



CHAPTER IV

FINANCIAL STATEMENTS

Hoshiyar / Behmand Audit Firm
Member of the Iranian Association of Public Accountants

Independent Auditor's Report
To the Annual General Meeting of Karafarin Bank
(Public Joint Stock Company)

Report on the Financial Statements

Background

1. We have audited the accompanying consolidated financial statements of Karafarin Bank (Public Joint Stock Company), and its subsidiaries, which comprise the consolidated statements of financial position as at 19 March 2020 and the related statements of consolidated income, retained earnings, comprehensive income and cash flows for the year then ended together with explanatory notes 1 to 64.

Board of Directors Responsibility for the Financial Statements

2. The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Iranian accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with international standards on auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In order to make those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

In addition to our duties as the legal inspector, we are responsible for reporting any instance of non-compliance with the Commercial Code as amended, the Articles of Association of the Bank and other instances to the Ordinary General Assembly of the shareholders.

Basis for Qualified Opinion

4. Replies to the enquiries of the Bank regarding sight and foreign currency deposits held by domestic and foreign banks (note 9-4 of the financial statements), which include 5 and 63 bank accounts, amounting to IRR170 billion and IRR9,607 billion (without receiving statements for these accounts) have not been received. Although as stated in note 9-6 of the financial statements, some verifications of foreign currency deposits held at foreign banks have been received via email (due to enforced sanctions and forced modules resulting from the Coronavirus Pandemic). These verifications have not been received officially via post. In addition, verifications of balances of accounts receivable (note 16-2 of the financial statements) in the amount of IRR327 billion and the National Development Fund's accounts-in-between have not been received. Furthermore, some discrepancies in foreign currency deposit accounts have open items for which no document and evidence has been presented. Hence, it is not possible for us to determine the impact of the above on the items of the financial statements.

5. As stated in explanatory notes 7-10-1, 33-1 and 43: A) As in the previous year, foreign currency transactions during the course of the financial year have been exchanged at official forex rates of the CBI and the rates of exchange companies, and the resulting profit and loss of these transactions have been identified in the Statements of Profit & Loss of previous years. B) Due to failure to separate the mentioned monetary items in terms of rates at the time of transaction and initial identification, a portion of foreign currency monetary assets and liabilities have been exchanged at rates of ETS System (or NIMA System, depending on each) at the end of the reporting fiscal year. Another portion of these items have been exchanged on the basis of circulars notified via the Banking Studies & Regulations Department of the CBI and the rates stated in the mentioned circular. In this regard, profits resulting from exchanging these items at the end of the year amounting to IRR1,004 billion (IRR930 billion in previous year) have been recorded as undistributed profit under the heading of Other Reserves. In view of the above, accounting standards require that in case there are numerous rates for one currency, then the rate which is used for future cash flows resulting from transactions should be applied to settle the balance in the related account. Although it is necessary to adjust the financial statements in this regard, yet it is currently not possible for us to determine the precise scale of adjustments on the financial statement items for the reporting and the previous financial year.

Qualified Opinion

6. In our opinion, except for the contents of paragraph 5 and with the exception of possible effects of paragraph 4, the financial statements present fairly, in all material respects, the financial position of the Group and Karafarin Bank (Public Joint Stock Company) as at 19 March 2020, and its financial performance and cash flows for the year then ended in accordance with Iranian Financial Reporting Standards.

Emphasis of Matter

7. As stated in note 9-3-1 of the financial statements, the CBI debited Karafarin Bank's current account by IRR741 billion at the end of the Iranian calendar years 1390 (March 2012) and 1391 (March 2013), as excess withdrawal. In addition, it has claimed the amount of IRR1,504 billion as penalties, on the Statement of Financial Position date. In this regard, a special foreign currency enquiry has been conducted for the mentioned years, via an audit firm (member of

the Iranian Association of Public Accountants) and the result of which has been submitted to the CBI. As stated in the mentioned note, the Bank's follow-ups have led to receiving a letter dated 1398/02/14 (04.05.2019) from the CBI's Statistics & Foreign Currency Commitments Department.

8. The Bank's and its subsidiaries' corporation as VAT status have been expressed in detail in notes 25-1, 25-2 and 54-2 of the financial statements. In this regard:

A) The amount of IRR691 billion in total has been either paid or recorded in the accounts. As provision for corporation taxes of 2015-16 and 2016-17, however, according to the tax assessment notices issued, the amounts of IRR4,032 billion has been claimed. The Bank has filed an appeal against this, and the case (for the mentioned years) is currently ongoing and the Bank has not been notified of any results in this regard.

B) The Bank has made necessary provisions in the accounts based on declared amounts and tax exemptions for the 2019-20 tax year.

C) In addition, final tax notices claiming IRR195 billion (including IRR90 billion in fines) as VAT from Karafarin Foreign Exchange Company for the 2011-12 until 2018-19 tax years have been appealed against by Karafarin Foreign Exchange Company (subsidiary company). In addition, VAT and fees of the mentioned exchange bureau for the 2019-20 year have not been assessed.

D) In addition, tax notices in reference with clauses B and P of Article 17 of Eliminating Competitive Production Obstacles & Enhancing Iran's Financial System Act and which take into account the ruling of the Tax High Council dated 03.03.2020 (which refers to tax exemptions on investment returns until sales maturities for 2016-17 until 2018-19 years) claim IRR5,751 billion. In this regard, provision has been recorded in the accounts for the final tax notice claim, a position of which has been paid during the reporting fiscal period and the Company has filed an appeal against the remaining sum. In view of the above, determining the final amount of dues for the mentioned years is pendent upon the assessment and final verdict of the Iranian National Tax Administration.

9. The title deeds of 98 repossessed properties (179 in previous year) under the heading of Other Assets and 4 properties (5 in previous year) recorded under the heading of Capital Prepayments (notes 20-3 and 17 of the financial statements) in the total amount of IRR3,024 billion, are not registered under the Bank's name and measures for obtaining deeds are underway. In addition, the mentioned occupants still occupy the repossessed properties worth IRR2,297 billion (mainly residential properties). The Bank's measures to evict the occupants and sell the mentioned properties were not conclusive by the reporting date. Furthermore, as stated in notes 13-1-1 and 20-3-4 of the financial statements, we have used the reports of official and selected experts, ratifications of the Board of Directors of the Bank relating to valuation of collaterals against loans granted to customers, extension or writing off of loans and L/Cs issued as well as repossessed and sold properties during the reporting financial year, as evidence for our reviews.

Our qualified opinion has not been influenced by provisions of paragraphs 7 to 9 above.

Report on Other Information

10. The Board of Directors bears responsibility for "Other Information", which includes information in the operating and financial review.

Our opinion on the financial statements does not include opinion on “Other Information”, regarding which, there is no assurance. Our responsibility in reference with auditing of the financial statements is to review “Other Information” in order to identify any significant discrepancies between “Other Information” and the financial statements or obtained information in the auditing process or any significant misstatement in “Other Information”. In this regard, the instances mentioned in paragraph 5 impact “Other Information”. These impacts have not been reflected appropriately in this report.

It is noteworthy that reported information is related to the Parent Company. Hence, our opinion solely concerns the operating and financial review of the Parent Company.

Report on Other Legal and Regulatory Requirements of Karafarin Bank (Public Joint Stock Company)

Report on Other Duties of the Legal Inspector

11. Those requirements set forth by the Commercial Code as amended and the provisions of the Articles of Association of the Bank which have not been complied, are stated below:

- ◆ The Bank does not have a deputy managing director (Article 82 of the Bank’s Articles of Association).
- ◆ The Bank has accepted its own shares from some of its customers as collateral. (Article 117 of the Bank’s Articles of Association).
- ◆ The Bank’s follow ups in reference with duties as set forth via the Ordinary General Assembly of the shareholders on 21.07.2019 (as stated in paragraphs 4, 7 to 9 and 16 of this report) have not been conclusive. These follow ups which refer to improving banking operations and the *Afarin* Software (note 58-6-8 of the financial statements) are currently ongoing.

12. As stated in the Bank’s financial statements and their accompanying notes:

A) Due to economic circumstances and the conditions of Iran’s banking industry in recent years, profit before tax to granted loans ratio has increased by approximately 7% compared to the previous year. The reason for this, is exchanging foreign currency assets and liabilities (note 5 of this report). In addition, during the reporting fiscal year, loans and deposits’ income increased due to improving economic conditions, collection of a considerable portion of prior years’ doubtful claims together with their administrative and general costs. Hence, on the basis of current conditions, the Bank’s capital adequacy ratio (7.16% on balance sheet date) is less than the requirements of CBI’s Capital Adequacy and Regulatory of Credit Institutions Instruction notified on 1397/04/17 (08.07.2018).

B) In addition, the heading of Other Assets (note 20-3 of the financial statements) which includes IRR3,256 billion (IRR3,304 billion in previous year) of repossessed collaterals (mainly residential properties) which have been repossessed due to the borrowers’ default in repaying their loans in cash on their maturity dates and these loans were settled against receiving properties following litigations. In this regard, the fact that these assets have remained in the bank for a long period of time, the Bank’s liquidity has declined, disabling it to grant additional loans. Hence, it seems necessary to decide upon complying with paragraphs 16 and 17 of Eliminating Competitive Production Obstacles & Enhancing Iran’s Financial System Act.

13. As stated in explanatory note 26-3, based on the latest amendment of the Guideline of Means & Methods of Obtaining Membership Fees of Deposits Guarantee Fund Instruction,

annual membership fees amount to 0.25% of average weekly balance of each deposit account in the previous fiscal year for up to the guaranteed amount and for the second year of the Funds operations onwards until the end of 1397 Iranian financial year (March 2019) equalling 0.25% for the 2019-20 year equalling 0.3% of average weekly balance of each deposit account during the previous year for up to the guaranteed limit. In this regard, necessary provision for 2018-19 membership fees has been recorded in the accounts and initial membership fees and membership fees for 2014-15 until 2018-19 periods have been paid within the specified time span. Furthermore, as stated in the Investment Deposit Performance Statement and note 19 of the financial statements, the amount of IRR100 billion has been paid to depositors as excess interest.

14. We have examined the transactions in note 60-3 of the financial statements which we have been notified, via the Board of Directors. These transactions are subject to Article 129 of the Commercial Code as amended. The aforementioned transactions have occurred according to the mentioned article, which requires a permit to be obtained from the Board of Directors and the beneficiary board member, not to take part in the voting process. We have not encountered any evidence pointing to the mentioned transactions not taking place under ordinary banking operations procedure.

15. We have examined the report of the Board of Directors referring to the general condition of Bank for the purpose of presenting to the general assembly which has been drafted in line with Article 232 of the Commercial Code as amended. Considering the examinations, we did not encounter any event leading to any discrepancy between the information provided in the aforementioned report and the relevant documentation presented by the Board. Furthermore, the provision of Article 232 of the Commercial Code as amended which refers to submitting the financial statements to the inspector 20 days prior to the date of the Ordinary Annual General Assembly, has not been complied. Hence, it has not been possible to submit inspector's report 10 days prior to the date of the general assembly.

Report on Other Regulatory and Lawful Duties of the Auditor

16. The following regulations in reference with the executive guideline on information disclosure of the listed companies on the Tehran Stock Exchange have not been complied:

- ◆ The annual audited and unaudited financial statements and operating and financial review of the Parent Company and the Group (consolidated) and the report of the Board of Directors to the General Assembly for the 2018-19 year, information on the portfolio of Karafarin Bank Investment Company (subsidiary) for 3 and 6 month periods ending on the beginning of 1398 Iranian financial year (21 March 2019) and audited mid-term (six month) financial statements for the period ended 22.09.2019 of Karafarin Exchange, Leasing, Asr Amin and Investment Companies (all subsidiaries) and the annual financial statements of Karafarin Tose'e Tejarat Company for the 2019-20 period have been submitted to the Securities & Exchange Company following delays.
- ◆ The audited six-month financial statements of 2019-20 for the period ended 1397/06/31 (22.09.2018) of East Methanol Setareh, Kourosh Petrochemical Industries Development, Karafarin Amin Etemad, Karafarin Tose'e Tejarat Omid Companies and the annual audited financial statements of Setareh Shargh Methanol Company have not been submitted to the Securities & Exchange organisation up by the reporting date.

- ◆ The minute of the Ordinary General Assembly of the shareholders was not submitted to the Companies Registration Department within a maximum 10-day period. In addition, this minute was not disclosed within a maximum period of one week as of date of notice registration at the Companies Registration Department.
- ◆ Based on the Securities & Exchange Organisation's instruction (companies in the primary market), the shareholders' equity to total assets ratio of the Bank should be at least 30%. According to the financial statements of the reporting period, this ratio stands at 8%.
- ◆ Government grants to parties outside of the Company amount to approximately IRR10 billion.
- ◆ The notification of corporate governance instruction of TSE listed companies on 1397/08/12 (03.11.2018) and its subsequent amendments which refers to disclosing information on the main directors in the Bank's website and disclosing that information separately in the operating and financial review, have not been complied.

17. We have reviewed the financial reporting requirements of internal controls, under the framework of notified checklists. Based on our reviews and the inherent limitations of internal controls, we have not encountered any points of significant weakness regarding internal controls of financial reporting according to chapter two of the internal controls instruction, ratified by the Securities & Exchange Organisation.

18. In compliance with CBI instruction, instances of breach of the Monetary, Banking & Usury-Free Laws and the CBI circulars (those circulars that have been submitted to this organisation) relating to the reporting financial period (14 instances) have been reported to the CBI in a separate report by the reporting date. And the 12 instances for which time limit ended on 21.09.2020 they shall be reported within the permissible time span separately.

19. In execution of Article 33 of Anti-Money Laundering Executive Instruction by the auditors, compliance of the said act and its related executive instructions have been reviewed by this institution in accordance with the framework of checklists as notified by the related authorities and accounting standards. In this regard, with the exception of non-compliance with some of the provisions of the said act, which include customer categorisation based on possible risks arising from effective indexes and, completing enquiries on and submitting information relating to customer postal codes, addresses and other personal information to the related authorities every six months at least, and enforcing the latest changes to the relevant records, we did not encounter any significant event of breach of the mentioned regulations.

19 July 2020

Hoshiyar Behmand Audit Firm

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Karafarin Bank (Public Joint Stock)
Consolidated Statement of Financial Position
As at March 19th, 2020



Assets		19.03.2020		20.03.2019		Liabilities & Shareholders' Equity		Note	
		Million IRR	Million IRR	Million IRR	Million IRR				
Assets:		Liabilities:							
Cash	9	12,896,612	12,313,354	Dues to Banks & Other Credit Institutions	21	5,915,270	2,363,167		
Claims from Banks & Other Credit Institutions	10	27,407,999	20,914,515	Customers' Deposits	22	18,750,960	15,468,765		
Claims from Government	11	0	0	Dividend Payable	23	15,609	13,022		
Granted Loans & Claims from Governmental Authorities	12	0	0	Debt Securities	24	0	0		
Granted Loans & Claims from Non-governmental Entities	13	123,213,444	106,058,964	Corporation Tax Provision	25	294,688	51,385		
Investment in Shares & Other Securities	14	18,876,492	4,973,834	Provisions & Other Liabilities	26	6,025,795	7,324,585		
Claims from Subsidiary & Associated Companies	15	2,215	1,716	Provision for Work Termination Benefits	27	799,677	630,438		
Other Accounts Receivable	16	1,976,394	1,525,973	Total Liabilities before Investment Depositors' Interests		31,801,998	25,851,362		
Tangible Fixed Assets	17	7,143,852	5,975,586						
Intangible Assets	18	4,396,835	4,365,676	Investment Depositors' Interests	28	172,170,782	136,745,903		
Legal Deposit	19	22,054,847	16,739,092	Total Liabilities		203,972,781	162,597,265		
Other Assets	20	3,788,028	4,006,316	Shareholders' Equity:					
Goodwill	20-6	162,700	175,096	Capital	29	8,500,000	8,500,000		
				Capital Increase in Progress	30	0	0		
				Shares Premium Reserve	31	0	0		
				Legal Reserve	32	4,263,500	3,814,641		
				Other Reserves	33	1,940,579	936,428		
				Assets Revaluation Surplus	34	154,759	154,759		
				Difference in Foreign Currency Exchange	35	0	0		
				Retained Earnings		2,620,307	604,420		
				Treasury Shares	36	0	0		
				Total Equity Attributable to Parent Company's Shareholders		17,479,146	14,010,248		
				Non-Controlling Shareholders' Equity	36-1	467,491	442,611		
				Total Shareholders' Equity		17,946,637	14,452,858		
Total Assets		221,919,417	177,050,123	Total Liabilities & Shareholders' Equity		221,919,417	177,050,123		
Customers' Commitments on L/Cs	53-1	2,033,751	4,901,938	Bank's Commitments on L/Cs	53-1	2,033,751	4,901,938		
Customers' Commitments on Issued L/Gs	53-2	50,333,735	35,612,822	Bank's Commitments on Issued L/Gs	53-2	50,333,735	35,612,822		
Other Commitments of Customers	53-3	33,666,900	26,145,638	Other Commitments of the Bank	53-3	33,666,900	26,145,638		
Contra Managed Funds & Similar Items	53-4	97,614	140,463	Managed Funds & Similar Items	53-4	97,614	140,463		

The explanatory notes form an integral part of the financial statements.

