



بانك ملت
bank mellat

Annual Report 2020-21

Annual Report
2020/21

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Board of Directors



Mohammad Bigdeli
▪ CEO & board member



Alireza Lagzaei
▪ Deputy CEO & Board member



Morteza Najaf
▪ Board member



Bahman Eskandari
▪ Board member



Mohammad Taghi Samadi
▪ Board member

Executive Board



Mohammad Bigdeli
▪ Chairman



Hossein Bahari



Aziz Akhouni Asl



Mahmood Akhlaghi



**Seyyed Aboutaleb
Dibaei**



Mohsen Kharazmi



Abbas Jafarlu



Mojtaba Kahali



Mahmoud Rashidi



Majid Ebrahimi



Mehdi Ghadami



Message from the CEO

Iran's economy experienced a different transition period in 2020 than the previous year and the main components of Iran's economy show that our economy has not experienced a stable situation in this year; therefore, the banking system and Bank Mellat have inevitably undergone various changes and adjustments in order to survive the conditions and maintain the optimal direction. Inflation rate of 36.4%, liquidity growth of approximately 41%, severe fluctuations of foreign currency rate, budget deficit and continuation of unfairly imposed sanctions and finally, the pandemic Covid-19 have adversely affected economic performance of the government and the private sector along with all other economic components.

Against this backdrop and despite all economic hardships, bank Mellat, being aware of its awesome responsibility as a great and effective credit and financial institution in the Iranian economy, managed to successfully overcome the crises with the support of its committed and professional human resources in line with adopting the strategy of maintaining its popularity, identity and brand and also improving its profitability and achieved an outstanding performance by 70% growth in attracting foreign currency and Rial resources and 80% growth in foreign currency and Rial allocations.

Meanwhile, having ranked the first in terms of branches per capita in attracting Rial resources and deposits among commercial banks, the first in terms of balance of non-interest bearing current deposits and foreign currency deposits as well as the first in banking network in terms of staff per capita in attracting resources, and the first in banking network in terms of allocations, bank Mellat has taken another step to prove its capabilities.

We hope this optimal trend will continue in the future benefiting from educated and competent managers and skilled and diligent staff, as well as the goals and strategies set in line with maintaining the value and position of the bank's brand, and this will undoubtedly continue via placing our trust in and seeking help from the Almighty God, so that shareholders and all stakeholders of this great organization will witness bank Mellat's name shining at the pinnacle of the Islamic Republic of Iran's banking.

Mohammad Bigdeli

Bank at a glance

History

By virtue of the resolution dated 20/12/1980 of the Banks General Meeting and according to the article 17 of Banks Affairs Administration, Bank Mellat was established out of merger of ten private banks and was registered under No. 38077 in the companies' registry office on 22nd, July 1980. Upon notification of policies of article 44 of the constitution and inclusion of Bank Mellat in the companies subject to the mentioned article list, and on the strength of resolution No. 37925T/68985 dated 24/7/2007 of the esteemed Board of Ministers, and decision made in Extraordinary General Meeting of banks on 06/04/2008, 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 11/02/2009 in the banks, credit institutions and other monetary institutions section, and 5% of its shares was offered in the stock exchange to determine its value 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

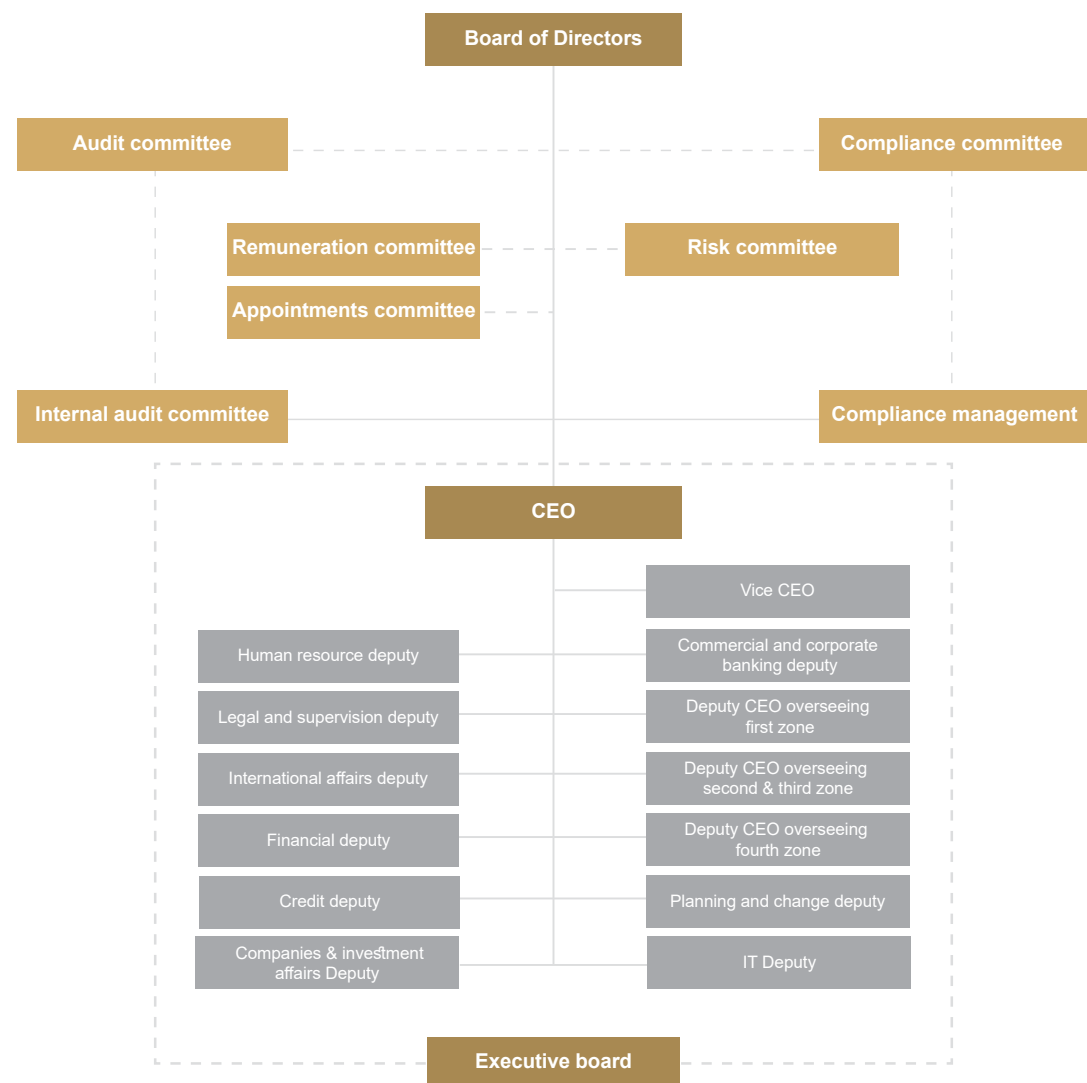
Shares affairs Dept.: Shares affairs dept., Financial Accounting division, after Enghelab junction, Vali-e-asr Ave., Tehran, Iran.

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Macro Organizational Chart



Bank's shareholders

Bank's shareholders at the end of the fiscal year ended on 20th, March 2021 are as follows

Row	Shareholder's name	Date	
		20th, March 2021	
		Number of shares	Stake
1	Provincial investment company-Edalat	23,181,119,470	11.20
2	Government of the I.R.I.	23,114,768,760	11.16
3	Tamin atiyeh fund of Bank Mellat staff	13,353,035,330	6.45
4	The first financial intermediary investment fund	11,748,764,647	5.67
5	Fanavaran Petrochemical company (PJSC)	9,253,327,080	4.47
6	Mellat financial group	9,092,281,608	4.39
7	Mellat market making exclusive investment fund	8,452,300,914	4.08
8	Saba tamin investment fund (PJSC)	7,659,597,269	3.70
9	Moein Atiyeh khahan cooperative company	4,561,801,327	2.20
10	Mehr-e-Ayandegan financial development group	4,161,561,525	2.01
11	Tehran province stock investment company-Saham-e- Edalat	4,278,903,677	2.07
12	Khorasan razavi provincial investment company of Saham-e- Edalat	3,442,236,423	1.66
13	Fars provincial investment company of Saham-e- Edalat	2,593,956,288	1.25
14	Isfahan provincial investment company of Saham-e- Edalat	2,274,221,331	1.10
15	Khuzestan provincial investment company of Saham-e- Edalat	2,526,080,803	1.22
16	Shirin asal company	2,496,936,881	1.21
17	Iran national investment company (PJSC)	2,423,674,676	1.17
18	Other shareholders less than 1 percent	72,428,293,991	34.98
Total		207,042,862,000	100



Selected Financial Information

Amounts in billion Rials

Description	Bank			Group		
	2020	2019 Restated	change %	2020	2019 Restated	change %
Profit and loss figures						
Main incomes and expenses						
Income of loans, investments and bonds	425,784	250,760	70	432,577	251,614	72
Expenses of deposits interest	216,735	154,963	40	216,016	153,624	41
Net income of loans and investments	209,049	95,797	118	216,561	97,990	121
Net commission income	12,715	5,192	145	13,089	5,350	145
Profit & loss of investments	21,646	3,341	548	29,691	11,266	164
Profit & loss of FX exchanges & transactions	389,399	106,760	265	390,301	107,813	262
Total operating incomes	636,122	214,390	197	669,097	238,489	181
B) Expenses						
General and administrative expenses	141,600	88,113	61	146,274	91,094	61
Doubtful loans expenses	208,506	69,932	198	208,776	69,944	198
Other expenses (depreciation)	2,533	2,742	-8	2,892	2,920	-1
Financial expenses	19,441	5,688	242	19,309	5,352	261
Earnings before tax	276,965	68,842	302	306,241	90,922	237
Net profit	136,610	25,110	444	163,118	45,128	261
2. Investment						
Tangible and intangible fixed assets	210,855	205,833	2	229,853	220,360	4
Investments and partnerships	344,068	72,220	376	424,839	113,978	273
Other assets	67,971	30,213	125	71,404	31,970	123
Operating assets	5,952,081	3,322,132	79	6,073,674	3,373,411	80
3. Capital structure						
Shareholders' equity	501,839	360,465	39	572,584	407,964	40
Liabilities	7,058,956	4,063,155	74	7,108,288	4,096,203	74

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
2020	3,810,394	14,969,527	18,779,921	20%

Amounts in Billion Rials

Market share in total FX and Rial allocations of commercial banks				
Year	Bank Mellat	Other commercial banks	Total resources allocation	Bank's share from total resources allocation
2020	5,043,207	11,106,560	16,149,767	31%

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 commitments
2020	353,668	773,908	1,127,576	31%

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



Human Resources

Human resources are undoubtedly 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 resources, 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 resources prioritizing the following four main goals in its measures.

