



بانك ملت bank mellat

ANNUAL REPORT
BANK MELLAT TURKEY
2025

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INDEPENDENT AUDITOR'S REPORT ON THE ANNUAL ACTIVITY REPORT OF THE BOARD OF DIRECTORS

To the Board of Managers of Bank Mellat, Head Office: Tehran-Iran, Istanbul Turkey Head Office, Ankara and Izmir Branches;

1. Opinion

We have audited the annual activity report of Bank Mellat, Head Office: Tehran-Iran, Istanbul Turkey Head Office, Ankara and Izmir Branches ("the Branch") for the accounting period ending 31 December 2025.

In our opinion, the financial information included in the annual activity report of the Board of Directors and the assessments made by the Board of Directors regarding the status of the Branch are consistent, in all material respects, with the audited complete set of financial statements and with the information obtained during the independent audit, and present a true and fair view.

2. Basis for Opinion

Our independent audit has been conducted in accordance with the "Regulation on Independent Audit of Banks" published in the Official Gazette No. 29314 and the Independent Auditing Standards (ISA) which are part of the Turkish Auditing Standards issued by the Public Oversight, Accounting and Auditing Standards Authority (POA). Our responsibilities under these standards are further described in the section of our report titled "Auditor's Responsibilities for the Audit of the Annual Activity Report." We declare that we are independent of the Branch in accordance with the Code of Ethics for Independent Auditors published by the POA and the ethical requirements in the relevant legislation regarding independent auditing. We have also fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

3. Auditor's Opinion on the Complete Set of Financial Statements

We have expressed an unqualified opinion in our auditor's report dated 31 March 2026 on the complete set of financial statements of the Branch for the accounting period between 1 January 2025 and 31 December 2025.

4. Responsibility of the Board of Directors for the Annual Activity Report

The management of the Bank is responsible for the following matters regarding the annual activity report in accordance with Articles 514 and 516 of the Turkish Commercial Code No. 6102 and the "Regulation on the Procedures and Principles Regarding the Preparation and Publication of Annual Activity Reports by Banks" published in the Official Gazette dated 1 November 2006 and numbered 26333:

- Prepares the annual activity report within the first three months following the balance sheet date and submits it to the Board of Managers.
- Prepares the annual activity report in a manner that reflects the course of the Branch's activities during the relevant year and its financial position in all respects accurately, completely, clearly, truthfully and honestly. In this report, the financial position is evaluated based on the financial statements. The report also clearly indicates the developments of the Branch and the potential risks it may face. The assessments of the Board of Directors regarding these matters are also included in the report.



c) The activity report also includes the following:

- Significant events that occurred in the Branch after the end of the fiscal year,
- The research and development activities of the Branch,
- Financial benefits such as wages, bonuses, premiums paid to members of the Board of Directors and senior executives, allowances, travel, accommodation and representation expenses, benefits in kind and cash, insurances and similar guarantees.

The Board of Directors also considers the secondary legislation issued by the Republic of Türkiye Ministry of Trade and relevant authorities while preparing the activity report.

5. Auditor's Responsibilities for the Independent Audit of the Annual Activity Report

Our objective is to express an opinion, within the framework of the Turkish Commercial Code and the Regulation, on whether the financial information included in the annual activity report and the assessments made by the Board of Directors using the information in the financial statements are consistent with the audited financial statements of the Branch and with the information obtained during the audit, and whether they present a true and fair view, and to issue a report including our opinion.

Our independent audit has been conducted in accordance with the "Regulation on Independent Audit of Banks" published in the Official Gazette No. 29314 and the Independent Auditing Standards. These standards require compliance with ethical requirements and that the independent audit be planned and performed to obtain reasonable assurance about whether the financial information in the activity report and the assessments made by the Board of Directors are consistent with the financial statements and the information obtained during the audit and whether they present a true and fair view.

Responsible auditor who conducts this audit is Adil ÖNER.

**REHBER BAĞIMSIZ DENETİM
VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.**

**Adil ÖNER, Sworn-in CPA
Responsible Auditor**



Ankara, 31 March 2026



I. GENERAL PRINCIPLES WITH RESPECT TO THE ANNUAL REPORT

- 1. Reporting period** : 2025
- 2. Commercial Title of the Branch** : Bank Mellat Merkezi Tahran İnan İstanbul
Türkiye Merkez Şubesi
- 3. Address of Bank Mellat Headquarters** : Taleghani Avenue. No: 276 Tehran – Iran
Address
Address of the Branch in Turkey : Büyükdere Cd. No:134 34330
1.Levent- Beşiktaş / İstanbul / Türkiye
- 4. Phone** : 0212 279 80 15
- 5. Fax** : (0212) 284 62 14
- 6. Website** : www.mellatbank.com
- 7. Electronic Mail** : mellat@mellatbank.com

II. CONTENTS OF THE ANNUAL REPORT

A. Introduction

1. Summary Financial Information

Balance Sheet (TRY -thousand)

ASSETS	31 December 2025	31 December 2024
CASH AND CASH EQUIVALENTS	1.653.626	1.597.618
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS	2.575	1.134
FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	-	-
LOANS (NET)	397.147	319.082
Loans	397.049	318.693
Non-Performing Loans	7.567	7.357
Specific Provisions (-)	(7.469)	(6.968)
PROPERTY AND EQUIPMENT (Net)	12.768	10.996
INTANGIBLE ASSETS (Net)	300	714
DEFERRED TAX ASSET	7.022	4.240
OTHER ASSETS	6.088	2.507
TOTAL ASSETS	2.079.526	1.936.291

LIABILITIES	31 December 2025	31 December 2024
DEPOSITS	1.011.877	1.031.242
FUNDS	-	-
PROVISIONS	49.118	34.772
CURRENT TAX LIABILITY	16.861	14.398
OTHER LIABILITIES	21.625	18.788
SHAREHOLDER'S EQUITY	980.045	837.091
TOTAL LIABILITIES	2.079.526	1.936.291

OFF-BALANCE LIABILITIES	31 December 2025	31 December 2024
GUARANTEES AND WARRANTIES	13.620	32.302
Letters of Guarantee	9.055	28.543
Letters of Credit	4.565	3.759
Other Guarantees and Warranties	-	-
COMMITMENTS	-	-

Income Statement (TRY -thousand)

INCOME & EXPENSE ITEMS	31 December 2025	31 December 2024
INTEREST INCOME	296.057	239.220
INTEREST EXPENSES	(21.134)	(17.159)
NET INTEREST INCOME	274.923	222.061
NET FEES AND COMMISSIONS	13.347	17.087
TRADING INCOME/(LOSS) (Net)	31.656	15.738
OTHER OPERATING INCOME	7.997	4.042
TOTAL OPERATING INCOME	327.923	258.928
PROVISION FOR LOAN LOSSES (-)	(5.887)	(5.696)
PERSONNEL EXPENSES (-)	(76.983)	(58.037)
OTHER OPERATING EXPENSES (-)	(38.762)	(28.780)
NET OPERATING INCOME/(LOSS)	206.291	166.415
PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(62.507)	(49.376)
NET PERIOD PROFIT/LOSSES	143.784	117.039

2. Historical Development of the Branch

Bank Mellat Iran, established in 1980 as a state bank as a consequence of nationalization of 10 private banks, was registered with Tehran Stock Market and went public in 2008. The asset of the Bank is USD 42.948 million as of 19 March 2024 and the shareholder's equity of the Bank amounts to USD 5.030 million as of the same date. The bank has branches in Turkey, Armenia and Korea, and subsidiary banks in UK, Germany and Malaysia. The primary purpose of the branches and subsidiaries outside of Iran is to play an intermediary role in foreign trade transactions between Iran and especially these countries and the third countries. The Branch is granted permission to operate as the branch of a foreign bank established in Turkey by the decree dated 5 February 1981 and number 82/2406 of the Council of Ministers.

Bank Mellat has 3 branches in Turkey, the Main Branch in Istanbul which became operational on 16 April 1982, and the branches in Ankara and Izmir.

3. Shareholding Structure of the Branch

The Shareholding Structure of Bank Mellat Tehran Iran, which possesses the whole capital of the Branch, is as follows:

Shareholder	31 December 2025 (*)Share Percentage (%)	31 December 2024 (**)Share Percentage (%)
State-Edalet Share Investments(ESC)	11,27	11,27
State of Islamic Republic of Iran	11,16	11,16
Bank Mellat's Staff Future Security Fund	9,24	7,51
Mellat Market Investment Fund(BFM)	8,99	9,95
First Financial Intermediation Investment Fund	5,24	5,59
Fanavaran Petrochemical Company	4,47	4,47
Saba Tamin Insurance Company	2,37	2,52
Other Shares Quoted on Stock Exchange	47,26	47,53
Total	100,00	100,00

(*) This is the shareholding structure as declared by the General Directorate for Financial Affairs, Directorate for Stock Market and Stocks of Bank Mellat Iran as of 31.12.2025.

(**) This is the shareholding structure as declared by the General Directorate for Financial Affairs, Directorate for Stock Market and Stocks of Bank Mellat Iran as of 31.12.2024.

4. Changes in its Capital and Shareholding Structure During the Operating Period

There have been no changes in the capital and the shareholding structure of the Branch during the accounting period.

5. Titles of Natural or Legal Persons who hold Qualified Shares and Information about Their Shares

100% controlling capital holder of the Branch is the Bank Mellat residing in Tehran Iran. Natural or legal persons who hold qualified shares of the Bank Mellat Tehran, Iran as of the end of the period are indicated in the following table.

Name, Surname/Title	31 December 2025			
	Share Amount	Share Ratios	Paid Share	Unpaid Shares
State-Edalet Share Investments(ESC)	22.540	%11,27	22.540	-
State of Islamic Republic of Iran	22.320	%11,16	22.320	-

6. Remarks Regarding the Shares, if any, Held by the Chairman and Members of the Board of Directors and General Manager and Assistant General Managers of the Branch

President and members of board of directors, Director General and Assistant General Managers have no shares.

7. Remarks on the Operating Period made by the Chairman of the Board of Directors and General Manager and Their Prospects

The ongoing Russia-Ukraine war and current geopolitical tensions in the Middle East continue to negatively impact the global economy. These developments have resulted in continued volatility in energy and commodity prices, leading to increased risk in global trade.

Developments in US foreign trade and tariff policies have also had a significant impact on global trade flows.

The US Federal Reserve (FED) decided to cut its policy interest rate by 25 basis points to between 3.50% and 3.75% at its December 2025 meeting.

The European Central Bank (ECB), in line with market expectations, kept its benchmark interest rate unchanged at 2% at its December 2025 meeting.

Uncertainty surrounding the resolution of the Russia-Ukraine war has also created uncertainty in the inflation outlook in Europe.

The Turkish economy grew by 3.7% in the third quarter of the year. The Central Bank of the Republic of Turkey (TCMB), in its final inflation report of the year, set annual CPI inflation targets of 16% and 9% for 2026 and 2027, respectively.

The economic administration declared that it is resolutely implementing a program that prioritizes price stability and aims for sustainable high growth and lasting prosperity.

The TCMB has continued its tight monetary policy within the framework of the ongoing economic program.

The Monetary Policy Committee reduced the policy interest rate from 40.5% to 39.5% at its October 2025 meeting and from 39.5% to 38% at its December 2025 meeting.

The Turkish Statistical Institute announced the December 2025 Consumer Price Index as 30.89%.

Our bank continues to provide financing support to commercial and industrial firms operating in Turkey and continues to assist them in the best way possible according to market conditions regarding non-cash credit, commercial Turkish Lira and foreign currency export credits.

Our bank's net profit in the last quarter of 2025 was 144 million TL, representing a 23% increase compared to the previous year.

Our capital adequacy ratio was 80%.

In 2026, our bank will continue to actively contribute to the Turkish economy and strive to increase its profitability.

8. Remarks Regarding the Staff, Number of Branches, Branch Service Type, Scope of Activities and Position in the Sector

As of December 31st, 2025, the number of the Branch's staff consists of 39 people (December 31st, 2024: 40 People).

The Bank has three branches in Turkey, including the Main branch.

The branch performs various banking operations. Its core business includes playing an intermediary role in trade transactions with Turkey and the Islamic Republic of Iran, and financing such operations when required.

The Branch, carrying out all banking services through its branches within the scope of the permission given; particularly mediates effectively in commercial activities between Turkey and Iran. Within the scope of the import-export transactions between the two countries, it meets the demands for cash and non-cash loans. The branch has an important place in the mediation between two countries in terms of its position in the sector under the current conditions.

B. Information about the Management and Corporate Governance Practices

1. Board of Directors

The vision, mission, short and long term strategic objectives of our Branch which operates as the branch in Turkey of a bank founded abroad are determined by the Board of Directors, established in accordance with the Article 23 of the Banking Law no. 5411, and with such powers and responsibilities of an executive board. As of the end of the period, the Board of Director, which consists of 5 members, gathers in periods it deems necessary, and regularly reviews the policies and strategies specified, with reference to the continuously changing circumstances. Our Branch's Board of Directors also acts as the credit committee. The Board of Directors provisionally delegates some of its powers to the senior management based on the decisions made from time to time.

During the meeting, all written proposals and demands about the agenda are submitted for the approval of Board of Directors together with all necessary documents; the

proposals and demands approved by the Board are communicated to the authorities to be implemented pursuant to the meeting. The proposal approved by the Board is turned into resolution till the last day of the month the meeting is held, at latest, and presented for the signature of Board's President and Members.

The curriculum vitae and professional experiences of the members of the Board of Directors are as follows:

Title	Name	Position	Educational Status
Chairman of the Board of Directors^(*):	Abbas Ashrafnejad	Chairman	Bachelor's Degree
Members of the Board of Directors:	Seyed Kazem Chavoshi	Member	Post Graduate
	Ahmad Jamehdor	Member	Bachelor's Degree
	Abdulkadir Alper Ekşinar	Member Responsible for Internal Systems	Bachelor's Degree

ABBAS ASHRAFNEJAD– Chairman of the Board of Directors

ABBAS ASHRAFNEJAD graduated from Corporate Governance Department of Payame Nour University in Iran, with a Bachelor's Degree. In his banking career, he served as Head of Department, Branch Manager, Head of Unit, Head of Head Office, Department General Manager, Assistant General Manager, and Member of the Board of Directors. He has been a Member of the Board of Directors at our Tehran Headquarters since February 2021, and he started his duty as the Chairman of the Board of Directors in our Branch on July 01, 2022.

SEYED KAZEM CHAVOSHI- Member

SEYED KAZEM CHAVOSHI graduated from Imam Sadegh University in Iran with a Master's degree in Islamic Education (Theology) and Financial Management. In his banking career, he served as Specialist, Internal Auditor, Manager, Member of the Board of Directors, Member of the Board, Deputy Chairman and Vice Chairman of the Board of Directors. He has been serving as the Vice Chairman of the Board of Directors at our Tehran Headquarters since February 2021, and he started his duty as a Member of the Board of Managers in our Branch on July 01, 2022.

AHMAD JAMEHDOR - Member

Ahmad JAMEHDOR is a graduated of Ankara Academy of Economical and Commercial Sciences, Department of Banking and Insurance. He started his professional banking career at the Branch in 1985 and worked in several departments such as current accounts, remittances, accounting, human resources, and financial affairs. He has appointed as the Assistant General Manager in May 2009. He is the Assistant General Manager in charge of Financial Control, Treasury, Human Resources, Information Systems, Current Accounts, Administrative Affairs and Operations. In September 2013 he was appointed Deputy General Manager.

ABDULKADİR ALPER EKŞİNAR - Member Responsible for Internal Systems Managing the Audit Committee

Abdulkadir Alper EKŞİNAR, has Post Graduate Degree, CRMA, (Certification In Risk Management Assurance) and Capital Markets Board; Level 3, Derivative and Corporate Governance Rating Licenses and also 36 years of Finance / Banking experience. He graduated from Istanbul University, Faculty of Political Sciences and Department of Public Administration and started his career in Finance / Banking in 1989. Abdulkadir Alper EKŞİNAR, who worked in various positions at various banks and financial

institutions, joined the branch in September 2014 as the Internal Audit Department manager. When he was appointed as a Board member in 2019, and since then, he has been appointed as a Member of the Board of Directors Responsible for Internal Systems.

2. Senior Management

General Manager is responsible for the management and operation of the Branch and the units thereof as per the basis and risk management principles identified by the Board of Directors.

Details on senior management are stated below.

Title	Name	Position	Educational Status
Assistant General Manager / Deputy General Manager:	Ahmad Jamehdor	Assistant General Manager in charge of Financial Control, Treasury, Human Resources, Information Systems, Loans and Foreign Trade Transactions Administrative Affairs	Bachelor's Degree
Assistant General Manager	Abbas Bayat ^(*)	Assistant General Manager Responsible for Loans and Foreign Trade Transactions	Post Graduate

^(*)Abbas Bayat, resigned his duties as of 21 December 2025.

Details on the background of the senior management are as follows:

AHMAD JAMEHDOR – Deputy General Manager - Assistant General Manager

Mentioned in the section; Board of Directors.

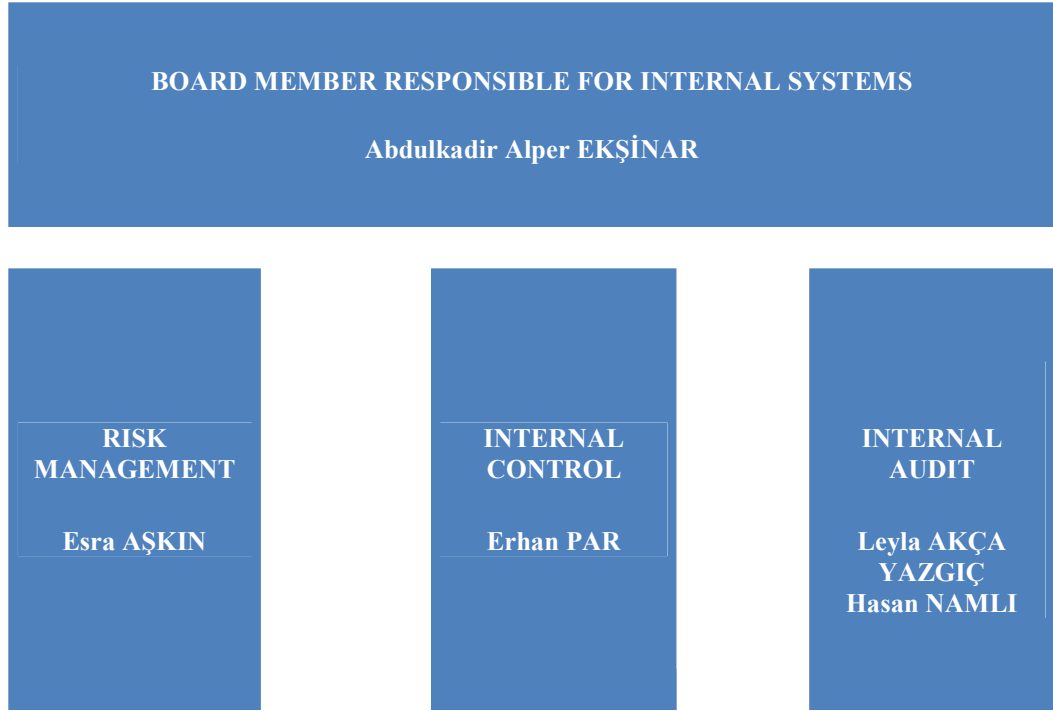
ABBAS BAYAT – Assistant General Manager

ABBAS BAYAT graduated from Islamic Azad University in Iran with Post Graduate degree in Business Management - Insurance Management Department. During his banking career, he has worked as Deputy Director of Foreign Exchange Transactions and Foreign Currency Remittance - Deputy Manager of the Letter of Credit Department - Manager of the Letter of Credit Department. He started to work in our branch on May 05, 2021 as Assistant General Manager. Abbas Bayat, resigned his duties as of 21 December 2025.

3. Information About the Operations Conducted Pursuant to the Provisions of the Regulation on the Internal Systems of Banks and the Department Managers Regarding Internal Systems

Internal Audit, Internal Control and Risk Management systems, which comprise the internal systems of the Bank, are subject to the Board of Directors under the supervision and audit of the non- executive member who is in charge of internal systems. The member who is in charge of internal systems is obliged to report any issue that may negatively affect the operation of the Branch to Board of Directors, through the reports he regularly receives from independent audit firm and internal control, internal audit and risk management departments.

Internal Audit, Internal Control and Risk Management Departments operate within the scope of Regulations approved by Board of Directors. Organization Chart of Internal Systems is as follows.



Vocational information of line managers working within internal systems of the Branch are indicated below.

Leyla Akça Yazgıç, Internal Audit Department: She has a Bachelor's Degree and started his career in Finance / Banking in November 1995. He was appointed as the Internal Audit Department manager in December 2019.

Esra Aşkın, Risk Management Department: He has a Post Graduate Degree and started his career in Finance / Banking in 2000. He was appointed as a unit manager in November 2023.

Erhan Par, Internal Control Department: He has a Bachelor's Degree and started his career in Finance / Banking in 2007 He was appointed as a unit manager in October 2022.

4. Active Committees of the Branch

The committees have been established pursuant to the regulations as specified under the Banking Law no. 5411 and relevant legislation and organized in accordance with those regulations and every measure required to allow them to work independently have been taken by the Branch.

Names, tasks, powers and members of miscellaneous committees within our Branch are explained below:

Assets/Liabilities Committee

Assets & Liabilities committee, consisting of the assistant general managers under the chairmanship of the General Manager is responsible for evaluating the market

conditions and determining the policies regarding maturity consistency between assets and liabilities, maintaining the interest rate difference, foreign exchange position and liquidity pursuant to those conditions. During the year, the Committee had 52 meetings and resolutions.

Executive Committee for Information Technologies

The Executive Committee for Information Technologies consists of the Member of the Board of Directors who is responsible for Internal Systems, Deputy General Manager of the Main Branch, System and Network Manager, Application Development and Software Manager and Internal Control and Risk Management Executives under the chairmanship of the General Manager. The Committee holds meetings annually.

The Committee was established to fulfill the following missions:

- To ensure that Information Technologies are consistent with the Bank's scale and operations and the quality of offered products and the strategic objectives of the Bank,
- Approval of the policies regarding the management, sustainability, maintaining the information security and confidentiality in Information Technologies,
- To assess the risks that may be imposed due to the use of Information Technologies and approve the action plans designed for minimizing the risk levels resulting from Information Technologies,
- Approval of the resource needs prioritized in line with the strategies for Information Technologies,
- To evaluate the findings regarding general controls in information technologies and application controls identified in consequence of internal audits and independent audits and approve the actions to be taken,
- Evaluation of risk analysis results regarding outsourced support services for Information Technologies and submitted report regarding qualification of outsourcing companies,
- Assessment of detected breaches of information security and making decisions regarding actions to be taken and establishing an "emergency response team" when required,
- Assessment of the results of the tests performed for the purpose of ensuring business continuity and data security,
- Evaluation of the current developments in information technologies and data security and their applicability at the Bank,
- Assessment of the complaints that may occur regarding Information Technologies and the services provided based on the same and approval of the actions to be taken,
- Evaluation and approval of investments and projects regarding Information Technologies.

Risk Committee

Scope of activities of the Committee;

- Preparation of the risk management strategies and policies to be followed, and their submission to the Board of Directors for approval,
- Negotiating and resolving the issues brought to the agenda by Risk Management,
- Determination of the limits regarding exposed risks, monitoring the limit violations, making proposals to the Board of Directors for eliminating such risks,
- Making proposals to the Board of Directors on changes in risk policies,
- Monitoring and reporting for the risk detection, identification, measurement and management process to be performed by the Risk Management Unit,

- Monitoring to ensure the accuracy and reliability of risk measurement methods and results.

The committee consists of a member of the Board of Directors Responsible for Internal Systems, the Assistant General Manager and the Risk Management Unit Manager, chaired by the General Manager. During the year, the Committee had 12 meetings and resolutions.

Audit Committee

Abdulkadir Alper EKŞİNAR has been appointed as a member of the Board of Managers Responsible for Internal Systems on 01.10.2019 to carry out the duties of the committee, and still continues this duty.

Member of the Board of Directors Responsible for the Internal Systems, managing the functioning of the Audit Committee, is in charge of the matters referred to in paragraph 2 of Article 7 of the Internal Systems Regulation published in Official Gazette 29057 on July 11, 2015.

Purchasing Committee

It is responsible for the purchase and sale of movables and software in line with the requirements of the Bank. 18 purchases were made during the year.

5. Information Regarding the Practices of Human Resources:

Probation period for any contracted personnel to be employed at the Branch is two months whereas this period is four months for the personnel to be employed as a union member. Those employees who are thought to be useful for the Branch during the probation period will become a member of the permanent staff upon the relevant line manager's suggestion. Branch managers and division heads will submit their requests regarding whether the employment contract of the candidate staff subject to trial period is to be maintained to the Personnel Department, before the end of such period of the candidate.

Advancement means promoting an employee of the Branch to a higher position than his/her current position. In case of advancement, remuneration of the staff also changes starting from the clerical level. Fulfilment of the following conditions is required for advancement of an employee;

- Completing a specified term of office at the current position;
- Be granted positive qualification;
- Bear the necessary capabilities and qualifications that a higher title requires;
- There should be a vacant position in the upper title.
- The staff should pass the exam to be applied when necessary.

In order to be promoted to the position just above them, Branch personnel must serve in their current position:

- for minimum 3 years if they are university graduates
- for minimum 4 years if they are high-school graduates

However, this period may be extended for one year maximum, within the framework of the authorizations.

A performance bonus payment is made at least once a year in consideration of the performance note and other criteria (warnings and punishments). A performance bonus payment of 7.146 thousand Turkish liras was made in April 2025.

6. Information about the transactions with the risk group in which the branch is included

6.1. Information about the credits extended to the risk group in which the branch is included

Credit Risk of the Risk Group in which the Branch is included ⁽¹⁾⁽²⁾	31 December 2025		31 December 2024	
	Cash	Non-Cash	Cash	Non-Cash
Credits and Other Receivables				
Opening Balance	236.343	-	192.550	-
Period-End Balance	245.388	-	236.343	-
Received Interest and Commission Revenues	-	-	-	-

(1) Risk group is defined in paragraph 2 of Article 49 of the Banking Law number 5411.

(2) The information in the table also covers the receivables from the banks as well as the loans extended.

6.2. Information about deposit accounts owned by the risk group in which the branch is included

Risk Group of the Branch Grubu ⁽¹⁾	Subsidiaries, Affiliates & Partnerships jointly controlled		Direct & Indirect Partners of the Branch		Other Real & Legal Entities included in the Risk Category	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Deposit						
Beginning of Period	-	-	-	-	680.001	823.287
End of Period ⁽²⁾⁽³⁾	-	-	-	-	604.949	680.001
Deposit Interest Expenses	-	-	-	-	10.261	7.597

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(1) Risk group is defined in paragraph 2 of Article 49 of the Banking Law number 5411.

(2) (As of 31 December 2025, 604.949 TL of the 571.308 TL deposits belong to Bank Mellat Iran Merkez 33.641 TL belongs to the Central Bank of Iran.)

(3) (As of 31 December 2024, 680.001 TL of the 653.209 TL deposits belong to Bank Mellat Iran Merkez, 26.792 TL belongs to the Central Bank of Iran.)

(4)

6.3. Information about the loans borrowed from the risk group in which the branch is included

Loans borrowed from the Risk Group in which the Branch is included ⁽¹⁾	31 Aralık 2025	31 Aralık 2024
Beginning of Period	-	-
Period End	-	-
Interest Expense on Loan	-	-

(1) Risk group is defined in paragraph 2 of Article 49 of the Banking Law number 5411.

6.4. Information about futures contracts, options contracts and suchlike other contracts made between the Branch and the risk group in which the branch is included

As of dates December 31st 2025 and December 31st 2024, the bank has no futures and option contracts with the risk group of the Branch, and other similar contracts.

6.5. Information about the benefits to top management:

As of 31 December 2025, payments of TRY 24.996 thousand (31 December 2024: TRY 21.523 thousand) have been made to the senior management of the Branch.

7. Outsourced Services and Information About Service Providers

Support service organizations and services outsourced or to be outsourced when necessary, under the scope of the Regulation on Support Services for Banks and the Authorization of the Institutions to Provide Such Services are not available.

C. Assessment of Financial Information and Risk Management

1. Assessment of Functioning of Internal Control, Internal Audit and Risk Management Systems made by the Audit Committee and Its Activities within the Accounting Period

1.1. Activities of Internal Control Department

The Internal Control Unit is structured to prevent the risks in the financial and operational activities of the Bank and hold them under control at a reasonable level. Internal control activities are continuously monitored at every stage of the business; the practices, policies and processes that determine these activities are renewed in line with the needs, and the integrity of these activities is ensured by the internal control system.

The workflows related to the activities of the Branch have the necessary control tiers and points appropriately. Conducting the operations for the activities of the activities in an efficient, correct, regular and secure manner, functional task divisions, transactions, approval authorities and limits, information systems controls, post-processing controls and other process-specific controls are provided by the staff at each level. Said activity and internal control structure also plays an important role in the reliable and effective execution of accounting and financial reporting systems processes and controls.

The main components of the internal control activities structured within the internal control system are controls for the execution of activities, information and communication, financial reporting systems and compliance controls.

The internal control unit, operating in accordance with the member of the board responsible for internal systems, intends to make the utmost contribution to ensure that the internal control system is in compliance with the legislations and standards in terms of structure and functioning, and is healthy, effective and strong. The activities of the internal control unit responsible for examining, monitoring, evaluating and reporting the results of the controls on the activities of the branch are structured to include the head office units and branches.

The findings, opinions and recommendations related to the internal control activities are first shared with the employees and related process owners, contributing to the implementation of measures and solutions that improve the processes and activities of the internal control system. All these activities are continuously monitored by the internal control officers as well as those who are carrying out the activities and the evaluations related to the activities are reported to the senior management.

The results of internal control activities are also regularly monitored and assessed by the Board of Directors and the board member acting as the audit committee.

The internal control unit is subject to quarterly review for the head office units and at least twice per year for the other branches. Internal control activities are carried out on the basis of testing the control steps and points on work flows in terms of banking processes, and according to the prepared risk matrix.

1.2. Activities of Internal Audit Department

The Bank Mellat internal audit unit continues to work under the supervision of the member of the board responsible for internal systems. The Internal Audit Unit performs the task of auditing in line with the internal policies, policies, principles and targets of the branches and all other departments including the internal control, risk management, legislation and MASAK compliance, as well as the laws and other relevant legislation and activities carried out by all branches. This unit, which performs banking processes and information systems audits, also carries out preliminary research, investigation and investigation activities if necessary.

The reports prepared as a result of the work of the unit, having an auditor and an assistant auditor, are transmitted to the Board of Managers and related units through the audit committee in accordance with its importance and priority, and the measures taken for the identified issues are monitored by the internal audit unit. The Board of Directors closely monitors the activities of the unit, thanks to the periodic activity reports submitted by the board member who serves as the audit committee.

In 2024, the banking processes carried out by three branches and head office units were carried out by the BRSA in accordance with the Regulation on Information Systems and Electronic Banking Services of Banks.

1.3. Risk Management Activities

The risk management process and the functions involved in this process are among the primary responsibilities of the Board of Directors. Risk Management Unit which is a functional part of the risk management, function together with the Assets-Liabilities Committee, reports to the Board of Directors and the senior management with daily and monthly reports on exposed risks.

Board of Directors closely monitors the work of these committees and the risk management unit and continually evaluates the conformity of the results to the objectives set out.

Stress test and scenario analysis carried out during the period taking into account the existing conditions are submitted to the information and evaluation of the Board of Directors.

1.4. Compliance Activities

Compliance is one of the main tasks and responsibilities of managers and employees at every stage in the branch. Such activities can be grouped as compliance with legislations (Internal Auditing Unit), compliance regarding banking activities (Internal Control Unit) and compliance for laundering the Proceeds of Crime (Compliance Manager).

Within this scope, automatic rating of various banking transactions in terms of risk has been improved, by considering customer risks, transaction risks and amount risks.

The results of compliance activities are regularly monitored and evaluated by the senior management of the Branch.

1.5. Overall Assessment

On 17 October 2018, it was announced by Foreign Assets Control Office (“OFAC”), operating under US Treasury Department, that some Iran-based financial and industrial institutions, including Bank Mellat, the main shareholder of the branch, were included in the list of secondary sanctions. In addition, after the US announced sanctions, SWIFT, headquartered in Belgium, announced that some Iranian banks on the sanctions list would be suspended for access to the system. Access of the branch to SWIFT has been cancelled.

Following the transfer of the branch to the secondary sanctions list; Central Bank of the Republic of Turkey (CBRT) removed the Branch from the EFT system, and the Branch accounts at the CBRT were closed, except for obligatory provisions. Similarly, the closure of the placements of the branch in the domestic public banks and in some domestic private banks was requested by the related banks and the funds in question were withdrawn to a large extent. The branch is not able to enter into Treasury tenders and cannot use the cash it owns, as placements in other banks. Consequently, there is a significant decrease in the interest and commission income of the Branch.

The Branch does not foresee any shortage of capital adequacy and liquidity ratios in the following periods but if necessary, it is considered that resources/capital can be provided from Iran Headquarters to the branches in Turkey, and that there would be no problems in meeting the current obligations of the Branch. In the next period, alternative opportunities will be researched; alternative possibilities will continue to be investigated. Activities have been initiated to opt for different financial banking products, which would bring different types of operational income. The first limit allocations were made for the purpose of growth in loans. In addition, the budget activities of the Branch for the year 2026 are in the process of approval by the Headquarters, and have not been finalized as of the date of this report.

2. Independent Audit Report

**BANK MELLAT, HEADQUARTERS: TEHRAN-IRAN ISTANBUL
TURKEY HEADQUARTERS, ANKARA AND IZMIR BRANCHES**

**INDEPENDENT AUDITOR'S REPORT,
UNCONSOLIDATED FINANCIAL STATEMENTS, AND
FOOTNOTES ON FINANCIAL STATEMENTS
FOR THE ACCOUNTING PERIOD OF JANUARY 1 – DECEMBER 31, 2025**



Rehber Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş.

Turan Güneş Bulvarı Galip Erdem Caddesi No:43 Çankaya / ANKARA

Tel: 0 (312) 490 61 62 (pbx) Fax: 0 (312) 490 61 64

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Managers of Bank Mellat, Head Office: Tahran-Iran İstanbul Turkey Main,
Ankara and İzmir Branches**

Independent Audit of Unconsolidated Financial Statements

Opinion

We have audited the accompanying unconsolidated financial statements of Bank Mellat, Head Office: Tahran-Iran İstanbul Turkey Main, Ankara and İzmir Branches (the "Branch") as of December 31st, 2025, which are comprise of unconsolidated statement of financial position, unconsolidated statement of income, unconsolidated statement of income and expense items under shareholders' equity, unconsolidated statement of changes in equity, unconsolidated statement of cash flows and with a summary of significant accounting policies and footnotes on unconsolidated financial statement.

In our opinion, the unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Branch as at 31 December 2024, and its unconsolidated financial performance and its unconsolidated cash flows for the year then ended in accordance with the Banking Regulation and Supervision Agency ("BRSA") Accounting and Financial Reporting Legislation which includes "Regulation on Accounting Applications for Banks and Safeguarding of Documents" published in the Official Gazette no.26333 dated 1 November 2006, and other regulations on accounting records of Banks published by Banking Regulation and Supervision Agency and circulars and interpretations published by BRSA and Turkish Accounting Standards ("TAS") for those matters not regulated by the aforementioned regulations.

Basis of Opinion

Our audit was conducted in accordance with the "Regulation on Independent Audit of Banks" published by the BRSA on the Official Gazette No.29314 dated 2 April 2015 and the Standards on Independent Auditing (the "SIA") that are part of Turkish Standards on Auditing issued by the Public Oversight Accounting and Auditing Standards Authority (the "POA"). Our responsibilities under these standards are further described in the "Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements" section of our report. We hereby declare that we are independent of the Branch in accordance with the Ethical Rules for Independent Auditors (the "Ethical Rules") and the ethical requirements regarding independent audit in regulations issued by POA that are relevant to our audit of the unconsolidated financial statements. We have also fulfilled our other ethical responsibilities in accordance with the Ethical Rules and regulations. We believe that the audit evidence we have obtained during the independent audit provides a sufficient and appropriate basis for our opinion.

Key Audit Matters

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



Key Audit Matters	How Key Audit Matter Addressed in the Audit
Going Concern basis	
<p>The financial statements attached to our report have been prepared on a going concern basis, based on the assumptions that the Branch will benefit from its assets and fulfill its obligations in the natural course of its operations in the next year.</p> <p>As explained in the footnote to the explanations regarding the Branch's service type fields of activity, on October 17, 2018, some Iran-based financial and industrial institutions, including Bank Mellat, were included in the secondary sanctions list. Domestic banks working with the Branch have submitted requests for termination of their business relations with the Branch. As of the date of this report, the effects of this issue on the operations and financial statements of the Branch are explained in the footnote of explanations regarding the service type fields of activity, and the Branch management is taking measures to address this situation.</p> <p>In the light of this information, the evaluation of the Branch's ability to maintain the going concern principle in the preparation of the unconsolidated financial statements has been accepted as a key audit matter by us.</p>	<p>In relation to going concern assumptions, we inquired with the Branch management to understand their plans of the entity's ability to continue as a going concern and we obtained written representation from Branch management regarding their plans for future action and the feasibility of these plans for the next year.</p> <p>We evaluated management's plans for future actions in relation to its going concern assessment, whether management's plans are feasible in the circumstances.</p> <p>We evaluated Branch management's budget for one year after the balance sheet date and reliability of the assumptions underlying these forecast.</p> <p>We performed audit procedures as of the date of this report regarding subsequent events to identify those that either mitigate or otherwise affect the entity's ability to continue as a going concern.</p> <p>We evaluated the appropriateness and the adequacy of disclosures in relation to the events and conditions that may cast doubt on the Branch's ability to continue as a going concern and their plans assessing these events and conditions.</p>



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

The Branch management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the BRSA Accounting and Financial Reporting Legislation, and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Responsibilities of the Independent Auditor Relative to Auditing of Unconsolidated Financial Statements

In an independent audit, as independent auditors, our responsibilities are these:

Our purpose is to obtain reasonable guarantee as to whether the non-consolidated financial statements as a whole, contain material misstatements or not, based on errors or frauds. The reasonable assure given in consequence of an independent auditing conducted in accordance with Banking Regulation and Supervision Agency Audit Regulation and Independent Audit Standarts, is a high assurance level but, there is no guarantee against assessing always of an existing material misstatement. Misstatements might be based on error or fraud. These misstatements are deemed material if the misstatement within reason, expected to affect the economic decisions that the users of the financial statements will receive with reference to the table, alone or collectively.

By force of an independent audit conducted in accordance with Banking Regulation and Supervision Agency Audit Regulation and Independent Audit Standarts, we are in process of using our Professional judgement and suspiciousness.

In Addition :

- The risks of "material misstatements" originating from errors or fraud in unconsolidated financial statements are identified and evaluated; audit procedures that respond to these risks are designed and implemented, and sufficient and appropriate audit evidence is obtained to provide a basis for the audit. Fraud could be includes collusion, forgery, wilful neglect, mispresentation or breach of internal control, because of that a material misstatements arising from frauds has higher level of risk than misstatements arising from errors.
- The internal control relevant to the audit is evaluated to design audit procedures that are appropriate to the situation, but not for presenting an opinion about the effectiveness of the Bank's internal control.
- It has been evaluated whether the accounting estimates made and conformity of accounting policies used by the management and relevant disclosures, are reasonable, or not.
- Based on the audit evidence obtained, there have been decided about whether the management has reason to believe that there is a material uncertainty about the circumstances or events may cause serious doubt about the Bank's ability of continuing to it's going concern, or not, and about the compatibility of using the going concern concept by the management. When we confirm that there is a significant uncertainty, in our report, we must point to the relevant disclosures that are in unconsolidated financial statements. if these disclosures are insufficient, we must issue another opinion rather than a positive opinion. The results obtained by us, are based on evidences obtained until the date of audit report. However, any future event or circumstance may terminate the continuity of the Bank.
- There have been evaluated, including comments, whether unconsolidated financial statements, disclosures are included, and the underlying transactions and events of these tables are reflect the truths accordingly, with their general presentation, structure and content.



- On top of the other issues, we are on report the material audit findings with the planned coverage and timing of the independent audit to those charged with governance, including any significant internal control deficiencies we have identified during the audit.
- We have made a notice that we have complied with the ethical provisions relating to independence to those charged with governance. In addition, we have delivered all the relations and other considerations that could be considered to have an impact on independence, and if any, relevant measures, to those responsible for the senior management.
- Among the items that are reported to those charged with governance, we specify the most important issues, namely the key audit issues, in the independent audit of the financial statements that are not present in the current period. In cases where the legislation does not allow the disclosure of the matter to the public, or in exceptional cases where the negative consequences of public disclosure are reasonably expected to exceed the public interest arising from the disclosure, we may decide not to disclose the relevant matter in our independent auditor's report.

Other Liabilities Arising From the Legislation

Pursuant to the fourth paragraph of Article 402 of the Turkish Commercial Code No. 6102 ("TCC"); There was no significant issue indicating that the bookkeeping order of the Branch in the accounting period of January 1 – December 31, 2025 did not comply with the provisions of the TCC and the Branch's articles of association regarding financial reporting.

The Executive Board has made the explanations and submitted the documents required in scope of the auditing, as per the fourth paragraph of 402nd Article of Turkish Commercial Code.

REHBER BAĞIMSIZ DENETİM VE YEMİNLİ MALİ MÜŞAVİRLİK A.Ş.



ADİL ÖNER, Sworn-in CPA
Responsible Auditor
Ankara, 31 March 2026



**THE UNCONSOLIDATED FINANCIAL REPORT OF
BANK MELLAT, HEAD OFFICE: TAHRAN-IRAN İSTANBUL TURKEY MAIN,
ANKARA AND İZMİR BRANCHES AS OF 31 DECEMBER 2025**

Headquarter's Address : Taleghani Avenue No: 276 Tahran – Iran
Turkey Main Branch Address : Büyükdere Cd. No: 134 34330 1.Levent-Istanbul/Turkey
Telephone : (0212) 279 80 15
Fax : (0212) 284 62 14
Website : www.mellatbank.com
E-mail address : mellat@mellatbank.com

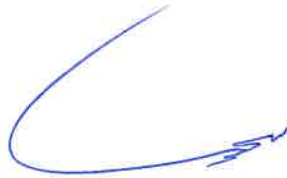
The year end unconsolidated financial report designed by the Banking Regulation and Supervision Agency in line with Communiqué on Financial Statements to be Publicly Announced and the Related Policies and Disclosures consists of the sections listed below:

- GENERAL INFORMATION ABOUT THE BRANCH AND HEAD OF BRANCH
- UNCONSOLIDATED FINANCIAL STATEMENTS OF THE BRANCH
- CONSOLIDATED FINANCIAL STATEMENTS OF HEAD OF BRANCH
- EXPLANATIONS ON THE CORRESPONDING ACCOUNTING POLICIES APPLIED IN THE RELATED PERIOD
- INFORMATION ON FINANCIAL STRUCTURE AND RISK MANAGEMENT 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.



Abbas Ashrafnejad
Chairman of the Board of
Managers



Seyed Kazem Chavoshi
Member of the Board of
Managers



Saeid Asadi
Member of the Board of
Managers and General Manager



Ahmad Jamehdor
Member of the Board of Managers
and Deputy General Manager



Abdulkadir Alper Ekşinar
Member of the Board of Manager
and Internal Systems Executive

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

Name-Surname / Title : Nedim Karakuş / Specialist
Phone No : (0212) 279 80 15
Fax No : (0212) 284 62 14

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

NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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

SECTION ONE

GENERAL INFORMATION

I. DATE OF ESTABLISHMENT OF THE BRANCH, INITIAL STATUS, HISTORY INCLUDING CHANGES IN THE SAID STATUS

Bank Mellat, Head Office: Tahran-Iran Istanbul Turkey Main, Ankara and Izmir Branches (“the Branch”), which is based in Tahran, 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	31 December 2025 Share ratio (%) ^(*)	31 December 2024 Share ratio (%) ^(**)
State-Justice Share Recipients (ESC)	11,27	11,27
Islamic Republic of Iran	11,16	11,16
Pension Fund of Bank Employees	9,24	7,51
Mellat Investment Fund (BFM)	8,99	9,95
First Financial Intermediation Investment Fund	5,24	5,59
Fanavaran Petrochemical Company	4,47	4,47
Saba Tamin Investment Company	2,37	2,52
Other Shares Quoted on Stock Exchange	47,26	47,53
Total	100,00	100,00

^(*) Shareholding structure as of 31 December 2025, announced by the Bank Mellat General Directorate of Financial Affairs, Stock Exchange and Shareholders of Iran.

^(**) Shareholding structure as of 31 December 2024, announced by the Bank Mellat General Directorate of Financial Affairs, Stock Exchange and Shareholders of Iran.

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

Title	Name	Responsibility	Education
Chairman of the Board of Managers	Abbas Ashrafnejad	Chairman	Undergraduate
Members of the Board of Managers:	Seyed Kazem Chavoshi	Member	Postgraduate
	Saeid Asadi	General Manager-Member	Postgraduate
	Ahmad Jamehdor	Assistant General Manager-Member	Undergraduate
	Abdulkadir Alper Ekşinar	Member Responsible For Internal Systems	Undergraduate
Deputy General Manager / Vice General Managers	Ahmad Jamehdor	Financial Controlling, Treasury, Accounting, Human Resources, Information Systems, Administrative, Current Accounts and Operations Assistant Responsible General Manager	Undergraduate

The individuals mentioned above do not possess any share of the Bank.

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

**NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

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

GENERAL INFORMATION (Continued)

IV. DISCLOSURES REGARDING PERSONS AND ORGANIZATIONS THAT ARE QUALIFIED SHAREHOLDERS IN THE BRANCH

Explanations of shareholders and entities that have share in the capital of Bank Mellat Tahrán Iran, which has all of the capital of the company;

Name/Commercial Title	31 December 2025			
	Share amounts	Share ratio	Paid-in capital	Unpaid portion
State-Justice Share Recipients (ESC)	22.540	% 11,27	22.540	-
Islamic Republic of Iran	22.320	% 11,16	22.320	-
Name/Commercial Title	31 December 2024			
	Share amounts	Share ratio	Paid-in capital	Unpaid portion
State-Justice Share Recipients (ESC)	22.540	% 11,27	22.540	-
Islamic Republic of Iran	22.320	% 11,16	22.320	-

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.

On 17 October 2018, it was announced by Foreign Assets Control Office (“OFAC”), operating under US Treasury Department, that some Iran-based financial and industrial institutions, including Bank Mellat, the main shareholder of the Branch, were included in the list of secondary sanctions. In addition, after the US announced sanctions, SWIFT, headquartered in Belgium, announced that some Iranian banks on the sanctions list would be suspended for access to the system. Access of the Branch to SWIFT has been cancelled.

Following the inclusion of the Branch in the secondary sanctions list, the Branch was removed from the Branch EFT system by the CBRT and the Branch accounts at the CBRT were closed except for the required reserves. Likewise, the closure of the placements of the Branch, which is located in domestic public banks and some domestic private banks, was requested by the relevant banks and the funds in question were largely withdrawn. The branch cannot enter treasury auctions and cannot evaluate the cash it holds as placements in other banks. Therefore, there is a significant decrease in the interest and commission income of the Branch. Branches in subsequent periods if needed although not foresee a problem relating to capital adequacy and liquidity ratios Branch sources in Iran Headquarters Turkey / capital is thought to be provided. No difficulty is envisaged to meet the current obligations of the Branch.

In the upcoming period, developments will be followed and alternative opportunities will continue to be explored, and efforts have been initiated to focus on other financial banking products that will have different operating income. Liquid allocations were made for growth purposes in loans.

The balance sheet size of the Branch as of 31 December 2025 was 2,079,526 TL, the balance sheet size as of 30 September 2025 was 2,090,565 TL, the balance sheet size as of 30 June 2025 was 2,057,596 TL, the balance sheet size as of 31 March 2025 was 1,982,534 TL, and the balance sheet size as of 31 December 2024 was 1,936,291 TL.