Karafarin Bank (Public Joint Stock)
Consolidated Statement of Profit & Loss
For the Year Ended March 19th, 2020

Description	Note	2019-20	2018-19
		Million IRR	Million IRR
Granted Loans & Deposits Income	37	23,509,485	20,426,169
Deposits Interest Cost	39	(18,869,646)	(18,266,230)
Loans & Deposits Net Income		4,639,840	2,159,939
Commission Income	41	1,519,782	1,193,926
Commission Cost	42	(177,904)	(139,128)
Net Commission Income		1,341,878	1,054,798
Net Sales & Services Income	42-1	31,052,653	6,864,219
Cost of Sold Goods & Rendered Services	42-1	(30,761,307)	(6,732,305)
		291,346	131,914
Net Investment Returns	38	1,635,011	803,687
Net Profit from Foreign Currency Transactions	43	1,151,519	1,330,689
Other Operating Revenues	44	0	0
Total Operating Revenues		9,059,593	5,481,026
Net Other Income & Costs	45	707,077	718,505
General & Administrative Costs	46	(3,578,884)	(2,851,100)
Doubtful Loans Cost	47	(2,126,832)	(1,510,175)
Financing Costs	48	(89,535)	(120,811)
Depreciation Costs	49	(206,749)	(193,424)
Profit before Calculating Group's Shares from Associated Companies' Profit		3,764,669	1,524,020
Group's Shares from Associated Companies' Profit		149,078	23,585
Profit before Tax		3,913,748	1,547,606
Corporation Tax for the Year		(292,512)	(50,050)
Corporation Tax Changes of Previous Years		(3,718)	(37,528)
Total Corporation Tax	25	(296,230)	(87,578)
Net Profit (Loss) for the Year		3,617,518	1,460,028
Attributable Profit to:			
Parent Company's Shareholders		3,588,981	1,451,056
Non-Controlling Shareholders		28,537	8,972
		3,617,518	1,460,028
Basic & Diluted EPS (Loss)- IRR	55	422	171

The explanatory notes form an integral part of the financial statements.

Karafarin Bank (Public Joint Stock)
Consolidated Statement of Comprehensive Profit & Loss
For the Year Ended March 19th, 2020

Description	Note	2019-20	2018-19
		Million IRR	Million IRR
Net Profit (Loss) for the Year		3,617,518	1,460,028
Assets Revaluation Surplus	34	154,759	154,759
Forex Difference of Overseas Operations	35	0	0
Comprehensive Profit (Loss) for the Year		3,772,277	1,614,787
Minority Interest from Comprehensive Profit (Loss) for the Year		28,537	8,972

The explanatory notes form an integral part of the financial statements.

Karafarin Bank (Public Joint Stock)
Consolidated Statement of Changes in Shareholders' Equity
For the Year Ended March 19th, 2020

2019-20

Note	Capital	Parent Company's Shares Owned by the Subsidiaries	Capital Increase in Progress	Shares Premium Reserve	Legal Reserve	Other Reserves	Assets Revaluation Surplus	Retained Earnings	Treasury Shares	Total Equity Attributable to Parent Company's Shareholders		Non-Controlling Shareholders' Equity	Total Shareholders' Equity
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Balance at 21.03.2019													
Net Profit (Loss) for the Year													
Prior Years' Adjustments	8,500,000	0	0	0	3,814,641	936,428	154,759	604,420	0	14,010,248	442,611	14,452,858	
Other Comprehensive Profits (Loss) after Tax													
Assets Revaluation Surplus													
Difference in Foreign Currency Exchange													
Tax of Other Comprehensive Profits							0	0	0	0	0	0	0
Total Other Comprehensive Profits							154,759	3,588,981		3,588,981	28,537	3,617,518	
Total Comprehensive Profits							154,759	3,588,981		3,588,981	28,537	3,772,277	
Capital Increase:													
Registered Capital Increase/Decrease	0		0							0			0
Capital Increase in Progress										0	0	0	0
Treasury Shares													
Treasury Shares Purchase									0	0			0
Treasury Shares Sales								0	0	0			0
Distribution & Allocation:													
Legal Reserve	32				448,859			(447,531)		1,329	(1,329)		0
Other Reserves	33					1,004,151		(1,004,151)		0			0
Shares Dividends		0						0		0			0
Approved Dividend	23							(121,412)		(121,412)	(2,328)		(123,739)
Total Changes of Shareholders' Equity Items during the Year		0	0	0	0	448,859	1,004,151	(1,573,093)	0	(120,083)	(3,657)		(123,739)
Balance at 19.03.2020	8,500,000	0	0	0	4,263,500	1,940,579	154,759	2,620,307	0	17,479,146	467,491	17,946,637	

2018-19

Note	Capital	Parent Company's Shares Owned by the Subsidiaries	Capital Increase in Progress	Shares Premium Reserve	Legal Reserve	Other Reserves	Assets Revaluation Surplus	Retained Earnings	Treasury Shares	Total Equity Attributable to Parent Company's Shareholders	Non-Controlling Shareholders' Equity	Total Shareholders' Equity
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Balance at 21.03.2018	8,500,000	0	0	0	3,621,103	6,624	154,759	1,134,672	0	13,417,158	430,643	13,847,800
Net Profit (Loss) for the Year												
Prior Years Adjustments								1,451,056		1,451,056	8,972	1,460,028
Consolidated Adjustments								(581,198)		(581,198)	373	(580,825)
Other Comprehensive Profits (Loss) after Tax								(25,268)		(25,268)	6,124	(19,144)
Assets Revaluation Surplus							0			0		
Difference in Foreign Currency Exchange												
Tax of Other Comprehensive Profits							0	0		0	0	0
Total Other Comprehensive Profits							154,759	1,451,056		1,451,056	8,972	1,460,028
Total Comprehensive Profits							154,759	1,451,056		1,451,056	8,972	1,614,787
Capital Increase:												
Registered Capital Increase/Decrease	0		0							0		0
Capital Increase in Progress			0	0						0	0	0
Treasury Shares												
Treasury Shares Purchase										0	0	0
Treasury Shares Sales				0				0	0	0	0	0
Distribution & Allocation:												
Legal Reserve	0				193,538			(192,674)		864	(864)	0
Other Reserves						929,804		(929,804)		0		0
Shares Dividends								0		0		0
Approved Dividend								(252,364)		(252,364)	(2,636)	(255,000)
Total Changes of Shareholders' Equity Items during the Year	0	0	0	0	193,538	929,804	0	(1,374,842)	0	(251,500)	(3,500)	(255,000)
Balance at 20.03.2019	8,500,000	0	0	0	3,814,641	936,428	154,759	604,420	0	14,010,248	442,611	14,452,858

Karafarin Bank (Public Joint Stock)
Consolidated Statement of Cash Flows
For the Year Ended March 19th, 2020

Description	Note	2019-20	2018-19
		Million IRR	Million IRR
Operating Activities*:			
Cash Received for:			
Interest & Late Payment Penalty on Granted Loans		20,719,003	16,200,100
Interest on Debt Securities		0	0
Commission		1,519,782	1,193,926
Interest on Deposits		4,734,708	3,258,619
Investment Returns		1,140,947	1,315,358
Other Operating Revenues		291,346	131,914
Net Other Income & Expenses		836,954	576,640
Cash Paid for:			
Interest on Deposits		(18,869,646)	(18,266,230)
Commission		(177,904)	(139,128)
Financing Costs		(89,535)	(120,811)
Other Operating Costs		(5,536,478)	(4,244,363)
Corporation Tax		(49,210)	(109,159)
Cash Inflow (Outflow) from Operating Activities before Changes in Operating Assets & Liabilities		4,519,968	(203,134)
Cash Flows from Changes in Operating Assets & Liabilities:			
Net Liabilities Increase (Decrease):			
Dues to Banks & Other Credit Institutions		3,552,103	(1,319,946)
Customers' Deposits		3,282,195	7,806,288
Debt Securities		0	0
Operating Portion of Reserves & Other Liabilities		(1,298,790)	1,516,262
Investment Depositors' Interests		35,424,879	8,017,930
Assets Net Decrease (Increase):			
Claims from Other Banks & Credit Institutions		(6,493,484)	(13,114,155)
Principal Amount of Claims from the Government		0	0
Principal Amount of Granted Loans & Claims from Governmental Authorities		0	0
Principal Amount of Granted Loans & Claims from Non-Governmental Entities		(18,620,707)	131,520
Investment in Shares & Other Securities		(13,902,657)	(39,494)
Claims from Subsidiary & Associated Companies		(499)	1,343
Other Accounts Receivable		(450,421)	(21,516)
Legal Deposit		(5,315,755)	(1,433,433)
Operating Portion of Other Assets		218,288	2,566,490
Goodwill		1,800	(3,882)
Cash Flows from Changes in Operating Assets & Liabilities		(3,603,047)	4,107,406
Net Cash Inflow (Outflow) from Operating Activities	51	916,921	3,904,272
Investing Activities:			
Payments for Acquiring Tangible Fixed Assets		(1,349,716)	(119,455)
Proceeds for Selling Tangible Fixed Assets		37,775	392,687
Payments for Acquiring Intangible Assets		(52,087)	(181,913)
Proceeds for Selling Intangible Assets		0	0
Payments for Acquiring Non-Operating Real Estates		0	0
Proceeds for Selling Non-Operating Real Estates		0	0
Net Cash Inflow (Outflow) from Investing Activities		(1,364,028)	91,319
Net Cash Inflow (Outflow) before Financing Activities		(447,108)	3,995,591
Financing Activities:			
Cash Capital Increase		0	70,053
Treasury Shares Transactions		0	0
Funds from Shares Premium		0	0
Paid Dividend		(121,153)	(289,063)
Loans Received		0	0
Repayment of Principal Amount of Loans		0	0
Net Cash Inflow (Outflow) from Financing Activities		(121,153)	(219,010)
Net Cash Increase (Decrease)		(568,261)	3,776,581
Cash Balance at the Beginning of the Year		12,313,354	7,206,084
Effect of Foreign Currency Rate Fluctuation		1,151,519	1,330,689
Cash Balance at the End of the Year		12,896,612	12,313,354
Non-Cash Transactions	52	253,174	216,117

* Cash received for the principal amount, interest and late payment penalty on granted loans includes direct cash deposits of customers only. Other settlement methods such as granting new loans or repossession, etc., which do not lead to direct cash deposits by customers are not naturally classified under Non-Cash Transactions.

The explanatory notes form an integral part of the financial statements.

The explanatory notes form an integral part of the financial statements.

Karafarin Bank (Public Joint Stock)
Statement of Profit & Loss
For the Year Ended March 19th, 2020

Description	Note	2019-20	2018-19
		Million IRR	Million IRR
Granted Loans & Deposits Income	37	23,352,661	20,326,558
Deposits Interest Cost	39	(18,874,679)	(18,303,164)
Loans & Deposits Net Income		4,477,982	2,023,394
Commission Income	41	1,326,562	1,102,814
Commission Cost	42	(177,879)	(138,863)
Net Commission Income		1,148,683	963,951
Net Investment Returns	38	1,481,807	789,593
Net Profit from Foreign Currency Transactions	43	1,140,947	1,315,358
Other Operating Revenues	44	0	0
Total Operating Revenues		8,249,419	5,092,297
Net Other Income & Costs	45	536,213	593,780
General & Administrative Costs	46	(3,374,079)	(2,665,461)
Doubtful Loans Cost	47	(2,102,647)	(1,510,175)
Financing Costs	48	(15,889)	(36,671)
Depreciation Costs	49	(207,255)	(194,896)
Profit before Tax		3,085,761	1,278,873
Corporation Tax for the Year		(161,610)	0
Corporation Tax Changes of Previous Years		0	(41,481)
Total Corporation Tax	25	(161,610)	(41,481)
Net Profit (Loss) for the Year		2,924,151	1,237,392

The explanatory notes form an integral part of the financial statements.

Karafarin Bank (Public Joint Stock)
Comprehensive Statement of Profit & Loss
For the Year Ended March 19th, 2020

Description	Note	2019-20	2018-19
		Million IRR	Million IRR
Net Profit (Loss) for the Year		2,924,151	1,237,392
Assets Revaluation Surplus	34	43,597	43,597
Difference in Foreign Exchange	35	0	0
Comprehensive Profit (Loss) for the Fiscal Year		2,967,748	1,280,989

The explanatory notes form an integral part of the financial statements.

Karafarin Bank (Public Joint Stock)
Statement of Changes in Shareholders' Equity
For the Year Ended March 19th, 2020

2019-20													
Note	Capital	Capital Increase in Progress		Shares Premium Reserve	Legal Reserve	Other Reserves	Assets Revaluation Surplus	Forex Difference in Overseas Operations	Retained Earnings	Treasury Shares	Total Shareholders' Equity		
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	
Balance at 21.03.2019	8,500,000	0	0	3,762,092	929,804	43,597	0	645,904	0	13,881,397			
Net Profit (Loss) for the Year								2,924,151		2,924,151			
Prior Years' Adjustments	50							0		0			
Other Comprehensive Profit (Loss) after Tax													
Assets Revaluation Surplus	34						0			0			
Difference in Foreign Currency Exchange	35							0		0			
Tax of Other Comprehensive Profits							0	0	0	0			
Total Other Comprehensive Profits							43,597	0	2,924,151	0	2,924,151		
Total Comprehensive Profits							43,597	0	2,924,151	0	2,967,748		
Capital Increase:													
Registered Capital Increase/Decrease		0	0									0	
Capital Increase in Progress			0	0								0	
Treasury Shares													
Treasury Shares Purchase	36									0		0	
Treasury Shares Sales	36			0					0	0		0	
Distribution & Allocation:													
Legal Reserve	32			438,623					(438,623)			0	
Other Reserves	33				1,004,151				(1,004,151)			0	
Shares Dividends			0						0			0	
Approved Dividend	23								(123,739)			(123,739)	
Total Changes of Shareholders' Equity Items during the Year		0	0	438,623	1,004,151	0	0	(1,566,513)	0	(123,739)			
Balance at 19.03.2020		8,500,000	0	4,200,714	1,933,955	43,597	0	2,003,542	0	16,681,809			

2018-19											
Note	Capital	Capital Increase in Progress	Shares Premium Reserve	Legal Reserve	Other Reserves	Assets Revaluation Surplus	Forex Difference of Overseas Operations	Retained Earnings	Treasury Shares	Total Shareholders' Equity	
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Balance at 21.03.2018	8,500,000	0	0	3,576,483	0	43,597	0	1,357,350	0	13,477,429	
Net Profit (Loss) for the Year								1,237,392		1,237,392	
Prior Years' Adjustments								(578,425)		(578,425)	
Other Comprehensive Profits (Loss) after Tax											
Assets Revaluation Surplus						0					0
Difference in Foreign Currency Exchange							0				0
Tax of Other Comprehensive Profits							0	0	0	0	0
Total Other Comprehensive Profits							43,597	0	1,237,392	1,237,392	
Total Comprehensive Profits							43,597	0	1,237,392	1,280,989	
Capital Increase:											
Registered Capital Increase/Decrease	0	0								0	
Capital Increase in Progress		0								0	
Treasury Shares											
Treasury Shares Purchase									0	0	
Treasury Shares Sales										0	
Distribution & Allocation:											
Legal Reserve	32			185,609				(185,609)		0	
Other Reserves	33				929,804			(929,804)		0	
Shares Dividends		0						0		0	
Approved Dividend	23							(255,000)		(255,000)	
Total Changes of Shareholders' Equity Items during the Year	0	0	0	185,609	929,804	0	0	(1,370,413)	0	(255,000)	
Balance at 20.03.2019	8,500,000	0	0	3,762,092	929,804	43,597	0	645,904	0	13,881,397	

Karafarin Bank (Public Joint Stock)
Statement of Cash Flows
For the Year Ended March 19th, 2020

Description	Note	2019-20	2018-19
		Million IRR	Million IRR
Operating Activities*:			
Cash Received for:			
Interest & Late Payment Penalty on Granted Loans		20,647,358	16,181,544
Interest on Debt Securities		0	0
Commission		1,326,562	1,102,814
Interest on Deposits		4,676,467	3,232,559
Investment Returns		2,147,232	710,810
Other Operating Revenues		0	0
Net Other Income & Expenses		520,985	428,645
Cash Paid for:			
Interest on Deposits		(18,874,679)	(18,303,164)
Commission		(177,879)	(138,863)
Financing Costs		(15,889)	(36,671)
Other Operating Costs		(5,312,967)	(4,058,603)
Corporation Tax		(323,219)	0
Cash Inflow (Outflow) from Operating Activities before Changes in Operating Assets & Liabilities		4,613,970	(880,930)
Cash Flows from Changes in Operating Assets & Liabilities:			
Net Liabilities Increase (Decrease):			
Dues to Banks & Other Credit Institutions		3,552,103	(1,056,484)
Customers' Deposits		2,888,745	8,168,147
Debt Securities		0	0
Operating Portion of Provisions & Other Liabilities		(1,521,181)	1,495,904
Investment Depositors' Interests		35,292,387	8,064,168
Assets Net Decrease (Increase):			
Claims from Other Banks & Credit Institutions		(6,493,484)	(13,114,155)
Principal Amount of Claims from the Government		0	0
Principal Amount of Granted Loans & Claims from Governmental Authorities		0	0
Principal Amount of Granted Loans & Claims from Non-Governmental Entities		(19,054,994)	442,499
Investment in Shares & Other Securities		(13,677,803)	(32,333)
Claims from Subsidiary & Associated Companies		78,546	(225,348)
Other Accounts Receivable		(385,686)	(75,176)
Legal Deposit		(5,315,755)	(1,433,433)
Operating Portion of Other Assets		370,708	2,599,377
Cash Flows from Changes in Operating Assets & Liabilities		(4,266,414)	4,833,166
Net Cash Inflow (Outflow) from Operating Activities	51	347,556	3,952,236
Investing Activities:			
Payments for Acquiring Tangible Fixed Assets		(1,306,427)	(123,031)
Proceeds for Selling Tangible Fixed Assets		17,389	381,687
Payment for Acquiring Intangible Assets		(50,175)	(181,525)
Proceeds for Selling Intangible Assets		19	39,980
Payments for Acquiring Non-Operating Real Estates		0	0
Proceeds from Selling Non-Operating Real Estates		0	0
Net Cash Inflow (Outflow) from Investing Activities		(1,339,194)	117,111
Net Cash Inflow (Outflow) before Financing Activities		(991,638)	4,069,347
Financing Activities:			
Cash Capital Increase		0	0
Treasury Shares Transactions		0	0
Funds from Shares Premium		0	0
Paid Dividend		(121,162)	(277,213)
Loans Received		0	0
Repayment of Principal Amount of Loans		0	0
Net Cash Inflow (Outflow) from Financing Activities		(121,162)	(277,213)
Net Cash Increase (Decrease)		(1,112,800)	3,792,135
Cash Balance at the Beginning of the Year		12,241,183	7,133,690
Effect of Foreign Currency Rate Fluctuations		1,140,947	1,315,358
Cash Balance at the End of the Year		12,269,330	12,241,183
Non-Cash Transactions	52	232,600	195,544

* Cash received for the principal amount, interest and late payment penalty on granted loans merely includes direct cash deposits of customers. Other settlement methods such as granting new loans or repossession, etc. which do not lead to direct cash deposits by customers are not naturally classified under Non-Cash Transactions.