- Increasing job satisfaction by promoting corporate justice approach
- Improving human resource productivity
- Developing expert empowered human resource
- Nurturing corporate culture

Major projects and activities in the human resource area

- Planning for recruiting human resources during 2020 and 2021
- Designing a system to issue payroll for the retired staff to reduce in-person services
- Designing a system to assess performance of head office and branch staff aiming at improving human resource productivity and developing expert and competent human resources
- Designing a comprehensive model of technical, professional and behavioral competencies for the branch managers
- Executive measures in line with the strategic project "devising transformation document in human resources area"
- Designing and launching an intelligent system to rate appointments in branches

Restructuring and Regulating Branches Network

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) in recent years based on the potentials and economic indicators of different regions (cities, industrial centers etc.) and formation of economic sectors in those areas (commercial, industrial, agricultural, etc.) potentials and economic indicators of different regions (cities and industrial hubs, etc.) and composition of economic units in those regions (commercial, industrial, agricultural, etc.).

On the other hand density of banks branches and credit institutions, population growth rate index and texture of the dwelling population in those regions, 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 by considering all aspects, restructuring and regulating branches network plans have been carried out and presently the number of the branches stands at 1409, while the number of sub-branches (located in special industrial centers, hospitals, commercial centers, etc.) is 521.



Bank's Competitive Edge

The status and changes in the banking industry in 2020

- Continuation of intensive international sanctions in 2020 and crises of Corona virus outbreak led the country economy bearing more fluctuations in comparison with the previous year. Yet the banking industry enjoys a special position among 48 industries in the stock exchange.
- The market cap of banking industry stood at the fifth position on March 20th 2021 in the stock exchange.
- The market cap of the banks in the primary and secondary markets is estimated at IRR 4,567,297 Billion.

Bank's position in the banking industry and its competitive edge

- Ranking the first in current deposits balance in banking network
- Ranking the first in balance of resources and FX deposits in banking network
- Ranking the first in branches per capita in absorbing resources in banking network
- Ranking the first in branches per capita in absorbing Rial deposits in banking network
- Ranking the first for staff per capita in absorbing resources in banking network
- Ranking the first in allocation in banking network
- Ranking the second in issuing LG in banking network

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

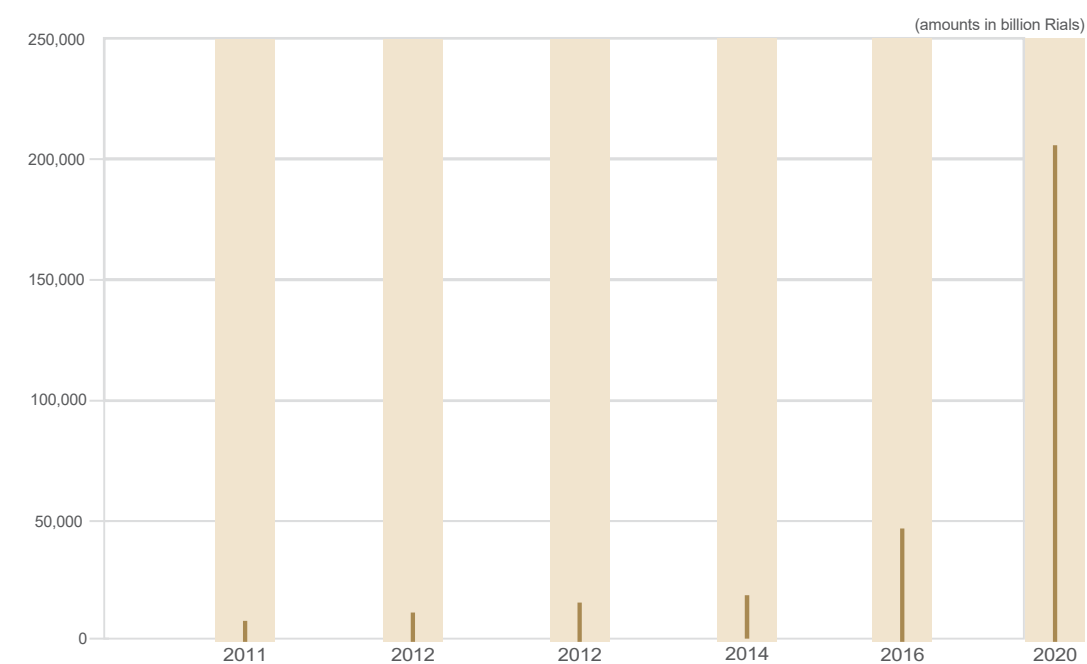
- Reducing nominal interest rate
- Optimal liquidity management that despite lack of overdraft from the bank's current account held with the CBI during the year, has led to grant significant volume of facilities in the inter-bank market
- Optimal management in bank's resources composition and maintaining the profit paid to the depositors within the rates approved by the money and credit council, has led to a significant difference between the definite profit and on account profit in 2020 and by paying this definite profit to the depositors, more profit rate has given to the bank's loyal customers.



Changes in capital

Date	Capital injection	Capital (Million Rial)	Injected capital (Million Rial)	Capital after injection (Million Rial)	Injection source
01.09.1993	% 1706	33,500	571,500	605,000	Revaluation of fixed assets
01.09.2001	% 105	605,000	634,000	1,239,000	Special participation bonds subject to article 93 of TDPA
11.08.2005	% 957	1,239,000	11,861,000	13,100,000	Revaluation of fixed assets and FX assets & liabilities translation reserve
26.4.2011	% 22	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 earnings
23.09.2012	% 65.5	20,000,000	13,100,000	33,100,000	Revaluation of fixed assets
29.04.2016	% 21	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
25.08.2020	% 314	50,000,000	157,042,862	207,042,862	Revaluation of fixed assets & goodwill

Capital injection trend





Financial ratios

Title	Description	2020	2019
Net loans to deposits (%)	Net loans / deposits resources	121	109
Deposits growth rate (%)	Deposits of the reporting year / deposits of the previous year	61	26
Loans growth rate (%)	Facilities of the reporting year/ Facilities of the previous year	78.8	29.6
Equity ratio (%)	Total shareholders' equity / total assets	6.6	8.1
Liquidity coverage ratio (%)	Cash + items under collection / resources subject to legal deposit	1.3	1.2
Cash to income ratio (%)	Cash flow derived from operations / net profit	-42	230
Resources to branches per capita (billion Rials)	Total resources / number of branches	3,080	1,876
Staff deposit per capita (billion Rials)	Total resources / number of staff	227	137
Return on equity (%)	After tax profit /average shareholders' equity	31.7	9.4
Services commission to total income (%)	Services commission / total income	3.3	4.7

Strengthening financial stability of the bank

Row	Title	Unit	2020	2019	Change (%)
1	Assets	Billion Rials	7,560,795	4,423,619	71
2	Liabilities	Billion Rials	7,058,956	4,063,155	74
3	Shareholders' equity	Billion Rials	501,839	360,465	39
4	Income from facilities, investments and bonds	Billion Rials	425,784	250,760	70
5	Total income except FX translation	Billion Rials	492,860	297,336	66
6	Net other incomes	Billion Rials	12,924	20,928	-38
7	Net commission income	Billion Rials	29,194	19,006	54
8	Net operating balance (profit margin)	Billion Rials	209,049	95,797	118
9	Operating expense /operating income ratio	-	53%	64%	-17
10	Deposits interest expenses / joint income ratio	-	63.7%	69.8%	-9
11	Equity ratio (Shareholders equity/assets)	-	6.6%	8.1%	-19



Bank in the Stock Market

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 ended on	Transacted shares number	Transacted shares value (Million Rials)	Stock symbol opening days	Market capitalization (Million Rials)	Year-end share price (Rial)	Capital (Million rials)
20.03.2010	2,336,586,016	2,782,805	231	17,881,500	1,365	13,100,000
20.03.2011	911,923,339	1,602,437	225	33,312,000	2,082	16,000,000
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
20.03.2020	15,967,774,564	88,415,470	164	408,850,000	8,177	50,000,000
20.03.2021	58,629,051,905	507,142,626,748,585	200	892,354,735	4,310	207,042,862



International banking operations

Financing projects

In an effort to implement credit policies of the bank to finance important industrial projects of the country, during 2020, direct or syndicated participation amounting to EUR 340 million finance facilities were allocated to various industries.

Facilities granted out of the bank's internal resources

In 2020, EUR 14 million FX facilities were granted to the customers in health and petrochemical area.

FX Letters of guarantee

25 import and export letters of guarantee for USD 15 million were issued that the income from issuance of which has been over IRR 2,000 billion. Bank's share from outstanding FX letters of guarantee issued by the six large commercial banks stands at 36 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 (Mellat Bank Yerevan) an affiliated bank in Germany (EIH) as well as three branches in Turkey (Istanbul, Ankara, Izmir) and one branch in South Korea (Seoul).

