial statements of the group & bank for the fiscal year ending on March 20th, 2019

Annual general meeting of shareholders

The consolidated financial statements of the group and Bank Mellat for fiscal year ending on March 20th, 2019 are herewith presented.


The components of the financial statements are as follows:

Title:

Consolidated Balance Sheet
 Consolidated Profit & Loss Statement
 Comprehensive Consolidated Profit & Loss Statement
 Changes in the Consolidated Shareholders' Equities
 Consolidated Cash Flow Statement
 Bank's Balance Sheet
 Bank's Profit & Loss Statement
 Bank's Comprehensive Profit & Loss Statement
 Changes in the Bank's Shareholders' Equities
 Bank's Cash Flow Statement

Explanatory Notes

The consolidated financial statements of the group and bank have been provided based on the accounting standards and regulations of the CBI and have been confirmed by the board of directors of the bank on July 11th, 2019.

Board Members	Position	Status	Signature
Mohammad Bigdeli	CEO & Board Member	Executive	
Hassan Roustae	Chairman & Board Member	Executive	
Alireza Lagzaei	Vice-CEO & Board Member	Executive	
Hamid Tajik Baghkhavas	Board Member	Executive	
Bahman Eskandari	Board Member	Executive	



Bank Mellat (Public Joint Stock Company)
consolidated balance sheet
as at March 20th, 2019

Assets	Note	(Restated)		Liabilities & Shareholders' Equities	Note	(Restated)	
		20.03.2019	20.03.2018			20.03.2019	20.03.2018
Assets		Million Rials	Million Rials	Current liabilities:		Million Rials	Million Rials
Cash	9	153,496,814	141,038,707	Dues to the banks & other credit institutes	21	396,292,527	344,263,051
Dues from banks & other credits institutes	10	482,281,307	157,069,175	Customers' deposits	22	905,545,922	434,959,966
Dues from Government	11	122,885,054	104,301,962	Dividend payable	23	1,270,965	341,791
Loans & advances to public sector	12	1,242,116,218	607,220,156	Operation tax provisions	24	7,743,790	4,962,439
Loans & advances to private sector	13	1,007,332,842	815,270,617	Provisions & other dues	25	670,361,142	356,425,620
Investments and partnerships	14	75,108,298	105,140,127	Severance provisions & staff retirement liabilities reserve	26	25,996,129	21,841,708
Dues from subsidiaries & affiliated companies	15	2,109,443	687,755	Total liability before investment deposit holders' interest		2,007,210,475	1,062,794,572
Other receivable accounts	16	58,246,091	39,878,765				
Tangible fixed assets	17	52,794,894	50,130,175				
Intangible assets	18	7,001,206	6,525,075				
Legal deposit	19	202,799,929	153,838,718	Investment deposits holders' interest	27	1,250,904,140	1,105,861,869
Other assets	20	50,617,653	43,694,428	Total liabilities		3,258,114,615	2,168,656,441
				Shareholders' Equity			
				Capital	28	50,000,000	50,000,000
				Capital of the parent company held with the subsidiaries	29	(2,228,932)	(2,113,842)
				Legal reserves	30	38,453,479	20,326,749
				Other reserves	31	286,909	215,481
				Foreign currency translation difference	32	15,572,934	6,130,030
				Retained earnings (loss)		91,352,408	(21,380,175)
				Total equity attributable to shareholders of the parent company		193,436,798	53,178,243
				Minority interest	33	5,238,336	2,960,974
				Total shareholders' equity		198,675,134	56,139,217
Total Assets		3,456,789,749	2,224,795,659	Total Liabilities & Shareholders' Equity		3,456,789,749	2,224,795,659
Customers' liabilities for L/Cs	55-1	309,893,088	218,030,959	Bank's liabilities for L/Cs	55-1	309,893,088	218,030,959
Customers' liabilities for LGs	55-2	230,867,158	177,544,121	Bank's liabilities for LGs	55-2	230,867,158	177,544,121
Other customers' liabilities	55-3	570,004,334	455,289,371	Other liabilities of the bank	55-3	570,004,334	455,289,371
Party to managed funds & the like	55-4	283,890,065	168,186,749	Managed funds & the like	55-4	283,890,065	168,186,749



