

Prospectus Summary for Listing

Mellat Investment Bank (Publicly Listed)

On Tehran Stock Exchange (Second Market)



تامین سرمایه بانک ملت
mellat investment bank

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- **Registration Number:** 395071
- **Date of registration:** 01/11/2011
- **Place of registration:** Tehran Stock Exchange
- **Number and Date of Issuance with Security and Exchange Organization:**
Number 10824 on 02/18/2011
- **The activity of company in accordance with article 3 of the articles of association:** Underwriting, Firm commitment, purchase commitment of securities in secondary markets to the extent of financial capabilities or through forming syndicates with other similar entities / legal entities
- **Main Shareholder:** Mellat Financial Group
- **Number of share offered in IPO:** 910 Million shares
- **Nominal Value of shares:** 1,000 IRR
- **Listing Consultant:** Mofid Idea (Privately Held)

For Risk Information that can be of Interest to potential investors, Please see the risk factors section.

Prospectus Summary

"Short form prospectus is just a summary of company's important information and investors must read and consider the entire prospectus report before making any investment decisions."

Mellat investment bank was registered in Jan 11 of 2011 with initial nominal capital of 1000 billion IRR (paid-up) in company registration office of Tehran. The company has started officially in Feb 18 of 2011 under the license of Security and Exchange Organization (SEO).

The main activity of the company in accordance with article 3 of the articles of association: Underwriting, Firm commitment, purchase commitment of securities in secondary markets to the extent of financial capabilities or through forming syndicates with other similar entities / legal entities.

Right now, the nominal capital of the company is 7,000 billion IRR and Mellat Financial Group with %90 capital share is the main shareholder. Note that raising the financial capital of company from 5,500 to 7,000 IRR has been registered and officially announced in No. 21814 of gazette published on Feb 2 in 2020.

■ Shareholders	No. of Shares	Ownership Percentage
■ Mellat Financial Group	6,370,000,000	%91
■ Atye Khahan Invest Management	349,991,250	%5
■ Mellat Bank Brokerage	70,000,000	%1
■ Mellat Leasing	70,000,000	%1
■ Mellat Exchange	70,000,000	%1
■ Tadbirgaran Behsaz Mellat	70,000,000	%1
■ Atye Negar Ma'a Insurance	8,750	%0
■ Sum	7,000,000,000	%100



Following is a summary of financial statements for Mellat Investment Bank in past fiscal year and first half of this fiscal year.

Summary of financial statements for Mellat Investment Bank (Million IRR)

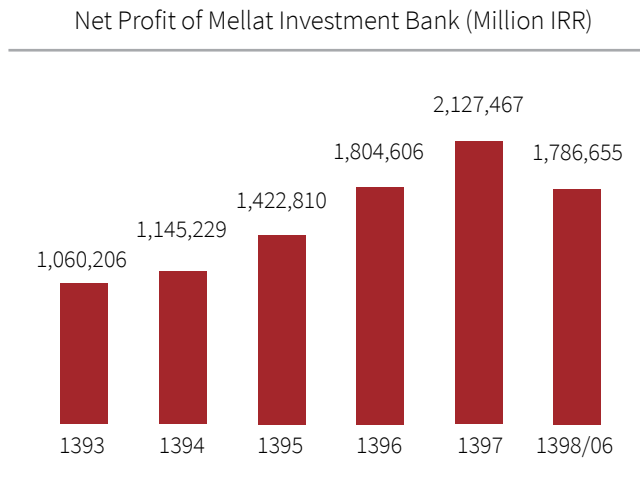
	1397	1398 (6months)
Tangible fixed assets	105,971	105,819
Long-term investments	99,647	99,647
Total non-current assets	217,996	218,087
Short-term investments	9,848,641	10,270,750
Total current assets	10,277,364	10,606,522
Total assets	10,495,360	10,824,609
Capital	4,000,000	5,500,000
Accumulated profits	2,245,472	1,942,794
Total equity	6,645,472	7,932,127
Longterm accounts payable	1,495,000	1,745,000
Non-current liabilities	1,588,621	1,785,998
Tax payable	123,788	213,538
Current liabilities	2,261,267	1,106,484
Total liabilities	3,849,888	2,892,482

Also the profit and loss statement of the company in the year 1397 and the six months ending September 31, 1398 is shown in the following table.