Information technology

E-banking customers	
On 20.03.2021	
Total customers	37,253,134
E-banking customers	9,438,156
Mobile banking customers	12,232,915
Telephone banking customers	8,154,535
Total accounts	50,620,218
E-banking services scope	
On 20.03.2021	
Type of product	Number
Electronic cards	49,020,600
ATMs	4,863
Cashless terminals	2,436
POSs connected to Bank Mellat account	934,803
Gas stations connected to pay-station	5,339
Cash receiving systems	53

Major Measures in Information Technology Area

- Designing and implementing foreign currency regulated market project
- Designing and implementing fuel rationing project
- Designing, implementing and technical supervision of "mobile banking web application" project for customers having IOS mobile phones
- Designing and implementing the project to secure the country's critical infrastructure against cyber attacks in 2020.
- Upgrading hardware infrastructure of the branches in line with improving the conditions for rendering service to the reverent customers
- Purchasing 24 personal digital assistants to facilitate rendering banking services to the visually impaired customers
- launching the project of secure transfer of customer's salary file in branches
- Equipping web based systems of the bank with SSL/HTTPS local/international certificates to secure banking systems and protecting customers' data
- Establishing and continuously developing data security infrastructure services and implementing concentrated and integrated management plan for security vulnerable.
- Enhancing cyber security awareness culture and knowledge of the customers and staff
- Launching digital forensic laboratory in line with requirements of external authorities, such as the presidential AFTA management center (under the vital infrastructure security plan) and requirements of the bank data security committee and internal requirements, for relevant investigating and follow ups to securities events.
- Enhancing defense level and confronting with any threat to the bank's data and implementing and managing security operations center
- Penetration tests on web based banking systems, mobile and banking infrastructure
- Designing and launching bank's public key infrastructure (PKI)
- Devising and reviewing security policies and data security strategic documents
- Establishing and implementing data security management system and devising and executing comprehensive data security audit plan
- Designing and developing the Pouya code process according to the CBI guidelines
- Connecting to the fanavaran Shaparak hub.



Customer Segmentation

Customer Segmentation

The banking approach based on customer segmentation has long been practiced in the banking industry on which basis 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 classifying customers in 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 environment.

Corporate Banking

Corporate banking requires tremendous effort to focus on the large institutional customers' requirements and offer 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 requirements of large companies including, most notably, analyzing customers' requests and providing tailored solutions and utilizing and designing proper instruments in corporate financing, facilitating global trade for business in global markets, granting credit lines, working capital, helping companies with their financial management, providing various financial consulting services, liquidity management, E-banking services, foreign exchange services and insurance services.

Corporate banking mission

Bank Mellat has tried to contribute in continuous growth and profitability of businesses of this group of customers as stakeholders and business partners of the bank by creating value for large institutional customers. To this end, 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 attending their target markets, effective risk management, proficiency in credit, financial and non-financial affairs, try to strengthen and deepen bank's relations with customers as much as possible.

Currently, Bank Mellat corporate banking division provides services to more than 340 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 division, having concluded more than 45 memoranda of understanding with large companies and organizations in 2020, has tried to enhance the profitability of these customers as their business partners and consequently increase their wallet share through value creation by providing the aforementioned services.

Furthermore, in line with providing e-banking services, designing and monitoring department and products support department located in corporate banking division takes an important step towards meeting needs of the bank's institutional customers by providing and supporting services such as MOHEB system (banking account management), MOBASHER (corporate mobile banking), coordinated bills payment system, internet banking for legal entities, special payments, etc.

Commercial Banking

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

Commercial banking mission

Commercial banking division tries to "produce recommended value packages", and implement the mentioned approach, try to meet the needs of customers based on the capabilities, instruments and dominated risks aiming at improving quantity and quality of its communication with "mid sized institutional customers" as well as attracting new customers and changing ordinary customers into "loyal customers and finally earning more profit for the bank", with "adaptive approach" while assessing capabilities and needs of its customers in their field of industry.

According to the abovementioned mission, major activities of commercial banking are as follows:

- Supervising marketing of commercial banking customers by head office staff having benefit of "Toam system"
- Designing and devising "Comprehensive marketing and sales system for commercial banking institutional customers"
- Segmentation of new customers based on their annual changes by considering required indexes.
- Implementing the plan of voice of the valuable customers
- Implementing the process of financing valuable customers by "Amin mechanism".
- Revising "job card " product
- Implementing "using open banking capacity for institutional customers", Tejarat-e-Mellat-e- yek " modern plan, "making customers loyal", second phase of "Samyar " and second phase of " health package " projects

Private Banking

Private banking has been formed to meet the needs of individual customers and small businesses. The main mandate of this division is to set up a new method in retail banking that puts the customer at the center of its activities and regulate its relations with them based on the value created for customers by these relations.

Private banking mission

By group efforts of the bank's staff, private banking tries to improve customers experience in using banking services along with increasing profitability. The main private banking activities are divided in two parts: creating and developing products and services and improving customer experience is shared to provide banking services.

The following has been done in the department for creating and developing services and products: Increasing the number of leased safe boxes to more than 23,000 in fourteen provinces, developing non-banking financial services by setting up leasing desks in 5 chosen branches, installing and launching 53 Cash Receiving Systems, possibility of registering request for selling justice shares through bank Mellat in-person and via portals and developing micro-facilities.

Improving telecommunication channels

In addition to unveiling the new internet banking system, by analyzing customers' behavior and optimizing ATMs locations, balance of the bank's commission 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 optimally locating ATMs and this trend has been continued for 2019. The net SHETAB commission level of the bank increased from IRR (-4) billion in April 2019 to IRR (+42) billion in March 2019 and this trend is still on the agenda. In addition to ATM terminals, developing cashless services was another measure in 2019, so that the number of transactions conducted via these terminals, amounted to 4.648 million transactions in March 20th, 2020 showing a 10% growth over the previous year.

Furthermore, efforts made in 2019 led to launch 12 CRS ATMs – which both accept and dispense cash, from September 2019 to March 20th, 2020, and more than 42,000 banking transactions was made via these ATMs in March 2020.

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 3,216 gas stations across the country.

Open banking has been set in order to develop and establish digital banking, with the goal of increasing the nimbleness and capability of the bank in responding to the needs of customers and other elements in financial and business field, and implementation of open banking has been one of the strategic plans of the bank in 2019. In 2019, services produced in open banking (in the form of API) has been provided to a number of companies requesting the service under question, and in the first step of operation the service has been provided to three commercial partners of the bank.

Open banking as one of the newest trends in the modern banking based on which it is possible to provide banking operations outside the banking space and it is provided in the form of interaction with Fin Tech and new players in the finance and commercial field.

Major achievements of implementing open banking are as follows:

- Continuing and enhancing bank's competitive position as a leading bank in providing modern services
- Increasing satisfaction and consequently attracting and maintaining customers (especially corporate customers)
- Possibility of gaining maximum market share and significant financial resources resulting thereof (commission incomes, resource settlement, etc.)
- Changing the threat of Fin Tech into opportunity for innovation, more value-added services and gaining non-joint income.

Other activities carried out in 2020 in this field include the production of web version of the mobile banking system application for using by IOS operating system users.

Furthermore, from October 2020 to March 20th, 2021, due to the extraordinary conditions and to comply with social distancing and maintain health of colleagues and customers, the expiry dates of the cards have been extended for another year without the need to go to the branch.

Social Responsibilities & Major Participations

Credit Area Performance

The economic structure of the country has made the banks as the main point of reliance for various economic sectors in financing and reference priority for market participants in meeting their financial needs. So, quality of performance in 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, nurturing credit health and credit risk management.

Relying on its experienced staff capability in credit area as well as designing and implementing strategic operating systems, the bank is proud that is considered as one of the pioneers in promoting credit knowledge and skill in the country.

Major Activities

- Devising local policies for regional branches management and chosen provinces, in accordance with industrial, geographical, economic and social potentials.
- Participating in national and mega projects such as oil, gas, petrochemical, steel, road and urban construction (including road construction, rail construction and establishment and development of provincial and urban water and sewage network), cement, aviation, spinning and weaving, construction of super specialty hospital and clinics etc.
- Participating in syndicate finance of mega projects and plans (Rial and FX) out of NDF and internal resources of the bank in framework of agency or membership in banking syndicate.
- Granting different types of facilities for marriage, releasing prisoners, creating job for Imam Khomeini relief foundation nominees, state welfare organization, helping hemophilia patients, home-based jobs, ministry of cooperatives, labor, and social welfare, allowance for dispatching students to holy shrines, repairing rural houses and construction of rural bath, provincial travels of president, problems caused by unexpected events such as floods, earthquakes, droughts, etc.
- Granting facilities to the individuals suffering from Corona virus (Livelihood facilities, housing deposit to tenants, etc.) as well as legal entities (marine, aviation and railway transportation, etc.) and devising a special support package for extending and relieving part of real/legal entities debts in line with carry out social commitments in circumstances caused by Corona virus outbreak
- Facilitating discounting local letters of credit conditions and emphasizing on its implementation in the banking network in line with supporting production
- Notifying terms and conditions to grant foreign exchange facilities to pharmaceutical companies to import medical raw materials, medicine and medical equipment out of foreign exchange resources of the CBI.
- Facilitating and expediting issuance of various letters of guarantee in Rial in order to support contractors and suppliers
- Assisting producers and waiving delay payment charges of their debts in line with the implementation of the law to facilitate the settlement of debts of debtors of the country's banking network
- Resolving FX debts of the customers in line with implementing article 20 of the law on removing obstacles of competitive production
- Giving moratorium to the farmers stricken by unexpected events out of clause (k) of article (33) law of the country's sixth development plan
- Setting off customers' debts with the bank's debt settlement with the CBI through second types of treasury bonds (implementing clause V of the note 5 of 2020 budget law)



- Settling real and legal entity customers' debts by implementing clause (L) of note 16 of 2020 budget law
- Participating in developing, equipping and building schools across the country
- Developing, updating and selling credit products for personal requirements including credit cards, mark-up loans
- Developing, updating and selling credit products for business purposes, including POS acceptors package, specialists' package, Mellat salary package and stock brokers' package.
- Designing intelligent models in credit business area
- Granting facilities to SMEs in line with developing employment
- Concluding memorandum of understanding and granting facilities to the nominees of the prosperity and innovation fund in order to create and develop sustainable and knowledge-based employment
- Granting housing facilities to the esteemed families of martyrs, disabled veterans and prisoners of the imposed war, top students and academicians.