Bank Mellat (Public Joint Stock Company)
consolidated profit & loss statement
for the fiscal year ending on March 20th, 2019

	Notes	20.03.2019	20.03.2018
		Million Rials	Million Rials
Income of loans granted & depositing & debt securities	34	211,715,467	185,096,640
Deposits' interest cost	41	(149,536,224)	(157,495,099)
Net income of loans & investments		62,179,244	27,601,541
Sales of products & income of rendered services	35	62,303,219	97,604,094
Cost price of products sold & services rendered	36	(57,206,664)	(92,378,965)
Net sales & cost price		5,096,555	5,225,129
Commission income	42	15,974,363	14,790,688
Commission expense	43	(12,091,236)	(9,619,841)
Net commission income		3,883,127	5,170,847
Net investments profit (loss)	37	8,373,579	8,230,164
Net profit (loss) of foreign exchange transactions	44	133,682,838	42,772,375
Other operating incomes	45	3,875,713	2,208,742
Total operating incomes		217,091,055	91,208,798
Net other incomes and expenses	46	1,225,417	835,655
Administrative & general expenses	47	(58,925,962)	(50,659,685)
Doubtful loans expenses	48	(15,142,022)	(16,180,047)
Financial expenses	49	(5,748,497)	(7,726,022)
Depreciation expenses	50	(2,554,087)	(2,460,781)
Earnings before income tax		135,945,904	15,017,918
Income tax:			
Current year	24	(2,244,176)	(1,959,739)
Previous years		(2,500,000)	(4,850,000)
		(4,744,176)	(6,809,739)
Net profit		131,201,728	8,208,179
Minatory interest		372,447	343,142
EPS (Rials)		2,701	164



Bank Mellat (Public Joint Stock Company)
comprehensive consolidated profit & loss statement
for the fiscal year ending on March 20th, 2019

	Note	20.03.2019	20.03.2018
		Million Rials	Million Rials
Net profit		131,201,728	8,208,179
Foreign currency difference of foreign operations	32	9,442,904	2,329,998
Comprehensive profit of the fiscal year		140,644,632	10,538,177
Annual adjustments	51	(9,171,000)	(22,964,200)
Comprehensive profit recognized from previous reported year		131,473,632	(12,426,023)
Minority interest from comprehensive profit of the fiscal year		490,764	803,471

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**Bank Mellat (Public Joint Stock Company)
changes in the consolidated shareholders' equity
for the fiscal year ending on March 20th, 2019**

	Note	Capital	Capital of the parent company in subsidiaries	Legal Reserve	Other Reserves	Foreign currency difference of foreign operations	Retained earnings (Loss)	Minority interest	Total Shareholders' Equity
		Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Balance on March 21 st , 2018		50,000,000	(2,113,842)	20,326,749	215,481	6,130,030	(11,933,147)	2,960,974	65,586,245
Annual Adjustments	51	0	0	0	0	0	(9,171,000)	0	(9,171,000)
Balance at beginning of year – Adjusted		50,000,000	(2,113,842)	20,326,749	215,481	6,130,030	(21,104,147)	2,960,974	56,415,245
Net Profit		0	0	0	0	0	131,201,728	0	131,201,728
Other comprehensive profit (loss) after tax deduction		0	0	0	0	9,442,904	0	0	9,442,904
Foreign currency translation difference	32	0	0	0	0	15,572,934	110,097,581	2,960,974	197,059,877
Total		50,000,000	(2,113,842)	20,326,749	215,481	15,572,934	110,097,581	2,960,974	197,059,877
Shares of parent company in subsidiaries	29	0	(115,090)	0	0	0	0	0	(115,090)
Legal reserve	30	0	0	18,126,730	0	0	(18,126,730)	0	0
Other reserves	31	0	0	0	71,428	0	0	0	71,428
Increased minority interest during year		0	0	0	0	0	0	2,277,362	2,277,362
Approved dividend		0	0	0	0	0	0	0	0
Total		0	(115,090)	18,126,730	71,428	0	(18,126,730)	2,277,362	2,233,700
Balance before deducting minority interest from retained earnings		50,000,000	(2,228,932)	38,453,479	286,909	15,572,934	91,970,851	5,238,336	199,293,577
Minority interest in retained earnings	33	0	0	0	0	0	(618,443)	0	(618,443)
Balance on March 20 th , 2019		50,000,000	(2,228,932)	38,453,479	286,909	15,572,934	91,352,408	5,238,336	198,675,134