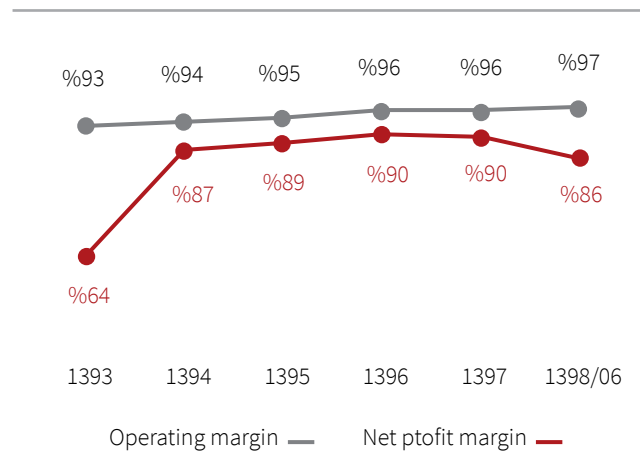
Profit and loss statement of Mellat Investment Bank (Million IRR)

	1397	1398 (6months)
Operating Income	2,354,761	2,082,829
Sales, administrative and general costs	(93,765)	(67,883)
Operating Profit	2,260,996	2,014,946
Other non-operating income and expenses	9,735	(735)
Pre-tax profit	2,270,731	2,014,211
income tax	(143,264)	(227,556)
Net profit	2,127,467	1,786,655

Net profit trend of the company in past 5 years is displayed in below graph.



The operating margin and net profit margin of the company in past 5 years is displayed in below graph.



Making financial decisions has always been such a bottleneck for corporates in competitive atmosphere of optimal financing in order to stay alive and keep vivid growth in ever-volatile world of business.

While corporates execute a lot of planning and studies, there are still some out of.



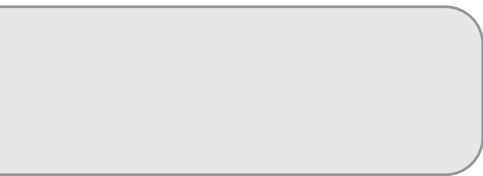
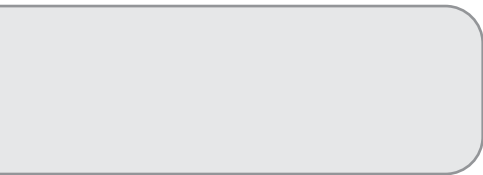
While corporates execute a lot of planning and studies, there are still some out of control factors with various probability, which can disrupt the equation and increase the likelihood that corporations cannot achieve their operational objectives

In this regard, the likelihood of not achieving predetermined goals under the heading of risk is raised. Risk management is a rational way of identifying, analyzing, evaluating, reflecting and controlling all risks that may threaten the assets, resources or opportunities for increased profits. The risks associated with Mellat Investment Bank's operations are as follows.

- Credit risk
- Liquidity risk
- Interest rate risk
- Competitive risk
- Regulatory risk
- Human Resource Risk
- Operational and Technology Risk

Section I

Company Introduction



■ 1- Introduction

■ 1-1- History

Mellat Investment Bank, as the third entity in the investment banking industry of Iran, was granted a license by the Supreme Council of Stocks and Securities, (the highest entity in the securities market) on September 8, 2010 and was registered on Jan 11 of 2011 with initial nominal capital of 1,000 billion IRR (paid-up) in company registration office of Tehran. The company has started its activity officially on Feb 18 of 2011 under the license of Securities and Exchange Organization (SEO).