Social Responsibilities

Bank's participation in fulfilling social responsibilities

As the organizations shift their approach and pay more attention to public interest activities and fulfilment of social 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, 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 bank's role in this area is on the agenda of the relevant departments.



Major Activities in Social Responsibilities Area

- Cash donation to Kahrizak charity in Alborz province to provide sanitary items to prevent Corona virus outbreak
- Ex-gratia payment to atonement department for participating in releasing needy prisoners
- Financial help to charity plan of Asr-e-Jadid TV program
- Donating 95,000 stationary items among needy students of 12 deprived provinces of the country
- Bank's support to maintain the safety and health of blood donators against Corona virus to the Tehran blood transfusion organization by donating a disinfection tunnel for their building
- Financial support from Fajr foundation to purchase new year clothing for their needy students
- Purchasing 40 water tanks for deprived regions in Sistan-o-Balouchestan
- Ex-gratia payment in 2 parts to help Salam foundation to provide staples for Corona stricken deprived families.



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 using 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) for Tehran province and (021-82488) with 60 digital telephone lines, SMS, E-mail, and fax.

Having more than 70 experienced staff, this center is ready to answer the bank's customers round the clock and presently responds to an average daily 4,500 calls.



Corporate Governance & AML & CFT

Corporate Governance

After Bank Mellat’s legal status was changed to 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	July 23, 2008	6	Remuneration committee	December 25, 2013
2	Risk committee	August 20, 2008	7	Executive board	March 17, 2016
6	Risk and audit management	December 20, 2010	8	Risk and compliance management	September 26, 2016
4	Risk management (Separating risk management and audit management)	April 22, 2012	9	Compliance committee	February 5, 2018
5	Internal audit management (Separating risk management and audit management)	April 22, 2012	10	Compliance management	February 5, 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 5 main members most of whom having financial credentials. Chaired by one of the non-executive board members, the internal audit manager is a member and secretary of the committee. Assessing code of conduct and charter of internal audit and assurance from existing effective supervisory system are the major activities of this committee.

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 7 main members, chaired by one of the non-executive board members and risk manager is the secretary of the committee.

Major activities of this committee:

- Assessing risk appetite document,
- Assigning risk values to economic sectors and sub-sectors,
- Analyzing risk of recent developments in Iran 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. Supervising and assessing remuneration system are the material activities of this committee.

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 affair, director general of planning and scheme, and general manager of welfare and remuneration division. Supervising and assessing remuneration system are the major activities of this committee.

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 7 main members, chaired by one of the non-executive board members and manager of compliance division is the secretary of the committee. Assessing the document of the compliance policy, prioritization of areas and issues in compliance area, assessing the reports of compliance management division and providing guidance to the compliance management division are the material activities of this committee.

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 2020 include conducting 36 audit projects from different department of the bank, assessing draft of the independent auditor's report in order to submit to the audit committee, on-time monitoring of rules and regulations issued by relevant external authorities such as the CBI and adopting required additional measures in this regard, continuous training 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

Risk management was established in corporate governance structure of the bank based on the CBI guidance in 2010. Leading and supervising process of realizing corporate governance in risk area, devising the risk appetite document of the bank, providing risk recognition and assessment methodology, creating risk profiles in different areas is the material missions of risk division. This division by recognizing important risks and relevant to the bank's performance in credit areas, financial and liquidity, operational, and market, provides necessary platform for appropriate response to them. The most prominent measures taken by risk management during 2020 include holding regular meetings of the risk committee and operational risk committee and raising significant risks, implementing risk self-assessment methodology and controlling in the chosen division, training and culture making in the risk area, launching operational credit risk management system in private banking, developing credit risk management system in corporate banking, rating industries and economic sub-sectors to be incorporated in banks' credit policies, determining risk appetite of the automobile industry, forecasting macroeconomic indicators (including inflation, liquidity, foreign exchange rate, interest rate, etc.) and analyzing market risk in assets and liabilities committee to make macro-policies, targeting the budget and other decision makings in finance and credit area, drafting financial statements in accordance with the international financial reporting standards (IFRS).

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. Material conducted measures in this area are as follows:

- Development the reports of AML system (In the field of controlling and supervising over the manner of executing guidelines)
- Improving quality level of issuing CTR.NO in core banking system
- Smartening up tracking of banking transaction operations
- Modifying and improving the quality of standard statements (FIU)
- Reviewing in processes with customer ID control form (AML pop-up) and enhancing their quality in entering and registering information
- Modifying the relevant processes to control residential status of foreign customers in operational plan framework
- Developing customer rating system with risk-based approach (RBA), by reviewing the indicators and adding new relations with the aim of using intelligent algorithms in calculating the score and risk rate of bank's current and new customers.
- Implementing the project of systematic controlling over expiry date of residence of foreign customers
- Designing a project for registration and providing report from persons who are under surveillance and accused to forgery and fraud in the core in order to use by branch users aiming at applying further investigations while providing basic services to these customers
- Implementing the project to oblige the registration of legal representative for customers under 18 years of age who must have register guardian or custodian as legal representative in the core system. Also completing the data profile of such customers
- Implementing the possibility of creating a customer number project for legal customers with repetitive national code (subset) in line with fully implementation guidelines for issuing SHAHAB for the bank's customers
- Launching the project of modifying the subset legal customers' specifications and the possibility of registering repetitive national ID for this group of customers
- Launching intelligent customer verification system (SARAND)

Compliance Management

Observing compliance as one of the most important pillars of corporate governance is emphasized by international institutions and organizations affecting the activities of the banking system, based on this, the CBI has considered duties for the country's banking system through guidelines obligations for supervising corporate governance in non-governmental credit institutions for complying with rules and regulations (compliance).

It is noteworthy, pursuant to notification of "observing compliance in credit institutions" by the CBI and according to the board members decisions, compliance committee and compliance division have been launched by having the mission for monitoring and watching activities and processes and also enhancing bank's operational transparency and preventing from events such as AML, financial corruption and also fraud that caused financial loss and damage to the credit and reputation of the bank.

Furthermore, compliance governance model in this bank is based on the "three-level-defense" that in order to implement the above mentioned framework the defensive lines in the bank should properly carry out their duties.

Independent Auditor and Legal Inspector's Report & Financial Statements



State Audit Organization 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 ended on March 20th, 2021



Ministry of Economic Affairs & Finance State 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 ended on March 20th, 2021 as well as profit and loss statements; comprehensive profit and loss statements; changes in shareholders' equity, and cash flow statements for the fiscal year ended 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 the auditor and legal inspector

3- The responsibility of this organization is to express opinion 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.

Auditing involves implementing procedures to obtain accounting evidence on the figures and other disclosed

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information in the financial statements. Choosing auditing methods 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 effectiveness of the bank's internal controls. Auditing also includes assessing 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 shareholders any relevant required information as well as any instances of deviation from legal obligations set out in the monetary and banking act, amendments to the commercial code, and provisions of the bank's article of association.

Basis for qualified opinion

4- According to clause (34) of articles of association of the banks staff retirement fund, its deficit should be secured by the member banks. Based on the actuary calculations, the share of the bank under report from the fund's deficit is set as IRR 270,313 billion on March 20, 2021 (by the end of the Iranian year ended on March 20th, 2020, IRR 121,844 Billion). The bank while objecting to criteria subject to actuary calculations during the period of the bank privatization (end of the Iranian calendar year ended on March 20th, 2009) and thereafter, has paid a total sum of IRR 41,222 Billion (see explanatory note 26) and posted to the accounts. With due regard to the aforementioned, it is necessary to consider additional 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 (explanatory note 11) includes IRR 7,720 Billion (IRR 26,252 billion in previous year) as profit for delay in payment of the previous years and IRR 8,724 Billion actuary expense before privatization is not considered as dues from government due to lack of compliance with resolution No. H 53875 T/M/96-9343 dated August 14th, 2017 of board of ministers and failure to provide relevant documents. Also, adjustment of the recognized profit of the previous year leads to decrease income of the current year for IRR 13,297 Billion, while it should be posted to debit account of the retained earnings at the beginning of the year. It is necessary to adjust the accounts due to the abovementioned instances and in case of amendment, retained earnings at the beginning of the fiscal year and dues from government will be decreased to IRR 26,949 Billion and IRR 16,444 Billion respectively and also profit of the current year will be increased to IRR 10,505 Billion.



6- Classification of the banks' dues and calculating doubtful loans provisions have not been properly done and requirements of the relevant guidelines regarding classification and applying coefficients and collaterals have not been fully complied with. Furthermore, due to translation of non-current FX dues, the bank has recognized IRR 172,429 Billion as translation profit and has calculated the expense of doubtful loans equal to the abovementioned amount without providing relevant details and collaterals (explanatory notes 45 and 49). Furthermore, provisions of guideline for recognizing facilities income have not been complied with for some contracts. Given above, it is necessary to adjust translation profit and doubtful loans provisions in accordance with accounting standards and relevant instructions. However, in the current situation determining its definite amount is not possible for this organization.

7- As stated in explanatory note 24 of the financial statements, total amount of IRR 147,951 Billion has been claimed for operating tax of 2017 and 2019 based on the primary tax dispute resolution board and issued recognition sheet. While objecting to the principles of recognition, the bank has considered or paid IRR 54,129 billion as tax debts in the accounts in this regard. Likewise, for current year operating tax, sum of IRR 36,355 billion tax debts has been posted to the accounts based on income subject to the self-assessed tax. Given above and bank's tax records (claiming translation profit tax at the NIMA rate) it is necessary to post additional tax debt in the accounts, but determining the exact amount is subject to announcing final opinion of the tax office. Meanwhile, IRR 104,000 billion operating tax adjustment of previous years is posted to the profit and loss account of reporting fiscal year that as per the accounting standards, it is required to adjust and assess the comparative figures of financial statements.