20.03.2018 (Restated)

Note	Capital	Capital of the parent company in subsidiaries		Legal Reserve	Other Reserves	Foreign currency difference of foreign operations	Retained earnings (Loss)	Minority interest	Total Shareholders' Equity
		Million Rials	Million Rials						
		Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
		50,000,000	(2,175,693)	20,698,197	348,883	4,259,489	(5,871,951)	2,169,938	69,428,863
51	Annual Adjustments	0	0	(724,888)	0	0	(22,964,200)	0	(23,689,088)
	Balance at beginning of year – Adjusted	50,000,000	(2,175,693)	19,973,309	348,883	4,259,489	(28,836,151)	2,169,938	45,739,775
	Net Profit	0	0	0	0	0	8,208,179	0	8,208,179
	Other comprehensive profit (loss) after tax deduction	0	0	0	0	1,870,541	0	459,457	2,329,998
32	Foreign currency translation difference	50,000,000	(2,175,693)	19,973,309	348,883	6,130,030	(20,627,972)	2,629,395	56,277,952
	Total	0	61,851	0	0	0	0	0	61,851
29	Shares of parent company in subsidiaries	0	0	353,440	0	0	(353,440)	0	0
30	Legal reserve	0	0	0	(133,402)	0	0	0	(133,402)
31	Other reserves	0	0	0	0	0	0	0	0
32	Increased minority interest during year	0	0	0	0	0	0	331,579	331,579
	Approved dividend	0	0	0	0	0	(122,735)	0	(122,735)
	Total	0	61,851	353,440	(133,402)	0	(476,175)	331,579	137,293
	Balance before deducting minority interest from retained earnings	50,000,000	(2,113,842)	20,326,749	215,481	6,130,030	(21,104,147)	2,960,974	56,415,245
33	Minority interest in retained earnings	0	0	0	0	0	(276,028)	0	(276,028)
	Balance on March 20 th , 2018	50,000,000	(2,113,842)	20,326,749	215,481	6,130,030	(21,380,175)	2,960,974	56,139,217



Bank Mellat (Public Joint Stock Company)
consolidated cash flow statement
for the fiscal year ending on March 20th, 2019

	<u>Notes</u>	<u>Fiscal year ending on</u> <u>20.03.2019</u> <u>Million Rials</u>	<u>(Restated)</u> <u>20.03.2018</u> <u>Million Rials</u>
Operating activities			
Cash received from:			
Profit & delay payment charges for granted facilities		65,649,154	103,755,312
Commission		15,718,437	16,113,150
Deposits profit		39,442,664	22,550,442
Investments profit		3,481,125	8,230,164
Other operational incomes		67,350,676	100,592,185
		191,642,056	251,241,253
Cash paid for:			
Deposits profit		(148,686,946)	(9,619,841)
Commission		(11,991,943)	(5,243,700)
Financial expenses		(438,653)	(142,667,324)
Other operating expenses		(110,597,179)	(7,056,826)
Income tax		(2,701,573)	(325,107,318)
		(274,416,294)	(73,866,065)
Cash inflow (outflow) from operating activities before changes in assets & liabilities		(82,774,238)	(73,866,065)
Cash flows from changes in operating assets & liabilities:			
Net increase (decrease) in liabilities:			
Dues to banks & other credit institutes		11,460,175	(34,899,046)
Clients' deposits		407,952,913	88,905,635
Operating portion of provisions & other liabilities		56,111,746	78,247,115
Investment depositors' interest		86,010,267	162,204,331
Net (increase) decrease in assets:			
Dues from banks and other credit institutes		(301,760,756)	(6,117,645)
Principal of dues from the government		(18,583,092)	(3,172,327)
Principal of loans & advanced to public sector		(50,245,127)	(68,324,760)
Principal of loans & advanced to private sector		(97,669,971)	(24,817,453)
Investment in stocks and other securities		(1,923,440)	(15,355,796)
Dues from subsidiaries & affiliated companies		4,172,949	121,925
Other accounts receivable		(18,471,961)	(1,420,318)
Legal deposit		(48,961,211)	(26,097,907)
Other assets' portion in operations		(1,179,971)	(16,868,775)
Cash flows from changes in operational assets & liabilities		26,912,521	132,404,979
Net cash inflow (outflow) due to the operating activities	53	(55,861,717)	58,538,914
Investing activities			
Cash paid to acquire tangible fixed assets		(5,875,056)	(4,213,228)
Cash received from disposing tangible fixed assets		2,159,990	1,951,584
Cash paid to acquire intangible assets		(1,337,028)	(1,244,935)
Cash received for disposing intangible assets		326,827	119,517
Net cash inflow (outflow) from investing activities		(4,725,277)	(3,387,062)
Net cash inflow (outflow) before financing activities		(60,586,994)	55,151,852
Financing activities			
Dividend payable		(1,121)	(321,640)
Financial facilities received		35,192,651	28,292,242
Principal of financial facilities repaid		(17,537,162)	(48,458,800)
Net cash inflow (outflow) from financing activities		17,654,368	(20,488,198)
Net cash increase (decrease)		(42,932,626)	34,663,654
Cash at beginning of year		141,038,707	84,524,215
Impact of foreign currency rate changes		55,390,733	21,850,837
Cash at end of year		153,496,814	141,038,707
Non-cash transactions	54	4,032,326	6,422,599