■ 1-2- Business activities

The activities of company in accordance with article 3 of the articles of association are as follows:

The main activity of the company:

The main activity of company is Underwriting, Firm commitment, purchase commitment of securities in secondary markets to the extent of financial capabilities or through forming syndicates with other similar entities / legal entities.

Subsidiary activity of the company:

1. Consulting services in areas such as:

- The optimal financing method and schedule as well as the amount of fund needed
- The method and schedule of issuing securities
- Price of issued securities
- The listing process of securities and getting required licenses for issuing
- Transfer Procedures of securities
- Listing securities on Stock Exchange markets or OTC markets and carrying out all executive affairs on behalf of the issuer
- Mergers, acquisitions, organizational and financial restructuring of companies
- Risk management
- Helping companies be prepared for grading procedures and doing all required works on behalf of them



- Investment Affairs
 - Services needed by companies in new investments, development, completion, planning, budgeting and pricing of securities
2. Marketing and managing the transfer process of securities
 3. Executing all required steps of listing and issuing securities on behalf of issuer
 4. Providing services for defining and issuing financial instruments for companies
 5. Asset management services
 6. Providing services related to Investments funds, managing funds and investing in them
 7. Brokerage
 8. Broker/ Trader
 9. Portfolio management
 10. Market making
 11. Processing financial information
 12. Investing surplus resources in investing deposits with reputable banks and financial institutions and securities credited by government or banks
 13. Get the support of banks and reputable financial institutions in issuing securities
 14. Support companies in financing
 15. Helping companies issue, approve, and accept warranties

Other activities

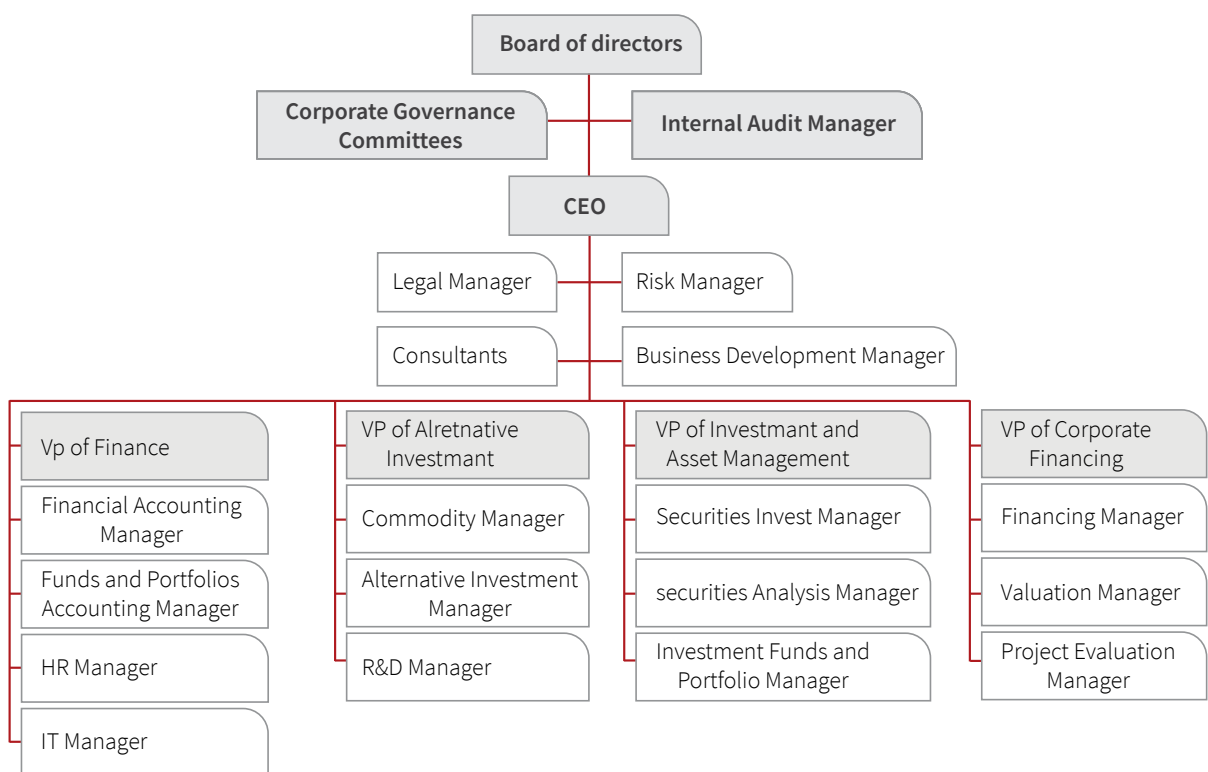
1. Portfolio management, Investment funds services, Brokerage, Broker/ Dealer, Market making and processing financial information can be carried out with an independent license from Stock Exchange Organization.
2. Carrying out brokerage and broker/ dealer activities for market making, portfolio management, Investment funds, underwriting and purchase commitment of securities can only be done in second markets.