8- During the fiscal year under report, IRR 18,053 billion as income of Pars oil and gas company's FX bonds and IRR 12,192 billion as income of loans granted to Petro Sina Aria and oil industries engineering and construction (explanatory note 12) have not been recognized. In case of adjusting accounts, the profit of current year and loans granted to public sector (explanatory note 12) will increase to IRR 30,245 billion.

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9- According to explanatory notes 8-15, 33 and 45 of the financial statements, the monetary and foreign currency assets and liabilities of the bank have mainly been translated at the rate notified by the CBI, i.e. IRR 190,000 for EUR and IRR 159,000 for USD (previous fiscal year IRR 102,000 for EUR and IRR 90,000 for USD) and other foreign currencies have been translated based on their parity rate with EUR by the end of the year and in this regard IRR 416,379 Billion (previous fiscal year IRR 109,964 billion) has been posted to the net profit (loss) of foreign currency exchanges and transactions and IRR 17,175 Billion (previous fiscal year IRR 5,985 billion) has been posted to foreign currency translation difference of foreign operations. According to accounting standards, if there are several rates for a single foreign currency, the rate based on which future cash flows of transactions or balance of relevant account will be settled would be used for translation. So, the above method does not comply with the accounting standards and therefore, it is necessary to amend financial statements for the abovementioned items, but currently, due to lack of access to rate of the available foreign currency, it is not clear for this organization to determine the adjustments needed in the financial statements.

10- Investments and partnerships of the group (explanatory not 14-4-1) includes IRR 20,149 billion for Mellat market making exclusive investment fund units price, that in observing accounting standards requirements, the abovementioned amount should be reflected as treasury shares in shareholders' equity. Meanwhile, for changes in shareholder's equity ratio of interests with no controlling rights in subsidiaries, the required adjustment has not been done regarding reflection of the difference of interests with no controlling rights adjustment amount and fair value of paid or received difference directly in shareholders' equity.

11- Requirements of accounting standards for providing and disclosing financial statements in cases such as providing financial statements at the date of beginning of the previous fiscal year with respect to restating financial statements, posting annual adjustments in comprehensive profit (loss), properly providing cash flows from operating activities and financing, applying equity method for investments in affiliated companies, accurate classification of liquid assets, group's fixed assets table by category, disclosing the impact of income tax accounting standard and implementing the similar procedure regarding the accounting of liquid assets of the group have not been complied with. Also, requirements of disclosing information of major risks in banking industry including test results and liquidity adequacy analysis, analyzing the impact of investments and foreign currency rate on profit and loss statement and information of loans and liabilities of the interrelated parties have not been complied with.

سازمان حسابرسی
گزارش

12- As for the investments and partnerships heading (explanatory note 14) the following issues are noteworthy:

12-1- This organization has not been provided with details and audited financial statements of other foreign investments for IRR 1,531 billion equal to EUR 172.1 million (EUR 219.6 million previous fiscal year) and also, audited financial statements of the PIB and FEE bank. Furthermore, dues from subsidiaries and affiliated companies including IRR 4,079 billion (explanatory not 15-1) is related to recognized profit share of the abovementioned investments from the previous years.

12-2- Mellat financial group subsidiary has purchased a number of listed companies' shares in the form of memorandum of understanding for IRR 4,920 billion as proxy from affiliated entities and has recognized IRR 1,321 billion as shares profit for current year. According to the circular number 96/b/440/023 dated August 19th, 2017 of securities and exchange organization and part B of article 36 of permanent orders of the development program of the state, such OTC transactions are invalid. Given above, it is not possible for this organization to determine the probable effects of access to the required evidence on the group's financial statements.

13- The answer for the inquiry from National Development Fund concerning received facilities and relevant profit share for IRR 1,494,453 billion (explanatory note 25), OSF for IRR 3,699 billion (explanatory note 21), FX bonds of Pars oil and gas company (explanatory note 12) for IRR 253,336 billion and 69 FX accounts in sum of IRR127, 676 billion and also conformation of the bank's lawyer have not been received yet. Also, the answer of the inquiry for the cash, granted facilities and dues from public sector and other assets headings (explanatory notes 9,12 and 20 of the financial statements), IRR 5,346 billion and IRR 28,603 billion are respectively more and less than those recorded in the accounts. Also, despite launching core banking system, the system is not fully executed for the old unreconciled items and FX loans and consequently items in transit have not been timely resolved. Items in transit heading (explanatory note 20-4) including numerous unreconciled debit and credit items (FX and Rial) that have not been resolved until the date of this report. Proving abovementioned amounts has not yet been possible via other accounting methods. Given above, it has not been possible for this organization to determine contingent effects of resolving the said discrepancies and receiving confirmations as well as resolving the old unreconciled items on the financial statements under report.

Qualified opinion

14- This organization believes that except for the impact of the cases stated in clauses 4 to 11 and also contingent impact of those stated in clauses 12 and 13, the financial statements fairly represent, in all material respects, financial position of the group and Bank (PJSC) on March 20th, 2021 and financial performance and cash flows of the group and the bank for the year then ended according to accounting standards.

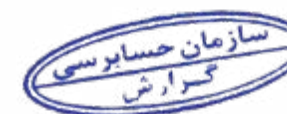


Emphasis on specific issues

15- As stated in explanatory notes 10-2-2-1 and 21 of financial statements, having recorded foreign currency liabilities in the CBI system at the reference rate (subject of the CBI's foreign currency liabilities guideline No 60/1015 dated December 7th, 2013), the bank claims for allocating USD 1,169 Million of its resources; so, has posted IRR 36,147 billion (equal to FX translation rate until March 20th, 2016) as dues from the CBI and IRR17,805 billion (equal to FX translation at reference rate) as dues to the CBI (explanatory note 21), and IRR 18,342 billion has been posted as FX translation profit of the previous years as the difference. Furthermore, IRR 2,537 billion (explanatory note 10-2-2-2) was withdrawn from the bank's account by the CBI and deposited to the treasury account in 2011. Determining the above amounts requires coordination with the government and the CBI and despite the follow-ups, the result has not been determined yet. The opinion of this organization has not been qualified by the provisions of this paragraph.

16- As explained in explanatory note 10-2-2-4 according to the resolution no. H56962 T/164537 dated March 16th, 2020 of the council of ministers, the difference of the foreign currency cost price and the rate announced by the CBI on March 20th, 2020 (IRR 90,000 for USD) in line with implementing article 20 of removing production barriers law, IRR 55,243 billion out of OSF has been posted as dues from the CBI account for customers' FX settled facilities (explanatory note 10) acceptance of which requires special auditing in accordance with the said resolution. The opinion of this organization is not qualified by the provisions of this paragraph.

17- The board of the bank are responsible for the "other information". Other information includes those incorporated in the interpretative management report. The opinion of this organization for the financial statements does not include "other information" and no assurance is given about it. The responsibility of this organization for auditing of the financial statements is studying "other information" in order to identify whether it contains material discrepancy with the financial statements or with the information acquired during auditing process or material misstatement. If this organization concludes that there is material



misstatement in the "other information" it shall report the case. There is no reportable point in this respect.

Report on the other legal and regulatory requirements of bank Mellat (PJSC)

Report on other duties of the Legal Inspector

18- Provisions of article 5 of the guideline on clause B of article 17 and article 33 of the IRI sixth five-year development plan concerning prohibition of credit institutions 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 (clause A of article 20 of permanent orders law of development plans of the country) and granting at least 15% of the average facilities to agricultural sector by non-specialized banks (according to article 5 of the executive instruction of article 47 of the law on removing competitive production barriers and enhancing financial system of the country) have not been complied with.

19- Provisions of note 21 of 2016 country budget law and 160164 income row stated in budget laws of 2017 to 2020 regarding remitting 2 percent of income derived from E-banking transactions to the general treasury account has not been complied with.

20- Capital adequacy ratio of the bank, as explained in explanatory note 62-7-3 of the financial statements, has been calculated based on the directive No.98/436758 dated March 7th, 2020 on calculating regulatory capital and capital adequacy of credit institutions, but the provisions of article 4-2, 4-4, 4-5, and 11 respectively for adjusting regulatory capital for the bank's share owned by the subsidiaries, mutual investment in non-affiliated financial institutions, out of limit investments and risk weighed assets have not been complied with. In case of compliance with the above provisions and considering effects of the clauses 4 to 10 of this report, the mentioned ratio will be decreased.

21- We draw attention of the shareholders' general meeting, when distributing profit, to the effects of the clauses 4 to 10 and considering clause 20 of this report and provisions of article 15 of article of association prescribing distributing 10 percent of profit if the bank's capital adequacy ratio falls below the threshold set by the CBI, and also the letter no. 98/450508 dated March 18th, 2020 of the CBI indicating that profit from translation of the FX assets and liabilities may not be paid out as dividend and may just be used for the bank's capital injection.

22- The instances of non-compliance with the legal requirements set out in the amendment to the trade act and provisions of the bank's article of association in the fiscal year under report are as follows:

22-1- Provisions of article 106 of the amendment to the trade act on submitting minutes of general meeting to companies' registry office.



22-2- Provisions of article 119 of the amendment to the trade act and 72 of articles of association based on electing chairman and vice-chairman of the board of directors in the first board meeting.

22-3- Provisions of article 128 of the amendment to the trade act on submitting minutes of board of directors meeting on the CEO's name, specifications and powers to the company registry office and announcement in the official gazette.