The Branch's capital adequacy ratio was calculated as 80.17% as of December 31, 2025, 74.75% as of September 30, 2025, 68.40% as of June 30, 2025, 67.69% as of March 31, 2025, and 76.64% as of December 31, 2024. As of December 31, 2025, the Branch has 39 employees (December 31, 2024: 40). Unless otherwise specified, the information in the financial statements and the related explanations and footnotes has been prepared in Thousand Turkish Lira.

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

NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

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

GENERAL INFORMATION (Continued)

VI. DIFFERENCES BETWEEN THE COMMUNIQUE ON PREPARATION OF FINANCIAL STATEMENTS OF BANKS AND TURKISH ACCOUNTING STANDARDS AND SHORT EXPLANATION ABOUT THE ENTITIES SUBJECT TO FULL CONSOLIDATION OR PROPORTIONAL CONSOLIDATION AND ENTITIES WHICH ARE DEDUCTED FROM EQUITY OR ENTITIES WHICH ARE NOT INCLUDED IN THESE THREE METHODS

The Branch does not have investments in subsidiaries and associates subject to consolidation.

VII. ACTUAL OR LEGAL OBSTACLES TO THE IMMEDIATE TRANSFER OF EQUITY OR REPAYMENT OF DEBTS BETWEEN THE BRANCH AND ITS SUBSIDIARIES

None.

**BANK MELLAT, HEAD OFFICE: TAHRAN-IRAN İSTANBUL TURKEY MAIN,
ANKARA AND İZMİR BRANCHES
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

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

**SECTION TWO
UNCONSOLIDATED FINANCIAL STATEMENTS**

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	Note (Section Five)	Audited			Audited		
		Current Period			Previous Period		
		31 December 2025			31 December 2024		
		TL	FC	Total	TL	FC	Total
ASSETS							
I. FINANCIAL ASSETS (Net)		1.026.531	629.670	1.656.201	815.683	783.069	1.598.752
1.1 Cash and Cash Equivalents		1.023.956	629.670	1.653.626	814.549	783.069	1.597.618
1.1.1 Cash Assets and Central Bank	(I-a)	249.907	237.105	487.012	254.438	321.440	575.878
1.1.2 Banks	(I-c)	774.049	392.565	1.166.614	560.111	461.629	1.021.740
1.1.3 Receivables from Money Markets		-	-	-	-	-	-
1.2 Financial Assets at Fair Value Through Profit or Loss	(I-b)	2.575	-	2.575	1.134	-	1.134
1.2.1 Government Debt Securities		-	-	-	-	-	-
1.2.2 Equity Instruments		2.575	-	2.575	1.134	-	1.134
1.2.3 Other Financial Assets		-	-	-	-	-	-
1.3 Financial Assets at Fair Value Through Other Comprehensive Income	(I-d)	-	-	-	-	-	-
1.3.1 Government Debt Securities		-	-	-	-	-	-
1.3.2 Equity Instruments		-	-	-	-	-	-
1.3.3 Other Financial Assets		-	-	-	-	-	-
1.4 Derivative Financial Assets		-	-	-	-	-	-
1.4.1 Derivative Financial Assets at Fair Value Through Profit or Loss		-	-	-	-	-	-
1.4.2 Derivative Financial Assets at Fair Value Through Other Comprehensive Income	I-k)	-	-	-	-	-	-
II. FINANCIAL ASSETS MEASURED AT AMORTISED COST (Net)		51.082	346.065	397.147	140.045	179.037	319.082
2.1 Loans	(I-e)	50.984	346.065	397.049	139.656	179.037	318.693
2.2 Lease Receivables	(I-j)	-	-	-	-	-	-
2.3 Factoring Receivables		-	-	-	-	-	-
2.4 Loans Measured at Amortised Cost	(I-f)	-	-	-	-	-	-
2.4.1 Government Debt Securities		-	-	-	-	-	-
2.4.2 Other Financial Assets		-	-	-	-	-	-
2.5 Non-Performing Loans		7.567	-	7.567	7.357	-	7.357
2.6 Specific Provisions (-)		(7.469)	-	(7.469)	(6.968)	-	(6.968)
III. NON-CURRENT ASSETS OR DISPOSAL GROUPS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS” (Net)	(I-p)	-	-	-	-	-	-
3.1 Held for Sale Purposes		-	-	-	-	-	-
3.2 Related to Discontinued Operations		-	-	-	-	-	-
IV. EQUITY INVESTMENTS		-	-	-	-	-	-
4.1 Investments in Associates (Net)	(I-g)	-	-	-	-	-	-
4.1.1 Associates Valued Based on Equity Method		-	-	-	-	-	-
4.1.2 Unconsolidated Associates		-	-	-	-	-	-
4.2 Investment in Subsidiaries (Net)	(I-h)	-	-	-	-	-	-
4.2.1 Unconsolidated Financial Subsidiaries		-	-	-	-	-	-
4.2.2 Unconsolidated Non-Financial Subsidiaries		-	-	-	-	-	-
4.3 Jointly Controlled Partnerships (Joint Ventures) (Net)	(I-i)	-	-	-	-	-	-
4.3.1 Joint Ventures Valued Based on Equity Method		-	-	-	-	-	-
4.3.2 Unconsolidated Joint Ventures		-	-	-	-	-	-
V. PROPERTY AND EQUIPMENT (Net)	(I-l)	12.768	-	12.768	10.996	-	10.996
VI. INTANGIBLE ASSETS (Net)	(I-m)	300	-	300	714	-	714
6.1 Goodwill		-	-	-	-	-	-
6.2 Other		300	-	300	714	-	714
VII. INVESTMENT PROPERTY (Net)	(I-n)	-	-	-	-	-	-
VIII. CURRENT TAX ASSET		-	-	-	-	-	-
IX. DEFERRED TAX ASSET	(I-o)	7.022	-	7.022	4.240	-	4.240
X. OTHER ASSETS	(I-r)	5.988	100	6.088	2.338	169	2.507
TOTAL ASSETS		1.103.691	975.835	2.079.526	974.016	962.275	1.936.291

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

**BANK MELLAT, HEAD OFFICE: TAHRAN-IRAN İSTANBUL TURKEY MAIN,
ANKARA AND İZMİR BRANCHES
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

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

I. BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)

	Note (Section Five)	Audited Current Period			Audited Previous Period			
		31 December 2025			31 December 2024			
		TL	FC	Total	TL	FC	Total	
LIABILITIES								
I.	DEPOSITS	(II-a)	175.579	836.298	1.011.877	200.169	831.073	1.031.242
II.	FUNDS BORROWED	(II-c)	-	-	-	-	-	-
III.	MONEY MARKETS		-	-	-	-	-	-
IV.	SECURITIES ISSUED (Net)		-	-	-	-	-	-
4.1	Bills		-	-	-	-	-	-
4.2	Asset Backed Securities		-	-	-	-	-	-
4.3	Bonds		-	-	-	-	-	-
V.	FUNDS		-	-	-	-	-	-
5.1	Borrower Funds		-	-	-	-	-	-
5.2	Other		-	-	-	-	-	-
VI.	FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		-	-	-	-	-	-
VII.	DERIVATIVE FINANCIAL LIABILITIES	(II-b)	-	-	-	-	-	-
7.1	Derivative Financial Liabilities at Fair Value Through Profit or Loss		-	-	-	-	-	-
7.2	Derivative Financial Liabilities at Fair Value Through Other Comprehensive Income	(II-f)	-	-	-	-	-	-
VIII.	FACTORING LIABILITIES		-	-	-	-	-	-
IX.	LEASE LIABILITIES	(II-e)	-	-	-	-	-	-
X.	PROVISIONS	(II-g)	37.791	11.327	49.118	26.259	8.513	34.772
10.1	General Loan Loss Provision		12.544	9.501	22.045	10.594	7.010	17.604
10.2	Provision for Restructuring		-	-	-	-	-	-
10.3	Reserves for Employee Benefits		23.546	-	23.546	14.087	-	14.087
10.4	Insurance Technical Reserves (Net)		-	-	-	-	-	-
10.5	Other Provisions		1.701	1.826	3.527	1.578	1.503	3.081
XI.	CURRENT TAX LIABILITY	(II-h)	16.861	-	16.861	14.398	-	14.398
XII.	DEFERRED TAX LIABILITY	(II-h)	-	-	-	-	-	-
XIII.	LIABILITIES RELATED TO NON-CURRENT ASSETS “HELD FOR SALE” AND “HELD FROM DISCONTINUED OPERATIONS”(Net)	(II-i)	-	-	-	-	-	-
13.1	Held for Sale Purpose		-	-	-	-	-	-
13.2	Related to Discontinued Operations		-	-	-	-	-	-
XIV.	SUBORDINATED DEBT	(II-j)	-	-	-	-	-	-
14.1	Loans		-	-	-	-	-	-
14.2	Other Debt Instruments		-	-	-	-	-	-
XV.	OTHER LIABILITIES	(II-d)	10.782	10.843	21.625	9.791	8.997	18.788
XVI.	SHAREHOLDERS' EQUITY	(II-k)	980.045	-	980.045	837.091	-	837.091
16.1	Paid-in capital		200.000	-	200.000	200.000	-	200.000
16.2	Capital Reserves		-	-	-	-	-	-
16.2.1	Share Premium		-	-	-	-	-	-
16.2.2	Share Cancellation Profits		-	-	-	-	-	-
16.2.3	Other Capital Reserves		-	-	-	-	-	-
16.3	Accumulated Other Comprehensive Income or Loss Not Reclassified Through Profit or Loss		(4.224)	-	(4.224)	(3.393)	-	(3.393)
16.4	Accumulated Other Comprehensive Income or Loss Reclassified Through Profit or Loss		-	-	-	-	-	-
16.5	Profit Reserves		4.240	-	4.240	1.969	-	1.969
16.5.1	Legal Reserves		-	-	-	-	-	-
16.5.2	Status Reserves		-	-	-	-	-	-
16.5.3	Extraordinary Reserves		4.240	-	4.240	1.969	-	1.969
16.5.4	Other Profit Reserves		-	-	-	-	-	-
16.6	Profit or (Loss)		780.029	-	780.029	638.515	-	638.515
16.6.1	Prior Years' Income or (Loss)		636.245	-	636.245	521.476	-	521.476
16.6.2	Current Year Income or (Loss)		143.784	-	143.784	117.039	-	117.039
16.7	Minority Interests		-	-	-	-	-	-
	TOTAL LIABILITIES		1.221.058	858.468	2.079.526	1.087.708	848.583	1.936.291

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

**BANK MELLAT, HEADQUARTERS: TEHRAN-IRAN ISTANBUL TURKEY
HEADQUARTERS, ANKARA AND IZMIR BRANCHES
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME AND STATEMENT OF INCOME AND EXPENSE ITEMS RECOGNIZED IN
EQUITY AS OF DECEMBER 31, 2025
(Amounts are expressed in Thousand Turkish Liras (TL) unless otherwise stated.)**

II. OFF-BALANCE SHEET COMMITMENTS

	Note (Section Five)	Audited Current Period			Audited Previous Period		
		31 December 2025			31 December 2024		
		TL	FC	Total	FC	TL	Total
A. OFF-BALANCE SHEET COMMITMENTS (I+II+III)		6.040	7.580	13.620	6.040	26.262	32.302
I. GUARANTEES AND WARRANTIES	(III-a-2,3)	6.040	7.580	13.620	6.040	26.262	32.302
1.1. Letters of Guarantee		6.040	3.015	9.055	6.040	22.503	28.543
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		6.040	3.015	9.055	6.040	22.503	28.543
1.2. Bank Acceptances		-	-	-	-	-	-
1.2.1. Import Letter of Acceptance		-	-	-	-	-	-
1.2.2. Other Bank Acceptances		-	-	-	-	-	-
1.3. Letters of Credit		-	4.565	4.565	-	3.759	3.759
1.3.1. Documentary Letters of Credit		-	4.565	4.565	-	3.759	3.759
1.3.2. Other Letters of Credit		-	-	-	-	-	-
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		-	-	-	-	-	-
1.9. Other Collaterals		-	-	-	-	-	-
II. COMMITMENTS	(III-a-1)	-	-	-	-	-	-
2.1. Irrevocable Commitments		-	-	-	-	-	-
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		-	-	-	-	-	-
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	(III-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)		1.993.522	6.935.813	8.929.335	2.278.767	4.685.857	6.964.624
IV. ITEMS HELD IN CUSTODY		-	12	12	-	12	12
4.1. Customer Fund and Portfolio Balances		-	-	-	-	-	-
4.2. Investment Securities Held in Custody		-	-	-	-	-	-
4.3. Checks Received for Collection		-	12	12	-	12	12
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		1.033.968	3.028.587	4.062.555	1.271.913	2.048.186	3.320.099
5.1. Marketable Securities		-	-	-	-	-	-
5.2. Guarantee Notes		383.928	1.488.248	1.872.176	588.263	1.002.152	1.590.415
5.3. Commodity		-	-	-	-	-	-
5.4. Warranty		-	-	-	-	-	-
5.5. Immovable		650.040	1.540.339	2.190.379	683.650	1.043.741	1.727.391
5.6. Other Pledged Items		-	-	-	-	2.293	2.293
5.7. Pledged Items-Depository		-	-	-	-	-	-
VI. ACCEPTED INDEPENDENT GUARANTEES AND WARRANTIES		959.554	3.907.214	4.866.768	1.006.854	2.637.659	3.644.513
TOTAL OFF-BALANCE SHEET COMMITMENTS (A+B)		1.999.562	6.943.393	8.942.955	2.284.807	4.712.119	6.996.926

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

**BANK MELLAT, HEADQUARTERS: TEHRAN-IRAN ISTANBUL TURKEY
HEADQUARTERS, ANKARA AND IZMIR BRANCHES
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME AND STATEMENT OF INCOME AND EXPENSE ITEMS RECOGNIZED IN
EQUITY AS OF DECEMBER 31, 2025
(Amounts are expressed in Thousand Turkish Liras (TL) unless otherwise stated.)**

III. STATEMENT OF PROFIT OR LOSS

	INCOME AND EXPENSE ITEMS	Footnote (Section Five)	Audited Current Period 1 January- 31 December 2025	Audited Previous Period 1 January- 31 December 2024
I.	INTEREST INCOME	(IV-a)	296.057	239.220
1.1	Interest on Loans	(IV-a-1)	67.534	64.346
1.2	Interest Received from Reserve Requirements		-	-
1.3	Interest Received from Banks	(IV-a-2)	215.537	165.233
1.4	Interest Received from Money Market Transactions		-	-
1.5	Interest Received from Marketable Securities Portfolio	(IV-a-3)	1.338	-
1.5.1	Financial Assets at Fair Value through Profit or (Loss)		1.338	-
1.5.2	Financial Assets at Fair Value Through Other Comprehensive Income		-	-
1.5.3	Financial Assets at Measured at Amortised Cost		-	-
1.6	Financial Lease Income		-	-
1.7	Other Interest Income		11.648	9.641
II.	INTEREST EXPENSE	(IV-b)	(21.134)	(17.159)
2.1	Interest on Deposits	(IV-b-3)	(10.265)	(7.601)
2.2	Interest on Funds Borrowed	(IV-b-1)	-	-
2.3	Interest Expense on Money Market Transactions		-	-
2.4	Interest on Securities Issued		-	-
2.5	Leasing Interest Expenses		-	-
2.6	Other Interest Expenses		(10.869)	(9.558)
III.	NET INTEREST INCOME (I + II)		274.923	222.061
IV.	NET FEES AND COMMISSIONS INCOME		13.347	17.087
4.1	Fees and Commissions Received		13.373	17.097
4.1.1	Non-Cash Loans		792	1.037
4.1.2	Other		12.581	16.060
4.2	Fees and Commissions Paid		(26)	(10)
4.2.1	Non-Cash Loans		-	-
4.2.2	Other		(26)	(10)
V.	DIVIDEND INCOME	(IV-c)		
VI.	TRADING INCOME/(LOSS) (Net)	(IV-d)	31.656	15.738
6.1	Trading Gains / (Losses) on Securities		-	-
6.2	Trading Gains/(Losses) on Derivative Financial Instruments		-	-
6.3	Foreign Exchange Gains / (Losses)		31.656	15.738
VII.	OTHER OPERATING INCOME	(IV-e)	7.997	4.042
VIII.	TOTAL OPERATING INCOME (III+IV+V+VI+VII+VIII)		327.923	258.928
IX.	PROVISION FOR LOAN LOSSES (-)	(IV-f)	(5.887)	(5.696)
X.	PERSONNEL EXPENSES (-)		(76.983)	(58.037)
XI.	OTHER OPERATING EXPENSES (-)	(IV-g)	(38.762)	(28.780)
XII.	NET OPERATING INCOME/(LOSS) (IX-X-XI)		206.291	166.415
XIII.	EXCESS AMOUNT RECORDED AS INCOME AFTER MERGER		-	-
XIV.	INCOME/(LOSS) FROM INVESTMENTS IN SUBSIDIARIES CONSOLIDATED BASED ON EQUITY METHOD		-	-
XV.	INCOME/(LOSS) ON NET MONETARY POSITION		-	-
XVI.	INCOME/EXPENSE BEFORE TAXES FROM CONTINUING OPERATIONS (XII+...+XV)		206.291	166.415
XVII.	PROVISION FOR TAXES ON INCOME FROM CONTINUING OPERATIONS (±)	(IV-i)	(62.507)	(49.376)
17.1	Current Tax Provision		(64.934)	(51.621)
17.2	Deferred Tax Income Effect (+)		(119)	(249)
17.3	Deferred Tax Expense Effect (-)		2.546	2.494
XVIII.	NET PROFIT/LOSSES FROM CONTINUING OPERATIONS (XVI±XVII)		143.784	117.039
XIX.	INCOME FROM DISCONTINUED OPERATIONS		-	-
19.1	Income from Non-Current Assets Held for Resale		-	-
19.2	Profit from Sales of Associates, Subsidiaries and Joint Ventures (Business Partners)		-	-
19.3	Income on other discontinued operations		-	-
XX.	LOSS FROM DISCONTINUED OPERATIONS (-)		-	-
20.1	Loss from assets held for sale		-	-
20.2	Loss on sale of associates, subsidiaries and jointly controlled entities (Joint vent.)		-	-
20.3	Loss from other discontinued operations		-	-
XXI.	PROFIT /LOSSES BEFORE TAXES FROM DISCONTINUED OPERATIONS (XVIII-XIX)		-	-
XXII.	PROVISION FOR INCOME TAXES FROM DISCONTINUED OPERATIONS (±)		-	-
22.1	Current Tax Provision		-	-
22.2	Deferred Tax Income Effect (+)		-	-
22.3	Deferred Tax Provision (-)		-	-
XXIII.	NET PROFIT/LOSSES FROM DISCONTINUED OPERATIONS (XX±XXI)		-	-
XXIV.	NET PROFIT/LOSSES (XVII+XXII)	(IV-j)	143.784	117.039
24.1	Profit / Loss of Group		-	-
24.2	Profit / Loss of Minority Share(-)		-	-
	Earnings/(Loss) per share		-	-

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

**BANK MELLAT, HEADQUARTERS: TEHRAN-IRAN ISTANBUL TURKEY
HEADQUARTERS, ANKARA AND IZMIR BRANCHES
UNCONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME AND STATEMENT OF INCOME AND EXPENSE ITEMS RECOGNIZED IN
EQUITY AS OF DECEMBER 31, 2025**

(Amounts are expressed in Thousand Turkish Liras (TL) unless otherwise stated.)

IV. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Audited Current Period 31 December 2025	Audited Previous Period 31 December 2024
I.	CURRENT PERIOD INCOME/LOSS	143.784	117.039
II.	OTHER COMPREHENSIVE INCOME	(831)	(61)
2.1	Not Reclassified Through Profit or Loss	(831)	(61)
2.1.1	Property and Equipment Revaluation Increase/Decrease	-	-
2.1.2	Intangible Assets Revaluation Increase/Decrease	-	-
2.1.3	Defined Benefit Pension Plan Remeasurement Gain/Loss	(831)	(61)
2.1.4	Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.1.5	Tax Related Other Comprehensive Income Items Not Reclassified Through Profit or Loss	-	-
2.2	Reclassified Through Profit or Loss	-	-
2.2.1	Foreign Currency Translation Differences	-	-
2.2.2	Valuation and/or Reclassification Income/Expense of the Financial Assets at Fair Value through Other Comprehensive Income	-	-
2.2.3	Cash Flow Hedge Income/Loss	-	-
2.2.4	Foreign Net Investment Hedge Income/Loss	-	-
2.2.5	Other Comprehensive Income Items Reclassified Through Profit or Losses	-	-
2.2.6	Tax Related Other Comprehensive Income Items Reclassified Through Profit or Loss	-	-
III.	TOTAL COMPREHENSIVE INCOME (I+II)	142.953	116.978

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

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

UNCONSOLIDATED STATEMENT OF CHANGE IN EQUITY AS OF DECEMBER 31, 2025

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

	CHANGES IN SHAREHOLDERS EQUITY	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Year Profit / (Loss)	Period Net Profit/ (Loss)	Total Equity	
						1	2	Reserves	Profit / (Loss)	Profit/ (Loss)	Equity					
	Audited															
	Current Year															
	31 December 2025															
I.	Prior Period End Balance	200.000	-	-	-	-	(3.393)	-	-	-	-	1.969	521.476	117.039	837.091	
II.	Corrections According to Turkish Accounting Standard No.8	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.1	Corrections of Errors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
2.2	Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
III.	Adjusted Beginning Balance (I+II)	200.000	-	-	-	-	(3.332)	-	-	-	-	1.969	521.476	117.039	837.091	
IV.	Total Comprehensive Income	-	-	-	-	-	(831)	-	-	-	-	-	-	143.784	142.953	
V.	Capital Increase by Cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VI.	Capital Increase by Internal Sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VII.	Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VIII.	Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
IX.	Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
X.	Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	1	-	-	1	
XI.	Profit Distribution	-	-	-	-	-	-	-	-	-	-	2.270	114.769	(117.039)	-	
11.1	Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
11.2	Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	2.270	114.769	(117.039)	-	
11.3	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
	Period End Balance (III+IV+.....+X+XI)	200.000	-	-	-	-	(4.224)	-	-	-	-	4.240	636.245	143.784	980.045	

1. Increase/Decrease of Accumulated Revaluation Reserve on Tangible,
2. Accumulated Gains/Losses on Remeasurement of Defined Benefit Plans,
3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted with Equity Method That Will Not Be Reclassified at Profit and Loss and Other Accumulated Amounts of Other Comprehensive Income Items That Will Not Be Reclassified at Profit or Loss,
4. Exchange Differences on Translation Reserve,
5. Accumulated Revaluation and/or Classification Gains / (Losses) of Financial Assets at Fair Value through Other Comprehensive Income,
6. Other (Cash Flow Hedge Gains/Losses, Other Comprehensive Income of Associates and Joint Ventures Accounted with Equity Method That Will Be Reclassified at Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items That Will Be Reclassified at Profit or Loss).

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

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

UNCONSOLIDATED STATEMENT OF CHANGE IN EQUITY AS OF DECEMBER 31, 2025

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

V. STATEMENT OF CHANGES IN SHAREHOLDERS’ EQUITY

Audited	Paid in Capital	Share Premiums	Share Cancellation Profits	Other Capital Reserves	Accumulated Other Comprehensive Income or Expense Not Reclassified through Profit or Loss			Accumulated Other Comprehensive Income or Expense Reclassified through Profit or Loss			Profit Reserves	Prior Year Profit / (Loss)	Period Net Profit/ (Loss)	Total Equity
					1	2	Reserves	Profit / (Loss)	Profit/ (Loss)	Equity				
Previous Year														
31 December 2024														
Prior Period End Balance														
Corrections According to Turkish Accounting Standard No.8														
I. Corrections of Errors	200.000	-	-	-	-	(3.332)	-	-	-	-	2.593	436.618	84.233	720.112
II. Changes in Accounting Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.1 Adjusted Beginning Balance (I+II)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.2 Total Comprehensive Income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
III. Capital Increase by Cash	200.000	-	-	-	-	(3.332)	-	-	-	-	2.593	436.618	84.233	720.112
IV. Capital Increase by Internal Sources	-	-	-	-	-	(61)	-	-	-	-	-	-	117.039	116.978
V. Paid-in capital inflation adjustment difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VI. Convertible Bonds to Shares	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VII. Subordinated Debt Instruments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
VIII. Increase/Decrease by Other Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IX. Profit Distribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-
X. Dividend Paid	-	-	-	-	-	-	-	-	-	-	1	-	-	1
XI. Transfers to Reserves	-	-	-	-	-	-	-	-	-	-	(625)	84.858	(84.233)	-
11.1 Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-
11.2	-	-	-	-	-	-	-	-	-	-	(625)	84.858	(84.233)	-
11.3 Period End Balance (III+IV+.....+X+XI)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Audited														
Previous Year	200.000	-	-	-	-	(3.393)	-	-	-	-	1.969	521.476	117.039	837.091

1. Increase/Decrease of Accumulated Revaluation Reserve on Tangible,
2. Accumulated Gains/Losses on Remeasurement of Defined Benefit Plans,
3. Other (Other Comprehensive Income of Associates and Joint Ventures Accounted with Equity Method That Will Not Be Reclassified at Profit and Loss and Other Accumulated Amounts of Other Comprehensive Income Items That Will Not Be Reclassified at Profit or Loss,
4. Exchange Differences on Translation Reserve,
5. Accumulated Revaluation and/or Classification Gains / (Losses) of Financial Assets at Fair Value through Other Comprehensive Income,
6. Other (Cash Flow Hedge Gains/Losses, Other Comprehensive Income of Associates and Joint Ventures Accounted with Equity Method That Will Be Reclassified at Profit or Loss and Other Accumulated Amounts of Other Comprehensive Income Items That Will Be Reclassified at Profit or Loss).

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

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

UNCONSOLIDATED CASH FLOW STATEMENT AS OF DECEMBER 31, 2025

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

VI. STATEMENT OF CASH FLOW

			Audited Current Period 31 December 2025	Audited Previous Period 31 December 2024
		Notes (Section Five)		
A.	CASH FLOWS FROM BANKING OPERATIONS			
1.1	Operating Profit Before Changes in Operating Assets and Liabilities		138.953	120.692
1.1.1	Interest Received		294.874	239.364
1.1.2	Interest Paid		(18.661)	(9.562)
1.1.3	Dividend Received		-	-
1.1.4	Fees and Commissions Received		13.373	17.097
1.1.5	Other Income		4.662	91
1.1.6	Collections From Previously Written-Off Loans and Other Receivables		338	-
1.1.7	Cash Payments to Personnel and Service Suppliers		(76.983)	(58.037)
1.1.8	Taxes paid		(71.592)	(53.620)
1.1.9	Other	(V-c)	(7.058)	(14.641)
1.2	Changes in Operating Assets and Liabilities Subject to Banking Operations		(98.361)	(114.921)
1.2.1	Net (Increase)/Decrease in Financial Assets at Fair Value Through Profit or Loss		(103)	(295)
1.2.2	Net (Increase)/Decrease in Due From Banks		-	-
1.2.3	Net (Increase)/Decrease in Loans		(80.508)	38.877
1.2.4	Net (Increase)/Decrease in other assets		(4.758)	(977)
1.2.5	Net Increase/(Decrease) in Bank Deposits		(25.769)	(209.096)
1.2.6	Net Increase/(Decrease) in Other Deposits		3.931	40.881
1.2.7	Net Increase/(Decrease) in Financial Liabilities at Fair Value Through Profit or Loss		-	-
1.2.8	Net Increase/(Decrease) in Funds Borrowed		-	-
1.2.9	Net Increase/(Decrease) in Matured Payables		-	-
1.2.10	Net Increase/(Decrease) in Other Liabilities		8.846	15.689
I.	Net cash provided from banking operations		40.592	5.771
B.	CASH FLOWS FROM INVESTING ACTIVITIES			
II.	Net Cash Provided From Investing Activities		(1.358)	(251)
2.1	Cash Paid for the Purchase of Associates, Subsidiaries and Joint Ventures		-	-
2.2	Cash Obtained from the Sale of Associates, Subsidiaries and Joint Ventures		-	-
2.3	Cash Paid for the Purchase of Tangible and Intangible Asset		(2.958)	(1.472)
2.4	Cash Obtained from the Sale of Tangible and Intangible Asset		1.600	1.221
2.5	Cash Paid for Purchase of Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.6	Cash Obtained from the Sale of Financial Assets at Fair Value Through Other Comprehensive Income		-	-
2.7	Cash Paid for Purchase of Financial Assets at Amortised Cost		-	-
2.8	Cash Obtained From Sale of Financial Assets at Amortised Cost		-	-
2.9	Other		-	-
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 Outflow From Funds Borrowed and Securities Issued		-	-
3.3	Equity Instruments Issued		-	-
3.4	Dividends Paid		-	-
3.5	Payments for Finance Lease Liabilities		-	-
3.6	Other		-	-
IV.	Effect of Change in Foreign Exchange Rate on Cash and Cash Equivalents	(V-c)	14.823	9.516
V.	Net increase in cash and cash equivalents	(V-a)	54.057	(15.036)
VI.	Cash and cash equivalents at beginning of the period		1.596.037	1.581.001
VII.	Cash and cash equivalents at end of the period		1.650.094	1.596.037

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

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

UNCONSOLIDATED CASH FLOW STATEMENT AS OF DECEMBER 31, 2025

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

VII. PROFIT DISTRIBUTION TABLE

		(*) CURRENT PERIOD (01/01/2025 - 31/12/2025)	PRIOR PERIOD (01/01/2024- 31/12/2024)
I.	DISTRIBUTION OF CURRENT YEAR INCOME		
1.1	Period Income	206.291	166.415
1.2	Taxes And Duties Payable (-)	(62.507)	(49.376)
1.2.1	Corporate Tax (Income tax)	(64.934)	(51.621)
1.2.2	Income withholding tax	-	-
1.2.3	Other taxes and duties (**)	2.427	2.245
A.	NET INCOME FOR THE YEAR (1.1-1.2)	143.784	117.039
1.3	Accumulated Loss (-)	-	-
1.4	First Order Legal Reserve Fund (-)	-	-
1.5	Statutory funds that are required to be left in the bank and saved (-)	-	-
B.	DISTRIBUTABLE NET PROFIT FOR THE PERIOD [(A-(1.3+1.4+1.5)]	143.784	117.039
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	-	-
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 (%)	-	-

(*) As at date of these financial statements, profit distribution has not yet been determined.

(**) As of December 31, 2025, the Branch had a deferred tax income of TL 2,427 (December 31, 2024: TL 2,245 deferred tax expense).

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

UNCONSOLIDATED CASH FLOW STATEMENT AS OF DECEMBER 31, 2025

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

VIII. CONSOLIDATED FINANCIAL STATEMENTS OF THE BRANCH’S HEADQUARTER

As of 20 March 2025 the financial statements issued by the Headquarters of the Branch is presented below.

BANK MELLAT (IRAN) CONSOLIDATED COMPARATIVE BALANCE SHEET (THOUSANDS OF USD)		
	Current Period ^(*) (20 March 2025)	Previous Period ^(**) (19 March 2024)
Cash and cash equivalents	1.641.484	1.310.130
Central bank	660.370	784.324
Other assets	39.868.768	40.853.735
Total Assets	42.170.622	42.948.189
Deposits	18.413.350	22.461.726
Other liabilities	16.229.275	15.456.495
Shareholders’ equity	7.527.997	5.029.968
Total Liabilities	42.170.622	42.948.189
BANK MELLAT (IRAN) CONSOLIDATED COMPARATIVE STATEMENT OF INCOME (THOUSANDS OF USD)		
	Current Period ^(*) (20 March 2025)	Previous Period ^(**) (19 March 2024)
Interest and investment income	2.829.170	3.446.417
Interest expense on deposits	(1.536.161)	(1.781.299)
Other expenses	(1.055.600)	(1.571.527)
Other income	3.799.668	3.659.065
Total net income	4.037.077	3.752.656
Personnel and operating expenses	(1.217.008)	(1.081.896)
Profit before tax	2.820.069	2.670.760
Taxes payables	(119.566)	(177.297)
Net Profit/Loss	2.700.503	2.493.463

(*) The financial statements prepared by the headquarters of the Branch dated 20 March 2025 are presented.

(**) The previous period has been reorganized.

**BANK MELLAT, HEAD OFFICE: TAHRAN-IRAN İSTANBUL TURKEY MAIN,
ANKARA AND İZMİR BRANCHES
NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

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

SECTION THREE

EXPLANATIONS ON ACCOUNTING POLICIES

I. EXPLANATIONS ON THE BASIS OF PRESENTATION

Unconsolidated financial statements, the "Regulation on the Procedures and Principles Regarding the Accounting Practices of Banks and the Storage of Documents" published in the Official Gazette dated November 1, 2006 and numbered 26333 regarding the Banking Law No. 5411 and other regulations published by the Banking Regulation and Supervision Agency regarding the account and registration order of banks, the circulars and explanations of the Banking Regulation and Supervision Agency ("BRSA") and the matters not regulated by them It has been prepared in accordance with the provisions of the Turkish Financial Reporting Standards ("TFRS") put into effect by the Public Oversight Accounting and Auditing Standards Authority ("KGK") and the "BRSA Accounting and Financial Reporting Legislation".

Pursuant to the "Communiqué on the Amendment of the Communiqué on Financial Statements to be Made Public by Banks and Related Explanations and Footnotes" published in the Official Gazette dated February 1, 2019 and numbered 30673, the financial statements of the previous period have been harmonized with the new financial statement formats.

The accounting policies followed and the valuation principles used in the preparation of the financial statements are determined in accordance with the regulations, communiqués, explanations and circulars published by the BRSA regarding the principles of accounting and financial reporting, and the principles within the scope of the IAS/TFRS (all "BRSA Accounting and Financial Reporting Legislation") put into effect by the KGK in matters not regulated by them.

The Branch has complied with the provisions of the IFRS 9 Financial Instruments ("IFRS 9") standard, which entered into force as of January 1, 2018, on the classification and measurement of financial assets and is exempt from the impairment provisions. The Branch's financial statements for the current period are presented in the financial statement format announced by the BRSA, which is valid for banks that do not apply IFRS 9.

Explanations on TFRS 16 Leasing Transactions

TFRS 16 standard eliminates the bilateral accounting model, which is the current practice for tenants, showing financial leasing transactions on the balance sheet and operational leasing transactions off-balance sheet. Instead, a single balance sheet-based accounting model is introduced, similar to the current lease accounting. Accounting for tenants continues substantially similar to existing practices. TFRS 16 has no impact on the financial statements of the Branch.

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.

**BANK MELLAT, HEAD OFFICE: TAHRAN-IRAN İSTANBUL TURKEY MAIN,
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FOR THE YEAR ENDED 31 DECEMBER 2025**

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 (continued)

To evaluate its resources mainly in short-term placements in the face of short-term exchange rate, interest and price movements in the branch, money, capital and goods markets and to establish cash provisions takes the necessary precautions.

Against exchange rate risks arising from other foreign currency transactions, the Branch takes a position in accordance with the currency basket of the Central Bank of the Republic of Turkey (“CBRT”). With the transition to the floating exchange rate system, the Branch keeps its foreign currency net general position at a level in line with the relevant legal limits due to the increase in uncertainties regarding the exchange rate.

As of December 31, 2025, the exchange rate value of USD used in the conversion of foreign currency transactions into Turkish Currency and their reflection in the financial statements is 42.8457 TL, the Euro exchange rate value is 50.2859 TL, and the Yen exchange value is 0.272921 TL.

III. DISCLOSURES REGARDING SUBSIDIARIES, SUBSIDIARIES AND JOINTLY CONTROLLED PARTNERSHIPS

As of 31 December 2025 and 31 December 2024, the Branch has no investments in associates and subsidiaries.

IV. EXPLANATIONS ON FORWARD TRANSACTIONS, OPTIONS AND DERIVATIVE INSTRUMENTS

Liabilities and receivables arising from the derivative instruments are followed in the off-balance sheet accounts at their contractual values. Derivative instruments are initially recorded at their fair values at the date of occurrence. If the fair value of derivative financial instruments is positive, it is disclosed under the main account “Derivative financial assets at fair value through profit or loss”; and if the fair value difference is negative, it is disclosed under “Derivative financial liabilities at fair value through profit or loss”. Fair value changes for derivatives are recorded in the account of “Profit/losses from derivative financial transactions” within the income statement.

The fair values of the derivative financial instruments are calculated using quoted market prices or by using discounted cash flow models.

The Branch has no option contracts or derivative instruments for risk protection. The Branch has no forward transactions, options and 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, HEAD OFFICE: TAHRAN-IRAN İSTANBUL TURKEY MAIN,
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NOTES AND DISCLOSURES TO THE FINANCIAL STATEMENTS
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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

Fees and commission income/expenses are accounted according to the principles of TFRS 15 “Revenue from Contracts with Customers”, except for the integral part of the effective interest rate of financial instruments measured at amortized cost.

Income on banking services which are not related to periodic services are recorded as income when they are collected. In order to classify the fees and commissions collected from customers as income on banking services or as other non-interest income, they shouldn't be related with a credit transaction.

All type of fees and commissions collected from customers regarding cash loans are deferred in “commissions on cash loans” account and are recognized as income over the period of the loan by discounting with effective interest rate.

The commissions related with non-cash loans or periodic banking services, are deferred and recorded as income over the period according to the cut-off principle. Credit fee and commission expenses which are paid to other companies and institutions regarding financial liabilities and which create operational costs are discounted by effective interest rate and are recorded as expenses in the relevant period according to the cut-off principle.

VII. EXPLANATIONS ON FINANCIAL ASSETS

The Branch categorizes its financial assets as fair value through profit/loss, fair value through other comprehensive income or measured at amortized cost. Such financial assets are recognized or derecognized according to TFRS 9 Financial Instruments Part 3 Issued for classification and measurement of the financial instruments published in the Official Gazette No. 29953 dated 19 January 2017 by the Public Oversight Accounting and Auditing Standards Authority. Financial assets are measured at fair value at initial recognition in the financial statements. During the initial recognition of financial assets other than "Financial Assets at Fair Value through Profit or Loss", transaction costs are added to fair value or deducted from fair value.

The Branch recognize a financial asset into financial statements when it becomes a party to the contractual terms of a financial instrument. During the first recognition of a financial asset into the financial statements, business model determined by Branch management and the nature of contractual cash flows of the financial asset are taken into consideration.

a. Financial assets at fair value through profit or loss

Financial assets at fair value through profit/loss” are financial assets other than the ones that are managed with business model that aims to hold to collect contractual cash flows or business model that aims to collect both the contractual cash flows and cash flows arising from the sale of the assets; and if the contractual terms of the financial asset do not lead to cash flows representing solely payments of principal and interest at certain date; that are either acquired for generating a profit from short-term fluctuations in prices or are financial assets included in a portfolio aiming to short-term profit making. Financial assets at the fair value through profit or loss are initially recognized at fair value and remeasured at their fair value after recognition. All gains and losses arising from these valuations are reflected in the income statement.

Marketable securities that are classified as financial assets at fair value through profit or loss are accounted with their fair values.

Accounting policies related to derivative financial instruments at fair value through profit or loss are explained in Section III. Footnote IV.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VII. EXPLANATIONS ON FINANCIAL ASSETS (Continued)

b. Financial Assets at Fair Value Through Other Comprehensive Income

In addition to Financial assets within a business model that aims to hold to collect contractual cash flows and aims to hold to sell, financial asset with contractual terms that lead to cash flows are solely payments of principal and interest at certain dates, they are classified as fair value through other comprehensive income.

Financial assets at fair value through other comprehensive income are recognized by adding transaction cost to acquisition cost reflecting the fair value of the financial asset. After the recognition, financial assets at fair value through other comprehensive income are remeasured at fair value. Interest income calculated with effective interest rate method arising from financial assets at fair value through other comprehensive income and dividend income from equity securities are recorded to income statement.

“Unrealized gains and losses” arising from the difference between the amortized cost and the fair value of financial assets at fair value through other comprehensive income are not reflected in the income statement of the period until the acquisition of the asset, sale of the asset, the disposal of the asset, and impairment of the asset and they are accounted under the “Accumulated other comprehensive income or expense to be reclassified through profit or loss” under shareholders’ equity. Accumulated fair value differences under equity are reflected to the income statement when such securities are collected or disposed.

During initial recognition the Branch can choose in an irrevocable way to record the changes of the fair value of the investment in an equity instrument that is not held for trading purposes in the other comprehensive income. In the case of this preference, the dividend from the investment is taken into the financial statements as profit or loss.

Equity securities, which are classified as financial assets at fair value through other comprehensive income, that have a quoted market price in an active market and whose fair values can be reliably measured are carried at fair value. Equity securities that do not have a quoted market price in an active market and whose fair values cannot be reliably measured are carried at cost.

c. Financial Assets Measured at Amortized Cost

Financial assets measured at amortized cost:

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as financial assets measured at amortized cost.

Financial assets measured at amortized cost are initially recognized at acquisition cost including the transaction costs which reflect the fair value of those instruments and subsequently recognized at amortized cost by using effective interest rate method. Interest income obtained from financial assets measured at amortized cost is accounted in income statement.

Loans:

Loans are financial assets that have fixed or determinable payments terms and are not quoted in an active market. Loans are initially recognized at acquisition cost plus transaction costs presenting their fair value and thereafter measured at amortised cost using the "Effective Interest Rate (internal rate of return) Method".

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

VIII. EXPLANATIONS ON IMPAIRMENT OF FINANCIAL ASSETS

Within the scope of the authorization granted to the Branch from BRSA numbered 32521522-101.02.02.-E.225 and dated 5 January 2018, the Branch has not applied the provisions regarding the impairment of TFRS 9 effective as of 1 January 2018.

The Branch calculated and accounted allowances for impairment of financial assets in accordance with the "Regulation on the Procedures and Principles for Classification of Loans by Banks and Provisions to be set aside " published in the Official Gazette No. 29750 dated 22 June 2016 and effective as of 1 January 2018, "General and specific provisions to be allocated to banks that do not apply TFRS 9 ".

IX. EXPLANATIONS ON OFFSETTING FINANCIAL INSTRUMENTS

In cases where the fair values of financial assets at fair value through other comprehensive income are less than their recorded values, a provision for impairment is allocated, and the net value is shown on the balance sheet.

The Branch provides specific allowances for loan and other receivables in accordance with “Methods and Principles for the Determination of Loans and other Receivables to be Reserved for and Allocation of Reserves” and offset against overdue loans in the assets.

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

Securities sold under repurchase agreements, are followed in accordance with the Uniform Chart of Accounts according to the purposes of keeping in the Branch portfolio. Funds obtained in return for repo contracts are recorded in liabilities. The expense accrual is calculated according to the “effective interest (internal efficiency) rate method” for the part of the difference between selling and repurchase prices determined by the relevant repo agreements.

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”.

The Branch has no sales and repurchase agreements and securities lending transactions as of 31 December 2025 and 31 December 2024.

XI. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS AND EXPLANATIONS ON OBLIGATIONS RELATED TO THESE ASSETS

The Branch has no discontinued operations and obligations related to these assets as at the balance sheet date (31 December 2024: None).

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XII. EXPLANATIONS ON GOODWILL AND OTHER INTANGIBLE ASSETS

As of December 31, 2025, there is no goodwill in the financial statements (December 31, 2024: None).

Intangible assets consist of computer software. Intangible assets are amortized using the linear depreciation method over a period of 3 years with their estimated useful life by applying the normal depreciation method, and the amortization expense as of the balance sheet date amounts to TL 3413 (December 31, 2024: TL 383).

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.

As of December 31, 2025 and December 31, 2024, there are no pledges, mortgages and other measures on tangible fixed assets and commitments for their purchase.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XIV. EXPLANATIONS ON LEASING TRANSACTIONS

The branch records the right of use and the lease obligation in financial statements on the date when the leasing actually begins. The right of use asset is initially measured at its cost value and then measures over accumulated depreciation and accumulated impairment losses and corrected according to the reassessment of the lease liability. With the “IFRS 16 Leases” Standard, effective as of January 1, 2019, the difference between operational lease and financial lease has disappeared. Leasing transactions were started to be displayed by the tenants under the item "Tangible Fixed Assets" in assets as assets (right to use assets) and under "Liabilities from Leasing Operations" in liabilities. As a lessee, the branch will reflect the right of use and the lease obligations to financial statements. Accounting for the lessor is similar to previous accounting policies.

The Branch has no leasing transactions as of 31 December 2025 and 31 December 2024.

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.

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS

a. Defined Benefit Plans

In accordance with the current labor law, the branch is obliged to pay a certain amount of severance pay to the personnel who leave the job due to retirement after at least one year of service or who are dismissed for reasons other than resignation and bad behavior.

In accordance with the provisions of the "Turkish Accounting Standard on Employee Benefits" ("TAS 19"), the Branch calculated the severance pay provision in the attached financial statements using the "Projection Method" and based on the Branch's experience gained in previous years in completing the personnel service period and entitlement to severance pay, and discounted it with the government bonds earnings rate. The branch has recognized actuarial gains/losses related to the calculation of severance pay under equity.

There are no foundations, ballot boxes or similar organizations that branch employees are members of.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XVI. EXPLANATIONS ON OBLIGATIONS RELATED TO EMPLOYEE RIGHTS (continued)

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

Leave fees, defined as “short-term employee benefits” under TAS 19, are accrued and are not discounted in the periods when they are vested.

XVII. EXPLANATIONS ON TAX APPLICATIONS

a. Current Tax

The current corporate income tax rate in Türkiye is 20%. However, pursuant to Law No. 7394, published in the Official Gazette dated 15 April 2022 and titled “Law on the Evaluation of Immovable Properties Owned by the Treasury and Amendments to the Value Added Tax Law and Certain Other Laws and Decree Laws,” the applicable corporate income tax rate has been increased to 25% for corporate earnings as of the 2022 taxation period. Law No. 7456, titled “Law on the Introduction of Additional Motor Vehicle Tax for the Compensation of Economic Losses Caused by the Earthquakes Occurred on 6/2/2023 and Amendments to Certain Laws and Decree Law No. 375,” was published in the Official Gazette dated 15 July 2023 and numbered 32249. Under this amendment, the corporate income tax rate, previously applied as 20%, was increased by 5 percentage points to 25% (30% for banks and financial institutions). This rate applies to the earnings of corporations for 2023 and subsequent years, starting from the tax returns to be filed as of 1 October 2023. Corporate income tax is applied to the tax base calculated by adding non-deductible expenses to commercial profit in accordance with tax legislation and then deducting the exemptions and deductions provided under tax laws (such as the participation exemption). If profits are not distributed, no additional tax is payable. No withholding tax is imposed on dividend payments made to resident corporations in Türkiye or to non-resident corporations deriving income through a workplace or permanent representative in Türkiye. Dividend payments made to all other persons and entities are subject to a withholding tax of 15%. Capitalization of profit is not deemed a profit distribution and is therefore not subject to withholding tax. Corporations calculate provisional tax on their quarterly financial profits at the current rate, declare it by the 17th day of the second month following the relevant period, and pay it by the evening of the same day. The provisional tax paid during the year is offset against the corporate income tax calculated on the annual corporate tax return to be submitted in the following year. If any excess provisional tax remains after offsetting, such amount may either be refunded in cash or set off against other financial liabilities owed to the government. Under the Corporate Tax Law, gains arising from the sale of participation shares and immovable properties held for at least two years are exempt from tax, provided that the conditions set out in the law are met and that such gains are either added to capital or kept in a special reserve account under liabilities for five years. In this context, 50% of the gain derived from immovable properties and 75% of the gain derived from participation shares were previously exempt from tax. However, as of 15 July 2023, in the event of disposal of immovable property recorded in a corporation’s assets, corporate income tax is applied to the entire gain, and VAT is also calculated over the disposal price at the rate applicable to the relevant immovable property. Nevertheless, for immovable properties recorded in the books before 15 July 2023, which is the effective date of Law No. 7456, if such properties are disposed of after the publication date of the Law and provided that the other conditions set out in the Law are also met, an exemption of 25% of the gain, instead of 50%, will apply. Under Turkish tax legislation, tax losses declared in the tax return may be deducted from corporate income for up to five years. However, such losses cannot be offset against prior years’ profits. There is no advance tax ruling or agreement mechanism in Türkiye for reaching an agreement with the tax authority regarding taxes payable. Corporate income tax returns must be submitted to the relevant tax office by the evening of the last day of the fourth month following the month in which the accounting period ends. Nevertheless, the authorities authorized to conduct tax audits may review accounting records within a period of five years, and if any erroneous transactions are identified, the amount of tax payable may change. Current tax effects relating to transactions recognized directly in equity are also recognized directly in equity.