■ **1-3- Structures of Organization**

The structure of Mellat Investment Bank, including the organizational structure, staffing structure, and introduction of the Board of Directors, are described below.

■ **1-3-1- Organizational structure**

The latest organizational structure of Mellat Investment Bank is as follows:



Professional committees of Mellat Investment Bank are as follows:

Corporate governance committees:

1. Auditing committee
2. Risk management committee

Internal committees

1. Investing committee
2. Business development committee
3. Media committee



■ **1-3-1-1- Professional committees of Mellat Investment Bank are as follows:**

Corporate governance committees:

1. Auditing committee
2. Risk management committee

Internal committees

1. Investing committee
2. Business development committee
3. Media committee

■ **1-3-2- Board members**

Board members of Mellat Investment Bank are as follows:



■ **Abutaleb Dibaei**
Chairman of the Board



■ **Majid Ebrahimi**
Vice Chairman of the board



■ **Seyed Naghi Shamsi**
Board Member



■ **Rohollah Hosseini Moghaddam**
CEO and board member



■ **Mazyar Farrokhi**
Board member

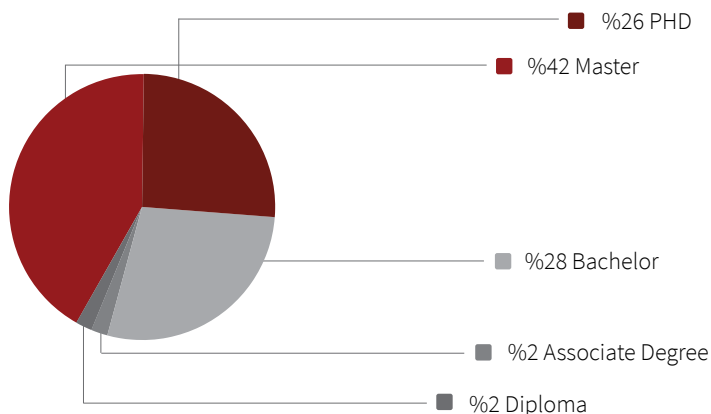
1-3-3- Human Resource Structure

An important feature of knowledge-based companies is professional and experienced human resource. Mellat Investment Bank in order to supply professional human resource demands goes through clever graduates and experienced experts of capital market, over %67 of the company's associates having postgraduate and postgraduate degrees. The composition is shown in the table below.

Staff composition based on academic degree

Academic degree	1396	1397
PHD	11	11
Master	11	18
Bachelor	15	12
Associate Degree	1	1
Diploma	1	1
Sum	39	43

