

**BANK MELLAT, HEAD OFFICE:
TAHRAN-IRAN
İSTANBUL TURKEY MAIN, ANKARA
AND İZMİR BRANCHES**

**INDEPENDENT AUDITOR'S
REPORT,
UNCONSOLIDATED FINANCIAL
STATEMENTS AND NOTES
FOR THE YEAR ENDED
DECEMBER 31, 2011**

*Translated into English from the
Original Turkish Report*

**CONVENIENCE TRANSLATION OF
THE INDEPENDENT AUDITOR'S REPORT
ORIGINALLY PREPARED AND ISSUED IN TURKISH**

To the Board of Managers of Bank Mellat Merkezi: Tahran-İran İstanbul Türkiye Merkez, Ankara ve İzmir Şubeleri:

We have audited the accompanying unconsolidated balance sheet of Bank Mellat Merkezi: Tahran-İran İstanbul Türkiye Merkez, Ankara ve İzmir Şubeleri ("the Branch") as at December 31, 2011 and the related statements of income, cash flows and changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

The Branch's Board of Managers is responsible for the preparation and fair presentation of the financial statements in accordance with the regulation on "Procedures and Principles Regarding Banks' Accounting Practices and Maintaining Documents" published in the Official Gazette dated November 1, 2006 and numbered 26333 and Turkish Accounting Standards ("TAS"), Turkish Financial Reporting Standards ("TFRS") and other regulations, circulars, communiqués and pronouncements in respect of accounting and financial reporting made by Banking Regulation and Supervision Agency ("BRSA"). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the regulation on "Licensing and Operations of Audit Firms in Banking" published in the Official Gazette no: 26333 on November 1, 2006 and the International Standards on Auditing. We planned and performed our audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the consideration of the effectiveness of internal control and appropriateness of accounting policies applied relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independent Auditor's Opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Bank Mellat Merkezi: Tahran-İran İstanbul Türkiye Merkez, Ankara ve İzmir Şubeleri as at December 31, 2011 and the results of its operations and its cash flows for the year then ended in accordance with the prevailing accounting principles and standards set out as per the Article 37 of the Banking Act No: 5411, and other regulations, communiqués and circulars in respect of accounting and financial reporting and pronouncements made by BRSA.

Additional paragraph for English translation:

The effect of the differences between the accounting principles summarized in Section 3 and the accounting principles generally accepted in countries in which the accompanying financial statements are to be distributed and International Financial Reporting Standards (IFRS) have not been quantified and reflected in the accompanying financial statements. The accounting principles used in the preparation of the accompanying financial statements differ materially from IFRS. Accordingly, the accompanying financial statements are not intended to present the Bank's financial position and results of its operations in accordance with accounting principles generally accepted in such countries of users of the financial statements and IFRS.

DRT BAĞIMSIZ DENETİM VE SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Member of **DELOITTE TOUCHE TOHMATSU LIMITED**

Müjde Şehsuvaroğlu
Partner, SMMM

İstanbul, April 24, 2012

**THE UNCONSOLIDATED FINANCIAL REPORT OF
BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ AS OF DECEMBER 31, 2011**

Headquarter's Address	: Taleghani Avenue. No: 327 Tehran-Iran
Turkey Main Branch Address	: Büyükdere Cd. Binbirççek Sk. No.1 34330 1.Levent-İstanbul/Türkiye
Telephone	: (0212) 279 80 15
Fax	: (0212) 284 62 14
Website	: www.mellatbank.com
E-mail address	: mellat@mellatbank.com

The year end unconsolidated financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE BRANCH
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BRANCH
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE OF THE BRANCH
- EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS
- OTHER EXPLANATIONS
- INDEPENDENT AUDITOR'S REPORT

The unconsolidated financial statements and the explanatory footnotes and disclosures, unless otherwise indicated, are prepared in thousands of Turkish Lira, in accordance with the Communiqué on Banks' Accounting Practice and Maintaining Documents, Turkish Accounting Standards, Turkish Financial Reporting Standards, related communiqués and the Banks' records, have been independently audited and presented as attached.

Saeed Ghaffari	Younes Hormozi Sheikh Tabagh	Keramataallah Ahmadzadeh	Ahmet Arıöz
Chairman of the Board of Managers	Member of the Board of Managers and General Manager	Member of the Board of Managers and Vice General Manager	Member of the Board of Managers and Internal Systems Executive

Information related to responsible personnel for the questions can be raised about financial statements:

Name-Surname / Title : Yener Bozkurt / Accounting Department Chief
Phone No : (0212) 279 80 15
Fax No : (0212) 284 62 14

SECTION ONE

GENERAL INFORMATION

I.	History of the Branch, including its establishment date, initial legal status and amendments to legal status, if any	1
II.	Explanation about the Branch's shareholding structure, shareholders who individually or jointly have power to control the management and audit directly or indirectly, changes regarding these subjects during the year, if any, and information about the controlling group of the Branch	1
III.	Explanation about the Branch's chairman and members of the board of managers, members of the audit committee, president and executive vice presidents, any changes, and the information about the Branch shares they hold	2
IV.	Information on shareholders having qualified shares	2
V.	Brief information on the Branch's services and areas of operation	2

SECTION TWO

UNCONSOLIDATED FINANCIAL STATEMENTS

I.	Balance sheet (Statement of financial position)	3
II.	Statement of off balance sheet contingencies and commitments	5
III.	Statement of income	6
IV.	Statement of profit and loss accounted for under equity	7
V.	Statement of changes in shareholders' equity	8
VI.	Statement of cash flows	10
VII.	Profit distribution table	11
VIII.	Consolidated financial statements of the Branch's Headquarters	12

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I.	Explanations on the basis of presentation	13
II.	Explanations on strategy of using financial instruments and explanations on foreign currency transactions	14
III.	Explanations on investments in associates and subsidiaries	14
IV.	Explanations on forward transactions, options and derivative instruments	14
V.	Explanations on interest income and expense	14
VI.	Explanations on fee and commission income and expenses	15
VII.	Explanations on financial assets	15
VIII.	Explanations on impairment on financial assets	17
IX.	Explanations on offsetting financial instruments	17
X.	Explanations on sales and repurchase agreements and securities lending transactions	17
XI.	Explanations on assets held for resale and related to discontinued operations and explanations on liabilities related with these assets	17
XII.	Explanations on goodwill and other intangible assets	17
XIII.	Explanations on tangible fixed assets	18
XIV.	Explanations on leasing transactions	18
XV.	Explanations on provisions and contingent commitments	18
XVI.	Explanations on obligations related to the employee rights	19
XVII.	Explanations on taxation	19
XVIII.	Explanations on borrowings	20
XIX.	Explanations on issuance of share certificates	20
XX.	Explanations on acceptances	21
XXI.	Explanations on government grants	21
XXII.	Explanations on profit reserves and profit appropriation	21
XXIII.	Explanations on earnings per share	21
XXIV.	Explanations on related parties	21
XXV.	Explanations on cash and cash equivalent assets	21
XXVI.	Explanations on segment reporting	21
XXVII.	Reclassifications	23
XXVIII.	Other information	23

SECTION FOUR

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH

I.	Explanations on capital adequacy ratio	24
II.	Explanations on credit risk	27
III.	Explanations on market risk	31
IV.	Explanations on operational risk	32
V.	Explanations on currency risk	32
VI.	Explanations on interest rate risk	34
VII.	Explanations on liquidity risk	37
VIII.	Explanations on presentation of financial assets and liabilities at their fair values	38
IX.	Explanations on activities carried out on behalf and account of other parties and Fiduciary Assets	39

SECTION FIVE

EXPLANATORY DISCLOSURES AND FOOTNOTES ON UNCONSOLIDATED FINANCIAL STATEMENTS

I.	Explanations and notes related to assets	40
II.	Explanations and notes related to liabilities	50
III.	Explanations and notes related to off balance sheet accounts	56
IV.	Explanations and notes related to income statement	59
V.	Explanations and notes related to changes in shareholders' equity	63
VI.	Explanations and notes related to statement of cash flows	64
VII.	Explanations and notes related to the Branch's risk group	65
VIII.	Explanations related to the domestic, foreign, off-shore branches and foreign representatives of the Branch	66
IX.	Explanations and notes related to subsequent events	66

SECTION SIX

OTHER EXPLANATIONS

I.	Other explanations on the Branch's operations	67
----	---	----

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I.	Explanations on independent auditor's report	67
II.	Explanations and notes prepared by independent auditor	67

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

SECTION ONE

GENERAL INFORMATION

I. HISTORY OF THE BRANCH, INCLUDING ITS ESTABLISHMENT DATE, INITIAL LEGAL STATUS AND AMENDMENTS TO LEGAL STATUS, IF ANY:

Bank Mellat Merkezi: Tahran-İran İstanbul Türkiye Merkez, Ankara ve İzmir Şubeleri ("the Branch"), which is based in Tehran, Iran, established its branches in Istanbul, Ankara and Izmir on 18 August 1981, 23 February 1984 and 16 January 1992, respectively. The branches are registered under the scope of Foreign Capital Encouragement Law No. 6224, which permits the transfer of distributable profits to the Headquarter. The branches started operations after getting the approval from the Treasury Undersecretariat in April 1982, May 1985 and October 1992, respectively.

II. EXPLANATION ABOUT THE BRANCH'S SHAREHOLDING STRUCTURE, SHAREHOLDERS WHO INDIVIDUALLY OR JOINTLY HAVE POWER TO CONTROL THE MANAGEMENT AND AUDIT DIRECTLY OR INDIRECTLY, CHANGES REGARDING THESE SUBJECTS DURING THE YEAR, IF ANY, AND INFORMATION ABOUT THE CONTROLLING GROUP OF THE BRANCH:

The shareholding structure of the main shareholder of the Branch – Bank Mellat Tahran, Iran, is as follows:

Shareholders	Share Percentage (%)
Justice share recipients (provincial investors) (*)	30,00
Islamic Republic of Iran	20,00
Social Security Organisation of Iran	9,99
Saba Tamin Investment Co.	6,54
Personnel shares	3,96
Bank Mellat's staff future security fund	3,52
Other Shares Quoted on Stock Exchange	25,99
Total	100,00

(*) These shares have been distributed to the provinces of Iran and investment firms have been established within the provinces to be able to manage the shares. This was proclaimed to BRSA with the correspondance dated on August 16, 2011.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011
Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

GENERAL INFORMATION (Continued)

III. EXPLANATION ABOUT THE BRANCH'S CHAIRMAN AND MEMBERS OF THE BOARD OF MANAGERS, MEMBERS OF THE AUDIT COMMITTEE, PRESIDENT AND EXECUTIVE VICE PRESIDENTS, ANY CHANGES, AND THE INFORMATION ABOUT THE BRANCH SHARES THEY HOLD:

<u>Title</u>	<u>Name</u>	<u>Responsibility</u>	<u>Education Level</u>
Chairman of the Board of Managers:	Saeed Ghaffari	Chairman	Under Graduate
Members of Board of Managers:	Younes Hormozi Sheikh Tabagh	General Manager	Under Graduate
	Keramataallah Ahmadzadeh	Vice General Manager.	Under Graduate
	Ahmet Arıöz	Vice General Manager	Under Graduate
Assistant General Managers:	Ahmet Arıöz	Vice General Manager Internal Control and Responsible of Audit Risk Management	Under Graduate
	Keramataallah Ahmadzadeh	Vice General Manager Import, Export and Transactions Banking	Under Graduate
	Ahmad Jamehdor	Vice General Manager Financial Controlling and Planning Human Resources Treasury	Under Graduate

The individuals above do not possess shares in the Branch.

IV. INFORMATION ON SHAREHOLDERS HAVING QUALIFIED SHARES:

Name/Commercial title	Share amounts	Share percentage	Paid-in capital	Unpaid portion
Justice share recipients (provincial investors)	16.097	%30,00	16.097	-
Islamic Republic of Iran	10.731	%20,00	10.731	-
Other Shares Quoted on Stock Exchange	13.944	%25,99	13.944	-
Other	12.883	%24,01	12.883	-

V. BRIEF INFORMATION ON THE BRANCH'S SERVICES AND AREAS OF OPERATION:

The Branch operates in banking services and its core business activity is financing the commercial activities between The Republic of Turkey and Islamic Republic of Iran.

As of December 31, 2011, the Branch has 55 employees (December 31, 2010: 51 employees).

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

**SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS**

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	ASSETS	Note	Current Period 31 December 2011			Previous Period 31 December 2010		
			TL	FC	Total	TL	FC	Total
I.	CASH AND BALANCES WITH CENTRAL BANK	(I-a)	12.915	176.897	189.812	10.622	151.085	161.707
II.	FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Net)	(I-b)	-	-	-	-	-	-
2.1	Trading Financial Assets		-	-	-	-	-	-
2.1.1	Public Debt Securities		-	-	-	-	-	-
2.1.2	Share Certificates		-	-	-	-	-	-
2.1.3	Trading Derivative Financial Assets		-	-	-	-	-	-
2.1.4	Other Marketable Securities		-	-	-	-	-	-
2.2	Financial Assets Designated at Fair Value through Profit or Loss		-	-	-	-	-	-
2.2.1	Public Debt Securities		-	-	-	-	-	-
2.2.2	Share Certificates		-	-	-	-	-	-
2.2.3	Loans		-	-	-	-	-	-
2.2.4	Other Marketable Securities		-	-	-	-	-	-
III.	BANKS	(I-c)	137.444	2.443.592	2.581.036	119.019	236.016	355.035
IV.	MONEY MARKETS		63.518	-	63.518	34.001	-	34.001
4.1	Interbank Money Market Placements		63.518	-	63.518	34.001	-	34.001
4.2	Receivables from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Receivables from Reverse Repurchase Agreements		-	-	-	-	-	-
V.	AVAILABLE-FOR-SALE FINANCIAL ASSETS (Net)	(I-d)	84.855	24.973	109.828	133.883	21.001	154.884
5.1	Share Certificates		-	-	-	-	-	-
5.2	Public Debt Securities		80.551	-	80.551	103.659	-	103.659
5.3	Other Marketable Securities		4.304	24.973	29.277	30.224	21.001	51.225
VI.	LOANS AND RECEIVABLES	(I-e)	71.993	513.536	585.529	8.464	1.110.947	1.119.411
6.1	Loans and Receivables		66.309	513.536	579.845	8.335	1.110.947	1.119.282
6.1.1	Bank's Risk Group		21.288	182.665	203.953	40	420.301	420.341
6.1.2	Public Debt Securities		-	-	-	-	-	-
6.1.3	Other		45.021	330.871	375.892	8.295	690.646	698.941
6.2	Non-Performing Loans		7.653	-	7.653	172	-	172
6.3	Specific Provisions (-)		(1.969)	-	(1.969)	(43)	-	(43)
VII.	FACTORING RECEIVABLES		-	-	-	-	-	-
VIII.	HELD-TO-MATURITY SECURITIES (Net)	(I-f)	-	-	-	-	-	-
8.1	Public Debt Securities		-	-	-	-	-	-
8.2	Other Marketable Securities		-	-	-	-	-	-
IX.	INVESTMENTS IN ASSOCIATES (Net)	(I-g)	-	-	-	-	-	-
9.1	Consolidated Based on Equity Method		-	-	-	-	-	-
9.2	Unconsolidated		-	-	-	-	-	-
9.2.1	Financial Investments in Associates		-	-	-	-	-	-
9.2.2	Non-Financial Investments in Associates		-	-	-	-	-	-
X.	SUBSIDIARIES (Net)	(I-h)	-	-	-	-	-	-
10.1	Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
10.2	Unconsolidated Non-financial Subsidiaries		-	-	-	-	-	-
XI.	ENTITIES UNDER COMMON CONTROL (JOINT VENT.) (Net)	(I-i)	-	-	-	-	-	-
11.1	Consolidated Based on Equity Method		-	-	-	-	-	-
11.2	Unconsolidated		-	-	-	-	-	-
11.2.1	Financial Joint Ventures		-	-	-	-	-	-
11.2.2	Non-Financial Joint Ventures		-	-	-	-	-	-
XII.	FINANCIAL LEASE RECEIVABLES (Net)	(I-j)	-	-	-	-	-	-
12.1	Financial Lease Receivables		-	-	-	-	-	-
12.2	Operating Lease Receivables		-	-	-	-	-	-
12.3	Other		-	-	-	-	-	-
12.4	Unearned Income (-)		-	-	-	-	-	-
XIII.	HEDGING DERIVATIVE FINANCIAL ASSETS	(I-k)	-	-	-	-	-	-
13.1	Fair Value Hedge		-	-	-	-	-	-
13.2	Cash Flow Hedge		-	-	-	-	-	-
13.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XIV.	TANGIBLE ASSETS (Net)	(I-l)	8.695	-	8.695	8.905	-	8.905
XV.	INTANGIBLE ASSETS (Net)	(I-m)	86	-	86	-	-	-
15.1	Goodwill		-	-	-	-	-	-
15.2	Other		86	-	86	-	-	-
XVI.	INVESTMENT PROPERTY (Net)	(I-n)	-	-	-	-	-	-
XVII.	TAX ASSET	(I-o)	468	-	468	427	-	427
17.1	Current Tax Asset		-	-	-	-	-	-
17.2	Deferred Tax Asset		468	-	468	427	-	427
XVIII.	ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS (Net)	(I-p)	-	-	-	25	-	25
18.1	Held for Sale Purposes		-	-	-	25	-	25
18.2	Related to Discontinued Operations		-	-	-	-	-	-
XIX.	OTHER ASSETS	(I-r)	650	27	677	236	21	257
	TOTAL ASSETS		380.624	3.159.025	3.539.649	315.582	1.519.070	1.834.652