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EXPLANATIONS ON TAX APPLICATIONS (Continued)

b. Deferred Tax

In accordance with the provisions of the "Turkish Accounting Standard on Income Taxes" ("TAS 12"), the BRSA's explanations and circulars and the tax legislation, the branch is entitled to deductible temporary differences other than general loan provisions, as long as it is deemed possible to obtain a deductible financial profit in the following periods, for taxable temporary differences that arise between the book value of an asset or liability and its taxable value determined in accordance with the tax legislation. Calculates. In the calculation of deferred tax, the legislated tax rates valid as of the balance sheet date in accordance with the current tax legislation are used.

Deferred tax liability is calculated for all taxable transient differences, while deferred tax assets consisting of deductible transient differences are calculated provided that it is highly likely to benefit from these differences by making taxable profits in the future. The calculated deferred tax asset and deferred tax liabilities are shown in the financial statements. Tax implications related to transactions that are accounted for directly with equity are also reflected in equity.

In addition, in accordance with the said circular of the BRSA, if there is an income balance as a result of the netting of deferred tax assets and debts, deferred tax revenues are not subject to profit distribution and capital increase.

XVIII. ADDITIONAL EXPLANATIONS ON BORROWINGS

Financial liabilities for trading purposes and liabilities related to derivative financial instruments are valued at fair value, and all other financial liabilities are valued at their "Discounted Prices" with the "Effective Interest (Internal Rate of Return) Method" in the periods following their recording. Various hedging techniques are applied against liquidity risk, interest rate risk and foreign currency exchange risk for liabilities representing borrowing. No bonds convertible into shares have been issued.

XIX. EXPLANATIONS ON ISSUANCE OF SHARES

Direct transaction costs related to the issuance of shares are shown in equity by deducting them from the amount collected with reduced tax impact. As of December 31, 2025 and December 31, 2024, the Branch has no shares issued.

XX. EXPLANATIONS ON ACCEPTANCES AND AVAILED DRAFTS

Avalied drafts and acceptances are the contingent liabilities of the Branch and are included in the off-balance sheet commitments.

XXI. EXPLANATIONS ON GOVERNMENT GRANTS

As of December 31, 2025 and December 31, 2024, the Branch does not have government incentives.

XVII. EXPLANATIONS ON PROFIT RESERVES AND PROFIT APPROPRIATION

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

XXII. 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. In Turkey, companies can increase their share capital by making a pro-rata distribution of shares “bonus shares” to existing shareholders from retained earnings. Such “bonus shares” distributions are treated as issued shares in earnings per share calculations. Accordingly, the weighted average number of shares used in these calculations is determined by taking into account the retrospective effects of such share issuances. If the issued share price increases after the balance sheet date but only because of the distribution of the bonus shares prior to the preparation date of the financial statements, the calculation of earnings per share is made considering the total new share name. Earnings per share have not been calculated since the branch is not publicly traded.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXIII. 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.

XXIV. 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.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXV. EXPLANATIONS REGARDING THE REPORTING ACCORDING TO SEGMENTATION

Information 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.

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 31 December 2025 are presented on the table below

	Retail Banking	Corporate and Commercial Banking	Treasury	Other	Total Operations of the Branch
1 January - 31 December 2025					
Interest Income	254	78.928	216.875	-	296.057
Net Fees and Commissions Income	-	13.347	-	-	13.347
Other Operating Income and Trading Income/(Loss) (Net)	-	39.653	-	-	39.653
Operating Revenue	254	131.928	216.875	-	349.057
Interest Expense	-	(4)	(21.130)	-	(21.134)
Other Operating Expenses and Provision for Impairment of Loans and Other Receivables	(15.594)	(90.444)	(15.594)	-	(121.632)
Operating Expense	(15.594)	(90.448)	(36.724)	-	(142.766)
Operating Profit	(15.340)	41.480	180.151	-	206.291
Profit Before Tax				206.291	206.291
Current Tax Provision				(62.507)	(62.507)
Net Profit				143.784	143.784
31 December 2025					
Segment Assets ⁽¹⁾	166.995	230.152	1.656.201	26.178	2.079.526
Total Assets	166.995	230.152	1.656.201	26.178	2.079.526
Segment Liabilities ⁽¹⁾	178.372	147.028	686.477	87.604	1.099.481
Shareholders' Equity	-	-	-	980.045	980.045
Total Liabilities	178.372	147.028	686.477	1.067.649	2.079.526

(1) In the Other column, department assets amount to TL 26,178; TL 12,768 includes tangible assets, TL 300 intangible assets, TL 7,022 deferred tax assets and TL 6,088 other assets, while the other column includes TL 87,604 of department liabilities, TL 49,118 of other liabilities, TL 16,861 of provisions and TL 21,625 of current tax liabilities.

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EXPLANATIONS ON ACCOUNTING POLICIES (Continued)

XXVI. EXPLANATIONS ON SEGMENT REPORTING (Continued)

	Retail Banking	Corporate and Commercial Banking	Treasury	Other	Total Operations of the Branch
1 January - 31 December 2024					
Interest Income	70	73.917	165.233	-	239.220
Net Fees and Commissions Income	-	17.087	-	-	17.087
Other Operating Income and Trading Income/(Loss) (Net)	-	19.780	-	-	19.780
Operating Revenue	70	110.784	165.233	-	276.087
Interest Expense	-	(4)	(17.155)	-	(17.159)
Other Operating Expenses and Provision for Impairment of Loans and Other Receivables	(11.564)	(67.072)	(13.877)	-	(92.513)
Operating Expense	(11.564)	(67.076)	(31.032)	-	(109.672)
Operating Profit	(11.494)	43.708	134.201	-	166.415
Profit Before Tax				166.415	166.415
Current Tax Provision				(49.376)	(49.376)
Net Profit				117.039	117.039
31 December 2024					
Segment Assets ⁽¹⁾	139.656	179.426	1.598.752	18.457	1.936.291
Total Assets	139.656	179.426	1.598.752	18.457	1.936.291
Segment Liabilities ⁽¹⁾	183.696	137.773	709.773	67.958	1.099.200
Shareholders' Equity	-	-	-	837.091	837.091
Total Liabilities	183.696	137.773	709.773	905.049	1.936.291

(1) In the other column, the divisional assets amount to \$18,457; It includes TL 10,996 tangible fixed assets, TL 714 intangible assets, TL 4,240 deferred tax assets and TL 2,507 other assets, while in the other column, the section liabilities include TL 67,958 and TL 18,788 other liabilities, TL 34,772 provisions and TL 14,398 current tax liabilities.

XXVI. CLASSIFICATIONS

In order to comply with the presentation of the financial statements dated 31 December 2025, classification transactions can be made in the financial statements presented in comparison with the previous period.

XXVII. EXPLANATIONS ON OTHER INFORMATION

None.

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SECTION FOUR

INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BRANCH

I. EXPLANATIONS ON SHAREHOLDERS EQUITY

Total capital and capital adequacy ratio have been calculated in accordance with the “Regulation on Equity of Banks” and “Regulation on Measurement and Assessment of Capital Adequacy of Banks”. The capital adequacy ratio of the Branch is %80,17. (31 December 2024: %76,64)

a. Information on shareholders' equity

	31 December 2025	Amount for application before 1/1/2014 (*)
CORE CAPITAL		
Common Equity Tier I Capital	200.000	
Stock issue premiums	-	
Reserve funds	4.240	
Earnings reflected in equity in accordance with Turkish Accounting Standards (TMS)		
Profit	780.029	
Current Period Profit	143.784	
Prior Period Profit	636.245	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	
Common Equity Tier I Capital Before Deductions	984.269	
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	(4.224)	-
Leasehold Improvements on Operational Leases (-)	-	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	(300)	(300)
Net Deferred Tax Asset/Liability (-)	(7.022)	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plan assets	-	-
Direct or indirect investments made by the Bank in its own core capital	-	-
Shares acquired in violation of the fourth paragraph of Article 56 of the Law	-	-
The portion of the total net long positions of investments in the equity elements of banks and financial institutions in which 10% or less of the partnership shares are owned and which are not consolidated, exceeding 10% of the core capital of the bank	-	-
The portion of the net long positions of investments in the core capital elements of banks and financial institutions in which more than 10% of the partnership shares are owned and which are not consolidated exceeds 10% of the core capital	-	-
Portion of the rights to provide mortgage services in excess of 10% of the core capital	-	-
Portion of deferred tax assets based on temporary differences exceeding 10% of core capital	-	-
Pursuant to the second paragraph of the Provisional Article 2 of the Regulation on Banks' Equity, amounts exceeding 15% of the core capital	-	-
Excess amount arising from the net long positions of investments in the core capital elements of banks and financial institutions in which more than 10% of the partnership shares are owned and are not consolidated	-	-
The amount of excess due to the rights to provide mortgage services	-	-
Excess amount due to deferred tax assets based on temporary differences	-	-
Other items to be determined by the Board	-	-
The amount to be deducted from the core capital if there is not enough additional capital or contribution capital	-	-

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INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BRANCH

I. EXPLANATIONS ON SHAREHOLDERS EQUITY (Continued)

	31 December 2025	Amount for application before 1/1/2014 (*)
Total Discounts from Core Capital	(11.546)	
Total Core Capital	972.723	
ADDITIONAL CAPITAL		
Capital corresponding to preferred shares not included in the core capital and the issue premiums related to them	-	
Debt instruments approved by the Authority and the related issue premiums	-	
Debt instruments approved by the Authority and the related issuance premiums (within the scope of Provisional Article 4)	-	
Additional Capital Before Discounts	-	
Discounts to be Made from Additional Parent Capital		
Direct or indirect investments made by the bank in its own additional capital	-	-
Investments made by the bank in equity items issued by banks and financial institutions that invest in additional capital items of the bank and meet the conditions specified in Article 7 of the Regulation	-	-
The portion of the total net long positions of investments in the equity elements of banks and financial institutions in which 10% or less of the partnership shares are owned and which are not consolidated, exceeding 10% of the core capital of the bank	-	-
Sum of net long positions of non-consolidated banks and financial institutions in which 10% or more of the partnership shares are owned and invested in additional capital elements	-	-
Other items to be determined by the Board	-	-
Elements That Will Continue to Be Deducted from Parent Capital During the Transition Period	-	-
Goodwill or other intangible assets and the portion of the deferred tax liabilities related to them that are not deducted from the core capital in accordance with the first paragraph of the Provisional Article 2 of the Regulation on Banks' Equity (-)	-	-
The portion of the net deferred tax asset/tax liability that is not deducted from the core capital pursuant to the first paragraph of the Provisional Article 2 of the Regulation on Banks' Equity (-)	-	-
If there is not enough contribution capital, the amount to be deducted from the additional capital (-)	-	-
Total Discounts from Additional Parent Capital	-	-
Total Additional Capital	-	-
Total Capital (Principal Capital = Core Capital + Additional Capital Capital)	972.723	
CONTRIBUTION CAPITAL		
Debt instruments approved by the Authority and the related issue premiums	-	
Debt instruments approved by the Authority and the related issuance premiums (within the scope of Provisional Article 4)	-	
Provisions (amounts specified in the first paragraph of Article 8 of the Regulation on Banks' Equity)	9.507	
Contribution Capital Before Discounts	9.507	
Discounts to be Made from Contribution Capital		
Direct or indirect investments made by the Bank in its own contribution capital (-)	-	-
Investments made by the bank in equity items issued by banks and financial institutions that invest in the contribution capital items of the Bank and meet the conditions specified in Article 8 of the Regulation	-	-
The sum of the net long positions of investments in the equity elements of banks and financial institutions in which 10% or less of the partnership shares are owned and not consolidated, exceeding 10% of the core capital of the bank (-)	-	-
Total net long positions of investments in contributed capital elements of non-consolidated banks and financial institutions in which 10% or more of the partnership shares are owned	-	-
Other items to be determined by the Board (-)	-	-

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I. EXPLANATIONS ON SHAREHOLDERS EQUITY (Continued)

	31 December 2025	Amount for application before 1/1/2014 (*)
Total Deductions from Tier II Capital	-	
Total Tier II Capital	9.507	
Total Equity (Total Tier I and Tier II Capital)	982.230	
Total Tier I Capital and Tier II Capital (Total Equity)		
Loans Granted against the Articles 50 and 51 of the Banking Law (-)	-	
Net Book Values of Movables and Immovables Exceeding the Limit Defined in the Article 57, Clause 1 of the Banking Law and the Assets Acquired against Overdue Receivables and Held for Sale but Retained more than Five Years (-)	-	
Other items to be Defined by the BRSA (-)	-	
Items to be Deducted from the Sum of Tier I and Tier II Capital (Capital) During the Transition Period		
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Tier I Capital, Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	
The Portion of Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital not deducted from Additional Tier I Capital or Tier II Capital as per the Temporary Article 2, Clause 1 of the Regulation (-)	-	
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital, of the Net Deferred Tax Assets arising from Temporary Differences and of the Mortgage Servicing Rights not deducted from Tier I Capital as per the Temporary Article 2, Clause 2, Paragraph (1) and (2) and Temporary Article 2, Clause 1 of the Regulation (-)	-	
CAPITAL		
Total Capital (Total of Tier I Capital and Tier II Capital)	982.230	
Total Risk Weighted Assets	1.225.268	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	79,39	
Tier I Capital Adequacy Ratio (%)	79,39	
Capital Adequacy Ratio (%)	80,17	
BUFFERS		
Bank-specific total CET1 Capital Ratio	2,5	
Capital Conservation Buffer Ratio (%)	2,5	
Bank-specific Counter-Cyclical Capital Buffer Ratio (%)	-	
Additional CET1 Capital Over Total Risk Weighted Assets Ratio Calculated According to the Article 4 of Capital Conservation and Counter-Cyclical Capital Buffers Regulation	-	
Amounts Lower Than Excesses as per Deduction Rules		
Remaining Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital	-	
Remaining Total of Net Long Positions of the Investments in Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% or less of the Issued Share Capital	-	
Remaining Mortgage Servicing Rights	-	
Net Deferred Tax Assets arising from Temporary Differences	-	
Limits for Provisions Used in Tier II Capital Calculation		
General Loan Provisions for Exposures in Standard Approach (before limit of one hundred and twenty fiveper ten thousand)	-	
General Loan Provisions for Exposures in Standard Approach Limited by 1.25% of Risk Weighted Assets	9.507	
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach	9.507	
Total Loan Provision that Exceeds Total Expected Loss Calculated According to Communiqué on Calculation of Credit Risk by Internal Ratings Based Approach, Limited by 0.6% Risk Weighted Assets	-	
Debt Instruments Covered by Temporary Article 4 (effective between 1.1.2018-1.1.2022)		
Upper Limit for Additional Tier I Capital Items subject to Temporary Article 4	-	
Amount of Additional Tier I Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	
Upper Limit for Additional Tier II Capital Items subject to Temporary Article 4	-	
Amount of Additional Tier II Capital Items Subject to Temporary Article 4 that Exceeds Upper Limit	-	
Total Deductions from Tier II Capital	-	
Total Tier II Capital	-	

(*) Under this heading, the total amounts of the items that are foreseen to be transitioned gradually in accordance with the "Regulation on Banks' Equity" entered into force on 1/1/2014 are included.

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I. EXPLANATIONS ON SHAREHOLDERS EQUITY (Continued)

	31 December 2024	Amount for application before 1/1/2014 (*)
Common Equity Tier I Capital		
Paid-in Capital to be Entitled for Compensation after All Creditors	200.000	
Share Premiums	-	
Reserves	1.969	
Gains reflected to equity according to Turkish Accounting Standards (TAS)	-	
Profit	638.515	
Current Period Profit	117.039	
Prior Period Profit	521.476	
Bonus Shares from Associates, Subsidiaries and Joint-Ventures not Accounted in Current Period's Profit	-	
Common Equity Tier I Capital Before Deductions	840.484	
Deductions From Common Equity Tier I Capital		
Valuation adjustments calculated as per the article 9. (i) of the Regulation on Bank Capital	-	-
Current and Prior Periods' Losses not Covered by Reserves, and Losses Accounted under Equity according to TAS (-)	(3.393)	-
Leasehold Improvements on Operational Leases (-)	-	-
Goodwill Netted with Deferred Tax Liabilities	-	-
Other Intangible Assets Netted with Deferred Tax Liabilities Except Mortgage Servicing Rights	(714)	(714)
Net Deferred Tax Asset/Liability (-)	(4.240)	-
Differences arise when assets and liabilities not held at fair value, are subjected to cash flow hedge accounting	-	-
Total credit losses that exceed total expected loss calculated according to the Regulation on Calculation of Credit Risk by Internal Ratings Based Approach	-	-
Securitization gains	-	-
Unrealized gains and losses from changes in bank's liabilities' fair values due to changes in creditworthiness	-	-
Net amount of defined benefit plans	-	-
Direct and Indirect Investments of the Bank on its own Tier I Capital (-)	-	-
Shares Obtained against Article 56, Paragraph 4 of the Banking Law (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Mortgage Servicing Rights Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Net Deferred Tax Assets arising from Temporary Differences Exceeding the 10% Threshold of Tier I Capital (-)	-	-
Amount Exceeding the 15% Threshold of Tier I Capital as per the Article 2, Clause 2 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
The Portion of Net Long Position of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital not deducted from Tier I Capital (-)	-	-
Mortgage Servicing Rights not deducted (-)	-	-
Excess Amount arising from Deferred Tax Assets from Temporary Differences (-)	-	-
Other items to be determined by the Board	-	-
The amount to be deducted from the core capital if there is not enough additional capital or contribution capital	-	-

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I. EXPLANATIONS ON SHAREHOLDERS EQUITY (Continued)

	31 December 2024	Amount for application before 1/1/2014 (*)
Total Deductions from Common Equity Tier I Capital	(8.347)	
Total Common Equity Tier I Capital	832.137	
ADDITIONAL TIER I CAPITAL		
Preferred Stock not Included in Common Equity Tier I Capital and the Related Share Premiums	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Additional Tier I Capital before Deductions	-	
Deductions from Additional Tier I Capital		
Direct and Indirect Investments of the Bank on its own Additional Tier I Capital (-)	-	-
Investments in Equity Instruments Issued by Banks or Financial Institutions Invested in Bank’s Additional Tier I Capital and Having Conditions Stated in the Article 7 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
The Total of Net Long Position of the Direct or Indirect Investments in Additional Tier I Capital of Unconsolidated Banks and Financial Institutions where the Bank Owns more than 10% of the Issued Share Capital (-)	-	-
Other items to be defined by the BRSA (-)	-	-
Items to be Deducted from Tier I Capital during the Transition Period		
Goodwill and Other Intangible Assets and Related Deferred Taxes not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Net Deferred Tax Asset/Liability not deducted from Tier I Capital as per the Temporary Article 2, Clause 1 of the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks (-)	-	-
Deduction from Additional Tier I Capital when there is not enough Tier II Capital (-)	-	-
Total Deductions from Additional Tier I Capital	-	-
Total Additional Tier I Capital	-	-
Total Tier I Capital (Tier I Capital= Common Equity Tier I Capital + Additional Tier I Capital)	832.137	
TIER II CAPITAL		
Debt Instruments and the Related Issuance Premiums Defined by the BRSA	-	
Debt Instruments and the Related Issuance Premiums Defined by the BRSA (Covered by Temporary Article 4)	-	
Provisions (Amounts explained in the first paragraph of the article 8 of the Regulation on Bank Capital)	8.871	
Total Deductions from Tier II Capital	8.871	
Deductions from Tier II Capital		
Direct and Indirect Investments of the Bank on its own Tier II Capital (-)	-	-
Investments in Equity Instruments Issued by Banks and Financial Institutions Invested in Bank’s Tier II Capital and Having Conditions Stated in the Article 8 of the Regulation	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or less of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Total of Net Long Positions of the Investments in Equity Items of Unconsolidated Banks and Financial Institutions where the Bank Owns 10% or more of the Issued Share Capital Exceeding the 10% Threshold of above Tier I Capital (-)	-	-
Other items to be determined by the Board (-)	-	-

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I. EXPLANATIONS ON SHAREHOLDERS EQUITY (Continued)

	31 December 2024	Amount for application before 1/1/2014 (*)
Total of Discounts from Contribution Capital	-	
Total Contribution Capital	8.871	
Total Equity (Total Tier I Capital and Contribution Capital)	841.008	
Total Capital and Contribution Capital (Total Equity)		
Loans made in violation of the provisions of Articles 50 and 51 of the Law	-	
The amounts exceeding the limit in the first paragraph of Article 57 of the Law, and the net book values of the commodities and real estates that the banks had to acquire due to their receivables and which had to be disposed of pursuant to the same article, which could not be disposed of despite the passage of five years from the date of acquisition.	-	
Other accounts to be determined by the Board	-	
Items that will continue to be deducted from the Total Tier 1 Capital and Contribution Capital (from the Capital) in the Transition Period		
In accordance with the first paragraph of the Temporary Article 2 of the Bank's Equity Regulation, the portion exceeding ten percent of the bank's core capital of the total net long positions of the investments made in the equity elements of unconsolidated banks and financial institutions, in which 10% or less of the partnership shares are held, is taken from the core capital, additional main the part that is not deducted from the capital and contribution capital	-	
In accordance with the first paragraph of the Temporary Article 2 of the Regulation on Banks' Equity, the total amount of the net long positions of the investments made directly or indirectly to the additional main capital and supplementary capital elements of the unconsolidated banks and financial institutions, in which more than 10% of the partnership shares are held, the part that is not deducted from the capital and contribution capital	-	
The second paragraph of the Provisional Article 2 of the Regulation on Banks' Equity (1) The portion of the amounts to be deducted from the core capital pursuant to sub-paragraphs (2) and (2), which is not deducted from the core capital in accordance with the first paragraph of the Temporary Article 2 of the Regulation.	-	
EQUITY		
Total Equity (Total of Tier 1 capital and contribution capital)	841.008	
Total Risk Weighted Amounts	1.097.381	
CAPITAL ADEQUACY RATIOS		
Core Capital Adequacy Ratio (%)	75,83	
Tier 1 Capital Adequacy Ratio (%)	75,83	
Capital Adequacy Ratio (%)	76,64	
BUFFERS		
Total additional core capital requirement ratio (a+b+c)	2,5	
a) Capital protection buffer ratio (%)	2,5	
b) Bank-specific cyclical capital buffer ratio (%)	-	
c) Systemically important bank buffer rate (%)	-	
Ratio of the additional core capital amount to be calculated in accordance with the first paragraph of Article 4 of the Regulation on Capital Protection and Circular Capital Buffers to the amount of risk-weighted assets (%)	-	
Amounts Below the Excess Amount in the Discount Principles to be Applied		
The amount arising from the net long positions of investments in the equity elements of unconsolidated banks and financial institutions in which 10% or less of the partnership interests are held.	-	
The amount arising from the net long positions of the investments made in the core capital elements of unconsolidated banks and financial institutions in which more than 10% of the partnership shares are held	-	
The amount arising from the rights to provide mortgage services	-	
Amount from deferred tax assets based on temporary differences	-	
Limits on Provisions Considered in Calculation of Contribution Capital		
General provisions for receivables using the standard approach (before the limit of ten thousand and twenty five)	8.871	
Up to 1.25% of the total risk-weighted amounts of general provisions set aside for receivables using the standard approach	8.871	
The portion of the total provision amount exceeding the total expected loss amount calculated in accordance with the Communiqué on Calculation of the Amount Subject to Credit Risk with Internal Rating-Based Approaches	-	
The portion of the total provision amount exceeding the total expected loss calculated in accordance with the Communiqué on the Calculation of the Amount Subject to Credit Risk with Internal Rating-Based Approaches, up to 0.6% of the total risk-weighted amounts of receivables.	-	
Debt instruments subject to the provisions of Provisional Article 4 (To be implemented between 1 January 2018 and 1 January 2022)		
Upper limit on additional capital items subject to the provisions of Provisional Article 4	-	
The portion of the additional capital items subject to the provisions of Provisional Article 4 exceeding the upper limit	-	
Upper limit on contribution capital items subject to the provisions of Provisional Article 4	-	
The portion of the contribution capital items subject to the provisions of Provisional Article 4 exceeding the upper limit	-	

(*) Under this heading, the total amounts of the items that are foreseen to be transitioned gradually in accordance with the "Regulation on Banks' Equity" entered into force on 1/1/2014 are included.

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**INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
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I. INFORMATION ON EQUITY ITEMS (Continued)

b. Information on the instruments to be included in the equity calculation

There is none.

c. Explanations regarding the reconciliation of equity items and balance sheet amounts:

<i>Current Period</i>	<i>Balance sheet value</i>	<i>Correction effect</i>	<i>Its value in the equity report</i>	<i>Explanation of the difference</i>
Paid-in capital	200.000	-	200.000	
Capital Reserves	-	-	-	
Other Comprehensive Income According to TAS	-	-	-	
Securities Valuation Differences	-	-	-	
Revaluation Surplus on Tangible Assets	-	-	-	
Revaluation Surplus on Intangible Assets	-	-	-	
Revaluation Surplus on Investment Property	-	-	-	
Hedging Funds (Effective Portion)	-	-	-	
Accumulated valuation differences	-	-	-	
from assets held for sale and from discontinued operations	-	-	-	
Other Capital Reserves	(4.224)	-	(4.224)	
Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures (Business Partners)	-	-	-	
Share Premium	-	-	-	
Profit Reserves	4.240	-	4.240	
Profit or Loss	780.029	-	780.029	
Prior Periods Profit/Loss	636.245	-	636.245	
Current Period Net Profit/Loss	143.784	-	143.784	
Minority Shares	-	-	-	
Deductions from Common Equity Tier I Capital (-)	(7.322)	-	(7.322)	
Common Equity Tier I Capital	972.723		972.723	

<i>Current Period</i>	<i>Balance sheet value</i>	<i>Correction effect</i>	<i>Its value in the equity report</i>	<i>Explanation of the difference</i>
Subordinated Debts	-	-	-	
Deductions from Tier I Capital (-)	-	-	-	
Tier I Capital				
Subordinated Debts	-	-	-	
General Provisions	-	-	9.507	
Deductions from Tier II Capital (-)	-	-	-	
Tier II Capital			9.507	
Deductions from Total Capital (-)	-	-	-	
Total			982.230	

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**INFORMATION ON THE FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
BRANCH (Continued)**

I. INFORMATION ON EQUITY ITEMS (Continued)

a. Reconciliation of capital items to balance sheet (Continued)

<i>Current Period</i>	<i>Balance sheet value</i>	<i>Correction effect</i>	<i>Its value in the equity report</i>	<i>Explanation of the difference</i>
Paid-in capital	200.000	-	200.000	
Capital Reserves	-	-	-	
Other Comprehensive Income According to TAS	-	-	-	
Securities Valuation Differences	-	-	-	
Revaluation Surplus on Tangible Assets	-	-	-	
Revaluation Surplus on Intangible Assets	-	-	-	
Revaluation Surplus on Investment Property	-	-	-	
Hedging Funds (Effective Portion)	-	-	-	
Accumulated valuation differences from assets held for sale and from discontinued operations	-	-	-	
Other Capital Reserves	(3.393)	-	(3.393)	
Bonus Shares from Investments in Associates, Subsidiaries and Joint Ventures (Business Partners)	-	-	-	
Share Premium	-	-	-	
Profit Reserves	1.969	-	1.969	
Profit or Loss	638.515	-	638.515	
Prior Periods Profit/Loss	521.476	-	521.476	
Current Period Net Profit/Loss	117.039	-	117.039	
Minority Shares	-	-	-	
Deductions from Common Equity Tier I Capital (-)	(4.954)	-	(4.954)	
Common Equity Tier I Capital	832.137	-	832.137	

<i>Previous Period</i>	<i>Balance sheet value</i>	<i>Correction effect</i>	<i>Its value in the equity report</i>	<i>Explanation of the difference</i>
Subordinated Debts	-	-	-	
Deductions from Tier I Capital (-)	-	-	-	
Tier I Capital	-	-	-	
Subordinated Debts	-	-	-	
General Provisions	-	-	8.871	
Deductions from Tier II Capital (-)	-	-	-	
Tier II Capital	-	-	8.871	
Deductions from Total Capital (-)	-	-	-	
Total	-	-	841.008	

ç. Approaches applied to assess the adequacy of internal capital requirement in terms of current and future activities

The 'Internal Capital Evaluation Process' report is prepared within the framework of the 'Risk Management Policies and Implementation Procedures' approved by the Board of Managers of the Branch on 27 November 2012 and updated on 24 September 2021. With this report, it is aimed to determine the capital size that will be needed in the future one-year period by effectively evaluating and measuring all the risks that the Branch may be exposed to. The Internal Capital Requirement Analysis for the years 2023, 2024, 2025, which was prepared by taking into account the 2022 year-end information of the Branch, was accepted by the Board of Managers decision dated March 17, 2023 and numbered 11. The Internal Capital Requirement Analysis for the years 2024, 2025 and 2026, which was prepared by taking into account the 2023 year-end information of the Branch, was accepted by the decision of the Board of Managers dated March 18, 2024 and numbered 10.

In the Internal Capital Requirement Analysis, the areas in which the Branch operates and the services it provides, the main and sub-risk factors that may be exposed due to them, and the current legal capital requirement are examined within the framework of the forecasts and expectations calculated for the next 3 operating years within the scope of the scenarios sent by the BRSA, the recent developments and the financial data at the previous year-end. In addition to these issues, the main and sub-risk types applicable to the Branch, the quantification of these risks and the calculation of the internal capital required for these risks are included. In the Internal Capital Requirement Analysis for 2022 and 2023, in addition to credit risk (general, country), market risk (interest, exchange rate) and operational risk, banking accounts repricing risk and reputational risk were taken into account, although they could not be quantified.

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
BRANCH (Continued)**

II. EXPLANATIONS ON CREDIT RISK

- a.** The Branch tries to reduce credit risk by classifying the credibility with high banks and 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. Due to the imposed sanctions, the credit transactions of the Branch decreased after 2014. Following that some Iran-based financial and industrial institutions, including Bank Mellat, the main shareholder of the branch, were included in the list of secondary sanctions on 17 October 2018, the decrease in the credit transactions of the Branch has continued.

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 of the Branch.

- b.** At 31 December 2025, the Branch has no forward and option contracts or any other similar agreements.
- c.** At 31 December 2025, 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. 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. Branch's receivables from the top 100 cash loan customers are 100% of its total cash loan portfolio (100% as of December 31, 2024).
2. It is 100% of the total non-cash loan portfolio that the Branch will receive from its first 100 top 100 non-cash loan customers (31 December 2024: 100%).
3. The share of cash and non-cash receivables from the top 100 loan customers of the Branch in the balance sheet and assets monitored in the master accounts is 19.62% (31 December 2024: 17.85%).
- h.** The general provision allocated by the Branch for credit risk is TL 22,045 (31 December 2024: TL 17,604).

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II. EXPLANATIONS ON CREDIT RISK (continued)

The total amount of risks incurred after offset-offs without taking into account the effects of credit risk mitigation, and the average amount of risks disaggregated according to different risk classes and types for the relevant period

Exposure Categories (Current Year)	End of Period Risk Amount (*)	Average Risk Amount (**)
Conditional and unconditional receivables from central governments or central banks	305.212	281.748
Conditional and unconditional receivables from regional or local governments	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	1.166.614	1.137.990
Conditional and unconditional receivables from corporates	401.739	412.034
Conditional and unconditional retail receivables	4.366	3.646
Conditional and unconditional receivables secured by mortgages		
Past due receivables	2.837	2.794
Items in regulatory high-risk categories	-	-
Exposures in the form of bonds secured by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Exposures in the form of collective investment undertakings	-	-
Shares	2.575	1.781
Other items	259.464	249.357
Total	2.142.807	2.089.351

(*) Average risk amounts are the arithmetical average of the amounts in monthly reports prepared according to “the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

Exposure Categories (Previous Year)	End of Period Risk Amount (*)	Average Risk Amount (**)
Conditional and unconditional receivables from central governments or central banks	288.847	285.165
Conditional and unconditional receivables from regional or local governments	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-
Conditional and unconditional receivables from multilateral development banks	-	-
Conditional and unconditional receivables from international organizations	-	-
Conditional and unconditional receivables from banks and brokerage houses	1.021.741	922.281
Conditional and unconditional receivables from corporates	345.632	362.476
Conditional and unconditional retail receivables	1.605	5.693
Conditional and unconditional receivables secured by mortgages		
Past due receivables	2.644	4.117
Items in regulatory high-risk categories	-	-
Exposures in the form of bonds secured by mortgages	-	-
Securitization positions	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-
Exposures in the form of collective investment undertakings	-	-
Shares	1.134	1.107
Other items	345.485	406.175
Total	2.007.088	1.987.015

(**) Average risk amounts are the arithmetical average of the amounts in monthly reports prepared according to “the Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks.

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BRANCH (Continued)

II. EXPLANATIONS ON CREDIT RISK (continued)

h. Profile of significant exposures in major regions

31 December 2025	Exposure Categories (*)																Total
	Past due receivables	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporates	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	
Current Period																	
1. Domestic	305.212	-	-	-	-	875.440	397.212	4.366	-	2.837	-	-	-	-	-	262.039	1.847.106
2. European Union (EU)	-	-	-	-	-	282.528	-	-	-	-	-	-	-	-	-	-	282.528
3. OECD Countries (**)	-	-	-	-	-	376	-	-	-	-	-	-	-	-	-	-	376
4. Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. USA, Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Other Countries	-	-	-	-	-	8.270	-	-	-	-	-	-	-	-	-	-	8.270
7. Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	305.212	-	-	-	-	1.166.614	397.212	4.366	-	2.837	-	-	-	-	-	262.039	2.138.280

(*) The risk classes in the Regulation on Measurement and Evaluation of Capital Adequacy of Banks shall be taken into consideration.

(**) Includes OECD countries other than EU countries, USA and Canada

(***) Includes asset and liability items that can not be allocated on a consistent basis.

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III. EXPLANATIONS ON CREDIT RISK (continued)

i. Profile of significant exposures in major regions

31 December 2024 Previous Period	Exposure Categories (*)																
	Past due receivables	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from corporates	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	Total
1. Domestic	288.847	-	-	-	-	740.718	331.360	1.605	-	2.644	-	-	-	-	-	346.619	1.711.793
2. European Union (EU)	-	-	-	-	-	274.579	-	-	-	-	-	-	-	-	-	-	274.579
3. OECD Countries (**)	-	-	-	-	-	274	-	-	-	-	-	-	-	-	-	-	274
4. Off-Shore Banking Regions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. USA, Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Other Countries	-	-	-	-	-	6.170	-	-	-	-	-	-	-	-	-	-	6.170
7. Associates, Subsidiaries and Joint –Ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Unallocated Assets/Liabilities (***)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	288.847	-	-	-	-	1.021.741	331.360	1.605	-	2.644	-	-	-	-	-	346.619	1.992.816

(*) The risk classes in the Regulation on Measurement and Evaluation of Capital Adequacy of Banks shall be taken into consideration.

(**) Includes OECD countries other than EU countries, USA and Canada

(***) Includes asset and liability items that can not be allocated on a consistent basis.

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BRANCH (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued)

j. Risk profile by sectors or counterparties

Current Period	Exposure Categories (*)																		
	Conditional and unconditional receivables from central governments or central	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	TL	FC	Total
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	284.907	-	-	-	-	-	-	-	-	-	40.498	244.409	284.907
Mining and Quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	26.781	-	-	-	-	-	-	-	-	-	26.781	-	26.781
Electricity, Gas and Water	-	-	-	-	-	-	258.126	-	-	-	-	-	-	-	-	-	13.717	244.409	258.126
Construction	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services	120	-	-	-	-	1.166.614	112.305	-	-	2.837	-	-	-	-	-	2.575	785.983	498.468	1.284.451
Wholesale and Retail Trade	-	-	-	-	-	-	106.430	-	-	2.739	-	-	-	-	-	-	3.643	105.526	109.169
Accommodation and Dining	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and Telecom.	-	-	-	-	-	-	5.870	-	-	98	-	-	-	-	-	-	5.591	377	5.968
Financial Institutions	120	-	-	-	-	1.166.614	-	-	-	-	-	-	-	-	-	2.575	776.744	392.565	1.169.309
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	5	-	-	-	-	-	-	-	-	-	5	-	5
Educational Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	305.092	-	-	-	-	-	-	4.366	-	-	-	-	-	-	-	259.464	331.718	237.204	568.922
Total	305.212	-	-	-	-	1.166.614	397.212	4.366	-	2.837	-	-	-	-	-	262.039	1.158.199	980.081	2.138.280

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions

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INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE BRANCH (Continued)

II. EXPLANATIONS ON CREDIT RISK (Continued)

j. Risk profile by sectors or counterparties (Continued)

Previous Period	Exposure Categories (*)																		
	Receivables defined in high risk category by BRSA	Conditional and unconditional receivables from regional or local governments	Conditional and unconditional receivables from administrative units and non-commercial enterprises	Conditional and unconditional receivables from multilateral development banks	Conditional and unconditional receivables from international organizations	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional receivables from banks and brokerage houses	Conditional and unconditional retail receivables	Conditional and unconditional receivables secured by mortgages	Past due receivables	Receivables defined in high risk category by BRSA	Securities collateralized by mortgages	Securitization positions	Short-term receivables from banks, brokerage houses and corporates	Investments similar to collective investment funds	Other receivables	TL	FC	Total
Agriculture	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Farming and Stockbreeding	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fishery	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	200.340	-	-	-	-	-	-	-	-	-	101.958	98.382	200.340
Mining and Quarrying	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	97.014	-	-	-	-	-	-	-	-	-	93.328	3.686	97.014
Electricity, Gas and Water	-	-	-	-	-	-	103.326	-	-	-	-	-	-	-	-	-	8.630	94.696	103.326
Construction Services	24.115	-	-	-	-	1.021.741	130.456	-	-	2.517	-	-	-	-	-	1.134	624.172	555.791	1.179.963
Wholesale and Retail Trade	-	-	-	-	-	-	118.808	-	-	2.256	-	-	-	-	-	-	27.176	93.888	121.064
Accommodation and Dining	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transportation and Telecom.	-	-	-	-	-	-	11.643	-	-	261	-	-	-	-	-	-	11.628	276	11.904
Financial Institutions	24.115	-	-	-	-	1.021.741	-	-	-	-	-	-	-	-	-	1.134	585.363	461.627	1.046.990
Real Estate and Rental Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional Services	-	-	-	-	-	-	5	-	-	-	-	-	-	-	-	-	5	-	5
Educational Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Others	264.732	-	-	-	-	-	564	1.605	-	127	-	-	-	-	-	345.485	290.903	321.610	612.513
Total	288.847	-	-	-	-	1.021.741	331.360	1.605	-	2.644	-	-	-	-	-	346.619	3	975.783	1.992.816

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
BRANCH (Continued)**

II. EXPLANATIONS ON CREDIT RISK (Continued)

k. Distribution of risk bearing maturities according to the remaining maturities

31 December 2025	Term to Maturity				
	<i>1 month</i>	<i>1–3 months</i>	<i>3–6 months</i>	<i>6–12 months</i>	<i>Over 1 year</i>
Exposure Classifications (*) (**)					
Conditional and unconditional receivables from central governments or central banks	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	-	-	-
Conditional and unconditional receivables from corporates	29.546	20.218	32.004	149.810	153.118
Conditional and unconditional retail receivables	-	373	26	2.825	1.142
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-
Past due receivables	-	-	-	-	-
Receivables defined in high risk category by BRSA	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-
Other receivables	-	-	-	-	-
TOTAL	29.546	20.591	32.030	152.635	154.260

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

(**) Credit risk amounts which have no maturities do not comprise in the table.

31 December 2025	Term to Maturity				
	<i>1 month</i>	<i>1–3 months</i>	<i>3–6 months</i>	<i>6–12 months</i>	<i>Over 1 year</i>
Exposure Classifications (*) (**)					
Conditional and unconditional receivables from central governments or central banks	-	-	-	-	-
Conditional and unconditional receivables from regional or local governments	-	-	-	-	-
Conditional and unconditional receivables from administrative units and non-commercial enterprises	-	-	-	-	-
Conditional and unconditional receivables from multilateral development banks	-	-	-	-	-
Conditional and unconditional receivables from international organizations	-	-	-	-	-
Conditional and unconditional receivables from banks and brokerage houses	-	-	99.500	-	44.194
Conditional and unconditional receivables from corporates	2.955	24.694	37.123	112.978	149.130
Conditional and unconditional retail receivables	-	203	169	1.008	225
Conditional and unconditional receivables secured by mortgages	-	-	-	-	-
Past due receivables	-	-	-	-	2.644
Receivables defined in high risk category by BRSA	-	-	-	-	-
Securities collateralized by mortgages	-	-	-	-	-
Securitization positions	-	-	-	-	-
Short-term receivables from banks, brokerage houses and corporates	-	-	-	-	-
Investments similar to collective investment funds	-	-	-	-	-
Other receivables	-	-	-	-	-
TOTAL	2.955	24.897	136.792	113.986	193.549

(*) Includes risk amounts before the effect of credit risk mitigation but after the credit conversions.

(**) Credit risk amounts which have no maturities do not comprise in the table.

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II. EXPLANATIONS ON CREDIT RISK (Continued)

I. Exposure Categories

External risk ratings are not used to determine the risk weights of the risk categories as per the Article 6 of the "Regulation on Measurement and Assessment of Capital Adequacy Ratios of Banks".

Current Period Risk weights	%0	%10	%20	%50	%75	%100	%150	%200	%1250	Deductions from Equity
Exposures before Credit Risk Mitigation	538.497	-	1.044.787	4.528	4.366	546.102	-	-	-	-
Exposures after Credit Risk Mitigation	538.497	-	1.044.787	4.528	4.366	546.102	-	-	-	-

Prior Period Risk weights	%0	%10	%20	%50	%75	%100	%150	%200	%1250	Deductions from Equity
Exposures before Credit Risk Mitigation	615.873	-	826.156	14.272	-	534.910	1.605	-	-	-
Exposures after Credit Risk Mitigation	615.873	-	826.156	14.272	-	534.910	1.605	-	-	-

n. Information by major sectors and type of counterparties

The Branch allocates special provisions for its non-performing loans within the scope of Articles 10, 11, 13 and 15 of the regulation, not less than the minimum rates specified in the "Regulation on the Procedures and Principles Regarding the Classification of Loans and the Provisions to be Reserved for Them" published in the Official Gazette dated 22 June 2016 and numbered 29750. Apart from non-performing loans, the Branch also allocates general provisions for other loans defined by the same communiqué.

Depreciated Loans; These are loans that are deemed to be delinquent due to the fact that they are more than 90 days late as of the end of the reporting period or due to creditworthiness. For these loans, "Special Provision" calculation is made within the scope of the Provisions Regulation.

Overdue Loans; These are loans that are up to 90 days overdue as of the end of the reporting period but have not been devalued. For these loans, the "General Provision" calculation is made within the scope of the Provisions Regulation.

31 December 2025	Credits			
	Impaired Credits	Past Due Credits	Impaired Credits (*)	Past Due Credits (**)
Agriculture	108	-	-	108
Farming and Stockbreeding	108	-	-	108
Forestry	-	-	-	-
Fishery	-	-	-	-
Manufacturing	-	-	-	-
Mining and Quarrying	-	-	-	-
Production	-	-	-	-
Electricity, Gas and Water	-	-	-	-
Construction	164	-	-	66
Services	7.295	-	-	7.295
Wholesale and Retail Trade	7.295	-	-	7.295
Accommodation and Dining	-	-	-	-
Transportation and Telecom.	-	-	-	-
Financial Institutions	-	-	-	-
Real Estate and Rental Services	-	-	-	-
Professional Services	-	-	-	-
Educational Services	-	-	-	-
Health and Social Services	-	-	-	-
Others	-	-	-	-
Total	7.567	-	-	7.469

(*) It refers to the general reserve amount for overdue loans.

(**) It refers to the special reserve amount for depreciated loans.

(***) Uncompensated, non-cashable, non-cash credit risk is not included in the relevant table.

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II. EXPLANATIONS ON CREDIT RISK (Continued)

n. Information by major sectors and type of counterparties (Continued)

31 December 2024	Credits			
	Impaired Credits	Past Due Credits	Impaired Credits (*)	Past Due Credits (**)
Agriculture	108	-	-	108
Farming and Stockbreeding	108	-	-	108
Forestry	-	-	-	-
Fishery	-	-	-	-
Manufacturing	-	-	-	-
Mining and Quarrying	-	-	-	-
Production	-	-	-	-
Electricity, Gas and Water	-	-	-	-
Construction	284	-	-	23
Services	6.753	-	-	6.753
Wholesale and Retail Trade	6.753	-	-	6.753
Accommodation and Dining	-	-	-	-
Transportation and Telecom.	-	-	-	-
Financial Institutions	-	-	-	-
Real Estate and Rental Services	-	-	-	-
Professional Services	-	-	-	-
Educational Services	-	-	-	-
Health and Social Services	-	-	-	-
Others	212	-	-	84
Total	7.357	-	-	6.968

(*) It refers to the general reserve amount for overdue loans.

(**) It refers to the special reserve amount for depreciated loans.

(***) Uncompensated, non-cashable, non-cash credit risk is not included in the relevant table.

o. Movements in value adjustments and provisions

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
Special Provisions	6.968	501	-	-	7.469
General Provisions	17.604	4.441	-	-	22.045

Current Period	Opening Balance	Provision for Period	Provision Reversals	Other Adjustments	Closing Balance
Special Provisions	4.968	2.014	14	-	6.968
General Provisions	16.430	1.174	-	-	17.604

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
BRANCH (Continued)**

III. EXPLANATIONS ON CURRENCY RISK

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. The Branch does not hedge its foreign exchange debt instruments and net foreign exchange investments by the hedging derivatives.

The Branch holds position in line with the currency basket of CBRT to hedge the currency risk. Foreign Exchange asset-liability management has been effected as such all rates may be kept to be within liquidity and credit risks determined within the framework of risk-return profile of the Branch and in a way to ensure the sustainable profitability. Measurable and manageable risks have been undertaken as per the ratios that must be adhered to.

The foreign currency position risk of the Branch is monitored as per the limits and measured by “standard method”.