Cash received as principal, interest and delay payment charges of facilities granted merely includes direct cash remittance by clients in this regard. It is understood that other settlement methods such as settlement by granting new facilities or foreclosures, etc. that do not lead to direct cash remittance by clients are classified as non-cash transactions.



Bank Mellat (Public Joint Stock Company)
balance sheet
as at March 20th, 2019

Assets	Note	20.03.2019	(Restated) 20.03.2018	Liabilities & Shareholders' Equity	Note	20.03.2019	(Restated) 20.03.2018
		Million Rials	Million Rials			Million Rials	Million Rials
Assets				Liabilities:			
Cash	9	144,451,299	131,568,017	Dues to banks & other credit institutions	21	392,602,533	243,141,489
Dues from banks & other credits institutions	10	463,719,714	153,589,394	Clients' deposits	22	880,501,231	416,355,164
Dues from government	11	122,885,054	104,301,962	Payable dividend	23	38,180	39,301
Loans and advance to public sector	12	1,242,116,218	607,220,156	Operating tax provision	24	5,184,926	3,263,920
Loans and advance to private sector	13	1,020,107,676	829,061,996	Provisions & other liabilities	25	667,518,592	355,603,417
Investments & partnerships	14	41,175,381	77,983,072	Severance & staff retirement liabilities provisions	26	25,190,748	21,243,493
Dues from Subsidiaries & Affiliated Companies	15	46,339,877	45,670,678	Total liabilities before investment depositors' interest		1,971,036,211	1,039,646,784
Other accounts receivable	16	25,010,882	16,179,416				
Tangible fixed assets	17	40,687,333	41,846,981				
Intangible assets	18	6,393,993	5,993,316				
Legal deposit	19	202,799,929	153,838,718	Investment depositors' interest	27	1,260,573,020	1,121,268,493
Other assets	20	49,650,889	41,826,779	Total liabilities		3,231,609,232	2,160,915,277
				Shareholders' equity			
				Capital	28	50,000,000	50,000,000
				Legal reserves	30	35,606,326	17,601,997
				Other reserves	31	98,891	72,749
				Foreign currency translation difference	32	7,468,366	2,908,445
				Retained earnings (Loss)		80,555,430	(22,417,982)
				Total shareholders' Equity		173,729,014	48,165,208
Total Assets		3,405,338,245	2,209,080,485	Total Liabilities & Shareholders' Equity		3,405,338,245	2,209,080,485
Clients' liabilities for L/Cs	55-1	309,893,088	218,030,959	Bank's liabilities for L/Cs	55-1	309,893,088	218,030,959
Clients' liabilities for LGs	55-2	230,867,158	177,544,121	Bank's liabilities for LGs	55-2	230,867,158	177,544,121
Clients' other liabilities	55-3	570,004,334	455,289,371	Other liabilities of the Bank	55-3	570,004,334	455,289,371
Party to managed Funds & the like	55-4	283,890,065	168,186,749	Managed funds & the like	55-4	283,890,065	168,186,749