The explanatory notes form an integral part of the financial statements.

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

1. Introduction

1.1. Activities

The Bank was established following registration at the Tehran Corporate and Industrial Ownership Registration Department on 9 December 1999 under registration number 157915 as Karafarinan Non-Bank Credit Institution (PJSC) and commenced its operations bearing national ID of 10102006226 and economic code of 411111646974. The enactment of the Non-State Bank Establishment Act on 9 April 2000, the endorsement of Article 98 of the Economic, Social, and Cultural Development Plan Act of Iran, and the implementation of the Non-State Bank Establishment Regulation of the Money and Credit Council as endorsed on 11 December 2000, collectively laid the foundations for the establishment of the Bank. Based on a resolution of the Extraordinary General Assembly meeting of 29 November 2001 and CBI operating license number H/3362 (5 December 2001), Karafarin Bank (PJSC) was formally established and registered under the same license number with the Tehran Corporate and Industrial Ownership Registration Department on 26 December 2001. The Bank gained listing on the Tehran Stock Exchange on 27 January 2003 and has been consistently included on the TSE price quote list since 5 July 2003. The Bank's headquarter is based at No. 97, West Nahid Street, Vali-Asr Avenue, Tehran, Iran. The Group includes Karafarin Bank (Parent Company) and its subsidiary companies.

1.2. Principal activities

The main activities of Karafarin Bank according to Article 3 of its Articles of Association approved on 15.07.2014 are stated below:

- ◆ Accepting all forms of bank deposits and issuing the bearer certificates of public and private term deposits.
- ◆ Issuing cheque books and offering all services relating to cheque laws and regulations.
- ◆ Carrying out inter-banking operations.
- ◆ Granting credit facilities within the framework of regulations and bylaws and implementation guidelines of the Usury-Free Banking Operations Act.
- ◆ Offering various payment tools.
- ◆ Receiving, paying and transferring funds in foreign currencies and Iranian Rial (IRR).
- ◆ Accepting representation in order to collect funds, to pay bills, deposits, etc.
- ◆ Opening letters of credit and issuing all sorts of bank guarantees.
- ◆ Rendering electronic banking services such as issuing various electronic cards, (debit cards, credit cards, digital wallets, etc.)
- ◆ Safeguarding the valuables of customers, documents, bonds and renting safety deposit boxes.
- ◆ Carrying out all sorts of foreign currency operations including forex, transfers, granting and receiving foreign currency loans, payment orders, etc.)
- ◆ Funds management.
- ◆ Guaranteeing the repurchase of issued bonds from private and state-owned legal persons.
- ◆ Issuing Islamic bonds in the IRR or in foreign currency within Iran or abroad.
- ◆ Constantly accepting payment orders from customers.
- ◆ Offering financial, investment and asset management services.
- ◆ Performing the duties of a guardian, administer, attorney and representative of clients in line with current laws and regulations.
- ◆ Carrying out investment activities via purchasing of shares, bonds, foreign bonds and *Sukuk* (Islamic) bonds.
- ◆ Purchasing and selling assets (if required) in line with the regulations set forth by the Central Bank of the Islamic Republic of Iran.
- ◆ Providing insurance coverage for its assets held by companies and insurances.

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

- ◆ Creating and sustaining links with correspondent banks in Iran and overseas.
- ◆ Customs and excise clearance.
- ◆ Collecting claims for L/Cs.
- ◆ Collecting dividends on behalf of customers and depositing them in the relevant accounts.
- ◆ Selling stamp duty and promissory notes.
- ◆ Any other activity approved by the Central Bank of the Islamic Republic of Iran (CBI).

1.3. Number of branches

The Bank's branches during the fiscal year is as follows:

	2019-20		2018-19	
	At the End of the Year	Average	At the End of the Year	Average
Branches in Tehran Province	59	59	59	59
Branches in Other Province	47	47	47	47
Branches in Free Trade Zones	2	2	2	2
Branches in Overseas	0	0	0	0
	108	108	108	108

By average we mean monthly average during the reporting period.

1.4. Employees

The number of employees during the fiscal year is reported below:

	2019-20		2018-19	
	At the End of the Year	Average	At the End of the Year	Average
Head Office & Regional Offices	555	550	563	569
Branches in Tehran Province	542	525	537	539
Branches in Other Provinces	480	484	485	489
Branches in Free Trade Zones	14	14	14	14
Branches in Overseas	0	0	0	0
	1,591	1,573	1,599	1,611

During the reporting period, 288 employees (281 in previous year) were recruited via contracting agreements. The number of employees of subsidiary companies during the reporting fiscal period was 112 (115 in previous year).

By average we mean monthly average during the reporting period.

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

2. Basis for the Preparation of Financial Statements

Financial statements have been prepared according to accounting standards and CBI's regulations. Details of accounting procedures have been presented in note 7.

2.1. New, revised and ratified accounting standards which are not mandatory as yet are:

2.1.1. Accounting Standard 35 under title of "Corporation Tax". In light of assessment of the management and any significant impact arising from the implementation of the said standard which was ratified in 2018-19, since the mentioned standard is enforceable as of March 2020, it is not relevant for the reporting period.

2.1.2. Accounting standards approved in the 2019-20 period which are mandatory as of the 2021-22 period are:

Accounting standards 41, 40, 39, 38, 20 and 18 under titles of Separate Financial Statements, Investing in Associated Companies and Special Partnership, Business Combination, Consolidated Financial Statements, Partnerships and Interests Disclosed in Other Entities, respectively, will not be in effect as of the 2021-22 period. Therefore, they do not apply to the reporting period.

3. Operational and Reporting Monetary Unit

Financial statement items have been measured using the monetary unit of main economic environment of the Bank's activity place i.e. IRR. The items have been presented in million IRR to be more understandable, except in cases which are explicitly mentioned in financial statements and/or explanatory notes.

4. Using Judgments and Estimates

In order to prepare financial statements, the Bank's management has used judgments, estimates and assumptions in specifying recognised amounts in the financial statements. Actual results may be different from estimates. These estimates and underlying assumptions are based on historical events which the management continuously revises following making comparisons with true events.

5. Basis for Measurement

Financial statements have been prepared based on historical cost and if necessary current values have been used.

6. Change in Accounting Procedures

The Bank has presented the accounting procedures mentioned in note 7 considering procedural stability during whole reported periods in the financial statements.

Nature and effects are outlined below:

Not applicable.

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

7. Summary of Significant Accounting Policies

7.1. Investments

Measurement	Group Consolidation	Parent Company
Long-term Investments		
Investing in Subsidiary Companies	Subject to Consolidation	Cost Less Accumulated Impairment of Each Investment
Investing in Associated Companies	Equity Method	Cost Less Accumulated Impairment of Each Investment
Other Long-term Investments	Cost Less Accumulated Impairment of Each Investment	Cost Less Accumulated Impairment of Each Investment
Current Investments		
Rapidly Marketable Investments	Lower of Cost & Net Realisable Value of Total Investments	Lower of Cost & Net Realisable Value of Total Investments
Other Current Investments	Lower of Cost & Net Realisable Value of Each Investment	Lower of Cost & Net Realisable Value of Each Investment
Income Recognition		
Investment in Subsidiary Companies	Subject to Consolidation	On the Date of Profit Approval by the General Assembly of Investee Companies (until the Date of Financial Statement Approval)
Investment in Associated Companies	Equity Method	On the Date of Profit Approval by the General Assembly of Investee Companies (until the Date of Financial Statement Approval)
Investment in Other Securities	At the Time of Guaranteed Interest	At the Time of Guaranteed Interest

7.2. Tangible fixed assets

7.2.1. Tangible fixed assets are recorded at cost in the accounts. Any expenditure incurred for improvements and major repairs of a fixed asset that lead to a significant extension of its useful life or to a material improvement in its performance quality, is capitalised and subsequently depreciated over the remainder of the asset's useful life. Maintenance costs and minor repairs which are to sustain the asset condition in relation with the initially assessed performance standard, are expensed as incurred and reported in the period's profit and loss account.

7.2.2. Depreciation on fixed assets based on the Depreciation Charts of Article 149 of Direct Taxation Act (approved in June 2015) and its subsequent amendments is calculated and recorded in accounts based on the following rates and methods:

Asset	Amortisation Rate	Amortisation Method
Building	25 Years	Straight Line
Furniture, equipment & Installations	3, 5, 6, 10 & 15 Years	Straight Line
Computers	3 Years	Straight Line
Motor Vehicle	6 Years	Straight Line

7.2.3. For items of fixes assets which are acquired and used during the month, depreciation is calculated and taken into account from the beginning of the following month. In cases where assets are not used for more than six consecutive months within a financial period, depreciation

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
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of that asset for that period is calculated at a 30% rate. In cases where calculation of depreciation is based on a time length, then 70% of the time in which the asset has not been used is added (in the above table) to the remaining time determined for asset depreciation. This note does not concern buildings, building installations and intangible assets which have fixed useful lives.

7.3. Intangible assets

All intangibles, except goodwill, are reflected in the accounts at historical cost. Goodwill is no longer subject to any amortisation. Operational and administrative software are amortised using the straight line method over a three- year period.

7.3.1. Goodwill

Entities combination accounting of acquisition type is carried out by purchase method. Excess cost of investment acquisition in subsidiaries subject to consolidation at the time of acquisition is identified as goodwill and is amortised during 20 years using the straight-line method. In addition, goodwill is reflected at cost, less accumulated amortisation and accumulated impairment.

7.4. Income recognition on loans, commissions and late payment penalties

According to ratification 1044 dated 16 July 2013 of Money and Credit Council and circular MB/772 dated 18 July 2005 of CBI, recognising of interest on loans granted is based on accrued revenue. In addition, according to circular No.97/96778 dated 17.06.2018 of the CBI which was approved on 22.05.2018 by the Money and Credit Council and circular No.98/93674 dated 13.06.2019 which was in effect as 21 March 2019, Claims income which are transferred to doubtful claims classification are terminated regardless of their collateral type. Claims income whose collaterals are in cash or quasi cash by at least 944% of debt, are identified until such time as they are transferred to the doubtful claims classification at the latest. Current and non-performing income which do not have cash or quasi cash collaterals are terminated when they are transferred to overdue classification. Claims income in cases where collaterals are less than customer debts, are identified by the end of overdue classification at the latest.

Interest, Late Payment Penalty on Granted Loans & Commission	Recognition Method
Current	Accrued
Overdue	Accrued
Deferred	Accrued-Cash
Doubtful	Cash

* Income in cases where loans are supported by cash or quasi cash collaterals which fully cover the debt, is identified as accrued revenue or as cash.

Late Payment Penalty	Recognition Method
Current	Cash
Overdue	Cash
Deferred	Cash
Doubtful	Cash
Commission	
Commission on Issued L/Gs	Cash
Commission on Other Banking services	Cash
Commission on Granted <i>Gharz-al Hassaneh</i> Loans	Cash

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

7.5. Basis for determination of depositors' share from joint income

In compliance with the requirements promulgated in Iran's Act on Usury-Free Banking Operations of 30 August 1983 and its operational and implementation guidelines and also CBI's Circular 94/69643 of 10 June 2015, all joint income, expenditure of joint resources and depositors' share are calculated from joint income and the results are reported in the Performance Statement of Investment Deposits.

7.6. Classification of loans

The Bank evaluates and classifies its financial loans in accordance with the requirements presented in the "Credit Institutions' Asset Classification Manual" of the Money and Credit Council (also referred to in CBI Circular MB/2823 of 24 February 2007 of the CBI) and also based on factors such as late repayments, customer financial position and the economic state of the customer's line of business activity. This approach leads to the following classes for loans:

- A) *Current Loans* (maximum up to 2 months from the maturity date and/or payment termination).
- B) *Overdue Loans* (between 2 and 6 months from the maturity date and/or payment termination).
- C) *Deferred Loans* (between 6 and 18 months from the maturity date and/or payment termination).
- D) *Doubtful Loans* (over 18 months from the maturity date and/or payment termination).

* The management has not expressed an opinion on financial statements outside the framework of the above circulars.

7.7. Provisions for doubtful claims

Doubtful claims that are provided for in accordance with the requirements of the "Credit Institutions' Doubtful Loans' Provisions Manual" of the Money and Credit Council (also referred to in CBI Circular 91/21270 of 19 April 2012 of the CBI) are calculated and recorded in the accounts in the following manner:

1) *General provisions*: at 1.5% of total loans' balances at the end of the year after deduction of those loans that are subject to special provisions.

2) *Special provisions*: for the balance of overdue, deferred, and doubtful financial loans. This is calculated based on the factors outlined in the following table after deducting the updated value of security attributable to each individual facility:

Classification	Factor
Overdue	10%
Deferred	20%
Doubtful Loans 9 based on Customer-Specific Assessments of Repayment Ability)	50% to 100%

3) Loans which five years or above has been passed since their maturity date of principal amount and interest, special provision is considered in a manner that is equivalent to 100% within five years.

7.8. Provisions for employees' termination benefits

Provisions for employees' termination benefits are accounted for based on one month of employees' latest base salary and continued benefits for each year of their service with the Bank.

7.9. The Bank's employees have insurance coverage via the Social Security Fund. Hence, no provision in reference with retirement benefits has been recorded in the accounts.

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

7.10. Foreign currency exchange

7.10.1. Domestic accounts

Foreign currency monetary items during the year, are exchanged at official or mutually agreed exchange rates via exchange companies on the Financial Position Statement date. In accordance with circular 98/450508 dated 18.03.2020 of the Banking Studies & Regulations Department of the CBI, exchanging foreign currency monetary items of assets and liabilities in the balance sheets of banks and credit institutes should be based on average exchange rates in CBI's *NIMA* System, which having taken precautionary measures within the banking system are EUR1/IRR102,000 and USD1/IRR90,000 and exchange rates for other currencies are based on rates as announced by the CBI on March 20th 2020 on its website (as stated in the following table). Non-monetary items which have been registered at historical cost (depending on currency type) are exchanged at official rates on transaction date. Differences resulting from settlement or exchange of foreign currency monetary items are identified as income or cost for the year and are recorded in the Profit and Loss Statement.

In addition, during the previous financial year, according to circular 98/92847 dated 12.06.2019 of the Banking Studies & Regulations Department of the CBI, exchanging foreign currency items of assets and liabilities in the financial statements of banks and credit institutes is based on average six-month rates of CBI's *NIMA* System, which having taken precautionary measures within the banking system are EUR1/IRR85,000 and USD1/IRR75,000 and exchange rates of other currencies are based on rates at the end of the year and non-monetary items which had been recorded at historical cost were exchanged at official rates on transaction date.

2019-20	
Foreign Currency	Exchange Rate
USD	90,000
EUR	102,000
INR	1,250
AED	25,182
CHF	96,493
JPY	863
CNY	13,193
GBP	112,051
KRW	75
TRY	14,440
OMR	240,515
QAR	25,406
RUB	1,231

7.10.2. Foreign operations accounts

The Bank has no overseas branches and does not operate abroad.

7.11. The Bank has no treasury shares.

8. "Other Items" in the Financial Statements

Due to the high number of items in accounts, some items in each note have been reported

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under the heading of "Others". These items are mainly insignificant and represent a maximum 10% value of the total amount of that note. The number of these items have also been disclosed.

9. Cash

	Note	Group		Parent Company	
		19.03.2020	20.03.2019	19.03.2020	20.03.2019
		Million IRR	Million IRR	Million IRR	Million IRR
Cash at Hand-IRR	9-1	405,993	373,997	405,787	373,597
Cash at Hand-Foreign Currency	9-2	964,326	581,542	952,697	566,871
Cash in Transition-IRR		0	0	0	0
Cash in Transition-Foreign Currency		0	0	0	0
Sight Deposit held with CBI (Unlimited)	9-3	164,480	353,842	164,480	353,842
Deposits held with Other Banks & Credit Institutions (Unlimited)	9-4	11,361,812	11,003,973	10,746,365	10,946,873
Total Cash		12,896,612	12,313,354	12,269,330	12,241,183

9.1. IRR and foreign currency cash held with the Bank's branches have been insured against possible hazards such as theft and fire for up to IRR1,100,000 million. It is noteworthy that the fund's balance has floating insurance coverage.

9.2. Foreign currency balance of the Parent Company on the Financial Position Statement date includes USD4,837,801, EUR5,027,215, GBP39,331, AED2,560, JPY30,000, CNY200 and CHF200. These amounts have been exchanged with the rates stated in note 7.10 of the financial statements.

9.3. Sight deposits held with CBI (unlimited) related to Parent Company are as follows:

	Parent Company	
	19.03.2020	20.03.2019
	Million IRR	Million IRR
Sight Deposits held with CBI-IRR (Unlimited)	114,382	311,446
Sight Deposits held with CBI- Foreign Currency (Unlimited)	50,098	42,396
Sight Deposit held with Central Banks of Other Countries-Foreign Currency (Unlimited)	0	0
Total Sight Deposits held with CBI-IRR (Unlimited)	164,480	353,842

9.3.1. Based on correspondence with CBI's Statistics & Foreign Currency Commitments and International Departments and declaration of no foreign currency claims for overdue commitments for the 2011-12 and 2012-13 years (circular 60/1015 dated 1392/09/16 (07.12.2013) of Foreign Currency Policies & Regulations Department), the Bank has requested the ending of foreign currency auditing and of refunding of IRR741,556 million which had been withdrawn from its account. The reply to the Bank's request has been issued via the Foreign Currency Statistics & Commitments Department in a letter numbered 98/41024 dated

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1398/02/14 (04.05.2019) in coordination with the Government and following obtaining necessary licenses from CBI authorities. Penalties for excess withdrawal by 20 March 2020, which according to letter 99/40073 dated 1399/02/18 (07.05.2020) of CBI amounted to IRR1,504,903 million.