22-4- Provisions of article 7 of the articles of association on permitted ceiling for possessing bank's shares directly or indirectly by other legal entities is maximum 5 percent (Mellat's staff Tamin atiyeh fund 6.45 percent) and also note 1 of the same provides that legal entities under management of the government cannot be shareholder in the bank. (Saba Tamin Investment Company owns 3.7 % of the banks' shares).

22-5- Provisions of article 11 of articles of association on prohibition of purchasing the bank shares by its subsidiaries (Mellat Financial Group possess 4.39% of the bank shares)

22-6- Provisions of article 114 of articles of association on granting facilities to interrelated beneficiaries and accepting commitments in whose favor merely based on the CBI's regulations have not been complied with (Mellat financial group, and Mobarakeh steel company facilities and commitments).

22-7- Article 117 of articles of association providing that the bank cannot accept its shares owned by its shareholders to guarantee facilities or commitments (Social Security Investment Company).

22-8- Provisions of article 118 of articles of association on allocating sufficient provisions proportionate to the category of each assets within the CBI's regulations.

22-9- Provisions of article 89 of articles of association on notifying authorized signatories of binding documents and the condition and the manner of their signing to the companies' registry office in order to publish in the official gazette.

22-10- Banks following ups for performing prescribed tasks in the ordinary general meeting of shareholders dated July 21st, 2020 in addition to clauses 4 to 7, 9, 11 to 13, 15, 18, 20, 22, 25-1, 25-2, 26 to 28 of this report have not reached final conclusion.

23- Transactions stated in explanatory note 63-3, as all transactions subject to article 129 of amendment to the trade act that have been fulfilled during the fiscal year under report and have been announced to this organization by the board of the bank have been reviewed. Provisions of the said article on obtaining the board's approval and excluding the beneficial manager from voting has been complied with for these transactions and this organization has not noticed any evidence indicating these transactions have not been



conducted in proper business conditions and normal procedure of the bank's operations.

24- This organization has reviewed the board's report on the operations and general condition of the bank, subject to article 232 of amendment to the trade act that has been prepared to present to the ordinary general meeting of the shareholders. With due regard to the assessments, this organization has not noticed any material cases indicating discrepancy of financial information stated in the abovementioned report with the documents submitted by the board.

Report on the other legal and regulatory responsibilities of the auditor

25- Requirements of the securities and exchange organization during the fiscal year under report have not been complied with in the following instances:

25-1- Provisions of clause 2 of article 7 and article 10 of executive guidelines on disclosing listed companies information concerning presenting the board's report to the general meeting, duly registering minutes of the general meeting in companies registry office and article 18 of disciplinary guidelines on having ex-gratia payments subject to approval of the ordinary general meeting.

25-2- Provisions of note 5 of article 4, note 2 of article 15, articles 16, 21, 28, 42 of corporate governance guideline, companies listed in Tehran stock exchange on an independent board member with financial education; the majority of the members of the appointment committee being independent and non-executive, establishing and assessing effectiveness process of the bank's board of directors and relevant board members in subsidiaries and affiliated companies, launching an independent secretariat of the board, non-possession of parent companies' shares by the subsidiaries, disclosing material information of the board members and the CEO, specialized committees of the board and their members, membership in the board of other companies in-person or by proxy, and corporate governance procedures in the bank's website and interpretative management report.

25-3- Provisions of article 10 and clause 3 of article 11 of the guidelines for internal controls of the issuers listed in securities and exchange organization regarding chairing the audit committee by a non-executive board member and requirements of disclosing information and approving the transactions of affiliated entities and also provisions of clauses 13 and 52 of requirements of internal controls governing financial reporting on designing the mechanism to achieve reasonable assurance by audit committee from effectiveness of internal controls of financial reporting, recognizing, measuring and assessing the IT-related risks.

25-4- Provisions of articles 3, 4, and 6 for requirements of disclosing affiliated entities information and



transactions information by classification breakdown have not been complied with.

25-5- Providing the interpretative report in full compliance with the relevant criteria.

26- Based on explanatory note 25-2 of the financial statements, according to provisions of "the code of conduct of the amount and manner of receiving membership fee in deposits guarantee fund" the annual membership fee of each bank has been set equal to minimum 0.3 % until the year ended on March 20th, 2021 and for the fiscal year under report is equal to average of weekly balance of every deposit account of the previous fiscal year up to maximum guaranteed by the fund. The bank has paid its share of membership fee from 2014 to 2019 for IRR 7,030 billion and has provisioned IRR 1,861 billion in the accounts for the fiscal year under report (explanatory note 25-2). Controlling the calculation process and determining membership fee of the above years require special auditing.

27- Calculations of difference of definite and on-account profit paid to investment deposits have been disclosed as stated in explanatory notes 39 to 42 and reviewed based on the provisions of circular No.94/69383 issued by the CBI on June 10th, 2015. We have not found instances of deviation from provisions of the abovementioned circular except for paying surplus profit over the approved rates ratified by the money and credit council in some cases and excluding blocked short-term deposits from calculating joint income.

28- In implementing article 33 of executive guideline of anti-money laundering by auditors, compliance with the provisions of the anti-money laundering law, relevant regulations and executive guidelines have been assessed by this organization within the framework of the circulated checklists of the relevant authority and auditing standards. Considering establishment of anti-money laundering division in the bank and adopting some effective measures in this respect, provisions of the said act and applicable guidelines in the banking system have not been fully executed in some cases.

July 21st, 2021

Audit Organization

Seyyed Mehdi Mousavipour

Mahmoud Asefi

Bank Mellat (Public Joint Stock Company)

Consolidated financial statements of the group & bank for the fiscal year ended on March 20th , 2021

Attention: ordinary annual general meeting of shareholders

Dear Sirs,

We present herewith the consolidated financial statements of the group and Bank Mellat for the fiscal year ended on March 20th, 2021. The components of the financial statements are as follows:

Principal Financial Statements of the Group:

Consolidated Balance Sheet
Consolidated Profit & Loss Statement
Comprehensive Consolidated Profit & Loss Statement
Changes in Consolidated Shareholders' Equity
Consolidated Cash Flow Statement

Principal Financial Statements of the Bank:

Balance Sheet
Profit & Loss Statement
Comprehensive Profit & Loss Statement
Changes in the Bank's Shareholders' Equity
Cash Flow Statement
Explanatory Notes

The consolidated financial statements of the group and bank have been prepared according to the accounting standards as well as regulations of the CBI and have been approved by the board of directors of the bank on Jun 22nd, 2021.

Board Members	Position	Status	Signature
Mohammad Bigdeli	CEO & Board Member	Executive	
Morteza Najaf	Chairman	Executive	
Bahman Eskandari	Vice Chairman	Executive	
Mohammad Taghi Samadi	Board Member	Executive	
Alireza Lagzaei	Board Member & Vice CEO	Executive	

Bank Mellat (Public Joint Stock Company) Consolidated Balance Sheet as at March 20th, 2021

	20.03.2021	(Restated) 20.03.2020		20.03.2021	(Restated) 20.03.2020
Assets	Million Rials	Million Rials	Liabilities & Shareholders' Equities	Million Rials	Million Rials
Assets			Liabilities:		
Cash	267,788,310	215,937,131	Dues to banks & other credit institutions	851,771,697	488,514,978
Dues from banks & other credits institutions	803,518,912	599,945,242	Customers' deposits	1,823,934,854	1,219,565,393
Dues from Government	135,484,372	159,511,678	Dividend payable	484,605	1,156,963
Loans & advances to public sector	2,887,832,475	1,600,809,815	Operating tax provisions	143,811,210	21,005,447
Loans & advances to private sector	2,353,186,880	1,321,953,971	Provisions & other dues	1,686,337,247	851,143,091
Investments and partnerships	424,839,338	113,978,381	Severance & staff retirement provisions	80,084,935	37,902,068
Dues from subsidiaries & affiliated companies	13,498	1,425,513	Total liabilities before investment depositors interest	4,586,424,547	2,619,287,940
Other accounts receivable	126,825,716	74,915,328			
Tangible fixed assets	208,592,615	202,571,839			
Intangible assets	21,259,804	17,788,341			
Legal deposit	380,126,497	253,360,236	Investment depositors interest	2,521,863,300	1,476,914,962
Other assets	71,403,581	31,969,565	Total liabilities	7,108,287,848	4,096,202,902
			Shareholders' Equity		
			Capital	207,042,862	50,000,000
			Capital of the parent company owned by the subsidiaries	(21,372,362)	(2,614,176)
			Legal reserves	63,099,309	42,365,301
			Other reserves	80,319,412	80,315,797
			Surplus of assets revaluation	0	157,042,863
			Foreign currency translation difference	35,618,422	21,129,783
			Retained earnings	185,893,977	52,385,803
			Treasury share premium	1,349,329	0
			Total equity attributable to shareholders of the parent company	551,950,949	400,625,371
			Interests with no controlling right	20,633,202	7,338,767
			Total shareholders' equity	572,584,151	407,964,138
Total Assets	7,680,871,998	4,504,167,040	Total liabilities & Shareholders' Equity	7,680,871,998	4,504,167,040
Customers' liabilities for L/Cs	554,755,223	348,376,974	Bank's liabilities for L/Cs	554,755,223	348,376,974
Customers' liabilities for LGs	459,049,554	296,079,303	Bank's liabilities for LGs	459,049,554	296,079,303
Other customers' liabilities	728,180,680	371,497,074	Other liabilities of the bank	728,180,680	371,497,074
Party to managed funds & the like	478,113,352	329,709,175	Managed funds & the like	478,113,352	329,709,175



Bank Mellat (Public Joint Stock Company)
Consolidated Profit & Loss Statement
for the fiscal year ended on March 20th, 2021 (Restated)