The accompanying explanations and notes form an integral part of these financial statements.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	LIABILITIES	Note	Current Period 31 December 2011			Previous Period 31 December 2010		
			TL	FC	Total	TL	FC	Total
I.	DEPOSITS	(II-a)	230.268	2.861.500	3.091.768	189.536	273.173	462.709
1.1	Deposits of Bank's Risk Group		208.383	2.745.158	2.953.541	166.719	180.901	347.620
1.2	Other		21.885	116.342	138.227	22.817	92.272	115.089
II.	TRADING DERIVATIVE FINANCIAL LIABILITIES	(II-b)	-	-	-	-	-	-
III.	FUNDS BORROWED	(II-c)	-	225.112	225.112	-	41.548	41.548
IV.	MONEY MARKETS		-	-	-	-	-	-
4.1	Funds from Interbank Money Market		-	-	-	-	-	-
4.2	Funds from Istanbul Stock Exchange Money Market		-	-	-	-	-	-
4.3	Funds Provided Under Repurchase Agreements		-	-	-	-	-	-
V.	MARKETABLE SECURITIES ISSUED (Net)		-	-	-	-	-	-
5.1	Bills		-	-	-	-	-	-
5.2	Asset Backed Securities		-	-	-	-	-	-
5.3	Bonds		-	-	-	-	-	-
VI.	FUNDS		-	-	-	-	-	-
6.1	Borrower Funds		-	-	-	-	-	-
6.2	Other		-	-	-	-	-	-
VII.	SUNDRY CREDITORS		848	41.082	41.930	34.112	1.173.332	1.207.444
VIII.	OTHER LIABILITIES	(II-d)	5.607	3.327	8.934	488	15.526	16.014
IX.	FACTORING PAYABLES		-	-	-	-	-	-
X.	FINANCIAL LEASE PAYABLES (Net)	(II-e)	-	-	-	-	-	-
10.1	Financial Lease Payables		-	-	-	-	-	-
10.2	Operational Lease Payables		-	-	-	-	-	-
10.3	Other		-	-	-	-	-	-
10.4	Deferred Financial Lease Expenses (-)		-	-	-	-	-	-
XI.	HEDGING DERIVATIVE FINANCIAL LIABILITIES	(II-f)	-	-	-	-	-	-
11.1	Fair Value Hedge		-	-	-	-	-	-
11.2	Cash Flow Hedge		-	-	-	-	-	-
11.3	Foreign Net Investment Hedge		-	-	-	-	-	-
XII.	PROVISIONS	(II-g)	2.650	3.294	5.944	1.383	1.175	2.558
12.1	General Loan Loss Provision		1.661	3.269	4.930	98	1.175	1.273
12.2	Restructuring Provisions		-	-	-	-	-	-
12.3	Reserve for Employee Rights		618	-	618	529	-	529
12.4	Insurance Technical Provisions (Net)		-	-	-	-	-	-
12.5	Other Provisions		371	25	396	756	-	756
XIII.	TAX LIABILITY	(II-h)	8.752	-	8.752	4.252	-	4.252
13.1	Current Tax Liability		8.752	-	8.752	4.252	-	4.252
13.2	Deferred Tax Liability		-	-	-	-	-	-
XIV.	PAYABLES RELATED TO ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS (Net)	(II-i)	-	-	-	-	-	-
14.1	Held for Sale		-	-	-	-	-	-
14.2	Discontinued Operations		-	-	-	-	-	-
XV.	SUBORDINATED LOANS	(II-j)	-	-	-	-	-	-
XVI.	SHAREHOLDERS' EQUITY	(II-k)	157.209	-	157.209	100.127	-	100.127
16.1	Paid-in capital		53.655	-	53.655	53.655	-	53.655
16.2	Capital Reserves		(930)	-	(930)	517	-	517
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Marketable Securities Valuation Differences	(II-l)	(930)	-	(930)	517	-	517
16.2.4	Tangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.5	Intangible Assets Revaluation Differences		-	-	-	-	-	-
16.2.6	Revaluation differences of investment property		-	-	-	-	-	-
16.2.7	Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-	-	-	-	-
16.2.8	Hedging Funds (Effective Portion)		-	-	-	-	-	-
16.2.9	Accumulated valuation differences from assets held for sale and from discontinued operations		-	-	-	-	-	-
16.2.10	Other Capital Reserves		-	-	-	-	-	-
16.3	Profit Reserves		1.301	-	1.301	1.301	-	1.301
16.3.1	Legal Reserves		-	-	-	-	-	-
16.3.2	Status Reserves		-	-	-	-	-	-
16.3.3	Extraordinary Reserves		1.301	-	1.301	1.301	-	1.301
16.3.4	Other Profit Reserves		-	-	-	-	-	-
16.4	Profit or (Loss)		103.183	-	103.183	44.654	-	44.654
16.4.1	Prior Years' Income or (Loss)		44.654	-	44.654	18.276	-	18.276
16.4.2	Current Year Income or (Loss)		58.529	-	58.529	26.378	-	26.378
	TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		405.334	3.134.315	3.539.649	329.898	1.504.754	1.834.652

The accompanying explanations and notes form an integral part of these financial statements.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

II. STATEMENT OF OFF-BALANCE SHEET CONTINGENCIES AND COMMITMENTS

	Note	Current Period 31 December 2011			Previous Period 31 December 2010		
		TL	FC	Total	TL	FC	Total
A. OFF-BALANCE SHEET COMMITMENTS (I-II+III)		2.201	66.586	68.787	1.234	104.530	105.764
I. GUARANTEES AND WARRANTIES	(IV-a-2, 3)	2.024	66.586	68.610	1.072	104.530	105.602
1.1. Letters of Guarantee		1.373	19.206	20.579	380	77.105	77.485
1.1.1. Guarantees Subject to State Tender Law		-	-	-	-	-	-
1.1.2. Guarantees Given for Foreign Trade Operations		-	-	-	-	-	-
1.1.3. Other Letters of Guarantee		1.373	19.206	20.579	380	77.105	77.485
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		288	9.442	9.730	641	27.425	28.066
1.3.1. Documentary Letters of Credit		288	9.442	9.730	-	8.044	8.044
1.3.2. Other Letters of Credit		-	-	-	641	19.381	20.022
1.4. Prefinancing Given as Guarantee		-	-	-	-	-	-
1.5. Endorsements		-	-	-	-	-	-
1.5.1. Endorsements to the Central Bank of the Republic of Turkey		-	-	-	-	-	-
1.5.2. Other Endorsements		-	-	-	-	-	-
1.6. Securities Issue Purchase Guarantees		-	-	-	-	-	-
1.7. Factoring Guarantees		-	-	-	-	-	-
1.8. Other Guarantees		350	37.938	38.288	38	-	38
1.9. Other Collaterals		13	-	13	13	-	13
II. COMMITMENTS	(IV-a-1)	177	-	177	162	-	162
2.1. Irrevocable Commitments		177	-	177	162	-	162
2.1.1. Forward Asset Purchase Commitments		-	-	-	-	-	-
2.1.2. Forward Deposit Purchase and Sales Commitments		-	-	-	-	-	-
2.1.3. Share Capital Commitments to Associates and Subsidiaries		-	-	-	-	-	-
2.1.4. Loan Granting Commitments		-	-	-	-	-	-
2.1.5. Securities Underwriting Commitments		-	-	-	-	-	-
2.1.6. Commitments for Reserve Deposit Requirements		-	-	-	-	-	-
2.1.7. Commitments for Cheques		177	-	177	162	-	162
2.1.8. Tax and Fund Liabilities from Export Commitments		-	-	-	-	-	-
2.1.9. Commitments for Credit Card Limits		-	-	-	-	-	-
2.1.10. Commitments for Credit Cards and Banking Services Promotions		-	-	-	-	-	-
2.1.11. Receivables from Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.12. Payables for Short Sale Commitments of Marketable Securities		-	-	-	-	-	-
2.1.13. Other Irrevocable Commitments		-	-	-	-	-	-
2.2. Revocable Commitments		-	-	-	-	-	-
2.2.1. Revocable Loan Granting Commitments		-	-	-	-	-	-
2.2.2. Other Revocable Commitments		-	-	-	-	-	-
III. DERIVATIVE FINANCIAL INSTRUMENTS	(IV-b)	-	-	-	-	-	-
3.1. Hedging Derivative Financial Instruments		-	-	-	-	-	-
3.1.1. Transactions for Fair Value Hedge		-	-	-	-	-	-
3.1.2. Transactions for Cash Flow Hedge		-	-	-	-	-	-
3.1.3. Transactions for Foreign Net Investment Hedge		-	-	-	-	-	-
3.2. Trading Transactions		-	-	-	-	-	-
3.2.1. Forward Foreign Currency Buy/Sell Transactions		-	-	-	-	-	-
3.2.1.1. Forward Foreign Currency Transactions-Buy		-	-	-	-	-	-
3.2.1.2. Forward Foreign Currency Transactions-Sell		-	-	-	-	-	-
3.2.2. Swap Transactions Related to Foreign Currency and Interest Rates		-	-	-	-	-	-
3.2.2.1. Foreign Currency Swap-Buy		-	-	-	-	-	-
3.2.2.2. Foreign Currency Swap-Sell		-	-	-	-	-	-
3.2.2.3. Interest Rate Swap-Buy		-	-	-	-	-	-
3.2.2.4. Interest Rate Swap-Sell		-	-	-	-	-	-
3.2.3. Foreign Currency, Interest Rate and Securities Options		-	-	-	-	-	-
3.2.3.1. Foreign Currency Options-Buy		-	-	-	-	-	-
3.2.3.2. Foreign Currency Options-Sell		-	-	-	-	-	-
3.2.3.3. Interest Rate Options-Buy		-	-	-	-	-	-
3.2.3.4. Interest Rate Options-Sell		-	-	-	-	-	-
3.2.3.5. Securities Options-Buy		-	-	-	-	-	-
3.2.3.6. Securities Options-Sell		-	-	-	-	-	-
3.2.4. Foreign Currency Futures		-	-	-	-	-	-
3.2.4.1. Foreign Currency Futures-Buy		-	-	-	-	-	-
3.2.4.2. Foreign Currency Futures-Sell		-	-	-	-	-	-
3.2.5. Interest Rate Futures		-	-	-	-	-	-
3.2.5.1. Interest Rate Futures-Buy		-	-	-	-	-	-
3.2.5.2. Interest Rate Futures-Sell		-	-	-	-	-	-
3.2.6. Other		-	-	-	-	-	-
B. CUSTODY AND PLEDGES RECEIVED (IV+V+VI)		-	4.071	4.071	182	2.384	2.566
IV. ITEMS HELD IN CUSTODY		-	3.986	3.986	182	2.315	2.497
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		-	-	-	-	-	-
4.3. Checks Received for Collection		-	3.986	3.986	182	2.315	2.497
4.4. Commercial Notes Received for Collection		-	-	-	-	-	-
4.5. Other Assets Received for Collection		-	-	-	-	-	-
4.6. Assets Received for Public Offering		-	-	-	-	-	-
4.7. Other Items Under Custody		-	-	-	-	-	-
4.8. Custodians		-	-	-	-	-	-
V. PLEDGES RECEIVED		-	85	85	-	69	69
5.1. Marketable Securities		-	-	-	-	-	-
5.2. Guarantee Notes		-	85	85	-	69	69
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		-	-	-	-	-	-
5.6. Other Pledged Items		-	-	-	-	-	-
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		-	-	-	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		2.201	70.657	72.858	1.416	106.914	108.330

The accompanying explanations and notes form an integral part of these financial statements.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

III. STATEMENT OF INCOME

	INCOME AND EXPENSE ITEMS	Note	Current Period 1 January 2011 - 31 December 2011	Previous Period 1 January 2009 - 31 December 2010
I.	INTEREST INCOME	(III-a)	168.275	40.946
1.1	Interest on Loans	(III-a-1)	68.007	28.932
1.2	Interest Received from Reserve Requirements		-	-
1.3	Interest Received from Banks	(III-a-2)	88.955	5.723
1.4	Interest Received from Money Market Transactions		514	312
1.5	Interest Received from Marketable Securities Portfolio	(III-a-3)	10.794	5.971
1.5.1	Trading Financial Assets		-	-
1.5.2	Financial Assets at Fair Value Through Profit or Loss		-	-
1.5.3	Available-for-sale Financial Assets		10.794	5.971
1.5.4	Held-to-Maturity Investments		-	-
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		5	8
II.	INTEREST EXPENSE	(III-b)	(109.398)	(19.281)
2.1	Interest on Deposits	(III-b-4)	(102.255)	(3.689)
2.2	Interest on Funds Borrowed	(III-b-1)	(7.143)	(15.592)
2.3	Interest Expense on Money Market Transactions		-	-
2.4	Interest on Securities Issued	(III-b-3)	-	-
2.5	Other Interest Expenses		-	-
III.	NET INTEREST INCOME (I + II)		58.877	21.665
IV.	NET FEES AND COMMISSIONS INCOME		26.126	15.162
4.1	Fees and Commissions Received		26.246	15.197
4.1.1	Non-cash Loans		22.249	13.089
4.1.2	Other		3.997	2.108
4.2	Fees and Commissions Paid		(120)	(35)
4.2.1	Non-cash Loans		-	-
4.2.2	Other		(120)	(35)
V.	DIVIDEND INCOME	(III-c)	-	-
VI.	TRADING INCOME/(LOSS) (Net)	(III-d)	4.675	4.086
6.1	Trading Gains / (Losses) on Securities		-	30
6.2	Trading Gains/(Losses) on Derivative Financial Instruments		-	-
6.3	Foreign Exchange Gains / (Losses)		4.675	4.056
VII.	OTHER OPERATING INCOME	(III-e)	764	607
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII)		90.442	41.520
IX.	PROVISION FOR LOAN LOSSES AND OTHER RECEIVABLES (-)	(III-f)	(5.414)	(587)
X.	OTHER OPERATING EXPENSES (-)	(III-g)	(11.089)	(7.856)
XI.	NET OPERATING INCOME/(LOSS) (VIII+IX+X)		73.939	33.077
XII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIII.	GAIN / (LOSS) ON EQUITY METHOD		-	-
XIV.	GAIN / (LOSS) ON NET MONETARY POSITION		-	-
XV.	PROFIT/(LOSS) FROM CONTINUED OPERATIONS BEFORE TAXES (XI+...+XIV)	(III-h)	73.939	33.077
XVI.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(III-i)	(15.410)	(6.699)
16.1	Current Tax Provision		(15.219)	(6.830)
16.2	Deferred Tax Provision		(191)	131
XVII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XV±XVI)		58.529	26.378
XVIII.	INCOME FROM DISCONTINUED OPERATIONS		-	-
18.1	Income on assets held for sale		-	-
18.2	Income on sale of associates, subsidiaries and entities under common control (Joint vent.)		-	-
18.3	Income on other discontinued operations		-	-
XIX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
19.1	Loss from assets held for sale		-	-
19.2	Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
19.3	Loss from other discontinued operations		-	-
XX.	PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXI.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
21.1	Current Tax Provision		-	-
21.2	Deferred Tax Provision		-	-
XXII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIII.	NET PROFIT/LOSSES (XVII+XXII)	(III-j)	58.529	26.378
	Earnings/(Loss) per share		1,0908	0,4916

The accompanying explanations and notes form an integral part of these financial statements.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

IV. STATEMENT OF PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY

PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY		Current Period 31 December 2011	Previous Period 31 December 2010
I.	ADDITIONS TO THE MARKETABLE VALUATION DIFFERENCES FROM THE AVAILABLE FOR SALE FINANCIAL ASSETS	(1.863)	69
II.	TANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
III.	INTANGIBLE ASSETS REVALUATION DIFFERENCES	-	-
IV.	CURRENCY TRANSLATION DIFFERENCES FOR FOREIGN CURRENCY TRANSACTIONS	-	-
V.	PROFIT OR LOSS ON CASH FLOW HEDGE DERIVATIVE FINANCIAL ASSETS (Effective part of the fair value differences)	-	-
VI.	THE EFFECT OF CORRECTION OF ERRORS AND CHANGES IN ACCOUNTING POLICIES	-	-
VII.	EFFECTS OF CHANGES IN ACCOUNTING POLICY AND ADJUSTMENT OF ERRORS	-	-
VIII.	OTHER PROFIT AND LOSS ACCOUNTED FOR UNDER EQUITY ACCORDING TO TAS	-	-
IX.	DEFERRED TAX RELATED TO VALUATION DIFFERENCES	362	(25)
X.	NET PROFIT OR LOSS ACCOUNTED DIRECTLY UNDER SHAREHOLDERS' EQUITY (I+II+...+IX)	(1.501)	44
XI.	CURRENT YEAR PROFIT/LOSS	54	58
1.1	Net change in fair value of marketable securities (transfer to profit-loss)	54	58
1.2	Reclassification of cash flow hedge transactions and presentation of the related under income statement		
1.3	Reclassification of foreign net investment hedge transactions and presentation of the related part under income statement		
1.4	Other		
XII.	TOTAL PROFIT/LOSS RELATED TO THE CURRENT PERIOD (X-XI)	(1.447)	102

The accompanying explanations and notes form an integral part of these financial statements.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011
 Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	PRIOR PERIOD 01.01.2010-31.12.2010	Note	Paid-in Capital	Adjustment to Share Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Fund	Bonus Shares From Investment in Associates and Subsidiaries	Hedging Transactions Funds	Held for Resale/ Discontinued Operations Revaluation Fund	Total Shareholders' Equity
I.	Prior Period Beginning Balance		53.655	-	-	-	-	-	1.301	-	-	18.276	415	-	-	-	-	73.647
II.	Adjustments According to TAS 8		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1	The Effect of Correction of Errors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2	The Effects of Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	New Balance (I+II)		53.655	-	-	-	-	-	1.301	-	-	18.276	415	-	-	-	-	73.647
	Changes during the period																	
IV.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Marketable Securities Valuation Differences	(V-a)	-	-	-	-	-	-	-	-	-	-	102	-	-	-	-	102
VI.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII.	Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	Bonus Shares Obtained from Associates, Subsidiaries and Entities Under Common Control (Joint vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	The Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	The Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Effect of the Changes in Investment in Associates' Equity to the Bank's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.1	Cash Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
14.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Paid in-capital Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVIII.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIX.	Current Year Income or Loss		-	-	-	-	-	-	-	-	26.378	-	-	-	-	-	-	26.378
XX.	Profit Distribution	(V-c)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.2	Transfers to Reserves	(V-b)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
20.3	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Period End Balance (I+....+XIV)		53.655	-	-	-	-	-	1.301	-	26.378	18.276	517	-	-	-	-	100.127

The accompanying explanations and notes form an integral part of these financial statements.

BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ
UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011
 Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

V. STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Continued)

	CURRENT PERIOD 01/01/2011 – 31/12/2011	Note	Paid-in Capital	Adjustment to Share Capital	Share Premiums	Share Cancellation Profits	Legal Reserves	Status Reserves	Extraordinary Reserves	Other Reserves	Current Period Net Income/(Loss)	Prior Period Net Income/ (Loss)	Marketable Securities Value Increase Fund	Tangible and Intangible Assets Revaluation Fund	Bonus Shares From Investment in Associates and Subsidiaries	Hedging Transactions Funds	Held for Resale/ Discontinued Operations Revaluation Fund	Total Shareholders' Equity
I.	Prior Period End Balance		53.655	-	-	-	-	-	1.301	-	26.378	18.276	517	-	-	-	-	100.127
	Changes during the period		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
II.	Increase/Decrease due to the Merger		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III.	Marketable Securities Valuation Differences	(V-a)	-	-	-	-	-	-	-	-	-	-	(1.447)	-	-	-	-	(1.447)
IV.	Hedging Funds (Effective Portion)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.1	Cash Flow Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Foreign Investment Hedge		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
V.	Tangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI.	Intangible Assets Revaluation Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Bonus Shares Obtained from Associates, Subsidiaries and Entities Under Common Control (Joint vent.)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII.	Foreign Exchange Differences		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX.	The Disposal of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X.	The Reclassification of Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XI.	Effect of the Changes in Investment in Associates' Equity to the Bank's Equity		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XII.	Capital Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.1	Cash Increase		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.2	Internal Resources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIII.	Share Premium		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XIV.	Share Cancellation Profits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XV.	Paid in-capital Adjustment Difference		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVI.	Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
XVII.	Current Year Income or Loss		-	-	-	-	-	-	-	-	58.529	-	-	-	-	-	-	58.529
XVIII.	Profit Distribution	(V-c)	-	-	-	-	-	-	-	-	(26.378)	26.378	-	-	-	-	-	-
18.1	Dividend Paid		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.2	Transfers to Reserves	(V-b)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18.3	Other		-	-	-	-	-	-	-	-	(26.378)	26.378	-	-	-	-	-	-
	Period End Balance (I+....+XIV)		53.655	-	-	-	-	-	1.301	-	58.529	44.654	(930)	-	-	-	-	157.209

The accompanying explanations and notes form an integral part of these financial statements.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011
Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

VI. STATEMENT OF CASH FLOWS

	STATEMENT OF CASH FLOWS	Note	Current Period 1 January – 31 December 2011	Previous Period 1 January – 31 December 2010
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit before changes in operating assets and liabilities		38.052	27.906
1.1.1	Interest received		105.220	34.155
1.1.2	Interest paid		(55.764)	(12.059)
1.1.3	Dividend received		-	-
1.1.4	Fees and commissions received		26.378	15.197
1.1.5	Other income		803	637
1.1.6	Collections from previously written-off loans and other receivables		52	-
1.1.7	Payments to personnel and service suppliers		(6.179)	(3.959)
1.1.8	Taxes paid		(14.353)	(5.506)
1.1.9	Other		(18.105)	(559)
1.2	Changes in operating assets and liabilities		2.102.737	515.211
1.2.1	Net (increase) / decrease in trading financial assets		-	-
1.2.2	Net (increase) / decrease in fair value through profit/loss financial assets		-	-
1.2.3	Net (increase) / decrease in banks		1	-
1.2.4	Net (increase) / decrease in loans		515.893	(888.198)
1.2.5	Net (increase) / decrease in other assets		(71)	(52)
1.2.6	Net increase in bank deposits		1.058.396	206.825
1.2.7	Net increase / (decrease) in other deposits		(105.144)	130.430
1.2.8	Net (decrease) in funds borrowed		189.446	13.216
1.2.9	Net increase / (decrease) in payables		-	-
1.2.10	Net increase in other liabilities		444.216	1.052.990
I.	Net cash provided from banking operations		2.140.789	543.117
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net cash provided from investing activities		44.217	(122.344)
2.1	Cash paid for purchase of entities under common control, associates and subsidiaries (Joint Vent.)		-	-
2.2	Cash obtained from sale of entities under common control, associates and subsidiaries (Joint Vent.)		-	-
2.3	Fixed assets purchases		(164)	(196)
2.4	Fixed assets sales		1	7
2.5	Cash paid for purchase of investments available-for-sale		(76.447)	(137.172)
2.6	Cash obtained from sale of investments available-for-sale		120.880	15.017
2.7	Cash paid for purchase of investment securities		-	-
2.8	Cash obtained from sale of investment securities		-	-
2.9	Other		(53)	-
C.	CASH FLOWS FROM FINANCING ACTIVITIES			
III.	Net cash provided from financing activities		-	-
3.1	Cash obtained from funds borrowed and securities issued		-	-
3.2	Cash used for repayment of funds borrowed and securities issued		-	-
3.3	Capital increase		-	-
3.4	Dividends paid		-	-
3.5	Payments for finance leases		-	-
3.6	Other		-	-
IV.	Effect of change in foreign exchange rate on cash and cash equivalents		31.250	1.611
V.	Net increase in cash and cash equivalents (I + II + III + IV)		2.216.256	422.384
VI.	Cash and cash equivalents at beginning of the period	(VI-a)	550.576	128.192
VII.	Cash and cash equivalents at end of the period (V + VI)	(VI-a)	2.766.832	550.576

The accompanying explanations and notes form an integral part of these financial statements.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

VII. PROFIT DISTRIBUTION TABLE

		Current Period 1 January – 31 December 2011	Previous Period 1 January – 31 December 2010
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	Current Year Income	73.939	33.077
1.2	Taxes And Duties Payable (-)	(15.410)	(6.699)
1.2.1	Corporate Tax (Income tax)	(15.219)	(6.830)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties	(191)	131
A.	NET INCOME FOR THE YEAR (1.1-1.2)	58.529	26.378
1.3	Prior Year Losses (-)	-	-
1.4	First Legal Reserves (-)	-	-
1.5	Other Statutory Reserves (-)	-	-
B.	NET INCOME AVAILABLE FOR DISTRIBUTION [(A)+(1.3+1.4+1.5)]	58.529	26.378
1.6	First Dividend To Shareholders (-)	-	-
1.6.1	To Owners Of Ordinary Shares	-	-
1.6.2	To Owners Of Preferred Shares	-	-
1.6.3	To Owners Of Preferred Shares (Preemptive Rights)	-	-
1.6.4	To Profit Sharing Bonds	-	-
1.6.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.7	Dividends To Personnel (-)	-	-
1.8	Dividends To Board Of Directors (-)	-	-
1.9	Second Dividend To Shareholders (-)	-	-
1.9.1	To Owners Of Ordinary Shares	-	-
1.9.2	To Owners Of Preferred Shares	-	-
1.9.3	To Owners Of Preferred Shares (Preemptive Rights)	-	-
1.9.4	To Profit Sharing Bonds	-	-
1.9.5	To Holders Of Profit And Loss Sharing Certificates	-	-
1.10	Second Legal Reserves (-)	-	-
1.11	Statutory Reserves (-)	-	-
1.12	Extraordinary Reserves	-	-
1.13	Other Reserves	-	-
1.14	Special Funds	-	-
II.	DISTRIBUTION OF RESERVES		
2.1	Distributed Reserves	-	-
2.2	Second Legal Reserves (-)	-	-
2.3	Dividends To Shareholders (-)	-	-
2.3.1	To Owners Of Ordinary Shares	-	-
2.3.2	To Owners Of Preferred Shares	-	-
2.3.3	To Owners Of Preferred Shares	-	-
2.3.4	To Profit Sharing Bonds	-	-
2.3.5	To Holders Of Profit And Loss Sharing Certificates	-	-
2.4	Dividends To Personnel (-)	-	-
2.5	Dividends To Board Of Directors (-)	-	-
III.	EARNINGS PER SHARE		
3.1	To Owners Of Ordinary Shares	1,0908	0,4916
3.2	To Owners Of Ordinary Shares (%)	-	-
3.3	To Owners Of Preferred Shares	-	-
3.4	To Owners Of Preferred Shares (%)	-	-
IV.	DIVIDEND PER SHARE		
4.1	To Owners Of Ordinary Shares	-	-
4.2	To Owners Of Ordinary Shares (%)	-	-
4.3	To Owners Of Preferred Shares	-	-
4.4	To Owners Of Preferred Shares (%)	-	-

Note: As of date of these financial statements, profit distribution for 2011 has not been defined yet.

The accompanying explanations and notes form an integral part of these financial statements.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**

UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

VIII. CONSOLIDATED FINANCIAL STATEMENTS OF THE BRANCH'S HEADQUARTER

As at 20 March 2011, the financial statements issued by the Headquarters of the Branch have been independently audited. The Headquarters of the Branch has not issued financial statements as at December 31, 2011 and December 31, 2010.

BANK MELLAT (IRAN)		
CONSOLIDATED COMPARATIVE BALANCE SHEET		
(THOUSANDS OF USD)		
	CURRENT PERIOD (20 March 2011)	PRIOR PERIOD (20 March 2010) (*)
Cash and cash equivalents	733.563	448.660
Central bank	7.094.295	5.723.923
Other assets	49.728.064	39.411.278
Total Assets	57.555.922	45.583.861
Deposits	39.836.262	31.557.323
Other liabilities	15.435.266	12.338.093
Shareholders' equity	2.284.394	1.688.445
Total Liabilities	57.555.922	45.583.861

BANK MELLAT (IRAN)		
CONSOLIDATED COMPARATIVE INCOME STATEMENT		
(THOUSANDS OF USD)		
	CURRENT PERIOD (20 March 2011)	PRIOR PERIOD (20 March 2010)
Total income	3.561.169	2.541.135
Interest expense on deposits	(2.258.535)	(1.794.130)
Other income	1.323.036	1.095.124
Total net income	2.625.670	1.842.129
Total expenses	(1.968.973)	(1.456.456)
Profit before tax	656.697	385.673
Taxes payable	(118.301)	(83.305)
Net Profit	538.396	302.368

(*)Restatements have been made.

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON THE BASIS OF PRESENTATION:

The preparation of the financial statements and related notes and explanations in accordance with the Turkish Accounting Standards and Regulation on the Accounting Applications for Banks and Safeguarding of Documents:

The Branch maintains its books of accounts in Turkish lira in accordance with the Banking Act No. 5411 ("Banking Act"), which is effective from November 1, 2005, the Turkish Commercial Code and Turkish tax legislation.

The financial statements are prepared in accordance with the "Regulation on the Principles and Procedures Regarding Banks' Accounting Application and Keeping Documents" published in the Official Gazette No.26333 dated November 1, 2006, which refers to "Turkish Accounting Standards" ("TAS") and "Turkish Financial Reporting Standards" ("TFRS") issued by the "Turkish Accounting Standards Board" ("TASB") and additional explanations and notes to accounting and financial reporting principles (all "Turkish Accounting Standards" or "TAS") published by the Banking Regulation and Supervision Agency ("BRSA"). The format and content of the financial statements to be disclosed to the public and related notes to these financial statements have been prepared in accordance with the "Communiqué Regarding Financial Statements to be disclosed to the Public and Related Disclosures" published in the Official Gazette No.26430 dated February 10, 2007.

Statutory Decree No: 660, which has been become effective and published in the Official Gazette on 2 November 2011, and the Additional Clause 1 of the Law No: 2499 were nullified and accordingly, Public Oversight, Accounting and Audit Standards Institution (the "Institution") was established. As per Additional Article 1 of the Statutory Decree, applicable laws and standards will apply until new standards and regulations be issued by the Institution and will become effective. In this respect, the respective matter has no effect over the 'Basis of The Preparation of Financial Statements' Note disclosed in the accompanying financial statements as of the reporting date.

The financial statements have been prepared in TL, under the historical cost convention and in accordance with inflation accounting except for the financial assets and liabilities carried at fair value.

The accounting policies and valuation methods adopted in the presentation of these financial statements are in accordance with TAS. These accounting policies and valuation methods are explained in Notes II. to XXVIII.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

II. EXPLANATIONS ON STRATEGY OF USING FINANCIAL INSTRUMENTS AND FOREIGN CURRENCY TRANSACTIONS:

The Branch's operation scope involves all commercial banking operations and business lines described in the banking legislation.

The Branch invests the funds obtained through fixed rate deposits, loans from Head Office and cash guarantees to short-term, high interest bearing and relatively low risk bank placements and credit for banks. The Branch manages the liquidity risk by providing sufficient cash and cash equivalent sources for its current and contingent liabilities. In this context, the Branch aims at ensuring a liquidity structure which matches liabilities due.

The Branch protects itself from interest rate risk, currency risk and price fluctuations by its investments in short-term placements and provides cash collaterals.

The Branch takes a position according to the currency basket of the Central Bank of the Republic of Turkey ("CBRT") in order to hedge itself against possible foreign exchange risks. The Branch with the change in the currency system to floating currency, limits the total foreign currency position in accordance with the legal limits because of the increasing uncertainties in the changing currency path.

As of December 31, 2011, rates used for conversion of foreign currency balances into Turkish lira are TL1,8889 for USD, TL2,4438 for Euro and TL0,0243 for Yen.

III. EXPLANATIONS ON INVESTMENTS IN ASSOCIATES AND SUBSIDIARIES:

As of December 31, 2011 and December 31, 2010, the Branch has no investments in associates and subsidiaries.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS:

Derivative instruments are measured at fair value on initial recognition and are subsequently re-measured at their fair values. The accounting method for the income or loss arising from derivative instruments depends on the derivative being used for hedging purposes or not and depends on the type of the item being hedged. As of December 31, 2011, the Branch has no derivative instruments that qualify for hedge accounting.

The Branch has no forward transactions, options or other derivative instruments.

V. EXPLANATIONS ON INTEREST INCOME AND EXPENSE:

Interest income and expenses are recognised in the income statement on an accrual basis using the effective interest method.

The Branch, ceases accruing interest income on non-performing loans according to the related regulation.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VI. EXPLANATIONS ON FEE AND COMMISSION INCOME AND EXPENSES:

All fees and commission income/expenses are recognised on an accrual basis, except for certain commission income and fees for various banking services which are accounted for as income at the time of collection. Borrowing fees and commission expenses paid to other financial institutions are recognised as operational costs and recorded using the "effective interest method". Contract based fees or fees received in return for services such as the purchase and sale of assets on behalf of a third party or legal person are recognised as income at the time of collection.

VII. EXPLANATIONS ON FINANCIAL ASSETS:

The Branch classifies and accounts its financial assets as "Fair value through profit or loss", "Available-for-sale", "Loans and receivables" or "Held-to-maturity". Sales and purchases of the financial assets mentioned above are recognised at the "settlement dates". The appropriate classification of financial assets is determined at inception according to Branch management's purpose of purchase.

a. Financial assets at fair value through profit or loss:

This category has two sub categories: "Trading financial assets" and "Financial assets designated at fair value through profit or loss at initial recognition."

Trading financial assets are financial assets which were either acquired for generating a profit from short-term fluctuations in prices or dealers' margin, or are financial assets included in a portfolio in which a pattern of short-term profit making exists.

Trading financial assets are initially recognised at fair value and are subsequently re-measured at their fair value. However, if fair values cannot be obtained from the fair market transactions, it is accepted that the fair value cannot be measured reliably and financial assets are measured using the official prices announced by the CBRT. All gains and losses arising from these evaluations are recognised in the income statement. Interest earned while holding financial assets is reported as interest income and dividends received are included separately in dividend income.

Derivative financial instruments are classified as trading financial assets unless they are not designated as hedge instruments.

The Branch has no financial assets designated as financial assets at fair value through profit or loss.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

b. Loans and receivables:

Financial assets that are originated by the Branch by providing money, services or goods to borrowers are categorised as loans and receivables. Loans and receivables originated by the Branch are carried initially at cost and subsequently recognised at the amortised cost value calculated using the "effective yield method".

If the collectibility of any receivable is identified as limited or doubtful by the management through assessments and estimates, the Branch provides general and specific provisions for these loans and receivables in accordance with the "Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette dated November 1, 2006, No.26333 and the "Communiqué regarding the changes in the Communiqué Related to Principles and Procedures on Determining the Qualifications of Banks' Loans and Other Receivables and the Provision for These Loans and Other Receivables" published in the Official Gazette No. 27119 dated January 23, 2009. The Branch makes its general provision calculations appropriate in accordance with the regulations published on June 18, 2011 and May 28, 2011 in Official Gazette numbered 27968 and 27947 respectively.

Provision expenses are deducted from the net income of the period. Uncollectible receivables are written-off after all the legal procedures are finalised. If there is a subsequent collection from a receivable that was already provisioned in the previous years, the recovery amount is deducted from specific provisions and included in the income statement.

c. Held-to-maturity financial assets:

Held-to-maturity financial assets are assets that are not classified under "loans and receivables" with fixed maturities and fixed or determinable payments where management has the intent and ability to hold the financial assets to maturity. Held-to-maturity financial assets are initially recognised at cost, and subsequently carried at amortised cost using the "effective yield method"; interest earned whilst holding held-to-maturity securities is reported as interest income. Interest income from held-to-maturity financial assets is reflected in the income statement.

There are no financial assets that were previously classified as held-to-maturity but which cannot be subject to this classification for two years due to the contradiction of classification principles.

The Branch has no financial assets that are classified as held-to-maturity as of December 31, 2011 and December 31, 2010.

d. Available-for-sale financial assets:

Financial assets available-for-sale consists of financial assets other than "Loan and receivables", "Held-to-maturity" and "Financial assets at fair value through profit or loss". Debt securities classified as available-for-sale financial assets are subsequently remeasured at fair value. Unrealised gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in shareholders' equity as "Marketable securities value increase fund", unless there is a permanent decline in the fair values of such assets or they are disposed of. When these securities are disposed of or impaired, the related fair value differences accumulated in the shareholders' equity are transferred to the income statement.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira (“TL”).

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS:

Where the estimated recoverable amount of the financial asset, being the present value of the expected future cash flows discounted based on the “effective interest method”, or the fair value if one exists is lower than its carrying value, then it is concluded that the asset under consideration is impaired. A provision is made for the diminution in value of the impaired financial asset and it is charged against the income for the year.

The principles regarding the accounting of provisions of loans and receivables are explained in detail in Note VII.b. of this section.

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS:

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when the Branch has a legally enforceable right to offset the recognised amounts and there is an intention to collect/pay related financial assets and liabilities on a net basis or to realise the asset and settle the liability simultaneously.

X. EXPLANATIONS ON SALES AND REPURCHASE AGREEMENTS AND SECURITIES LENDING TRANSACTIONS:

The Branch does not have any sales and repurchase agreements and securities lending transactions as of December 31, 2011 and December 31, 2010.