9.4. Deposits held with other banks and credit institutions (unlimited)

	Group		Parent Company	
	19.03.2020	20.03.2019	19.03.2020	20.03.2019
	Million IRR	Million IRR	Million IRR	Million IRR
Sight Deposits held with Other Domestic Banks & Credit Institutions – IRR (Unlimited)	616,019	67,304	22,351	29,463
Sight Deposits held with Other Domestic Banks & Credit Institutions – Foreign Currency (Unlimited)	1,029,892	651,180	1,029,892	651,180
Term Deposits held with Other Domestic Banks & Credit Institutions – IRR (Unlimited)	67,228	76,989	46,174	58,882
Term Deposits held with Other Domestic Banks & Credit Institutions – Foreign Currency (Unlimited)	0	0	0	0
Sight Deposits held with Foreign Banks – Foreign Currency (Unlimited)	9,648,674	10,208,500	9,647,949	10,207,349
Term Deposits held with Foreign Banks – Foreign Currency (Unlimited)	0	0	0	0
Total Deposits held with Other Banks & Credit Institutions (Unlimited)	11,361,812	11,003,973	10,746,365	10,946,873

9.5. Balance held with banks which have limitation for withdrawal (time limitation and other limitations) are classified under the heading of Dues from Banks.

9.6. Part of overseas banks verifications has been received via email due to international sanctions and Coronavirus Pandemic which was announced by the World Health Organisation.

10. Claims from Banks and Other Credit Institutions

Claims from banks and credit institutions which are fully related to the Parent Company are as follows:

	Note	Parent Company	
		19.03.2020	20.03.2019
		Million IRR	Million IRR
Claims from CBI	10-2	8,706	360,529
Claims from Other Banks & Credit Institutions	10-3	27,399,293	20,553,986
Total Claims from Banks & Credit Institutions		27,407,999	20,914,515

10.1. Balance held with banks which have no withdrawal limitation are classified under heading of Cash.

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10.2. Claims from CBI

	Note	Parent Company	
		19.03.2020	20.03.2019
		Million IRR	Million IRR
Sight Deposits held with CBI-IRR (Limited)		0	0
Sight Deposits held with CBI-Foreign Currency (Limited)		0	0
Sight Deposits held with Central Banks of Other Countries-Foreign Currency (Limited)		0	0
Award for Legal Deposit Receivable		0	0
Other Claims	10-2-1	8,706	360,529
Total Claims from CBI		8,706	360,529

10.2.1. Other Claims from CBI include *Shaparak* operation and *Paya* (Automated Clearing House) terminal transactions at the end of the year.

10.3. Claims from other banks and credit institutions

	Note	Parent Company	
		19.03.2020	20.03.2019
		Million IRR	Million IRR
Sight Deposits held with Other Domestic Banks & Credit Institutions – IRR (Limited)		0	0
Sight Deposits held with Other Domestic Banks & Credit Institutions – Foreign Currency (Limited)		0	0
Term Deposits held with Other Domestic Banks & Credit Institutions – IRR (Limited)	10-3-2	26,700,000	20,080,000
Term Deposits held with Other Domestic Banks & Credit Institutions – Foreign Currency (Limited)		0	0
Sight Deposits held with Foreign Banks – Foreign Currency (Limited)		0	0
Term Deposits held with Foreign Banks- Foreign Currency (Limited)		0	0
Loans Granted to Other Banks & Credit Institutions	10-3-1	0	0
Cheques Payment Issued by Other Banks		699,293	473,986
Other Claims		0	0
Total Claims from Other Banks & Credit Institutions		27,399,293	20,553,986

10.3.1. The Bank has granted no loans to other banks and credit institutions.

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10.3.2. Term deposits held with other domestic banks and credit institutions-IRR (limited) include the following items:

Bank/Credit Institutions	Foreign Currency	Contract Type	Interest Rate	Maturity Date	Security Type	Loans Balance		
						19.03.2020		20.03.2019
						Foreign Currency Amount	Million IRR	Million IRR
Loans-IRR								
Ghavamin Bank	IRR	Overnight	16.0%	24.03.2020	-	-	5,000,000	-
Melal Credit Institute	IRR	Term	19.0%	11.04.2020	-	-	4,000,000	3,080,000
Bank Melli Iran	IRR	Overnight	16.0%	24.03.2020	-	-	3,200,000	-
Iran Zamin Bank	IRR	Overnight	18.5%	20.04.2020	-	-	3,000,000	4,500,000
Tourism Bank	IRR	Term	18.8%	11.04.2020	-	-	3,000,000	1,500,000
Bank Day	IRR	Overnight	18.0%	24.03.2020	-	-	2,500,000	4,000,000
Ayandeh Bank	IRR	Term	20.0%	11.04.2020	-	-	2,000,000	3,500,000
Bank Keshavarzi Iran	IRR	Overnight	18.0%	24.03.2020	-	-	1,500,000	-
Ayandeh Bank	IRR	Term	20.0%	15.04.2020			1,500,000	-
Bank Saderat Iran	IRR	Overnight	17.0%	24.03.2020	-	-	1,000,000	-
Shahr Bank	IRR	Overnight					-	3,500,000
							26,700,000	20,080,000

The Usury-Free Banking Operations Act allows for inter-banking depositing. Normal lengths of time of depositing could be from overnight, one or two weeks, one, two, three, six or nine months or one year. All term deposits of the Bank held by other banks were fully settled by the date of preparation of this note.

All term deposits held with other banks have been settled up to date of preparing this note.

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11. Claims from the Government

	Group & Parent Company						
	19.03.2020						20.03.2019
	Principal Amount & Interest of Future Years & Deferred Interest	Balance of Interest & Commission Receivable	Balance of Late Payment penalty Receivable	Future Years' Interest	Deferred Interest & Commission	General Provision for Doubtful Loans	Net
Provisional Facilities Committed by the Government	0	0	0	0	0	0	0
Provisional Facilities Guaranteed by the Government	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0

12. Granted Loans and Claims from Governmental Authorities

[illegible]

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13. Granted Loans and Claims from Non-Governmental Entities

	Group										20.03.2019
	19.03.2020										
	Balance of Principal Amount & Interest of Future Years & Deferred Interest, Commission & Late Payment Penalty	Balance of Interest & Commission Receivable	Balance of Late Payment penalty Receivable	Received Mozarebeh Funds & Joint Account of Equity Participation	Future Years' Interest	Deferred Interest, Commission & Late Payment Penalty	Total	Provision for Doubtful Loans	Net	Net	
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Instalment Sales	10,175,433	312,812	343		(894,812)	(144,749)	9,449,027	(381,296)	9,067,730	9,976,512	
Joaleh	392,510	96,658	0		(59,596)	(118)	429,454	(246,659)	182,795	12,546	
Hire Purchase	759,042	7,795	0		(103,335)	(394)	663,109	(53,098)	610,011	174,449	
Salaf	5,549	3,985	0			0	9,534	(9,534)	0	0	
Mozarebeh	5,464,004	652,417	3,258	(196,937)		0	5,922,742	(1,030,945)	4,891,796	5,184,576	
Equity Participation	84,209,281	5,985,012	196,826	(917,673)		0	89,473,446	(6,163,962)	83,309,484	79,299,296	
Debt Discounting	90,611	75	0		(6,984)	0	83,702	(1,342)	82,360	0	
Morabebeh	26,382,976	455,509	0		(3,380,379)	(58,361)	23,399,746	(1,661,689)	21,738,057	5,371,088	
Estesna	3,729	0	0		0	0	3,729	0	3,729	14,447	
Gharz-al Hassaneh	226,554	0	0			0	226,554	(3,572)	222,982	160,152	
Other Granted Loans-IRR	2,478,455	0	0		(899,405)	0	1,579,050	(23,652)	1,555,398	2,134,797	
Other Granted Loans-Foreign Currency	1,067,506	20,788	0	0	(32,367)	0	1,055,926	(573,270)	482,656	1,022,636	
Debtors for Paid L/Cs	408,071		0				408,071	(71,999)	336,072	2,363,587	
Debtors for Paid L/Gs	834,577	0	0				834,577	(104,202)	730,374	344,880	
Debtors for Paid Bonds & Sukuk	0		0				0	0	0	0	
Debtors for Paid Credit Cards	0	0	0				0	0	0	0	
Total	132,498,297	7,535,051	200,427	(1,114,610)	(5,376,877)	(203,622)	133,538,665	(10,325,221)	123,213,444	106,058,964	

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Parent Company													
19.03.2020											20.03.2019		
Balance of Principal Amount & Interest of Future Years & Deferred Interest, Commission & Late Payment Penalty	Balance of Interest & Commission Receivable		Balance of Late Payment penalty Receivable		Received Mozarebeh Funds & Joint Account of Equity Participation		Future Years' Interest		Deferred Interest, Commission & Late Payment Penalty		Provision for Doubtful Loans	Net	Net
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR			
Instalment Sales	9,732,781	312,812	343				(816,540)	(144,749)	9,084,648	(381,296)	8,703,352	9,955,817	
Joaleh	392,510	96,658	0				(59,596)	(118)	429,454	(246,659)	182,795	12,546	
Hire Purchase	153,933	7,795	0				(32,779)	(394)	128,555	(13,042)	115,513	68,585	
Salaf	5,549	3,985	0					0	9,534	(9,534)	0	0	
Mozarebeh	5,464,004	652,417	3,258	(196,937)				0	5,922,742	(1,030,945)	4,891,796	5,184,576	
Equity Participation	84,582,681	5,985,012	196,826	(917,673)				0	89,846,846	(6,163,962)	83,682,884	79,866,246	
Debt Discounting	90,611	75	0				(6,984)	0	83,702	(1,342)	82,360	0	
Morabebeh	26,382,976	455,509	0				(3,380,379)	(58,361)	23,399,746	(1,661,689)	21,738,057	5,371,088	
Estesna	3,729	0	0				0	0	3,729	0	3,729	14,447	
Gharz-al Hassaneh	226,554	0	0					0	226,554	(3,572)	222,982	160,152	
Other Granted Loans-IRR	2,476,191	0	0				(899,405)	0	1,576,786	(23,652)	1,553,134	1,619,519	
Other Granted Loans-Foreign Currency	1,067,506	20,788	0	0			(32,367)	0	1,055,926	(573,270)	482,656	1,022,636	
Debtors for Paid L/Cs	408,071		0						408,071	(71,999)	336,072	2,363,587	
Debtors for Paid L/Gs	834,577	0	0						834,577	(104,202)	730,374	344,880	
Debtors for Paid Bonds & Sukuk	0		0						0	0	0	0	
Debtors for Paid Credit Cards	0	0	0						0	0	0	0	
Total	131,821,673	7,535,051	200,427	(1,114,610)	(5,228,049)	(203,622)	133,010,869	(10,285,165)	122,725,704	105,984,078			

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13.1. Classification of granted loans and claims from non-governmental entities of the Parent Company based on the instruction of Money and Credit Council (note 7.6) is as follows:

	Parent Company				
	19.03.2020				
	Current	Overdue	Deferred	Doubtful	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Instalment Sales	9,398,301	5,110	269,405	373,121	10,045,937
<i>Joaleh</i>	245,546	148	283	243,190	489,168
Hire Purchase	148,268	891	0	12,569	161,728
<i>Salaf</i>	0	0	0	9,534	9,534
<i>Mozarebeh</i>	4,562,032	26,826	176,744	1,354,076	6,119,678
Equity Participation	76,427,462	221,095	2,021,999	12,093,963	90,764,519
Debt Discounting	90,685	0	0	0	90,685
<i>Morabeheh</i>	26,656,637	181,849	0	0	26,838,486
<i>Estesna</i>	3,729	0	0	0	3,729
<i>Gharz-al Hassaneh</i>	225,829	511	201	13	226,554
Other Granted Loans-IRR	2,476,191	0	0	0	2,476,191
Other Granted Loans-Foreign Currency	67,767	0	0	1,020,527	1,088,294
Debtors for Paid L/Cs	0	0	0	408,071	408,071
Debtors for Paid L/Gs	391,133	0	0	443,443	834,577
Debtors for Paid Bonds & <i>Sukuk</i>	0	0	0	0	0
Debtors for Paid Credit Cards	0	0	0	0	0
Total Gross Loans & Claims from Non-Governmental Entities	120,693,580	436,430	2,468,633	15,958,508	139,557,150
Less:					
Future Years' Interest	(5,228,049)	0	0	0	(5,228,049)
Deferred Interest & Commission	0	0	(203,622)	0	(203,622)
Funds Received for <i>Mozarebeh</i>	(196,937)	0	0	0	(196,937)
Joint Account of Equity Participation	(917,673)	0	0	0	(917,673)
Net Granted Loans Before Provision for Doubtful Loans	114,350,921	436,430	2,265,011	15,958,508	133,010,869
General Provision for Doubtful Loans	(1,428,271)	(2,808)	(27,270)	(52,670)	(1,511,020)
Special Provision for Doubtful Loans	0	(29,345)	(36,920)	(8,707,880)	(8,774,144)
Balance at 19.03.2020	112,922,650	404,277	2,200,821	7,197,957	122,725,704
Balance at 20.03.2019	88,384,209	2,506,636	2,028,831	13,064,403	105,984,078

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13.1.1. Follow ups and coordination with a committee based in the CBI, filing lawsuits and carrying out hard negotiations with some of the borrowers who owed the Bank large sums of money and whose loans had been classified as doubtful claims resulted in the full settlement, or settlement of a portion of claims or determination of the fate of these claims. Furthermore, the collaterals of other borrowers were reinforced and their quality was improved. Valuation of collaterals of borrowers, extension and the writing off of loans and L/Cs were carried out via official and selected experts and following ratifications of the Bank's Board of Directors.

13.2. Turnover of provision for doubtful loans is as follows:

	Parent Company					
	2019-20			2018-19		
	General Provision	Special Provision	Total	General Provision	Special Provision	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Balance at the Beginning of the Year	1,387,168	6,974,471	8,361,639	1,398,166	5,420,138	6,818,304
Settled	0	0	0	0	0	0
Bad Debt	0	(15,306)	(15,306)	0	(7,847)	(7,847)
Increase or Decrease during the Year	123,852	1,814,980	1,938,832	(10,998)	1,562,179	1,551,181
Balance at the End of the Year	1,511,020	8,774,144	10,285,165	1,387,168	6,974,471	8,361,639

13.3. Granted foreign currency loans based on financiers

	Parent Company					
	19.03.2020					20.03.2019
	Current	Overdue	Deferred	Doubtful	Total	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Domestic Financiers	0	0	0	907,758	907,758	764,614
Foreign Currency Reserve Account	67,767	0	0	80,401	148,168	152,421
National Development Fund	0	0	0	0	0	0
CBI	0	0	0	0	0	295,880
Trade Unions	0	0	0	0	0	0
Total Granted Foreign Currency Loans	67,767	0	0	988,160	1,055,926	1,212,914

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13.4. Granted loans and claims from non-governmental entities based on maturity date and interest rate

	Parent Company							
	19.03.2020						20.03.2019	
	24% & Above	21% to 24%	18% to 21%	15% to 18%	12% to 15%	Below 12%	Total	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
2019-20 & Before	8,559,474	416,303	13,070,295	6,588	241,062	1,013	22,294,735	34,187,452
2020-21	0	166	94,398,930	290,701	1,040	19,022	94,709,858	76,219,196
2021-22	0	19,216	756,522	18,479	2,682	109,565	906,464	331,666
2022-23	0	12,213	5,491,671	179,434	3,267	134,474	5,821,058	255,507
2023-24 & After	0	25,595	6,698,544	171,495	4,789	2,378,330	9,278,753	3,351,896
Total Granted Loans & Claims from Non-Governmental Entities	8,559,474	473,492	120,415,962	666,697	252,840	2,642,404	133,010,869	114,345,717
Balance at 20.03.2019	10,421,533	1,076,481	99,075,360	1,069,338	148,653	2,554,352	114,345,717	

13.5. Granted loans and claims from non-governmental entities based security type

	Parent Company	
	19.03.2020	20.03.2019
	Million IRR	Million IRR
Deposit	12,376,241	8,093,556
Bonds & Other Debt Securities Guaranteed by the Government & CBI	0	0
Bonds & Other Debt Securities Guaranteed by Other Banks	86,712	0
L/Gs	0	0
Transacted L/Cs	0	0
Shares Listed in Tehran Stock Exchange (TSE)	19,435,804	21,372,839
Land & Building	4,726,025	4,328,633
Machineries	3,627	169,986
Cheques & Promissory Notes	90,718,576	75,438,832
Others	608,974	2,056,501
Total Secured Loans & Claims	127,955,959	111,460,347
Unsecured Loans & Claims	5,054,910	2,885,370
Total Granted Loans & Claims from Non-Governmental Entities	133,010,869	114,345,717

Disclosure of collateral at the Bank's disposal is based on the balance of loans in the order of the most marketable to least marketable collaterals.