Staff composition based on academic degree - 1397



1-4- Contact Mellat Investment Bank

Address: No. 7 ,6th Alley, Vozara St., Beheshti Ave., Tehran, Iran

Website: www.mellatib.ir

Tell: 021 41461000

Email: info@mellatib.ir

Fax: 021 88100449

Selected newspaper for publishing information: Etelea'at

Postal Code: 1513715814

Section II

Investment Banking



■ 2- Investment Banking in Iran

■ 2-1- Introduction and History

Prior to the Islamic Revolution in Iran, development banks and some financial corporations, along with commercial banks, did some of the duties of Investment Banks. These include the Iranian Industrial and Mineral Development Bank (established 1960), the Iranian Development and Investment Bank (established 1974), the Iranian Financial Services Company (established 1975) and the Iranian National Investment Company (established 1976). After Islamic revolution, nationalizing banks and industries and the stagnation of the stock market, investment banks activities are stopped. In June 2005, after announcing the Implementation of article 44 of constitution by supreme leader of Iran, there was a need for reinvigorating investment banks to facilitate government shares. In US, Investment banks are called banks because of financing companies on one hand and direct investments to projects on the other hand. In Islamic republic of Iran, the term "investment bank" has not been used in law to avoid confusing the names and duties of these institutions with banks.

According to Article 18, Article 1 of the Securities Market Act, 13/22/2005 enacted by Iran parliament, "an investment bank is a corporation that acts as an intermediary between a securities issuer and a public investor and can handle brokerage, trading, consulting, portfolio management, issuing securities, underwriting, and similar activities under license of Stock Exchange Organization."

According to Article 5 (4) of the Securities Market Law, the issuance, suspension and revocation of the activities of Investment Banks are among the duties of the High Council of Stock Exchange. The law defines Investment Banks and its general duties. Investment Banks pursue two major goals: helping companies finance (by issuing equity and debt securities or creating financial institutions) and providing asset management services (in the form of private equity portfolios and investment funds).

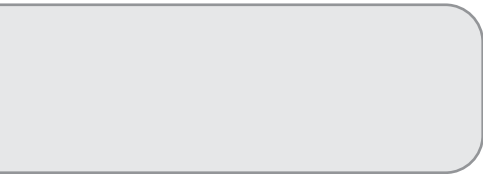
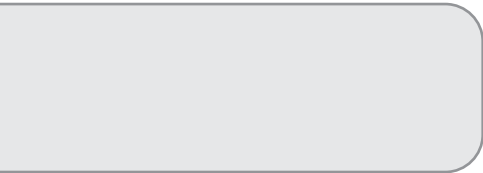
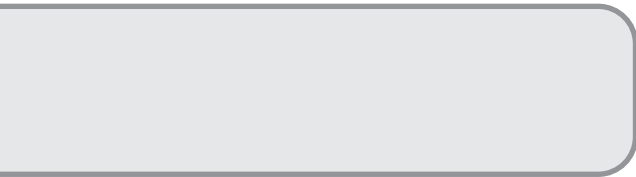
Right now, nine Investment Banks are operating on Iran, which are as follows according to their licensing order. It should be noted that Damavand Investment Bank, as 10th Investment Banks of Iran has been received its principal approval on 3/19/2018 and is in process of being established.



No.	Name	Licensing date
1	Amin Investment Bank	2008
2	Novin Investment Bank	2008
3	Mellat Investment Bank	2011
4	Omid Investment Bank	2011
5	Sepehr Investment Bank	2012
6	Tamaddon Investment Bank	2012
7	Lotus Investment Bank	2012
8	Kardan Investment Bank	2014
9	Maskan Investment Bank	2016
10	Damavand Investment Bank	2019

Section III

Activities and Operations



■ 3- Field of activities and Operations

Mellat Investment Bank's activities and services, including vision and mission, licenses and honors, operational units' services, risk management and important contracts, are described below.

■ 3-1- Investment Banking in Iran

Vision, mission and values of company are as follows:

Vision

Mellat Investment Bank, relying on its credibility, the trust of its clients and the support of qualified and capable experts as its continual core values, defines its vision being the "largest financial intermediary in the country considering volume of activities undertaken. "The operational realization of this and its consolidation for many years at the national level and being recognized as" the most prominent company in the Iranian investment banking industry "internationally and establishing an active and well-known transaction mechanism. Internationalization and facilitated communication.