Securities subject to repurchase agreements (“repo”) are classified as “Fair value difference through profit or loss”, “Available-for-sale” and “Held-to-maturity” according to the investment purposes of the Branch and measured according to the portfolio to which they belong. Funds obtained from repurchase agreements are accounted under “Funds Provided under Repurchase Agreements” in liabilities and the difference between the sale and repurchase price is accrued over the life of repurchase agreements using the “effective interest method”.

Funds given against securities purchased under agreements (“reverse repo”) to resell are accounted under “Receivables from Reverse Repurchase Agreements” in the balance sheet. The difference between the purchase and determined resell price is accrued over the life of repurchase agreements using the “effective interest method”.

XI. EXPLANATIONS ON ASSETS HELD FOR RESALE AND RELATED TO DISCONTINUED OPERATIONS AND EXPLANATIONS ON LIABILITIES RELATED WITH THESE ASSETS:

The Branch has no assets held for sale and discontinued operations and any related liabilities as at the balance sheet date (31 December 2010: TL 25).

Assets held-for-resale consist of tangible assets that were acquired due to non-performing receivables, and are accounted in the financial statements in accordance with the “Communiqué Regarding the Principles and Procedures for the Disposals of Immovables and Commodities Acquired due to Receivables and for Trading of Precious Metal” published in the Official Gazette dated November 1, 2006, No.26333.

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS:

The Branch has no goodwill as at December 31, 2011 and December 31, 2010.

Intangible assets consist of softwares. The intangible assets are amortized in their useful lives, in 3 years, on a straight-line basis (31 December 2011: None).

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIII. EXPLANATIONS ON TANGIBLE FIXED ASSETS:

Property and equipment is measured at its cost when initially recognised and any directly attributable costs of setting the asset in working order for its intended use are included in the initial measurement. Subsequently, property and equipment is carried at cost less accumulated depreciation and impairment, if any.

Depreciation is calculated over of the cost of property and equipment using the straight-line method. The expected useful lives are stated below:

Buildings	50 years
Furniture, fixture and vehicles	5 years

The depreciation charge for items remaining in property and equipment for less than an accounting period at the balance sheet date is calculated in proportion to the period the item remained in property and equipment.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written-down immediately to its recoverable amount and the impairment for the diminution in value is charged to the income statement.

Gains and losses on the disposal of property and equipment are determined by deducting the net book value of the property and equipment from its sales revenue.

Expenditures for the repair and renewal of property and equipment are recognised as expense. The capital expenditures made in order to increase the capacity of the tangible asset or to increase its future benefits are capitalised over the cost of the tangible asset. The capital expenditures include the cost components which are used either to increase the useful life or the capacity of the asset or the quality of the product or to decrease the costs.

There are no pledges, mortgages or purchase commitments on property and equipment as of December 31, 2011 and December 31, 2010.

XIV. EXPLANATIONS ON LEASING TRANSACTIONS:

The Branch has no leasing transactions as of December 31, 2011 and December 31, 2010.

XV. EXPLANATIONS ON PROVISIONS AND CONTINGENT COMMITMENTS:

Provisions and contingent liabilities are accounted in accordance with "Turkish Accounting Standard for Provisions, Contingent Liabilities and Contingent Assets" ("TAS 37").

Provisions are recognised when the Branch has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. The provision for contingent liabilities arising from past events should be recognised in the same period of occurrence in accordance with the matching principle. When the amount of the obligation cannot be estimated and there is no possibility of an outflow of resources from the Branch, it is considered that a "contingent" liability exists and it is disclosed in the related notes to the financial statements.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS:

a. Defined Benefit Plans:

Under the Turkish Labour Law, the Branch is obliged to pay a certain employment termination benefit to the employees who have been retired or whose employment is terminated other than the reasons specified in the Turkish Labour Law.

In accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") the reserve for employment termination benefits is calculated by using Projection Method based on personnel service completion time and previous experience gained. The reserve for employment termination benefits is discounted by the rate of return of the government bonds at the balance sheet date.

The Branch has no employees who are members of any foundation or likewise corporations.

b. Defined Contribution Plans:

In accordance with the law the Branch is obliged to pay a contribution fee to Social Security Institution ("SSI") on behalf of the employees. The Branch has no other payment obligations to employees or "SSI". These contribution fees are reflected to personnel expenses at the date of accrual.

c. Short-Term Benefits to Employees:

Vacation fees defined as "Short-Term Benefits to Employees" in accordance with "Turkish Accounting Standard for Employee Rights" ("TAS 19") are accrued in the periods that they were entitled to and they cannot be discounted.

XVII. EXPLANATIONS ON TAXATION:

a. Current tax:

"Corporate Tax Law" ("New Tax Law") No.5520 was taken into effect after being published in the Official Gazette dated June 21, 2006 No.26205. Many clauses of the "New Tax Law" are effective from January 1, 2006. According to this Law, the corporate tax rate is 20% (2010: 20%). Corporate tax is calculated on the total income of the Bank after adjusting for certain disallowable expenses, exempt income (eg. gain on subsidiaries, investment incentives) and investments and other allowances *eg. research and development expenses). No further tax is payable unless the profit is distributed.

Dividends paid to non-resident corporations, which have a place of business in Turkey or are resident corporations, are not subject to withholding tax. Otherwise, dividends paid are subject to withholding tax at the rate of 15% after July 23, 2006. An increase in capital via issuing bonus shares is not considered as profit distribution and thus does not incur withholding tax.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVII. EXPLANATIONS ON TAXATION (Continued)

a. Current Tax (Continued)

Corporations are required to pay advance corporate tax quarterly at a rate of 20% on their corporate income. Advance tax is declared by the 14th and paid by the 17th day of the second month following each calendar quarter end. Advance tax paid by corporations is for the current period is credited against the annual corporation tax calculated on their annual corporate income in the following year. Despite the offset, if temporary prepaid tax remains, this balance can be refunded or used to offset any other financial liabilities to the government.

A 75% portion of the capital gains derived from the sale of equity investments and immovable properties held for at least two years is tax exempt, if such gains are added to paid-in capital or held in a special account under shareholders' equity for five years.

In Turkey, there is no procedure for a final and definitive agreement on tax assessments. Companies file their tax returns until the twenty fifth day of the following fourth month after the closing of the accounting year to which they relate.

Tax returns are open for five years from the beginning of the year following the date of filing during which period the tax authorities have the right to audit tax returns, and the related accounting records on which they are based, and may issue re-assessments based on their findings. Under the Turkish Corporate Tax Law, losses can be carried forward to offset against future taxable income for up to five years. Tax losses cannot be carried back to offset profits from previous periods.

b. Deferred tax:

The Branch calculates and accounts for deferred income taxes for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in these financial statements in accordance with "Turkish Accounting Standard for Income Taxes" ("TAS 12"). In the deferred tax calculation, the enacted tax rate, in accordance with the tax legislation, is used as of the balance sheet date.

Deferred tax liabilities are recognized for all resulting temporary differences whereas deferred tax assets resulting from temporary differences are recognized to the extent that it is probable that future taxable profit will be available against which the deferred tax assets can be utilized. The calculated deferred tax assets and deferred tax liabilities are presented on a net basis in these financial statements.

XVIII. EXPLANATIONS ON BORROWINGS:

Trading financial liabilities and derivative instruments are valued at the fair value and other financial liabilities are carried at amortised cost using the "effective interest method".

XIX. EXPLANATIONS ON ISSUANCE OF SHARE CERTIFICATES:

Direct transaction costs regarding the issuance of share certificates are recorded under shareholders' equity after eliminating the tax effects. The Branch has no share certificates issued in 2011 and 2010.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XX. EXPLANATIONS ON ACCEPTANCES:

Avalized drafts and acceptances are the contingent liabilities of the Branch and are included in the off-balance sheet commitments. The Branch has no acceptances and avalized drafts as of December 31, 2011 and December 31, 2010.

XXI. EXPLANATIONS ON GOVERNMENT GRANTS:

The Branch has no government grants at as of December 31, 2011 and December 31, 2010.

XXII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT APPROPRIATION:

Retained earnings are available for profit distribution, subject to the written permission of BRSA.

XXIII. EXPLANATIONS ON EARNINGS PER SHARE:

Earnings per share disclosed in the income statement is calculated by dividing net profit for the year to the weighted average number of shares outstanding during the period concerned.

	December 31, 2011	December 31, 2010
Distributable Net Profit to Ordinary Shares	58.529	26.378
Weighted Average Number of Issued Ordinary Shares (Thousand)	53.655	53.655
Earnings Per Share (Disclosed in full TL for nominal shares)	1,0908	0,4916

In Turkey, companies can increase their share capital by making a pro-rata distribution of shares "bonus shares" to existing shareholders from retained earnings. For the purpose of earnings per share computations, the weighted average number of shares outstanding during the year has been adjusted in respect of bonus shares issued without a corresponding change in resources by giving them a retroactive effect for the year in which they were issued and for each earlier period.

XXIV. EXPLANATIONS ON RELATED PARTIES:

For the purpose of these financial statements, shareholders, key management personnel and board members together with their families and companies controlled by/affiliated with them, and associated companies are considered and referred to as related parties in accordance with "Turkish Accounting Standard for Related Parties" ("TAS 24"). The transactions with related parties are disclosed in detail in Note VII of Section Five.

XXV. EXPLANATIONS ON CASH AND CASH EQUIVALENTS:

For the purposes of the cash flow statement, cash includes cash, effectives and demand deposits including balances with the Central Bank; and cash equivalents include interbank money market placements and time deposits at banks with original maturity periods of less than three months.

XXVI. EXPLANATIONS ON SEGMENT REPORTING:

Informations related with areas of operations of the bank prepared in line with the organizational and internal reporting structure of the branch and in accordance with "Turkish Financial Reporting Standards related with Segment Reporting" ("TFRS 8") are disclosed.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVI. EXPLANATIONS ON SEGMENT REPORTING (Continued)

The Branch manages its banking operations through three strategic business units: Retail banking, Corporate and Commercial banking and Treasury operations.

Retail banking provides deposits and loans to individual and small business customers. Other products and services include foreign currency exchange, cheques and bills and money orders.

Corporate and Commercial banking provided corporate and commercial customers financial solutions and banking services. Products and services include FC and TL loans, foreign trade finance, domestic and international non-cash credit line facilities such as letters of credit and guarantees, foreign exchange and deposits.

Treasury operations are managed by the Treasury Department. The Treasury Department has transactions such as purchases-sales of domestic marketable securities and TL and FC placement transactions.

Informations about the operating segments as of December 31, 2011 are presented on the table below.

	Retail Banking	Corporate and Commercial Banking	Treasury	Other^(*)	Total operations of the Branch
December 31, 2011					
Interest Income	6	68.006	100.263	-	168.275
Net Fees and Commissions Income	-	26.126	-	-	26.126
Other Operating Income and Trading Income/(Loss) (Net)	-	5.439	-	-	5.439
Operating Revenue	6	99.571	100.263	-	199.840
Interest Expense	(420)	(9.862)	(99.116)	-	(109.398)
Other Operating Expense and Provision for Loan Losses and Other Receivables	(900)	(12.603)	(3.000)	-	(16.503)
Operating Expense	(1.320)	(22.465)	(102.116)	-	(125.901)
Operating Profit	(1.314)	77.106	(1.853)	-	73.939
Profit Before Tax	-	-	-	-	73.939
Corporate Tax	-	-	-	-	(15.410)
Minority Rights	-	-	-	-	-
Net Profit	-	-	-	-	58.529
Segment Assets ^(*)	5.684	579.845	2.944.194	9.926	3.539.649
Investment in Associates and Subsidiaries	-	-	-	-	-
Total Assets	5.684	579.845	2.944.194	9.926	3.539.649
Segment Liabilities ^(*)	9.517	328.762	3.020.531	23.630	3.516.040
Shareholders' Equity	-	-	-	157.209	157.209
Total Liabilities	9.517	328.762	3.020.531	180.839	3.539.649

(*) "Segment Assets" in "Other" column include tangible assets amounting to TL 8.695, intangible assets amounting to TL 86, tax assets amounting to TL 468 and other assets amounting to TL 677; "Segment Liabilities" in the "Other" column include other liabilities amounting to TL 8.934, provisions amounting to TL 5.944 and tax liability amounting to TL 8.752.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVI. EXPLANATIONS ON SEGMENT REPORTING (Continued)

	Retail Banking	Corporate and Commercial Banking	Treasury	Other (*)	Total operations of the Branch
December 31, 2010					
Interest Income	11	28.929	12.006	-	40.946
Net Fees and Commissions Income	-	15.162	-	-	15.162
Other Operating Income and Trading Income/(Loss) (Net)	-	4.693	-	-	4.693
Operating Revenue	11	48.784	12.006	-	60.801
Interest Expense	(395)	(18.886)	-	-	(19.281)
Other Operating Expense and Provision for Loan Losses and Other Receivables	(497)	(6.291)	(1.655)	-	(8.443)
Operating Expense	(892)	(25.177)	(1.655)	-	(27.724)
Operating Profit	(881)	23.607	10.351	-	33.077
					-
Profit Before Tax	-	-	-	-	33.077
Corporate Tax	-	-	-	-	(6.699)
Minority Rights	-	-	-	-	-
Net Profit	-	-	-	-	26.378
					-
Segment Assets (*)	129	1.119.282	705.627	9.614	1.834.652
Total Assets	129	1.119.282	705.627	9.614	1.834.652
Segment Liabilities (*)	6.063	1.705.638	-	22.824	1.734.525
Shareholders' Equity	-	-	-	100.127	100.127
Total Liabilities	6.063	1.705.638	-	122.951	1.834.652

(*) "Segment Assets" in "Other" column include tangible assets amounting to TL 8.905, tax assets amounting to TL 427, assets held for resale and related to discontinued operations amounting to TL 25 and other assets amounting to TL 257; "Segment Liabilities" in the "Other" column include other liabilities amounting to TL 16.014, provisions amounting to TL 2.558 and tax liability amounting to TL 4.252.

XXVII. RECLASSIFICATIONS

There are no reclassifications to the previous years' financial statements in order to be in conformity with the financial statements as of 31 December 2011.

XXVIII. OTHER INFORMATION

None.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

SECTION FOUR

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO:

The capital adequacy ratio of the Branch is 31,80% (December 31, 2010: 28,92%), which is higher than the minimum required ratio stipulated in the legislation.

The capital adequacy ratio of the Bank is calculated in accordance with the "Regulation Regarding the Measurement and Evaluation of Banks' Capital Adequacy Ratio" and "Regulation Regarding Banks' Shareholders Equity" published as of November 1, 2006 and "Regulation Regarding the Amendments on Regulation Regarding the Measurement and Evaluation of Bank' Capital Adequacy Ratio" published as of October 10, 2007 and March 22, 2008 (together referred as "Regulation Regarding Capital Adequacy"). The following tables show the details of "risk weighted assets" and the calculation of "shareholders' equity" for the capital adequacy ratio calculation.

Information related to capital adequacy ratio:

	Risk Weights ⁽¹⁾				
	%0	%10	%20	%50	%100
Amount subject to credit risk					
Balance sheet items (Net)	2.999.773	-	73.238	11.866	352.149
Cash	25.117	-	-	-	-
Matured marketable securities	-	-	-	-	-
The Central Bank of the Republic of Turkey	95.503	-	-	-	-
Domestic, foreign banks, foreign head offices and branches	2.363.291	-	72.882	-	77.347
Interbank money market placements	63.500	-	-	-	-
Receivables from reverse repurchase transactions	-	-	-	-	-
Reserve requirements with the CBRT	69.192	-	-	-	-
Loans	375.374	-	-	11.864	187.823
Non-performing receivables (Net)	-	-	-	-	5.684
Lease receivables	-	-	-	-	-
Available-for-sale financial assets	-	-	-	-	-
Held-to-maturity investments	-	-	-	-	-
Receivables from the disposal of assets	-	-	-	-	-
Sundry creditors	-	-	-	-	225
Interest and income accruals	27	-	356	2	71.934
Investments in associates, subsidiaries and joint ventures (Net)	-	-	-	-	-
Fixed assets	-	-	-	-	8.695
Other assets	7.769	-	-	-	441
Off-balance sheet items	41.684	-	7	18.779	395
Non-cash loans and commitments	41.684	-	7	18.779	395
Derivative financial instruments	-	-	-	-	-
Non-risk weighted accounts	-	-	-	-	-
Total Risk Weighted Assets	3.041.457	-	73.245	30.645	352.544

(1) There are no assets weighted with 150% and 200% risk.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH (Continued)

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO (Continued)

Summary information about the capital adequacy ratio:

	December 31, 2011	December 31, 2010
Amount subject to credit risk "ASCR"	382.516	226.598
Amount subject to market risk "ASMR"	69.238	81.900
Amounts subject to operational risk "ASOR"	57.777	40.817
Shareholders' equity	162.053	101.011
Shareholders' equity /(ASCR+ASMR+ASOR) *100	31,80	28,92

Information about the shareholders' equity items:

CORE CAPITAL	December 31, 2011	December 31, 2010
Paid-in capital	53.655	53.655
Nominal capital	53.655	53.655
Capital Commitments (-)	-	-
Inflation adjustment to share capital	-	-
Share premium	-	-
Share cancellation profits	-	-
Legal reserves	-	-
First legal reserve (Turkish Commercial Code 466/1)	-	-
Second legal reserve (Turkish Commercial Code 466/2)	-	-
Other legal reserve per special legislation	-	-
Status reserves	-	-
Extraordinary reserves	1.301	1.301
Reserves allocated by the General Assembly	-	-
Retained earnings	1.301	1.301
Accumulated loss	-	-
Foreign currency share capital exchange difference	-	-
Inflation adjustment of legal reserves, status reserves and extraordinary reserves	-	-
Profit	103.183	44.654
Current year profit (net)	58.529	26.378
Prior year profit	44.654	18.276
Provisions for possible risks (up to 25% of core capital)	-	-
Profit on disposal of associates, subsidiaries and immovables to be transferred to share capital	-	-
Primary subordinated loans up to 15% of core capital	-	-
Uncovered portion of loss with reserves (-)	-	-
Current period loss (net)	-	-
Prior periods loss	-	-
Special costs (-)	-	-
Prepaid expenses (-) (*)	-	(80)
Intangible Assets (-)	(86)	-
Deferred tax asset amount exceeding 10% of core capital (-)	-	-
Limit exceeding amount regarding the third clause of the article 56 of the Law (-)	-	-
Total Core Capital	158.053	99.530