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13.6. Turnover of granted loans and claims from non-governmental entities

	Parent Company													
	Instalment Sales		Joaleh		Hire Purchase		Salaif		Mozarebeh		Equity Participation		Debt Discounting	
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Major Amount of Granted Loans:														
Balance at 20.03.2019	10,093,256	163,989	73,903	5,549	5,354,288	76,952,840	0	5,392,917	14,667	163,121	1,644,182	1,165,941	2,883,578	449,685
Granted during the Year	11,915,404	194,142	89,896	0	18,756,503	253,167,143	89,376	34,485,942	0	121,850	0	0	0	3,816,238
Collected during the Year	(13,237,168)	(25,335)	(43,039)	0	(18,646,787)	(245,537,303)	(5,749)	(16,934,623)	(10,938)	(58,417)	(67,396)	(129,064)	(2,475,507)	(3,431,327)
Effect of Forex during the Year	0	0	0	0	0	0	0	0	0	0	0	(1,738)	0	0
Balance at 19.03.2020	8,771,493	332,796	120,760	5,549	5,464,004	84,582,681	83,627	22,944,237	3,729	226,554	1,576,786	1,035,138	408,071	834,577
Minor Amount of Granted Loans:														
Balance at 20.03.2019	261,300	95,397	6,510	3,985	722,040	8,765,428	0	59,964	0	1	0	46,974	26,038	184
Increase during the Year	1,385,410	24,914	23,285	2,416	635,007	8,670,916	75	2,262,715	0	0	0	2,450	415	31
Collected during the Year	(1,333,555)	(23,652)	(22,001)	(2,416)	(701,372)	(11,254,506)	0	(1,867,170)	0	(2)	0	(28,635)	(26,453)	(215)
Effect of Forex during the Year	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance at 19.03.2020	313,155	96,658	7,795	3,985	655,675	6,181,838	75	455,509	0	0	0	20,788	(0)	0
Provision for Doubtful Loans:														
Balance at 20.03.2019	(398,740)	(246,840)	(11,828)	(9,534)	(891,752)	(5,852,023)	0	(81,793)	(220)	(2,970)	(24,663)	(190,278)	(546,029)	(104,969)
Settled	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debt during the Year	0	0	0	0	0	(15,306)	0	0	0	0	0	0	0	0
Increase or Decrease during the Year	17,443	181	(1,214)	0	(139,194)	(296,633)	(1,342)	(1,579,896)	220	(602)	1,011	(382,992)	474,030	767
Balance at 19.03.2020	(381,296)	(246,659)	(13,042)	(9,534)	(1,030,945)	(6,163,962)	(1,342)	(1,661,689)	0	(3,572)	(23,652)	(573,270)	(71,999)	(104,202)
Funds Received for Mozarebeh					(196,937)									
Joint Account of Equity Participation						(917,673)								
Net Granted Loans:														
Balance at 20.03.2019	9,955,817	12,546	68,585	0	5,184,576	79,866,246	0	5,371,088	14,447	160,152	1,619,519	1,022,636	2,363,587	344,880
Balance at 19.03.2020	8,703,352	182,795	115,513	(0)	4,891,796	83,682,884	82,360	21,738,057	3,729	222,982	1,553,134	482,656	336,072	730,374

* Minor amount of loans includes interest and late payment penalty. Increase during the year also includes cash and accrued revenue identified and collected amount is the collected portion of cash and accrued revenue during the reporting period.

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13.6.1. Turnover of minor amounts of granted loans and claims from non-governmental entities

	Parent Company													
	Instalment Sales	Joaleh	Hire Purchase	Salaif	Mozarebeh	Equity Participation	Debt Discounting	Morabebeh	Estesna	Gharz-al Hassaneh	Other Granted Loans-IRR			
											Other Granted Loans-IRR	Other Granted Loans-IRR	Debtors for Paid L/ Cs	Debtors for Paid L/ Cs
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Interest Receivable for Granted Loans:														
Balance at 20.03.2019	260,911	95,397	6,510	3,985	713,816	8,330,631	0	59,964	0	0	0	46,974	26,038	184
Increase during the Year	1,610,824	24,407	24,436	0	986,197	14,527,701	75	2,381,644	0	0	0	2,450	1,523	2,474
Collected during the Year	(1,558,923)	(23,146)	(23,150)	0	(1,047,597)	(16,873,320)	0	(1,986,099)	0	0	0	(28,635)	(27,561)	(2,659)
Effect of Forex during the Year	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance at 19.03.2020	312,812	96,658	7,795	3,985	652,417	5,985,012	75	455,509	0	0	0	20,788	0	0
Late Payment Penalty Receivable for Granted Loans:														
Balance at 20.03.2019	389	0	1	0	8,224	434,798	0	0	0	0	0	0	0	0
Increase during the Year	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Collected during the Year	(46)	0	(1)	0	(4,966)	(237,973)	0	0	0	0	0	0	0	0
Effect of Forex during the Year	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance at 19.03.2020	343	0	0	0	3,258	196,826	0	0	0	0	0	0	0	0
Minor Amount of Granted Loans:														
Balance at 20.03.2019	261,300	95,397	6,510	3,985	722,040	8,765,428	0	59,964	0	1	0	46,974	26,038	184
Balance at 19.03.2020	313,155	96,658	7,795	3,985	655,675	6,181,838	75	455,509	0	0	0	20,788	0	0

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13.7. Granted loans and claims from non-governmental entities based on customer type

	Parent Company					
	19.03.2020			20.03.2019		
	Gross Amount	Provision for Doubtful Loans	Net	Gross Amount	Provision for Doubtful Loans	Net
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Individuals	18,599,305	(1,239,250)	17,360,055	15,204,295	(1,103,682)	14,100,613
Legal Entities	112,834,778	(9,022,263)	103,812,515	97,497,239	(7,233,294)	90,263,946
Personnel	1,576,786	(23,652)	1,553,134	1,644,182	(24,663)	1,619,519
	133,010,869	(10,285,165)	122,725,704	114,345,717	(8,361,639)	105,984,078

13.8. Loans granted to subsidiary and associated companies are as follows:

	Weighted-Average of Interest Rate	19.03.2020			20.03.2019	
		Current	Non-performing	Provision for Doubtful Loans	Total	Total
		%	Million IRR	Million IRR	Million IRR	Million IRR
Subsidiary Companies:						
Karafarin Leasing Co.	18	373,400	0	(5,601)	367,799	566,950
Total		373,400	0	(5,601)	367,799	566,950
Other Related Parties:						
Total Other Related Parties	0	0	0	0	0	0
Total Loans Granted to Subsidiary & Associated Companies		373,400	0	(5,601)	367,799	566,950

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14. Investing in Shares and Other Securities

		Group					
	Note	19.03.2020			20.03.2019		
		Current	Long-term	Total	Current	Long-term	Total
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Investing in Rapidly Marketable Shares	14-1	1,355,892	0	1,355,892	261,414	0	261,414
Investing in Other Shares	14-2	0	819,595	819,595	0	689,096	689,096
Investing in Other Securities	14-3	16,248,553	0	16,248,553	2,797,915	725,272	3,523,187
Investing in Construction Projects	14-4	0	387,451	387,451	0	413,087	413,087
Investing in Partnerships	14-5	0	65,001	65,001	0	87,051	87,051
		17,604,445	1,272,046	18,876,492	3,059,329	1,914,506	4,973,834

		Parent Company					
	Note	19.03.2020			20.03.2019		
		Current	Long-term	Total	Current	Long-term	Total
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Investing in Rapidly Marketable Shares	14-1	965,002	0	965,002	255,805	0	255,805
Investing in Other Shares	14-2	0	1,774,415	1,774,415	0	1,756,147	1,756,147
Investing in Other Securities	14-3	15,260,437	0	15,260,437	2,310,098	0	2,310,098
		16,225,438	1,774,415	17,999,853	2,565,903	1,756,147	4,322,050

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14.1. Investing in rapidly marketable shares is as follows:
14.1.1. Current Investment in rapidly marketable shares

	Group		Parent Company					
	19.03.2020	20.03.2019	19.03.20250			20.03.2019		
	Cost	Cost	Sources	Shares	Investment	Cost	Net Realisable Value	Net Realisable Value
	Million IRR	Million IRR		Number	%	Million IRR	Million IRR	Million IRR
Shares of Companies Listed in TSE:								
EN Bank	1,029,838	0	Repossession	39,305,342	-	1,029,838	957,939	0
Omid Investment	4,287	0	Purchase	500,000	-	4,287	6,021	0
Mines & Metals Development Investment	484	7,430	Purchase	98,954	-	484	566	16,039
Jam Petrochemical	434	912	Purchase	28,018	-	434	475	1,067
Mobile Telecommunication Company of Iran	0	131,857	-	0	-	0	0	131,857
Bank Pasargad	0	19,964	-	0	-	0	0	19,964
Civil Pension Fund Investment	0	3,039	-	0	-	0	0	3,039
Kerman Cement	0	15,584	-	0	-	0	0	15,584
Khouzestan Steel	0	6,665	-	0	-	0	0	6,665
Mobarakeh Steel	0	28,264	-	0	-	0	0	28,264
Pardis Petrochemical	0	42,089	-	0	-	0	0	42,089
Other Companies	450,090	10,875	-	0	-	0	0	0
	1,485,133	266,680				1,035,043	965,002	342,044
Shares of Companies Listed in the OTC Market:								
Other Companies	0	0				0	0	0
	0	0				0	0	0
	1,485,133	266,680				1,035,043	965,002	342,044
Investment Impairment Provision	(129,241)	(5,266)				(70,041)	0	0
	1,355,892	261,414				965,002	965,002	342,044

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14.1.2. Long-term investment in rapidly marketable shares
The Bank has no long-term investments in rapidly marketable shares.

14.2. Investing in other shares is as follows:

14.2.1. Current investment in other shares
The Bank has no current investment in other shares.

14.2.2. Long-term investment in other shares

	Group						Parent Company					
	19.03.2020			20.03.2019			19.03.2020			20.03.2019		
	Note	Cost	Carrying Amount	Net	Cost	Carrying Amount	Shares	Investment	Cost	Net Carrying Amount	Cost	Net Carrying Amount
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Number	%	Million IRR	Million IRR	Million IRR	Million IRR
Tehran Stock Exchange		1,500	1,500	1,500	1,500	1,500	19,999,995	1	1,500	1,500	1,500	1,500
Karafarin Insurance		598,990	598,990	473,338	473,338	Establishment	349,955,866	20	162,165	162,165	162,165	162,165
Iran Investment		15,750	15,750	15,750	15,750	Purchase	15,750,000	0.32	15,750	15,750	15,750	15,750
Shaprak Card E-Payment Network		700	700	700	700	Purchase	1,700,000	0.10	700	700	700	700
Iran Fara Bourse (OTC Market)		718	718	1,500	1,500	Purchase	4,295,060	0.3	307	307	1,000	1,000
Iran Credit Rating		450	450	450	450	Purchase	315,000	21.00	450	450	450	450
Supporting Trade & Finance between Iran & Europe (STFI)		2,200	2,200	0	0	Establishment	220,000	11.00	2,200	2,200	0	0
Abnegostar Karafarin		0	0	0	0	Establishment	4,899,999	49	4,900	4,900	4,900	4,900
Karafarin Bank Investment		0	0	0	0	Establishment	981,690,000	67.15	981,690	981,690	981,690	981,690
Karafarin Exchange		0	0	0	0	Establishment	39,992,000	99.98	39,992	39,992	39,992	39,992
Karafarin Bank Brokerage		0	0	0	0	Establishment	149,999,988	100	148,000	148,000	148,000	148,000
Karafarin Leasing		0	0	0	0	Establishment	399,995,984	100	399,996	399,996	400,000	400,000
Asr Amin Karafarin	14-2-2-1	0	0	0	0	Purchase	4,498,200	100	16,765	16,765	0	0
Mofid Economic Group		198,286	198,286	192,642	192,642		0	0	0	0	0	0
Brokers Association Computer (Sagal IT Pioneers)		1,000	1,000	3,216	3,216		0	0	0	0	0	0
Total Long-term Investment in Other Shares		819,595	819,595	689,096	689,096				1,774,415	1,774,415	1,756,147	1,756,147

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14.2.2.1. Based on the decision of the Board of Directors of Karafarin Leasing Company, during the reporting fiscal period, shares belonging to Karafarin Asr Amin Company were sold in the amount of IRR16,765 million (the sales value was based on official expert report specialised in accounting, auditing and shares valuation), to Karafarin Bank, the sum of which was deposited in the account of the said company via Karafarin Bank.

14.2.2.2. Details of subsidiary and associated companies are as follows;

	Location	Investment (%)		Main Activities
		Group	Parent Company	
Associated Companies:				
Karafarin Insurance	Tehran	20.02	20	Issuance of Various Insurance Policies
Subsidiary Companies:				
Karafarin Bank Investment	Tehran	67.15	67.15	Investment in Shares of Companies & Institutions
Karafarin Leasing	Tehran	100	100	Cash & Instalment Sales & Hire Purchase
Karafarin Bank Brokerage	Tehran	100	100	Trading Shares
Karafarin Exchange	Tehran	100	99.98	Trading Foreign Currencies, Payment Orders, Gold & Silvers
Abnigostar Karafarin	Tehran	83.24	49	Construction Projects, Repair & Renovation
Omid Karafarin Commercial Development	Tehran	50.36	0	Authorised Trading Activities
Amin Etemad Karafarin	Tehran	67.15	0	Collection of the Bank's & Subsidiaries' Debts
Asr Amin Karafarin	Tehran	100	100	Insurance Services
Kourosh Petrochemical Industries Development	Tehran	62.29	0	Supply & Distribution of Chemicals & Petroleum Products
Methanol Setareh Shargh	Chabahar	67.13	0	Investment & Partnership in Launching Industrial Projects

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14.3. Investing in other securities is as follows:

Issuer	Source	Bond	Interest Rate	Group		Parent Company	
				19.03.2020	20.03.2019	19.03.2020	20.03.2019
			%	Million IRR	Million IRR	Million IRR	Million IRR
Government & Governmental Companies:							
Islamic Treasury Notes	Purchase	Islamic Treasury	-	352,825	1,512,826	352,825	1,512,826
Government Bonds	Purchase	Bonds	18	11,000,000	0	11,000,000	0
Government <i>Morabeheh</i> Bonds	Purchase	<i>Morabeheh</i>	18	5,000,000	0	5,000,000	0
Governmental Bonds	Purchase	Bonds	15	308,403	725,272	308,403	725,272
Other Companies & Investment Funds:							
Karafarin Brokerage Common Investment Fund	Purchase	Preferred Shares	20	640,178	236,670	28,500	28,500
Arman Karafarin Investment Fund	Purchase	Preferred Shares	20	384,106	733,432	18,500	18,500
Amin Mellat Investment Fund	Purchase	Common Shares	20	0	287,633	0	0
Karafarin Index Common Investment Fund	Purchase	Preferred Shares	20	14,851	11,354	9,000	9,000
Karafarin Index Common Investment Fund	Purchase	Common Shares	20	15,999	15,999	15,999	15,999
Boursiran Common Investment Fund	Purchase			4,981	0	0	0
				17,721,344	3,523,187	16,733,228	2,310,098
Less: Interest on Future Years' Bonds				(1,472,791)	0	(1,472,791)	0
Total Investments in Other Securities				16,248,553	3,523,187	15,260,437	2,310,098

14.4. The mentioned amount which mainly includes IRR255,568 million is related to Velenjak Project (which is an ongoing construction project) and IRR80,684 million relates to the building (located in Tabriz City) which has two office suites and one commercial suite. These construction projects are ready for sale and are owned by Karafarin Bank Investment Company.

14.5. The sum of IRR65,001 million which is related to the Omid Karafarin Commercial Development Company (a subsidiary) was invested in partnership with Abhar Ris and Fard Behrang Companies.

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15. Claims from Subsidiary and Associated Companies

	Group				Parent Company			
	19.03.2020		20.03.2019		19.03.2020		20.03.2019	
	Claim Balance	Provision for Doubtful Loans	Net	Net	Claim Balance	Provision for Doubtful Loans	Net	Net
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Claims from Subsidiary Companies	0	0	0	0	914,735	0	914,735	993,780
Claims from Associated Companies	2,215	0	2,215	1,716	2,215	0	2,215	1,716
Total Claims from Subsidiary & Associated Companies	2,215	0	2,215	1,716	916,950	0	916,950	995,496

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15.1. Claim balance of subsidiary and associated companies in the Parent Company based on types of transaction is as follows:

Subsidiary/ Associated Company	19.03.2020									
	Sales of Assets & Investments	Purchase of Assets & Investments	Services Purchase	Services Sales	On-account Received	On-account Paid	Gharz-al Hassaneh In-between	Dividend Receivable	Dividend Payable	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Karafarin Insurance	0	0	0	0	(587)	2,802	0	0	0	2,215
Karafarin Bank Investment	0	0	0	0	(21,580)	27,279	0	0	0	5,699
Karafarin Leasing	0	0	0	0	0	600,000	0	79,999	0	679,999
Karafarin Bank Brokerage	0	0	0	0	(8)	117,265	0	50,000	0	167,256
Karafarin Foreign Exchange	0	0	0	0	(10,820)	4,091	0	34,993	0	28,264
Abnigostar Karafarin Construction	0	0	0	0	(16,607)	43,442	0	0	0	26,835
Omid Karafarin Commercial Development	0	0	0	0	0	0	0	0	0	0
Amin Etemad Karafarin	0	0	0	0	0	6,682	0	0	0	6,682
Asr Amin Karafarin	0	0	0	0	0	0	0	0	0	0
	0	0	0	0	(49,603)	801,561	0	164,992	0	916,950
Transactions Net Profit (Loss)	0									

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15.1.1. During the reporting period, the Bank had no profit or loss resulting from transactions with subsidiary and associated companies.