Achieving the aforementioned prospects is not only the headline of Mellat Investment Bank in creating a long-term outlook for cross-border and overseas but is the heart belief of every company's staff in the not too distant future.

Mission

Mellat Investment Bank, as a large and active financial institution and part of capital market professional services chain, strives to deliver its mission as a financial intermediary distinctive and in the high quality. Customer satisfaction and proper service are all that are needed to accomplish the company's mission in following professional areas:

- Providing comprehensive financing solutions
- Providing integrated and effective services in asset management
- Providing innovative solutions in order to meet all customers' needs in financial field



Meanwhile, development of offered services and the continuous improvement of accountability and service delivery in professional areas is a mission that will stabilize the loyalty of former customers and attract new customers to Mellat Investment Bank

Corporate Fundamental Values

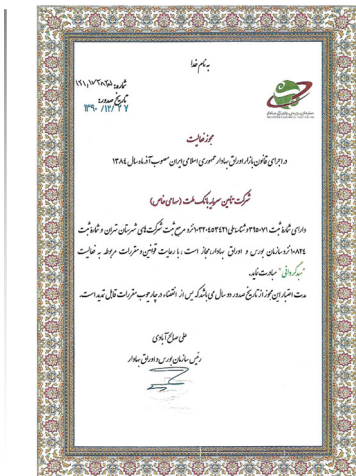
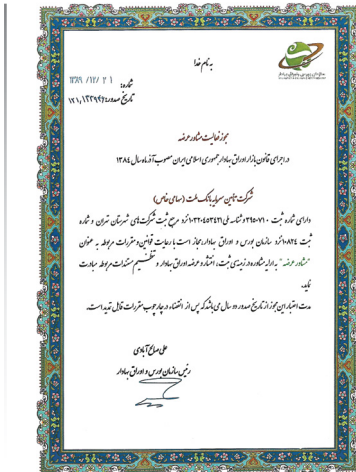
Values defined in Mellat Investment Bank are the core of shaping the organizational culture, the principles of customer relationship and method of implementation.

- Avoid moral hazard in financial relations with customers
- Transparency, accountability, integrity and commitment to providing accurate information and compliance with confidentiality
- Careful observing of laws and regulations of the supervising organizations
- Fair competition
- Play a constructive role at the level of social and national interest

In Mellat Investment Bank, all staff are committed and upholding to the above values and its institutionalization is reflected in the performance of individual members of the collection.

3-2- Licenses and Honors

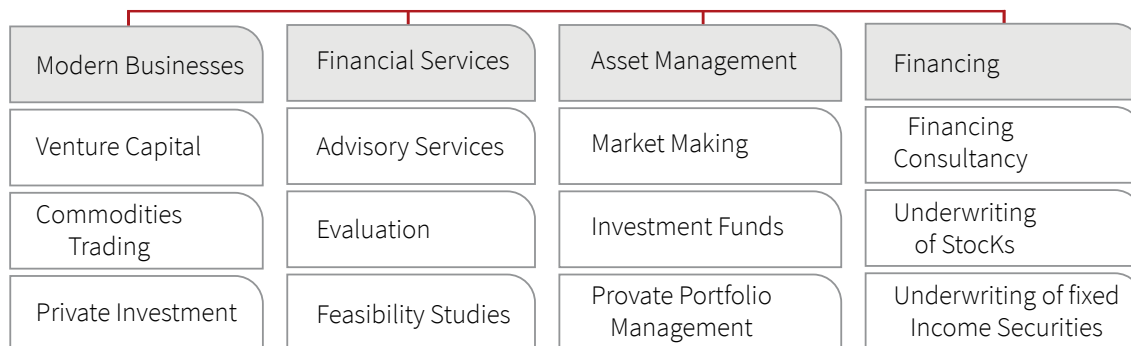
Licenses and honors of Mellat Investment Bank are as follows:





■ 3-3- Services and Operational Activities

Mellat investment Bank provides services to investors and customers as follows:



Field of activities

■ 3-4- SWOT Analysis

SWOT matrix is a highly efficient analytical tool used to identify the external and internal environment of an organization. This matrix is used in strategic management as well as marketing. The SWOT matrix is made up of the initials of the concepts of Strength, Weakness, Opportunity and Threat. In this matrix, the concepts of strengths and weaknesses relate to the environment within the organization and the opportunity and threat to the environment outside the organization.