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:

	US Dollar	Euro	100 Japanese Yen	U.A.E. Dirham
Balance Sheet Evaluation	42,8457	50,2859	27,2921	11,6011
31.12.2025	42,8623	50,4532	27,4189	11,6054
30.12.2025	42,8542	50,4519	27,3575	11,6026
29.12.2025	42,7656	50,3547	27,2823	11,5786
26.12.2025	42,7641	50,3896	27,3730	11,5780
25.12.2025	42,7434	50,4208	27,3627	11,5732

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

USD:	42,5849 TL
EUR:	49,8591 TL
100 Japanese Yen	0,27262 TL
U.A.E. Dirham	11,5298 TL

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BRANCH (Continued)**

III. EXPLANATIONS ON CURRENCY RISK (continued)

Information on the foreign currency exchange rate risk of the Branch

	Euro	USD	Other FC	Total
31 December 2025				
Assets				
Cash (Cash in Vault, Effectives, Cash in Transit, Cheques Purchased) and Balances with the Central Bank of the Republic of Turkey	96.886	140.219	-	237.105
Banks	305.256	86.207	1.102	392.565
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Loans	202.561	143.504	-	346.065
Investments in Associates, Subsidiaries and Joint Ventures	-	-	-	-
Held to Maturity Securities	-	-	-	-
Hedging Derivative Financial Assets	-	-	-	-
Tangible Assets	-	-	-	-
Intangible Assets	-	-	-	-
Other Assets	-	100	-	100
Total Assets	604.703	370.030	1.102	975.835
Liabilities				
Bank Deposits	241.426	272.693	27	514.146
Foreign Currency Deposits	290.061	28.575	3.516	322.152
Funds from Interbank Money Market	-	-	-	-
Borrowings	-	-	-	-
Marketable Securities Issued	-	-	-	-
Sundry Creditors	2.228	8.483	-	10.711
Hedging Derivative Financial Liabilities	-	-	-	-
Other Liabilities	98	34	-	132
Total Liabilities	533.813	309.785	3.543	847.141
Net On-Balance Sheet Position	70.890	60.245	(2.441)	128.694
Net Off Balance Sheet Position				
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	3.015	2.739	-	5.754
31 December 2024				
Total Assets	566.235	395.147	893	962.275
Total Liabilities	487.653	349.657	2.760	840.070
Net On-Balance Sheet Position	78.582	45.490	(1.867)	122.205
Net Off Balance Sheet Position				
Financial Derivative Assets	-	-	-	-
Financial Derivative Liabilities	-	-	-	-
Non-Cash Loans	22.503	2.256	-	24.759

The table above shows the foreign currency position of the Branch on the basis of important foreign currency types. In accordance with the Uniform Chart of Accounts, foreign currency indexed assets are shown in Turkish Lira, not foreign currency, in the financial statements.

As of December 31, 2025, the Branch does not have any foreign currency indexed loans on the balance sheet (December 31, 2024: None). In addition, general provisions amounting to TL 9,501 (31 December 2024: TL 7,010) are not included in the table. Uncompensated and non-cash loans amounting to TL 1,826 have been netted from the balance of non-cash loans (31 December 2024: 1.503 TL).

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IV. 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.

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

31 December 2025	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	246.584	-	-	-	-	240.428	487.012
Banks	-	-	-	773.731	-	392.883	1.166.614
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	2.575	2.575
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-	-
Loans and Receivables	8.815	64.126	175.703	148.405	-	98	397.147
Held to Maturity Securities	-	-	-	-	-	-	-
Other Assets ^(*)	5	-	-	-	-	26.173	26.178
Total Assets	255.404	64.126	175.703	922.136	-	662.157	2.079.526
Liabilities							
Bank Deposits	160.070	-	-	-	-	526.406	686.476
Other Deposits	99	-	-	-	-	325.302	325.401
Funds From Interbank Money Market	-	-	-	-	-	-	-
Sundry Creditors	-	-	-	-	-	10.781	10.781
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities ^(**)	19	-	-	-	-	1.056.849	1.056.868
Total Liabilities	160.188	-	157.367	-	-	1.919.338	2.079.526
Balance Sheet Long Position	95.216	64.126	175.703	922.136	-	-	1.257.181
Balance Sheet Short Position	-	-	-	-	-	(1.257.181)	(1.257.181)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	95.216	64.126	175.703	922.136	-	(1.257.181)	-

(1) Other Assets** line includes Deferred Tax Assets, Tangible and Intangible Assets and Other Assets..

(2) Shareholders' equity, provisions and tax liability is presented under "Other liabilities" item in "Non-interest bearing".

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BRANCH (Continued)**

IV. EXPLANATIONS ON INTEREST RATE RISK (Continued)

**a. Interest sensitivity of assets, liabilities and outstanding account items to interest (as of the
remaining periods of repricing) (Continued)**

31 December 2024	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	220.497	-	-	-	-	355.381	575.878
Banks	53.802	143.694	-	559.873	-	264.371	1.021.740
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	1.134	1.134
Interbank Money Market Placements	-	-	-	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-	-	-	-
Loans and Receivables	6.789	19.620	158.109	134.175	-	389	319.082
Held to Maturity Securities	-	-	-	-	-	-	-
Other Assets ^(*)	-	-	-	-	-	18.457	18.457
Total Assets	281.088	163.314	158.109	694.048	-	639.732	1.936.291
Liabilities							
Bank Deposits	157.597	-	-	-	-	552.177	709.774
Other Deposits	95	-	-	-	-	321.373	321.468
Funds From Interbank Money Market	-	-	-	-	-	-	-
Sundry Creditors	-	-	-	-	-	8.937	8.937
Marketable Securities Issued	-	-	-	-	-	-	-
Funds Borrowed From Other Financial Institutions	-	-	-	-	-	-	-
Other Liabilities ^(**)	10	-	-	-	-	896.102	896.112
Total Liabilities	157.702	-	-	-	-	1.778.589	1.936.291
Balance Sheet Long Position	123.386	163.314	158.109	694.048	-	-	1.138.857
Balance Sheet Short Position	-	-	-	-	-	(1.138.857)	(1.138.857)
Off-Balance Sheet Long Position	-	-	-	-	-	-	-
Off-Balance Sheet Short Position	-	-	-	-	-	-	-
Total Position	123.386	163.314	158.109	694.048	-	(1.138.857)	-

^(*) “Other Assets” line includes Deferred Tax Assets, Tangible and Intangible Assets and Other Assets.

^(**) Shareholders’ equity, provisions and tax liability is presented under “Other liabilities” item in “Non-interest bearing.

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BRANCH (Continued)**

IV. EXPLANATIONS ON INTEREST RATE RISK(Continued)

b. Effective average interest rates for monetary financial instruments

The average interest rates in the tables below are calculated by weighting the simple interest rates applied to different maturity brackets with the principal amounts corresponding to the relevant maturity brackets.

31 December 2025	Euro	USD	Yen	TL
	(%)	(%)	(%)	(%)
Assets				
Cash Values (Cash Register, Effective Storage, Money on the Road, Purchased Checks) and Central Bank of the Republic of Turkey	-	-	-	-
Banks	-	-	-	30,00
Financial Assets at Fair Value Through Profit / Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	-
Loans and Receivables	8,76	9,87	-	41,81
Financial Assets Measured at Amortised Cost	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	7,00
Other Deposits	-	-	-	4,00
Debts to Money Markets	-	-	-	-
Miscellaneous Debts	-	-	-	-
Securities Issued	-	-	-	-
Funds from Other Financial Institutions	-	-	-	-

31 December 2024	Euro	USD	Yen	TL
	(%)	(%)	(%)	(%)
Assets				
Cash Values (Cash Register, Effective Storage, Money on the Road, Purchased Checks) and Central Bank of the Republic of Turkey	-	-	-	-
Banks	1,50	-	-	36,00
Financial Assets at Fair Value Through Profit / Loss	-	-	-	-
Interbank Money Market Placements	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	-
Loans and Receivables	9,35	9,65	-	38,49
Financial Assets Measured at Amortised Cost	-	-	-	-
Liabilities				
Bank Deposits	-	-	-	5,00
Other Deposits	-	-	-	4,00
Debts to Money Markets	-	-	-	-
Miscellaneous Debts	-	-	-	-
Securities Issued	-	-	-	-
Funds from Other Financial Institutions	-	-	-	-

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IV. EXPLANATIONS ON INTEREST RATE RISK (Continued)

c. Interest rate risk from banking accounts

It is the interest rate risk arising from all interest-sensitive on-balance sheet and off-balance sheet items, except for the items monitored in trading accounts and the items other than subordinated debts taken into account in the calculation of equity in accordance with the Regulation on Equity of Banks published in the Official Gazette dated September 5, 2013 and numbered 28756. This type of risk includes repricing, yield curve, base and optionality risks.

Repricing Risk

It is the possibility of loss that may arise from the possible changes in interest rates adversely affecting the net interest income and economic value of the bank according to the asset-liability maturity structure. Current assets and liabilities on the branch balance sheet are not sensitive to interest rate changes. Futures assets and liabilities, on the other hand, are open to the risk of repricing at varying scales according to currency types.

Yield Curve Risk

It is the possibility of loss that may arise from changes in the shape of the yield curve that may adversely affect the net interest income or economic value of the bank. The branch does not use financial products with maturities that may be exposed to yield curve risk. The branch is not exposed to yield curve risk.

Base risk

It is the possibility of loss caused by the increase or decrease of one of the different interest rates used as a basis in bilateral or multilateral transactions by the bank compared to the other, which negatively affects the net interest income or economic value of the bank. The branch does not use different bases for the interest rates to be used in the transactions it performs.

Risk of optionality

It is the possibility of loss that may result from financial products containing option rights/obligations, including embedded ones, adversely affecting the bank's net interest income or economic value. The branch does not use derivative financial products that include options. Apart from time deposits, there is no interest-sensitive item with optionality, and the share of this item in the total is negligible.

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**V. DISCLOSURES REGARDING THE RISK OF EQUITY POSITIONS ARISING FROM BANKING
ACCOUNTS**

Equity position risk arising from banking accounts

- a) Separation of risks according to their objectives, including their relationship with the earnings shown in equity and their strategic reasons, and general information about the accounting techniques and valuation methods used, as well as the assumptions, factors affecting the valuation and significant changes in these practices:

The Branch does not have any stocks that are not traded on the stock exchange.

- (b) the balance sheet value of stock investments, fair value and, for those listed on the stock exchange, a comparison with the market price if the market value is materially different from the fair value:

31 December 2025		Comparison		
Equity Investments		Balance Sheet Value	Fair Value	Market Value
1	Financial Assets at Fair Value Through Profit / Loss	2.575	2.575	-
	Traded on Stock Exchange	2.575	2.575	-
2	Associates	-	-	-
	Traded on Stock Exchange	-	-	-
3	Subsidiaries	-	-	-
	Traded on Stock Exchange	-	-	-

31 December 2024		Comparison		
Equity Investments		Balance Sheet Value	Fair Value	Market Value
1	Financial Assets at Fair Value Through Profit / Loss	1.134	1.134	-
	Traded on Stock Exchange	1.134	1.134	-
2	Associates	-	-	-
	Traded on Stock Exchange	-	-	-
3	Subsidiaries	-	-	-
	Traded on Stock Exchange	-	-	-

- c) Realized gains/losses, revaluation surpluses and unrealized gains/losses on equity securities and results included in core and supplementary capital:

None.

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THE BRANCH (Continued)**

**VI. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY
COVERAGE RATIO**

Liquidity risk is the risk that the Branch will not be able to fulfill its payment obligations on time due to the fact that it does not have cash availability or cash inflow at a level and quality to fully and on time cover cash outflows as a result of an imbalance in cash flow. It is evaluated under two main headings:

Funding liquidity risk: It is the risk of not being able to meet its debts and obligations without incurring any unexpected losses and defaulting.

Market liquidity risk: It is the risk that a position cannot be sold or closed without affecting the market price due to insufficient market depth or deterioration of market conditions, and that the market price of a position cannot be formed for any reason.

a. Information on liquidity risk management, including the risk capacity of the branch, the responsibilities and structure of the liquidity risk management, the reporting of the liquidity risk within the bank, the liquidity risk strategy, and how the policies and practices are communicated to the board and lines of business

The applications and responsibilities related to the liquidity risk has been determined according to the Treasury Liquidity and Market Management Policies and Practices approved by Board of Managers. The Branch’s liquidity policy is to own sufficient liquidity reserve and opportunities to meet its liabilities even in cases of stress, resulting from the market conditions or other conditions specific to the Branch.

Branch has a high-risk coverage ratio due to its capital and asset / liability structure. The liquidity coverage ratio of the Branch which is able to meet the cash outflows with high quality liquid asset stake is considered to be well above the market averages and quite high. There are also ready-to-use limits for the CBRT.

In the daily / weekly / periodically structured meetings of the Assets and Liabilities Committee and the Risk Committee attended by the senior management, the indicators related to the liquidity status are examined and the liquidity risk is addressed. In addition, the Board of Managers is informed through the regular reports prepared by the Risk Management Department and the Audit Committee.

For liquidity risk management, the Risk Management Unit monitors the funding and liquidity risk, market conditions, the distribution of accounts in different foreign currency types, the maturity structure, costs and expected future cash flow obligations.

The Risk Management Unit monitors the limits on liquidity risk determined by the Board of Managers. In addition to these, the Risk Management Unit implements periodic liquidity stress tests to measure the effects of adverse scenarios on the liquidity situation of the Branch. The Fund Management Department manages the funding and liquidity risk to prevent inadequate funding at any time or any source and regularly reports on the liquidity position of the Assets and Liabilities Committee and the Branch's liquidity position. The General Accounting Unit Financial Reporting Service monitors the liquidity coverage ratio and regularly reports to the BRSA.

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**VI. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY
COVERAGE RATIO (Continued)**

**b. Information on the centralization degree of liquidity management and funding strategy and the
functioning between the Bank and the Bank’s subsidiaries**

The Branch’s liquidity management is performed by the Asset and Liability Management. The branch has no subsidiary subject to consolidation.

**c. Information on the Bank’s funding strategy including the policies on funding types and variety of
maturities**

Branch spread to the base of demand current and time deposit accounts and that a stable, long-term diversification and aims to be the source of the funds used. Ratio of liquid assets to total assets ratio and risk indicators related to liquidity, credit and the ratio of funds, issues such as the concentration in provided funds are being closely monitored.

**ç. Information on liquidity management on the basis of currencies constituting a minimum of five
percent of the Branch’s total liabilities**

The total liabilities of branches are in Turkish Lira, Euro or US Dollar, and GBP and Iranian Riyal are in foreign currency. TL liquidity of the branch is managed by cash and cash convertible securities held by CBRT and Banks. TL assets are used for funding TL assets and FC liabilities are used for funding of FX assets. Foreign currency funds are provided from foreign currency denominated borrowings and foreign bank deposits held in our Branch. Foreign currency liquidity is held in correspondent bank accounts within limits.

d. Information on liquidity risk mitigation techniques

Liquidity risk is mitigated by using techniques such as maintaining high quality liquid asset buffer to cover possible fund outflows, diversification of funding sources so far as possible and inclusion to the base, homogenizing the maturity distribution of repayments as far as possible, obtaining limits from funding institutions to use when necessary and ensuring that a determined portion of funding sources are comprised of deposits. In addition, core deposit analysis is performed and concentration on collected funds are closely monitored.

e. Information on the use of stress tests

In order to analyze the source of the possible liquidity insufficiencies and whether comfortably move exists on existing off-balance sheet and balance sheet positions relevant with liquidity risk expectation, the scenarios are implemented by Risk Management Directorate and 3 types liquidity stress tests are prepared by Banking Regulation and Supervision Agency (BRSA). These includes stress test scenarios are special to the Branch, related with the overall market or scenarios take in consideration both of the situations. Stress tests related with liquidity risk are repeated at monthly periods. Results are tracked with key risk indicators and monitored by Senior Management.

f. General information on urgent and unexpected liquidity situation plans

Necessary strategy and procedures for the management of possible liquidity crisis are determined with the Liquidity Contingency Plan, which is approved and reviewed by the Board of Managers. The plan ultimately aims to protect current and participating account holders, lenders and shareholders. The basic indicators of the Liquidity Emergency Action Plan have been identified, and if the unexpected developments in the liquidity situation or other indicators are triggered, the plan is put into practice. The Risk Committee is responsible for monitoring the plan, and the Asset and Liability Committee is responsible for its implementation.

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**VI. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY
COVERAGE RATIO (Continued)**

Liquidity Coverage Ratio

31 December 2025		Total value without consideration rate applied ⁽¹⁾		Total value with consideration rate applied ⁽¹⁾	
		TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets				503.291	250.883
1	Total high-quality liquid assets			503.291	250.883
Cash Outflows					
2	Retail deposits and deposits from small business customers	307.177	304.746	30.575	30.454
3	Stable deposits	2.843	415	142	21
4	Less stable deposits	304.335	304.331	30.433	30.433
5	Unsecured wholesale funding	823.609	662.117	696.164	535.808
6	Operational deposits	1.147	1.134	287	283
7	Non-operational deposits	210.975	209.098	84.390	83.639
8	Unsecured funding	611.487	451.886	611.487	451.886
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	-	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	11.952	11.932	2.513	2.511
16	Total Cash Outflows			729.252	568.773
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	-	-	-	-
19	Other cash inflows	1.088.506	387.558	1.088.506	387.558
20	Total Cash Inflows	1.088.506	387.558	1.088.506	387.558
21	Total HQLA			503.291	250.883
22	Total Net Cash Outflows			182.313	161.647
23	Liquidity Coverage Ratio (%)			276,06	155,20

⁽¹⁾ The average calculated for the last three months of the liquidity coverage ratio calculated by taking the weekly simple arithmetic average

The lowest, highest and average Liquidity Coverage Ratios for the period of 31 December 2025 are given in the table below:

Current Period	Highest	Date	Lowest	Date	Average
TL+FC	288,96	13.10.2025	251,51	22.12.2025	275,75
FC	172,28	8.10.2025	122,61	3.10.2025	155,48

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**VI. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY
COVERAGE RATIO (Continued)**

Liquidity Coverage Ratio (Continued)

31 December 2024		Total value without consideration rate applied ⁽¹⁾		Total value with consideration rate applied ⁽¹⁾	
		TL+FC	FC	TL+FC	FC
High-Quality Liquid Assets					
1	Total high-quality liquid assets			579.693	330.300
Cash Outflows					
2	Retail deposits and deposits from small business customers	279.792	277.165	27.765	27.624
3	Stable deposits	4.295	1.853	215	93
4	Less stable deposits	275.497	275.312	27.550	27.531
5	Unsecured wholesale funding	860.697	673.162	756.768	570.276
6	Operational deposits	1.144	1.131	286	283
7	Non-operational deposits	171.784	170.064	68.714	68.026
8	Unsecured funding	687.768	501.967	687.768	501.967
9	Secured wholesale funding			-	-
10	Other cash outflows of which:	-	-	-	-
11	Outflows related to derivative exposures and other collateral requirements	-	-	-	-
12	Outflows related to restructured financial instruments	-	-	-	-
13	Payment commitments and other off-balance sheet commitments granted for debts to financial markets	-	-	-	-
14	Other revocable off-balance sheet commitments and contractual obligations	-	-	-	-
15	Other irrevocable or conditionally revocable off-balance sheet obligations	43.627	43.608	5.440	5.438
16	Total Cash Outflows			789.973	603.338
Cash Inflows					
17	Secured receivables	-	-	-	-
18	Unsecured receivables	-	-	-	-
19	Other cash inflows	821.014	320.513	821.014	320.513
20	Total Cash Inflows	821.014	320.513	821.014	320.513
21	Total HQLA			579.693	330.300
22	Total Net Cash Outflows			197.493	273.064
23	Liquidity Coverage Ratio (%)			293,53	120,96

(1) The average calculated for the last three months of the liquidity coverage ratio calculated by taking the weekly simple arithmetic average

The table below presents lowest, highest and average liquidity coverage ratios as of 31 December 2024:

Current Period	Highest	Date	Lowest	Date	Average
TL+FC	309,99	12.12.2024	279,69	12.11.2024	293,85
FC	153,37	3.10.2024	99,58	23.12.2024	123,04

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**VI. EXPLANATIONS RELATED TO LIQUIDITY RISK MANAGEMENT AND LIQUIDITY
COVERAGE RATIO (Continued)**

Representation of active and passive items according to their remaining maturities

	Demand	Up to 1 Month	1 – 3 Months	3 – 12 Months	1 – 5 years	Over 5 years	Unallocated ^(*)	Total
31 December 2025								
Assets								
Cash and the Central Bank of the Republic of Turkey	240.428	246.584	-	-	-	-	-	487.012
Banks	392.883	-	-	-	773.731	-	-	1.166.614
Financial Assets at Fair Value Through Profit or Loss	-	-	-	-	-	-	2.575	2.575
Interbank Money Market Placements	-	-	-	-	-	-	-	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	-	-	-	-	-
Loans and Receivables	-	8.815	64.126	175.703	148.405	-	98	397.147
Financial Assets Measured at Amortised Cost	-	-	-	-	-	-	-	-
Other Assets (*)	16	-	4.132	-	-	-	22.030	26.178
Total Assets	633.327	255.399	68.258	175.703	922.136	-	24.703	2.079.526
Liabilities								
Bank Deposits	526.406	160.070	-	-	-	-	-	686.476
Other Deposits	325.302	99	-	-	-	-	-	325.401
Funds Borrowed From Other Financial Institutions	-	-	-	-	-	-	-	-
Funds From Interbank Money Market	-	-	-	-	-	-	-	-
Marketable Securities Issued	-	-	-	-	-	-	-	-
Sundry Creditors	10.781	-	-	-	-	-	-	10.781
Other Liabilities (**)	-	19	-	-	-	-	1.056.849	1.056.868
Total Liabilities	862.489	160.188	-	-	-	-	1.056.849	2.079.526
Liquidity Gap	(229.162)	95.211	68.258	175.703	922.136	-	(1.032.146)	-
Off-Balance Sheet Position (Net)								
Receivables from financial derivative instruments	-	-	-	-	-	-	-	-
Payables to financial derivative instruments	-	-	-	-	-	-	-	-
Contingencies	-	-	-	-	-	-	-	-
31 December 2024								
Total Assets	673.716	227.286	164.663	158.109	694.048	-	18.469	1.936.291
Total Liabilities	882.487	157.702	-	-	-	-	896.102	1.936.291
Liquidity Gap	208.771	69.584	164.663	158.109	694.048	-	(877.633)	-
Off-Balance Sheet Position (Net)								
Receivables from financial derivative instruments	-	-	-	-	-	-	-	-
Payables to financial derivative instruments	-	-	-	-	-	-	-	-
Contingencies	-	-	-	-	-	-	-	-

(1) Assets that are necessary for banking activities and that cannot be liquidated in the short-term, such as tangible assets, 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

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**VI. DISCLOSURES ON LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND
NET STABLE FUNDING RATIO (Continued)**

Net Stable Funding Rate

Current Period	Amount to which the consideration rate has not been applied based on its remaining				maturities Total amount to which the consideration rate has been applied
	Demand*	Term Less Than 6 Months	6 Months to Longer than 6 Months	Term Less than 1 Year Term 1 Year and Longer Term 1 Year	
Current Stable Fund					
Elements of Equity	975.069	-	-	-	975.069
Principal Capital and Contribution Capital	975.069				975.069
Other Equity Elements					
Real Person and Retail Customer Deposits	1.121.784	-	-	-	1.010.367
Stable Deposits	15.189				14.431
Low Stable Deposits	1.106.595				995.936
Debts to Other Persons	33.172	-	-	-	16.586
Operational Deposit/participation fund					
Other Debts	33.172				16.586
Liabilities Equivalent to Interconnected Assets					
Other Obligations	-	-	-	-	-
Derivative Liabilities	-	-	-	-	-
Other Equity Elements and Liabilities Not Listed Above	-	-	-	-	-
Current Stable Fund					2.002.022
Stable Fund Required					
High-Quality Liquid Assets					
Operational Deposits/Participation Funds Deposited in Credit Institutions or Financial Institutions	-	-	-	-	-
Live Receivables	-	-	-	-	-
Receivables from Credit Institutions or Financial Institutions with Collateral as First Quality Liquid Assets	-	-	-	-	-
Unsecured or Unsecured Receivables from Credit Institutions or Financial Institutions	-	-	-	-	-
Receivables from Corporate Customers, Organizations, Real Persons and Retail Customers, Central Governments, Central Banks and Public Institutions Other than Credit Institutions or Financial Institutions	-	-	-	-	-
Receivables subject to a low risk weight of 35% or less	-	-	-	-	-
Receivables Collateralized by a Residential Real Estate Mortgage	-	-	-	-	-
Receivables subject to a low risk weight of 35% or less	-	-	-	-	-
Stock Exchange Traded Stocks and Debt Instruments That Do Not Qualify as High Quality Liquid Assets	-	-	-	-	-
Assets Equivalent to Interdependent Liabilities					
Other Assets	840.861	-	-	-	839.731
Physically Delivered Commodities, Including Gold	-				-
Initial Margin of Derivative Contracts or Guarantee Fund Given to the Central Counterparty					
Derivative Assets					
The Amount of Derivative Liabilities Before Deducting the Exchange Collateral					
Other Assets Not Listed Above	840.861	-	-	-	839.731
Off-Balance Sheet Liabilities					590
Stable Fund Required					840.321
Net Stable Funding Rate (%) (Current/Required Stable Fund)					238,24

* The items in the Demand Deposit column do not have a specific maturity. These include, but are not limited to, equity elements that do not have a specific maturity, demand deposits, short positions, positions with uncertain futures, stocks that are not high-quality liquid assets, and physically delivered commodities.

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**VI. DISCLOSURES ON LIQUIDITY RISK MANAGEMENT, LIQUIDITY COVERAGE RATIO AND
NET STABLE FUNDING RATIO (Continued)**

Net Stable Funding Rate

Previous Period	Amount to which the consideration rate has not been applied based on its remaining				maturities Total amount to which the consideration rate has been applied
	Demand*	Term Less Than 6 Months	6 Months to Longer than 6 Months	Term Less than 1 Year Term 1 Year and Longer Term 1 Year	
Current Stable Fund					
Elements of Equity	833.466	-	-	-	833.466
Principal Capital and Contribution Capital	833.466	-	-	-	833.466
Other Equity Elements	-	-	-	-	-
Real Person and Retail Customer Deposits	1.157.617	-	-	-	1.042.628
Stable Deposits	15.450	-	-	-	14.678
Low Stable Deposits	1.142.167	-	-	-	1.027.950
Debts to Other Persons	26.471	-	-	-	13.236
Operational Deposit/participation fund	-	-	-	-	-
Other Debts	26.471	-	-	-	13.236
Liabilities Equivalent to Interconnected Assets					
Other Obligations	-	-	-	-	-
Derivative Liabilities	-	-	-	-	-
Other Equity Elements and Liabilities Not Listed Above	-	-	-	-	-
Current Stable Fund					1.889.330
Stable Fund Required					
High-Quality Liquid Assets					
Operational Deposits/Participation Funds Deposited in Credit Institutions or Financial Institutions	-	-	-	-	-
Live Receivables	-	-	-	-	-
Receivables from Credit Institutions or Financial Institutions with Collateral as First Quality Liquid Assets	-	-	-	-	-
Unsecured or Unsecured Receivables from Credit Institutions or Financial Institutions	-	-	-	-	-
Receivables from Corporate Customers, Organizations, Real Persons and Retail Customers, Central Governments, Central Banks and Public Institutions Other than Credit Institutions or Financial Institutions	-	-	-	-	-
Receivables subject to a low risk weight of 35% or less	-	-	-	-	-
Receivables Collateralized by a Residential Real Estate Mortgage	-	-	-	-	-
Receivables subject to a low risk weight of 35% or less	-	-	-	-	-
Stock Exchange Traded Stocks and Debt Instruments That Do Not Qualify as High Quality Liquid Assets	-	-	-	-	-
Assets Equivalent to Interdependent Liabilities					
Other Assets	719.006	-	-	-	717.458
Physically Delivered Commodities, Including Gold	-	-	-	-	-
Initial Margin of Derivative Contracts or Guarantee Fund Given to the Central Counterparty	-	-	-	-	-
Derivative Assets	-	-	-	-	-
The Amount of Derivative Liabilities Before Deducting the Exchange Collateral	-	-	-	-	-
Other Assets Not Listed Above	719.006	-	-	-	717.458
Off-Balance Sheet Liabilities					1.789
Stable Fund Required					719.247
Net Stable Funding Rate (%) (Current/Required Stable Fund)					262,68

* The items in the Demand Deposit column do not have a specific maturity. These include, but are not limited to, equity elements that do not have a specific maturity, demand deposits, short positions, positions with uncertain futures, stocks that are not high-quality liquid assets, and physically delivered commodities.

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VII. EXPLANATIONS ON LEVERAGE RATIO

The leverage ratio calculated based on the arithmetic mean of the values found in the previous three months as of the balance sheet date of the Branch was 45.11% (31 December 2024: 40.79%).

Below is the table regarding the leverage ratio calculated in accordance with the "Regulation on the Measurement and Evaluation of the Leverage Level of Banks" published in the Official Gazette dated 5 November 2013 and numbered 28812:

		31 December 2025 ⁽¹⁾	31 December 2024 ⁽¹⁾
	On-balance sheet assets		
1	On-balance sheet items (excluding derivative financial instruments and credit derivatives but including collateral)	2.133.963	1.981.652
2	(Assets deducted in determining Tier I capital)	(7.131)	(3.968)
3	Total on-balance sheet risks (sum of lines 1 and 2)	2.126.833	1.977.684
	Derivative financial instruments and credit derivatives		
4	Replacement cost associated with all derivative instruments and credit derivatives	-	-
5	Add-on amounts for PFE associated with all derivative instruments and credit derivatives	-	-
6	Total risks of derivative financial instruments and credit derivatives (sum of lines 4 to 5)	-	-
	Securities or commodity financing transactions (SCFT)		
7	Risks from SCFT assets (excluding on-balance sheet)	-	-
8	Risks from brokerage activities related exposures	-	-
9	Total risks related with securities or commodity financing transactions (sum of lines 7 to 8)	-	-
	Other off-balance sheet transactions		
10	Gross nominal amount of off-balance sheet transactions	13.507	43.634
11	The amount of the adjustment resulting from multiplication by the conversion rates to credit	-	-
12	Total amount of risk related to off-balance sheet transactions (sum of lines 10 and 11)	13.507	43.634
	Capital and total risks		
13	Tier I capital	965.480	824.420
14	Total risks (sum of lines 3, 6, 9 and 12)	2.140.339	2.021.318
	Leverage ratio		
15	Leverage ratio	45,11	40,79

(1) Amounts in the table are three-month average amounts.

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VIII. EXPLANATIONS ON THE FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES (Continued)

TFRS 7, "Financial Instruments: Disclosures" standard requires that items presented at fair value in the financial statements be classified according to certain levels. These levels are based on the observability of the data used in calculating the fair value. The classification of fair value is as follows:

	Book Value	Fair Value
	31 December 2025	31 December 2024
Financial Assets	1.566.238	1.566.238
Interbank Money Market Placements	-	-
Banks	1.166.614	1.166.614
Financial Assets at Fair Value Through Profit or Loss	2.575	2.575
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Loans (*)	397.049	397.049
Financial Liabilities	1.022.658	1.022.658
Bank Deposits	686.476	686.476
Other Deposits	325.401	325.401
Miscellaneous Payables	10.781	10.781

(*) It is observed that the fair value approximates to the recorded value.

	Book Value	Fair Value
	31 December 2025	31 December 2024
Financial Assets	1.341.567	1.341.567
Interbank Money Market Placements	-	-
Banks	1.021.740	1.021.740
Financial Assets at Fair Value Through Profit or Loss	1.134	1.134
Financial Assets at Fair Value through Other Comprehensive Income	-	-
Loans (*)	318.693	318.693
Financial Liabilities	1.040.179	1.040.179
Bank Deposits	709.774	709.774
Other Deposits	321.468	321.468
Miscellaneous Payables	8.937	8.937

(*) It is observed that the fair value approximates to the recorded value.

**IX. EXPLANATIONS ON THE ACTIVITIES CARRIED OUT ON BEHALF AND ACCOUNT OF
OTHER PERSONS**

The Branch does not perform purchases, sales and custody services in the name of others. The Branch has no fiduciary based transactions.

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X. EXPLANATIONS ON RISK MANAGEMENT

The footnotes and related explanations prepared in accordance with the “Communiqué on Public Disclosures by the Banks” published in the Official Gazette No. 29511 on 23 October 2015 and entered into force on 31 March 2016 are given in this section. Since the standard approach is used for credit risk in calculating the capital adequacy of the Branch, the tables that should be prepared within the scope of the internal rating based approach are not provided.

Risk Management System, created for the systematic management of the risks the Branch is exposed to; It refers to the Board of Managers, the Audit Committee, the Risk Committee and the Risk Management Unit. The Board of Managers owns the Risk Management System in the Branch; It ensures the establishment of an efficient, sufficient and appropriate risk management system within the branch and the continuity of this system. The main purpose of the Branch Risk Management System is through the policies, implementation procedures and limits determined to monitor, control and change the risk-return structure of the Branch's future cash flows, accordingly, the nature and level of the activities. to ensure that risks are identified, measured, monitored and controlled.

Risk management aim and policies

Risk is defined as the probability of a reduction in economic benefit in the event of a monetary loss or an expense or loss related to a transaction or activity.

The branch is exposed to some risks due to the activities it carries out to achieve its goals. The purpose of risk management is to define, measure, report, monitor and control the risks exposed through determined implementation procedures and limits, and determine the internal capital requirement compatible with the risk profile to be adopted in this context.

The following points are taken into account in determining the risk management policy and implementation procedures:

- Branch's vision, mission, strategy and goals,
- Primary and weighted fields of activity of the Branch, products, and their volume and characteristics,
- Organizational structure of the Branch, human resources,
- Past incidents and experiences related to risks to be exposed,
- Database coverage and quality for risk management,
- Technological competence of the branch and its level of contribution to risk monitoring and management activities,
- Internal capital requirement and actual equity level and corresponding risk level

Risk management policies and procedures are determined and developed by considering factors such as the size of the branch, the scope and complexity of the activities, and the variety of products used.

When evaluated from these angles, management of credit risk is of great importance.

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X. EXPLANATIONS ON RISK MANAGEMENT (Continued)

a. Explanation on risk management and risk weighted amounts

1. Risk weighted amounts

	Risk Weighted Amounts		Minimum Capital Requirements
	31 December 2025	31 December 2024	31 December 2025
1	760.598	709.685	60.848
2	760.598	709.685	60.848
3	-	-	-
4	-	-	-
5	-	-	-
6	-	-	-
7	-	-	-
8	-	-	-
9	-	-	-
10	-	-	-
11	-	-	-
12	-	-	-
13	-	-	-
14	-	-	-
15	-	-	-
16	132.637	125.409	10.611
17	132.637	125.409	10.611
18	-	-	-
19	332.033	262.287	26.563
20	332.033	262.287	26.563
21	-	-	-
22	-	-	-
23	-	-	-
24	-	-	-
25	1.225.268	1.097.381	98.022

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X. EXPLANATIONS ON RISK MANAGEMENT (Continued)

**2. Differences and matching between asset and liabilities’ carrying values in financial statements
and risk amounts in capital adequacy calculation**

	<i>Carrying values in financial statements prepared as per TAS</i>	<i>Carrying values of items in accordance with Turkish Accounting Standards</i>			
		<i>Subject to credit risk</i>	<i>Counterparty subject to credit risk</i>	<i>Subject to market risk</i>	<i>Not subject to capital liability or deducted from capital</i>
31 December 2025					
Assets					
Cash and Cash Equivalents	1.653.626	1.653.626	-	-	-
Financial Assets at Fair Value Through Profit or Loss	2.575	2.575	-	1.237	-
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	-	-
Financial Assets measured at Amortised Cost	-	-	-	-	-
Derivative Financial Assets	-	-	-	-	-
Non-Performing Financial Assets	-	-	-	-	-
Expected Loss Provision	-	-	-	-	-
Loans (Net)	397.147	397.147	-	346.065	-
<i>Loans</i>	397.049	397.049	-	346.065	-
<i>Lease Receivables</i>	-	-	-	-	-
<i>Factoring Receivables</i>	-	-	-	-	-
<i>Non-Performing Loans</i>	7.567	7.567	-	-	-
<i>Specific Provisions (-)</i>	7.469	7.469	-	-	-
Non-current Assets or Disposal Groups “Held for Sale” and “Held from Discontinued Operations” (net)	-	-	-	-	-
Equity Investments	-	-	-	-	-
Tangible Assets (net)	12.768	12.768	-	-	-
Intangible Assets (net)	300	300	-	-	-
Investment Property (net)	-	-	-	-	-
Current Tax Asset	-	-	-	-	-
Deferred Tax Asset	7.022	7.022	-	-	-
Other Assets	6.088	6.088	-	100	-
Total Assets	2.079.526	2.079.526	-	977.072	-
Liabilities					
Deposits	1.011.877	-	-	836.298	175.579
Derivative Financial Liabilities Held for Trading	-	-	-	-	-
Interbank Money Markets	-	-	-	-	-
Securities Issued	-	-	-	-	-
Funds	-	-	-	-	-
Financial Liabilities at Fair Value through Profit or Loss	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-
Factoring liabilities	-	-	-	-	-
Lease liabilities	-	-	-	-	-
Provisions	49.118	-	-	-	49.118
Current tax liability	16.861	-	-	-	16.861
Deferred tax liability	-	-	-	-	-
Liabilities for Assets Held for Sale and Assets of Discontinued Operations	-	-	-	-	-
Subordinated Debt	-	-	-	-	-
Other Liabilities	21.625	-	-	10.843	10.782
Shareholders’ Equity	980.045	-	-	-	980.045
Total Liabilities	2.079.526	-	-	847.141	1.232.385

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X. EXPLANATIONS ON RISK MANAGEMENT (Continued)

2. Differences and matching between asset and liabilities’ carrying values in financial statements and risk amounts in capital adequacy calculation (continued)

	<i>Carrying values in financial statements prepared as per TAS</i>	<i>Carrying values of items in accordance with Turkish Accounting Standards</i>			
		<i>Subject to credit risk</i>	<i>Counterparty subject to credit risk</i>	<i>Subject to market risk</i>	<i>Not subject to capital liability or deducted from capital</i>
31 December 2024					
Assets					
Cash and Cash Equivalents	1.597.619	1.597.619	-	-	-
Financial Assets at Fair Value Through Profit or Loss	1.134	-	-	-	1.134
Financial Assets at Fair Value through Other Comprehensive Income	-	-	-	-	-
Financial Assets measured at Amortised Cost	-	-	-	-	-
Derivative Financial Assets	-	-	-	-	-
Non-Performing Financial Assets	-	-	-	-	-
Expected Loss Provision	-	-	-	-	-
Loans (Net)	319.083	11	-	-	333.008
<i>Loans</i>	<i>318.694</i>	<i>11</i>	<i>-</i>	<i>-</i>	<i>318.683</i>
<i>Lease Receivables</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Factoring Receivables</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
<i>Non-Performing Loans</i>	<i>7.357</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>7.357</i>
<i>Specific Provisions (-)</i>	<i>6.968</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>6.968</i>
Non-current Assets or Disposal Groups “Held for Sale” and “Held from Discontinued Operations” (net)	-	-	-	-	-
Equity Investments					
Tangible Assets (net)	10.997	10.997	-	-	-
Intangible Assets (net)	714	-	-	-	714
Investment Property (net)	-	-	-	-	-
Current Tax Asset	-	-	-	-	-
Deferred Tax Asset	4.240	-	-	-	4.240
Other Assets	4.240	2.508	-	-	-
Total Assets	1.936.295	1.611.135	-	-	339.096
Liabilities					
Deposits	1.031.242	-	-	-	1.031.242
Derivative Financial Liabilities Held for Trading	-	-	-	-	-
Interbank Money Markets	-	-	-	-	-
Securities Issued	-	-	-	-	-
Funds	-	-	-	-	-
Financial Liabilities at Fair Value through Profit or Loss	-	-	-	-	-
Derivative financial liabilities	-	-	-	-	-
Factoring liabilities	-	-	-	-	-
Lease liabilities	-	-	-	-	-
Provisions	34.774	-	-	-	34.774
Current tax liability	14.397	-	-	-	14.397
Deferred tax liability	-	-	-	-	-
Liabilities for Assets Held for Sale and Assets of Discontinued Operations	-	-	-	-	-
Subordinated Debt	-	-	-	-	-
Other Liabilities	18.792	-	-	-	18.792
Shareholders’ Equity	837.090	-	-	-	837.090
Total Liabilities	1.936.295	-	-	-	1.936.295

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
BRANCH (Continued)**

X. EXPLANATIONS ON RISK MANAGEMENT (Continued)

**3. Main sources of differences between regulatory exposure amounts and carrying values in
financial statements**

		Items subject to credit risk framewor k	Items subject to securitisation framework	Items subject to counterpart y credit risk framework	Items subject to market risk framework
31 December 2025	Total				
1- Carrying Value of Assets in Accordance with TAS (as per template 1B)	2.079.526	2.079.526	-	-	977.072
2- Carrying Value of Liabilities in Accordance with TAS (as per template 1B)	2.079.526	-	-	-	847.141
3- Total net amount	-	2.079.526	-	-	5.754
4- Off-balance sheet amounts	13.620	11.794	-	-	-
5- Differences in valuations	-	-	-	-	-
6- Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
7- Differences due to consideration of provisions	-	-	-	-	-
8- Differences due to prudential filters	-	-	-	-	-
9- Risk Amount	2.093.146	2.091.320	-	-	-

		Items subject to credit risk framewor k	Items subject to securitisation framework	Items subject to counterpart y credit risk framework	Items subject to market risk framework
31 December 2024	Total				
1- Carrying Value of Assets in Accordance with TAS (as per template 1B)	1.936.295	1.611.135	-	-	-
2- Carrying Value of Liabilities in Accordance with TAS (as per template 1B)	-	-	-	-	-
3- Total net amount	1.936.295	1.611.135	-	-	-
4- Off-balance sheet amounts	32.302	14.103	-	-	-
5- Differences in valuations	-	-	-	-	-
6- Differences due to different netting rules (other than those already included in row 2)	-	-	-	-	-
7- Differences due to consideration of provisions	-	-	-	-	-
8- Differences due to prudential filters	-	-	-	-	-
9- Risk Amount	1.968.597	1.625.238	-	-	-

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
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X. EXPLANATIONS ON RISK MANAGEMENT (Continued)

b. General qualitative information on credit risk:

1. How the business model translates into the components of the Branch’s credit risk profile:

The business model of the Branch basically consists of two main business fields: collecting funds by means of demand current accounts, scattered customer time deposit accounts, especially with Bank Mellat Iran and other foreign Iranian banks repo accounts subject to the interest-free banking rules, and using those funds and equity funds to make funds available to customers. Because of these main business fields, the branch’s assets have a low credit-weighted structure. Reflecting this business model, its total assets consist mainly of government bonds and domestic marketable bond securities, while the loans provided to customers remain in small proportions. The branch aims to increase the loan amount, taking into account the risk-return balance, and thus to achieve a sustainable growth.

The risk profile of the Branch indicates the types of risks to which it is exposed or expects to be exposed, and its risk level by type of risk. The largest type of risk to which the Branch is exposed or expects to be exposed within its current and target business model is not the SME or commercial customer credit risk. Although the credits remain in the active ratios, the sectoral concentration and maturity structure are followed in the scope of the risk of concentration. Conversion rates and limitations are followed for exposure risk. Intrinsic limits have been set for borrowers and credit risk groups in terms of credit risk intensities, taking into account the coherent size orders. Country limits have been established in order to prevent concentration in the countries determined within the scope of the country risk. Although it is a branch status and ownership structure is naturally higher country risk is Iran, it is considered to include a reasonably low risk. In legal reporting, risks in Iran and other countries are monitored in accordance with BRSA regulations.

2. Criteria and approach used for defining credit risk policy and for setting credit risk limits:

The main purpose of the credit risk policy is to measure the counterparty risk undertaken as part of a credit transaction, to monitor the risk against the legal limits and the Branch’s internal limits, to research new techniques and applications for measuring and controlling the risk, to monitor overdue receivables, to analyze the reason of overdue, and to take measures to prevent such reasons from repeating. The term ‘credit risk’ refers to the potential loss the branch might be exposed to because of credit borrowers’ partial or full default of the credit agreements they signed with the branch. This term also includes the loss of market value because of the breakdown of the counterparty’s financial position. This term includes on-balance sheet and off-balance sheet transactions too.

Risk limits; as part of the risk appetite structure, are determined by considering the size of the branch in the capital structure and the financial system. In this context the appetite for risk approved by the Board of Managers are divided between and allocated to other levels considered necessary by type of risk. The uses of the limits are closely monitored, and overdrafts are reported to the executive management for ensuring the necessary measures to be taken.

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BRANCH (Continued)**

X. EXPLANATIONS ON RISK MANAGEMENT (Continued)

b. General qualitative information on credit risk (Continued):

3. Structure and organization of the credit risk management and control function:

Risk Management, by Internal Control - Compliance and Internal Audit Units, works under the Audit Committee is affiliated to the Board of Managers. Risk Management Unit to which it is affiliated are responsible for implementing the strategies and policies approved by the Branch Management Board and for carrying out other duties assigned by the Internal Systems Supervisor performing the Audit Committee mission.

4. Relations between the credit risk management, risk control, compliance and internal audit functions:

The units within the scope of the internal systems were established in accordance with the Board of Managers within the branch organization structure. The board of managers has delegated its duties and responsibilities within internal systems to the Audit Committee, which is designated as Internal Systems Responsible. These units carry out their activities under the supervision of the Internal Systems Supervisor.

The internal control function of the Branch is performed by the Internal Control Department. Internal Control System has been founded in such a manner to be capable and efficient to mitigate, manage, monitor and control the exposure risks of the Branch in accordance with the Branch’s organizational structure and business fields as well as changing circumstances, and covers all domestic and international branches, head office, consolidated subsidiaries and all business activities of the Branch. The internal control system and internal control activities of the Branch are designed by the Internal Control Department in cooperation with the relevant management executives and are performed at a sufficient and efficient extent.

Compliance checks are carried out within the Internal Control Unit in accordance with the legislation in accordance with the structure of the Branch efforts are being made to ensure that the risk of compliance in the branch is effectively managed and controlled, that such risks are identified and prevented before they occur, and that the activities of the Branch are carried out in accordance with the relevant legislation and regulations in a continuous manner.

Risk Management Department performs the tasks of determining, measuring and managing the exposure risks of the branch. An efficient risk management system infrastructure has been established for credit risk management tasks, credit policy, and risk management activities falling within the credit risk policy. The internal credit risk limits set by the Board of Managers are measured and reported at regular intervals to the Audit Committee.

Internal audit department is in charge of assuring the Board of Managers and the executive management that the Branch’s business activities are performed in accordance with the Banking Law, other applicable laws and regulations and the internal strategies, policies, principles and targets of the branch, and that the internal control and risk management systems are efficient and sufficient.

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X. EXPLANATIONS ON RISK MANAGEMENT (Continued)

b. General qualitative information on credit risk (Continued)

5. Scope and main content of the reporting on credit risk exposure and on the credit risk management function to the executive management and to the Board of Managers

Risks exposed to the Branch are reported on the basis of risk types in daily / monthly and periodic regular reports provided to the Board of Managers and senior management. Credit risk reporting includes the following main content.

The asset quality is analyzed and compared to the previous period in the framework of the Regulation on the Procedures and Principles for the Determination of the Qualifications of Loans and Other Receivables by Banks and the Provisions to be subscribed and thus the sustainability of the asset quality is monitored. Credit risk limits and realizations in the related period. Loan disbursements are monitored on the basis of cash, non-cash and total loans. Risk limits and realizations are defined for the risk appetite of the Branch.

Distribution of cash loans according to cash flows is monitored. Administrative and legal follow-up customers are monitored as well. In addition, the limits and limits of the Branch Risk Group are being reported.

Country ratings, limits and limit achievements are being followed and compared with the previous period.

In order to observe whether there is an increase or decrease in the value of the real estate collateral acquired during the fund disbursement process, the analysis of the real estate price index is examined and the appraisal values are updated routinely and at necessary intervals.

Credit quality of assets

	31 December 2025	The gross amount evaluated in accordance with TAS in the financial statements prepared according to legal consolidation		Allowances/ amortisation and impairments	Net values
		Defaulted	Non-defaulted		
1	Loans	7.567	397.049	7.469	397.147
2	Debt securities	-	2.575	103	2.575
	Off-balance sheet exposures		10.881		
3	(*)	4.565		1.826	13.620
4	Total	12.132	410.505	9.295	413.342

(*) Uncompensated non-cash loans are included.

	31 December 2024	The gross amount evaluated in accordance with TAS in the financial statements prepared according to legal consolidation		Allowances/ amortisation and impairments	Net values
		Defaulted	Non-defaulted		
1	Loans	7.357	318.693	6.968	319.082
2	Debt securities	-	1.237	103	1.134
	Off-balance sheet exposures		30.046		
3	(*)	3.759		1.503	32.302
4	Total	11.116	349.976	8.574	352.518

(*) Uncompensated non-cash loans are included.