15.2. Classification of claims from subsidiary and associated companies based on ratification of Money & Credit Council (subject of note 7.7.) is as follows:

	19.03.2020				
	Current	Overdue	Deferred	Doubtful	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Claims from Subsidiary Companies	914,735	0	0	0	914,735
Claims from Associated Companies	2,215	0	0	0	2,215
Net Claims from Subsidiary & Associated Companies before Deduction of Provision for Doubtful Loans	916,950	0	0	0	916,950
General Provision for Doubtful Loans	0	0	0	0	0
Special Provision for Doubtful Loans		0	0	0	0
Balance at 19.03.2020	916,950	0	0	0	916,950
Balance at 20.03.2019	995,496	0	0	0	995,496

16. Other Accounts Receivable

	Note	Group			Parent Company	
		19.03.2020	20.03.2019		19.03.2020	20.03.2019
		Net	Net	Claim Balance	Provision for Doubtful Loans	Net
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Dividend Receivable	16-1	9,074	41,926	8,280	0	8,280
Realised Profit of Investment Funds		758,601	462,830	710,706	0	710,706
Dues to Staff		18,477	11,641	18,477	0	18,477
Temporary Debtors	16-2	1,190,242	1,009,576	1,196,939	(167,418)	1,029,521
Total Other Accounts Receivable		1,976,394	1,525,973	1,934,402	(167,418)	1,766,983

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16.1. Balance of dividend receivable except for profit of associated and subsidiary companies is as follows:

	Group		Parent Company	
	19.03.2020	20.03.2019	19.03.2020	20.03.2019
	Million IRR	Million IRR	Million IRR	Million IRR
Companies Listed in TSE & OTC Market:				
Pardis Petrochemical	0	14,151	0	14,151
Parsian Oil & Gas Development	0	5,848	0	5,848
Bandar Abbas Oil Refinery	0	1,694	0	1,694
Esfahan Mobarakeh Steel	0	390	0	390
Mines & Metals Development investment	3,636	0	3,636	0
Iran Investment-Non-TSE	3,544	945	3,544	945
Kerman Cement	0	2,749	0	2,749
Civil Pension Fund Investment	600	0	600	0
Sepah Investment	500	0	500	0
Iran Telecommunications	0	131	0	131
Sahand Rubber Industries	0	10	0	10
Mobin Petrochemical	0	2,599	0	2,599
Peersian Gulf Petrochemical Industries	0	3,849	0	3,849
Fars & Khouzesatn Cement	0	2,900	0	2,900
Shiraz Petrochemical	0	1,479	0	1,479
Tamin Pharmaceutical Investment	0	5,167	0	5,167
Others	795	15	0	0
Balance of Dividend Receivable	9,074	41,926	8,280	41,911

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16.2. Balance of temporary debtors is as follows:

	Group		Parent Company	
	19.03.2020	20.03.2019	19.03.2020	20.03.2019
	Million IRR	Million IRR	Million IRR	Million IRR
Items Related to Loans:				
Litigation & Collection Expenses	169,799	112,874	169,799	112,874
Biosun Pharmod Co.	44,927	57,764	44,927	57,764
Total Items Related to Loans:	214,726	170,637	214,726	170,637
Items Unrelated to Loans:				
Foreign Currency Temporary Debtors	555,754	162,374	555,754	162,374
Foreign Currency Commission Debtors	0	42,613	0	42,613
Rey Daneh Co.	169,506	169,506	169,506	169,506
Alborz Bulk Pharmaceutical Manufacturer Co.	157,074	157,074	157,074	157,074
Exir Pharmaceutical Co.	8,256	8,256	8,256	8,256
Petro Sakht & Nasb Co.	0	9,159	0	9,159
Interest Receivable on Deposits held with Other Banks	0	22,903	0	22,903
Others	252,343	267,054	91,622	155,698
Total Items Unrelated to Loans:	1,142,934	838,939	982,213	727,583
Balance of Temporary Debtors	1,357,660	1,009,576	1,196,939	898,220
Special Provision for Doubtful Loans	(167,418)	0	(167,418)	0
	1,190,242	1,009,576	1,029,521	898,220

16.3. Classification of other accounts receivable based on instructions ratified by the Money and Credit Council (note 7.6) is as follows:

	19.03.2020				
	Current	Overdue	Deferred	Doubtful	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Dividend Receivable	8,280	0	0	0	8,280
Realised Interest on Bonds	710,706	0	0	0	710,706
Temporary Debtors	862,103	0	0	334,836	1,196,939
Claims from Staff	18,477	0	0	0	18,477
Net Other Accounts Receivable before Provision for Doubtful Loans	1,599,565	0	0	334,836	1,934,402
General Provision for Doubtful Loans	0	0	0	0	0
Special Provision for Doubtful Loans	0	0	0	(167,418)	(167,418)
Balance at 19.03.2020	1,599,565	0	0	167,418	1,766,983
Balance at 20.03.2019	1,381,298	0	0	0	1,381,298

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17. Tangible Fixed Assets

	Group									
	Land	Building	Installations	Motor Vehicle	Furniture & Fixtures	Renovation of Rented Real Estates	Assets in Process	Capital Prepayments	Capital Items held in Warehouse	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Cost:										
Balance at 21.03.2018	2,886,552	1,881,018	0	20,246	683,461	0	1,043,516	452,199	0	6,966,991
Increase during the Year	10,297	11,424	0	460	30,591	0	166,544	89,796	0	309,112
Increase (Decrease) from Revaluation	0	0	0	0	0	0	0	0	0	0
Assets Sales & Disposal	(33,930)	(20,264)	0	(369)	(4,079)	0	(173,917)	(4,067)	0	(236,627)
Transfers & Other Changes	32,070	128,244	0	0	16,758	0	(133,814)	(232,915)	0	(189,657)
Balance at 20.03.2019	2,894,988	2,000,422	0	20,337	726,731	0	902,329	305,013	0	6,849,820
Increase during the Year	13,547	20,521	0	24,058	29,344	0	122,825	1,239,958	0	1,450,254
Increase (Decrease) from Revaluation	0	0	0	0	0	0	0	0	0	0
Assets Sales & Disposal	(13,547)	(1,830)	0	(7,900)	(9,436)	0	0	0	0	(32,714)
Transfers & Other Changes	(72,250)	366,680	0	0	15,002	0	(381,548)	(15,923)	0	(88,038)
Balance at 19.03.2020	2,822,738	2,385,794	0	36,495	761,641	0	643,606	1,529,048	0	8,179,322
Accumulated Depreciation:										
Balance at 21.03.2018	0	250,490	0	8,609	449,541	0	0	0	0	708,640
Depreciation for the Year	0	106,783	0	2,389	65,810	0	0	0	0	174,983
Sold	0	(5,096)	0	(233)	(4,060)	0	0	0	0	(9,389)
Transfers & Other Changes	0	0	0	0	0	0	0	0	0	0
Balance at 20.03.2019	0	352,178	0	10,765	511,291	0	0	0	0	874,233
Depreciation for the Year	0	120,663	0	2,805	51,910	0	0	0	0	175,377
Assets Sales & Disposal	0	(626)	0	(4,448)	(9,067)	0	0	0	0	(14,140)
Transfers & Other Changes	0	0	0	0	0	0	0	0	0	0
Balance at 19.03.2020	0	472,215	0	9,121	554,133	0	0	0	0	1,035,470
Carrying Amount:										
At 21.03.2018	2,886,552	1,630,528	0	11,637	233,920	0	1,043,516	452,199	0	6,258,352
At 20.03.2019	2,894,988	1,648,244	0	9,572	215,440	0	902,329	305,013	0	5,975,586
At 19.03.2020	2,822,738	1,913,579	0	27,373	207,508	0	643,606	1,529,048	0	7,143,852

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	Parent Company										Total
	Land	Building	Installations	Motor Vehicle	Furniture & Fixtures	Renovation & of Rented Real Estates		Assets in Process	Capital Prepayments	Capital Items held in Warehouse	
						Million IRR	Million IRR				
Cost:											
Balance at 21.03.2018	3,070,984	1,864,455	0	16,349	664,420	0	1,065,521	573,015	0	7,254,744	
Increase during the Year	10,187	10,922	0	0	27,042	0	161,144	89,796	0	299,091	
Increase (Decrease) from Revaluation	0	0	0	0	0	0	0	0	0	0	0
Assets Sales & Disposal	(33,930)	(13,782)	0	0	(3,745)	0	(173,917)	0	0	(225,374)	
Transfers & Other Changes	32,070	128,244	0	0	16,758	0	(120,217)	(232,915)	0	(176,060)	
Balance at 20.03.2019	3,079,311	1,989,840	0	16,349	704,474	0	932,531	429,896	0	7,152,401	
Increase during the Year	0	18,691	0	24,058	22,884	0	102,613	1,211,809	0	1,380,056	
Increase (Decrease) from Revaluation	0	0	0	0	0	0	0	0	0	0	0
Assets Sales & Disposal	0	0	0	(5,850)	(8,771)	0	0	0	0	(14,621)	
Transfers & Other Changes	(72,250)	366,680	0	0	15,002	0	(367,139)	(15,923)	0	(73,629)	
Balance at 19.03.2020	3,007,061	2,375,211	0	34,557	733,590	0	668,005	1,625,782	0	8,444,207	
Accumulated Depreciation:											
Balance at 21.03.2018	0	366,426	0	7,439	434,086	0				807,951	
Depreciation for the Year	0	121,094	0	2,023	64,226	0				187,344	
Assets Sales & Disposal	0	(5,096)	0	0	(3,726)	0				(8,822)	
Transfers & Other Changes	0	0	0	0	0	0				0	
Balance at 20.03.2019	0	482,425	0	9,462	494,586	0	0	0	0	986,472	
Depreciation for the Year	0	135,052	0	2,508	49,280	0				186,841	
Assets Sales & Disposal	0	0	0	(3,755)	(8,706)	0				(12,461)	
Transfers & Other Changes	0	0	0	0	0	0				0	
Balance at 19.03.2020	0	617,477	0	8,215	535,161	0	0	0	0	1,160,852	
Carrying Amount:											
At 21.03.2018	3,070,984	1,498,029	0	8,911	230,334	0	1,065,521	573,015	0	6,446,794	
At 20.03.2019	3,079,311	1,507,415	0	6,888	209,888	0	932,531	429,896	0	6,165,929	
At 19.03.2020	3,007,061	1,757,734	0	26,342	198,429	0	668,005	1,625,782	0	7,283,354	

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17.1. Banks' land and buildings were not valued during the reporting period.

17.2. Carrying amount of revaluated lands at cost is as follows:

Items Description	19.03.2020		20.03.2019	
	Based on Cost	Based on Revaluation	Based on Cost	Based on Revaluation
	Million IRR	Million IRR	Million IRR	Million IRR
Land	699,991	1,186,385	699,991	1,186,385
	699,991	1,186,385	699,991	1,186,385

17.3. Tangible fixed assets together with capital prepayment, assets in process, inventory of properties and fixtures have been insured against possible hazards such as fire, flood, earthquake, explosion, etc. for up to IRR4,384,649 million. It is noteworthy that motor vehicles have casualty and collision insurance.

17.4. The excess motor vehicles in the current year is related to purchasing one Santafe, one Persia and five Mazda 3s.

17.5. The excess capital prepayments are mainly related to purchasing Niyavaran branch property and Kajabadi building. Building transfers relating to transfer of Kerman Nasr Blvd., Farmaniyeh and Shariati (Roomi Bridge) properties is based on the opinion of the official expert of the Judiciary. Furthermore, excess assets in process are mainly related to renovation of Motaharri Rasht and Sajjad Blvd. Mashhad branches.

17.6. The balance of transfers which mainly includes IRR72,250 million is due to transfer of the land repossessed in previous years from the heading of Land collateral (note 20 of the financial statements).

17.7. The balance of net tangible fixed and intangible assets ratio to shareholders' equity ratio is as follows:

	19.03.2020		
	Million IRR	Million IRR	Million IRR
Immovable Assets	5,382,272		
Less:			
Revaluation Surplus of Tangible Fixed Assets	(486,395)		
Accumulated Depreciation of Immovable Assets	(617,477)		
Balance of Net Immovable Assets		4,278,401	
Bank's Immovable Assets in Process of Purchase & Building		668,005	
Capital Prepayments for Properties		1,625,782	
Repossessed Collaterals above Two Years		725,614	
Movable Assets	768,147		
Less:			
Provision for Immovable Assets Depreciation	(543,375)		
Net Balance of Immovable Assets		224,772	
Intangible Assets	4,403,583		
Revaluation Surplus of Intangible Fixed Assets	(1,557,202)		
Accumulated Depreciation of Intangible Fixed Assets	(90,245)		
Net Intangible Fixed Assets		2,756,136	
Capital Items held in Warehouse (Inventory of Capital Items)		21,612	
Deposits Paid for Operational Rent of Tangible Fixed Assets		78,133	
Net Fixed Assets			10,378,455
Shareholders' Equity after Retained Earnings & Unrealised Interest			12,634,670
Net Fixed Assets Ratio to Shareholders' Equity after Retained Earnings & Unrealised Interest			82%

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17.8. CBI increased the mentioned ratio to 75% based on circular 94/62147 dated 1394/03/11 (01.06.2015) and it was decided that the banks should sell at least 33% of their surplus fixed assets every year, until they reach the limit of the mentioned ratio.

18. Intangible Assets

	Group						Parent Company					
	Goodwill		Software Development		Technical Know-How PDH Project		Utilities		Total		Goodwill	
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Cost:												
Balance at 21.03.2018	4,133,028	72,939	0	65,423	25,843	4,297,234	4,117,489	69,213	0	25,181	4,211,882	
Increase during the Year	0	3,868	0	0	2,342	6,210	0	3,768	0	2,054	5,821	
Domestic Expansion	0	0	0	0	0	0	0	0	0	0	0	
Increase (Decrease) from Revaluation	0	0	0	0	0	0	0	0	0	0	0	
Assets Sales & Disposal	(37,614)	0	0	0	(2,391)	(40,005)	(37,614)	0	0	(2,366)	(39,980)	
Transfers & Other Changes	162,401	13,303	0	0	0	175,703	162,401	13,303	0	0	175,703	
Balance at 20.03.2019	4,257,814	90,110	0	65,423	25,795	4,439,142	4,242,275	86,283	0	24,869	4,353,427	
Balance at 21.03.2019	4,257,814	90,110	0	65,423	25,795	4,439,142	4,242,275	86,283	0	24,869	4,353,427	
Increase during the Year	0	50,663	0	0	1,425	52,087	0	49,910	0	265	50,175	
Domestic Expansion	0	0	0	0	0	0	0	0	0	0	0	
Increase (Decrease) from Revaluation	0	0	0	0	0	0	0	0	0	0	0	
Assets Sales & Disposal	0	0	0	0	(151)	(151)	0	0	0	(19)	(19)	
Transfers & Other Changes	0	0	0	0	0	0	0	0	0	0	0	
Balance at 19.03.2020	4,257,814	140,772	0	65,423	27,068	4,491,078	4,242,275	136,193	0	25,115	4,403,583	
Accumulated Amortisation												
Balance at 21.03.2018	0	65,710	0	0	0	65,710	0	62,277	0	0	62,277	
Amortisation for the Year	0	7,755	0	0	0	7,755	0	7,552	0	0	7,552	
Impairment Loss	0	0	0	0	0	0	0	0	0	0	0	
Sold	0	0	0	0	0	0	0	0	0	0	0	
Transfers & Other Changes	0	0	0	0	0	0	0	0	0	0	0	
Balance at 20.03.2019	0	73,466	0	0	0	73,466	0	69,829	0	0	69,829	
Balance at 21.03.2019	0	73,466	0	0	0	73,466	0	69,829	0	0	69,829	
Amortisation for the Year	0	20,777	0	0	0	20,777	0	20,416	0	0	20,416	
Impairment Loss	0	0	0	0	0	0	0	0	0	0	0	
Assets Sales & Disposal	0	0	0	0	0	0	0	0	0	0	0	
Transfers & Other Changes	0	0	0	0	0	0	0	0	0	0	0	
Balance at 19.03.2020	0	94,243	0	0	0	94,243	0	90,245	0	0	90,245	
Carrying Amount:												
At 21.03.2018	4,133,028	7,229	0	65,423	25,843	4,231,524	4,117,489	6,936	0	25,181	4,149,605	
At 20.03.2019	4,257,814	16,644	0	65,423	25,795	4,365,676	4,242,275	16,454	0	24,869	4,283,598	
At 19.03.2020	4,257,814	46,529	0	65,423	27,068	4,396,835	4,242,275	45,949	0	25,115	4,313,338	

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18.1. The Bank's intangible assets were not revaluated during the reporting period.

18.2. Carrying amount of revaluated goodwill at cost is as follows:

Item Description	19.03.2020		20.03.2019	
	Based on Cost	Based on Revaluation	Based on Cost	Based on Revaluation
	Million IRR	Million IRR	Million IRR	Million IRR
Goodwill	1,263,420	2,820,623	1,263,420	2,820,623
	1,263,420	2,820,623	1,263,420	2,820,623

19. Legal Deposit

Legal deposit is fully related to the Parent Company and is as follows:

	Parent Company	
	19.03.2020	20.03.2019
	Million IRR	Million IRR
Legal Deposit held at Mainland Branches (IRR)	21,933,920	16,520,986
Legal Deposit- Deposits held at Mainland Branches (Foreign Currency)	0	0
Legal Deposit- Deposits held at Free Trade Zones Branches (IRR)	120,927	218,106
Legal Deposit- Deposits held at Free Trade Zones Branches (Foreign Currency)	0	0
Legal Deposit- Held at Central Banks of Other Countries (Foreign Currency)	0	0
Total Legal Deposits	22,054,847	16,739,092

19.1. Legal deposit held at the Central Bank of Iran is calculated and approved by the CBI based on executing Clause 3 of Article 14 of Monetary and Banking Act and rates ratified by Money and Credit Council.