(*) According to the amendment on Communiqué on Equity of Banks published in the Official Gazette dated March 10, 2011 and numbered 27870, prepaid expenses are not deducted from shareholders' equity and are included in the "Other Assets" account which is in 100% risk group.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH (Continued)

I. EXPLANATIONS ON CAPITAL ADEQUACY RATIO (Continued)

	December 31, 2011	December 31, 2010
SUPPLEMENTARY CAPITAL		
General Provisions	4.930	1.273
45% of the movables revaluation fund	-	-
45% of the immovables revaluation fund	-	-
Bonus shares of investment in associates, subsidiaries and joint ventures	-	-
Primary subordinated loans that are not considered in the calculation of core capital	-	-
Secondary subordinated loans	-	-
45 % of Marketable Securities valuation fund	(930)	233
From associates and subsidiaries	-	-
From financial Assets Available for Sale	(930)	233
Inflation adjustment of Capital Reserve, Profit Reserve and Prior Years' Income or Loss (Except inflation adjustment of Legal Reserves, Status Reserves and Extraordinary Reserves)	-	-
Total Supplementary Capital	4.000	1.506
TIER III CAPITAL	-	-
CAPITAL	162.053	101.036
DEDUCTIONS FROM THE CAPITAL	-	25
Investments in Unconsolidated Financial Institutions (Domestic, Foreign) and Banks in which 10% or more equity interest is exercised	-	-
Investments in Financial Institutions (Domestic, foreign) and Banks, in which less than 10% equity interest is exercised and that exceeds 10% of the total core and supplementary capital of the Bank	-	-
The Secondary Subordinated Loans extended to Banks, Financial Institutions (Domestic or Foreign) or Significant Shareholders of the Bank and the Debt Instruments That Have Primary or Secondary Subordinated Loan Purchased From Them	-	-
Loans extended as contradictory to articles 50 and 51 of the Law	-	-
The Net Book Value of Bank's Immovables That Are Over 50% of Shareholders' Equity and Immovables or Commodities That Are Received on behalf of the Receivables From Customers and are to be Disposed of Accordingly with Banking Law article 57 as they have been Held for More Than Five Years From the Acquisition Date	-	25
Other	-	-
TOTAL SHAREHOLDERS' EQUITY	162.053	101.011

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH (Continued)

II. EXPLANATIONS ON CREDIT RISK:

- a. Credit risk is monitored by reference to credit risk ratings and managed by limiting the aggregate risk to banks with high credibility rate and other financial institutions. The Branch requires additional guarantees from the real persons and entities that the Branch extends loans to who were assessed as high risk after performing detailed risk ratings on individual loans.

The credit worthiness of borrowers is monitored regularly. Audited information is obtained for the new rendered loans if possible. Unaudited information is examined in detail by loan department.

- b. At December 31, 2011, the Branch has no forward and option contracts or any other similar agreements.
- c. At December 31, 2011, the Branch has been faced with an insignificant amount of credit risk exposure.
- d. The Branch subjects the non-cash loans which are reimbursed, to the same risk weight as the loans which are passed due but not collected. Credit risk is defined broadly for contracts and positions bearing all types of cash and non-cash counterparty risk, and managed accordingly.

Rescheduled or restructured loans are monitored by the Branch according to the risk management and monitoring principles of the Branch. The financial conditions and commercial operations of the related customers are continuously analysed where interest and capital payments according to new payment plans are closely monitored.

- e. The Branch's transactions in foreign countries with regard to banking operations and credit facilities are mainly held with corporations based in Islamic Republic of Iran, where the head office of the Branch is also based.
- f. The Branch is not active in international banking market.
- g. 1. The proportion of the largest 100 cash loan balances in the total cash loan portfolio of the Branch is 100% (December 31, 2010: 100%).
2. The proportion of the largest 100 non-cash loan balances in the total non-cash loan portfolio of the Branch is 100% (December 31, 2010: 100%).
3. The proportion of the cash and non-cash loan balances in the total assets and non-cash loans is 27% (December 31, 2010: 63%).
- h. The general loan loss provision amount provided for credit risk is TL4.930 thousand (December 31, 2010: TL1.273 thousand).

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued)

i. Distribution of the credit risk according to users and geographical regions:

	Loans granted to real persons and corporate entities		Loans granted to Banks and other financial Institutions		Marketable Securities ⁽¹⁾		Other Loans ⁽²⁾		Off Balance Sheet ⁽²⁾	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Loans concentration according to the type of borrowers										
Private Sector	19.197	9.030	-	16.938	29.277	51.225	-	-	51.493	72.682
Public Sector	-	-	-	-	80.551	103.659	-	-	-	-
Banks	-	-	566.137	1.093.285	-	-	2.644.554	355.035	16.269	32.485
Individual Customers	195	158	-	-	-	-	-	-	1.025	597
Share certificates	-	-	-	-	-	-	-	-	-	-
Total	19.392	9.188	566.137	1.110.223	109.828	154.884	2.644.554	355.035	68.787	105.764
Information according to geographical concentration										
Domestic	19.392	9.188	-	-	84.855	133.883	228.502	196.827	52.695	73.452
European Union Countries	-	-	-	-	-	-	3.467	2.918	-	-
OECD Countries ⁽³⁾	-	-	-	-	-	-	18	3.017	-	-
Off-shore banking regions	-	-	-	-	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-	-	-	-	-
Other Countries	-	-	566.137	1.110.223	24.973	21.001	2.412.567	152.273	16.092	32.312
Total	19.392	9.188	566.137	1.110.223	109.828	154.884	2.644.554	355.035	68.787	105.764

(1) Consists of available-for-sale financial assets.

(2) Transactions defined as loans according to the article number 48 of the law number 5411 other than those on the first three columns of the UCA.

(3) OECD Countries other than EU countries, USA and Canada

j. Information according to geographical concentration:

	Assets	Liabilities	Non-cash loans	Capital Expenditures	Net profit
December 31, 2011					
Domestic	436.984	58.226	52.518	-	58.529
European Union Countries	3.467	-	-	-	-
OECD Countries ⁽¹⁾	18	969	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	-	-	-	-	-
Other Countries	3.099.179	3.323.245	16.092	-	-
Associates, Subsidiaries and Joint ventures	-	-	-	-	-
Unallocated Assets/liabilities ⁽²⁾	-	-	-	-	-
Total	3.539.649	3.382.440	68.610	-	58.529
December 31, 2010					
Domestic	511.835	47.529	73.290	-	26.378
European Union Countries	2.918	-	-	-	-
OECD Countries ⁽¹⁾	3.017	815	-	-	-
Off-shore Banking Regions	-	-	-	-	-
USA, Canada	-	-	-	-	-
Other Countries	1.316.882	1.686.181	32.312	-	-
Associates, Subsidiaries and Joint ventures	-	-	-	-	-
Unallocated Assets/liabilities ⁽²⁾	-	-	-	-	-
Total	1.834.652	1.734.525	105.602	-	26.378

(1) OECD Countries other than EU countries, USA and Canada

(2) Unallocated assets/liabilities which could not be distributed according to a constant principle

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued)

k. Information on amounts that are exposed to credit risk:

	December 31, 2011	December 31, 2010
Balance sheet items that are exposed to credit risk:		
Bank placements	2.581.036	355.035
Loans and advances to customers	585.529	1.119.411
-Corporate	585.334	1.119.253
-Consumer	195	158
Trading Securities	-	-
-Public Securities	-	-
-Share certificates	-	-
-Other marketable securities	-	-
-Derivative financial instruments	-	-
Investment Securities	109.828	154.884
-Public Debt Securities	80.551	103.659
-Share certificates	-	-
-Other marketable securities	29.277	51.225
Receivables from financial leasing	-	-
Other assets	677	257
Credit risk exposures relating to off-balance sheet items:		
Financial guarantees	68.597	105.589
Loan commitments and other credit related liabilities	13	13

l. Loans and other receivables past due:

December 31, 2011	Corporate Loans	Consumer Loans	Total
Past due up to 30 days	2.565	-	2.565
Past due 30-60 days	-	-	-
Past due 60-90 days	-	-	-
Total	2.565	-	2.565

December 31, 2010	Corporate Loans	Consumer Loans	Total
Past due up to 30 days	-	-	-
Past due 30-60 days	-	-	-
Past due 60-90 days	-	-	-
Total	-	-	-

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued)

m. Sector concentrations for cash loans:

	December 31, 2011				December 31, 2010			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and raising livestock	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Mining	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-
Electric, gas and water	-	-	-	-	-	-	-	-
Construction	12.278	18,52	-	-	-	-	5.170	0,47
Services	53.837	81,19	513.536	100,00	4.445	53,33	1.088.840	98,01
Wholesale and retail trade	1.235	1,86	-	-	-	-	-	-
Hotel, food and beverage services	-	-	-	-	-	-	-	-
Transportation and telecommunication	-	-	-	-	-	-	-	-
Financial Institutions	52.602	79,33	513.536	100,00	4.445	53,33	1.088.840	98,01
Real estate and renting services	-	-	-	-	-	-	-	-
Self-employment services	-	-	-	-	-	-	-	-
Education services	-	-	-	-	-	-	-	-
Health and social services	-	-	-	-	-	-	-	-
Other	194	0,29	-	-	3.890	46,67	16.937	1,52
Total	66.309	100,00	513.536	100,00	8.335	100,00	1.110.947	100,00

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH (Continued)

III. EXPLANATIONS ON MARKET RISK:

The Branch defines the market risk as the fluctuations in its portfolio value with the changes in the parameters such as market prices, interest rate, currency rates and prices of common stocks. The measurement of market risk is significant for the Branch.

The Branch considers currency risk and interest rate risk as the main components of market risk. The table below shows how the market risk as of December 31, 2011 and 2010 is calculated in accordance with the Section 3 of the "Regulation Regarding Measurement and Evaluation of the Bank's Capital Adequacy Ratio", published in the Official Gazette No.26333 dated November 1, 2006, namely "Calculation of Market Risk with Standard Method".

a. Information on Market Risk:

	December 31, 2011	December 31, 2010
(I) Capital to be Employed for General Market Risk - Standard Method	858	923
(II) Capital to be Employed for Specific Risk - Standard Method	2.342	4.098
(III) Capital to be Employed for Currency Risk - Standard Method	2.339	1.531
(IV) Capital to be Employed for Commodity Risk - Standard Method	-	-
(V) Capital to be Employed for Settlement Risk - Standard Method	-	-
(VI) Capital to be Employed for Market Risk Due to Options - Standard Method	-	-
(VII) Total Capital to be Employed for Market Risk for Banks Applying Risk Measuring Model	-	-
(VIII) Total Capital to be Employed for Market Risk (I+II+III+IV+V+VI+VII)	5.539	6.552
(IX) Amount Subject to Market Risk 12,5xVIII) or (12,5xVII)	69.238	81.900

b. Market risk table of calculated market risk during the month ends:

	December 31, 2011			December 31, 2010		
	Average	Maximum	Minimum	Average	Maximum	Minimum
Interest Rate Risk	54.634	74.675	39.200	2.188	5.021	300
Share Certificates Risk	-	-	-	-	-	-
Currency Risk	25.744	29.650	19.500	1.303	1.531	1.089
Commodity Risk	-	-	-	-	-	-
Settlement Risk	-	-	-	-	-	-
Option risk	-	-	-	-	-	-
Total Amount Subject to Risk	80.378	104.325	58.700	3.491	6.552	1.389

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH (Continued)

IV. EXPLANATIONS ON OPERATIONAL RISK:

The Bank calculates the amount subject to operational risk based on "Basic Indicator Method" by using 2010, 2009 and 2008 year-end gross income balances of the Bank, in accordance with Section 4 of the "Regulation Regarding Measurement and Evaluation of Banks' Capital Adequacy Ratio" effective from June 1, 2007, published in the Official Gazette No. 26333 dated November 1, 2006, namely "The Calculation of the Amount Subject to Operational Risk". As of December 31, 2011, the total amount subject to operational risk is TL57.777 thousand (December 31, 2010: TL40.817 thousand) and the amount of the related capital requirement is TL4.622 thousand (December 31, 2010: TL3.265 thousand).

V. EXPLANATIONS ON CURRENCY RISK:

Since floating exchange rates have been implemented, the Branch monitors its net foreign currency position continuously. The Branch does not have derivatives or net foreign currency investments to hedge its currency risk.

The Branch is taking a position according to the foreign currency basket of the CBRT to avoid foreign exchange risk. Foreign currency asset and liability management on price, liquidity and credit risks are performed in order to carry on profitability in the framework of the Branch's targeted risk and return profile. Measurable and manageable risks are taken on the basis of the prudential ratios.

The Branch's foreign exchange bid rates as of the date of the financial statements and for the last five days prior to that date are presented below:

	<u>USD</u>	<u>EUR</u>	<u>JPY</u>	<u>AED</u>
December 31, 2011	TL 1,8889	TL 2,4438	TL 2,4340	TL 0,5168
December 29, 2011	TL 1,9065	TL 2,4592	TL 2,4465	TL 0,5170
December 28, 2011	TL 1,8897	TL 2,4702	TL 2,4278	TL 0,5156
December 27, 2011	TL 1,8847	TL 2,4633	TL 2,4158	TL 0,5152
December 26, 2011	TL 1,8833	TL 2,4613	TL 2,4116	TL 0,5145
December 23, 2011	TL 1,8809	TL 2,4583	TL 2,4055	TL 0,5137

The simple arithmetical averages of the Branch's foreign exchange bid rates for the last thirty days are:

USD:	TL1,8578
Euro:	TL2,4515
100 Japanese Yen:	TL2,3824
AED :	TL0,5168

Sensitivity for currency risk:

The sensitivity of the Branch for a possible change in exchange rates has been analyzed. In the table below, a 10% change in USD, Euro and Japanese Yen has been projected.

Change in Exchange Rates		Impact on Profit / Loss ⁽¹⁾	
		December 31, 2011	December 31, 2010
USD	10% increase	532	201
	10% decrease	(532)	(201)
Euro	10% increase	1.752	1.316
	10% decrease	(1.752)	(1.316)
Yen	10% increase	15	19
	10% decrease	(15)	(19)

⁽¹⁾ Before tax amounts have been presented.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH (Continued)

V. EXPLANATIONS ON CURRENCY RISK (Continued)

Information on the Branch's currency risk:

	Euro	USD	Yen	Other FC	Total
December 31, 2011					
Assets					
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	164.485	12.363	-	49	176.897
Banks	1.019.288	5.446	935	1.417.923	2.443.592
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-
Interbank Money Market Placements	-	-	-	-	-
Available-for-Sale Financial Assets	24.973	-	-	-	24.973
Loans and Receivables	389.535	-	-	125.235	514.770
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-	-
Held to Maturity Securities	-	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-	-
Tangible Assets	-	-	-	-	-
Intangible Assets	-	-	-	-	-
Other Assets	27	-	-	-	27
Total Assets	1.598.308	17.809	935	1.543.207	3.160.259
Liabilities					
Bank Deposits	1.265.877	8.865	784	1.535.667	2.811.193
Foreign Currency Deposits	46.264	3.474	2	567	50.307
Funds from Interbank Money Market	-	-	-	-	-
Borrowings	225.112	-	-	-	225.112
Marketable Securities Issued	-	-	-	-	-
Sundry Creditors	40.991	83	-	8	41.082
Hedging Derivative Financial Liabilities	-	-	-	-	-
Other Liabilities	2.551	63	-	738	3.352
Total Liabilities	1.580.795	12.485	786	1.536.980	3.131.046
Net On-Balance Sheet Position	17.513	5.324	149	6.227	29.213
Net Off Balance Sheet Position					
Financial Derivative Assets	-	-	-	-	-
Financial Derivative Liabilities	-	-	-	-	-
Non-Cash Loans	28.447	201	-	-	28.648
December 31, 2010					
Total Assets	837.827	97.844	10.961	575.904	1.522.536
Total Liabilities	824.670	95.832	11.146	571.931	1.503.579
Net On-Balance Sheet Position	13.157	2.012	(185)	3.973	18.957
Net Off Balance Sheet Position	-	-	-	-	-
Financial Derivative Assets	-	-	-	-	-
Financial Derivative Liabilities	-	-	-	-	-
Non-Cash Loans	104.039	491	-	-	104.530

The table above summarizes the Branch's exposure to foreign currency exchange rate risk, categorised by currency. Foreign currency indexed assets, classified as Turkish lira assets according to the Uniform Chart of Accounts, are considered as foreign currency assets for the calculation of net foreign currency position. Therefore, as of December 31, 2011, foreign currency indexed loans amounting to TL1.234 thousand (December 31, 2010: TL3.466 thousand) that is recorded on the TL column in the balance sheet has not been included in the table above. Besides, general loan loss provision amounting to TL3.269 thousand (December 31, 2010: TL1.175 thousand) has also not been included in the table above.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH (Continued)

VI. EXPLANATIONS ON INTEREST RATE RISK

"Interest rate risk" is defined as the impact of interest rate changes on interest-sensitive assets and liabilities of the Branch.

The Branch evaluates interest rate in two dimensions. This is maturity risk originating from the differences of maturity structures and repricing risk originating from the fluctuations of net interest margin. Interest rate risk is managed using natural hedges that arise from offsetting interest rate sensitive assets with interest rate sensitive liabilities.