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
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X. EXPLANATIONS ON RISK MANAGEMENT (Continued)

Changes in stock of defaulted loans and debt securities:

		Current Period (*)
1	Defaulted loans and debt securities at end of the previous reporting period	11.116
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Receivables back to non-defaulted status	-
4	Amounts written off	-
5	Other changes	1.016
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	12.132

(*) Uncompensated non-cash loans are included.

		Prior Period (*)
1	Defaulted loans and debt securities at end of the previous reporting period	10.208
2	Loans and debt securities that have defaulted since the last reporting period	-
3	Receivables back to non-defaulted status	-
4	Amounts written off	-
5	Other changes	908
6	Defaulted loans and debt securities at end of the reporting period (1+2-3-4±5)	11.116

(*) Uncompensated non-cash loans are included.

6. Qualitative disclosures related to the credit quality of assets

a) Scope and definitions of "overdue" and "provision allocated" receivables for accounting purposes and the differences of definitions between "overdue" and "provision allocated", if any.

Overdue receivables and provision allocated receivables are determined according to the Communique on Principles and Procedures for the Determination of the Quality of Loans and Other Receivables and Reserves.

b) The part of the overdue receivables (past 90 days) for which provision is not allocated and reasons for this application

Provisions are made on time and at the required rates within the scope of the legislation. Within the branch capital structure, the amount of credits required to allocate both loans and special provisions in general is very low.

c) Definitions of the methods used when determining the provision amount

The minimum legal reserve requirement ratios stated in the same 7th and 8th articles of the Regulation on loans or other receivables classified in the third, fourth, fifth group defined in Article 4 of the Regulation on the Procedures and Principles for the Determination of the Qualifications of Loans and Other Receivables and the Provisions to be Forbidden by Banks, Including the minimum legal guarantees defined in Articles 9 and 10.

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BRANCH (Continued)**

X. EXPLANATIONS ON RISK MANAGEMENT (Continued)

6. Qualitative disclosures related to the credit quality of assets (Continued)

d) Definitions of restructured receivables

Pursuant to the Regulation on the Procedures and Principles Regarding the Determination of the Qualifications of Loans and Other Receivables by Banks and the Provisions to be Reserved for Them, restructuring, which can be applied to live or frozen receivables, refers to the new contractual conditions that are granted to the borrower due to the financial difficulties faced or likely to be faced by the loan debtor in their payments and will not be granted to a debtor who does not have repayment difficulties.

e) Breakdown of exposures by geographical areas, industry and aging

	Current Period (*)			Prior Period (*)		
	Non-performing Loans	Special Provision	Write-Offs	Non-performing Loans	Special Provision	Write-Offs
Domestic	12.132	7.469	-	11.116	6.968	-
European Union (EU) Countries	-	-	-	-	-	-
OECD Countries	-	-	-	-	-	-
Off-Shore Banking Countries	-	-	-	-	-	-
USA, Canada	-	-	-	-	-	-
Other Countries	-	-	-	-	-	-
Total	12.132	7.469	-	11.116	6.968	-

(*) Non-cash loan amounts that have not been compensated for are included in the non-performing loan amount

f) Credit risk mitigation techniques

In accordance with Article 33 of the Communiqué on Credit Risk Reduction Techniques, the Branch reduces the credit risk according to the simple financial guarantee method in which the risk reduction effects are calculated based on the fair value determined in accordance with Article 19 of the Communiqué on financial guarantees. In the credit risk reduction calculations, no tools other than cash or similar assets are considered. Financial collateral can not be used for credit reduction if the remaining maturity of the collateral is less than the remaining maturity (maturity mismatch) and / or currency incompatibility of receivables.

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
31 December 2025							
1 Loans	397.049	-	-	-	-	-	-
2 Debt securities	2.575	-	-	-	-	-	-
3 Total	399.624	-	-	-	-	-	-
4 Overdue	7.567	-	-	-	-	-	-

	Exposures unsecured: carrying amount as per TAS	Exposures secured by collateral	Collateralized amount of exposures secured by collateral	Exposures secured by financial guarantees	Collateralized amount of exposures secured by financial guarantees	Exposures secured by credit derivatives	Collateralized amount of exposures secured by credit derivatives
31 December 2024							
1 Loans	319.082	-	-	-	-	-	-
2 Debt securities	1.134	-	-	-	-	-	-
3 Total	320.216	-	-	-	-	-	-
4 Overdue	7.357	-	-	-	-	-	-

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X. EXPLANATIONS ON RISK MANAGEMENT (Continued)

c. Information on counterparty credit risk (CCR):

1. Counterparty credit risk (CCR) approach analysis:

None.

2. Capital requirement for credit valuation adjustment (CVA):

None.

3. Standard Approach - CCR exposures by risk class and risk weights

- The ratings of CRA and IKK institutions are not used in the calculation of credit risk.
- Ratings of KDK and IKK organizations are not used.
- The same weight is applied to all assets of the debtor, except for maturity differences.
- Rating grades are not used.

31 December 2025		Credit conversion rate and credit risk amount receivable before reduction		Credit conversion rate and credit amount after credit risk mitigation		Risk weighted amount and risk weighted amount concentration	
		Balance sheet amount	Off balance sheet amount	Balance sheet amount	Off balance sheet amount	risk weighted amount	Risk-weighted amount density
	Risk Classes						
1	Receivables from central governments and Central Banks	305.212	-	305.212	-	7.022	%2,30
2	Receivables from regional and local government	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	1.166.614	-	1.166.614	-	330.784	%28,35
7	Receivables from corporate	392.685	9.055	392.684	4.528	394.948	%99,43
8	Retail receivables	4.366	-	4.366	-	2.408	%75,01
9	Receivables secured by residential property	-	-	-	-	-	-
10	Receivables secured by commercial property	-	-	-	-	-	-
11	Non-performing receivables	98	2.739	98	2.739	2.837	%100,00
12	Receivables in high-risk categories	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short term receivables to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-
16	Equity share investments	259.464	-	259.464	-	19.157	%7,38
17	Other receivables	2.575	-	2.575	-	2.575	%100,00
18	Total	2.131.014	11.794	2.131.013	7.267	760.598	%35,57

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X. EXPLANATIONS ON RISK MANAGEMENT (Continued)

c. Counterparty Credit Risk (“CCR”) Disclosures (Continued)

3. Standard Approach - CCR exposures by risk class and risk weights (Continued)

31 December 2024		Credit conversion rate and credit risk amount receivable before reduction		Credit conversion rate and credit amount after credit risk mitigation		Risk weighted amount and risk weighted amount concentration	
		Balance sheet amount	Off balance sheet amount	Balance sheet amount	Off balance sheet amount	risk weighted amount	Risk-weighted amount density
	Risk Classes						
1	Receivables from central governments and Central Banks	288.847	-	288.847	-	4.240	% 1,47
2	Receivables from regional and local government	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	1.021.741	-	1.021.741	-	360.816	%35,31
7	Receivables from corporate	317.088	28.544	317.088	14.272	324.224	%97,85
8	Retail receivables	1.605	-	1.605	-	2.408	% 150,03
9	Receivables secured by residential property	-	-	-	-	-	-
10	Receivables secured by commercial property	-	-	-	-	-	-
11	Non-performing receivables	389	2.255	389	2.255	2.644	% 100,00
12	Receivables in high-risk categories	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-
14	Short term receivables to banks, brokerage houses and corporates	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-
16	Equity share investments	345.485	-	345.485	-	14.219	% 4,12
17	Other receivables	1.134	-	1.134	-	1.134	% 100,00
18	Total	1.976.289	30.799	1.976.289	16.527	709.685	%35,61

4. Standard Approach - Counterparty credit risk by risk classes and risk weights

31 December 2025

Risk Classes / Risk Weights		%0	%10	%20	%50	%75	%100	%150	%200	Others	Total credit risk
1	Receivables from central governments and Central Banks	298.190	-	-	-	-	7.022	-	-	-	305.212
2	Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-
3	Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4	Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
5	Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6	Receivables from banks and brokerage houses	-	-	1.044.787	-	-	121.827	-	-	-	1.166.614
7	Receivables from corporate	-	-	-	4.528	-	392.684	-	-	-	397.212
8	Retail receivables	-	-	-	-	4.366	-	-	-	-	4.366
9	Receivables secured by residential property	-	-	-	-	-	-	-	-	-	-
10	Receivables secured by commercial property	-	-	-	-	-	-	-	-	-	-
11	Non-performing receivables	-	-	-	-	-	2.837	-	-	-	2.837
12	Receivables in high-risk categories	-	-	-	-	-	-	-	-	-	-
13	Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-
14	Short term receivables to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
15	Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
16	Equity share investments	-	-	-	-	-	2.575	-	-	-	2.575
17	Other receivables	240.307	-	-	-	-	19.157	-	-	-	259.464
18	Total	538.497	-	1.044.787	4.528	4.366	546.102	-	-	-	2.138.280

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X. EXPLANATIONS ON RISK MANAGEMENT (Continued)

c. Counterparty Credit Risk (“CCR”) Disclosures (Continued)

4. Standard Approach - Counterparty credit risk by risk classes and risk weights (Continued)

31 December 2024

Risk Classes / Risk Weights	%0	%10	%20	%50	%75	%100	%150	%200	Others	Total credit risk
1 Receivables from central governments and Central Banks	284.607	-	-	-	-	4.240	-	-	-	288.847
2 Receivables from regional and local government	-	-	-	-	-	-	-	-	-	-
3 Receivables from administrative bodies and non-commercial entities	-	-	-	-	-	-	-	-	-	-
4 Receivables from multilateral development banks	-	-	-	-	-	-	-	-	-	-
5 Receivables from international organizations	-	-	-	-	-	-	-	-	-	-
6 Receivables from banks and brokerage houses	-	-	826.156	-	-	195.585	-	-	-	1.021.741
7 Receivables from corporate	-	-	-	14.272	-	317.088	-	-	-	331.360
8 Retail receivables	-	-	-	-	-	-	1.605	-	-	1.605
9 Receivables secured by residential property	-	-	-	-	-	-	-	-	-	-
10 Receivables secured by commercial property	-	-	-	-	-	-	-	-	-	-
11 Non-performing receivables	-	-	-	-	-	2.644	-	-	-	2.644
12 Receivables in high-risk categories	-	-	-	-	-	-	-	-	-	-
13 Mortgage-backed securities	-	-	-	-	-	-	-	-	-	-
14 Short term receivables to banks, brokerage houses and corporates	-	-	-	-	-	-	-	-	-	-
15 Investments similar to collective investment funds	-	-	-	-	-	-	-	-	-	-
16 Equity share investments	-	-	-	-	-	1.134	-	-	-	1.134
17 Other receivables	331.266	-	-	-	-	14.219	-	-	-	345.485
18 Total	615.873	-	826.156	14.272	-	534.910	1.605	-	-	1.992.816

5. Qualitative explanations on market risk

The Branch defines market risk as market prices and changes in market parameters such as interest, exchange rate and stocks as the value of assets in the resulting trading accounts. The definitions of risk factors constituting market risk and their specific issues are given below.

General Market Risk

It is the probability of loss that the branch may be exposed to due to interest rate risk and stock position risk in the value of positions related to financial instruments included in trading accounts

Interest Rate Risk

It is the probability of loss that the branch may be exposed to due to the movements in the interest rate depending on the position of the financial instruments.

The Branch does not actively purchase and sell financial instruments, therefore, although it does not have trading accounts, it may be particularly affected by fluctuations in Turkish Lira interest rates due to its securities portfolio available for sale. This risk is handled within the Interest Rate risk arising from banking accounts. In addition, the bank's fixed term resource structure, the weighted maturity (duration) and cost of this structure are taken into account in purchasing securities available for sale.

Stock Position Risk

It is the probability of loss that the Branch may be exposed to due to movements in stock prices depending on the stock position position in the trading accounts. The branch has a stock position below 1% of the equity and the valuation difference has been reflected in the records.

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
BRANCH (Continued)**

X. EXPLANATIONS ON RISK MANAGEMENT (Continued)

c. Information on counterparty credit risk (CCR) (Continued) :

5. Qualitative explanations on market risk (Continued)

Currency Risk

It is the possibility of loss that the branch may be exposed to as a result of changes in foreign exchange rates due to all foreign currency assets and liabilities.

While determining the rules and limitations regarding the direction, amount and composition of the foreign currency position of the branch is in principle under the authority of the Board of Managers, it has been transferred to the Risk Committee by the Board of Managers.

Economic developments in Turkey and the world Risk Committee limits and restrictions on the foreign exchange position is evaluated at intervals deemed appropriate to make changes it deems appropriate. Branch management prefers to hold a long position and maintain this position with equal weight in USD and EUR currencies, so the bank carries currency risk within the legal limits.

Specific Risk

It is the probability of loss that may occur due to the problems that may arise from the management and financial structures of the organizations that issue or guarantee the financial instruments that make up these positions, except for the ordinary market movements, in the positions related to the financial instruments included in the trading accounts of the Branch. Although the Bank mainly carries a position of treasury bills or government bonds with a zero risk weight, it also rarely purchases financial instruments subject to specific risk, and these instruments are considered within the credit risk.

Commodity Risk

It is the probability of loss that the branch may be exposed to due to movements in commodity prices, depending on the position of the commodity and commodity-based derivative financial instruments. The Branch does not hold a commodity and commodity-based derivative financial instrument position. It is not exposed to this type of risk.

Swap Risk

It is the probability of loss that the bank will be exposed to due to the price changes of the securities, foreign exchange or commodity subject to the transaction due to the non-settlement of the settlement transaction in transactions that involve the delivery of a security, foreign currency or commodity at the price stipulated in the contract in a certain term and require the fulfillment of the obligations of both parties on the maturity. The Branch does not buy or sell securities, foreign exchange or commodities depending on a maturity. It is not exposed to this type of risk.

Market risk under standardised approach

		31 December 2025	31 December 2024
	Direct (Pre-paid) Products	10.611	10.033
1	Profit share risk (general and specific)	-	-
2	Equity risk (general and specific)	99	91
3	Foreign exchange risk	10.512	9.942
4	Commodity risk	-	-
	Options	-	-
5	Simplified approach	-	-
6	Delta-plus method	-	-
7	Scenario approach	-	-
8	Securitisation	-	-
9	Total	10.611	10.033

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
BRANCH (Continued)**

X. EXPLANATIONS ON RISK MANAGEMENT (Continued)

c. Counterparty Credit Risk (“CCR”) Disclosures (Continued)

5. Explanation on Operational Risk

The operational risk base amount is calculated according to the basic indicator method in accordance with Article 14 of the Regulation on Measurement and Evaluation of Capital Adequacy of Banks.

Annual gross income is calculated as the sum of the net amounts of interest incomes and non-interest income after deducting the profit / loss arising from the sale of marketable securities that are available for sale and securities held to maturity and the amounts compensated from extraordinary income and insurance.

Current Period

Basic Indicator Method	31.12.2023	31.12.2024	31.12.2025	Total/ No. of Years of Positive Gross	Oran (%)	Total
Gross Income	160.121	249.025	320.621	243.256	15	36.488
Value at Operational Risk (Total*12.5)						456.104

Prior Period

Basic Indicator Method	31.12.2022	31.12.2023	31.12.2024	Total/ No. of Years of Positive Gross	Oran (%)	Total
Gross Income	122.107	160.121	249.025	177.084	15	26.563
Value at Operational Risk (Total*12.5)						332.033

d. Explanations on profit share rate risk in banking accounts

1. Economic value differences arising from fluctuations in profit share rates in accordance with the regulation on the measurement and evaluation of profit share rate risk arising from banking accounts using the standard shock method

Current Period

Currency	Applied Shock (+/- basis points)	Gains/Losses	Gains/Shareholder’s equity- Losses/shareholder’s equity
1. TL	(+) 500	665	% 0,07
	(-) 400	(543)	% (0,06)
2. USD	(+) 200	(776)	% (0,08)
	(-) 200	1.436	% 0,15
3. EUR	(+) 200	(2.258)	% (0,24)
	(-) 200	2.175	% 0,23
Total (For negative shocks)		3.068	% 0,32
Total (For positive shocks)		(2.369)	% (0,25)

Prior Period

Currency	Applied Shock (+/- basis points)	Gains/Losses	Gains/Shareholder’s equity- Losses/shareholder’s equity
1. TL	(+) 500	(1.896)	% (0,23)
	(-) 400	1.620	% 0,19
2. USD	(+) 200	(1.548)	% (0,18)
	(-) 200	3.464	% 0,41
3. EUR	(+) 200	(1.718)	% (0,20)
	(-) 200	2.078	% 0,25
Total (For negative shocks)		7.162	% 0,85
Total (For positive shocks)		(5.162)	% (0,61)

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**INFORMATION RELATED TO FINANCIAL STRUCTURE AND RISK MANAGEMENT OF THE
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X. EXPLANATIONS ON RISK MANAGEMENT (Continued)

e. Hierarchy of valuation techniques which establishes basis for fair value calculation of financial assets and liabilities

Level 1: Quoted prices in active markets for identical assets and liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable market information for the assets or liability, either directly or indirectly.

Level 3: Inputs for the asset or liability that is not based on observable market information.

According to the classification principles, the fair value classification of the financial assets and liabilities for which the Branch is carrying at fair value is as follows

31 December 2025	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	2.575	-	-	2.575
Government Debt Securities	-	-	-	-
Share Certificates	2.575	-	-	2.575
Other Financial Assets	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Government Debt Securities	-	-	-	-
Share Certificates	-	-	-	-
Other Financial Assets	-	-	-	-
Total Assets	2.575	-	-	2.575
Derivative financial liabilities held for trading	-	-	-	-
Funds Borrowed	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-
Total Liabilities	-	-	-	-

31 December 2024	Level 1	Level 2	Level 3	Total
Financial Assets at Fair Value Through Profit or Loss	1.134	-	-	1.134
Government Debt Securities	-	-	-	-
Share Certificates	1.134	-	-	1.134
Other Financial Assets	-	-	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-	-	-
Government Debt Securities	-	-	-	-
Share Certificates	-	-	-	-
Other Financial Assets	-	-	-	-
Total Assets	1.134	-	-	1.134
Derivative financial liabilities held for trading	-	-	-	-
Funds Borrowed	-	-	-	-
Derivative financial liabilities for hedging purposes	-	-	-	-
Total Liabilities	-	-	-	-

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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

	31 December 2025		31 December 2024	
	TL	FC	TL	FC
Cash	3.203	237.105	9.826	321.440
The CBRT	246.704	-	244.612	-
Other	-	-	-	-
Total	249.907	237.105	254.438	321.440

2. Information related to the account of the CBRT

	31 December 2025		31 December 2024	
	TL	FC	TL	FC
Current Free Account	120	-	24.115	-
Free Term Account	-	-	-	-
Reserve Requirement (1)	246.584	-	220.497	-
Total	246.704	-	244.612	-

⁽¹⁾ According to the CBRT correspondence dated 7 August 2018, the reserve requirement for foreign currency liabilities are established in TL with the reserve requirement for TL liabilities classified under “Reserve Requirement”.

3. Explanations regarding Reserve Requirements:

As of 31 December 2025, Turkish currency reserve requirement ratios were set in the range of 0% to 40% (31 December 2024: 0% to 33%) depending on the maturity structure for Turkish lira-denominated deposits and other liabilities, and FX reserve requirement ratios were set in the range of 5% to 32% (31 December 2024: 5% to 30%) depending on the maturity structure for deposits and other liabilities. Pursuant to the letter of the Central Bank of the Republic of Turkey dated 7 August 2018, the required reserves for foreign currency liabilities as of the reserve requirement period, which started on 10 August 2018, started to be maintained in Turkish lira. Within the scope of this facility, the required reserve amount to be maintained for FX liabilities is calculated with a margin of 10% at the foreign exchange buying rates announced in the Official Gazette on the date of calculation of TL liabilities.

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

	31 December 2025	31 December 2024
Government Debt Securities	-	-
Securities Representing Share in Capital	2.575	1.134
Other Financial Assets	-	-
Total	2.575	1.134

Information on financial assets at fair value reflected in profit/loss, which are subject to repo transactions and those collateralized/blocked.

As of December 31st, 2025: None. (31 December 2024: None.)

c. Information on derivative financial assets for trading purposes

As of December 31st, 2025: None. (31 December 2024: None.)

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (continued)

c. Information on Banks

1. Information on banks and other financial institutions

	31 December 2025		31 December 2024	
	TL	FC	TL	FC
Banks				
Domestic	774.048	101.392	560.110	180.606
Foreign	-	286.454	-	277.525
Head Quarters and Branches Abroad	1	4.719	1	3.498
Total	774.049	392.565	560.111	461.629

2. Information on foreign banks account

	Unrestricted Amount	Restricted Amount	Unrestricted Amount	Restricted Amount
	31 December 2024	31 December 2024	31 December 2024	31 December 2024
EU Countries	274.579	-	274.579	-
USA, Canada	-	-	-	-
OECD Countries ⁽¹⁾	274	-	274	-
Off-Shore Banking Regions	-	-	-	-
Other	6.170	-	6.170	-
Total	281.024	-	281.024	-

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

d. Information on financial assets whose fair value is reflected in other comprehensive income, those subject to repo transactions and those collateralized/blocked:

As of December 31st, 2025: None. (31 December 2024: None.)

e. Financial assets at fair value through other comprehensive income:

As of December 31st, 2025: None. (31 December 2024: None.)

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (continued)

d. Information on loans

e. Information on all types of loans and advances given to shareholders and employees of the Branch

	31 December 2025		31 December 2024	
	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	3.063	-	1.417	-
Total	3.063	-	1.417	-

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

Cash Loans	Standard Loans	Loans and Other Receivables Under Close Monitoring		
		Not in the scope of restructuring	Restructured	Refinancing
31 December 2025			Changes in condition of the agreements	
Non-specialized Loans	397.049	-	-	-
Working Capital Loans	-	-	-	-
Export Loans	230.054	-	-	-
Import Loans	-	-	-	-
Loans to Financial Sector	-	-	-	-
Consumer Loans	4.366	-	-	-
Credit Cards	-	-	-	-
Others ⁽¹⁾	162.629	-	-	-
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	397.049	-	-	-

⁽¹⁾ Discount notes are included that the balance.

Cash Loans	Standard Loans	Loans and Other Receivables Under Close Monitoring		
		Not in the scope of restructuring	Restructured	Refinancing
31 December 2024			Changes in condition of the agreements	
Non-specialized Loans	318.693	-	-	-
Working Capital Loans	-	-	-	-
Export Loans	179.037	-	-	-
Import Loans	-	-	-	-
Loans to Financial Sector	-	-	-	-
Consumer Loans	1.604	-	-	-
Credit Cards	-	-	-	-
Others ⁽¹⁾	138.052	-	-	-
Specialization Loans	-	-	-	-
Other Receivables	-	-	-	-
Total	318.693	-	-	-

⁽¹⁾ Discount notes are included that the balance.

3. Loans and other receivables with extended payment plans:

None. (31 December 2024: None).

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (continued)

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

	31 December 2025			31 December 2024		
	Short-term	Long and medium term	Total	Short-term	Long and medium term	Total
Consumer Loans - TL	1.036	267	1.303	-	187	187
Housing loans	-	-	-	-	-	-
Automotive loans	-	-	-	-	-	-
General Purpose Loans	1.036	267	1.303	-	187	187
Other	-	-	-	-	-	-
Consumer Loans - FC indexed	-	-	-	-	-	-
Housing loans	-	-	-	-	-	-
Automotive loans	-	-	-	-	-	-
General Purpose Loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Consumer Loans - FC	-	-	-	-	-	-
Housing loans	-	-	-	-	-	-
Automotive loans	-	-	-	-	-	-
General Purpose Loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Consumer Credit Cards – TL	-	-	-	-	-	-
With installment	-	-	-	-	-	-
Without installment	-	-	-	-	-	-
Consumer Credit Cards – FC	-	-	-	-	-	-
With installment	-	-	-	-	-	-
Without installment	-	-	-	-	-	-
Personnel Loans - TL	2.086	977	3.063	1.082	335	1.417
Housing loans	-	-	-	-	-	-
Automotive loans	-	-	-	-	-	-
General Purpose Loans	2.086	977	3.063	1.082	335	1.417
Other	-	-	-	-	-	-
Personnel Loans – FC indexed	-	-	-	-	-	-
Housing loans	-	-	-	-	-	-
Automotive loans	-	-	-	-	-	-
General Purpose Loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Personnel Loans-FC	-	-	-	-	-	-
Housing loans	-	-	-	-	-	-
Automotive loans	-	-	-	-	-	-
General Purpose 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	3.122	1.244	4.366	1.082	522	1.604

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(continued)**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (continued)

5. Information on commercial installment loans and corporate credit cards

	31 December 2025			31 December 2025		
	Short Term	Long and medium term	Total	Short Term	Long and medium term	Total
Commercial Loans with Installment Facility - TL	7.622	37.115	44.737	12.571	111.146	123.717
Business Loans	-	-	-	-	-	-
Vehicle Loans	-	-	-	-	-	-
General Purpose Loans	7.622	37.115	44.737	12.571	111.146	123.717
Other	-	-	-	-	-	-
Commercial Loans with Installment Facility – Indexed to FC	-	-	-	-	-	-
Business Loans	-	-	-	-	-	-
Vehicle Loans	-	-	-	-	-	-
General Purpose Loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Commercial Loans with Installment Facility – FC	-	-	-	-	-	-
Business Loans	-	-	-	-	-	-
Vehicle Loans	-	-	-	-	-	-
General Purpose 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	7.622	37.115	44.737	12.571	111.146	123.717

6. Loans according to type of borrowers

	31 December 2025	31 December 2024
Public	-	-
Private	397.049	318.693
Total	397.049	318.693

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

	31 December 2025	31 December 2024
Domestic Loans	279.734	318.693
Foreign Loans	117.315	-
Total	397.049	318.693

8. Loans granted to investments in associates and subsidiaries

None. (31 December 2024: None).

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

9. Special provisions for loans

	31 December 2025	31 December 2024
Loans and other receivables with limited collectability	-	-
Loans and other receivables with doubtful collectability	-	-
Uncollectible loans and other receivables	(7.469)	(6.968)
Total	(7.469)	(6.968)

10. Information on non-performing receivables (Net):

(i) Information on non-performing receivables and other receivables that have been restructured by the Branch or linked to a new amortization plan:

There are no loans or other receivables that have been restructured from frozen receivables or linked to a new amortization plan by the branch.

(ii) Information on total frozen receivables transactions:

	III. Group Loans with Limited Collectible Opportunities	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
31 December 2024	284	-	7.073
Additions (+)	-	-	548
Transfers from other categories of non-performing loans (+)	-	-	284
Transfers to other categories of non-performing loans (-)	284	-	-
Collections (-)	-	-	338
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Others	-	-	-
31 December 2025	-	-	7.567
Special Provision (-)	-	-	(7.469)
Net Balance on Balance Sheet	-	-	98

	III. Group Loans with Limited Collectible Opportunities	IV. Group Loans with Doubtful Collectability	V. Group Uncollectible Loans and Other Receivables
31 December 2023	-	-	7.072
Additions (+)	305	-	1
Transfers from other categories of non-performing loans (+)	-	-	-
Transfers to other categories of non-performing loans (-)	-	-	-
Collections (-)	21	-	-
Write-offs (-)	-	-	-
Sold (-)	-	-	-
Corporate and commercial loans	-	-	-
Consumer loans	-	-	-
Credit cards	-	-	-
Others	-	-	-
31 December 2024	284	-	7.073
Special Provision (-)	(23)	-	(6.945)
Net Balance on Balance Sheet	261	-	128

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(Continued)**

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

(iii) Information on non-performing receivables arising from loans extended in foreign currency:

There are no non-performing receivables arising from loans extended in foreign currency.

(iv) Display of gross and net amounts of non-performing receivables by user groups:

	III. Group	IV. Group	V. Group
	Loans with Limited Collectability	Loans with Doubtful Collectability	Uncollectible Loans
31 December 2025 (Net)	-	-	98
Loans Extended to Real and Legal Persons (Gross)	-	-	7.567
Special provisions (-)	-	-	(7.469)
Loans to real and legal persons (Net)	-	-	98
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other loans and receivables (Net)	-	-	-
31 December 2024 (Net)	-	-	388
Loans Extended to Real and Legal Persons (Gross)	-	-	7.357
Special provisions (-)	-	-	(6.969)
Loans to real and legal persons (Net)	-	-	388
Banks (Gross)	-	-	-
Specific provisions (-)	-	-	-
Banks (Net)	-	-	-
Other loans and receivables (Gross)	-	-	-
Specific provisions (-)	-	-	-
Other loans and receivables (Net)	-	-	-

11. 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 financial assets measured at amortised costs

As of December 31, 2025 and December 31, 2024, the Branch does not have financial assets valued at its amortized cost.

g. Information on affiliates (Net)

As of December 31, 2025 and December 31, 2024, the Branch has no subsidiaries.

h. Information on subsidiaries (Net)

As of December 31, 2025 and December 31, 2024, the Branch has no subsidiaries.

i. Information on jointly controlled partnerships

As of December 31, 2025 and December 31, 2024, the Branch does not have any jointly controlled partnerships.

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

I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

j. Information on receivables from leasing transactions (Net)

None. (31 December 2024: None.)

k. Disclosures on derivative financial assets for hedging purposes

None. (31 December 2024: None.)

I. Explanations on tangible assets

	Properties	Vehicles	Other Tangible Fixed Assets	Total
31 December 2025				
Cost	14.256	-	5.071	19.327
Accumulated depreciation	(5.131)	-	(1.428)	(6.559)
Net book value	9.125	-	3.643	12.768
31 December 2025				
Net book value at the beginning of the year	9.351	-	1.645	10.996
Additions	11	-	1.471	1.482
Disposals	-	-	-	-
Transfers	-	-	-	-
Depreciation	(237)	-	(527)	(764)
Depreciation, Disposals	-	-	-	-
Depreciation, Transfers	-	-	-	-
Closing net book value	9.125	-	3.643	12.768
Cost at year end	14.256	-	5.071	19.327
Accumulated depreciation at year end	(5.131)	-	(1.428)	(6.559)
Closing net book value	9.125	-	3.643	12.768

m. Explanations on intangible assets

	Softwares	Total
31 December 2024		
Cost	1.238	1.238
Accumulated depreciation	(938)	(938)
Net book value	300	300
31 December 2024		
Net book value at the beginning of the year	714	714
Additions	-	-
Disposals	-	-
Transfers	-	-
Depreciation	(414)	(414)
Depreciation, Disposals	-	-
Depreciation, Transfers	-	-
Closing net book value	300	300
Cost at year end	1.238	1.238
Accumulated depreciation at year end	(938)	(938)
Closing net book value	300	300

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I. EXPLANATIONS AND NOTES RELATED TO ASSETS (Continued)

n. Explanations on investment property

None. (31 December 2024: None.)

o. Explanations on the existence of deferred tax

The Branch has no financial loss to be deducted from tax. The net amount of deferred tax assets and liabilities calculated over the taxable temporary timing differences between the applied accounting policies and valuation principles and the tax legislation was recognized as net deferred tax assets of TL 7,022 (31 December 2024: TL 4,240).

	31 December 2025		31 December 2024	
	Accumulated temporary differences	Deferred Tax	Accumulated temporary differences	Deferred Tax
Tangible and intangible assets, net	32	10	430	129
Provision for employment termination benefit	23.547	6.502	14.087	3.665
Provision for litigation	1.700	510	1.578	446
Total deferred tax asset	-	7.022	-	4.240
Total tax liability		-		-
Deferred tax asset, net		7.022		4.240

p. Disclosures on non-current assets related to operations held for sale and discontinued operations

As of December 31, 2025, there are no fixed assets held for sale. (December 31, 2024: None).

r. Explanations on other assets

The other assets item of the balance sheet amounts to TL 6.088 (December 31, 2024: TL 2,507) and does not exceed 10% of the balance sheet total, excluding off-balance sheet commitments.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITY

a. Information on deposits

1. Information on maturity structure of the deposits

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

(i) 31 December 2025

	Demand	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 month - 1 year	1 year and above	Total
Saving Deposits	473	-	-	-	-	-	473
Foreign Currency Deposits	322.152	-	-	-	-	-	322.152
Residents in Turkey	82.872	-	-	-	-	-	82.872
Residents Abroad	239.280	-	-	-	-	-	239.280
Public Sector Deposits	-	-	-	-	-	-	-
Commercial Deposits	2.652	99	-	-	-	-	2.751
Other Institutions Deposits	24	-	-	-	-	-	24
Gold Vault	-	-	-	-	-	-	-
Bank Deposits	526.407	-	-	-	-	160.070	686.477
The CBRT	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-
Foreign Banks	526.407	-	-	-	-	160.070	686.477
Special Finance Institutions	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	851.708	99	-	-	-	160.070	1.011.877

(ii) 31 December 2024

	Demand	Up to 1 Month	1 - 3 Months	3 - 6 Months	6 month - 1 year	1 year and above	Total
Saving Deposits	408	-	-	-	-	-	408
Foreign Currency Deposits	318.749	-	-	-	-	-	318.749
Residents in Turkey	58.862	-	-	-	-	-	58.862
Residents Abroad	259.887	-	-	-	-	-	259.887
Public Sector Deposits	-	-	-	-	-	-	-
Commercial Deposits	2.188	95	-	-	-	-	2.283
Other Institutions Deposits	29	-	-	-	-	-	29
Gold Vault	-	-	-	-	-	-	-
Bank Deposits	552.176	-	-	-	-	157.597	709.773
The CBRT	-	-	-	-	-	-	-
Domestic Banks	-	-	-	-	-	-	-
Foreign Banks	552.176	-	-	-	-	157.597	709.773
Special Finance Institutions	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total	873.550	95	-	-	-	157.597	1.031.242

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Saving Deposits	469	397	5	11
Foreign Currency Saving Deposits	15.423	11.945	163.050	171.352
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. (31 December 2024: None).

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

	31 December 2025	31 December 2024
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 Managers, CEO and Vice Presidents and Deposits of their Mother, Father, Spouse, Children in care	2.853	20.814
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 31 December 2025 and 31 December 2024, the Branch has no trading derivative financial liabilities.

c. Information on borrowings

1. Information on banks and other financial institutions:

None. (31 December 2024: None).

2. Information on maturity structure of borrowings:

None. (31 December 2024: None).

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

d. Information on other liabilities

The other liabilities item of the balance sheet is TL 21,625 (31 December 2024: TL 18,788) and does not exceed 10% of the balance sheet total.

e. Information on liabilities from leases

As of December 31, 2025, and December 31, 2024, the Branch has no debts from leasing transactions.

f. Information on derivative financial liabilities for hedging purposes

None (December 31, 2024: None).

g. Information on provisions

1. Information on general loan loss provisions

	31 December 2025	31 December 2024
General Loan Loss Provisions		
I. Group Loans and Receivables Allowances	5.956	4.788
- Additional Departures for Those with Extended Payment Periods	-	-
II. Group Loans and Receivables Allowances	-	-
- Additional Departures for Those with Extended Payment Periods	-	-
Non-Cash Loans	56	204
Others	16.033	12.612
Total	22.045	17.604

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.

	31 December 2025	31 December 2024
Discount rate (%)	4,03	4,26
Rate for the Probability of Retirement (%)	99,47	99,47

The basic assumption is that the severance pay ceiling for each year of service will increase at the rate of inflation every year. Thus, the applied discount rate will show the real rate adjusted for the expected effects of inflation. The Branch's severance pay obligation is calculated based on the amount of TL 64,948.77 (December 31, 2024: TL 46,655.43) effective as of January 1, 2026, since the severance pay ceiling is determined every six months.

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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

	1 January - 31 December 2025	1 January - 31 December 2024
Prior Period Ending Balance	8.312	6.387
Provisions Recognised During the Period	5.462	788
Actuarial loss / (Gain)	-	(1.147)
Paid During the Period (-)	-	-
Reversed During the Period (-)	13.774	8.312

The Branch also has a personnel leave allowance of TL 9,773 (December 31, 2024: TL 5,775) allocated as of December 31, 2025.

3. Information on foreign currency indexed loans exchange difference provisions:

There is no increase in the principal rate of foreign currency indexed loans as of 31 December 2025.

(December 31, 2024: None).

4. Special provisions for non-cash loans that have not been compensated and converted into cash or expected loss provisions for non-cash loans:

As of 31 December 2025, the special provisions for non-cash loans that have not been compensated and converted into cash are TRY 1,826 (31 December 2024: TRY 1,503).

5. Information on other provisions:

(i) Information on provisions set aside for possible risks:

Provisions for contingent risks are not available as of December 31, 2025, and December 31, 2024.

(ii) If other provisions exceed 10% of the total provisions, the items causing the excess and their amounts are explained:

As of 31 December 2025, a provision of TL 1,700 has been set aside in accordance with the precautionary principle in relation to the lawsuits filed against the Branch (31 December 2024: TL 1,578). The provision of TL 1,826 (31 December 2024: TL 1,503), which is classified under the "Other provisions" item in the balance sheet, has been set aside as provisions for non-cash loans that have not been compensated and converted into cash.

h. Information on tax payable

1. Information on current tax payable

(i) Information on taxes payable

	31 December 2025	31 December 2024
Corporate Tax Payable	13.448	11.625
Taxation of Marketable Securities	-	-
Property Tax	-	-
Banking Insurance Transaction Tax (BITT)	795	804
Foreign Exchange Transaction Tax	-	-
Value Added Tax Payable	119	76
Other	1.288	1.058
Total	15.650	13.563

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

(ii) Information on premiums:

	31 December 2025	31 December 2024
Social Security Premiums – Employee	386	276
Social Security Premiums – Employer	775	520
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	17	13
Unemployment Insurance – Employer	33	26
Other	-	-
Total	1.211	835

2. Information on deferred tax liability

The Branch has no deferred tax liability (31 December 2024: None).

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

None. (31 December 2024: None).

j. Explanations on subordinated loans

None. (31 December 2024: None).

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.

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	200.000	200.000

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

None. (31 December 2024: None).

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

None. (31 December 2024: None).

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II. EXPLANATIONS AND NOTES RELATED TO LIABILITIES (Continued)

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.

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 (31 December 2024: None).

1. Information on marketable securities value increase fund:

None (31 December 2024: None).

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**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

Type and amount of irrevocable commitments:

1. As of December 31, 2025, all off-balance sheet loan commitments of the Branch are irrevocable. The Branch does not have payment for end-of-period checks (December 31, 2024: None).

2. Structure and amount of possible losses and commitments arising from the main account items:

There are no possible damages arising from the master account items. Commitments consisting of off-balance sheet liabilities are shown in the "Off-Balance Sheet Liabilities Table".

(i) Non-cash loans, including guarantees, bank advances and acceptances, and guarantees in lieu of financial guarantees and other letters of credit:

	31 December 2025	31 December 2024
Bank acceptance loans	-	-
Letters of credit	4.565	3.759
Other guarantees	-	-
Total	4.565	3.759

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

	31 December 2025				31 December 2024			
	TL	(%)	FC	(%)	TL	(%)	FC	(%)
Agricultural	-	-	-	-	-	-	-	-
Farming and Raising livestock.	-	-	-	-	-	-	-	-
Forestry	-	-	-	-	-	-	-	-
Fishing	-	-	-	-	-	-	-	-
Manufacturing	-	-	-	-	-	-	-	-
Mining	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-
Electric, Gas and Water	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Services	6.040	100,00	7.580	100,00	6.040	100,00	26.262	100,00
Wholesale and Retail Trade	-	-	6.825	90,04	-	-	25.711	97,90
Hotel, Food and Beverage	-	-	-	-	-	-	-	-
Transportation and Telecommunication	30	0,50	755	9,96	30	0,50	551	2,10
Financial Institutions	-	-	-	-	-	-	-	-
Real Estate and Leasing Services	-	-	-	-	-	-	-	-
Self-Employment Services	6.010	99,50	-	-	6.010	99,50	-	-
Education Services	-	-	-	-	-	-	-	-
Health and Social Services	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total	6.040	100,00	7.580	100,00	6.040	100,00	26.262	100,00

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

(iii) Revocable, irrevocable guarantees and other similar commitments and contingencies

	31 December 2025	31 December 2024
Revocable letters of guarantee	-	-
Irrevocable letters of guarantee	6.794	6.591
Letters of guarantee given in advance	2.261	21.952
Guarantees given to customs	-	-
Other letters of guarantees	-	-
Total	9.055	28.543

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

	31 December 2025	31 December 2024
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	13.620	32.302
Total	13.620	32.302

(ii) Information on non-cash loans classified in Group I and Group II

31 December 2025	Group I		Group II	
	TL	FC	TL	FC
Non- Cash Loans	6.040	7.580		
Letters of Guarantee	6.040	3.015	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	4.565	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-
Total	6.040	7.580	-	-

31 December 2024	Group I		Group II	
	TL	FC	TL	FC
Non- Cash Loans	6.040	26.262		
Letters of Guarantee	6.040	22.503	-	-
Bank Acceptances	-	-	-	-
Letters of Credit	-	3.759	-	-
Endorsements	-	-	-	-
Underwriting Commitments	-	-	-	-
Factoring Guarantees	-	-	-	-
Other Commitments and Contingencies	-	-	-	-
Total	6.040	26.262	-	-

b. Explanations on derivative financial instruments

The Branch has no derivative financial instruments as of 31 December 2025 and 31 December 2024.

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

c. Disclosures regarding credit derivatives and the risks incurred as a result of them

As of December 31, 2025 and December 31, 2024, the Branch does not have any credit derivatives and no risks incurred therefrom.

d. Disclosures of contingent liabilities and assets

As of 31 December 2025, a provision of TL 1,700 has been set aside in accordance with the precautionary principle in relation to the lawsuits filed against the Branch (31 December 2024: TL 1,578). The provision of TL 1,826 (31 December 2024: TL 1,503), which is classified under the "Other provisions" item in the balance sheet, has been set aside as provisions for non-cash loans that have not been compensated and converted into cash.

e. Disclosures regarding services rendered on behalf of and on behalf of others

As of December 31, 2025 and December 31, 2024, the Branch does not have services provided on behalf of others.

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

IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT AND LOSS

a. Information on interest income:

1. Information on interest income on loans

	31 December 2025		31 December 2024	
	TL	FC	TL	FC
Interests Received from Credits ⁽¹⁾				
Short-Term Loans	11.134	14.661	6.959	3.900
Medium and Long-Term Loans	27.210	14.529	15.388	15.388
Interest on Non-Performing loans	-	-	27	-
Premiums Received from the Resource Utilisation Support Fund	-	-	-	-
Total	38.344	29.190	45.058	19.288

(*) It also includes fee and commission income related to cash loans.

2. Information on interest income received from banks:

	31 December 2025		31 December 2024	
	TL	FC	TL	FC
From the CBRT ⁽¹⁾	-	-	-	-
From Domestic Banks	213.858	-	163.557	-
From Foreign Banks	-	1.679	-	1.676
Headquarters and Branches Abroad	-	-	-	-
Total	213.858	1.679	163.557	1.676

(1) Interest received from Interbank Money Market Transactions is included in the amount.

3. Information on interest income received from securities:

	31 December 2025		31 December 2024	
	TL	FC	TL	FC
Financial Assets Reflected in Fair Value Difference in Profit or Loss	1.338	-	-	-
Financial Assets Reflected in Other Comprehensive Income at Fair Value	-	-	-	-
Financial Assets Valued at Amortized Cost	-	-	-	-
Total	1.338	-	-	-

4. Information on interest income received from subsidiaries and affiliates:

The Branch does not have any interest income received from subsidiaries and affiliates. (December 31, 2024: None).

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**EXPLANATIONS AND NOTES RELATED TO UNCONSOLIDATED FINANCIAL STATEMENTS
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IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT AND LOSS (Continued)

b. Information on interest expense

1. Information on interest expense on borrowings

The Branch has no interest expense on borrowings (31 December 2024: None).

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 (31 December 2024: None).

1. Information on interest to issued securities

None. (31 December 2024: None)

4. Maturity structure of the interest expense on deposits

There are no deposits with seven days notification and accumulative deposits. (31 December 2024: None).

1 January – 31 December 2025	Demand Deposits	Time Deposit				Total
		Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months - 1 Year and Over	
TL						
Bank Deposits	-	-	-	-	10.261	10.261
Saving Deposits	-	-	-	-	-	-
Public Sector Deposits	-	-	-	-	-	-
Commercial Deposit	-	4	-	-	-	4
Other Deposits	-	-	-	-	-	-
Total	-	4	-	-	10.261	10.265
FC						
Foreign Currency Deposits	-	-	-	-	-	-
Bank Deposits	-	-	-	-	-	-
Gold Vault	-	-	-	-	-	-
Total	-	-	-	-	-	-
Grand Total	-	4	-	-	10.261	10.265

1 January – 31 December 2024	Demand Deposits	Time Deposit				Total
		Up to 1 Month	1 – 3 Months	3 – 6 Months	6 Months - 1 Year and Over	
TL						
Bank Deposits	-	-	-	-	7.597	7.597
Saving Deposits	-	-	-	-	-	-
Public Sector Deposits	-	-	-	-	-	-
Commercial Deposit	-	4	-	-	-	4
Other Deposits	-	-	-	-	-	-
Total	-	4	-	-	7.597	7.601
FC						
Foreign Currency Deposits	-	-	-	-	-	-
Bank Deposits	-	-	-	-	-	-
Gold Vault	-	-	-	-	-	-
Total	-	-	-	-	-	-
Grand Total	-	4	-	-	7.597	7.601

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

IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT AND LOSS (Continued)

c. Explanations on dividend income

None. (1 January – 31 December 2024: None.)

d. Explanations on trading loss/income (Net)

	31 December 2025	31 December 2024
Profit	75.247	82.347
Capital Market Transactions Profit	-	-
Profit from Derivative Financial Transactions	-	-
Profit from Foreign Exchange Transactions	75.247	82.347
Loss (-)	(43.591)	(66.609)
Loss from Capital Market Transactions	-	-
Derivative Financial Transactions	-	-
Foreign Exchange Loss	(43.591)	(66.609)
Net Income / Loss	31.656	15.738

e. Explanations on other operating income

There are no extraordinary income accounted under other operating income.

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

	31 December 2025	31 December 2024
Special Provisions for Loans and Other Receivables	630	2.001
Loans and Receivables with Limited Collectibility	-	23
Loans and Receivables with Doubtful Collectibility	-	-
Uncollectible Loans and Receivables	630	1.978
General Provision Expenses	5.257	3.695
Marketable Securities Impairment Expense	-	-
Financial Assets at Fair Value Through Profit or Loss	-	-
Financial Assets at Fair Value Through Other Comprehensive Income	-	-
Investments in Associates, Subsidiaries and Held-to-Maturity Securities	-	-
Value Decrease	-	-
Investments in Associates	-	-
Subsidiaries	-	-
Joint Ventures	-	-
Other	-	-
Total	5.887	5.696

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IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT AND LOSS (Continued)

g. Information related to other operating expenses

	31 December 2025	31 December 2024
Severance Provision	5.462	778
Bank Social Aid Provision Fund Deficit Provision	-	-
Impairment Expenses of Fixed Assets	-	-
Depreciation Expenses of Fixed Assets	1.039	818
Impairment Expenses of Intangible Assets	-	-
Goodwill Impairment Expenses	-	-
Amortization Expenses of Intangible Assets	415	402
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	9.830	7.946
Leasing Expenses relating to TFRS 16 exceptions	-	-
Maintenance Expenses	1.085	780
Advertisement Expenses	49	39
Other Expenses	8.696	7.127
Loss on Sales of Assets	-	-
Other	22.016	18.836
Total	38.762	28.780

g. Explanations on profit and loss from continuing operations before tax

Of the pre-tax profit, TL 274,923 (January 1 – December 31, 2024: TL 222,061) consists of net interest income, TL 13,347 (January 1 – December 31, 2024: TL 17,087) consists of net wage and commission income, and the total of other operating expenses and personnel expenses is TL 115,745 (January 1 – December 31, 2024: TL 86,817).

i. Explanation regarding the tax provision for ongoing activities and suspended activities

1. Explanations regarding the calculated current tax income or expense and deferred tax income or expense:

As of December 31, 2025, there was a current tax expense of TL 64,934 (December 31, 2024: TL 51,621), a deferred tax expense of TL 119 (December 31, 2024: TL 249), and a deferred tax income of TL 2,546 (December 31, 2024: TL 2,494).