	Note	20.03.2021 Million Rials	20.03.2020 Million Rials
Income from loans, placements & securities	35	432,576,862	251,614,400
Deposits' interest expenses	39	(216,016,368)	(153,624,369)
Net income from loans & placements		216,560,495	97,990,031
Sale of products & income from services	36	138,311,498	87,746,235
Cost price of products sold & services rendered	37	(126,576,266)	(76,679,217)
Net sale & cost price		11,735,232	11,067,018
Commission income	43	29,571,110	19,165,330
Commission expense	44	(16,482,454)	(13,814,808)
Net commission income		13,088,656	5,350,522
Net investments profit (loss)	38	29,691,099	11,265,948
Net profit (loss) of foreign exchange transactions	45	390,301,139	107,813,098
Other operating incomes & expenses	46	7,719,752	5,002,783
Total operating incomes		669,096,372	238,489,400
Net other incomes and expenses	47	14,394,989	21,742,338
Administrative & general expenses	48	(146,273,642)	(91,093,703)
Doubtful loans expenses	49	(208,775,758)	(69,943,793)
Financial expenses	50	(19,309,213)	(5,352,078)
Depreciation expenses	51	(2,891,676)	(2,919,608)
Earnings before income tax		306,241,073	90,922,555
Current year income tax	24	(38,972,202)	(10,572,826)
Changes in previous years income tax	24	(104,150,862)	(35,221,420)
Total income tax		(143,123,064)	(45,794,246)
Net profit		163,118,009	45,128,309
Attributable to:			
Owners of parent company		158,459,392	43,940,249
Interests in investments with no controlling right		4,658,617	1,188,060
Dividend attributable to owners of parent company (IRR)	57	784	214

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Bank Mellat (Public Joint Stock Company)
Comprehensive Consolidated Profit & Loss Statement
for the fiscal year ended on March 20th, 2021

	Note	20.03.2021 Million Rials	(Restated) 20.03.2020 Million Rials
Net profit		163,118,009	45,128,309
Other comprehensive profit and loss items:			
Assets revaluation surplus	32	0	157,042,863
Foreign currency difference of foreign operations	33	17,175,137	5,985,052
Comprehensive profit of the fiscal year		180,293,146	208,156,224
Annual adjustments	52	(2,495,268)	940,185
Comprehensive profit recognized from previous year		177,797,878	209,096,409
Attributable to:			
Owners of the parent company		171,311,727	207,480,146
Interest in investments with no controlling right		6,486,151	1,616,263
		177,797,878	209,096,409

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Bank Mellat (Public Joint Stock Company)
Changes in Consolidated Shareholders' Equity
for the fiscal year ended on March 20th, 2021

	Fiscal year ended on March 20 th , 2021									
	Capital		Share premium		Legal Reserve		Other Reserves		Assets revaluation surplus	
	Million Rials	0	Million Rials	0	Million Rials	42,365,301	Million Rials	80,315,797	Million Rials	157,042,862
Balance on March 21 st , 2020	50,000,000	0	0	0	0	42,365,301	80,315,797	157,042,862	0	0
Errors correction	50,000,000	0	0	0	0	42,365,301	80,315,797	157,042,862	0	0
Balance of restated revaluation on March 21 st , 2021	50,000,000	0	0	0	0	42,365,301	80,315,797	157,042,862	0	0
Changes in shareholders' equity in fiscal year ended on march 21 st , 2020	50,000,000	0	0	0	0	42,365,301	80,315,797	157,042,862	0	0
Foreign currency translation difference	50,000,000	0	0	0	0	42,365,301	80,315,797	157,042,862	0	0
Net profit of fiscal year ended on March 20 th , 2021	50,000,000	0	0	0	0	42,365,301	80,315,797	157,042,862	0	0
Comprehensive profit of fiscal year ended on March 20 th , 2021	50,000,000	0	0	0	0	42,365,301	80,315,797	157,042,862	0	0
Assets revaluation surplus	50,000,000	0	0	0	0	42,365,301	80,315,797	157,042,862	0	0
Approved dividend	50,000,000	0	0	0	0	42,365,301	80,315,797	157,042,862	0	0
Purchasing treasury bonds	50,000,000	0	0	0	0	42,365,301	80,315,797	157,042,862	0	0
Profit (loss) from selling treasury bonds	50,000,000	0	0	0	0	42,365,301	80,315,797	157,042,862	0	0
Allocating to legal reserve (note 28)	50,000,000	0	0	0	0	42,365,301	80,315,797	157,042,862	0	0
Changes in investment in subsidiaries	50,000,000	0	0	0	0	42,365,301	80,315,797	157,042,862	0	0
Balance in fiscal year ended on March 20 th , 2021	207,042,862	1,349,329	63,099,308	80,319,412	0	35,618,422	185,893,977	(21,372,362)	551,950,949	20,633,202

	Fiscal year ended on March 20 th , 2020									
	Capital		Share premium		Legal Reserve		Other Reserves		Assets revaluation surplus	
	Million Rials	50,000,000	0	0	0	38,453,480	286,909	0	0	0
Balance on March 21 st , 2019	50,000,000	0	0	0	0	38,453,480	286,909	0	0	0
Errors correction	50,000,000	0	0	0	0	38,453,480	286,909	0	0	0
Balance of restated revaluation on March 21 st , 2019	50,000,000	0	0	0	0	38,453,480	286,909	0	0	0
Changes in shareholders' equity in fiscal year ended on March 20 th , 2020	50,000,000	0	0	0	0	38,453,480	286,909	0	0	0
Foreign currency translation difference	50,000,000	0	0	0	0	38,453,480	286,909	0	0	0
Net profit of fiscal year ended on March 20 th , 2020	50,000,000	0	0	0	0	38,453,480	286,909	0	0	0
Comprehensive profit of fiscal year ended on March 20 th , 2020	50,000,000	0	0	0	0	38,453,480	286,909	0	0	0
Assets revaluation surplus	50,000,000	0	0	0	0	38,453,480	286,909	0	0	0
Approved dividend	50,000,000	0	0	0	0	38,453,480	286,909	0	0	0
Purchasing treasury bonds	50,000,000	0	0	0	0	38,453,480	286,909	0	0	0
Profit (loss) from selling treasury bonds	50,000,000	0	0	0	0	38,453,480	286,909	0	0	0
Allocating to legal reserve (note 28)	50,000,000	0	0	0	0	38,453,480	286,909	0	0	0
Changes in investment in subsidiaries	50,000,000	0	0	0	0	38,453,480	286,909	0	0	0
Balance in fiscal year ended on March 20 th , 2020	207,042,862	1,349,329	63,099,308	80,319,412	0	35,618,422	185,893,977	(21,372,362)	551,950,949	20,633,202



Bank Mellat (Public Joint Stock Company)
Consolidated Cash Flow Statement
for the fiscal year ended on March 20th, 2021

Note	Fiscal year ended on 20.03.2021		(Restated) 20.03.2020
	Million Rials		Million Rials
Operating activities			
Cash received from:			
Profit & delay payment charges for granted facilities		45,356,408	132,173,448
Commission		35,470,335	19,290,053
Placements profit		65,454,525	51,398,117
Investments profit		30,028,540	11,265,948
Other operating incomes		(7,258,034)	19,095,241
		169,051,774	233,222,807
Cash paid for:			
Deposits profit		(191,315,128)	(144,133,265)
Commission		(16,483,454)	(16,623,949)
Financial expenses		(5,325,247)	(27,265)
Other operating expenses		(100,314,117)	(79,187,764)
Income tax		(20,317,298)	(27,200,165)
		(333,754,244)	(267,172,408)
		(164,702,470)	(33,949,601)
Cash inflow (outflow) from operating activities before changes in assets & liabilities			
Cash flows from changes in operating assets & liabilities:			
Net increase (decrease) in liabilities:			
Dues to banks & other credit institutions		2,657,621	15,669,734
Clients' deposits		494,140,955	310,894,174
Operating Tranche of provisions & other liabilities		112,527,279	(1,561,630)
Investment depositors' interest		882,692,240	193,694,205
Net (increase) decrease in assets:			
Dues from banks and other credit institutions		(114,537,518)	(14,823,754)
Principal of dues from government		23,564,565	(21,380,395)
Principal of loans & advances to public sector		(355,705,634)	(6,278,252)
Principal of loans & advances to private sector		(295,756,334)	(291,362,653)
Investment in stocks and other securities		(308,405,757)	(38,289,481)
Dues from subsidiaries & affiliated companies		280,435	981,315
Other accounts receivable		(39,277,624)	(16,006,075)
Legal deposit		(126,766,261)	(50,560,307)
Other assets' tranche in operation		(169,954,539)	18,088,943
Cash flows from changes in operating assets & liabilities		105,459,428	99,065,824
Net cash inflow (outflow) due to the operating activities	54	(59,243,042)	65,116,223
Investing activities			
Cash paid to acquire tangible fixed assets		(11,471,311)	(11,516,159)
Cash received from disposing tangible fixed assets		2,912,014	3,864,762
Cash paid to acquire intangible assets		(1,166,493)	(2,422,358)
Cash received from disposing intangible assets		416,944	714,958
Net cash inflow (outflow) from investing activities		(9,308,846)	(9,358,797)
Net cash inflow (outflow) before financing activities		(68,551,888)	55,757,426
Financing activities			
Dividend paid		(1,972,358)	(114,002)
Treasury shares transactions		(17,408,857)	0
Financial facilities received		30,297,709	42,095,990
Principal of financial facilities repaid		(34,834,736)	(47,130,839)
Net cash inflow (outflow) from financing activities		(23,918,242)	(5,148,851)
Net cash increase (decrease)		(92,470,130)	50,608,575
Cash at beginning of year		215,937,131	153,496,814
Impact of changes in foreign currency rate		144,321,309	11,831,742
Cash at the end of year		267,788,310	215,937,131
Non-cash transactions	55	126,119,426	4,517,968

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, 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, 2021