Bank Mellat (Public Joint Stock Company)
profit & loss statement
for the fiscal year ending on March 20th, 2019

	<u>Notes</u>	20.03.2019	20.03.2018
		<u>Million Rials</u>	<u>Million Rials</u>
loans, deposits & debt securities income	34	210,078,261	185,807,095
Deposits interest expenses	41	(151,698,318)	(159,921,856)
Net income of loans & investments		58,379,943	25,885,239
Commission income	42	15,963,749	14,802,151
Commission expenses	43	(12,072,446)	(9,611,092)
Net commission income		3,891,303	5,191,059
Net profit (loss) of investments	37	6,677,270	10,587,373
Net profit (loss) of FX transactions & exchanges	44	132,690,263	42,547,382
Other operating incomes	45	3,629,211	2,197,510
Total operating incomes		205,267,990	86,408,563
Net other incomes and expenses	46	1,097,201	766,203
Administrative & general expenses	47	(58,949,683)	(49,584,533)
Doubtful loans expenses	48	(15,652,297)	(16,198,957)
Financial expenses	49	(5,510,636)	(7,649,012)
Depreciation expenses	50	(2,355,092)	(2,346,273)
Earnings before income tax		123,897,482	11,395,992
Income tax:			
Current year	24	(420,000)	(640,131)
Previous years		(2,500,000)	(4,850,000)
		(2,920,000)	(5,490,131)
Net profit		120,977,482	5,905,861
EPS (Rials)	56	2,420	118



Bank Mellat (Public Joint Stock Company)
comprehensive profit & loss statement
for the fiscal year ending on March 20th, 2019

	Note	20.03.2019	(Restated) 20.03.2018
		Million Rials	Million Rials
Net profit		120,977,482	5,905,861
Foreign currency translation difference of foreign operations	32	4,559,921	674,744
Comprehensive profit of the fiscal year		125,537,403	6,580,605
Annual adjustments	51	(9,171,000)	(22,816,855)
Comprehensive profit recognized from the previous reported year		116,366,403	(16,236,250)

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Bank Mellat (Public Joint Stock Company)
changes in shareholders' equity
for the fiscal year ending on March 20th, 2019

20.03.2019

Note	Capital	Legal reserve	Other reserves	Foreign currency difference of foreign operations	retained earnings (Loss)	Total Shareholders' equity
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
51	50,000,000	17,601,997	72,749	2,908,445	(13,246,983)	57,336,208
	0	0	0	0	(9,171,000)	(9,171,000)
Balance on March 21 st , 2018	50,000,000	17,601,997	72,749	2,908,445	(9,171,000)	57,336,208
Annual Adjustments	0	0	0	0	(22,417,983)	48,165,208
Balance at beginning of year – Adjusted	0	0	0	0	120,977,482	120,977,482
Net Profit	0	0	0	0	0	0
Other comprehensive profit (loss) after tax deduction	0	0	0	0	0	0
Foreign currency translation difference	0	0	0	4,559,921	0	4,559,921
Total	50,000,000	17,601,997	72,749	7,468,366	98,559,499	173,702,611
Legal reserve	0	18,004,329	0	0	(18,004,069)	260
Other reserves	0	0	26,142	0	0	26,142
Dividend	0	0	0	0	0	0
Total	0	18,004,329	26,142	0	(18,004,069)	26,402
Balance on March 20 th , 2019	50,000,000	35,606,326	98,891	7,468,366	80,555,430	173,729,014

20.03.2018 (Restated)