2. Explanations regarding deferred tax income or expense arising from the occurrence or closure of temporary differences:

As of 31 December 2025, the Branch had a net deferred tax income of TL 2,427 (31 December 2024: 2,245 TL deferred tax income) arising from temporary differences.

3. Explanations regarding the deferred tax income or expense reflected in the income statement of temporary difference financial loss and tax deductions and exemptions:

There is none.

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

IV. EXPLANATIONS AND NOTES RELATED TO STATEMENT OF PROFIT AND LOSS (Continued)

j. Explanation on net profit and losses

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.

The effect of a change in the estimate of the Branch's financial statement items on profit / loss, it is not likely to affect subsequent periods.

There is no profit / loss pertaining to minority shares of the Branch.

k. If other items in the income statement exceed 10% of the income statement total, the presentation of these items in the sub-accounts that make up at least 20% of these items

Information related to other operating expenses is included in section IV-Explanations and Notes Related to on Income Statement title “g”.

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**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. There was no profit distribution for the years 2015-2025.

b. Amounts transferred to legal reserves

None (31 December 2024: None).

c. Information on capital increase

None (31 December 2024: None).

d. Information on financial assets at fair value through other comprehensive income

“Unrealized gains and losses” arising from changes in the fair value of securities classified as financial assets at fair value through other comprehensive income are not recognized in current year income statements; they are recognized in the “Accumulated Revaluation and/or Classification Gains /(Losses) of Financial Assets at Fair Value Through Other Comprehensive Income” account under equity, until the financial assets are sold, disposed of or impaired.

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

VI. EXPLANATIONS AND NOTES RELATED TO CHANGES IN CASH FLOW STATEMENT

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. The Branch calculates the effect of change in foreign exchange rate on cash and cash equivalents by the difference between the rates used at the balance sheet date and the exchange rates at the end of the previous month.

2. Effect of a change on the accounting policies

None (31 December 2024: 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

	31 December 2025	31 December 2024
Cash	1.399.021	1.493.051
Cash and Effectives	331.266	521.184
Demand Deposits in Banks	1.067.755	971.867
Cash Equivalents	197.016	87.950
Interbank Money Market Placements	-	-
Time Deposits in Banks	197.016	87.950
Total Cash and Cash Equivalents	1.596.037	1.581.001

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

	31 December 2025	31 December 2024
Cash	1.650.094	1.399.021
Cash and Effectives	240.307	331.266
Demand Deposits in Banks	1.409.787	1.067.755
Cash Equivalents	-	197.016
Interbank Money Market Placements	-	-
Time Deposits in Banks	-	197.016
Total Cash and Cash Equivalents	1.650.094	1.596.037

- 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. (31 December 2024: None)

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

The "Other" item, which includes an increase of TL 7,058 (31 December 2024: increase of TL 14,641) in the "Cash Flows Related to Banking Activities", consists of "Other Operating Expenses" and foreign exchange profit/loss items, excluding wages and commissions, personnel expenses.

The impact of the change in the exchange rate on cash and cash equivalents was calculated as approximately TRY 14,823 (31 December 2024: TRY 9,516) as of 31 December 2025.

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**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. 31 December 2025

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	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	-	236.343	-
Balance at the End of the Period ⁽²⁾	-	-	-	-	245.388	-
Interest and Commission Income Received	-	-	-	-	-	-

⁽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. 31 December 2024

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	Non-Cash	Cash	Non-Cash
Loans and Other Receivables						
Balance at the Beginning of the Period	-	-	-	-	192.550	-
Balance at the End of the Period ⁽²⁾	-	-	-	-	236.343	-
Interest and Commission Income Received	-	-	-	-	-	-

⁽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	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Deposit						
Balance at the Beginning of the Period	-	-	-	-	680.001	823.287
Balance at the End of the Period ⁽²⁾	-	-	-	-	604.949	680.001
Interest Expense on Deposits ⁽³⁾	-	-	-	-	10.261	7.597

⁽¹⁾ It is defined in paragraph 2 of Article 49 of the Banking Law No. 5411.

⁽²⁾ (2) As of December 31, 2025, of the 604,949 TL deposits, 571,308 TL belong to Bank Mellat Iran Central Bank and 33,641 TL to the Central Bank of Iran.

⁽³⁾ As of 31 December 2024, TL 653,209 of the TL 680,001 deposits belong to Bank Mellat Iran Central Bank and TL 26,792 to the Central Bank of Iran.

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

4. Information on borrowings from 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 items that have been included in the risk group ⁽²⁾	
	31 December 2025	31 December 2024	31 December 2025	31 December 2024	31 December 2025	31 December 2024
Borrowings						
Beginning of the Period	-	-	-	-	-	-
End of the Period	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-

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

(2) As of 31 December 2025: None (31 December 2024: None).

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 31 December 2025 and 31 December 2024.

6. Information on benefits provided to key management

As of 31 December 2025, the Branch's senior management was paid TL 24,996 (31 December 2024: TL 21,523).

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

	Number	Number of Employees	Country of Incorporation	Total Assets	Statutory Share Capital
Domestic Branch	3	39			
Foreign Rep. Offices					
Foreign Branch					
Off-Shore Banking Region Branch					

IX. EXPLANATIONS AND NOTES RELATED TO SUBSEQUENT EVENTS

None.

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SECTION SIX

OTHER EXPLANATIONS AND NOTES

I. OTHER EXPLANATIONS ON THE BRANCH’S OPERATIONS

On 17 October 2018, it was announced by Foreign Assets Control Office (“OFAC”), operating under US Treasury Department, that some Iran-based financial and industrial institutions, including Bank Mellat, the main shareholder of the Branch, were included in the list of secondary sanctions. In addition, after the US announced sanctions, SWIFT, headquartered in Belgium, announced that some Iranian banks on the sanctions list would be suspended for access to the system. Access of the Branch to SWIFT has been cancelled.

Following the inclusion of the Branch on the secondary sanctions list, the Branch was removed from the EFT system by the CBRT and the Branch accounts with the CBRT were closed, excluding the required reserves. Likewise, the closure of the branch's placements in domestic public banks and some domestic private banks was requested by the relevant banks and the funds in question were withdrawn to a large extent. The branch cannot enter the treasury auctions and cannot use the cash it holds in the form of placements in other banks. Therefore, there is a significant decrease in the interest and commission income of the Branch. Although the branch does not foresee any problems regarding capital adequacy and liquidity ratios in the following periods, it is thought that resources / capital can be provided from Iran Headquarters to its branches in Turkey if needed. No difficulties are foreseen in meeting the current obligations of the Branch.

In the upcoming period, the developments will be followed and alternative opportunities will continue to be explored, and efforts to focus on other financial banking products that will generate operating income in a different way have been started. Liquid allocations were made for the purpose of growth in loans.

The balance sheet size of the Branch as of 31 December 2025 was 2,079,526 TL, the balance sheet size as of 30 September 2025 was 2,090,565 TL, the balance sheet size as of 30 June 2025 was 2,057,596 TL, the balance sheet size as of 31 March 2025 was 1,982,534 TL, and the balance sheet size as of 31 December 2024 was 1,936,291 TL.

The Branch's capital adequacy ratio was calculated as 80.17% as of December 31, 2025, 74.75% as of September 30, 2025, 68.40% as of June 30, 2025, 67.69% as of March 31, 2025, and 76.64% as of December 31, 2024.

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SECTION SEVEN

EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

I. EXPLANATIONS ON INDEPENDENT AUDITOR’S REPORT

The unconsolidated financial statements prepared as of December 31, 2025 and for the interim period ending on the same date were audited by Rehber Bağımsız Denetim ve Yeminli Mali Müşavirlik A.Ş. and the independent audit report dated 31.03.2026 was presented before the unconsolidated financial statements.

II. EXPLANATIONS AND NOTES PREPARED BY INDEPENDENT AUDITOR

None.

3. Information on Financial Structure

Net period profit of Bank Mellat Turkey is TRY 143.784 thousand. As of 31 December 2025 its equities are TRY 980.045 thousand, and its total assets are TRY 2.079.526 thousand.

3.1. Assessment of Financial Status, Profitability and Solvency

As of 31 December 2024 profitability ratios are as follows.

	Amount (000 TL)	Ratio (%)
Profit Before Tax/ Total Asset	206.291/ 2.079.526	9,92%
Profit Before Tax/ Total Equity	206.291/ 980.045	21,05%
Profit Before Tax/ Paid-In Capital	206.291/ 200.000	103,15%

The rates for 31 December 2024 are as follows:

	Amount (000 TL)	Ratio (%)
Profit Before Tax/ Total Asset	166.415/ 1.936.291	8,59%
Profit Before Tax/ Total Equity	166.415/ 837.091	19,88%
Profit Before Tax/ Paid-In Capital	166.415/ 200.000	83,21%

Bank Mellat has enough cash and source that is equal to cash in order to fulfill its debts and liabilities.

4. Information About Risk Management Policies Applied by Risk Types

Risk is defined as a reduced economic benefit that might occur if any financial damage is incurred in respect of an operations or a transaction, or an unexpected expense or damage is incurred.

The Bank is exposed to several risks due to the operations it is engaged in to achieve its objectives. The purpose of risk management is to identify, measure, report, monitor and control risks that are faced through defined application procedures and limits, and to determine the internal capital requirement in accordance with the risk profile to be adopted in this context.

Board of Managers is authorized to identify the norms and principles, policies procedures, applications and limits regarding the risk management system. Board of Managers may assign such power to the members, committees to be established and senior department directors provided that the scope and restrictions are specified in written.

The following aspects have been taken into consideration in the determination of risk management policy and implementation procedures.

- The vision, mission, strategy and objectives of the bank,
- Prior and main areas of activity of the Bank, its products, and their volume and characteristics,
- Bank's organizational structure, human resources
- Past events and experiences related to exposure risks,
- The scope and quality of the database for risk management,
- The bank's technological competence and its level of contribution to risk monitoring and management activities,
- Internal capital requirement and actual equity level, and the level of risk compatible with them.

It is not necessary to develop risk management policies and procedures for all types and subtypes of risk, taking into account the size of the branch, the scope and complexity of its activities, the volume of transactions and the variety of products used. The branch management believes that the development of policies and procedures for certain risk types and sub-types within the framework of materiality principle is appropriate and sufficient.

Due to its activities, the Branch is primarily exposed to credit and operational risks, and then market risks that are at a less significant level.

4.1. Principles and Policies for Credit Risk Management

Board of Managers is authorized to open Credit. Board of Managers may assign its power of opening credit to General Manager as per the provisions of Banking Law and the relevant legislations. However, in practice, all loan decisions are taken by the Board of Managers.

Board of Managers is authorized to specify the scope and terms of credit activities.

The Bank's lending activities are carried out in accordance with the following priorities.

- Priority will be given to short-term cash loans for foreign trade transactions, which we act as intermediaries in the allocation of resources and limits for lending activities, and to non-cash loans such as letters of guarantee, letters of credit and silent confirmation that customers may need in export and import transactions.
- Although it is not possible to completely avoid product and sector concentration at Branch's credit risk in terms of target transaction types and target customer, attention is paid for the balanced distribution of credits to a large customer group.
- Customer requests for other lending activities, other than those in the previous paragraph, are of secondary importance to the bank and are assessed taking into account factors such as risk-return balance, maturity and quality of collateral.
- Within the scope of fund management; treasury bills, government bonds and CBRT liquidity bonds and bank bonds are invested as securities representing low risk debts. The shares representing the debts other than those mentioned above and their shareholding interests can be acquired by the decision of the Board of Directors.
- Demand deposits made at other banks for banking activities, and other time-deposits made at other banks for fund management are carried out within the limits and conditions determined by the Board of Managers.
- Loan allocations and disbursements are carried out in accordance with the principle of "Know Your Customer Well and Closely". No credit is assigned to or used by people and companies that have no reasonable activity background, with insufficient information about their activities, that do not provide the information

and documents within the specified time and content, whose management and/or owner has not enough knowledge, capability and transparency.

- In loan decisions, in addition to the guarantees and guarantees to be received, the morality of the debtor and the capacity to generate the cash flow to be used in repayment of the credited transaction are evaluated carefully.
- As a principle, loans are opened in exchange of a valid warranty. First and second group collaterals specified in the "Regulation on the Procedures and Principles for the Determination of Qualifications of Loans and Other Receivables by Banks and for Provisions to be Allocated for Them" are sought as collaterals. Entities other than material and financial assets, which are turned into cash easily and fast, have an operational market, and whose value leaves no room for debt, are not accepted as warranties.
- A reasonable margin is determined for the amount of the collateral according to loan terms (interest, maturity, etc.). The deposit amount is calculated in such a way as to cover the entire risk of exposure in default. Between collateral and risk, attention is paid to the currency and maturity.
- Pricing of the credits is determined according to the degree of risk, and balance of risk profit should be pursued at each credit transaction. In addition to the conditions and maturities of loans, the risks to be incurred against revenues are also assessed. Assessments are used as the basic criteria for determining the price of loans.
- Limits set for total loan risk and country risks are strictly followed. Compliance will be monitored on a daily basis, and any breaches will be immediately reported to the General Manager and will be resolved as soon as possible.

4.2. Principles and Policies for Operational Risk Management

Operational risk is defined as a risk of loss that arises out of insufficient or unsuccessful internal processes, people and systems, or external occurrences. Operational risks that have the potential of causing significant losses may result in such losses as system interruption or problems, types of business conduct, in-house fraud.

Operational event types do not have equal risk weights in the Branch. Principles, policies and implementations of operational risk are determined by taking the risk weight that is considered to be valid for the Branch into consideration. In the events that are appropriate for event types and possible to apply, insurance technique is used so as to reduce the risk. Primary principles, policies and measures regarding the operational risk management of the Branch are as follows.

- This technique is used where it is appropriate and feasible to apply insurance technique to reduce operational risk. The Bank's senior management is authorized to identify areas for using this technique and to use its insurance policy.
- In all activities of the Branch, the liabilities of those who decides and/or approves that the bank may be a party for any banking transaction and of those who are authorized to execute, perform and conclude the transaction are different from each other, and these responsibilities should not be allowed to coincide
- Approval of any kind of banking transaction and actual performance of such transaction are two functions that are separated from each other by strict lines.
- Those who are authorized to have any purchase/sales and investment/borrowing relationship with any addressee and to determine price, term and such conditions about such relationships cannot be granted authorization to perform operational

functions related to such transactions and to approve the transactions already performed.

- In addition to distinction between approval and performance tasks, operational transactions are subject to different approval limits in terms of transaction prices. General Manager is authorized to set different limits for different kinds of transactions and to determine application principles accordingly.
- The Branch supports its operational activities with hardware and software system compliant with international standards and national legislations that prevents and warns the branch about the transformation of potential risks into actual risks, that strengthens operational productivity and reliability, and that enhances effectiveness control.
- The Bank takes necessary precautions to ensure that the staff follows the developments in legislation and implementation, that they are informed about these developments on time, that the content and scope of these changes are understood, and that the effect of these changes on the activities are communicated to the staff. These works are supported through the Bank's in house and external training events. Controls of coherence that are conducted, and adequacy and level of works about these issues are regularly monitored.
- Growth in the internal volume of the Bank is digitized in terms of periods. This way, work load on the operational staff, trends about the work load, relationships between work force and failures, deficiencies, contradiction are all analyzed. Analysis results are assessed and necessary precautions are taken. An internal audit and internal control organization structure is established in accordance with the nature, scope and frequency of the findings of the assessments made. A sufficient number of experienced personnel are employed in accordance with the qualifications required for the work done in these units.
- Internal control activities are supplementary to the daily operational activities of the Bank, and minimizing the probability and magnitude of operational risks is the main target of the internal control activities. For this purpose, the Bank's internal control unit continuously develops preventive and detective controls, and checks limits and compliance with specific scope and intervals through verifications of material errors, reporting, physical controls, approval and authorization, inquiry and reconciliation.
- Regular internal control works, and frequency and quality of internal control activities are evaluated and controlled, focusing on risks. The internal audit unit shall make recommendations on the developments, trends, importance and priorities of the operational risks and precautions to be taken.

4.3. Principles and Policies for Market Risk Management

The Branch does not have active sales-purchase activities in its name, does not have a position of security or commodity that bears sales-purchase purpose, and does not use derivative tools. Taking this into consideration, the Branch is exposed to interest rate risk due to securities available for sale, and to exchange risk due to foreign currency exchange position. The following principles and policies apply to these risks, which have a low level of severity.

- The fixed-term resource structure of the bank in the purchase of securities available for sale is taken into account with its weighted durations and costs.
- The rules and limitations of the direction, amount and composition of the foreign exchange position of the Bank is under the authority of the Board of Directors in principle, but it may be delegated to the Risk Committee by the Board of

Directors. The Risk Committee evaluates the economic developments in Turkey and the World with a frequency it deems fit, and makes make recommendations to change on limits and restrictions related to its foreign currency position as it deems fit.

- At least 80% of the Bank's net foreign currency position consists of US dollar and Euro positions, or of currencies anchored to these currencies.

4.4. Principles and Policies for Liquidity Risk Management

Liquidity Risk, which is defined to be not fulfilling the payment liabilities on a completely and timely basis as there is not cash on hand or cash entry that is at an enough level and of a characteristics to completely and timely meet the cash outflow arising out of the imbalance in cash flows, is managed within the framework of following principles and policies.

- Liquidity risk is taken into account at all assignment resolutions, including the loans. Liquidity management is performed in terms of the capital used.
- The maturity structure of existing bank assets and new areas of use is taken into account when determining the maturities of the bank funding resources.
- Customer and maturity concentrations in non-group resources are monitored closely. The amount of liquid value to be retained and its formation are determined by considering these concentrations as well as legal obligations.

5. Information about Ratings and Their Contents

The branch has no note of rating.

6. Summary Financial Information for the Five year Period including the Reporting Period (TRY -Thousand)

ASSETS	2025	2024	2023	2022	2021
Cash and Balances with Central Bank	487.012	575.878	802.419	607.929	751.391
Banks	1.166.614	1.021.740	779.936	775.804	579.667
Receivables from Money Market	-	-	-	-	-
Loans	397.147	319.082	358.331	284.348	233.722
Securities	2.575	1.134	839	8.587	316
Other Assets	26.178	18.457	18.294	17.478	15.647
Total Assets	2.079.526	1.936.291	1.959.819	1.694.146	1.580.743
LIABILITIES					
Deposit	1.011.877	1.031.242	1.191.860	1.014.046	964.924
Funds	-	-	-	-	-
Provisions (Tax and Other)	49.118	49.170	37.887	35.914	36.194
Other Liabilities	38.486	18.788	9.960	7.956	6.104
Equities	980.045	837.091	720.112	636.230	573.521
Total Liabilities	2.079.526	1.936.291	1.959.819	1.694.146	1.580.743

INCOME STATEMENT	2025	2024	2023	2022	2021
Net Interest Income	274.923	222.061	117.677	76.217	73.489
Net Fee and Commission Revenues	13.347	17.087	7.719	11.165	5.153
Other Revenues (net)	(37.330)	(38.257)	12.779	14.911	50.670
Total Operating Revenue	250.940	200.891	138.175	102.293	129.312
Other Operating Expenses	(38.762)	(28.780)	(18.466)	(10.911)	(7.804)
Provision for Loan Losses	(5.887)	(5.696)	(2.497)	(3.591)	(6.906)
Profit Before Tax	206.291	166.415	117.212	87.791	114.602
Tax Provision	(62.507)	(49.376)	(32.979)	(22.758)	(29.933)
Net Profit	143.784	117.039	84.233	65.033	84.669

	2025	2024	2023	2022	2021
Total Number of Employees	39	40	40	43	43
Total number of Branches	3	3	3	3	3

7. Annual Report of Bank Mellat Tehran – Iran



بانك ملت
bank mellat

Annual Report
(2022)

新刊

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Message from the CEO

Esteemed Shareholders,

In implementing its policy of transparency and professionalism in information dissemination, Bank Mellat has based its approach on dynamic communication with shareholders, and beneficiaries through precise, timely, and professional reporting. This aims to achieve one of the goals of the annual reports, which is to provide reliable information for attaining the objectives outlined in the bank's activity vision.

The Board of Directors of Bank Mellat believes that transparency in disseminating information sought by shareholders, beneficiaries, and customers not only enhances the brand position of Bank Mellat but also significantly facilitates their decision-making for continued and increased engagement with the bank.

The large family of Bank Mellat, by leveraging the capabilities of its skilled and knowledgeable staff in all professional and specialized fields, along with its hardware and software potential, has taken steps towards profitability growth and value creation in the past year. Consequently, it has secured the top position in most performance indicators among listed and unlisted banks. As a result of the professional and dedicated efforts of its skilled and specialized employees, Bank Mellat, by increasing its market share, has for the first time in its history, become a leader in performance indicators within the country's banking system.

Utilizing all available capacities and the unified collaboration of its dedicated managers and staff, and leveraging the prominent position of its brand in the national banking system, Bank Mellat is resolutely committed to enhancing its professional capabilities through the implementation of digital transformation. By generating innovative banking ideas and providing the most up-to-date services to customers, the bank aims to continually elevate the customer experience and create value for its shareholders and the broader beneficiaries' community.

Reza Dolatabadi

▶ **Board of Directors**



Reza Dolatabadi

CEO & BOARD MEMBER



Masoud Nasre-Esfahani

CHAIRMAN



Abbas Ashraf Nejad

VICE-CEO & BOARD MEMBER



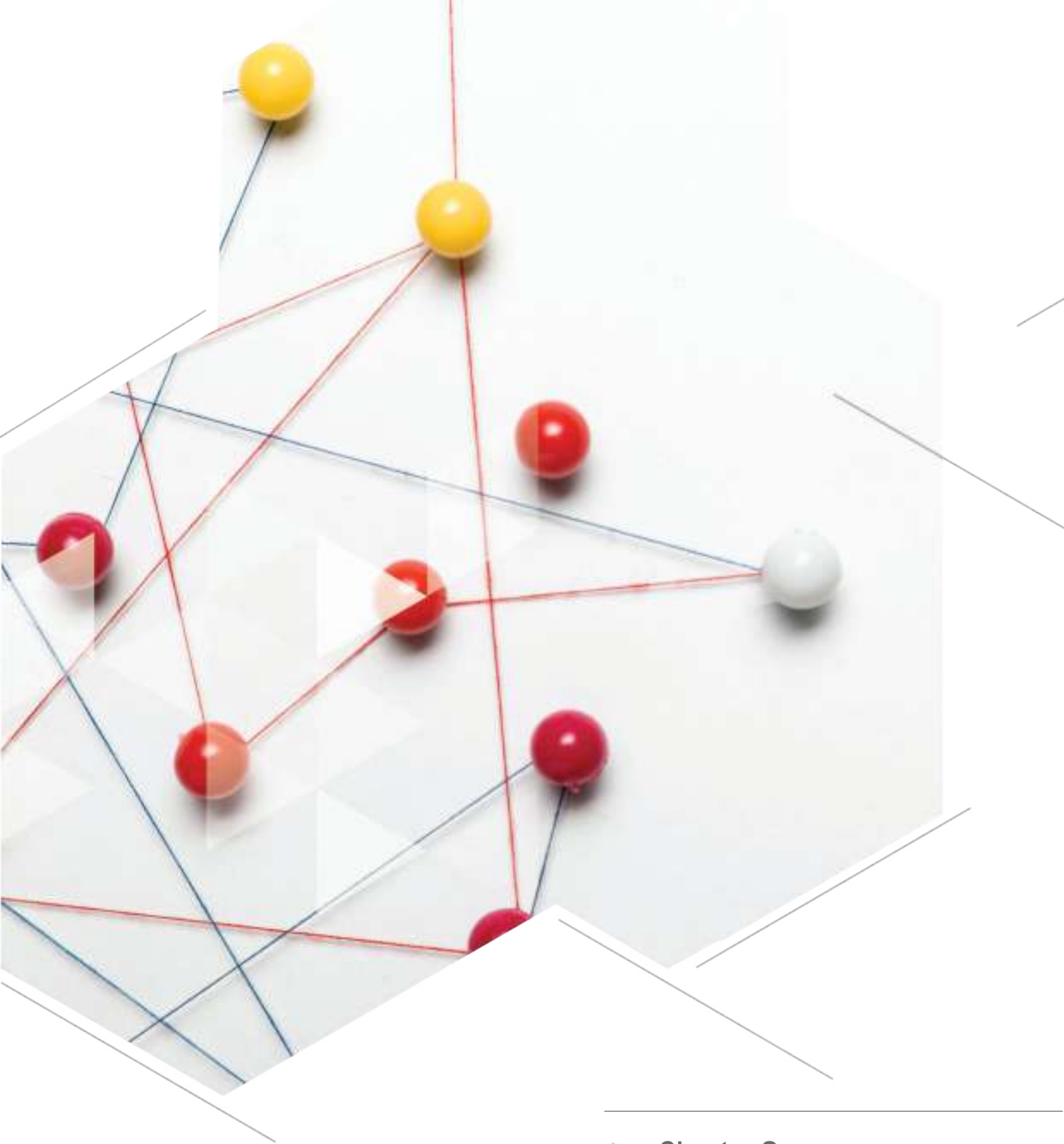
Seyed Kazem Chavoshi

VICE-CHAIRMAN



Hossein Bahari

BOARD MEMBER



Chapter One
Strategy Report

▶ About the Bank Bank Mellat at a Glance

Pursuant to the resolution dated 12/20/1979 of the General Assembly of Banks, Bank Mellat was established on 07/22/1980 through the merger of ten private banks: Tehran, Daryush, Beynolmelali-e-Iran, Farhangian, Bimeh-Iran, Pars, Tejarat-e-Khareji, Iran-va-Arab, E'tebarat-Taavoni-va- Towzie, and Omran, with an initial capital of 33.5 billion Rials.

Additionally, based on the decisions made in the Extraordinary General Meeting of Banks dated 04/06/1999 and the resolution No.T/68985 dated 07/24/2007 by the esteemed Council of Ministers, the bank's legal status was converted to a public joint-stock company. It was listed on the main board of the primary market of the Tehran Stock Exchange in the banks, credit institutions, and other financial institutions sector on 02/10/2009, and five percent of its shares were offered for price discovery on the stock exchange on 02/18/2009.

Currently, 11.16 percent of the bank's shares are owned by the government, with the remainder held by provincial investment in justice shares (Saham-e-Edalat) and other private and non-governmental sectors.

▶ The Core Business of the Bank

The bank's main activities involve conducting banking operations in accordance with the country's monetary and banking regulations. Its subsidiaries are primarily engaged in banking, leasing, investment, currency exchange, and the design and production of computer software, as well as providing maintenance services for the software produced.

▶ Bank Mellat's Slogan

Bank Mellat, the experience of distinct services.

Number of Employees	New Hires in 2022/23	Number of Domestic Branches	Number of Foreign Branches	Number of Customers
1 9,038	591	1,356	4	36,118,125

▶ Bank Mellat's Strategies

The goals, themes, and strategic plans of Bank Mellat for the 2022-2025 period were approved in 2022 and are outlined as follows.

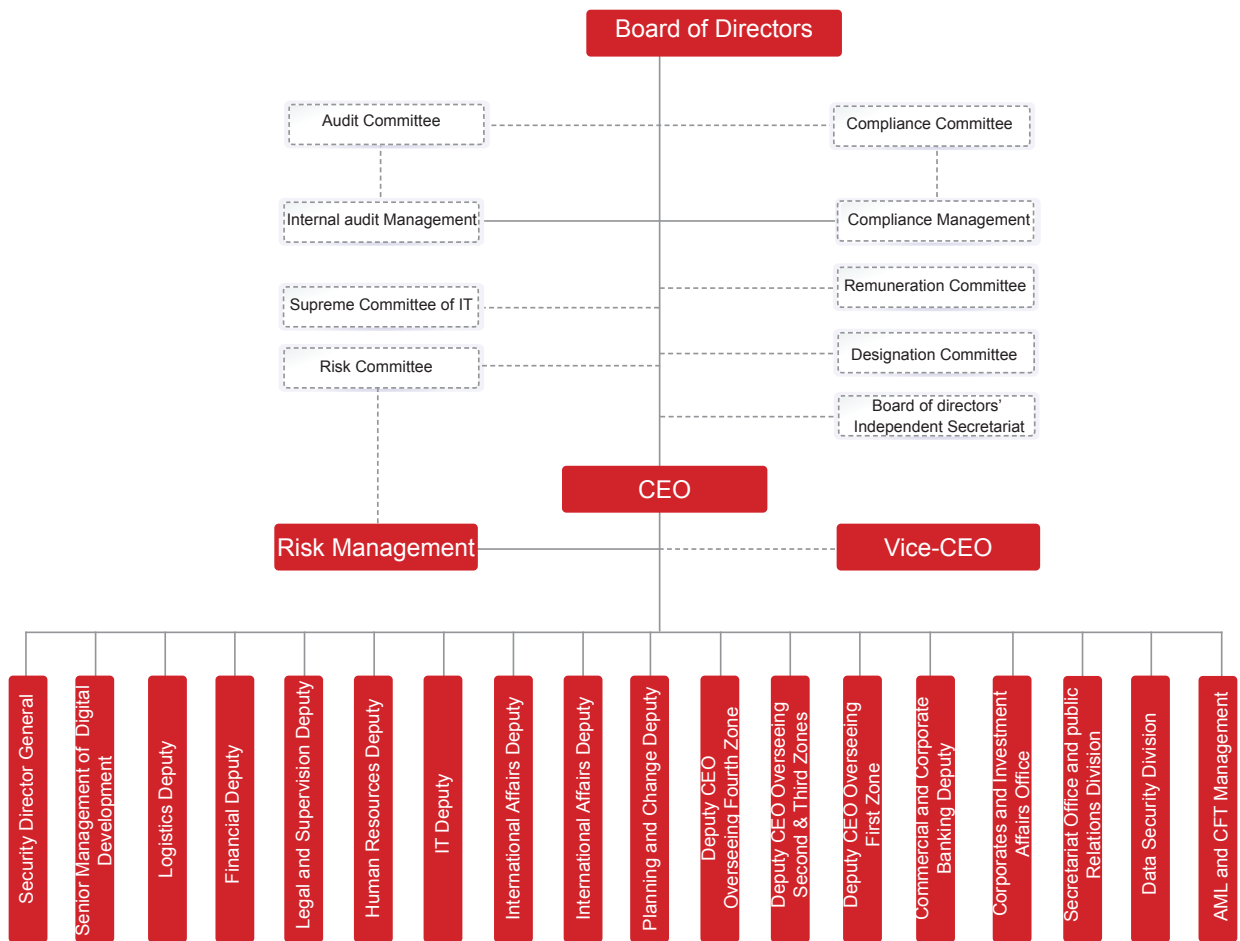
▶ Our Mission

To achieve excellence, we are committed to understanding the evolving needs of our customers, providing reliable services and innovative banking solutions, achieving sustainable banking, continuously creating value for our shareholders, drawing inspiration from successful global experience, and developing productive businesses.

▶ Our Vision

We envision a day when our collective efforts in delivering enthusiastic services transform us into a symbol of innovation, value creation, and excellence. A day when we take pride in the commitment of our colleagues, cherish the trust of our loyal customers, and everyone embraces our ease, sincerity, and responsibility.

MACRO ORGANIZATIONAL CHART

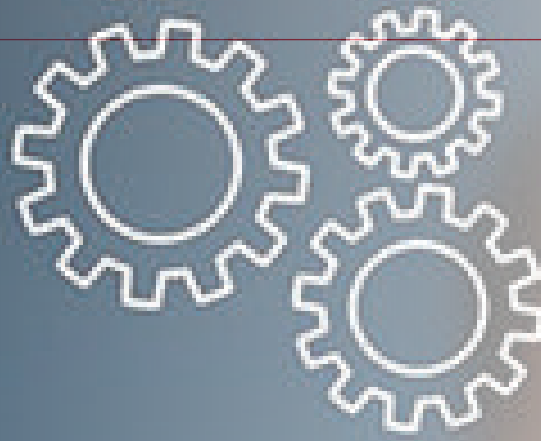




Teamwork

Annual Report 2022

Vision



process

Business

people

Model

finance \$ €

olution

goal

£ ¥



► Business Model

► Bank's Scale

- With operations in all thirty one provinces, we comprehensively cover the entire domestic market geographically.
- Through operations in five countries- the United Kingdom, South Korea, Armenia, Malaysia, and Turkiye, we have established access to global markets.

► Bank Customer Segments

- Customers are divided into three categories: personal banking, commercial banking, and corporate banking.
- In other words, Bank Mellat serves two types of customers: individual and legal entity (corporate).

Individual customers are segmented based on their resources into three categories: premium, mid-tier, and mass.

The legal entity customers are also categorized into the following three groups based on the volume of their relationship with the bank and their level of interactions within the banking system:

- a. Corporate customers**
- b. Commercial customers**
- c. Small businesses**

Business Units

- In order to provide customized products and services, the bank's business units have been designed according to customers segments. Personal banking and customer experience improvement, corporate banking affairs management, and commercial banking affairs management are the main business units catering to customers in the bank. These units analyze customers' needs, design and present products and packages according to each requirement.
- In order to meet all the requirements of the customers, along with the main business units of the bank, subsidiaries of the bank, such as Behsaz Partnerships Group, Behsazan-e-Farda Smart Technologies Group, and Mellat Financial Group, also provide services such as leasing, exchange, insurance, investment, software design and production, finance, etc. to the bank and customers.

Significant Events of the Year

In the area of strategic and large-scale planning of the bank, numerous influential events have taken place in the reporting year. Some of the most important ones include:

- Approving and notifying the themes, goals, and strategic plans of the Bank (Horizon of 2025).

- ▶ Targeting the first rank in the country's banking system in all indicators, as the focal point of the bank's operations at the year-end meeting of managers.
- ▶ Aiming to increase market share and raise customers' satisfaction level via boosting resources mobilization methods, profitability and income growth, designing a performance-based reward system, and strengthening customer centricity approaches in the branches staff manifested in the CEO's speech with them.
- ▶ Signing memorandum of understanding with new big customers and strengthening interactions with current customers.
- ▶ Supporting knowledge-based companies within the framework of the cooperation agreement between the bank, Innovation and Development Fund, and Persian Gulf Holding.

Annual Activities of Employees and Conferences

- ▶ Holding the internal comprehensive assembly of the bank (regional, corporate banking, the whole bank, operational program assemblies), April 21st to May 21st Tehran
- ▶ Participation in the 26th International Oil, Gas, Refining and Petrochemical Exhibition, April 21st to May 21st Tehran
- ▶ Holding the conference of first-grade branches of the country, May 22nd to June 21st Shiraz
- ▶ Holding the annual general assembly of the bank, May 22nd to June 21st Tehran
- ▶ Holding the conference of first-grade branches of the country, June 22nd to July 21st Mashhad
- ▶ Attending Iran Synergy Management Exhibition, July 22nd to August 21st Tehran
- ▶ Holding a credit conference (Nation-wide scientific, specialized credit/claim conference) July 22nd to August 21st Tabriz



- ▶ Holding the nationwide security management conference, Aug. 22nd to September 21st Mashhad
- ▶ Holding the conference of premium branches managers of the country, Sept. 22nd to October 21st Tehran
- ▶ Participation in the 9th Exchange, Bank, Insurance & Privatization Exhibition and the 14th Exhibition of Introducing Investment opportunities, Kish invex. Sept. 22nd to October 21st Kish
- ▶ Holding the third conference on a performance review of premium branches managers of Tehran, Sept. 22nd to October 21st Tehran
- ▶ Holding a conference of area managers of the whole country, Oct. 22nd to November 21st Tehran
- ▶ Attending the 8th Iran Transaction Exhibition, Dec. 22nd to January 20th Tehran
- ▶ Participation in the 2nd exhibition and conference on introducing new opportunities for investment and development in the field of oil, gas, and petrochemicals, Jan. 21st to February 19th Qeshm
- ▶ Holding a conference of Regional Managers. Jan. 21st to February 19th Mashhad
- ▶ Holding an extraordinary meeting of the bank (Capital increase) Jan. 21st to February 19th Tehran
- ▶ Participation in the 4th specialized exhibition and conference on supporting domestic manufacturing in petrochemical, refining, and petro-refining industries, Jan. 21st to February 19th Kish
- ▶ Participation in the 25th conference of Iran's Top Companies (Industrial Management Organization) Jan. 21st to February 19th Tehran



Chapter Two
Financial Status at a Glance

► Financial Highlights

A Summary of the Bank's Financial Performance Indicators

- ▶ First place among commercial banks in terms of the current deposit balance
- ▶ First place among commercial banks in terms of branches per capita in attracting resources
- ▶ First place among commercial banks in terms of branches per capita in attracting Rial deposits
- ▶ First place among commercial banks in terms of staff per capita in attracting resources
- ▶ First place among commercial banks in total resources allocation
- ▶ Ranking the second place among commercial banks in terms of foreign currency deposits balance
- ▶ Ranking the second place among commercial banks in issuing letters of guarantee
- ▶ Selection of Bank Mellat as the best bank in Iran in terms of sales rate index and the amount of assets among banks and credit institutions, based on the Industrial Management Organization's rating
- ▶ 46% increase in return on equity (ROE) compared to last year
- ▶ 61% increase in return on assets (ROA) compared to last year

Financial Indicator	03.21.2022 to 03.20.2023 (Amounts in Billion Rials)
Gross Profit	555,488
Net Charge Income	58,825
Total Operating Income	1,037,164
Net Profit (loss)	449,560
Earnings Per Share	1,274
Capital Adequacy Ratio	9.26



▶ Reviewing and Evaluating Financial Indicators in the Last Three Years

Financial Indicator	03.21.2022 to 03.20.2023	03.21.2021 to 03.20.2022	Percentage change compared to 2021	03.21.2020 to 03.20.2021	Percentage change com- pared to 2020
Operating income	1,037,164	692,193	50	439,628	136
Deposits interest expenses	481,676	363,328	33	216,735	122
Gross profit	555,488	328,865	69	222,892	149
Net charge income	58,825	26,868	119	12,715	363
Operating profit	477,893	275,949	73	232,477	106
Administrative and general expenses	328,716	245,631	34	192,846	70
Doubtful loans expenses	35,902	27,203	32	59,380	(40)
Financial expenses	27,119	23,177	17	19,441	39
Net profit	449,560	197,690	127	94,813	374
Earnings per share (Rial)	1,274	560	128	458	178
Productive assets of the bank	12,715,373	9,081,281	40	6,692,797	90
Non-productive assets of the bank	1,231,654	1,007,444	22	771,695	60
Total assets	13,947,027	10,088,725	38	7,464,492	87
Shareholders' equity	1,074,241	644,014	67	460,041	134
Total liabilities	12,872,786	9,444,711	36	7,004,450	84



 **Chapter Three**
Corporate Governance

▶ **Principles of Corporate Governance**

According to the provisions of the guidelines on the requirements for corporate governance in the non-governmental credit institutions, various corporate governance committees have been established in the macro-structure of Bank Mellat as follows:

▶ **Audit Committee**

The audit committee has been established in line with the establishment of efficient and effective internal control system to ensure the accuracy of financial statements, financial reporting process, and accounting systems. The core function of this committee is to effectively support the internal audit unit in order to comply with its independence and professional competence and also to support the performance of independent and internal auditors.

▶ **Risk Committee**

The risk committee is a specialized independent committee that helps the board of directors with overseeing the effective management of the risks faced by the bank. The core function of this committee is to detect and evaluate the bank's risks, evaluate the performance of the systems used to determine the risk exposures, and devise strategies to face and mitigate risks.

▶ **Compliance Committee**

This committee has been established aiming to monitor the bank's policies, programs, and procedures regarding compliance with laws and regulations and monitoring the adequacy and effectiveness of managing the risk of breaching the rules and regulations.

▶ **Remuneration Committee**

The remuneration committee is responsible for overseeing the establishment, maintenance, and management of programs and general policies for remuneration of services, salaries, and benefits, rewards, and human resources incentive plans of the bank at all levels. The activities of this committee are in line with the optimal allocation of financial resources to the human resources area of the bank while respecting the rights and interests of shareholders.

▶ **Disclosure of Information to the Public**

Information Disclosure Policy: Bank Mellat is committed to disclosing information based on the prevailing laws and regulations of listed companies in accordance with the circular No. 96/105749 dated 07.02.2017 of the Central Bank of the I.R. of Iran, regarding minimum standards of transparency and public release of information, Bank Mellat uploads the financial transparency report of its performance continuously on its website at the below address in "About Mellat-shares affairs" section for public use.

https://www.bankmellat.ir/financial_transparency.aspx

▶ **Individuals with Access to Confidential Information:**

The confidential information about individuals is sent to the stock exchange organization via the

comprehensive database of all listed companies at www.codal.ir address.

Beneficiaries

Bank's Shareholders

Row	Shareholder's Name	Number of Shares	Stake (%)
1	Government of the I.R. of Iran	39,409,778,316	11/16
2	Provincial Investment Companies of Saham-e- Edalat (ESC)	39,379,328,748	11/16
3	Mellat Market Making Exclusive Investment Fund (BFM)	30,152,196,483	8/54
4	Mellat Financial Group	20,243,239,652	5/73
5	The First Financial Intermediary Investment Fund	20,031,185,038	5/67
6	Fanavaran Petrochemical Co.	15,776,561,411	4/47
7	Tamin Atiyeh Fund of Bank Mellat Staff	10,071,412,198	2/85
8	Saba Tamin Investment Company (PJS)	9,137,246,400	2/59
9	Moein Atiyeh Khahan Cooperative Company	7,823,096,277	2/22
10	Tehran Provincial Investment Company	6,083,788,671	1/72
11	Mehr-e-Ayandegan Financial Development Group	6,022,565,984	1/71
12	Khorasan-e-Razavi Provincial Investment Company	5,868,878,713	1/66
13	Fars Provincial Investment Company	4,422,594,201	1/25
14	Khuzestan Provincial Investment Company	4,306,869,152	1/22
15	Shirin Asal (Private Company)	4,257,179,897	1/21
16	Isfahan Provincial Investment Company	3,877,458,581	1/10
17	Other Provincial Investment Companies Less Than 1 Percent	40,307,634,731	11/42
18	Other Legal Shareholders Less Than 1 Percent	46,126,233,259	13/06
19	Real Shareholders	39,702,752,288	11/25
Total		353,000,000,000	100



► **Shareholders' Right of Access to Information**

In line with the requirements of the Stock Exchange and Securities Organization for the presence of the shareholders in the ordinary general meeting, Bank Mellat invites the shareholders as an annual practice to attend the general meeting via notifying through widely-circulated newspapers or the comprehensive database of all listed companies' web-site at www.codal.ir.

► **Dividend Distribution Policy and Time**

With regard to note 2, article 5, chapter 1 of the Disciplinary Procedures for the issuers listed in the Tehran Stock Exchange, approved on 02/01/2009 by the Board of Directors of the Securities and Exchange Organization on the issuer's duties regarding releasing information and respecting shareholders' rights, Bank Mellat puts the schedule of cash dividend payment proposed by the board of directors in the Sejam system at least 10 days before the ordinary general meeting and uploads it on the comprehensive database of all listed companies website, the Codal.ir site. According to Iran's commercial law, the dividend distribution policy and the amount of dividend are determined with the proposal of the board of directors and approval of the ordinary general meeting.

**Notice of Dividend Payment of Bank Mellat Company
for the Fiscal Year Ending on 03/20/2023**

Description	Profit payment date	Profit payment method
Real & Legal Shareholders Registered in Sejam (Including Companies, Investment Funds & Institutions)	07/22/2023	Remitting to the Sejam account
Real Shareholders Not Registered in Sejam	08/22/2023	Referring to any branch of Bank Mellat across country and presenting the national ID card/ the stock exchange code or referring to internet banking system of Bank Mellat (dividend receiving section)
Legal Shareholders	Portfolios (Real/Legal) 09/11/2023	Submitting a written request by the portfolio, declaring account / IBAN number together with the documents related to the remittance of the dividends to portfolio manager's account, and also submitting a copy of the official gazette for the latest changes in the managers and owners of authorized signatures of the company to Bank Mellat shareholders' office.
Other Legal Shareholders Not Registered in Sejam	10/22/2023	Submitting a written request, declaring account / IBAN number and also a copy of the official gazette for the latest changes in the managers and owners of authorized signatures of the company to Bank Mellat shareholders' office.

▶ Employees

The Employment Relationship of the Line and Staff Employees

Row	Employment Relationship	Staff	Branch Management Headquarters	Line	Total
1	Official	2,044	2,721	9,935	14,700
2	Temporary Employment Contracts	7	11	55	73
3	Permanent Contract of Labor Law	26	34	167	227
4	Counseling Contract	8	0	0	8
5	Temporary Contract of Labor Law	293	522	2,976	3,791
6	Cooperation Contract	114	109	9	232
7	Commissioned Officer From Other Organizations	7	0	0	7
Total		2,499	3,397	13,142	19,038

▶ Work Experience

Row	Work Experience	Number of Staff
1	Less than 5 years	1,974
2	5 to 10 years	1,552
3	10 to 15 years	500
4	15 to 20 years	4,165
5	20 to 25 years	5,455
6	More than 25 years	5,392
Total		19,038

► Educational Degree

Row	Educational Qualification	Number
1	High school diploma, Elementary/ Secondary school	4,110
2	Associate degree	869
3	Bachelor's degree	9,048
4	Master's degree	4,920
5	PHD	91
Total		19,038

► Gender

Gender	Male	Female	Total
Number	15,981	3,057	19,038

► Job Category

Category	Managers	Experts	Inspectors and Auditors	Bankers	Other	Total
Number	8,815	1,325	383	6,685	1,830	19,038



▶ Number of Branches

Zone	1	2	3	4	Total
Number of Branches	291	419	348	298	1,356

▶ Number of Counters

Zone	Counter	Special Services	Counter out of a Merged Branch	Total Number of Counters
1	37	74	4	115
2	55	38	68	161
3	30	22	58	110
4	25	21	44	90
Total	147	155	174	476



► Recruitment Quota in 2022

Row	Job Category	General Exam	Talent Pool
1	Banker	1,516	0
2	Banker (Informatics)	120	46
3	Banker (Legal)	80	13
4	Banker (Building)	85	11
Total		1,801	70

► Educational and Scientific Activities of Employees

Row	Title	#Programs	# Students	Duration/hour	Man/ Hour of Education	Share (%)
1	In-person Programs	1,144	39,395	11,557	351,551	%45
2	Online Programs	678	47,819	8,209	431,241	%55
Total		1,822	87,214	19,766	782,792	%100

► Framework for Evaluating Employees' Performance

Evaluating Branch Employees' Performance

► Evaluations are conducted in three main levels of performance; i.e. individual (qualitative and quantitative evaluation), branch performance, and group performance:

1 -1 Individual evaluation includes measuring employees' performance based on quantitative and qualitative indicators.

A) Quantitative evaluation is based on measurable indicators extracted from the centralized systems of the bank.

B) Qualitative evaluation is conducted via questionnaires based on ethical code, code of conduct, and general merits, and is evaluated based on the positions and work groups in the branches.

1-2 Group-wise evaluation: The group performance score is awarded according to the branch employees' role in achieving the goals of the group's operational plan.

1-3 Branch-wise evaluation: is based on the performance of the branch in achieving the operational plan goals and the branch performance score is calculated according to the employees' performance.

2- Final score of the annual evaluation of branch employees:

The evaluation record of branch employees is calculated on a scale of 100 points and issued every month based on each employee's performance in individual, group, and branch levels, and the average of monthly evaluation points obtained during the year will be final annual score for each branch employees.