Interest rate sensitivity of assets, liabilities and off-balance sheet items (based on repricing dates):

December 31, 2011	Up to 1 Month	1 – 3 Months	3 – 12 Months	1– 5 years	Over 5 years	Non Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-	-	189.812	189.812
Banks	397.757	690.612	1.364.012	-	-	128.655	2.581.036
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-
Interbank Money Market Placements	63.518	-	-	-	-	-	63.518
Available-for-Sale Financial Assets	12.908	7.242	36.754	52.924	-	-	109.828
Loans and Receivables	117.276	200.187	260.985	1.397	-	5.684	585.529
Held to Maturity Securities	-	-	-	-	-	-	-
Other Assets ⁽¹⁾	88	-	354	-	-	9.484	9.926
Total Assets	591.547	898.041	1.662.105	54.321	-	333.635	3.539.649
Liabilities							
Bank Deposits	496.717	805.536	1.702.479	-	-	22.428	3.027.160
Other Deposits	3.668	12.308	2.131	-	-	46.501	64.608
Funds From Interbank Money Market	-	-	-	-	-	-	-
Sundry Creditors	-	-	-	-	-	41.930	41.930
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	25.226	175.002	24.884	-	-	-	225.112
Other Liabilities ⁽²⁾	6.645	7.928	146	-	-	166.120	180.839
Total Liabilities	532.256	1.000.774	1.729.640	-	-	276.979	3.539.649
Balance Sheet Long Position	59.291	-	-	54.321	-	56.656	170.268
Balance Sheet Short Position	-	(102.733)	(67.535)	-	-	-	(170.268)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	59.291	(102.733)	(67.535)	54.321	-	56.556	-

⁽¹⁾ "Other Assets" line includes Deferred Tax Assets, Tangible Assets, Assets Held for Resale and Other Assets.

⁽²⁾ Shareholders' equity is presented under "Other liabilities" item in the "Non interest bearing" column.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH (Continued)

VI. EXPLANATIONS ON INTEREST RATE RISK (Continued)

December 31, 2010	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 years	Over 5 years	Non-Interest Bearing	Total
Assets							
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	10.485	-	-	-	-	151.222	161.707
Banks and Other Financial Institutions	117.439	2.004	-	-	-	235.592	355.035
Financial Assets at Fair Value Through Profit or Loss (Net)	-	-	-	-	-	-	-
Interbank Money Market Placements	34.001	-	-	-	-	-	34.001
Available-for-Sale Financial Assets (Net)	-	53.011	69.801	32.072	-	-	154.884
Loans and Receivables	28.443	84.907	988.880	17.052	-	129	1.119.411
Held to Maturity Securities (Net)	-	-	-	-	-	-	-
Other Assets ⁽¹⁾	102	-	114	-	-	9.398	9.614
Total Assets	190.470	139.922	1.058.795	49.124	-	396.341	1.834.652
Liabilities							
Bank Deposits	1.001	100.435	-	-	-	291.359	392.795
Other Deposits	2.065	6.912	1.925	-	-	59.012	69.914
Funds from Interbank Money Market	-	-	-	-	-	-	-
Sundry Creditors	20.647	58.095	972.990	-	-	155.712	1.207.444
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	20.726	-	20.822	-	-	-	41.548
Other Liabilities ⁽²⁾	16.010	3.760	-	41	-	103.140	122.951
Total Liabilities	60.449	169.202	995.737	41	-	609.223	1.834.652
Balance Sheet Long Position	130.021	-	63.058	49.083	-	-	242.162
Balance Sheet Short Position	-	(29.280)	-	-	-	(212.882)	(242.162)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	130.021	(29.280)	63.058	49.083	-	(212.882)	-

(1) "Other Assets" line includes Deferred Tax Assets, Tangible Assets, Assets Held for Resale and Other Assets.

(2) Shareholders' equity is presented under "Other liabilities" item in the "Non interest bearing" column.

Sensitivity for interest rates

	31 December 2011		31 December 2010	
Change in Interest Rate	PL Effect	Equity Effect	PL Effect	Equity Effect
(+) % 1	62.118	(545)	(850)	(379)
(-) % 1	(62.118)	544	866	759

The table above presents the possible effects of a change in interest rates by (+) 1% ve (-) 1% on current year profit and loss and shareholder's equity as of December 31, 2011 and 2010.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH (Continued)

V. EXPLANATIONS ON INTEREST RATE RISK (Continued)

Effective average interest rates for monetary financial instruments:

Interest rates in the below tables are the weighted average rates of the related balance sheet items.

December 31, 2011	Euro	USD	Yen	TL
	%	%	%	%
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	-
Banks	3,73	2,87	2,57	6,44
Financial Assets at Fair Value Through Profit / Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	5,00
Available-for-Sale Financial Assets	8,17	-	-	8,56
Loans and Receivables	8,67	-	-	11,75
Held to Maturity Securities	-	-	-	-
Liabilities				
Bank Deposits	3,30	-	-	8,73
Other Deposits	3,56	1,75	-	6,88
Funds From Interbank Money Market	-	-	-	-
Sundry Creditors	-	-	-	-
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,85	-	-	-

December 31, 2010	Euro	USD	Yen	TL
	%	%	%	%
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	-	-	-	5,00
Banks	0,75	2,05	-	6,45
Financial Assets at Fair Value Through Profit / Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	1,50
Available-for-Sale Financial Assets	8,16	-	-	7,95
Loans and Receivables	5,82	-	2,59	9,84
Held to Maturity Securities	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	6,30
Other Deposits	3,29	2,58	-	7,50
Funds From Interbank Money Market	-	-	-	-
Sundry Creditors	3,05	-	2,62	7,62
Marketable Securities Issued	-	-	-	-
Funds Borrowed From Other Financial Institutions	2,09	-	-	-

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH (Continued)

VII. EXPLANATIONS ON LIQUIDITY RISK:

Liquidity risk arises from the mismatching of maturities of assets and liabilities. The Branch balances the maturities of the related assets and liabilities, keeps the mismatch of maturities under control. Major objective of the Branch's asset and liability management is to ensure that sufficient liquidity is available to meet the Branch's commitments to customers and to satisfy the Branch's own liquidity needs.

The most important funding resources of the Branch for long-term and short-term liquidity needs are the Tehran Headquarters and other banks.

Breakdown of assets and liabilities according to their outstanding maturities:

	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 years	Over 5 years	Unclassified (1)	Total
December 31, 2011								
Assets								
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	94.418	95.394	-	-	-	-	-	189.812
Banks	128.655	397.757	690.612	1.364.012	-	-	-	2.581.036
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	-	-
Interbank Money Market Placements	-	63.518	-	-	-	-	-	63.518
Available-for-sale Financial Assets	-	12.908	7.242	36.754	52.924	-	-	109.828
Loans and Receivables	-	117.276	200.187	260.985	1.397	-	5.684	585.529
Held-to-maturity Securities	-	-	-	-	-	-	-	-
Other Assets ⁽¹⁾	-	88	-	354	-	-	9.484	9.926
Total Assets	223.073	686.941	898.041	1.662.105	54.321	-	15.168	3.539.649
Liabilities								
Bank Deposits	118.277	400.868	805.536	1.702.479	-	-	-	3.027.160
Other Deposits	49.310	859	12.308	2.131	-	-	-	64.608
Funds Borrowed From Other Financial Institutions	-	25.226	175.002	24.884	-	-	-	225.112
Funds From Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	41.930	-	-	-	-	-	-	41.930
Other Liabilities ⁽²⁾	2.297	6.645	7.928	146	-	-	163.823	180.839
Total Liabilities	211.814	433.598	1.000.774	1.729.640	-	-	163.823	3.539.649
Net Liquidity Gap	11.259	253.343	(102.733)	(67.535)	54.321	-	(148.655)	-
December 31, 2010								
Total Assets	362.110	215.174	123.083	1.054.631	70.127	-	9.527	1.834.652
Total Liabilities	506.083	60.449	169.202	995.737	41	-	103.140	1.834.652
Net Liquidity Gap	(143.973)	154.725	(46.119)	58.894	70.086	-	(93.613)	-

(1) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as tangible assets, investments, subsidiaries, stationary, pre-paid expenses and non-performing loans, are classified in this column.

(2) Shareholders' Equity is presented under the "Other Liabilities" item in the "Unallocated" column.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH (Continued)

VII. EXPLANATIONS ON LIQUIDITY RISK (Continued)

Breakdown of financial liabilities according to their remaining contractual maturities:

December 31, 2011	Demand and Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Above 5 years	Total
Liabilities						
Deposit	569.786	822.471	1.736.645	-	-	3.128.902
Funds Borrowed From Other Financial Institutions	25.257	175.967	25.197	-	-	226.421
Total	595.043	998.438	1.761.842	-	-	3.355.323

December 31, 2010	Demand and Up to 1 month	1-3 Months	3-12 Months	1-5 Years	Above 5 years	Total
Liabilities						
Deposit	350.724	108.519	1.952	-	-	461.195
Funds Borrowed From Other Financial Institutions	20.749	-	21.017	-	-	41.766
Sundry Creditors ⁽¹⁾	20.668	58.416	999.272	-	-	1.078.356
Total	392.141	166.935	1.022.241	-	-	1.581.317

(1) Sundry Creditors include cash guarantees amounting to TL1.051.725 thousand that have been obtained from Bank Mellat Iran Head Office in return for granting loans.

VIII. EXPLANATIONS ON PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES:

The expected fair value of the demand deposits represents the amount to be paid upon request. The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the current market interest rates for the fixed loans with fixed interest rates.

The expected fair value of loans and receivables are determined by calculating the discounted cash flows using the current market interest rates for the fixed loans with fixed interest rates. For the loans with floating interest rates, it is assumed that the carrying value reflects the fair value.

The following table summarises the carrying values and fair values of some financial assets and liabilities of the Branch. The carrying value represents the acquisition costs and accumulated interest accruals of corresponding financial assets or liabilities.

	Carrying Value		Fair Value	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Financial Assets	3.276.393	1.629.330	3.276.356	1.650.902
Banks	2.581.036	355.035	2.581.036	355.112
Available-for-sale Financial Assets	109.828	154.884	109.828	154.884
Loans and Receivables	585.529	1.119.411	585.492	1.140.906
Financial Liabilities	3.358.810	1.711.701	3.358.810	1.711.701
Bank Deposits	3.091.768	462.709	3.091.768	462.216
Funds Borrowed From Other Financial Institutions	225.112	41.548	225.112	41.598
Sundry Creditors	41.930	1.207.444	41.930	1.208.178

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

INFORMATION RELATED TO FINANCIAL STRUCTURE OF THE BRANCH (Continued)

VIII. EXPLANATIONS ON PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES AT THEIR FAIR VALUES (Continued)

TFRS 7, "Financial Instruments: Disclosures", requires classification of line items at fair value presented at financial statements according to the defined levels. These levels depend on the observability of data used during fair value calculations. Classification for fair value is as follows:

Level 1: Assets or liabilities with prices recorded (unadjusted) in active markets

Level 2: Assets or liabilities that are excluded in the Level 1 of recorded prices directly observable by prices or indirectly observable derived through prices observable from similar assets or liabilities

Level 3: Assets and liabilities where no observable market data can be used for valuation

According to these classification principles stated, the Group's classification of financial assets and liabilities carried at their fair value are as follows:

December 31, 2011	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or (Loss) (Net)	-	-	-	-
Public Debt Securities	-	-	-	-
Share Certificates	-	-	-	-
Trading Derivative Financial Assets	-	-	-	-
Available-for-Sale Financial Assets (Net)	84.855	-	24.973	109.828
Public Debt Securities	80.551	-	-	80.551
Other Marketable Securities(1)	4.304	-	24.973	29.277
Total Assets	84.855	-	24.973	109.828
Trading Derivative Financial Liabilities	-	-	-	-
Hedging Derivative Financial Liabilities	-	-	-	-
Total Liabilities	-	-	-	-

IX. EXPLANATIONS ON ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF OTHER PARTIES AND FIDUCIARY ASSETS

The Bank does not perform buying transactions on behalf of customers, and gives custody, administration and advisory services. The Bank does not deal with fiduciary transactions.

SECTION FIVE

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS

I. EXPLANATIONS AND NOTES RELATED TO ASSETS:

a. Information related to cash and the account of the Central Bank of the Republic of Turkey (the "CBRT):

1. Information related to cash and the account of CBRT:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Cash	3.265	21.852	134	7.395
The CBRT	9.650	155.045	10.488	143.690
Other	-	-	-	-
Total	12.915	176.897	10.622	151.085

2. Information related to the account of the CBRT:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Demand Unrestricted Account ⁽¹⁾	109	-	2	-
Time Unrestricted Account	-	-	-	-
Time Restricted Account	9.541	85.853	10.486	39.234
Reserve Requirement	-	69.192	-	104.456
Total	9.650	155.045	10.488	143.690

⁽¹⁾ The TL reserve requirement booked as average has been classified in "Central Bank Demand Unrestricted Account" based on the correspondence with BRSA as of January 3, 2008.

3. Information on reserve requirements:

As of December 31, 2011 the reserve for deposits at the Central Bank of Turkey for Turkish Lira are implemented within an interval from 5% to 11% depending on the maturity of deposits and reserve rates for the foreign currency liabilities are within an interval from 9% to 11% depending on the maturity of deposits. With the changes in the "Communique on Reserve Requirements", at most 40% of required reserves on TL liabilities could be maintained as foreign currency and at most 10% could be maintained as standard gold, required reserves on precious metal deposit accounts in FC liabilities could be maintained as standard gold, at most 10% of required reserves on FC liabilities other than precious metal deposit accounts could be maintained as standard gold in CBRT accounts.

b. Information on financial assets at fair value through profit or loss:

As of December 31, 2011, the Branch does not have any financial assets at fair value through profit or loss (December 31, 2010: None).

c. Information on banks:

1. Information on banks:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Banks				
Domestic	42.954	26.528	119.019	43.964
Foreign	13.776	67.331	-	5.918
Head Quarters and Branches Abroad	80.714	2.349.733	-	186.134
Other Financial Institutions	-	-	-	-
Total	137.444	2.443.592	119.019	236.016

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

c. Information on banks (Continued):

2. Information on foreign banks account:

	Unrestricted Amount		Restricted Amount	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
EU Countries	3.757	5.918	-	-
USA, Canada	26.656	-	-	-
OECD Countries ⁽¹⁾	-	-	-	-
Off-Shore Banking Regions	-	-	-	-
Other	50.694	-	-	-
Total	81.107	5.918	-	-

⁽¹⁾ OECD countries except EU countries, USA and Canada.

d. Information on available-for-sale financial assets, net:

- As of December 31, 2011 there are no available for-sale-financial assets subject to repo transactions (December 31, 2010: None).
- As of December 31, 2011 there are no available-for-sale financial assets given as collateral/blocked amount (December 31, 2010: None).
- Information on available-for-sale financial assets:

	December 31, 2011	December 31, 2010
Debt Securities	109.828	154.884
Quoted on Stock Exchange	84.855	103.659
Not Quoted	24.973	51.225
Share Certificates	-	-
Quoted on Stock Exchange	-	-
Not Quoted	-	-
Impairment Provision (-)	-	-
Total	109.828	154.884

e. Information on loans:

- Information on all types of loans and advances given to shareholders and employees of the Branch:

	December 31, 2011		December 31, 2010	
	Cash	Non-cash	Cash	Non-cash
Direct Loans Granted to Branch's Shareholders	-	-	-	-
Corporate Shareholders	-	-	-	-
Real Person Shareholders	-	-	-	-
Indirect Loans Granted to Branch's Shareholders	-	-	-	-
Loans Granted to Branch's Employees	197	14	146	65
Total	197	14	146	65

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

e. Information on loans (Continued):

2. Information on the first and second group loans, other receivables and loans that have been restructured or rescheduled and other receivables:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and other receivables	Restructured or Rescheduled	Loans and other receivables	Restructured or Rescheduled
Non Specialised Loans	579.845	-	-	-
Discount and Purchase Notes	431.222	-	-	-
Export Loans	-	-	-	-
Import Loans	-	-	-	-
Loans Granted to Financial Sector	134.911	-	-	-
Foreign Loans	-	-	-	-
Consumer loans	199	-	-	-
Credit cards	-	-	-	-
Precious Metal Loans	-	-	-	-
Other	13.513	-	-	-
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	579.845	-	-	-

3. Loans according to their maturity structure:

	Standard Loans and Other Receivables		Loans and Other Receivables Under Close Monitoring	
	Loans and other receivables	Restructured or Rescheduled	Loans and other receivables	Restructured or Rescheduled
Short-term Loans and Other Receivables	578.390	-	-	-
Non-specialised Loans	578.390	-	-	-
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-
Medium and Long-term Loans and Other Receivables	1.455	-	-	-
Non-specialised Loans	1.455	-	-	-
Specialised Loans	-	-	-	-
Other Receivables	-	-	-	-

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

e. Information on loans (Continued):

4. Information on consumer loans, consumer credit cards, personnel loans and personnel credit cards:

	Short-term	Long and medium term	Total
Consumer Loans - TL	2	-	2
Housing loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	2	-	2
Consumer Loans - FC indexed	-	-	-
Housing loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Loans - FC	-	-	-
Housing loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Consumer Credit Cards – TL	-	-	-
With installment	-	-	-
Without installment	-	-	-
Consumer Credit Cards – FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel Loans - TL	-	197	197
Housing loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	1	1
Other	-	196	196
Personnel Loans – FC indexed	-	-	-
Housing loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Loans-FC	-	-	-
Housing loans	-	-	-
Automotive loans	-	-	-
Consumer loans	-	-	-
Other	-	-	-
Personnel Credit Cards – TL	-	-	-
With installment	-	-	-
Without installment	-	-	-
Personnel Credit Cards – FC	-	-	-
With installment	-	-	-
Without installment	-	-	-
Overdraft-TL (Real Person)	-	-	-
Overdraft-FC (Real Person)	-	-	-
Total Consumer Loans	2	197	199

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

e. Information on loans (Continued):

5. Information on commercial installment loans and corporate credit cards:

	Short Term	Medium and Long Term	Total	Interest and Income Accruals
Commercial Loans with Installment Facility - TL	-	-	-	-
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Commercial Loans with Installment Facility - FC Indexed	-	-	-	-
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Commercial Loans with Installment Facility - FC	-	-	-	-
Real Estate Loans	-	-	-	-
Automobile Loans	-	-	-	-
Personal Need Loans	-	-	-	-
Other	-	-	-	-
Corporate Credit Cards - TL	-	-	-	-
Installment	-	-	-	-
Non - Installment	-	-	-	-
Corporate Credit Cards - FC	-	-	-	-
Installment	-	-	-	-
Non - Installment	-	-	-	-
Overdraft Accounts - TL (Legal Entities)	-	-	-	-
Overdraft Accounts - FC (Legal Entities)	-	-	-	-
Total	-	-	-	-

6. (i) Information on loans by types and specific provisions:

December 31, 2011	Corporate Loans	Consumer Loans	Total
Standart loans	579.646	199	579.845
Non-Performing loans	7.653	-	7.653
Specific Provisions (-)	(1.969)	-	(1.969)
Total	585.330	199	585.529

December 31, 2010	Corporate Loans	Consumer Loans	Total
Standart loans	1.119.124	158	1.119.282
Non-Performing loans	172	-	172
Specific Provisions (-)	(43)	-	(43)
Total	1.119.253	158	1.119.411

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

e. Information on loans (Continued):

(ii) Fair value of collaterals (Loans and advances given to customers):

December 31, 2011	Corporate Loans	Consumer Loans	Total
Watch listed	-	-	-
Non-Performing loans	49.088	-	49.088
Total	49.088	-	49.088

December 31, 2010	Corporate Loans	Consumer Loans	Total
Watch listed	-	-	-
Non-Performing loans	250	-	250
Total	250	-	250

7. Loans according to type of borrowers:

	December 31, 2011	December 31, 2010
Public	-	-
Private	579.845	1.119.282
Total	579.845	1.119.282

8. Distribution of domestic and foreign loans: Loans are classified according to the locations of the customers.

	December 31, 2011	December 31, 2010
Domestic Loans	444.934	385.840
Foreign Loans	134.911	733.442
Total	579.845	1.119.282

9. Loans granted to investments in associates and subsidiaries:

As of December 31, 2011 there are no loans granted to investments in associates and subsidiaries (December 31, 2010: None).