To prepare the SWOT matrix, internal and external factors that affect the organization must first be identified and analyzed. Once all the strengths and weaknesses, opportunities, and threats have been identified, a strategy should be chosen for each.

■ **SWOT**
Matrix

Weaknesses

- Insufficient public awareness of the company
- Risk of focusing on company earnings
- Lack of affiliate chains in the field of information technology and information processing
- Lack of human resources commensurate with the volume of activities
- Lack of dynamic performance-based compensation system

Strengths

- Credibility and trust with customers, backed by history of company and Mellat Bank's brand
- Providing access to use Mellat Bank Supply Chain
- Providing diverse financial services to customers according to the capabilities of the company
- Consolidated shareholder composition of the company
- High liquidity of assets and the opportunity to take advantage of market opportunities
- Proficiency and high scientific level of human capital in the management and expert body of the company
- Mechanization of processes in securities analysis and investment through related systems
- Effective use of Mellat Bank Brokerage

WO strategies

- Implement a coherent system of business development and use of new financial tools
- Diversify service delivery by increasing people's financial literacy
- Designing and implementing appropriate advertising mechanisms for corporate services

SO strategies

- Turning the company's brand into the top brand among the country's investment Banks
- Developing measures to increase capital market capacity and diversify financial services
- Implement marketing programs to engage more with industries, companies and potential customers
- Increase the company's capital in proportion to the expansion of its activities
- Systematic implementation of an offer system in order to increase creativity in the development of tools, services can be provided and improvable processes
- Maintaining and expanding existing markets by signing agreements and ongoing collaboration with current customers
- Mechanization of service delivery and technology development processes to provide greater customer satisfaction and expedition of service delivery

Opportunities

- The quantitative and qualitative development of the capital market and the prospect of continuing this trend in the years ahead
- Government's emphasis on the need to use capital market potentials in finance
- The potential of growth and development in financing industry in country
- Potentials associated with conventional and alternative investments and Revenue
- Increasing financial literacy and awareness in the country
- Strong relationship with key industries such as oil, gas and petrochemical
- Barriers to entry of new competitors into the industry
- The emerging capital industry in the country and the high growth potential of the industry
- The possibility of providing a complete and specialized package of financial services to the financing companies
- IT developments in financial markets

WT strategies

- Implementation of an incentive system in the field of human capital
- Improve the organizational culture of the company
- Continuous monitoring of competitors performance

Strategies of ST

- Collaboration with other Investment Banks through syndication and offering solutions in case of weaknesses
- Focus on accepting short-term commitments to cover the risk of changing monetary and fiscal policies
- Using risk coverage tools to stabilize firm income in turbulent conditions
- Holding coherent meetings with the country's economic decision-makers and outlining processes of Investment Banking
- Creating and providing a performance-based remuneration system for human capital satisfaction

Threats

- Weaknesses in the country's economic laws and poor protection of the capital market against the money market
- The changing economic and political conditions and the instability of monetary and fiscal policies
- Lack of comprehensive rules and regulations corresponding to the activities of Investment Banks and subsequent changes to existing laws and regulations
- Establishment of investment Banks
- Entering other financial institutions into the field of core business of financing companies
- The lengthy licensing process for operating activities
- Low number of specialists in the capital market and risk of employing them by other institutions



■ 3-5- Risk Management

Making financial decisions has always been such a bottleneck for corporates in competitive atmosphere of optimal financing in order to stay alive and keep vivid growth in ever-volatile world of business.

While corporates execute a lot of planning and studies, there are still some out of control factors with various probability, which can disrupt the equation and increase the likelihood that corporations cannot achieve their operational objectives.