► Evaluation of Staff Personnel Performance

1- Staff personnel performance is evaluated in two main levels of individual (qualitative evaluation) and unit performance (operational plans, performance metrics)

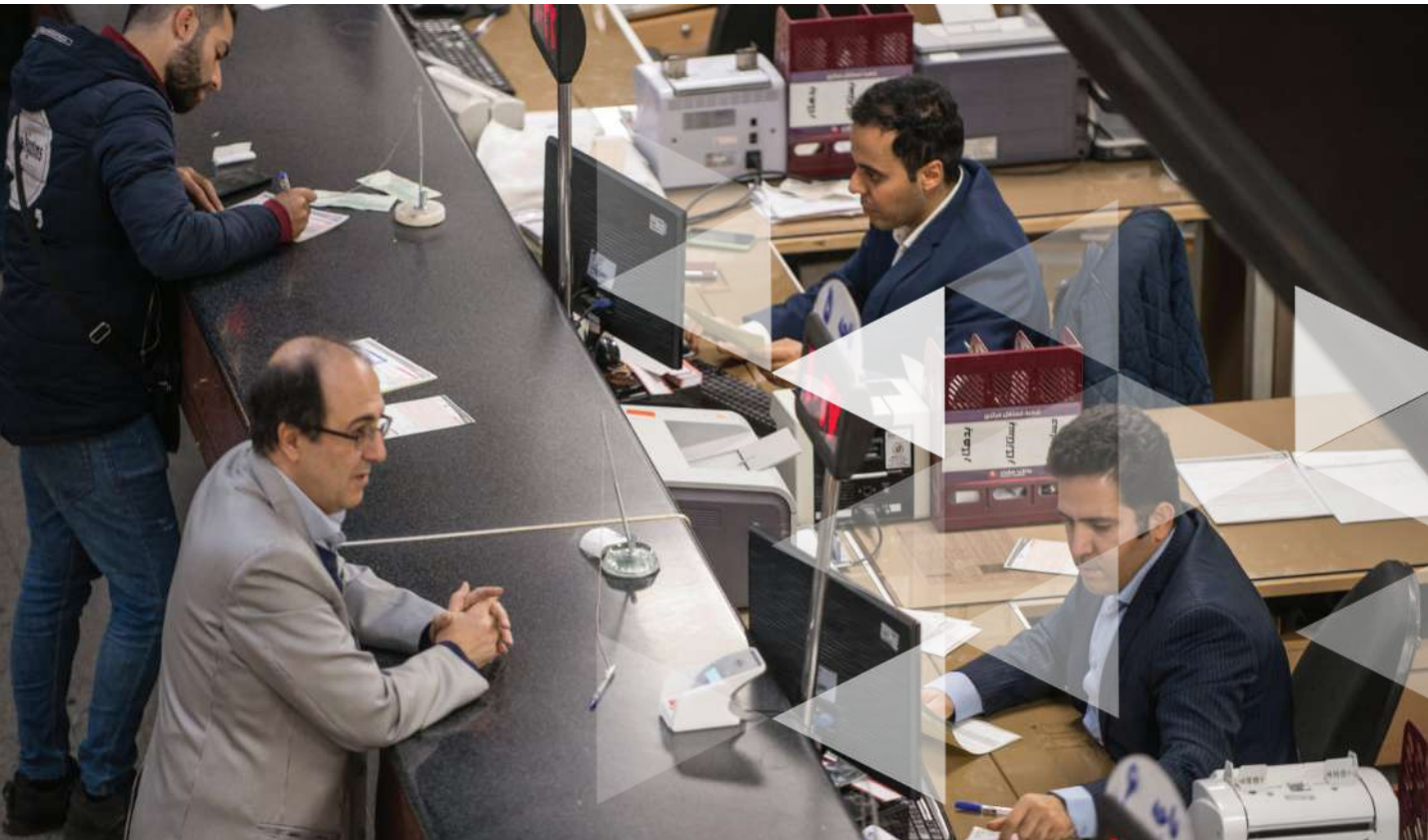
1- 1 Qualitative Evaluation: is conducted via questionnaires based on ethical code, code of conduct, general and job-related merits and is evaluated via two forms of behavioral and job questionnaires biannually, i.e. in six-month evaluation periods.

1-2 Operational Plan: in order to maintain and improve competitive edge of the bank, the operational plan of the units has been designed and implemented based on the bank's strategies as well as principles of goal-oriented management.

1-3 Performance Metrics: metrics used for evaluating head-office performance is the benchmark for measuring success of all departments in fulfilling their assigned role as one of the many components of the designed system.

2- Evaluation Record: evaluation point of the staff personnel performance is a combination of points, both in individual level (qualitative evaluation) and unit performance (operational plans, performance metrics) and is calculated from 100 points.





► Development and Promotion Procedure

In line with the promotion of organizational justice and maintaining the hardworking and capable employees of Bank Mellat, according to the resolution No.3896/12 dated 06/13/22, the esteemed Board of Directors, agreed to design an integrated system for horizontal and vertical promotion of employees. In this regard, horizontal ranks were designed for all job titles in the bank's job portfolio. Accordingly, all employees have the possibility of horizontal promotion in the same current job title in addition to vertical appointment, subject to meeting the necessary requirements and fulfilling the requisite conditions.

Employees' promotion and appointment are based on the criteria provided in the guidelines for the career development path in both line and staff jobs which include measuring and verifying skills, professional knowledge, competence, qualifications, experiences in prerequisite jobs and vacancy of the post.

Jobs and positions are generally divided into five categories of managerial, managerial- specialized, specialized, specialized-executive, and executive. They are classified and evaluated based on the importance of duties, responsibilities, ease and difficulty of the tasks, and effective factors in job analysis. It is mandatory to meet general and specific qualifications required to hold proposed positions and job titles in the process of promotion and appointment of employees.

▶ Material Measures in Human Resources Health and Safety Area

- ▶ Expanding the supplementary insurance coverage for employees.
- ▶ Implementation of the first phase of the nationwide checkup plan for bank employees
- ▶ Improving the pattern of medical coverage for employees (waiving the payables for employees by 10 percent of the tariff).
- ▶ Equipping and developing the support and consulting unit in Bank Mellat and updating instructions and relevant technical infrastructures.
- ▶ Covering medical treatment expenses of the Femt Cataract (advanced surgical technique by Femto Method).
- ▶ Waiving 50% of the payable by employees in the application of cardiac electrophysiology.
- ▶ Visiting sickly elderly colleagues and updating their medical records.
- ▶ Developing, repairing, renovating, and equipping the bank's recreational and sports facilities.
- ▶ Equipping and setting up guesthouses in Kish and Qeshm and adding them to the system of welfare facilities for the sake of Bank's staff.
- ▶ Preparation and distribution of health packages for the staff.
- ▶ Establishing a training course to empower the custodians of medical treatment field in Shiraz.
- ▶ Examining the psychological condition of colleagues working in certain departments.
- ▶ Designing a Plan to review and revise the sports budget to encourage employees to participate in public sports.





► Customers

Mellat Call Center

Mellat call center was established and launched in March 2007 in line with the realization of the goals of customer centricity with the approach of service development as well as agility and reengineering of the processes.

This center employs more than 75 elite experts who are proficient in all banking services, and are prepared to respond to problems, criticisms, and comments of customers and escalate the outcomes to the relevant departments to fully develop banking services.

Currently, the communication channels of the Mellat call center include 120 digital telephone lines through the number 1556 for Tehran province and 021-824881 for other provinces, SMS with the sender ID 15560003, email with the address info@bankmellat.ir and the fax number 021-88515919.

The average daily response of this center is more than 5700 calls in 24 hours in five working shifts.



► Society

Bank's Participation in Fulfilling its Social Responsibilities

Just as large companies change their approach and pay more attention to public welfare activities and fulfill their social responsibilities, bank Mellat, while providing new and up-to-date banking services, driven by a sense of responsibility, has been extensively active in the field of social responsibility.

Bank Mellat's view towards activities in the field of social responsibility is beyond common measures, therefore, fulfilling social responsibilities has been taken into consideration as one of the bank's 9 main axes of leading in the evolution document of Bank Mellat and improving its role in this field is included on the agenda of the respective departments.



► Bank's Major Activities in the Social Responsibilities Area

- ▶ Provision and distribution of essential items to earthquake-affected compatriots in the Hormozgan and West Azerbaijan provinces.
- ▶ Financial support of Mashhad Janbazan Psychiatric Hospital.
- ▶ Donating shoes and clothes to several destitute students.
- ▶ Preparing and donating Relief packages to needy families.
- ▶ Participation in the release of prisoners of non-intentional crimes.
- ▶ Contribution in the religious aid plan of "Yalda night"
- ▶ Dredging the village Qanat (aqueduct) in district of Shahdad in Kerman
- ▶ Financial assistance for preparation of health packages.
- ▶ Financial assistance for health insurance.
- ▶ Participating in the renovation of Imam Javad girls' school in Qarchak Varamin.
- ▶ Participating in Tanpoush-e-Mehrabani clothing aid plan (provision of clothing for students from under-privileged regions)
- ▶ Bank Mellat contribution together with Imam Khomeini Relief Committee in the



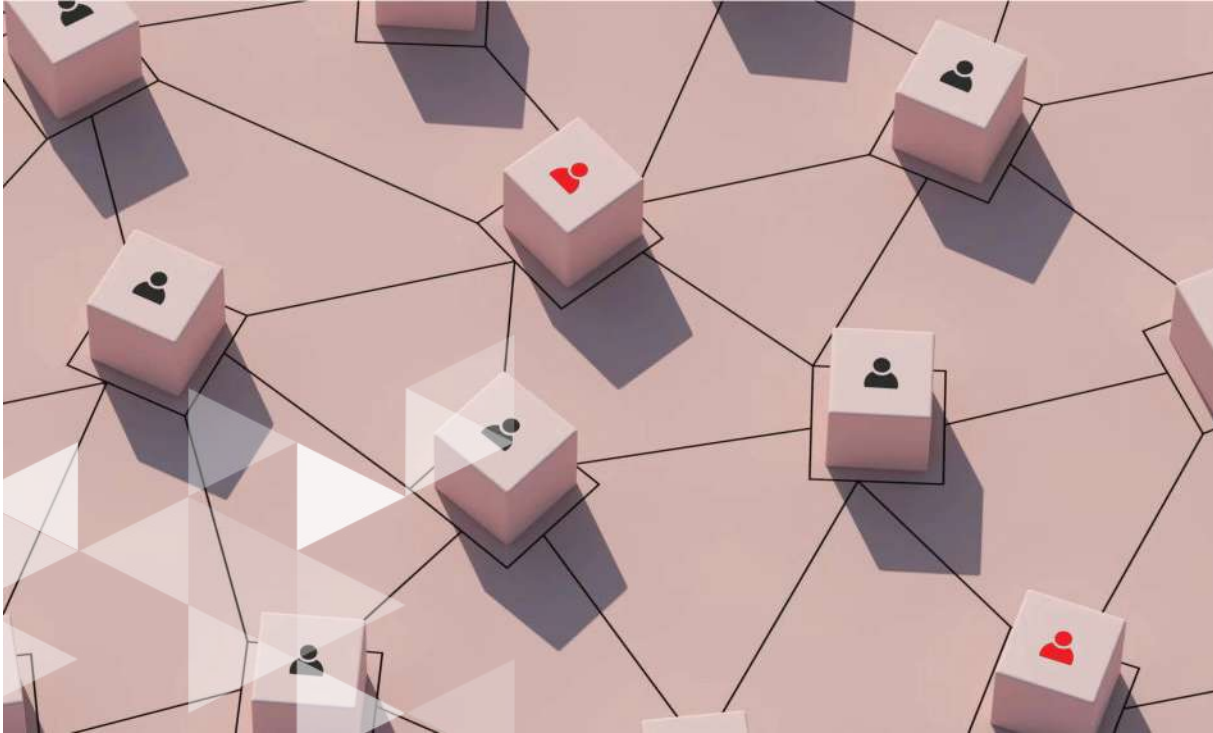
“Campaigning Iran-e Mehraban “ plan (Spring Season)

- ▶ Participation in the restoration and reconstruction of several residential houses in the under-privileged areas of Ahvaz city.
- ▶ Donating 4,200 stationery packages to needy students in the under-privileged provinces of the country.
- ▶ Extensive contribution in the “All present” campaign to provide school stationery for needy students across the country.
- ▶ Providing 5 industrial water coolers and donating them to Ilam Governor General’s Office for utilizing during “Arbaeen Hosseini” (A religious mourning ceremony).
- ▶ Financial assistance to cover part of the costs of holding international meetings and cultural and religious foundations.
- ▶ Setting up charity stations along the pilgrimage routes of “Arbaeen Hosseini” in the provinces of Ilam, Khuzestan, and Kermanshah.
- ▶ Establishing a charity Station in the last days of Safar (the second month of the lunar Islamic calendar) in Mashhad.

Board of Directors

The Structure, Composition, Academic Record & Job Tenure of the Board of Directors.

Name and Surname	Position	Date of Membership	Academic Credentials	Work Experience
Reza Dolatabadi	CEO and Board Member	01/29/2022	MA	<p>work experience in bank Tejarat:</p> <ul style="list-style-type: none"> - CEO and member of the board of directors - Deputy CEO for credit affairs - Director general of credit affairs - General manager of credit division - General manager of debt collection division - Chairman of the high credit committee - Chairman of high risk management committee <p>Other work experiences:</p> <ul style="list-style-type: none"> - Board member of Pars Mino Company - Board member of Rasa company - Board member of Iran national investment company - Board member of Tadbirgaran Fardaye Omid company, - Chairman of the board of directors of Iran leasing company
Masoud Nasr Esfahani	Chairman	01/29/2022	MA	<p>work experience in bank Mellat:</p> <ul style="list-style-type: none"> - Director of Semnan province branches - Director of Khuzestan province branches - General Manager of logistics division - General Manager of construction engineering division - General Manager of private banking division - General Manager of public relations division - General Manager of corporate banking division - Director General of corporate banking affairs - Director General of logistics affairs - Deputy CEO in investments and companies affairs
Abbas Ashraf-nejad	Board Member and Vice –CEO (executive)	01/29/2022	MA	<p>work experience in bank Tejarat:</p> <ul style="list-style-type: none"> - Member of the board of directors. - Director General of credit affairs. - General Manager of credit division. - Director of Zanjan province branches.
Seyed Kazem Chavoshi	Deputy Chairman	01/29/2022	DBA	<ul style="list-style-type: none"> - Director General of financial affairs of Bank Mellat - Member of the board of directors of Mellat Financial Group. - Chairman of the audit committee of Mellat Financial Group. - Faculty member of the Department of Finance and Taxation of the University of Economic Sciences. - Faculty member of the banking and insurance management department in Kharazmi University. - Financial and Administrative Deputy of Academic Jihad Research Institute. - Internal auditor of Tavanir Company.
Hossein Bahari	Board Member	01/15/2023	MA	<ul style="list-style-type: none"> - Director General of financial affairs of Bank Mellat (5.5 years) - Member of the board of directors of Mellat Financial Group (5.5 years) - Chairman of the audit committee of Mellat Financial Group (3 years) - Faculty member of the Department of Finance and Taxation of the University of Economic Sciences (5 years) - Faculty member of the banking and insurance management department in Kharazmi University (6 years) - Financial and Administrative Deputy of Academic Jihad Research Institute (3 years) - Internal auditor of Tavanir Company (2 years)



► **Process of Selecting Board Members**

According to Article 65 of the Articles of Association, the bank is obliged to publish an advertisement to invite candidates to join the board of directors, and candidates who can manage to get the approval of at least 5% of the shareholders, will send their request to the secretariat.

To elect members of the bank's board of directors, after inviting prospective candidates, the issue will be discussed in the annual ordinary general meeting or extraordinary general meeting of the bank, and upon completion of the election process, it will be registered in the registration office of companies and non-commercial institutions and notified via official gazette through the following procedure.

► **Publishing an Advertisement to Invite Candidates**

Receiving application from candidates along with the approval of 5% of shareholders.

Sending questionnaires of candidates to the Central Bank of I.R. of Iran

Receiving confirmation of candidates from the Central Bank of I.R. of Iran

Publishing an invitation advertisement to the general meeting for board members election

Convening the general meeting.

Registering the minutes of the general meeting on the website of the Companies

Registration Office and in parallel with obtaining the required authorizations from regulatory authorities (Central Bank and Privatization Organization)

Advertising a notice in an official gazette after going through the relevant procedures at the Companies Registration Office

► Job Profile and Responsibilities of the Board of Directors

According to Article 56 of the Bank's Article of Association and the second chapter of the CBI directive on requirements for corporate governance in private credit institutions under general responsibilities of the board of directors, general responsibilities of the board of directors are as follows.

Row	Article	Remarks "Directive on Requirements for Corporate Governance in Non-Governmental Credit Institutions"
1	2	Article 2 - The board of directors are responsible for all affairs of the credit institution, including approving and monitoring implementation of strategic goals, formulating the governance framework, corporate culture, and monitoring performance of the executive board. Authorities of the board of directors in carrying out their responsibilities include:
2		2-3- Ultimate accountability regarding financial soundness based on relevant regulations and business strategy, important decisions, human resources, internal executive structure and procedures, risk management, complying with implementation of rules and regulations in credit institutions
3		2-5- Adherence to duties of care and loyalty
4		2-10- Ensuring that transactions with related parties are in accordance with the same procedure as other clients of the credit institution (unrelated entities).
5		2-13 - Establishing, maintaining, and promoting continuous and effective communication with the CBI
6		2-14- Making the right decision in the event of conflict of interests
7	5	5-1- Electing and approving the CEO and approving the vice CEO and other members of the executive board of the credit institution introduced by the CEO
8		5-2 - Monitoring performance of the executive board according to the strategy and policies approved by the board of directors, including the risk-taking policy of the credit institution
9		5-3- Continuous and regular communication with the executive board
10		5- 4- Holding the CEO and other members of the executive board accountable and carefully checking information and explanations provided by the executive board
11		5-5- Approving appropriate rules to pay bonuses to the executive board in accordance with the goals of the long-term strategy of financial soundness of the credit institution and ensuring its compliance
12		5-7- Ensuring that there are appropriate plans to shuffle positions in the executive board

Structure and Independence of the Committees Established by the Board of Directors

Audit Committee

Composition of the Audit Committee Members is as follows:

- ▶ Non-executive member of the board of directors (Chairman)
- ▶ 2 or 4 independent members
- ▶ Internal audit manager (Secretary and without voting rights)

Main Duties and Responsibilities of the Audit Committee:

- ▶ Monitoring the effectiveness of the bank's internal control systems in order to ensure the existence of an efficient and effective internal control system.
- ▶ Ensuring the establishment and continuity of the internal audit dept. activities and efficiently and effectively supporting it.
- ▶ Ensuring the independence and professional competence and performance of both independent and internal auditors.
- ▶ Ensuring the adequacy of the scope of internal auditors' review of the bank's internal controls system.
- ▶ Ensuring the effectiveness of the risk management process including identifying, measuring, analyzing, evaluating, managing, and monitoring risk management system.
- ▶ Assessing and evaluating internal and independent auditor's opinion on internal controls.
- ▶ Following up implementation of recommendations and fixing the weak points of internal controls reported by internal or independent auditors to the committee.
- ▶ Presenting internal controls report to the board of directors, including evaluation and comments on the internal controls of subsidiaries, annually reviewing and revising the charter and code of conduct of the audit committee, and presenting possible changes to the board of directors for approval.



▶ **Risk Committee**

Composition of the Risk Committee Members is as follows:

- ▶ A Non-executive member of the board of directors (Chairman)
- ▶ 2 or 4 independent members (only one of the executive members of the board of directors or the CEO can be elected as a member of the risk committee, in which case the number of independent members will be 1 or 3).
- ▶ Risk manager (Secretary and without voting rights)

▶ **Main Duties and Responsibilities of the Risk Committee:**

- ▶ Emphasizing on introduction and culture building regarding risk management.
- ▶ Assessing the status (profile) of the bank's risks (overall and each of the business lines), according to risk tolerance degree determined by the board of directors and, if necessary, consulting with the bank's management, internal auditors, and independent auditors.
- ▶ Assessing the reports presented in relation to the major risks affecting the bank's operations and evaluating the steps taken for the effective management of the said risks and providing the necessary proposals to the board of directors.

- ▶ Reviewing the risks related to each of the business lines, including corporate banking, commercial banking, retail banking, and subsidiaries.
- ▶ Assessing the reports prepared by other authorities regarding risk management and internal controls, before raising them in the board of directors of the bank.
- ▶ Informing the board of directors about the major risks to which the bank is exposed; such as risks related to large facilities and obligations, large investments, and major transactions.
- ▶ Assessing effectiveness of the bank's risk management system.
- ▶ Assessing performance of risk management as well as proposing appointment and dismissal of the bank's risk manager.
- ▶ Preparing and proposing risk appetite and tolerance to the board of directors to take them into account in developing the bank's strategy.
- ▶ Reviewing the structure, job description, and responsibilities of other non-executive committees including appointments committee, audit committee, and remuneration committee from the risk perspective.
- ▶ Assessing and ensuring that bank managers implement risk management policies and strategies.
- ▶ Assessing and evaluating the adequacy of risk management methodologies.
- ▶ Obtaining internal audit approval on adequacy of internal processes of the bank from the perspective of risk to be determined as the bank's strategies by the board of directors.
- ▶ Reviewing and revising the charter and code of conduct of the risk management committee on an annual basis and presenting possible changes for approval of the board of directors.

Compliance Committee

Composition of the Compliance Committee Members is as follows:

- ▶ A non-executive member of the board of directors (Chairman)
- ▶ 2 or 4 independent members
- ▶ Compliance Manager (Secretary and without voting rights)
- ▶ An expert in charge of Sharia supervision and enforcement





► **Main Duties and Responsibilities of the Compliance Committee:**

- ▶ Revising the compliance committee's code of conduct and adhering to provisions of the qualification verification directives.
- ▶ Determining and prioritizing the areas and issues of compliance with applicable laws and rules that are most emphasized by the board of directors of the bank.
- ▶ Approving compliance policies and submitting for the board's approval.
- ▶ Assessing and commenting on the results of the evaluations and investigations carried out by the compliance division, while emphasizing on the key changes in the risk of failure to comply with laws and regulations in the bank and reporting important cases to the board of directors.
- ▶ Advising the compliance division on the cases failure to comply with laws and regulations and defects of management of compliance risk in various departments of the bank.
- ▶ Expressing opinion on the compliance division's report regarding evaluation of the effects of cases of failure to comply with whether financial or non-financial regulations on the bank (crimes, administrative measures, disciplinary measures, etc. taken on the bank and its employees by the Central Bank and other competent legal authorities) and suggesting solutions to improve the situation to the board of directors.
- ▶ Submitting proposals for corrective measures, including disciplinary ones, regarding



cases of non-compliance with the rules and regulations and defects of managing the risk of failure to comply with the laws and regulations to the board of directors.

- ▶ Deciding on the compliance division's report regarding evaluation of the effects of cases of failure to comply with whether financial or non-financial regulations on the bank (crimes, administrative measures, disciplinary measures, etc. taken on the bank or its employees by the Central Bank and other competent legal authorities) and in case of need, suggesting solutions to improve the situation to the board of directors.
- ▶ Assessing and approving corrective plans of compliance division in various areas of the bank's activity and obtaining continual report of the corrective measures from compliance division and evaluating its adequacy and effectiveness.
- ▶ Approving the indexes and guidelines proposed for compliance issues, especially the precautionary measures prepared and drafted by the compliance division.
- ▶ Obtaining and reviewing reports of findings and observations on the culture of compliance from the compliance division and submitting them to the board of directors.
- ▶ Proposing appointment and salary and benefits of the compliance officer to the board of directors.
- ▶ Reviewing and revising the charter and code of conduct of the compliance committee on an annual basis and presenting possible changes for the board's approval.

▶ **Remuneration Committee**

Composition of the Remuneration Committee Members is as follows:

- ▶ A member of the board of directors elected by the board (Chairman)
- ▶ Deputy CEO for human resources affairs
- ▶ Deputy CEO in planning and transformation affairs
- ▶ Deputy CEO in financial affairs
- ▶ General manager of welfare and remuneration division
- ▶ General manager of organization and methods improvement division (Secretary)

▶ **Main Duties and Responsibilities of the Remuneration Committee:**

- ▶ Assessing and commenting on the comprehensive model and system of the organization's goals in remunerating the CEO, evaluating his performance according to these goals, adjusting the CEO's basic salary and remunerating his short-term and long-term services based on this assessment.
- ▶ Assessing and commenting on the basic salaries, remunerating short-term, and long-term services of senior managers based on recommendations received from the CEO.
- ▶ Critique, review and monitor the service compensation philosophy and compare it with similar peer groups.
- ▶ Annually assessing risk management policies on remuneration and evaluation of strategies in order to reduce risk.
- ▶ Monitoring and reviewing the remuneration system regarding performance of managers and all employees on a regular basis.
- ▶ Developing and implementing remuneration policies and incentive plans based on financial information, while reserving the right to recover any remuneration and incentive plans outside the framework of the specified rules and regulations.
- ▶ Interacting with executive committees regarding equity-based programs, reviewing and approving short-term and long-term performance goals to grant equity-based remuneration suggested by the CEO proposal of financial aid.
- ▶ Assessing and revising the charter and code of conduct of the remuneration committee on an annual basis and submitting the possible changes for the board's approval.



 **Chapter Four**
Risk Management

Risk Management

► Overview of Risk Management & Main Risks

Risk management process in Bank Mellat includes identification, measurement, evaluation and prioritization of risks, response to risks, monitoring and control, review and revise and reporting of risks and based on the requirements and regulations of Central Bank of Iran, Wing Committee Guidelines (Basel), “COSO’s Integrated Enterprise Risk Management Framework, COBIT’s Risk management and IT Controls” and through the use of risk management control and monitoring in five areas of structures and job description; culture building and education; policies, frameworks and guidelines; systems and software and disclosure and reporting which are carried out under the sections such as “Credit Risk Management”, “Market Risk Management”, “Liquidity Risk Management”, “Operational Risk Management”, “Compliance Risk Management”, “Information Technology Risk Management” and “Business and Strategy Risk Management”.

In order to control and manage risks, the risk management division consists of several specialized departments and committees at different levels of Bank Mellat and is used for the comprehensive management of various risks.

► Structures and Job Description

In Bank Mellat, required structures to manage risks based on standards, guidelines and prime models are created & developed and each of the employees, according to the area of responsibility and authority, manage the risks of their field of activity. All executive units of risk management have specific authority limits and their duties are proportional to the structure hierarchy, and levels of acceptable risk have been devised in each of the different organizational levels of the bank.

Considering the size and complexity of Bank Mellat and in line with the comprehensive management of risks in the field of holdings and important subsidiaries, required structures have been created and in order to scrutinize and accelerate matters relat-



RISK MANAGEMENT

ed to the comprehensive reporting of risk management, an organizational position by the name of “risk liaisons” has been defined in all of the bank departments.

Managing the bank’s risks by improving and promoting transparency and accountability is one of the most important governance goals in Bank Mellat and this is done by assigning the required responsibilities to the risk management committee, risk management division and departments under its supervision.

In line with the improvement and promotion of the governance goals of Bank Mellat, the bank’s risk management through the risk management committee which is one of the most important elements of risk governance and acts as a special and independent committee in order to help the board of directors regarding risk management in Bank Mellat and it has important tasks such as:

Culture building of risk management; Assessing the status of bank’s risks; Reviewing the reports submitted in relation to the major risks in the bank’s operations; notifying the bank’s board of directors about the bank’s major risks; Logical assurance of the effectiveness of the risk management system; Checking the adequacy of risk management methodologies and proposing the level of risk appetite and tolerance to the board of directors.

Also, the operational risk committee in Bank Mellat is a specialized committee created by the risk management committee and in order to manage and monitor effectively the operational risks that the bank is exposed to and it performs within the framework of the powers, regulations, policies and the terms & reference stipulated by the risk management committee.

Approving policies, guidelines and operational risk management methodology, monitoring the implementation of the risk management operational process, approving control measures in response to significant operational risks and reporting annual performance to the risk management committee, is one of the most important tasks of the operational risk committee.

► Principles of Risk Control and Management

Bank Mellat utilizes the four-line defense model in its risk governance structure to manage





the risks. The first line of defense includes business lines and supporting departments that are both owners and use internal control measures to mitigate risks. Management of each unit owns control measures and is responsible for ensuring that their performance mitigates risks to an acceptable level.

Risk division is the second line of defense that has the role of supervision and support in the risk management process. Among the duties of this level of risk management are; designing frameworks, monitoring compliance with frameworks, coordinating, facilitating processes, monitoring integrity and timely provision of information and reports.

As the third line of defense, the internal audit division is responsible for making reassurance in the risk management process and examines the effectiveness and integrity of the risk management system in achieving business goals. The results of evaluation, design and effectiveness of risk management in two lines of defense, internal controls and financial reporting are handed over to the audit committee and the board of directors.

Independent auditors and supervisors as the fourth line of defense, set up the relevant standards and regulations that should be implemented in the bank and are in charge of reviewing the execution of these regulations. Also creating new responsibilities and relationships between independent supervisors and auditors with those of internal auditors, strengthens internal control systems.

Performance of Risk Division

► Culture Building and Education

“Culture building”, “training” and “awareness” are the main pillars of Bank Mellat organizational risk management framework. Towards implementing effective risk management and better expansion of risk management culture, it is necessary to familiarize all employees with the concepts and methods of “identifying”, “evaluating” and “reporting” risk and for the sake of achieving this important matter, the following measures have been taken place by Risk Management Division.

Passing general risk management training courses for all employees and passing specialized management training courses is mandatory for all experts of the Risk Management Division. Also risk management during conducting Risk and Control Self-Assessment (RCSA) workshops, contributes in educating, promoting and culture building operational risk and continuously holds conferences and specialized panels for senior managers in the field of risk management. In order to familiarize all bank employees with the concepts of risk management, the relevant training volume has been provided to all bank employees and the website of the risk management unit also gets updated continuously, with the aim of increasing the risk culture and awareness in the form of presenting the latest news and risk events, the latest developments in the field of risk management, the latest requirements and guidelines for risk management and the latest activities of the risk management department at the bank level.

► Policies, Frameworks and Procedures

In Bank Mellat, policies, frameworks and procedures related to comprehensive risk management are devised and continuously updated based on the rules, regulations and directives of the Central Bank of I.R.I. as well as the country’s macro strategies.

In this regard, the bank’s annual risk appetite document is approved by the board of di-

rectors and the High Committee of Risk Management as an upstream document and it is used in the other policies. In addition “Credit limit of correspondence relations of foreign banks”, “Credit limit of domestic banks”, “Capital required for Coverage of operational, credit, market and liquidity risks” is periodically determined and notified.

To evaluate and rate different economic sectors and sub-sectors and provide a clear picture of these sectors in the business environment and assist the decision-making process in allocating credit to customers, Bank Mellat ranks economic sectors and sub-sectors (advantageous industries) accordingly.

Also regarding this matter, “Code of conduct and Regulations of the Risk Management High Committee “, “Code of conduct and Regulations of Operational Risk Management Committee”, “Operational Risk Management Policy”, “Compliance Management Policy”, “Conflict of Interest Management Policy”, “Information Technology Risk Management Principles Document”, “ Information Technology Risk Management Strategy Document “, “Information Technology Risk Management Policy Document”, “Methodology Document of Information Technology Risk Management “, “Methodology of integrated and systematic compliance risk”, “Methodology document of banks websites ratings”, “International relations charter” and “framework of information technology controls” has been devised and notified.

► **Systems and Software**

Bank Mellat has taken required measures in order to comprehensively manage the risks associated with the bank and in line with implementation, design, production and promotion of risk management systems and software based on domestic and international standards and requirements in various departments.

For this purpose, the following systems and software are in the process of design and production: “credit risk management”, “Compliance Risk Management”, “Credit Risk Stress Test” and “IT Risk Management”.

Also, “Risk Management Software Module” along with following system has been produced and is being utilized: “Inspection and Fraud Discovery” systems, “Liquidity Gap Calculation”, “Liquidity Coverage Ratio”, “Stable Financing”, “Funds Exchange Rate”, “Provision of financial statements based on standards”, “single beneficiary”, “eligibility and capacity assessment”, “Anti money laundering”, “Comprehensive credit system”.

► Disclosure and Reporting

A) Disclosure and Reporting to External Authorities

Bank Mellat discloses information and reports to external authorities in the risk management field via publishing its transparency report on the bank's website or converged financial statements based on IFRS standards.

Disclosure of risks arising from the method of banking operations and activity and also how to manage these risks by the bank enables users to understand the reflection of the risk criteria resulting from the bank's activities and the impact of risk on balance sheet and profit and loss statement items.

According to the reporting requirements of the Central Bank of Iran and based on IFRS standards, Bank Mellat in the Risk Notes section of the financial statements discloses: "The main risks in the bank", "The situation of the bank in terms of structure and risk management methods" and "the accomplished analyzes regarding the impact of each of the risks on the financial statement items". Also in this part of the financial statements, the following subjects are disclosed: "how to manage capital including regulatory capital, capital allocation, capital adequacy ratio and degree of leverage, how to cover and manage credit risk, liquidity risk, market risk and operational risk.

B) Disclosure and Reporting to Internal Authorities

Risk management division in Bank Mellat provides periodic or ad hoc reports in various fields depending on significance of the issue; including, "forecasting macroeconomic indicators (inflation, exchange rate, liquidity, etc.)", "analyzing budget performance as well as upcoming years budget", "reviewing systematic risks (sanctions, government budget deficit, etc.)", risks of strategic theme of digital transformation in Bank Mellat", "Value at risk of foreign exchange portfolio and investments portfolio", "risks of the bank's currency balance" etc.



 **Chapter Five**
Sustainability Report

► Sustainability Principles and Strategy

► Bank's Approach to Sustainability

Upon completion of comparative studies, devising policies and the bank's activity in fulfilling social responsibilities area was put on the agenda of the committee for integration of social responsibility & under the supervision of the chairman of the board in 2020.

Considering the studies and issues discussed in the committee meetings, the concept of sustainability as a broader field of corporate social responsibility replaced that of social responsibility and is based on meeting current needs without sacrificing the access of future generations to their needs. In line with standardization of its activities in the field of corporate social responsibility, the bank put the concept of sustainability on the agenda.

In 2021, the chairman of the board of directors was appointed as the chairman of the bank's social responsibility integration committee and other members including, chairman of secretariat office to CEO and public relations, director general of plan and program, center for strategic research and transformation, general manager of marketing management division and one of the CEO's advisors.

► Goals and Priorities of Sustainable Development

► **Programs and metrics approved by the bank's sustainability committee are as follows:**

Macro Dimensions of Sustainability Model	Areas	Programs	Metrics
Social	Employees	Justice-oriented payments	The gap in payments / Transparent employment / Fair payment
		Health and safety	Accidents / Public health / Health protection
		Development and empowerment	Training man/Hours Mid-career Training Programs
		Professional ethics	Customer feedback/Complaints
		Participation and contribution	Sense of belonging
		Culture building	Employees awareness/Belief and participation rate
		(Future) Providence	Programs and financial support / Empowering pensioners
	Social commitment of employees	The number and variety of employees proposals/ the amount of financial reward paid to feasible proposals	
	Customers	Customer centricity and customer respect	Satisfaction index / Net recommendation rate / Loyalty rate
		Development of services	Number and penetration rate of related products and services
		Accessibility	The extent and distribution of service channels
		Innovation	Developing related innovative products
		Transparency	Notifying customers / Related campaigns
		Services to knowledge-based companies/NGOs	Rendered services / Special facilities offered
	Shareholders	Increasing shareholders' satisfaction	Return on equity
		Sustainable profitability	Financial strength to get sustainable profitability/ Assured profitability in proportion to the relevant risk
		Timely payment of dividends	Fulfilling payment obligations

Macro Dimensions of Sustainability Model	Areas	Programs	Metrics
Social	Society	Charity affairs	Volume of cash and non-cash contributions / contribution rate
		Eliminating deprivation	Volume of activities / financial assistance
		Supportive facilities	Volume, variety and extent of facilities
		NGOs and assemblies	Membership and role-playing in institutions and assemblies
		Training and empowerment	Volume of activities / amount of financial assistance
		Healthcare	Volume of activities / amount of financial assistance
		Culture and art	Volume of activities / amount of financial assistance/ cultural products purchased for employees and society
Environmental	Sustainable operations	Consumables	The consumption of paper/equipment and other materials
		Energy consumption management and optimizing water consumption	Energy consumption (electricity and gas)/ water consumption / volume and variety of energy consumed
		waste management	Waste recycling
	Sustainable investment	Supporting and revitalizing environmental projects	Volume of activities / amount of financial assistance
		Investing in sustainable development	Volume and variety of investment
		Evaluating high-risk industries customers	General policies / customer evaluation and refinement
		Supporting and promoting innovation	Volume of activities / amount of support provided
		Culture building and pioneering	Frequency of innovative measures

► Value Creation

Having been incorporated as a voluntary approach and a necessity in vision and main strategies of the bank, the bank's social responsibility measures aim at socializing this economic enterprise and creating common values between the bank and society. Hence, the bank's role in facilitating and driving the economy and business wheels of the country and as an institution generating wealth and providing services for local, national and international communities shows importance of this institution in conveying the concept of social responsibility in the society, because as a financial and monetary institution, it is responsible for supervising and controlling the flow of capital, lending, project financing, etc. in the country and can have a good influence on the business performance of its customers.

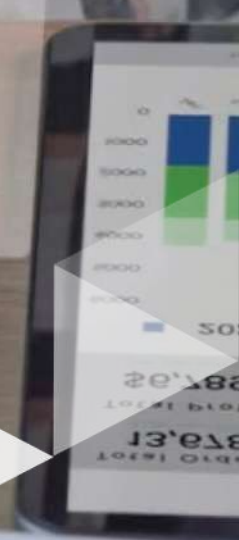
Thus, due to the need to provide reports according to the global standards and comply with the established rules framework, the bank has put code devising and preparing sustainability reports based on the Global Reporting Initiative standards on its agenda.

► Sustainable Financial Report

Loans granted by the bank in the field of sustainability ending March 20th 2023 are as follows:

Row	Description	Number	Amount (billion Rials)
1	Loans to knowledge-based companies	3,868	284,266
2	Housing loans to the elite	33	178
3	Housing for university faculty members	366	1,602
4	Marriage Interest-free loans	167,244	231,850
5	Renovation and improvement of rural housing	25,411	12,512
6	Employment generation (Imam Khomeini & Behzisti Relief Committees, and other supportive institutions)	56,169	50,875
7	Underprivileged Students (Imam Khomeini & Behzisti Relief Committees)	3,139	1,619
8	Housing deposit (Imam Khomeini & Behzisti Relief Committees)	8,020	3,787
9	Blood Money relief committee (Needy prisoners)	370	585
10	Marked-up loans for fortuitous events	8,448	1,886
11	Housing for esteemed martyrs' families	7,722	23,445
12	Childbirth loans	156,741	63,253
13	Civic participation in the reconstruction of urban and rural areas affected by fortuitous events	13,785	10,031
14	Installment sale of goods due to fortuitous events	724	162
15	Housing and car repair reward loan for those affected by fortuitous events	256	44
16	Financing SMEs	6,409	131,570
17	Interest-free loans for provincial travels	70,254	10,529
Total		528,595	828,194

It is noteworthy that owing to nomination of the year 2022 as the year of Knowledge-Based Production and Job Creation, the credit sector of the bank has undertaken extensive measures in supporting Iranian goods and financing production units, supporting the entrepreneurs and productive businesses, strengthening the real sector & drivers of the economy, removing production barriers, and providing financial support to various enterprises and projects such as: the Hami Card, Specialists Packages, Acceptors Packages, marked-up contract for personal needs as well as small and medium enterprises, etc. totaling over IRR 546.634 billion.





سازمان حسابرسی

State Audit Organization

Bank Mellat (Public Joint Stock Company)

Independent Auditor and Legal Inspector's Report together with
Consolidated Financial Statements of the Group and Bank for the
Year Ending on March 20th, 2023



Chapter six

Legal Auditor and Inspector's Report

**Emblem
Islamic Republic of Iran**

**Ministry of Economic Affairs & Finance
Audit Organization**

**Independent Auditor's Brief Inspection Report
To the Ordinary General Meeting of Shareholders
Bank Mellat (Public Joint Stock)**

**Audit Report on Financial Statement
Qualified Opinion:**

1-The consolidated and separate financial statement of Bank Mellat (PJSC) including balance sheets ending on March 20th 2023 as well as profit and loss statements, comprehensive profit and loss, changes in shareholder's equity, and cash flows for the fiscal year ending on the above-said date, together with explanatory notes 1-65 have been audited by this organization. According to this organization's opinion, except for the potential effects listed in Clauses 2 to 7, as well as except for the potential effects listed in clauses 8 and 9, the qualified opinion bases, the mentioned financial statements, the financial situation of the group and the bank as of March 20th 2023, and the financial performance and cash flows of the group and the bank for the fiscal year ending on the mentioned date, are fairly presented in all material respects, in accordance with accounting standards.

Basis for Qualified Opinion

2- Due to granted facilities and claims from private and non-private individuals (Explanatory notes 29 and 30) sum of IRR 581,078 billion (IRR 473,851 billion in the previous year) the reserve of doubtful loans is posted in the accounts. Classification of the mentioned accounts and calculation of depreciation of doubtful loans have not been evaluated correctly. the collateral

of the granted loans mainly are not valuable and easy to access and on the other hand, some of the bank's dues have been classified as current facilities without re-evaluating the customer's financial situation, industry, and market condition, sometimes without receiving belonged principal and interest, those loans have been postponed or extended for numerous times and classifies as the current facilities and relevant income. Moreover, foreign currency claims and their dedicated reserves (explanatory note 1-20) translated, which caused inflation in gross claims and dedicated reserves up to IRR 112,890 billion. (IRR 65,435 for the current year and 47,455 for the previous year). Also, the income from some of the contracts has not been recognized correctly. Adjustment of accounts for the above-mentioned matters is necessary yet determining the exact amount is not possible due to failure in data systems and collateral evaluation for this organization.

3- As stated in explanatory note 42, The Tax Affairs Organization regarding performance tax of years 2021 and 2022, and according to tax recognition sheet has demanded the amount of IRR 246,943 billion. While the bank objecting to the principles of recognition, has considered and or paid IRR 103,428 billion tax debts in the accounts in this regard. In addition, performance tax of the reported year, with the reference to clause" Note 2 of Budget Law of 2024, is calculated on the basis of zero rate and regarding unacceptable expenses the amount of IRR 10,374 billion have been put into accounts. Tax claim sheet of subject to note 5 of article 4 of the Housing Production Leap Law, till the first half of the year under consideration has been issued for the amount of IRR 80,800 billion in which while the bank objecting to the claim sheet, has considered IRR18, 000 billion (Explanatory note 4-34) tax debts in the account in this regard. Considering the above items and procedures of the Tax Affairs Organization, including more amount of tax debt in the accounts is necessary, however, determining the exact amount in current situation in not possible for this organization.

4- According to explanatory notes 7-17, 21 and 48, based on the announced

rates by the C.B.I., the monetary and foreign currency assets and liabilities of the bank mainly have been translated with the rate of IRR 265,000 for per EUR and IRR 250,000 for per USD (Previous fiscal year IRR 220,000 and IRR 200,000) and other foreign currencies have been translated based on its parity rate with EUR by the end of the year and in this regard IRR 237,782 billion (Previous fiscal year sum of IRR 133,165 billion) has been transferred to other operational incomes (Expenses) and sum of IRR 18,650 billion (Previous fiscal year sum of IRR 9,039 billion) has been set to foreign currency translation difference of foreign operations. According to accounting standards, if there are several rates for one foreign currency, the rate will be used for translation that future cash flows due to transactions or balance of the relevant account will be settled based on that rate. So, the above-mentioned method does not in compliance with accounting standards. Also, the items of the profit and loss statement and reserves of foreign sub-units have been translated with the rates of the beginning and end of the reported financial year, instead of the rates of the date of occurrence or allocation. Regarding to the aforementioned instances, it is necessary to amend financial statements for the abovementioned items, but currently, due to the lack of access to the accessible foreign currency rate to settle debts and collect foreign currency claims, it is not possible for this organization to determine the necessary adjustments over the financial statements in the current situation.

5-The cost of units of Mellat's market making exclusive investment fund (Explanatory note 1-4-33) is the amount of IRR 57,136 billion. To meet the requirements of accounting standards, the abovementioned amount should be reflected on equity rights and necessary adjustments should be made regarding paid amounts under the title of approved dividend of the fund and effects of Banks's stocks transactions by the fund.

In addition, the necessary adjustment for the change in the equity rights ratio of non-controlling interests in subsidiary business units and reflecting the difference in the adjustment amount of non-controlling interests and the fair value, and the difference paid or received directly in the equity rights has

not been implemented. Also, accounting standards is not met regarding the use of the equity method for the group's investment in a number of affiliated companies (Explanatory notes 8-33), the difference between the end of the reporting period of Amin Capital and Fars Industry Development & Export and Bank is more than three months. In addition, in the major consolidation of the companies of the group (Explanatory note 1-2-6) the financial statements of the nine-month and ten-month periods ending on December 20th 2022 and January 20th 2023 have been used, and the Fee Bank of Malaysia has not been included in the consolidated financial statements.

According to the afore-mentioned, adjustments for the financial statements are necessary, but it is not possible to determine its amount in the current conditions for this organization.

6-The accounting standards regarding the subsequent re-evaluation of fixed assets-land and goodwill of the place of business and profession, despite the significant difference between the fair value of the afore-mentioned revalued assets and their book amounts, have not been followed. It is necessary to adjust the accounts, but due to the lack of access to complete information on the fair value of said assets, it is not possible to determine the necessary adjustments for this organization.

7-The requirements of accounting standards regarding the way of presentation and disclosure of consolidated and separate financial statements in cases such as the presentation of the financial statement at the date of the beginning of the previous fiscal year, the correct presentation of the consolidated financial statements, the correct presentation of the statements of changes in ownership rights and consolidated cash flows, presentation of investments separately from investments in subsidiaries, affiliates and other investments, repo operation costs and income from investment in debt securities, circulation of foreign currency exchange rate differences, the effects of the implementation of tax income accounting standards, disclosure of interests in other business units and measurement of fair value, transactions with

related parties, circulation of granted facilities and claims from individuals, requirements for disclosure of important risks in the banking industry, including increased liquidity risk due to granting facilities from volatile deposits, calculating the credit risk of foreign exchange facilities, analyzing the value at risk of the exchange rate, updating the value of collaterals in credit quality analysis, entering the amount of debt transfer and settlement with new facilities in the circulation of non-current claims and information on facilities and obligations of related and large parties, have not been taken into consideration.

8- Statements of other foreign investments in the amount of IRR 10,433 billion, equivalent to EUR 158/5 million (Explanatory note 1-3-33), and documentation of dues from subsidiaries and affiliates, including the amount of IRR 3,194 billion for the identified dividends of investments in the previous fiscal year, have not been submitted to this organization. Also, in the consolidation process, the unaudited financial statements of PIB Bank were included and the equity of Bafgh Iron and Steel Mining and Industry Complex was calculated based on unaudited information. According to the mentioned cases, due to the lack of access to the necessary evidence, it is not clear for this organization to determine the possible effects of the above cases on the financial statements.

9- According to the received confirmations, the headings of cash balance, dues from banks and other credit institutions, loans and advances to private entities, investment in stocks and other securities, dues to banks and other credit institutions and reserves and other payables (Explanatory notes 26,27,29,30,33,40,43) to the amounts of IRR 77,402 billion and IRR 295,845 billion respectively have favorable and unfavorable discrepancies and the reconciliation statement between the bank and the National Development Fund has not been received as of the date of this report. Also, the responses to the sent confirmations regarding the headings of cash balance, dues from banks and other credit institutions, investment in stocks and other securities and dues to banks and other credit institutions (Explanatory notes

26,27,33,40) in the amount of IRR 231,287 billion as well as the confirmation response of the bank's legal affairs has not been fully received yet, and for 41 foreign currency accounts of the bank in other banks (Explanatory note 27) for the amount of IRR 136,045 billion, the requested confirmation has not been sent. In addition, Items in transit (Explanatory note 5-43), which include numerous open debtor and creditor items (Foreign currency and Rial) as of the date of this report has not been determined. In addition, the annual unreconciled items of debtors in foreign currency have not been presented. Also, the detailed statement provided for postponed facilities cannot be reconciled with financial statements. It is not possible to prove the above amounts through other audit methods. Considering the above, the effects of possible adjustments due to the elimination of the annual items in transit and above-mentioned discrepancies and the receipt of confirmation on the financial statements of the reported case, has not been determined for this organization.