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20. Other Assets

	Note	Group		Parent Company	
		19.03.2020	20.03.2019	19.03.2020	20.03.2019
		Million IRR	Million IRR	Million IRR	Million IRR
Net Customers' Liability for Term L/Cs	20-1	21,659	258,252	21,659	258,252
Inactive Real Estates	20-2	0	0	0	0
Repossessed Collaterals	20-3	3,286,406	3,334,067	3,256,406	3,304,067
Deposits for Rented Buildings		78,299	151,469	78,133	151,344
Inventory of Furniture Movable Assets		21,612	26,642	21,612	26,642
Prepayments		304,059	193,256	40,007	45,935
Consumables Inventory		665	665	665	665
Press Inventory		3,652	3,652	3,652	3,652
Token Balance		617	1,070	617	1,070
Items in Transition	20-4	0	0	0	0
Assets Ready for Sales	20-5	59,826	0	0	0
Gold Coins		3,345	3,320	3,345	3,320
Stamp Duty		1,718	2,606	1,718	2,606
Cheque Printing Right		1,043	2,012	1,043	2,012
Others		5,127	29,303	0	0
Total Other Assets		3,788,028	4,006,316	3,428,859	3,799,567

20.1. Net customers' debt for term L/Cs is fully related to the Parent Company and is as follows:

	Parent Company	
	19.03.2020	20.03.2019
	Million IRR	Million IRR
Customers' Debt for Term L/Cs (IRR)	21,989	3,721
Customers' Debt for Term L/Cs (IRR)	0	354,405
Total Customers' Debt for Term L/Cs	21,989	358,125
Less:		
Advances Received for Term L/Cs (IRR)	0	0
Advances Received for Term L/Cs (Foreign Currency)	0	(95,940)
General Provision for Doubtful Loans	(330)	(3,933)
Net Customers' Debt for Term L/Cs	21,659	258,252

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20.1.1. Turnover of the general provision for doubtful loans is as follows:

	Note	Parent Company	
		2019-20	2018-19
		Million IRR	Million IRR
Balance at the Beginning of the Year		3,933	44,939
Settled		0	0
Bad Debt		0	0
Provision for the Current Year	50	(3,603)	(41,006)
Balance at the End of the Year		330	3,933

20.2. The Bank has no unused real estates.

20.3. Repossessed collaterals

Composition of the Parent Company's repossessed collaterals is as follows:

Type	20.03.2019	Repossessed during the Year	Sold during the Year	19.03.2020
	Million IRR	Million IRR	Million IRR	Million IRR
Movable Collaterals:				
Equipment	930	0	0	930
Total Repossessed Movable Collaterals	930	0	0	930
Immovable Collaterals:				
Residential	2,065,863	99,803	(269,414)	1,896,252
Commercial/Office	381,635	58,753	(4,860)	435,528
Factory	0	0	0	0
Land	567,259	73,935	0	641,194
Garden	845	0	0	845
Residential/Commercial	97,928	18	(5,988)	91,957
Residential/Commercial/Office	189,608	91	0	189,699
Total Repossessed Immovable Collaterals	3,303,137	232,600	(280,262)	3,255,476
Total Repossessed Collaterals	3,304,067	232,600	(280,262)	3,256,406
Accumulated Impairment	0			0
Net Repossessed Collaterals	3,304,067			3,256,406
Profit (Loss) from Sales	53,953			228,638

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20.3.1. Breakdown of repossessed immovable collaterals in terms of age, is stated below:

	Parent Company	
	19.03.2020	20.03.2019
	Million IRR	Million IRR
Less than 1 Year from Repossession Date	1,782,223	1,514,703
1 Year to 2 Years from Repossession Date	748,569	350,461
Over 2 Years from Repossession Date	725,614	1,438,903
Total Repossessed Immovable Collaterals	3,256,406	3,304,067

20.3.2. Profit (loss) generated from selling repossessed collaterals has been reflected in Profit and Loss Statement and disclosed in note 45.

20.3.3. Measures in order to prepare the repossessed properties for sale have been carried out and a portion of these properties were sold by the date of preparation of this note. In addition, plans and measures for obtaining reports of official judicial experts and the pricing of the mentioned properties have been carried out. However, some of these properties have occupants and measures are being taken to evict them. It is noteworthy that the sum of IRR1,567,684 million of repossessed collaterals in less than one year from repossession date are related to collaterals which are in the process of repossession.

20.3.4. Properties repossessed and sold during the year have been reflected in accounts based on the official judiciary experts' opinion and sales contracts.

20.4. The Bank has no items in transition on 19.03.2020. In case the Bank claims items in transition, it is stated in the heading of Other Liabilities.

20.5. Non-current assets of Karafarin Omid Tejarat Company which include repossessed land and building and installations of Javan Food Industries Factory in the city of Boushehr and land and building Amin Group Company in the Tajrish area of Tehran, which had been repossessed against their debts have been up for sale prices valued via an expert. The Company has decided to sell these assets within the next 12 months.

20.6. Goodwill

	Group	
	2019-20	2018-19
	Million IRR	Million IRR
Cost at the Beginning of the Year	213,726	209,844
Good Acquired (Decreased) during the Year	(1,800)	3,882
Cost at the End of the Year	211,926	213,726
Accumulated Amortisation at the Beginning of the Year	(38,630)	(27,943)
Amortisation for the Year	(10,596)	(10,686)
Accumulated Amortisation at the End of the Year	(49,226)	(38,630)
Carrying Amount	162,700	175,096

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20.6.1. Consolidated goodwill is related to the shares of Kourosh Petrochemical and Methanol Setare Shargh Companies acquired by Karafarin Bank Investment Company (a subsidiary of the Bank).

21. Dues to Banks and Other Credit Institutions

Dues to banks and other credit institutions which are related to the Parent Company are as follows:

	Note	Group & Parent Company	
		19.03.2020	20.03.2019
		Million IRR	Million IRR
CBI:			
Deposit-IRR		0	0
Sight Deposits-Foreign Currency		1,042,976	547,608
Term Deposits-Foreign Currency		82,759	425,000
Dues on Overdraft from Current Account		0	0
Dues on Due for Difference in Foreign Currency Rate		0	0
Dues on Purchasing Foreign Currency		543,291	175,062
Dues on Legal Deposit		624,464	0
Dues on Foreign Currency Reserve Account		0	0
Received Loans -IRR	21-1	0	0
Received Loans - Foreign Currency	21-2	67,767	152,716
Loans Received from CBI-Loans for Pharmaceutical Products	21-6	0	0
Total Dues to CBI		2,361,257	1,300,386
Domestic Banks & Credit Institutions:			
Sight Deposits-IRR		0	0
Sight Deposits-Foreign Currency		2,294,208	450,552
Cheques Issued by the Bank Paid by Other Banks		1,074,166	510,402
Received Loans -IRR	21-3	0	0
Received Loans - Foreign Currency	21-4	0	0
Others		184,766	101,113
Total Dues to Banks & Credit Institutions		3,553,140	1,062,066
Overseas Banks:			
Sight Deposits-IRR		0	0
Sight Deposits-Foreign Currency		874	715
Received Loans-Foreign Currency	21-5	0	0
Total Dues to Overseas Banks		874	715
Total Dues to Banks & Other Credit Institutions		5,915,270	2,363,167

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21.1. The Bank has not received any IRR loans from the CBI.

21.2. Loans received from CBI (from Foreign Currency Reserve Account) include 3 loans obtained by Padana Polymer and Aseman Air Services Companies.

21.3. The Bank has not received any IRR loans from domestic banks and credit institutions.

21.4. The Bank has received no foreign currency loans from domestic banks and credit institutions.

21.5. The Bank has received no foreign currency loans from overseas banks.

21.6. Turnover of account for loans received from CBI is as follows:

	Foreign Currency	Amount- Foreign Currency	Million IRR
Loans Received from CBI-Loans for Pharmaceuticals		(102,955,933)	(128,736)
Loans Paid for Pharmaceutical Products in Form of Equity Participation:			
KBC Co.	INR	93,991,933	117,528
Behin Pad Pharmaceutical Co.	INR	8,964,000	11,209
Total		102,955,933	128,736
		0	0

22. Customers' Deposits

	Note	Group		Parent Company	
		19.03.2020	20.03.2019	19.03.2020	20.03.2019
		Million IRR	Million IRR	Million IRR	Million IRR
Individuals:					
Sight Deposits & Similar Items	22-1	2,477,483	1,548,576	2,477,483	1,548,576
Saving Deposits & Similar Items	22-2	492,386	290,179	492,386	290,179
Other Deposits & Advances Received	22-3	83,279	71,752	83,279	71,752
Total Individuals' Deposits		3,053,148	1,910,506	3,053,148	1,910,506
Legal Entities:					
Sight Deposits & Similar Items	22-1	9,629,472	5,824,130	9,630,838	6,218,946
Saving Deposits & Similar Items	22-2	1,911,718	1,322,868	1,911,718	1,322,868
Other Deposits & Advances Received	22-3	4,156,622	6,411,260	4,156,622	6,411,260
Total Legal Entities' Deposits		15,697,812	13,558,259	15,699,178	13,953,074
Total Customers' Deposits		18,750,960	15,468,765	18,752,326	15,863,580

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22.1. Sight deposits and similar items of individuals and legal entities

	Group		Parent Company	
	19.03.2020	20.03.2019	19.03.2020	20.03.2019
	Million IRR	Million IRR	Million IRR	Million IRR
Current <i>Gharz-al Hassaneh</i> Deposits-IRR	11,923,372	7,131,431	11,924,737	7,526,247
Current <i>Gharz-al Hassaneh</i> Deposits-Foreign Currency	183,584	241,274	183,584	241,274
Various Banking Cheques Sold	0	0	0	0
Customers' Current Account held with Overseas Branch	0	0	0	0
Payment Orders by the Bank-IRR	0	0	0	0
Payment Orders by the Bank-Foreign Currency	0	0	0	0
Unconsumed Managed Funds-IRR	0	0	0	0
Unconsumed Managed Funds- Foreign Currency	0	0	0	0
Temporary Debtors-IRR	0	0	0	0
Temporary Debtors- Foreign Currency	0	0	0	0
Unclaimed Balance-IRR	0	0	0	0
Unclaimed Balance- Foreign Currency	0	0	0	0
Less:	0	0	0	0
Payment Account of the Bank's Sold Cheques (Unsettled)	0	0	0	0
Total Sight Deposits & Similar Items	12,106,955	7,372,706	12,108,321	7,767,521

22.2. Saving deposits and similar items of individuals and legal entities

	Group & Parent Company	
	19.03.2020	20.03.2019
	Million IRR	Million IRR
Saving <i>Gharz-al Hassaneh</i> Deposits-IRR	82,993	72,743
Saving <i>Gharz-al Hassaneh</i> Deposits-Foreign Currency	2,321,110	1,540,304
Saving Deposits-Overseas Branches	0	0
<i>Gharz-al Hassaneh</i> Deposits for Youths	0	0
Unconsumed Special <i>Gharz-al Hassaneh</i> Deposits	0	0
Staff Saving Account	0	0
Staff Pension Fund	0	0
Housing Saving Deposits	0	0
Total Saving Deposits & Similar Items	2,404,104	1,613,047

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22.3. Other deposits and advances received

	Group & Parent Company	
	19.03.2020	20.03.2019
	Million IRR	Million IRR
Cash Deposits of L/Gs-IRR	2,954,070	2,498,133
Cash Deposits of L/Gs-Foreign Currency	345,779	310,596
Advances Received for L/Cs-IRR	23,961	148,680
Advances Received for L/Cs- Foreign Currency	823,532	3,446,787
Others (Including 6,505 Items)	92,558	78,815
Total Other Deposits & Advances Received	4,239,901	6,483,012

23. Dividend Payable

Turnover of the Parent Company's dividend payable is as follows:

	Parent Company					
	DPS	Approved Dividend	Balance at 20.03.2019	Dividend Paid during the 2019-20 Period	Capital from Claims	Balance at 19.03.2020
	IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Balance of Dividend Payable from Previous Years			12,533	(414)		12,119
Year Ended 20.03.2018	30	255,000	488	(37)	0	452
Year Ended 20.03.2019	14.56	123,739	0	(120,711)	0	3,028
Total			13,022	(121,162)	0	15,599

The Group's dividend payable account is as follows:

	19.03.2020	20.03.2019
	Million IRR	Million IRR
Parent Company:		
Balance of Dividend Payable from Previous Years	12,119	12,533
Year Ended 20.03.2018	452	488
Year Ended 20.03.2019		
Total Dividend Payable of the Parent Company	3,028	0
Group:	15,599	13,022
Subsidiary Companies Owned by Minority	10	0
Total Group's Dividend Payable	15,609	13,022

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24. Debt Securities

Group & Parent Company							
	Date of Issue	Maturity Date	On-Account /Final Interest Rate %	Nominal Amount	Discount of Bonds	Balance at the End of the Year	
						19.03.2020	20.03.2019
				Million IRR	Million IRR	Million IRR	Million IRR
Bonds	-	-	0	0	0	0	0
<i>Sukuk</i> Bonds	-	-	0	0	0	0	0
Total				0	0	0	0

25. Provision for Doubtful Loans

	Group		Parent Company	
	2019-20	2018-19	2019-20	2018-19
	Million IRR	Million IRR	Million IRR	Million IRR
Balance at the Beginning of the Year	47,668	72,967	0	0
Corporation Tax Provision for the Year	292,512	50,050	161,610	0
Correction of Corporation Tax of Previous Years	3,718	37,528	0	41,481
Paid during the Year	(49,210)	(109,159)	0	(41,481)
Corporation Tax Provision	294,688	51,385	161,610	0
Tax Prepayments	0	0	0	0
Balance at the End of the Year	294,688	51,385	161,610	0

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25.1. The Bank's corporation tax for the years prior to 2015-16 has been finalised and settled. Summary of taxes payable for 2015-16 to March 2020 is as follows:

(Amounts in million IRR)									
Fiscal Year	19.03.2020				20.03.2019		Recognition Method & Assessment Stage		
	Declared Profit (Loss)	Taxable Income	Tax		Provision Balance	Provision Balance			
			Declared	Recognised			Final	Paid	
2015-16	3,196,510	2,643,235	528,647	1,089,012		594,727	0	0	Notes of Tax Assessment Issued & Appeal
2016-17	1,819,020	483,269	96,654	750,497		96,654	0	0	Notes of Tax Assessment Issued & Appeal
2017-18	630,365	0	0	1,248,745			0	0	Notes of Tax Assessment Issued & Appeal
2018-19	1,237,392	0	0	945,250			0	0	Notes of Tax Assessment Issued & Appeal
2019-20	3,085,761	718,265	161,610				161,610	0 -	
Tax Provision before Prepayment							161,610	0	
Tax Prepayments							0	0	
Tax Provision Balance							161,610	0	

(Amounts in million IRR)

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25.1.1. Performance for the years 2015-16 to 2016-17 has been recorded and provisions have been made in the accounts based on tax exemptions. The Bank has no taxable income for the 2017-18 and 2018-19 periods. Therefore, no provision has been reflected in accounts. Tax assessment notices have been issued for the mentioned years against which, the Bank has filed appeals. Furthermore, due to tax exemptions, the Bank has no taxable income for the 2019-20 period and necessary provisions have been reflected in accounts.

25.1.2. The Bank has filed lawsuits at the Administrative Court of Justice for the years 2003-04, 2009-10, 2010-11, and 2012-13 until 2014-15.

* Tax paid refers to amounts paid to the Ministry of Economic and Financial Affairs.

26. Provisions and Other Liabilities

	Note	Group		Parent Company	
		19.03.2020	20.03.2019	19.03.2020	20.03.2019
		Million IRR	Million IRR	Million IRR	Million IRR
Loans Received from National Development Fund	26-1	538,485	367,071	538,485	367,071
Dues to the Government		0	0	0	0
Bank's Debt for Term L/Cs-IRR		27,897	5,315	27,897	5,315
Bank's Debt for Term L/Cs-Foreign Currency		39,993	781,628	39,993	781,628
Interest & Commission Payable		0	0	0	0
Premium Payable		125,041	97,698	114,528	86,308
Withholding Tax Payable		0	0	0	0
Notes Payable		0	0	0	0
Provision to Buyback Leaves		0	0	0	0
Provision for Expenses Payable	26-2	314,797	336,618	284,627	306,987
Provision for Deposits Guarantee Fund	26-3	143,295	114,064	143,295	114,064
Items in Transition		0	0	0	0
Customers' Foreign Currency Payment Orders	26-4	2,418,318	2,829,398	2,418,318	2,829,398
Foreign Currency L/Cs & Bills	26-5	771,102	241,491	771,102	241,491
Shetab Unsettled Items (Settled on 24.03.2019)		0	557,712	0	557,712
Creditors of Gift Card		470,254	409,344	470,254	409,344
Cheques in Process of Collection		436,531	311,578	436,531	311,578
Creditors of Voucher Card		136,447	53,842	136,447	53,842
Deposit for Contractors' Good Performance		73,152	62,754	61,745	48,201
Advances Received for Selling Real Estates		41,101	43,775	41,101	43,775
Domestic Creditors of Prepayment Card		20,582	18,880	20,582	18,880
Accounts & Notes Payable of the Group's Companies from Companies & Parties		402,046	176,172	0	0
Other Liabilities		66,753	917,245	66,753	917,245
Total Provision & Other Liabilities		6,025,795	7,324,585	5,571,659	7,092,840

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26.1. Loans received from National Development Fund on the date of the Financial Position Statement is as follows:

Amount Received (Million IRR)	Foreign Currency	Date Received	Instalments Starting Date	Maturity Date	Instalments	Interest Rate	Loans Balance (Principal Amount & Interest)
					Number	%	Million IRR
Foreign Currency Loans:							
0	USD	-	-	-	-	-	0
0	EUR	-	-	-	-	-	0
Total Foreign Currency Loans							0
IRR Loans:							
0	IRR	07.06.2015	08.09.2018	07.06.2023	20	16	303,212
482,054	IRR	19.06.2015	20.03.2019	19.06.2023	18	19	235,273
Total IRR Loans							538,485
Total Loans Received from National Development Fund							538,485

* Interest on partnership period of loans paid from agency of National Development Fund

26.2. Measures taken in reference with Article 17 of the Eliminating the Obstacles of Production & Improving Iran's Financial System Act are stated below:

The tax assessment notice for the 2016-17 tax year claimed IRR272,288 million, of which IRR64,971 million is related to the Bank's surplus properties and the remaining amount of IRR207,317 million is related to shares and investment. IRR179,317 million is related to the final tax notice, of which IRR54,186 million was paid in 2019-20 and the remainder amounting to IRR125,131 million was recorded under the mentioned heading in the accounts. It is noteworthy that the ruling of the Administrative Tribunal for the mentioned tax is currently being reviewed by Committee 257 which is of equal rank.