In this regard, the likelihood of not achieving predetermined goals under the heading of risk is raised. Based on the objectives that are affected by the risk and the factors affecting the likelihood of achieving the target, the risk is divided into different categories, including financial risk, business risk, systematic risk, etc.

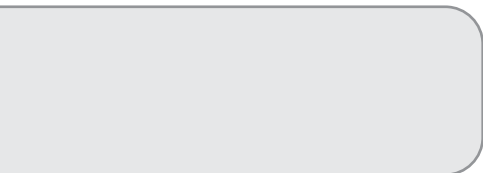
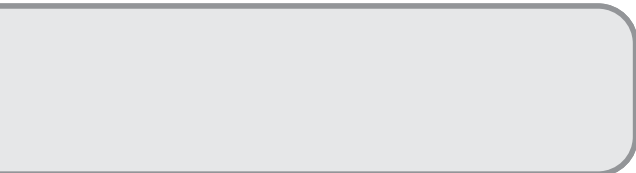
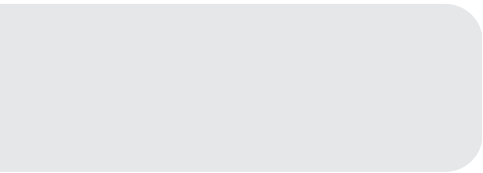
Risk management is the process in which through it an organization or an investor reacts to all kinds of risk optimally. Risk management is defined as the rational way of identifying, analyzing, evaluating, reflecting and controlling all risks that may threaten the assets, resources or opportunities for increasing profits. In other words, it refers to a process in which management attempts to bring the level of risk facing the company to an acceptable amount. Accordingly, management first identifies the types of risks and then identifies ways to control them.

The operating environment of Investment banks is influenced by the components that affect both debt and equity markets and therefore has different risk characteristics, it is so important for Investment Banks to identify, evaluate monitor and manage a variety of risks for the accuracy of performance and to create and maintain profitability in order to reduce the risk. The risks associated with the activities of Investment Banks are as follows.

- Credit risk
- Liquidity risk
- Interest rate risk
- Competitive risk
- Regulatory risk
- Human Resource Risk
- Operational and Technology Risk

Section IV

Financial Information



4- Financial Information

The composition of total income and the income statement forecast of the company are as follows:

Operating Revenue in recent 5 years (Million IRR)

	1393	1394	1395	1396	1397	1398
Underwriting Services	75,033	82,092	129,891	304,849	436,236	575,302
Market making and profit from securities	481,921	617,492	790,246	789,730	1,199,265	1,192,477
Investment Funds	0	26,478	53,049	52,668	273,274	291,443
Financial Advisory	236,910	231,054	239,525	70,761	11,080	22,398
Profits from Bank deposit, cash management	649,522	314,640	341,952	685,672	357,893	1,012
Profit from Investments	35,289	34,858	46,414	79,216	77,013	197
Other revenues and operational costs	180,003	4,447	990	0	0	0
Sum of Revenues	1,658,678	1,311,061	1,602,068	1,982,896	2,354,761	2,082,829

The income statement forecast (1398)

	1397 (Audited)	1398 (Forecasted)
Underwriting Services	436,236	1,125,302
Market making and profit from securities	1,199,264	2,556,586
Investment Funds	273,274	601,982
Financial Advisory	11,080	36,398
Profits from Bank deposit, cash management	357,893	2,080
Profit from Investments	77,013	120,197
Sum	2,354,760	4,442,545
Labor and related	(62,346)	(86,530)
Administrative and management	(31,419)	(42,086)
Operating profit	2,260,995	4,313,930
Non-Operating Expenses and Incomes	9,735	(735)
Pretax Profit	2,270,730	4,313,195
Income tax	(143,263)	(512,817)
Net Profit	2,127,467	3,800,378



No. 7 ,6th Alley, Vozara St., Beheshti Ave., Tehran, Iran

Fax: 021 88100449 | Tell: 021 41461000

Postal Code: 1513715814 | Website: www.mellatib.ir