Note	Capital	Legal Reserve	Other Reserves	Foreign currency difference of foreign operations	retained earnings (Loss)	Total Shareholders' Equity
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
51	50,000,000	18,326,864	75,745	2,233,701	(5,506,989)	65,129,321
	0	(724,888)	0	0	(22,816,855)	(23,541,743)
Balance on March 21 st , 2017	50,000,000	17,601,976	75,745	2,233,701	(28,323,844)	41,587,578
Annual Adjustments	0	0	0	0	5,905,861	5,905,861
Balance at beginning of year – Adjusted	0	0	0	0	0	0
Net Profit	0	0	0	0	0	0
Other comprehensive profit (loss) after tax deduction	0	0	0	0	0	0
Foreign currency translation difference	0	0	0	674,744	0	674,744
Total	50,000,000	17,601,976	75,745	2,908,445	(22,417,983)	48,168,183
Legal reserve	0	21	0	0	0	21
Other reserves	0	0	(2,996)	0	0	(2,996)
Dividend	0	0	0	0	0	0
Total	0	21	(2,996)	0	0	(2,975)
Balance on March 20 th , 2018	50,000,000	17,601,997	72,749	2,908,445	(22,417,983)	48,165,208

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Bank Mellat (Public Joint Stock Company)
cash flow statement
for the fiscal year ending on March 20th, 2019

	<u>Notes</u>	<u>Fiscal year ending on</u> <u>20.03.2019</u>	<u>(Restated)</u> <u>20.03.2018</u>
		<u>Million Rials</u>	<u>Million Rials</u>
Operating activities			
Cash received for:			
Profit & delay payment charges for granted loans *		65,808,437	104,811,020
Commission		15,707,823	16,124,614
Depositing profit		37,646,175	22,205,190
Investments profit		1,784,779	1,708,192
Other operating income		4,726,411	2,976,859
		125,673,625	147,825,875
Cash paid for:			
Deposits interest	27-4	(150,849,040)	(162,946,384)
Commission		(11,973,153)	(9,611,092)
Financial expenses		(200,792)	(5,166,689)
Other operating expenses		(54,623,429)	(48,913,627)
Income tax		(1,000,423)	(6,275,880)
		(218,646,837)	(232,913,672)
Cash inflow (outflow) from operating activities before changes in operating assets & liabilities		(92,973,212)	(85,087,797)
Cash flow from changes in operating assets & liabilities:			
Net increase (decrease) in liabilities:			
Dues to banks & other credit institutions		7,691,829	(34,956,368)
Clients' deposits		401,513,025	78,553,989
Operating portion of reserves & other liabilities		47,331,392	77,374,759
Investment depositors' interest		80,272,522	170,190,458
Net (increase) decrease in assets:			
Dues from banks and other credit institutions		(286,678,944)	(10,606,665)
Principal of dues from government		(18,583,092)	(3,172,327)
Principal of loans and advances to public sector		(51,339,241)	(68,324,760)
Principal of loans and advances to private sector		(97,163,700)	(21,961,233)
Investment in stocks and other securities		4,852,422	(15,606,722)
Dues from subsidiaries & affiliated companies		4,285,919	9,189,238
Other accounts receivable		(8,296,555)	(1,365,512)
Legal deposit		(48,961,211)	(26,097,907)
Other assets' portion in operations		(2,080,857)	(19,729,063)
Cash flows from changes in operating assets & liabilities		32,843,509	133,487,887
Net cash inflow (outflow) from operating activities	53	(60,129,703)	48,400,090
Investing activities			
Cash paid to acquire tangible fixed assets		(2,195,598)	(1,549,190)
Cash received from disposing tangible fixed assets		1,928,386	1,951,584
Cash paid to acquire intangible assets		(1,291,646)	(1,184,126)
Cash received from disposing intangible assets		326,827	119,517
Net cash inflow (outflow) from investing activities		(1,232,031)	(662,215)
Net cash inflow (outflow) before financing activities		(61,361,734)	47,737,875
Financing activities			
Paid dividend		(1,121)	(4,103)
Financial facilities received		24,000,614	28,292,242
Principal of financial facilities repaid		(5,145,211)	(48,458,800)
Net cash inflow (outflow) from financing activities		18,854,282	(20,170,661)
Net cash increase (decrease)		(42,507,452)	27,567,214
Cash at beginning of year		131,568,017	82,150,153
Impact of changes in foreign currency rate		55,390,733	21,850,652
Cash at end of year		144,451,298	131,568,017
Non-cash transactions	54	2,797,415	4,940,414

Cash received as principal, interest and delay payment charges of facilities granted merely includes direct cash remittance by clients in this regard. It is understood that other settlement methods such as settlement by granting new facilities or foreclosures, etc. that do not lead to direct cash remittance by clients are classified as non-cash transactions.





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