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

e. Information on loans (Continued):

10.(i) Specific provisions provided against loans:

	December 31, 2011	December 31, 2010
Loans and other receivables with limited collectibility	-	-
Loans and other receivables with doubtful collectibility	(24)	-
Uncollectible loans and other receivables	(1.945)	(43)
Total	(1.969)	(43)

(ii) Provisions related to loans:

	Corporate Loans
January 1, 2011	43
Allowance for impairment	1.959
Amount recovered during the period	(7)
Loans written off during the period as uncollectible	(26)
Exchange differences	-
December 31, 2011	1.969

	Corporate Loans
January 1, 2010	15
Allowance for impairment	28
Amount recovered during the period	-
Loans written off during the period as uncollectible	-
Exchange differences	-
December 31, 2010	43

11. Information on non-performing loans (Net):

11(i) Information on loans and other receivables rescheduled or restructured from non-performing loans:

The Branch has no loans and other receivables rescheduled or restructured from non-performing loans.

11(ii) Information on the movement of total non-performing loans:

	III. Group Loans and Other Receivables with Limited Collectibility	IV. Group Loans and Other Receivables with Doubtful Collectibility	V. Group Uncollectible Loans and Other Receivables
December 31, 2010	-	-	172
Additions (+)	7.357	195	-
Transfers from other categories of non-performing loans (+)	-	7.357	7.357
Transfers to other categories of non-performing loans (-)	(7.357)	(7.357)	-
Collections (-)	-	-	(45)
Write-offs (-)	-	-	(26)
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Others	-	-	-
December 31, 2011	-	195	7.458
Specific provisions (-)	-	(24)	(1.945)
Net Balance on Balance Sheet	-	171	5.513

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

e. Information on loans (Continued):

11. Information on non-performing loans (Net) (Continued):

11(iii) Information on non-performing loans granted as foreign currency loans:

The Branch has no foreign currency loans and other receivables in non-performing loans.

11(iv) Information on non-performing loans according to user groups:

	III. Group	IV. Group	V. Group
	Loans and Other Receivables with Limited Collectibility	Loans and Other Receivables with Doubtful Collectibility	Uncollectible Loans and Other Receivables
December 31, 2011 (Net)	-	171	5.513
Loans to real and legal persons (Gross)	-	195	7.458
Specific provisions (-)	-	(24)	(1.945)
Loans to real and legal persons (Net)	-	171	5.513
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other loans and receivables (Net)	-	-	-
December 31, 2010 (Net)	-	-	129
Loans to real and legal persons (Gross)	-	-	172
Specific provisions (-)	-	-	(43)
Loans to real and legal persons (Net)	-	-	129
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other loans and receivables (Net)	-	-	-

12. The policy followed for the collection of uncollectible loans and other receivables:

Uncollectible loans and other receivables are aimed to be liquidated through the collection of collaterals and legal procedures. The policy of the Branch regarding the writing-off the non – performing loans is as writing-off the ones that are proved as uncollectible.

f. Information on held-to-maturity securities:

As of December 31, 2011 and December 31, 2010, the Branch has no held-to-maturity securities.

g. Information on investments in associates (Net):

As of December 31, 2011 and December 31, 2010, the Branch has no investments in associates.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

h. Information on subsidiaries (Net):

As of December 31, 2011 and December 31, 2010, the Branch has no subsidiaries.

i. Information on joint ventures:

As of December 31, 2011 and December 31, 2010, the Branch has no joint ventures.

j. Information on finance lease receivables (Net):

As of December 31, 2011 and December 31, 2010, the Branch has no finance lease receivables.

k. Explanations on hedging derivative instruments:

As of December 31, 2011 and December 31, 2010, the Branch has no hedging derivative instruments.

l. Explanations on property and equipment:

	Immovables	Vehicles	Other Tangible Fixed Assets	Total
December 31, 2010				
Cost	10.533	311	533	11.377
Accumulated depreciation	(2.135)	(104)	(233)	(2.472)
Net book value	8.398	207	300	8.905
December 31, 2011				
Net book value at beginning of the year	8.398	207	300	8.905
Additions	-	-	164	164
Disposals, net	-	-	(139)	(139)
Transfers	-	-	(96)	(96)
Depreciation	(162)	(62)	(94)	(318)
Depreciation, Disposals	-	-	139	139
Depreciation, Transfers	-	-	40	40
Closing net book value	8.236	145	289	8.695
Cost at year end	10.533	311	462	11.281
Accumulated depreciation at year end	(2.297)	(166)	(148)	(2.611)
Closing net book value	8.236	145	314	8.695

m. Explanations on intangible assets:

	Software	Total
31 December 2011		
Net book value at beginning of the year	-	-
Additions	53	53
Disposals, net	(18)	(18)
Transfers	121	121
Depreciation	(48)	(48)
Depreciation, Disposals	18	18
Depreciation, Transfers	(40)	(40)
Closing net book value	86	86
Cost at year end	156	156
Accumulated depreciation at year end	(70)	(70)
Closing net book value	86	86

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011**

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued):

n. Explanations on investment property:

As of December 31, 2011 and December 31, 2010, the Branch has no investment immovables.

o. Explanations on deferred tax asset:

The Branch has no fiscal loss that can be deducted from current tax liability. Assets and liabilities, which are calculated over the temporary differences arising between applied accounting policies and valuation principles and tax legislation are accounted as TL468 thousand (December 31, 2010: TL427 thousand) on net basis to deferred tax assets.

	December 31, 2011		December 31, 2010	
	Tax Base	Deferred Tax	Tax Base	Deferred Tax
Property, equipment and intangibles, net	1.352	270	1.433	287
Reserves for employment termination benefit	618	124	529	106
Court case provision	371	74	171	34
Total deferred tax asset	-	468	-	427
Total deferred tax liability	-	-	-	-
Deferred Tax Asset, net	-	468	-	427

p. Explanations on assets held for resale:

None (December 31, 2010: TL25 thousand).

r. Explanations on other assets:

Other assets amount to TL677 thousand (December 31, 2010: TL257 thousand) and do not exceed 10% of the total balance sheet, excluding off-balance sheet commitments.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES:

a. Information on deposits

1. Information on maturity structure of the deposits:

There are no deposits with seven days notification and accumulative deposits.

(i) December 31, 2011:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 month – 1 year	1 year and over	Total
Saving Deposits	121	109	20	3	-	2	255
Foreign Currency Deposits	35.223	568	4.956	1.418	27	8.116	50.308
Residents in Turkey	16.425	272	4.552	515	-	246	22.010
Residents Abroad	18.798	296	404	903	27	7.870	28.298
Public Sector Deposits	-	-	-	-	-	-	-
Commercial Deposits	13.931	-	-	-	-	-	13.931
Other Institutions Deposits	37	-	77	-	-	-	114
Gold Vault	-	-	-	-	-	-	-
Bank Deposits	118.277	41.070	28.248	126.562	2.518.626	194.377	3.027.160
The CBRT	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-
Foreign Banks	118.277	41.070	28.248	126.562	2.518.626	194.377	3.027.160
Special Finance Institutions	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	167.589	41.747	33.301	127.983	2.518.653	202.495	3.091.768

(ii) December 31, 2010:

	Demand	Up to 1 Month	1 – 3 Months	3 – 6 Months	6 month – 1 year	1 year and over	Total
Saving Deposits	270	80	2	3	10	-	365
Foreign Currency Deposits	56.078	1.355	1.664	1.113	6.671	-	66.881
Residents in Turkey	20.055	400	683	361	203	-	21.702
Residents Abroad	36.023	955	981	752	6.468	-	45.179
Public Sector Deposits	-	-	-	-	-	-	-
Commercial Deposits	2.489	3	-	-	-	-	2.492
Other Institutions Deposits	175	-	-	-	-	-	175
Gold Vault	-	-	-	-	-	-	-
Bank Deposits	291.370	1.001	100.425	-	-	-	392.796
The CBRT	-	-	-	-	-	-	-
Domestic Banks	10	-	-	-	-	-	10
Foreign Banks	291.351	1.001	100.425	-	-	-	392.777
Special Finance Institutions	9	-	-	-	-	-	9
Other	-	-	-	-	-	-	-
Total	350.382	2.439	102.091	1.116	6.681	-	462.709

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued):

a. Information on deposits

2. Information on saving deposits insurance:

- (i) Information on saving deposits under the guarantee of the saving deposits insurance fund and amounts exceeding the limit of the deposit insurance fund:

	Under the Guarantee of Deposit Insurance		Exceeding the Limit of Deposit Insurance	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Saving Deposits	228	203	27	163
Foreign Currency Saving Deposits	2.941	2.672	6.375	3.063
Other Deposits in the Form of Saving Deposits	-	-	-	-
Foreign Branches' Deposits under Foreign Authorities' Insurance	-	-	-	-
Off-Shore Banking Regions' Deposits under Foreign Authorities' Insurance	-	-	-	-

- (ii) Saving deposits which are not under the guarantee of deposit insurance fund:

None (December 31, 2010: None).

- (iii) Saving deposits which are not under the guarantee of saving deposit insurance fund of real persons:

	December 31, 2011	December 31, 2010
Foreign Branches' Deposits and other accounts	-	-
Saving Deposits and Other Accounts of Controlling Shareholders and Deposits of their Mother, Father, Spouse, Children in care	-	-
Saving Deposits and Other Accounts of President and Members of Board of Directors, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse, Children in care	519	241
Saving Deposits and Other Accounts in Scope of the Property Holdings Derived from Crime Defined in Article 282 of Turkish Criminal Law No:5237 dated 26.09.2004	-	-
Saving Deposits in Deposit Bank Which Established in Turkey in Order to Engage in Off-shore Banking Activities Solely	-	-

b. Information on trading derivative financial liabilities:

As of December 31, 2011 and December 31, 2010, the Branch has no trading derivative financial liabilities.

c. Information on borrowings:

1. Information on banks and other financial institutions:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Borrowings from the CBRT	-	-	-	-
From Domestic Bank and Institutions	-	-	-	-
From Foreign Banks, Institutions and Funds	-	225.112	-	41.548
Total	-	225.112	-	41.528

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued):

c. Information on borrowings (Continued):

2. Information on maturity structure of borrowings:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Short-term	-	225.112	-	41.548
Medium and Long-term	-	-	-	-
Total	-	225.112	-	41.548

The funding sources of the Branch are deposits and borrowings. Major funding sources are loans borrowed from the Headquarters and other Iranian financial institutions. Besides, as of December 31, 2011, in return for granting loans, the Branch has received cash guarantees from Bank Mellat Iran Head Office amounting to TL2.755.384 thousand (December 31, 2010: TL1.051.725 thousand). The amount which had been previously recorded under sundry creditors on the balance sheet, has been recorded under deposit account since May 27, 2011 according to the correspondence with BRSA dated on May 13, 2011.

d. Information on other liabilities:

Other liabilities amount to TL8.934 thousand (December 31, 2010: TL16.014 thousand) and do not exceed 10% of the total balance sheet.

e. Information on financial leasing agreements:

As of December 31, 2011 and December 31, 2010, the Branch has no financial lease payables.

f. Information on hedging derivative financial liabilities:

None (December 31, 2010: None).

g. Information on provisions:

1. Information on general loan loss provisions:

	December 31, 2011	December 31, 2010
General Loan Loss Provisions		
Provisions for Group I Loans and Receivables	1.913	900
Provisions for Group II Loans and Receivables	-	-
Provisions for Non Cash Loans	34	198
Other	2.983	175
Total	4.930	1.273

2. Information on reserve for employee rights:

The provision for employee rights has been calculated by estimating the present value of the future probable obligation of the Branch arising from the retirement of its employees. TAS 19 requires actuarial valuation methods to be developed to estimate the enterprise's obligation for such benefits. Accordingly, the following actuarial assumptions were used in the calculation of the total liability.

	December 31, 2011	December 31, 2010
Discount rate (%)	4,66	4,66
Rate for the Probability of Retirement (%)	94	96

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued):

g. Information on provisions (Continued):

2. Information on reserve for employee rights (Continued):

The principal actuarial assumption is that the maximum liability will increase in line with inflation. Thus, the discount rate applied represents the expected real rate after adjusting for the effects of future inflation. As the maximum liability is revised semi-annually, the maximum amount of TL2.805,04 (January 1, 2011: TL2.623,23) effective from January 1, 2011 has been taken into consideration in calculating the reserve for employment termination benefits.

Movements in the reserve for employment termination benefits during the periods are as follows:

	December 31, 2011	December 31, 2010
Prior Period Ending Balance	395	372
Provisions Recognised During the Period	75	80
Paid During the Period	-	(57)
Balance at the End of the Period	470	395

In addition as of , the Branch has provided a provision for unused vacation rights amounting to TL148 thousand (December 31, 2010: TL134 thousand).

3. Information on Provisions Related with Foreign Currency Difference of Foreign Indexed Loans:

As of December 31, 2011, the Branch has provision related to foreign currency difference of foreign indexed loans amounting to TL63 thousand (December 31, 2010: None).

4. Specific provisions for non-cash loans that are non-funded and non-transformed into cash:

As of December 31, 2011, the Branch has no specific provision for non-cash loans (December 31, 2010: None).

5. Information on other provisions:

(i) Information on provisions for possible risks:

As of December 31, 2011 and December 31, 2010, the Branch has no provisions for possible risks.

(ii) Other provisions if they exceed 10% of total provisions:

In the second quarter of 2007 some employees and previous employees of the Branch sued the Branch claiming their employee benefits related to previous periods. As of December 31, 2011 the Branch had prudently provided a provision amounting to TL371 thousand (31 December 2010: TL171 thousand, the remaining TL585 thousand provision is composed of the disciplinary punishment of Ministry of Finance). The remaining provision amounting to TL25 thousand is provided for indemnified cash loans. Mentioned provisions are classified in the balance sheet under "Other Provisions".

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued):

h. Information on tax payable:

1. Information on current tax payable:

(i) Information on taxes payable:

	December 31, 2011	December 31, 2010
Corporate Tax Payable	7.928	3.760
Taxation of Marketable Securities	46	180
Property Tax	-	-
Banking Insurance Transaction Tax (BITT)	546	130
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	9	8
Other	129	101
Total	8.658	4.179

(ii) Information on premium payables:

	December 31, 2011	December 31, 2010
Social Security Premiums – Employee	35	27
Social Security Premiums – Employer	53	41
Bank Social Aid Pension Fund Premiums – Employee	-	-
Bank Social Aid Pension Fund Premiums – Employer	-	-
Pension Fund Membership Fees and Provisions – Employee	-	-
Pension Fund Membership Fees and Provisions – Employer	-	-
Unemployment Insurance – Employee	2	2
Unemployment Insurance – Employer	4	3
Other	-	-
Total	94	73

2. Information on deferred tax liability:

As of December 31, 2011 the Branch has no deferred tax liability (December 31, 2010: None).

i. Information on liabilities for property and equipment held for sale and related to discontinued operations:

None (December 31, 2010: None).

j. Explanations on subordinated loans:

The Branch has no subordinated loans as of December 31, 2011 and December 31, 2010.

k. Information on shareholders' equity:

1. Presentation of paid-in capital:

Since the entity has the status of a branch, paid-in capital is not received in exchange for shares.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued):

k. Information on shareholders' equity (Continued):

2. The amount of paid-in capital, explanation on whether the registered share capital system is used, if this system is used the amount of registered share capital:

Capital system	Paid-in capital	Ceiling
Registered Share Capital	53.655	53.655

3. Information on share capital increases and their sources; other information on increased capital shares in current period:

None (December 31, 2010: None).

4. Information on share capital increases from capital reserves in current period:

None (December 31, 2010: None).

5. Information on capital commitments, the general purpose and the estimated sources needed for these commitments until the end of the fiscal year and the subsequent interim period:

None (December 31, 2010: None).

6. Information on income, profitability and liquidity of the Group by taking into consideration prior period indicators and uncertainties and their possible effects on shareholders' equity:

There is no adverse change expected in the profitability and liquidity of the Branch.

7. Summarised information about privileges given to shares representing the capital:

None (December 31, 2010: None).

l. Information on marketable securities value increase fund:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
From Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Valuation Difference	(930)	-	517	-
Foreign Currency Difference	-	-	-	-
Total	(930)	-	517	-

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

III. EXPLANATIONS AND NOTES RELATED TO OFF BALANCE SHEET ACCOUNTS:

a. Explanations on off-balance sheet commitments:

1. Type and amount of irrevocable commitments:

As of December 31, 2011, all commitments of the Branch are irrevocable. The Branch's commitments for cheques is TL177 thousand (December 31, 2010: TL162 thousand).

2. Type and amount of probable losses and obligations arising from off-balance sheet items:

The Branch has no probable losses arising from off-balance sheet items. Obligations arising from the off-balance sheet are disclosed in "Off-balance sheet commitments".