10- The audit of this organization has been carried out according to auditing standards. The responsibilities of the organization according to these standards are described in the auditor and legal inspector responsibilities section in the audit of financial statements. This organization is independent from the group according to the requirements of the professional code of conduct of the auditing organization. This organization also fulfilled other ethical responsibilities according to the mentioned requirements. This organization believes that the obtained audit evidence is sufficient and appropriate as the basis for qualified opinion.

Major Audit Issues

11-The main audit issues are the issues that, according to the auditor's professional judgment, were the most important in the audit of the consolidated and separate financial statements of the current year. These issues are within the framework of the audit of consolidated and separate financial statements and have been taken into consideration in order to comment the

aforementioned financial statements and no separate opinion is provided regarding these issues. In addition to the issues listed in clauses 2 to 9 of basis of the qualified opinion, the following issues have been determined as the major audit issues which have been informed in the auditor's report.

Major Audit Issues

1-11- Customers deposits and deposits interest expenses

In the consolidated financial statements of the reported fiscal year, the bank has reported customer deposits (Explanatory note 39) in the amount of IRR 9,131,772 billion and the cost of interest on deposits (Explanatory note 13) in the amount of IRR 479,979 billion.

On the mentioned date, the total customer deposits constitute 70% of total liabilities and 34% of total expenses. The afore-mentioned headings constitute a large volume of the consolidated statement of financial position and profit and loss. Due to the spread and dispersion of depositors and the variety of deposits at the level of bank branches, this issue has been considered as a major audit issue. According to letter No. 99/126642 dated 07/18/2020, the Department of Studies and Regulations of the Central Bank of the Islamic Republic of Iran, the interest rate on account of ordinary short-term investment deposits is 10%, 12% for 3-month special short-term, 14% for 6-month special short-term, 16% for 1 year investment and 18% for 2 years is determined. According to letter 01/280373 dated 01/30/2023 of that department, the interest rate on account of ordinary short-term deposit changed to 5%, 6-month special short-term to 17%, and 1-year long-term to 20/5 %, and 2-year was changed to 21.5%, and 3-year investment deposit interest was determined to be 22.5%. In the review of the mentioned headings, the audit objectives are focused on the completeness, correctness of mathematical calculations and adequacy and appropriateness of disclosure.

2-11- Reserve for employee pension obligations

According to the provisions of article 34 of Article of association of the bank employees' pension fund, the deficit of the fund's resources must be provided by its member banks. The bank has included the amount of IRR179, 843 billion (Explanatory note 44) as debt in the financial statements.

Employees' pension fund, has calculated banks' obligations based on actuarial calculations, assuming a discount rate of 23% (Previous year: 18%), the annual increase rate of employees' deductible salaries of 19% (Previous year: 13%) and the annual increase rate of pensions: 17% (Previous year, 13 percent) in the amount of IRR 606,739 billion and after deducting the bank's share from the fair value of the fund's net assets, which are mainly shares of listed companies and real estate, in the amount of IRR 426,896 billion.

The fair share value of listed companies have been determined based on the stock market price at the end of the reported fiscal year (In the case of companies in which the fund has a member of the board of directors, 15% is added to the price per seat) and the fair value of real estates have been determined based on the last expert price and regional prices. Due to the fact that the basic assumptions on the calculation of employees' pension obligations deficit are very affected by economic conditions and indicators in the future, and changes in the above rates as well as changes in fair values (More particularly, the listed-companies' stocks) will affect the amount of the obligations, so this issue is considered as the main audit issues. In the review of the mentioned heading, the main focus is on the foundations of assumptions and evidence used in estimating the fair value of assets.

The Auditor's Approach

The design and effectiveness of key controls have been tested by focusing on the following:

- ▶ Obtaining documents for opening current account, interest free deposits and investment deposits in accordance with the guidelines of the Central Bank.
- ▶ Identifying the expenses of interest on deposits based on the rates announced by the Department of Studies and Regulations of the Central Bank and the duration of the related deposit.

The basic procedures regarding the existence, completeness and accuracy of mathematical calculations include the following:

- ▶ Receiving detailed statements of current accounts, interest free and investment deposits by individuals from the bank's database in the form of a

view of data.

- ▶ Reconciliation of the obtained detailed statements balance with books and financial statements.

- ▶ Sample tracking of accounts and deposits from the books and data view to the information available in the branches (Proof of existence)

Investigating the identification of accrual costs of interest on deposits and the difference between definite and on account interest.

According to the above proceedings, in line with accounting standards, the amounts related to customer deposits have been appropriately reflected and disclosed in the financial statements.

Considering that all calculations of actuarial obligations and estimation of the bank's share of the fair value of assets and resource deficit are calculated and announced by the banks' pension fund, in order to check the assumptions used in the actuarial calculations, several meetings were held with the actuarial experts of the afore-mentioned fund. In this regard, experts were asked about the reasons and bases of using the discount rate of 23% (The maximum rate of return of government bonds), the rate of 19% and 17%, respectively, for the annual increase of the employees' salaries subject to the deduction and the annual increase of the pension and their rationality and reasonableness.

Detailed statement of the fund's assets, separated by the book value and fair value of the assets, including shares of listed companies, non-listed companies, properties, etc., were obtained and after compliance with the books and documents of the fund, all the fair values of the shares of listed companies with the price the stock market values at the end of the financial year were matched and other estimated fair values have been matched with the evidence and documentation, including the latest expertise.

Considering that the reserve of pension obligations is estimated according to actuarial assumptions and the determination of the fair value of the bank's assets with the fund and is affected by economic indicators in the future, the actual results will probably be different from the forecasts.

Emphasize on a Specific Issue

12- Ambiguity Regarding Past Foreign Exchange Liabilities and Withdrawals from Bank Accounts by the Central Bank.

The attention of the general meeting of shareholders is drawn to the explanatory notes 27-2-2-1 and 27-2-2-2 of the financial statements, in which the ambiguity related to the method of collecting dues from the central bank for the past foreign exchange liabilities and withdrawal from bank accounts has been described. The provisions of this clause did not affect the opinion of this organization.

13- Dues for Settlement of Facilities out of Article 20 of the Law on Removing Obstacles to Competitive Production

The attention of the general meeting of shareholders is drawn to the explanatory note 27-2-2-4 of the financial statements, in which the dues for the settlement of facilities from the place of Article 20 of the Law on Removing Obstacles to Competitive Production are described, the acceptance of which requires special investigation. The provisions of this clause did not affect the opinion of this organization.

Other Information

14-The responsibility for “other information” is with the board of directors. The other information includes the interpretative report of the management. This organization’s opinion regarding the financial statements does not extend to other information, and therefore, this organization does not provide any kind of assurance about it.

The responsibility of this organization is to study other information in order to detect important discrepancies between other information and financial statements or knowledge obtained by the auditor during the audit, or cases where it seems that there is a material misstatement in other information. In the event that, this organization, based on the work done, comes to the conclusion that there is a material misstatement in other information, it must report it. As it was mentioned in the qualified opinion, this organization came to conclusion that the depreciation of granted facilities and claims and income

of granted facilities, performance tax reserve, foreign currency assets and liabilities, investment in stocks and other securities and securities, dues from subsidiaries and affiliated companies, fixed assets-land and goodwill of business and profession and some cases of disclosure of information have been distorted as described in clauses 2 to 7. Also, this organization has not been able to provide sufficient and appropriate audit evidence regarding some of the headings of investment in stocks and other securities, cash balance and granted facilities and claims as described in the clauses 8 and 9. Therefore, due to the lack of access to the necessary information, this organization cannot conclude whether other information contains material misstatement or not.

Responsibilities of the Board of Directors for Financial Statements

15-The Board of Directors is responsible for the preparation and fair presentation of the consolidated and separate financial statements of the bank according to accounting standards, as well as the design, implementation and maintenance of internal controls necessary for the preparation of financial statements free from material misstatements caused by fraud or error.

In preparing the consolidated and separate financial statements of the bank, the board of directors is responsible for evaluating the bank's ability to continue its activities and, as necessary, disclose the issues related to the continuation of its activities and the appropriateness of applying the basis of accounting information for its continued activities, unless there is an intention to liquidate the bank or stop its operations or there is no other realistic solution other than the mentioned cases.

Responsibilities of the Auditor and Legal Inspector in the Audit of Financial Statements

16- The auditor's objectives include obtaining reasonable assurance that the consolidated and separate financial statements of the bank, as a whole, are free from material misstatements due to fraud or error and issuing the auditor's report that includes his opinion. Reasonable assurance, is high level of assurance, even with an audit performed in accordance with auditing stan-

dards, all material misstatements, if any, may not be detected. Misstatements that result from fraud or error are considered significant when they can reasonably be expected, alone or in the aggregate, to influence the economic decisions of users based on the bank's consolidated and separate financial statements.

In the context of auditing according to auditing standards, it is necessary to use professional judgment and maintain an attitude of professional skepticism throughout the auditing work. Also:

- ▶ The significant risks of misstatement of the bank's consolidated and separate financial statements due to fraud or error are determined and evaluated. Audit methods in dealing with this risks are designed and implemented and sufficient and appropriate audit evidence is obtained as a basis for opinion. Since fraud can be accompanied by collusion, forgery, omission, misrepresentation of information or violation of internal controls, the risk of not discovering a material misstatement due to fraud is higher than the risk of not detecting a material misstatement due to error.
- ▶ Sufficient insights gleaned through internal controls in order to design appropriate audit methods for the existing conditions and not with the intention of commenting on the effectiveness of the internal controls of the bank and group.
- ▶ The suitability of employed accounting procedures and the reasonableness of accounting estimates and related disclosures are evaluated.
- ▶ The conclusion is drawn based on the audit evidence obtained regarding the appropriateness of using the going-concern basis of accounting and the presence or absence of significant uncertainties in connection with events or conditions that can create major doubts about the ability of the group and the bank to sustain operation. If it is concluded that there is an important uncertainty, the auditor's report should refer to the disclosed information related to this issue in the consolidated and separate financial statements of the bank, or if the disclosed information is not sufficient, the auditor's opinion will be modified. The conclusions are based on the audit evidence obtained up to the date of the auditor's report, however, future events or conditions may cause the group or the bank to stop operating.

► The general presentation, structure and content of the consolidated and separate financial statements, along with the disclosure of transactions and events form the basis for the preparation of the consolidated and separate financial statements of the bank ensuring that the financial statements are reflected to be evaluated for fair presentation.

Sufficient and appropriate audit evidence is obtained regarding the financial information of group companies or business activities within the group in order to express an appropriate opinion on the consolidated and separate financial statements of the bank. The direction and supervision of the group's audit performance are undertaken by the auditor. The responsibility of the auditor's opinion lies only with the auditor.

Additionally, the pillars of leadership is apprised of the timing of the implementation and the planned scope of the audit work and the major findings of the audit, including the important weaknesses identified in internal controls during the audit process.

In addition, a note on compliance with the ethical requirements related to independence is presented to the pillars of leadership, and all relationships and other issues that can reasonably be expected to affect independence, and in appropriate cases, safety measures related to them will be notified.

From among the issues notified to the pillars of leadership, those deemed most important in the audit of the current year's financial statements and therefore are considered major audit issues. It is clear that these issues are described in the auditor's report, unless according to the disclosure laws or regulations it is prohibited or when, in very rare circumstances, the organization reaches the conclusion that the said matters should not be disclosed in the auditor's report because the adverse consequences of disclosure are reasonably expected to outweigh the public benefits resulting from it.

To the ordinary general meeting of shareholders this organization, as a legal inspector, has the responsibility to report cases of non-compliance with the legal requirements stipulated in the amendment of the commercial law and the provisions of the bank's article of association, as well as other necessary cases.

Report on Other Legal Requirements and Regulations of Bank Mellat (Public Joint Stock Company)

Other Legal Inspector Duties

17- The provisions of the sixth Five-Year Development Plan Law, the Fiscal Year 2023 Budget Law of the country, and other laws have not been observed in the following cases:

17-1 - The provisions of Article (5) of the guidelines of clause (B), Article (17) of the sixth Five-Year Development Plan Law of the Islamic Republic of Iran and Clause (A) of Article (20) of the Law on Permanent Provisions of National Development Plans regarding the unauthorized opening and maintenance of government accounts for some executive agencies by credit institutions.

17-2 - The provisions of Article (33) of the sixth Five-Year Development Plan Law of the Islamic Republic of Iran and Article (5) of the Executive Directive of Article (47) of the Law on Removing Obstacles to Competitive Production and Improving the Country's Financial System regarding the allocation of at least fifteen percent of the average facilities granted by non-specialized banks to the agricultural sector.

17-3 - Clause (A) of note (16) of the fiscal year 2023 Budget Law of the country and its part (1) and circular No. 01/3039 dated 01/30/2023 of the Central Bank regarding the granting of interest free facilities for the establishment of families from one hundred percent of the remaining deposits of interest free saving deposits and fifty percent of current interest free deposits.

17-4 - Clause (B) of Article (28) of the Law on Removing Obstacles to Competitive Production and Improving the Country's Financial System regarding the maintenance of a maximum of ten percent of the bank's shares under the title of treasury shares.

17-5 - The provisions of Article (11) of the Executive Code of Conduct of Article (17) of the Law on Permanent Provisions of National Development Plans regarding the deposit of installment payments received from the reserved foreign currency account to the account of Central Bank. (Arsham Pouyesh Polymer Company)

18- The attention of the shareholders' general meeting is drawn to the effects

of clauses 2 to 6 and considering clause 22 of this report and the provisions of Article 115 of the Articles of Association regarding the distribution of only ten percent of annual special profits in the case of a reduction of the capital adequacy ratio to the limit set by the Central Bank. And also the letter No. 01/319616 dated 03/16/2023 from the Central Bank, it is emphasized that profits derived from translation of assets and liabilities in foreign currency are not distributable and can be used solely to increase the bank's capital.

19- Instances of non-compliance with relevant legal requirements stipulated in the amendment to the Commercial Law and the provisions of the bank's articles of association during the fiscal year under review are as follows:

19-1- Provisions of Article 7 of the Articles of Association regarding the maximum 5% allowable ownership ceiling of shares in Bank Mellat directly and indirectly by other legal entities (First financial intermediary fund and Bank Mellat Market Making, 5.67% and 8.54% respectively).

19-2- Provisions of Article 11 of the Articles of Association regarding the prohibition of purchasing bank shares by subsidiary companies (Mellat Financial Group, Behsaz Group of Mellat Partnerships and Behsazan Farda Smart technologies Group collectively holding 5.13% of the bank's shares).

19-3- Provisions of Note of the Article 58 of Articles of Association regarding the election of two alternate members to the bank's board of directors.

19-4- Provisions of Article 114 of the Articles of Association regarding the granting facilities to the single beneficiary and the acceptance of commitments to his benefit, only within the framework of the Central Bank's regulations (Granting facilities and acceptance of commitments exceeding the individual ceiling to single beneficiaries of Mellat Financial Group, Foolad Steel Co, Iranol Company and Persian Gulf Star Oil and Gas Company).

19-5- The bank's pursuit to fulfill the obligations stipulated in the ordinary general meeting of shareholders held on 06/21/2022, in addition to items 2, 4, 7 to 9, 12, 13, 17, 19, 22, 23, 25, and 26, this report regarding determining the obligations and collection of claims from subsidiary and affiliated companies has not reached a final conclusion by the end of 03/20/2023.

20- According to the explanatory note 62-3, during the fiscal year under review, transactions subject to Article 129 of the Commercial Law amendment has not been conducted.

21- The board of directors' report on the bank's activities and general situation prepared in accordance with Article 232 of the Commercial Law amendment and Article 105 of the articles of association, intended to be presented to the ordinary general meeting of shareholders, has been reviewed by this organization. Considering the investigations conducted and the considerations given to the items listed in clauses 2 to 7 of this report, no significant discrepancies between the financial information provided in the aforementioned report with the documents and evidence provided by the board of directors have been noted.

22- Regarding the capital adequacy ratio of the bank as explained in the explanatory note 3-7-60, based on the guidelines for calculating supervisory capital and capital adequacy of credit institutions numbered 98/436758 dated 03/07/2020, calculations have been made. However, the provisions of Articles 2-4, 6-4, and 7-11 of the aforementioned guidelines have not been adhered to regarding the adjustment of supervisory capital for the bank's shares in subsidiary units and the deduction of the total book value of the bank's investment in the Mellat's Exclusive Market Making Fund (Subject to circular No. 00/75268 dated 06/02/2021 from the Central Bank), and revalued assets for credit risk for non-participating contracts. Compliance with the above provisions and considering the effects of clauses 2 to 6 of this report would reduce the mentioned ratio.

Other Legal and Regulatory Responsibilities of the Auditor

23- Requirements of the Securities and Exchange Organization during the fiscal year under review have not been observed in the following cases:

Row	Circular Title	Article	Subject
1	Executive Guideline of Information Disclosure of Listed Companies	Clause 1 of Article 7	Disclosure of audited consolidated annual financial statements at least 10 days before the ordinary general meeting.
		Clause 10 of Article 7	1-Disclosure of audited annual financial statements of some subsidiary companies at least 10 days before the ordinary annual general meeting of the bank and maximum 4 months after the end of the fiscal year of the mentioned companies.
			2-Disclosure of audited semi-annual financial statements of some subsidiary companies within a maximum of 60 days after the end of the 6-month period.
			3- Disclosure of portfolio information of subsidiary investments in 3, 6, 9, 12 month periods within a maximum of 5 working days after the end of each period.
		Note of Article 9	Immediate disclosure of changes in the composition of the board of directors.
Article 10	Presentation of minutes of ordinary general meeting and extraordinarily-ordinary general meeting dated 06/21/2022 and extraordinarily-ordinary general meeting dated 02/12/2023 to the company registration authority within a maximum of 10 days after the date of the general meeting and disclosing within one week after registration notification.		
2	Notices	Article 11	Disclosure of the executive approval of capital increase in the hands of the board of directors, 10 days before the date of board of directors meeting.
		Letter Number 96/B/440/018 Dated 04/10/2017	Sending a complete copy of the minutes of the General Meetings in the form of CD, maximum 10 days post-meetings for the Securities & Stock Exchange Organization.
		Letter Number 122/103179 Dated 04/27/2022	Coordination with the Central Securities Depository and Settlement Company, regarding payment of dividends from previous years to shareholders and publishing the results of the measures conducted on the Codal system.
3	Guidelines for Corporate Governance of Registered Publishers	Note 1 and 5 of Article 4	Non-obligation of the majority of the board members and the lack of voting rights of the interested director in the election of members.
		Note 5 of Article 7	Opinion of the Audit Committee regarding the fairness of related party transactions emphasizing fairness, Complete disclosure and non-participation of the interested director in voting.
		Article 28	Prohibition of direct or indirect ownership of shares in the parent company by subsidiary companies of the group.

Row	Circular Title	Article	Subject
4	Accepted Publishers› Internal Control Procedures	Article 6	Following up on the reasons for deviations from the actual performance with the budget and past performance, industry indicators and competitors› performance.
		Article 10	Chairmanship of the Audit Committee with an independent member or a non-director member of the board of directors.
		Clause 3 of Article 11	Proper and complete disclosure of related parties.
		Article 15	Evaluation and opinion on internal controls of subsidiary companies in internal control reports.
5	Internal Controls Governing Financial Reporting	Article 28	Identification of the bank›s position in domestic markets and determination of opportunities and threats.
		Article 34	Relevant utilized systems and measures report for evaluating management deviation from desirable level.
6	Guidelines of Requirements for Disclosure of Information and Approval of Related Parties Transactions	Letter Number 96/B/440/018 Dated 04/10/2017	Avoidance of General phrases such as receipt, purchase and etc., in disclosing important transactions, disclosing purchase and sale of fixed assets separately for each transaction, disclosure of principal and interest of financing amounts and current period amounts related to previous periods.
		Article 4	Disclosure of unsettled account balances, settlement method, guarantee interest rate, amount of installment settlements related to related parties, and profit (loss) from transactions with related parties, delineating transactions and comparative items in account balances and profit (loss) of transactions.
7	Interpretive Management Reporting Regulations		Disclosure of main sources of risks and relationships regarding potential legal disputes and their effects, inflation, price changes, and exchange rate effects on the bank and key performance criteria and indicators for evaluating performance compared to declared objectives for departmental or activities.

24-According to the provisions of “The regulation on the amount and method of receiving membership fees in the Deposit Guarantee Fund”, annual membership fee equal to thirty-five hundredths percent) Before 2021 with rates of thirty hundredths percent and twenty-five hundredths percent) on the weekly average balance of each deposit account for the previous fiscal year, up to the ceiling of the Fund’s guarantee has been determined. The bank paid the membership fee for the years 2014 to 2022 on account basis in the amount of IRR 11,583 billion and IRR 12,039 billion (Explanatory note 2-43) reserves in accounts. Controlling the process of determining and calculating the membership fee for the mentioned years requires special audit.

25- Calculation of the difference between definite and on-account profit on investment deposits as explained in the explanatory note 13, in accordance with provisions of circular No. 94/69383 dated 06/10/2015 of the Central Bank has been dealt with except for paying interest exceeding the rates approved by the Money and Credit Council in some cases, no further cases of non-compliance with the provisions of the afore-mentioned circular have been addressed.

26- In accordance with Article 33 of the Anti-Money Laundering Executive Guidelines, auditors have evaluated compliance with the provisions of the Anti-Money Laundering Act, code of conduct, and related executive guidelines within the framework of checklists communicated by the relevant Wauthority and auditing standards by this organization. In this regard, except for non-compliance with some provisions of the Anti-Money Laundering Act, its executive code of conduct, and related guidelines, including the implementation of internal anti-money laundering programs based on risk-based approach, updating customer’s expected level of activity, implementing real customer identification procedures commensurate with the risk, understanding the subject, nature and extent of activities of legal entities, performing supervisory duties, and submitting relevant reports regarding subsidiary companies as responsible for internal supervision, it has not addressed other significant non-compliance with the mentioned laws and regulations.

June 7th, 2023

Audit Organization

Gholamreza Mahdavi

Amirali Bamzar



Bank Mellat (Public Joint Stock)
Consolidated and Separate Financial Statements of Bank Mellat for the Fiscal Year
Ending March 20th 2023

Annual General Meeting of Shareholders

The consolidated financial statements of the group and Bank Mellat for the
The consolidated and separate financial statements of the Bank Mellat for the
financial year ended on March 20th 2023 are herewith, presented.

The components of the financial statements are as follows:

A) Consolidated Financial Statements

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

B) Separate Financial Statements of Bank Mellat (PJSC)

Separate Profit & Loss Statement
Comprehensive separate Profit & Loss Statement
Separate Balance Sheet
Separate changes in the shareholders' Equity
Separate Cash flow Statement

C) Explanatory Notes of Financial Statements

The consolidated and separate financial statements of the bank have been prepared based on the accounting standards as well as regulations of the CBI and have been approved by the board of directors of the bank on June 6th 2023.

Board Members and the CEO	Position	Status	Signature
Reza Dolatabadi	CEO & Board Member	Executive	Signed
Masoud Nasr Esfahani	Chairman	Non-Executive	Signed
Abbas Ashraf Nejad	Board Member & Vice CEO	Executive	Signed
Seyed Kazem Chavoshi	Vice Chairman	Non-executive	Signed
Hossein Bahari	Board Member	Non-Executive	Signed



Bank Mellat (Public Joint Stock)
Consolidated Profit & Loss Statement
for Fiscal Year Ending on March 20th 2023

	Note	03.20.2023 Million Rials	(Restated) 03.20.2022 Million Rials
Operation in Progress			
Income of loans granted	8	901,657,092	612,967,237
Income of placement in banks and non-bank credit institutions	9	87,548,941	35,542,942
Income of investment in debt securities	10	37,347,515	32,159,201
Profit of investments and partnerships	11	2,078,577	212,992
Legal deposit bonus	12	7,606,319	4,600,207
Operating income		1,036,238,443	685,482,579
Expense of deposits' profit	13	(479,978,935)	(361,230,216)
		<u>556,259,509</u>	<u>324,252,363</u>
Sales of product & income of rendered services	14	492,066,830	381,767,466
Cost price of products sold & services rendered	15	(479,011,329)	(369,323,738)
		13,055,502	<u>12,443,728</u>
		<u>569,315,011</u>	<u>336,696,091</u>
Gross profit			
Commission income	16	83,586,258	47,680,005
Commission expense	17	(24,745,920)	(20,794,287)
Loss of foreign exchange transactions	18	(14,528,650)	(13,277,978)
Administrative & general expenses	19	(338,231,590)	(251,887,451)
Doubtful loans expense	20	(33,267,819)	(26,697,160)
Other operating incomes and expenses	21	244,803,712	207,840,682
		<u>(82,384,009)</u>	<u>(57,136,188)</u>
Operating Profit		486,931,002	279,559,903
Profit of non-banking activities investments	22	41,844,971	21,316,422
Financial expenses	23	(27,516,620)	(23,358,180)
Other non-operating incomes and expenses	24	2,908,993	4,188,033
Profit of operation in progress before tax		504,168,346	281,706,178
Tax income expense	42	(13,456,516)	(69,974,132)
Net profit of operation in progress		490,711,830	211,732,046
Net profit		<u>490,711,830</u>	<u>211,732,046</u>
Attributable to:			
Parent company owners		486,181,342	207,404,003
Interest with no controlling right		4,530,488	4,328,043
		<u>490,711,830</u>	<u>211,732,046</u>
EPS attributable to main owner			
Operating (IRR)		1,380	583
Non-operating (IRR)		67	20
Due to operation in progress(IRR)		1,447	603
Due to stopped operation (IRR)		0	0
EPS (loss)	25	<u>1,447</u>	<u>603</u>

Note: The explanatory notes is an integral part of the financial statements.

Bank Mellat (Public Joint Stock)
Consolidated Comprehensive Profit & Loss Statement
for Fiscal Year Ending on March 20th 2023

	<u>Note</u>	<u>03.20.2023</u>	<u>(Restated)</u> <u>03.20.2022</u>
		Million Rials	Million Rials
Net profit		490,711,830	211,732,046
Other comprehensive profit and loss items that would be classified in restated profit and loss in upcoming periods:			
Foreign currency translation difference of foreign operation	48	18,650,305	9,038,932
Difference of foreign operation translation tax		(3,730,061)	(1,813,992)
Other items of comprehensive profit and loss after tax deduction		14,920,244	7,224,940
Comprehensive profit of the year		505,632,074	218,956,986
Attributable to:			
Parent company owners		499,192,722	213,234,984
Interest with no controlling right		6,439,352	5,722,002
		<u>505,632,074</u>	<u>218,956,986</u>

Note: The explanatory notes is an integral part of the financial statements.

**Bank Mellat (Public Joint Stock)
Consolidated Balance Sheet
on March 20th 2023**

Assets	(Restated)		Note	Liabilities & Equities Ownership		Note	(Restated)	
	03.20.2023	03.20.2022		03.20.2023	03.20.2022		20.03.2023	20.03.2022
	Million Riials	Million Riials		Million Riials	Million Riials		Million Riials	Million Riials
Assets								
Cash	423,536,780	309,733,583	26	Liabilities:				
Dues from banks & other non-banking credit institutions	1,123,254,622	1,153,076,433	27	Clients' deposits	9,131,771,759	39	6,223,640,607	6,223,640,607
Dues from government	203,917,974	159,983,060	28	Dues to banks & other non-banking credit institutions	1,225,268,178	40	1,050,752,583	1,050,752,583
Loans and advances to public entities	3,883,640,804	3,263,338,136	29	Dividend payable	1,083,112	41	559,777	559,777
Loans and advances to private entities	5,993,700,095	3,761,968,077	30	Payable tax	84,186,066	42	150,877,355	150,877,355
Dues from subsidiary & affiliated	3,442,315	4,031,787	31	Provisions & other liabilities	2,313,032,631	43	1,876,947,898	1,876,947,898
Other receivables	252,587,521	160,215,163	32	Severance provisions& staff retirement liabilities	262,002,133	44	226,979,654	226,979,654
Investments and partnerships	707,372,753	322,137,624	33	Total Liabilities	13,017,343,879		9,529,757,874	9,529,757,874
Non-current assets held for sale	17,889,722	28,769,362	34	Equity Ownership				
Tangible fixed assets	236,483,040	219,599,455	35	Capital	353,000,000	45	207,042,862	207,042,862
Intangible assets	25,994,160	22,451,117	36	Legal reserve	155,363,101	46	87,031,765	87,031,765
Legal deposit	1,003,832,788	574,871,224	37	Other reserves	43,087,839	47	92,207,758	92,207,758
Deferred tax asset	289,552	289,552	42	Foreign Currency translation difference of foreign operation	54,460,784	48	41,449,404	41,449,404
Other Assets	343,625,944	276,085,158	38	Retained earning	598,412,194		297,016,419	297,016,419
				Treasury shares	(31,398,774)	49	(21,605,903)	(21,605,903)
				Treasury shares premium	2,220,787		1,359,843	1,359,843
				The effects of sub-treasury shares transactions	(725,221)		(959,784)	(959,784)
				The effects of transactions with interest with no controlling right	(304,735)		(831,652)	(831,652)
				Total Equities Attributable to Shareholders of Parent Co.	1,174,115,975		702,710,713	702,710,713
				Interest with no controlling right	28,108,215	50	24,081,144	24,081,144
Total Assets	14,219,568,069	10,256,549,731		Total Equity Ownership	1,202,224,190		726,791,857	726,791,857
Clients' liabilities for L/Cs	848,667,546	676,434,338	55-1	Total liabilities and equity ownership	14,219,568,069		10,256,549,731	10,256,549,731
Clients' liabilities for issued Guarantees	1,159,373,386	705,865,688	55-2	Bank's liabilities for L/Cs	848,667,546	55-1	676,434,338	676,434,338
Other clients' liabilities	1,250,294,285	1,106,697,044	55-3	Bank's liabilities for issued guarantees	1,159,373,386	55-2	705,865,688	705,865,688
Party to managed fund and the like	558,471,590	465,508,864	55-4	Other liabilities of the bank	1,250,294,285	55-3	1,106,697,044	1,106,697,044
				Managed fund and the like	558,471,590	55-4	465,508,864	465,508,864

Note: The explanatory notes is an integral part of the financial statements.

**Bank Mellat (Public Joint Stock)
Changes in Consolidated Shareholders' Equity
for Fiscal Year Ending on March 20th 2023**

Note	Capital	Treasury Shares Premium	Effects of Treasury Shares Transactions of Subsidiary Co.	Effects of Transactions with Interest with no Controlling Right	Legal Reserve	Other Reserves	FX Translations Difference of Foreign Operation	Retained Earnings (Loss)	Treasury Shares	parent Company Shareholder Equity	Interest with no Controlling Right	Total
		Million Riials	Million Riials	Million Riials	Million Riials	Million Riials	Million Riials	Million Riials	Million Riials	Million Riials	Million Riials	Million Riials
	207,042,862	1,359,843	(959,784)	(831,652)	87,031,765	92,207,758	41,449,404	297,016,419	(21,605,903)	702,710,713	24,081,144	726,791,857
Restated Balance on March 21 st 2022												
Changes in Equity Ownership on 03.20.2022												
Reported Net Profit in Financial Statements on 03.20.2022												
	0	0	0	0	0	0	0	486,181,342	0	486,181,342	4,530,488	490,711,830
Other Items of Comprehensive Profit												
48	0	0	0	0	0	0	13,011,380	0	0	13,011,380	1,908,864	14,920,244
Difference of Foreign Operation FX Translation After Tax Ddeduction												
	0	0	0	0	0	0	13,011,380	486,181,342	0	499,192,722	6,439,352	505,632,074
Comprehensive Profit of 03.20.2022												
	0	0	0	0	0	0	0	(19,668,165)	0	(19,668,165)	(1,494,255)	(21,162,420)
Approved DPS												
	145,957,138	0	0	0	0	(55,000,000)	0	(90,957,138)	0	0	0	0
Registered Capital Increase												
	0	0	0	0	0	0	0	0	0	0	(66,128)	(66,128)
Outstanding Capital Increase												
	0	0	0	0	0	0	0	0	(9,792,871)	(9,792,871)	0	(9,792,871)
Purchasing Treasury Shares												
	0	860,944	0	0	0	0	0	0	0	860,944	0	860,944
Selling Treasury Shares												
	0	0	234,562	0	0	0	0	0	0	234,562	0	234,562
Selling Treasury Shares by Subsidiary Company												
	0	0	0	0	0	(25,000,000)	0	25,000,000	0	0	0	0
Posted from Other Shareholders Equity Items to Retained Earning & Loss												
46	0	0	0	0	68,331,336	0	0	(68,318,874)	0	12,462	(238,026)	(225,565)
Allocating to Legal Reserve												
47	0	0	0	0	0	30,880,080	0	(30,841,390)	0	38,690	296,341	335,032
Allocating to Other Reserves												

Effects of Transactions on Interest with no Controlling Rights	0	0	0	526,917	0	0	0	0	0	0	526,917	(504,524)	22,393
Share from Net Fair Value													
Other Items of Comprehensive Profit (Loss)													
Assets of Acquired Subsidiary Companies	0	0	0	0	0	0	0	0	0	0	0	(405,688)	(405,688)
Total Changes of Shareholders Equity Items During the Year	145,957,138	860,944	234,562	526,917	68,331,336	(49,119,920)	13,011,380	301,395,775	(9,792,871)	471,405,262	3,027,071	375,432,333	
Balance on 03.20.2023	353,000,000	2,220,787	(725,221)	(304,735)	155,363,101	43,087,839	54,460,784	598,412,194	(31,398,774)	1,174,115,975	28,108,215	1,202,224,190	

Note: The explanatory notes is an integral part of the financial statements.

Allocating to legal reserve	46	0	0	0	23,932,457	0	0	(23,940,392)	0	(7,926)	(374,684)	(382,620)	
Allocating to other reserves	47	0	0	0	0	1,358,583	0	(1,397,424)	0	(38,841)	464,581	425,740	
Increase of interest in subsidiary companies		0	0	0	(973,801)	0	0	92,698	0	(881,103)	0	(881,103)	
Difference of fair value and book value													
Net assets of acquired subsidiary companies		0	0	0	0	0	0	0	0	0	142,149	142,149	
Effects of transactions with interest with no controlling rights		0	0	0	0	0	0	0	0	0	(577,234)	(577,234)	
Total changes in shareholders' equity items during year		0	10,514	(959,784)	(973,801)	23,932,457	1,358,583	5,830,981	169,043,454	(233,541)	198,008,863	201,568,367	
Restated balance on 03.20.2022		207,042,862	1,359,843	(959,784)	(831,652)	87,031,765	92,207,758	41,449,404	297,016,419	(21,605,903)	702,710,713	23,081,144	726,791,857

Bank Mellat (Public Joint Stock)
Consolidated Cash Flow Statement
for Fiscal Year Ending on March 20th 2023

	Note	03.20.2023 Million Rials	(Restated) 03.20.2022 Million Rials
<u>Cash Flows Due to Operating Activities</u>			
Cash due to operation	52	340,218,754	164,011,929
Cash payments due to income tax		(80,147,806)	(72,965,796)
Net cash inflow from operating activities		<u>260,070,948</u>	<u>91,046,133</u>
<u>Cash flows from investments activities</u>			
Cash payments for acquiring tangible fixed assets		(19,040,788)	(17,986,633)
Cash received from selling tangible fixed assets		1,514,263	2,640,620
Cash payments for acquiring intangible assets		(4,535,224)	(2,419,960)
Cash received from selling intangible assets		89,337	624,632
Cash payments for acquiring relevant investments with non-banking activities		(31,675,000)	0
Cash received from selling non-current assets for selling		4,317,243	2,676,906
Cash received from stock profit relevant to non-banking activities		<u>49,423,628</u>	<u>13,949,778</u>
Net cash inflow (outflow) from investments activities		93,458	(514,657)
Net cash inflow before financing activities		<u>260,164,406</u>	<u>90,531,476</u>
<u>Cash Flows from Financing Activities</u>			
Cash payments for shares profit of parent company owners		(19,287,823)	(12,879,786)
Cash payments for shares profit to interest with no controlling rights		(1,351,262)	(3,091,903)
Cash payments for buying treasury shares		(9,792,871)	(2,074,428)
Cash received from selling treasury shares		1,095,507	10,514
Cash payments for principal of other facilities received	35	(882,568)	
Cash payments for principal facilities received from CBI and other banks and non-bank credit institutions		(404,714,150)	(20,303,014)
Cash payments for principal of facilities received from CBI and other banks and non-bank credit institutions		281,120,000	403,581
Cash received from facilities received	53	(1,864,739)	(20,140,732)
Cash payments for profit of facilities received from CBI and other banks and non-bank credit institutions			
Cash received from disposing part of subsidiary company (retaining its control)		22,393	
Cash payments from acquiring interest with no controlling rights		(471,816)	(435,086)
Cash received from capital increase of subsidiary companies- share of interest with no controlling rights		<u>0</u>	<u>1,114,120</u>
Net cash outflow from financing activities		(156,127,330)	(57,396,734)
Net increase (decrease) in cash		<u>104,037,077</u>	<u>33,134,743</u>
Cash at the beginning of the year		309,733,583	267,788,310
The effects of changes of cash foreign currency rate		9,766,120	8,810,530
Cash balance at the end of the year		<u>423,536,780</u>	<u>309,733,583</u>
Non-cash transactions	54	77,088,031	73,067,255
<u>More information for cash flows from facilities granted profit</u>			
<u>Investment deposits and stock profit</u>			
Cash received from facilities granted profit		128,950,603	94,301,259
Cash received from investment deposits' profit		87,548,941	35,542,942
Cash payments for investment deposits' profit		(499,315,192)	(350,068,996)
Cash payments for facilities received profit		(1,864,739)	(20,140,732)
Cash received from stock profit		49,423,628	13,949,778

Bank Mellat (Public Joint Stock)
Separate Profit & Loss Statement
for Fiscal Year Ending on March 20th 2023

	Note	03.20.2023 Million Rials	(Restated) 03.20.2022 Million Rials
Operation in Progress			
Income of loans granted	8	910,961,152	619,422,804
Income of placement in banks and non-bank credit institutions	9	85,640,075	33,594,646
Income of investment in debt securities	10	31,837,471	25,378,183
Profit of investments and partnerships	11	1,118,657	9,197,394
Legal deposit bonus	12	7,606,319	4,600,207
Operating income		1,037,163,674	692,193,234
Expense of deposits' profit	13	(481,675,681)	(363,328,277)
Gross profit		555,487,993	328,864,957
Commission income	16	83,493,224	47,646,875
Commission expense	17	(24,668,525)	(20,778,897)
Loss of foreign exchange transactions	18	(14,528,650)	(13,277,978)
Administrative & general expenses	19	(328,716,409)	(245,630,922)
Doubtful loans expense	20	(35,902,106)	(27,202,895)
Other operating incomes and expenses	21	242,727,567	206,328,326
		(77,594,899)	(52,915,489)
Operating Profit		477,893,094	275,949,467
Profit of non-banking activities investments	22	6,261,587	8,155,784
Financial expenses	23	(27,118,535)	(23,177,542)
Other non-operating incomes and expenses	24	2,898,755	3,762,103
Profit of operation in progress before tax		459,934,901	264,689,813
Tax income expense	42	(10,374,406)	(67,000,000)
Net profit of operation in progress		449,560,495	197,689,813
Stopped operation			
Net profit of stopped operation		0	0
Net profit		449,560,495	197,689,813
EPS			
Operating (IRR)		1,309	579
Non-operating (IRR)		(35)	(19)
Due to operation in progress (IRR)		1,274	560
Due to stopped operation (IRR)		0	0
EPS (IRR)	25	1,274	560

Note: The explanatory notes is an integral part of the financial statements

Bank Mellat (Public Joint Stock)
Separate Comprehensive Profit & Loss Statement
for Fiscal Year Ending on March 20th 2023

	<u>Note</u>	<u>03.20.2023</u>	<u>(Restated)</u> <u>03.20.2022</u>
		Million Rials	Million Rials
Net profit		449,560,495	197,689,813
Other comprehensive profit and loss items			
Foreign currency translation difference of foreign operation	48	1,712,898	(31,033)
Difference of foreign operation translation tax		(342,580)	0
Other items of comprehensive profit and loss after tax deduction		1,370,319	(31,033)
Comprehensive profit of the year		<u>450,930,814</u>	<u>197,658,780</u>

Note: The explanatory notes is an integral part of the financial statements

Bank Mellat (Public Joint Stock)
Changes in Separate Shareholders' Equity
for Fiscal Year Ending on March 20th 2023

Note	Capital Million Rials	Legal Reserve Million Rials	Other Reserves Million Rials	FX Translations Difference of Foreign Operation Million Rials	Retained Earnings (Loss)		Total Million Rials
					Million Rials	Million Rials	
Restated balance on March 21 st , 2022	207,042,862	83,242,565	80,091,465	17,142,728	256,494,478	644,014,097	
Changes in Equity Ownership on 20.03.2022							
Reported net profit in financial statements on 03.20.2022	0	0	0	0	449,560,495	449,560,495	
Other Items of Comprehensive Profit							
Difference of foreign operation FX translation after tax deduction	48	0	0	1,370,319	0	1,370,319	
Comprehensive profit of 03.20.2022	0	0	0	1,370,319	449,560,495	450,930,814	
Approved DPS	0	0	0	0	(20,704,286)	(20,704,286)	
Registered capital increase	145,957,138		(55,000,000)		(90,957,138)	0	
Posted from other shareholders equity items to retained earning & loss	0	0	(25,000,000)	0	25,000,000	0	
Allocating to legal reserve	46	67,261,163	0	0	(67,261,163)	0	
Total changes of shareholders equity items during the year	145,957,138	67,261,163	(80,000,000)	1,370,319	295,637,908	430,226,528	
Balance on 03.20.2023	353,000,000	150,503,728	91,465	18,513,047	552,132,386	1,074,240,625	

Note: The explanatory notes is an integral part of the financial statements.

Bank Mellat (Public Joint Stock)
Changes in Consolidated Shareholders' Equity
for Fiscal Year Ending on March 20th 2023

Balance on March 21 st 2021	207,042,862	59,738,129	80,091,465	17,173,761	137,793,133	501,839,349
Errors correction	51	0	0		(41,797,958)	(41,797,958)
Restated balance on March 21 st 2021	207,042,862	59,738,129	80,091,465	17,173,761	95,995,175	460,041,392
Changes in Equity Ownership on 03.20.2021						
Reported net profit in financial statements on 03.20.2021	0	0	0	0	157,593,788	157,593,788
Errors correction	0	0	0	0	40,096,024	40,096,024
Restated net profit on 03.20.2021	0	0	0	0	197,689,813	197,689,813
Other Items of Comprehensive Profit						
Difference of foreign operation FX translation after tax deduction	48	0	0	(31,033)	0	(31,033)
Comprehensive profit of 03.20.2021	0	0	0	(31,033)	197,689,813	197,658,780
Allocating to legal reserve	46	0	0	0	(23,525,681)	(21,246)
Approved DPS	0	0	0	0	(13,664,829)	(13,664,829)
Total changes of shareholders equity items during the year	0	23,504,436	0	(31,033)	160,499,302	183,972,705
Balance on 03.20.2022	207,042,862	83,242,565	80,091,465	17,142,728	256,494,478	644,014,097

Note: The explanatory notes is an integral part of the financial statements.

Bank Mellat (Public Joint Stock)
Separate Cash Flow Statement
for Fiscal Year Ending on March 20th 2023

	Note	03.20.2023 Million Rials	(Restated) 03.20.2022 Million Rials
Cash Flows Due to Operating Activities			
Cash due to operation	52	360,807,507	150,281,701
Cash payments due to income tax		(81,837,976)	(71,607,162)
Net cash inflow from operating activities		<u>278,969,531</u>	<u>78,674,539</u>
Cash Flows from Investments Activities			
Cash payments for acquiring tangible fixed assets		(9,115,111)	(12,968,204)
Cash received from selling tangible fixed assets		1,142,155	2,176,001
Cash payments for acquiring intangible assets		(3,773,640)	(1,592,556)
Cash received from selling intangible assets		281,857	588,015
Cash payments for acquiring relevant investments with non-banking activities		(31,675,000)	
Cash received from selling non-current assets for selling		4,333,121	3,254,813
Cash received from stock profit relevant to non-banking activities		4,688,337	5,413,324
Net cash outflow from investments activities		(34,118,281)	(3,128,606)
Net cash inflow before financing activities		244,851,250	75,545,932
Cash Flows from Financing Activities			
Cash payments for shares profit		(20,323,944)	(13,429,185)
Cash payments for principal facilities received from CBI and other banks and non-bank credit institutions	53	(404,714,150)	(20,303,014)
Cash received from other facilities received		281,120,000	0
Cash payments for profit of facilities received from CBI and other banks and non-bank credit institutions	53	(1,864,739)	(20,140,732)
Net cash outflow from financing activities		(145,782,833)	(53,872,931)
Net increase (decrease) in cash		99,068,417	21,673,001
Cash at the beginning of the year		315,181,162	284,705,887
The effects of changes of cash foreign currency rate		9,755,161	8,802,274
Cash balance at the end of the year		<u>424,004,740</u>	<u>315,181,162</u>
Non-cash transactions	54	77,088,031	79,219,329
More information for cash flows from facilities granted profit, investment deposits and stock profit:			
Cash received from facilities granted profit		128,950,603	93,301,259
Cash received from investment deposits' profit		85,640,075	33,594,646
Cash payments for investment deposits' profit		(499,315,192)	(350,068,996)
Cash payments for facilities received profit		(1,864,739)	(20,140,732)
Cash received from stock profit		4,688,337	5,413,324

Note: The explanatory notes is an integral part of the financial statements.



Chapter SEVEN

Special View

► Special View

Great Achievements and Proceedings of Bank Mellat March 21st 2022 to March 20th 2023:

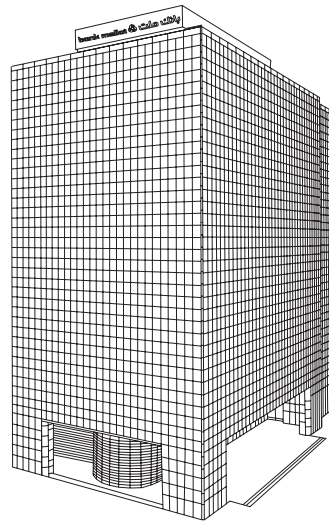
- ▶ Introduction of new products such as “Bank Plus”, “Polwinno”, “Nobat On-line”, and “Mellat Signature in the Fara-Bank domain”, BNPL (Buy Now, Pay Later) and etc.
- ▶ Selection of “Bank Plus” as the top product of the year at the Eighth Major Event of Financial Technologies in Iran.
- ▶ Bank Mellat’s top ranking in providing facilities to knowledge-based companies.
- ▶ Appreciation from the Minister of Economy for Bank Mellat’s pioneering in providing new electronic services.
- ▶ Acknowledgment of Bank Mellat’s performance by the Minister of Economy.
- ▶ Acknowledgment from the Minister of Oil for Bank Mellat as the most influential bank in the country’s energy sector.
- ▶ Acknowledgment of Bank Mellat at the conference honoring the top performers of the commodity exchange.
- ▶ Selection of Bank Mellat as the top bank in Iran, based on the ranking of the Industrial Management Organization.
- ▶ Selection of Bank Mellat’s CEO as the eternal face (eternal figure) of the banking system at the Eighth Iran Transaction Exhibition.
- ▶ Awarding the Manager of the Year award to Bank Mellat’s CEO.
- ▶ Inauguration of the Mahdi Clinic Hospital with a financing of four trillion IRR out of Bank Mellat capacity.
- ▶ Selling gold bar certificate of deposit through the Commodity Exchange.
- ▶ Opening of the Bafgh Steel Complex with the participation of Bank Mellat and the presence of the esteemed President.
- ▶ Bank Mellat’s participation in the implementation of two major refining projects, “Martyred Qasem Soleimani” and “Morvarid Makran”.





Chapter Eight

Other Information



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Shares affairs Dept.:

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بانك ملت
bank mellat