Assets	Note	20.03.2021 Million Rials	(Restated) 20.03.2020 Million Rials	Liabilities & Shareholders' Equity	Note	20.03.2021 Million Rials	(Restated) 20.03.2020 Million Rials
Assets				Liabilities:			
Cash	9	284,705,887	206,809,705	Dues to banks & other credit institutions	21	825,577,506	475,998,818
Dues from banks & other credits institutions	10	758,976,619	490,487,090	Customers' deposits	22	1,846,116,537	1,186,327,192
Dues from government	11	135,484,372	159,511,678	Payable dividend	23	163,627	36,514
Loans and advances to public sector	12	2,887,832,475	1,600,809,815	Operating tax provision	24	139,968,129	18,166,680
Loans and advances to private sector	13	2,356,907,028	1,331,890,605	Provisions & other liabilities	25	1,639,435,303	850,729,017
Investments & partnerships	14	344,067,541	72,219,773	Severance & staff retirement liabilities provisions	26	78,382,794	36,702,949
Dues from subsidiaries & affiliated companies	15	66,633,841	28,204,209	Total liabilities before investment depositors' interest		4,329,643,896	2,567,961,170
Other accounts receivable	16	67,233,395	44,280,933				
Tangible fixed assets	17	193,179,479	188,959,890				
Intangible assets	18	17,676,310	16,872,706				
Legal deposit	19	380,126,497	253,360,236	Investment depositors' interest	27	2,529,311,728	1,495,193,446
Other assets	20	67,971,529	30,212,717	Total liabilities		7,058,955,623	4,063,154,616
				Shareholders' equity			
				Capital	28	207,042,862	50,000,000
				Legal reserve	30	59,738,129	39,327,976
				Other reserves	31	80,091,465	80,087,850
				Assets revaluation surplus	32	0	157,042,863
				Foreign currency translation difference	33	17,173,761	11,115,276
				Retained earnings (Loss)		137,793,133	22,890,777
				Total shareholders' equity		501,839,349	360,464,742
Total Assets		7,560,794,972	4,423,619,357	Total Liabilities & Shareholders' Equity		7,560,794,972	4,423,619,357
Customers' liabilities for L/Cs	56-1	554,755,223	348,376,974	Bank's liabilities for L/Cs	56-1	554,755,223	348,376,974
Customers' liabilities for LGs	56-2	459,049,554	296,079,303	Bank's liabilities for LGs	56-2	459,049,554	296,079,303
Customers' other liabilities	56-3	728,180,680	371,497,074	Other liabilities of the Bank	56-3	728,180,680	371,497,074
Party to managed Funds & the like	56-4	478,113,352	329,709,175	Managed funds & the like	56-4	478,113,352	329,709,175

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Bank Mellat (Public Joint Stock Company)
Profit & Loss Statement
for the fiscal year ended on March 20th, 2021

	Note	20.03.2021 Million Rials	20.03.2020 Million Rials
loans, placement & securities income	35	425,784,069	250,759,903
Deposits interest expenses	39	(216,735,346)	(154,963,273)
Net income of loans & investments		209,048,723	95,796,630
Commission income	43	29,194,491	19,005,700
Commission expenses	44	(16,479,242)	(13,813,278)
Net commission income		12,715,249	5,192,422
Net profit of investments	38	21,645,671	3,341,364
Net profit of FX transactions & exchanges	45	389,398,998	106,759,688
Other operating incomes and expenses	46	3,313,319	3,300,248
Total operating incomes		636,121,960	214,390,354
Net other incomes and expenses	47	12,923,922	20,927,692
Administrative & general expenses	48	(141,600,042)	(88,112,948)
Doubtful loans expenses	49	(208,506,313)	(69,931,978)
Financial expenses	50	(19,441,184)	(5,688,075)
Depreciation expenses	51	(2,333,313)	(2,742,677)
Earnings before income tax		276,965,030	68,842,368
Current period income tax	24	(36,354,546)	(8,732,016)
Changes in previous years income tax	24	(104,000,000)	(35,000,000)
Total income tax		(140,354,546)	(43,732,016)
Net profit		136,610,484	25,110,352
EPS (Rial)	57	660	121

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**Bank Mellat (Public Joint Stock Company)
Comprehensive Profit & Loss Statement
for the fiscal year ended on March 20th, 2021**

	Note	20.03.2021	(Restated) 20.03.2020
		Million Rials	Million Rials
Net profit		136,610,484	25,110,352
Assets revaluation surplus	32	0	157,042,863
Foreign currency translation difference	33	6,058,485	3,646,910
Comprehensive profit of the fiscal year		142,668,969	185,800,125
Annual adjustments	52	0	940,185
Comprehensive profit recognized from previous year		142,668,969	186,740,310

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**Bank Mellat (Public Joint Stock Company)
Changes in Shareholders' Equity
for the fiscal year ended on March 20th, 2021**

	Fiscal year ended on March 20 th , 2021					
	Capital	Legal reserve	Other reserves	Assets revaluation surplus	FX transition difference of foreign operations	Retained earnings (loss)
Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Balance on March 21 st , 2020	50,000,000	39,327,976	80,087,850	157,042,862	11,115,276	22,890,777
Net Profit						360,464,741
Annual adjustments						136,610,484
Foreign currency translation difference						0
Assets revaluation surplus						0
Total comprehensive profit						6,058,485
Total comprehensive profit	157,042,862			(157,042,862)		0
	0	0	0	0	6,058,485	0
	0	0	0	0	6,058,485	136,610,484
	0	20,410,153	3,615		(20,408,128)	2,024
	0				0	3,615
	0		0		(1,300,000)	(1,300,000)
Total changes in shareholders' equity during the year	0	20,410,153	3,615	0	(21,708,128)	(1,294,361)
Balance on March 20 th , 2021	207,042,862	59,738,129	80,091,465	0	17,173,761	137,793,133

	Fiscal year ended on March 20 th , 2020					
	Capital	Legal reserve	Other reserves	Assets revaluation surplus	FX transition difference of foreign operations	Retained earnings (loss)
Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Balance on March 21 st , 2019	50,000,000	35,606,325	98,891	0	7,468,566	80,555,434
Net Profit					0	25,110,352
Annual adjustments						940,185
Foreign currency translation difference						3,646,910
Assets revaluation surplus						157,042,863
Total comprehensive profit						161,629,958
Total comprehensive profit	0	0	0	157,042,863	3,646,910	940,185
	0	0	0	157,042,863	3,646,910	26,050,537
	0	3,721,651	79,988,959	0	0	(3,715,195)
	0					(80,000,000)
	0		0	0	0	0
Total changes in shareholders' equity during the year	0	3,721,651	79,988,959	0	0	(83,715,195)
Balance on March 20 th , 2020	50,000,000	39,327,976	80,087,850	157,042,863	11,115,276	22,890,777

سازمان حسابرسی
گزارش

Bank Mellat (Public Joint Stock Company)
Cash Flow Statement
for the fiscal year ended on March 20th, 2021

<u>Description</u>	<u>Note</u>	<u>20.03.2021</u>	<u>(Restated)</u> <u>20.03.2020</u>
		<u>Million Rials</u>	<u>Million Rials</u>
Operating activities			
Cash received from:			
Profit & delay payment charges for granted loans *		44,939,343	122,152,937
Commission		35,093,716	19,130,423
Placements profit		59,078,797	49,497,113
Investments profit		21,983,112	1,133,333
Other operating income		(15,317,087)	15,743,647
		145,777,881	207,657,453
Cash paid for:			
Deposits interest	27-4	(192,034,106)	(145,472,169)
Commission		(16,479,242)	(13,622,419)
Financial expenses		(5,457,219)	(308,232)
Other operating expenses		(95,612,200)	(76,600,746)
Income tax	24	(18,553,097)	(25,417,838)
		(328,135,864)	(261,421,404)
Cash (outflow) from operating activities before changes in operating assets & liabilities		(182,357,983)	(53,763,951)
Cash flow from changes in operating assets & liabilities:			
Net increase (decrease) in liabilities:			
Dues to banks & other credit institutions		(10,987,650)	1,808,719
Clients' deposits		549,560,839	302,068,008
Operational tranche of provisions & other liabilities		66,039,410	866,848
Investment depositors' interest		871,862,183	202,303,810
Net (increase) decrease in assets:			
Dues from banks and other credit institutions		(88,576,515)	(13,927,195)
Principal of dues from government		24,393,204	(21,380,395)
Principal of loans and advances to public sector		(354,547,219)	(6,278,252)
Principal of loans and advances to private sector		(300,845,201)	(289,983,288)
Investment in stocks and other securities		(269,392,568)	(28,271,595)
Dues from subsidiaries & affiliated companies		(39,276,603)	16,240,858
Other account receivables		(9,214,414)	(18,595,072)
Legal deposit		(126,766,261)	(50,560,307)
Other assets' operational tranche		(186,687,472)	17,298,859
Cash flows from changes in operating assets & liabilities		125,561,733	111,590,998
Net cash inflow (outflow) from operating activities	54	(56,796,250)	57,827,047
Investing activities			
Cash paid to acquire tangible fixed assets		(10,274,629)	(8,134,396)
Cash received from disposing tangible fixed assets		2,433,988	2,473,076
Cash paid to acquire intangible assets		(898,282)	(2,416,591)
Cash received from disposing intangible assets		416,944	457,728
Net cash inflow (outflow) from investing activities		(8,321,979)	(7,620,183)
Net cash inflow (outflow) before financing activities		(65,118,229)	50,206,866
Financing activities			
Dividend paid		(1,172,887)	(1,666)
Financial facilities received		0	21,880,889
Repayment of principal of financial facilities		(32,759)	(21,495,349)
Net cash inflow (outflow) from financing activities		(1,205,646)	383,874
Net cash increase (decrease)		(66,323,875)	50,590,740
Cash at beginning of year		206,809,705	144,451,299
Impact of changes in foreign currency rate		144,220,057	11,767,668
Cash at end of year		284,705,887	206,809,704
Non-cash transactions	55	135,027,759	5,155,333

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, foreclosures, etc. that do not lead to direct cash remittance by clients are classified as non-cash transactions.





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