- (i). Non-cash loans including guarantees, bank avalized and acceptance loans, collaterals that are accepted as financial commitments and other letters of credit:

	December 31, 2011	December 31, 2010
Bank acceptance loans	-	-
Letters of credit	9.730	28.066
Other guarantees	38.301	51
Total	48.031	28.117

- (ii). Revocable, irrevocable guarantees and other similar commitments and contingencies:

	December 31, 2011	December 31, 2010
Revocable letters of guarantee	855	43
Irrevocable letters of guarantee	12.108	5.956
Letters of guarantee given in advance	7.616	71.486
Guarantees given to customs	-	-
Other letters of guarantees	-	-
Total	20.579	77.485

3. (i). Total amount of non-cash loans:

	December 31, 2011	December 31, 2010
Non-cash Loans Given for the Purpose of Obtaining Cash Loans	-	-
With Original Maturity of 1 Year or Less Than 1 Year	-	-
With Original Maturity of More Than 1 Year	-	-
Other Non-cash Loans	68.610	105.602
Total	68.610	105.602

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

III. EXPLANATIONS AND NOTES RELATED TO OFF BALANCE SHEET ACCOUNTS
(Continued):

a. Explanations on off-balance sheet commitments (Continued):

(ii) Information on sectoral risk concentrations of non-cash loans:

	December 31, 2011				December 31, 2010			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Raising livestock.	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	2	0,10	1.256	1,89	4	0,37	1.328	1,27
Mining	-	-	-	-	-	-	31	0,03
Production	2	0,10	1.256	1,89	4	0,37	1.297	1,24
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	654	0,98	-	-	550	0,53
Services	880	43,48	10.357	15,55	54	5,13	65.407	62,57
Wholesale and Retail Trade	800	39,53	9.465	14,21	-	-	65.209	62,38
Hotel, Food and Beverage	-	-	-	-	-	-	-	-
Transportation and Telecommunication	-	-	37	0,06	-	-	31	0,03
Financial Institutions	-	-	855	1,28	-	-	167	0,16
Real Estate and Leasing Services	-	-	-	-	-	-	-	-
Self-Employment Services	-	-	-	-	-	-	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	80	3,95	-	-	54	5,13	-	-
Other	1.142	56,42	54.319	81,58	1.014	94,50	37.245	35,63
Total	2.024	100,00	66.586	100,00	1.072	100,00	104.530	100,00

(iii). Information on non-cash loans classified in Group I and Group II:

December 31, 2011	Group I		Group II	
	TL	FC	TL	FC
Non- Cash Loans				
Letters of Guarantee	1.373	19.206	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	288	9.442	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	363	37.938	-	-
Total	2.024	66.586	-	-

December 31, 2010	Group I		Group II	
	TL	FC	TL	FC
Non- Cash Loans				
Letters of Guarantee	380	77.105	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	641	27.425	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	51	-	-	-
Total	1.072	104.530	-	-

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

III. EXPLANATIONS AND NOTES RELATED TO OFF BALANCE SHEET ACCOUNTS
(Continued):

a. Explanations on off-balance sheet commitments (Continued):

(iv). Maturity distribution of non-cash loans:

December 31,2011 ⁽¹⁾	Indefinite	Up to 1 year	1-5 Years	Above 5 years	Total
Letter of Credit	-	9.730	-	-	9.730
Letter of Guarantee	20.523	56	-	-	20.579
Other	38.301	-	-	-	38.301
Total	58.824	9.786	-	-	68.610

December 31, 2010 ⁽¹⁾	Indefinite	Up to 1 year	1-5 Years	Above 5 years	Total
Letter of Credit	128	27.938	-	-	28.066
Letter of Guarantee	61.869	15.616	-	-	77.485
Other	51	-	-	-	51
Total	62.048	43.554	-	-	105.602

⁽¹⁾ The distribution is based on the original maturities.

b. Explanations on derivative financial instruments:

The Branch has no derivative financial instruments as of December 31, 2011 and December 31, 2010.

c. Explanations on contingent liabilities and assets:

In the second quarter of 2007 some employees and previous employees of the Branch sued the Branch claiming their employee benefits related to previous periods. As of December 31, 2011 the Branch had prudently provided a provision amounting to TL371 thousand (31 December 2010: TL171 thousand, the remaining TL585 thousand provision is composed of the disciplinary punishment of Ministry of Finance). The remaining provision amounting to TL25 thousand is provided for indemnified cash loans. Mentioned provisions are classified in the balance sheet under "Other Provisions".

d. Explanations on activities carried out on behalf and account of other parties:

The Branch does not carry out trading, custody and fund management services on behalf of others and on their account.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. EXPLANATIONS AND NOTES RELATED TO ON INCOME STATEMENT:

a. Information on interest income:

1. Information on interest income on loans:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Short-Term Loans	4.193	63.266	80	27.737
Medium and Long-Term Loans	45	353	6	1.109
Interest on Non-Performing loans	-	150	-	-
Premiums Received from the Resource Utilisation Support Fund	-	-	-	-
Total	4.238	63.769	86	28.846

2. Information on interest income on banks:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
From the CBRT	-	-	43	-
From Domestic Banks	5.697	176	4.008	1.653
From Foreign Banks	271	30	-	19
Headquarters and Branches Abroad	4.635	78.146	-	-
Total	10.603	78.352	4.051	1.672

3. Information on interest income on marketable securities:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
From Trading Financial Assets	-	-	-	-
From Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
From Available-for-Sale Financial Assets	8.871	1.923	4.740	1.231
From Held-to-Maturity Investments	-	-	-	-
Total	8.871	1.923	4.740	1.231

4. Information on interest income received from investments in associates and subsidiaries:

The Branch has no interest income received from investments in associates and subsidiaries as of December 31, 2011 and December 31, 2010.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. EXPLANATIONS AND NOTES RELATED TO ON INCOME STATEMENT (Continued):

b. Information on interest expense:

1. Information on interest expense on borrowings:

	December 31, 2011		December 31, 2010	
	TL	FC	TL	FC
Banks	-	7.143	205	15.387
The CBRT	-	-	-	-
Domestic Banks	-	-	-	-
Foreign Banks	-	5.170	-	300
Headquarters and Branches Abroad	-	1.973	205	15.087
Other Institutions	-	-	-	-
Total	-	7.143	205	15.387

2. Information on interest expense given to investments in associates and subsidiaries:

The Branch has no interest expense given to investments in associates and subsidiaries as of December 31, 2011 and December 31, 2010.

3. Interest expense on Securities Issued:

The Branch has no interest expense given to securities issued as of December 31, 2011 and December 31, 2010.

4. Maturity structure of the interest expense on deposits:

There are no deposits with seven days notification and accumulative deposits.

	Demand Deposits	Time Deposit					Total
		Up to 1 Month	Up to 3 Month	Up to 6 Month	Up to 1 Year	More than 1 Year	
TL							
Bank Deposits	1.866	1.140	-	5.313	-	2.998	11.317
Saving Deposits	-	9	1	-	-	-	10
Public Sector Deposits	-	-	-	-	-	-	-
Commercial Deposit	-	-	-	-	-	-	-
Other Deposits	-	-	-	-	-	-	-
Total	1.866	1.149	1	5.313	-	2.998	11.327
FC							
Foreign Currency Deposits	19	16	56	35	33	248	407
Bank Deposits	90.319	-	202	-	-	-	90.521
Gold Vault	-	-	-	-	-	-	-
Total	90.338	16	258	35	33	248	90.928
Grand Total	92.204	1.165	259	5.348	33	3.246	102.255

c. Explanations on dividend income:

None (December 31, 2010: None).

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. EXPLANATIONS AND NOTES RELATED TO ON INCOME STATEMENT (Continued):

d. Explanations on trading loss/income (Net):

	December 31, 2011	December 31, 2010
Income	10.439	6.001
Income from Capital Market Transactions	-	30
Derivative Financial Transactions	-	-
Other	-	30
Foreign Exchange Gains	10.439	5.971
Loss (-)	(5.764)	(1.915)
Loss from Capital Market Transactions	-	-
Derivative Financial Transactions	-	-
Other	-	-
Foreign Exchange Loss	(5.764)	(1.915)
Net Income / Loss	4.675	4.086

e. Explanations on other operating income:

There are no extraordinary items included in other operating income.

f. Provision expenses related to loans and other receivables of the Branch:

	December 31, 2011	December 31, 2010
Specific Provisions for Loans and Other Receivables	1.984	27
III. Group Loans and Receivables	9	-
IV. Group Loans and Receivables	40	-
V. Group Loans and Receivables	1.935	27
General Provision Expenses	3.430	552
Provision Expense for Possible Risks	-	-
Marketable Securities Impairment Expense	-	8
Financial Assets at Fair Value Through Profit or Loss	-	-
Available-for-sale Financial Assets	-	8
Investments in Associates, Subsidiaries and Held-to-Maturity Securities	-	-
Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Held-to-maturity Securities	-	-
Other	-	-
Total	5.414	587

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

IV. EXPLANATIONS AND NOTES RELATED TO ON INCOME STATEMENT (Continued):

g. Information related to other operating expenses:

	December 31, 2011	December 31, 2010
Personnel Expenses	6.179	3.959
Reserve for Employee Termination Benefits	82	80
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	318	309
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	48	-
Impairment Expenses of Equity Participations for Which Equity Method is Applied	-	-
Impairment Expenses of Assets Held for Resale	-	-
Depreciation Expenses of Assets Held for Resale	-	-
Impairment Expenses of Fixed Assets Held for Sale	-	-
Other Operating Expenses	1.177	1.251
Operational Leasing Expenses	-	-
Maintenance Expenses	73	49
Advertisement Expenses	19	21
Other Expenses	1.085	1.181
Loss on Sales of Assets	-	-
Other	3.285	2.257
Total	11.089	7.856

h. Explanations on profit and loss from continuing operations before tax:

Profit and loss before tax consists of net interest income amounting to TL58.877 thousand (December 31, 2010: TL21.665 thousand), net fee and commission income amounting to TL26.126 thousand (December 31, 2010: TL15.162 thousand) and total other operating expense amounting TL11.089 thousand (December 31, 2010: TL7.856 thousand).

i. Explanations on tax provision:

- Explanations on calculated current tax income or expense and deferred tax income or expense:
As of December 31, 2011, the Branch has a current tax expense of TL15.219 thousand (December 31, 2010: TL6.830 thousand) and deferred tax expense of TL191 thousand (December 31, 2010: TL131 thousand income).
- Explanations on deferred tax income or expense arising from the temporary differences occurred or closed:
The Branch calculated net deferred tax expense of TL191 thousand (December 31, 2010: deferred tax income of TL131 thousand) due to the occurrence of temporary differences.
- Explanations on reflection of temporary difference, financial loss, diminution of tax and exceptions on income statement:
As of December 31, 2011, the Branch has TL191 thousand deferred tax expense due to the occurrence of temporary differences (December 31, 2010: TL131 thousand income).

j. Explanations on net income/loss for the period:

To understand the Branch's current year performance, the characteristics of income or expense items arising from common banking transactions, and the dimension and recurrence of these transactions are not required.

k. Other items do not exceed 10% of the total income statement.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

V. EXPLANATIONS AND NOTES RELATED TO CHANGES IN SHAREHOLDERS' EQUITY:

a. Explanation on profit distributions:

Retained earnings of the Branch can be distributed through the permission of the BRSA.

b. Amounts transferred to legal reserves:

None (December 31, 2010: None).

c. Information on capital increase:

None (December 31, 2010: None).

d. Explanations on available-for-sale financial assets:

"Unrealised gain/loss" arising from changes in the fair value of securities classified as available-for-sale are not recognised in current year profit or loss statement but recognised in the "Marketable securities value increase fund" account under shareholders' equity, until the financial assets are derecognised, sold, disposed of or impaired.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VI. EXPLANATIONS AND DISCLOSURES ON STATEMENT OF CASH FLOWS:

a. Information on cash and cash equivalents:

1. Components of cash and cash equivalents and the accounting policy applied in their determination:

Cash and effectives together with demand deposits at banks including the CBRT are defined as "Cash"; interbank money market placements and time deposits in banks with original maturities less than three months are defined as "Cash Equivalents".

2. Effect of a change on the accounting policies: None.
3. Reconciliation of cash and cash equivalent items with balance sheet and cash flow statements:
 - (i). Information on cash and cash equivalents at the beginning of the year:

	December 31, 2011	December 31, 2010
Cash	516.576	57.157
Cash and Effectives	7.529	425
Demand Deposits in Banks	509.047	56.732
Cash Equivalents	34.000	40.497
Interbank Money Market Placements	34.000	-
Time Deposits in Banks	-	40.497
Total Cash and Cash Equivalents	550.576	97.654

The total amount from the operations the in prior period gives the total cash and cash equivalents amount at the beginning of the current period.

- (ii). Information on cash and cash equivalents at the end of year:

	December 31, 2011	December 31, 2010
Cash	2.703.332	516.576
Cash and Effectives	25.117	7.529
Demand Deposits in Banks	2.678.215	509.047
Cash Equivalents	63.500	34.000
Interbank Money Market Placements	63.500	34.000
Time Deposits in Banks	-	-
Total Cash and Cash Equivalents	2.766.832	550.576

b. Information on cash and cash equivalent assets of the Branch that is not available for free use due to legal restrictions or other reasons:

None (December 31, 2010: None).

c. Explanations on the other cash flow items and effect of changes in foreign exchange rates on cash and cash equivalents:

Decrease in the "Other" item amounting to TL18.105 thousand (December 31, 2010: TL559 thousand decrease) which is classified under "Cash flows from banking operations" consists mainly of items such as fees and commissions, foreign exchange gains/losses and other operating expenses excluding personnel expenses.

The effect of changes in the foreign currency rates on the cash and cash equivalents is calculated approximately TL31.1250 thousand as of December 31, 2011 (December 31, 2010: TL1.611 thousand).

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VII. EXPLANATIONS AND NOTES RELATED TO BRANCH'S RISK GROUP:

The volume of transactions relating to the Branch's risk group, outstanding loan and deposit transactions and profit and loss of the period:

1. December 31, 2011:

Branch's Risk Group ^{(1), (2)}	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Branch		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Cash	Non-Cash	Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	-	621.744	16.172
Balance at the End of the Period	-	-	-	-	2.638.501	16.092
Interest and Commission						
Income Received	-	-	-	-	101.312	6.156

(1) Defined in the 49th article of subsection 2 of the Banking Act No. 5411.

(2) The information in table above includes banks as well as loans.

2. December 31, 2010:

Branch's Risk Group ^{(1), (2)}	Investments in associates, subsidiaries and joint ventures		Direct and indirect shareholders of the Branch		Other real and legal persons that have been included in the risk group	
	Cash	Non-Cash	Cash	Cash	Non-Cash	Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	-	152.648	6.330
Balance at the End of the Period	-	-	-	-	621.744	16.172
Interest and Commission						
Income Received	-	-	-	-	11.480	1.901

(1) Defined in the 49th article of subsection 2 of the Banking Act No. 5411.

(2) The information in table above includes banks as well as loans.

3. Information on deposits of the Branch's risk group:

Branch's risk group ⁽¹⁾	Investments in Associates, Subsidiaries and Joint Ventures		Direct and Indirect Shareholders of the Branch		Other Real and Legal Persons That Have Been Included in the Risk Group	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Deposit						
Balance at the Beginning of the Period	-	-	-	-	347.620	51.503
Balance at the End of the Period ⁽²⁾	-	-	-	-	2.953.541	347.620
Interest Expense on Deposits	-	-	-	-	91.973	913

(1) Defined in the Subsection 2, article 49 of the Banking Act No. 5411.

(2) As of December 31, 2011, the TL2.755.384 thousand of the TL2.953.541 thousand included in balance sheet Deposits – Risk Group is composed of Bank Mellat Head Office. TL157.604 thousand is composed of Iran Central Bank.

**BANK MELLAT MERKEZİ: TAHRAN-İRAN İSTANBUL TÜRKİYE MERKEZ,
ANKARA VE İZMİR ŞUBELERİ**
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Unless otherwise stated amounts are expressed in thousands of Turkish Lira ("TL").

EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
(Continued)

VII. EXPLANATIONS AND NOTES RELATED TO BRANCH'S RISK GROUP (Continued):

The volume of transactions relating to the Branch's risk group, outstanding loan and deposit transactions and profit and loss of the period (Continued):

4. Information on borrowings from the Branch's risk group:

Branch's risk group ⁽¹⁾	Associates and subsidiaries		Direct and indirect shareholders of the Branch		Other items that have been included in the risk group ⁽²⁾	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Borrowings						
Beginning of the Period	-	-	-	-	1.093.273	186.055
End of the Period	-	-	-	-	225.112	1.093.273
Interest Expense	-	-	-	-	5.170	15.292

(1) Defined in the 49th article of subsection 2 of the Banking Act No. 5411.

(2) Includes loans obtained from Iran Central Bank amounting to TL225.112 thousand (December 31, 2010: TL41.548 thousand, the remaining amount TL1.051.725 thousand includes cash guarantees obtained from Bank Mellat Iran Head Office in return for granting loans which has been classified under sundry creditors on the balance sheet).

5. Information on forward and option agreements and other similar derivative transactions with the Branch's risk group:

The Branch has no forward and option agreements and other similar derivative transactions as of December 31, 2011 and December 31, 2010.

6. Information on benefits provided to key management:

As of December 31, 2011, benefits provided to the Branch's key management amount to TL1.474 thousand (December 31, 2009: TL1.245 thousand).

VIII. EXPLANATIONS RELATED TO THE DOMESTIC, FOREIGN, OFF-SHORE BRANCHES AND FOREIGN REPRESENTATIVES OF THE BRANCH:

	Number	Number of Employees			
Domestic Branch	3	55			
			Country of Incorporation		
Foreign Rep. Offices	-	-			
			Total Assets		Statutory Share Capital
Foreign Branch	-	-			-
Off-Shore Banking Region Branch	-	-			-

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS:

None.

SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE BRANCH'S OPERATIONS:

According to the correspondence with BRSA dated on May 13, 2011 and numbered 11803, receivable and payable transactions between the Branch and Bank Mellat Iran Head Office have to be followed under "Foreign Head Office and Branches" account. The Branch classified its transactions with Bank Mellat Head Office to mentioned accounts in accordance with the correspondence.

SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR'S REPORT:

The unconsolidated financial statements as of December 31, 2011 have been audited by DRT Bağımsız Denetim ve Serbest Muhasebeci Mali Müşavirlik A.Ş. (a member of Deloitte Touche Tohmatsu Limited).

The independent auditor's report is presented preceding the financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR:

None.