The assessment notice for the 2017-18 tax year has claimed IRR529,985 million. Of this amount which is related to the Eliminating the Obstacles of Production Act, IRR75,323 million is related to the Bank's properties and the amount of IRR454,662 million is due to profits from trading and increasing investment returns. The Bank has filed an appeal against all these claims and the case is currently being revised by the Board of First Instance.

The tax assessment notice for the 2018-19 tax year has claimed IRR5,042,504 million which is related to the Eliminating Obstacles of Production Act. This case is currently being reviewed by the Board of First Instance.

Based on the minute of the Tax High Council dated 24.02.2020 and following letter numbered 43-201 dated 03.03.2020 in reference with tax obligations as stated in Articles 16 and 17 of the Eliminating the Obstacles of Competitive Production and Enhancement of Iran's Financial System Act, which refers to the means of identifying taxes on shares value, it was decided that only profit from selling or revelation of shares to be taxable. Therefore, tax notices in this regard, shall be adjusted.

26.3. According to the ratification of the Cabinet dated 1396/02/30 (20.05.2017) which refers to the guideline of methods and scale of membership of the Deposits Guarantee Fund numbered H48367T/100998 dated 1392/05/02 (24.07.2013), the initial membership and annual membership fees for 2013-14 until 2018-19 have been paid and for the 2019-20 period a provision have been recorded in the accounts, based on the Fund's new amendment.

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26.4. Customers' foreign currency payment orders in the amount of IRR1,521,180 million have been settled up to the date of preparation of the financial statements.

26.5. The main portion of customers' foreign currency L/Cs and bills amounting to IRR689,112 million was settled by the date of preparation of the financial statements.

27. Provision for Employees' Work Termination Benefits and Retirement Commitments

	Note	Group						Parent Company					
		2019-20		2018-19		2019-20		2018-19		2019-20		2018-19	
		Provision for Work Termination Benefits	Million IRR	Provision for Work Termination Benefits	Million IRR	Provision for Work Termination Benefits	Million IRR	Provision for Work Termination Benefits	Million IRR	Provision for Employees' Retirement Commitments	Million IRR	Provision for Employees' Retirement Commitments	Million IRR
Balance at the Beginning of the Year			630,438		513,527		622,273		505,241		0		0
Paid during the Year		(42,734)		(30,668)		(41,200)		(23,688)		0		(23,688)	
Provision during the Year	27-1	211,973		147,579		204,960		140,720		0		140,720	
Balance at the End of the Year		799,677		630,438		786,033		622,273		0		622,273	

Karafarin Bank (Public Joint Stock)
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27.1. Provision for buying back employees' service is calculated based on latest monthly salary for every year of service.

28. Investment Depositors' Interest

	Note	Group		Parent Company	
		19.03.2020	20.03.2019	19.03.2020	20.03.2019
		Million IRR	Million IRR	Million IRR	Million IRR
Term Investment Deposits					
Long-term Investment Deposits	28-1	97,903,050	79,168,904	97,918,100	79,183,954
Short-term Investment Deposits	28-1	74,214,611	57,510,256	74,311,692	57,739,829
Special Short-term Investment Deposits	28-1	5,577	8,299	5,577	8,299
Investment Deposits Received from Banks & Credit Institutions	28-1	35,469	46,369	35,469	46,369
Total Term Investment Deposits		172,158,707	136,733,828	172,270,838	136,978,450
Interest Payable to term Investment Deposits					
Long-term Investment Deposits	28-2	0	0	0	0
Short-term Investment Deposits	28-2	12,075	12,075	12,075	12,075
Special Short-term Investment Deposits	28-2	0	0	0	0
Investment Deposits Received from Banks & Credit Institutions	28-2	0	0	0	0
Total Interest Payable to Term Investment Deposits		12,075	12,075	12,075	12,075
Total Investment Depositors' Interest		172,170,782	136,745,903	172,282,913	136,990,525

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28.1. Term investment deposits based on IRR and foreign currency

	Parent Company					
	19.03.2020			20.03.2019		
	IRR	Foreign Currency	Total	IRR	Foreign Currency	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Investment Deposits Received from Banks & Credit Institutions	35,469	0	35,469	46,369	0	46,369
Ordinary Short-term Investment Deposits	74,262,158	49,534	74,311,692	57,666,258	73,570	57,739,829
Special Short-term Investment Deposits						
Until 3 Months	481	0	481	1,759	0	1,759
Above 3 Months to 6 Months	5,096	0	5,096	5,828	0	5,828
Above 6 Months to 1 Year	0	0	0	712	0	712
Long-term Investment Deposits						
Ordinary Deposit Certificate	202	0	202	296,879	0	296,879
Special Deposit Certificate	0	0	0	0	0	0
1 Year	97,860,361	52,151	97,912,512	78,776,151	39,054	78,815,204
2 Years	0	0	0	0	0	0
3 Years	0	0	0	0	0	0
4 Years	0	0	0	30	0	30
5 Years	5,386	0	5,386	71,841	0	71,841
Total Term Investment Deposits	172,169,153	101,685	172,270,838	136,865,826	112,624	136,978,450

* The growth of 1-year deposits is due to banning of depositing for more than one year, according to instruction No.93/96593 dated 02.07.2014. Balance of deposits exceeding a year is related to previous years.

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28.1.1. Long-term investment deposits based on maturity date and interest rate

	19.03.2020							20.03.2019	
	Above 22%	19% to 22%	16% to 19%	13% to 16%	10% to 13%	10% & Below	Total	Total	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Matured	0	0	0	0	0	6,202	6,202	0	212
2019-20	0	0	0	0	0	0	0	0	79,178,356
2020-21	5,316	5,671,760	87,144,535	5,043,635	0	46,581	97,911,828	5,316	
2021-22	70	0	0	0	0	0	70	70	
2022-23	0	0	0	0	0	0	0	0	0
2023-24 & After	0	0	0	0	0	0	0	0	0
Total	5,386	5,671,760	87,144,535	5,043,635	0	52,783	97,918,100	79,183,954	
20.03.2019	18,129	50,181,533	19,099,517	9,845,520	0	39,255	79,183,954		

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28.1.2. Turnover of IRR investment deposits

	Balance at 20.03.2019	Deposits Attracted during the Year	Deposits Repayment	Balance at 19.03.2020
	Million IRR	Million IRR	Million IRR	Million IRR
Ordinary Deposits Certificate	296,879	27,282	(323,959)	202
Special Deposit Certificate	0	0	0	0
1 Year	78,776,151	99,708,356	(80,624,146)	97,860,361
2 Years	0	0	0	0
3 Years	0	0	0	0
4 Years	30	34	(64)	0
5 Years	71,841	22,364	(88,819)	5,386
Ordinary Short-term Deposits	57,666,258	1,500,611,771	(1,484,015,871)	74,262,157
Special Short-term Deposits	8,299	26,944	(29,666)	5,577
Investment Deposits Received from banks & Credit Institutions	46,369	663,868	(674,768)	35,469
Balance of IRR Investment Deposits	136,865,826	1,601,060,619	(1,565,757,292)	172,169,153

28.1.3. Turnover of foreign currency investment deposits

	Balance at 20.03.2019	Deposits Attracted during the Year	Deposits Repayment	Balance at 19.03.2020	Balance at 19.03.2020	Balance at 19.03.2020
	Foreign Currency Amount	Foreign Currency Amount	Foreign Currency Amount	Foreign Currency Amount	IRR Equivalent Million IRR	IRR Equivalent Million IRR
Long-term Deposits						
USD	358,848	206,566	(151,366)	414,048	37,264	26,914
EUR	139,195	156,144	(149,394)	145,945	14,886	11,832
AED	0	0	0	0	0	0
GBP	3,100	5	(3,105)	0	0	308
Ordinary & Special Short-term Deposits						
USD	418,122	91,113	(205,377)	303,858	27,347	31,359
EUR	495,200	4,916	(283,916)	216,200	22,052	42,092
GBP	1,200	1	(1)	1,200	134	119
Investment Deposits Received from Banks & Credit Institutions						
USD	0	0	0	0	0	0
Total Foreign Currency Investment Deposits					101,685	112,624

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28.1.4. Composition of investment depositors is as follows:

	Parent Company			
	19.03.2020		20.03.2019	
	Depositors Number	Amount Million IRR	Depositors Number	Amount Million IRR
IRR Deposits:				
Legal Entities	9,836	63,109,213	9,667	45,875,461
Individuals	424,994	109,039,937	409,440	90,964,563
Investment Deposits Received from Banks & Credit Institutions	5	35,469	5	25,802
Total IRR Deposits	434,835	172,184,618	419,112	136,865,826
Foreign Currency Deposits:				
Legal Entities	2	1,127	4	25,244
Individuals	74	85,092	85	87,380
Investment Deposits Received from Banks & Credit Institutions	0	0	0	0
Total Foreign Currency Deposits	76	86,219	89	112,624
Total Investment Deposits	434,911	172,270,838	419,201	136,978,450

28.2. Interest payable on term investment deposits

	Balance at 20.03.2019	On-account Interest during the Year	Actual & On-account Interest Difference	Interest Paid during the Year	Balance at 19.03.2020
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Ordinary Short-term Deposits	12,075	3,225,378	0	(3,225,378)	12,075
Special Short-term Deposits	0	732	0	(732)	0
Ordinary Deposit Certificates	0	49	0	(49)	0
Special Deposit Certificates	0	0	0	0	0
1-Year Deposits	0	15,638,648	0	(15,638,648)	0
2-Year Deposits	0	0	0	0	0
3-Year Deposits	0	0	0	0	0
4-Year Deposits	0	34	0	(34)	0
5-Year Deposits	0	2,745	0	(2,745)	0
Investment Deposits Received from Banks & Credit Institutions	0	334	0	(334)	0
Foreign Currency Deposits	0	6,759	0	(6,759)	0
Total Interest Payable on Term investment Deposits	12,075	18,874,679	0	(18,874,679)	12,075

28.2.1. In view of the excess on-account interest paid to depositors in relation to their share from joint income (as stated in the investment deposits performance statement) circular 94/69383 dated 1394/03/20 (10.06.2015) the procedure of determining the share of each investment deposit from the difference in final and on-account interest of 2019-20 is not relevant.

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29. Capital

The initial capital of the Bank was IRR30,000 million (including 30,000,000 million shares, with par value of IRR1,000 each). However, it increased on some occasions and reached IRR8,500 billion (including 8,500,000,000 million shares, with par value of IRR1,000 each).

Capital Increase Registration Date	Capital Increase %	Capital Increase Amount Million IRR	New Capital Million IRR	Capital Increase Source
02.08.2001	233%	70,000	100,000	Claims & Cash Contributions
22.12.2001	100%	100,000	200,000	Claims & Cash Contributions
13.11.2004	75%	150,000	350,000	Cash Contributions
26.09.2005	100%	350,000	700,000	Claims & Cash Contributions
19.12.2007	50%	350,000	1,050,000	Claims & Cash Contributions
22.12.2008	90%	950,000	2,000,000	Claims & Cash Contributions
03.10.2010	50%	1,000,000	3,000,000	Claims & Cash Contributions
11.09.2011	50%	1,500,000	4,500,000	Claims & Cash Contributions
22.09.2012	61%	2,750,000	7,250,000	Revaluation Surplus & Retained Earnings
28.05.2014	17%	1,250,000	8,500,000	Claims & Cash Contributions

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29.1. Composition of shareholders on balance sheet date is as follows:

	19.03.2020			20.03.2019	
	Shares	Shares		Shares	Shares
	Number	%		Number	%
Holding 1% Shares & Above					
Legal Entities:					
Saba Tamin Investment Co. (Public Joint Stock)	758,097,641	8.9%	Saba Tamin Investment Co. (Public Joint Stock)	758,097,641	8.9%
Karafarin Insurance Co. (Public Joint Stock)	652,307,935	7.7%	Karafarin Insurance Co. (Public Joint Stock)	678,300,490	8.0%
Tadbir Investment Co. (Private Joint Stock)	448,852,292	5.3%	Idea Gostar Dourandish Co. (Private Joint Stock)	424,999,998	5.0%
Mehrafarinan Doran Co. (Private Joint Stock)	424,999,998	5.0%	Mehrafarinan Doran Co. (Private Joint Stock)	424,999,998	5.0%
Idea Gostar Dourandish Co. (Private Joint Stock)	424,999,998	5.0%	Negin Ganjineh Iranian Co. (Private Joint Stock)	424,999,998	5.0%
Negin Ganjineh Iranian Co. (Private Joint Stock)	424,999,998	5.0%	Tose'e Eghtesad Farda Co. (Private Joint Stock)	424,999,998	5.0%
Tose'e Eghtesad Farda Co. (Private Joint Stock)	424,999,998	5.0%	Tadbir Investment Co. (Private Joint Stock)	424,931,033	5.0%
Faraz & Foroud Eghtesad Ayandeh Co. (Private Joint Stock)	398,520,693	4.7%	Karandish Doran Moaser Co. (Private Joint Stock)	348,520,693	4.1%
Tose'e Eghtesad Ayandesazan Co. (Private Joint Stock)	246,079,269	2.9%	Tose'e Eghtesad Ayandesazan Co. (Private Joint Stock)	212,167,093	2.5%
Rahavard Tadbir Kish Co. (Private Joint Stock)	185,696,065	2.2%	Mehr Ayandegan Financial Development Group (Public Joint Stock)	162,423,292	1.9%
Mehr Ayandegan Financial Development Group (Public Joint Stock)	170,021,352	2.0%	Sarzamin Pahnavar Mehr Co. (Private Joint Stock)	134,874,452	1.6%
Sarzamin Pahnavar Mehr Co. (Private Joint Stock)	134,874,452	1.6%	Karo Andisheh Jonoub Co. (Limited Liability)	106,250,423	1.3%
Karo Andisheh Jonoub Co. (Limited Liability)	106,250,423	1.3%	Omid Welfare & Future Prosperity Institute	94,626,283	1.1%
Omid Welfare & Future Prosperity Institute	94,626,283	1.1%	Parsian Bank Financial Group Co. (Private Joint Stock)	89,703,946	1.1%
Parsian Bank Financial Group Co. (Private Joint Stock)	89,203,946	1.05%			
	4,984,529,343	58.6%		4,709,894,338	55.4%
Individuals (Including 9 Shareholders):	1,719,468,271	20.2%	Individuals (Including 10 Shareholders):	2,069,628,429	24.3%
Others (below 1%)			Others (below 1%)		
Legal Entities (Including 114 Shareholders)	410,279,181	4.8%	Legal Entities (Including 106 Shareholders)	472,549,968	5.6%
Individuals (8,128 Shareholders)	1,385,723,205	16.3%	Individuals (6,473 Shareholders)	1,247,927,265	14.7%
	8,500,000,000	100%		8,500,000,000	100%

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
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30. Capital Increase in Process

The Bank and its subsidiaries are not in the process of capital increase with the exception of Karafarin Leasing Company.

31. Share Premium Reserve

There was no share premium in the Bank and its subsidiaries.

32. Legal Reserve

	Note	Group		Parent Company	
		2019-20	2018-19	2019-20	2018-19
		Million IRR	Million IRR	Million IRR	Million IRR
Balance at the Beginning of the Year		3,814,641	3,621,103	3,762,092	3,576,483
Transfer from Distributable Profit	32-1	448,859	193,538	438,623	185,609
Balance at the End of the Year		4,263,500	3,814,641	4,200,714	3,762,092

32.1. According to Clause A of Article 33 of Monetary and Banking Act as well as Article 108 of Bank's Articles of Association, 15% of net profit for each year is considered as legal reserves following the deductions of any losses in the previous years. Assigning legal reserves is statutory as long as they equal the Bank's capital. Allocating any legal reserves in excess of the Bank's capital is discretionary.

33. Other Reserves

	Note	Group		Parent Company	
		2019-20	2018-19	2019-20	2018-19
		Million IRR	Million IRR	Million IRR	Million IRR
Balance at the Beginning of the Year		936,428	6,624	929,804	0
Transferred from Distributable Profit	33-1	1,004,151	929,804	1,004,151	929,804
Balance at the End of the Year		1,940,579	936,428	1,933,955	929,804

33.1. According to the Circular stated in note 7.10 of the financial statements, the rate presents a basis mainly to prepare financial statements and the profit obtained from exchanging foreign currency assets and liabilities at the end of the mentioned fiscal year is not considered as the distributable profit. Banks and credit institutions are required to record the mentioned profit under heading of Other Reserves and in a separated account. This profit cannot be distributed among shareholders. Banks and credit institutions are permitted to distribute the entire or part of this profit to their capital increase account following obtaining a permit from the CBI.

Karafarin Bank (Public Joint Stock)
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34. Assets Revaluation Surplus

	Group		Parent Company	
	19.03.2020	20.03.2019	19.03.2020	20.03.2019
	Million IRR	Million IRR	Million IRR	Million IRR
Assets Revaluation Surplus	154,759	154,759	43,597	43,597
	154,759	154,759	43,597	43,597

Assets revaluation surplus of the Group related to the Parent Company and assets revaluation surplus of the associated company (Karafarin Insurance) have been recognised by Equity Method in the consolidated financial statements.

Assets revaluation surplus of the Parent Company is as follows:

Date	19.03.2020		20.03.2019	
	Amount of Assets Reevaluation Surplus	Capital Increase	Balance of Assets Reevaluation Surplus	Balance of Assets Reevaluation Surplus
	Million IRR	Million IRR	Million IRR	Million IRR
20.03.2012	2,043,597	(2,000,000)	43,597	43,597
	2,043,597	(2,000,000)	43,597	43,597

35. Forex Difference

	Group & Parent Company	
	19.03.2020	20.03.2019
	Million IRR	Million IRR
Forex Difference in Overseas Operations	0	0
	0	0
Impacts of Legal Fluctuation of Foreign Currency Exchange Rate	0	0
Forex Difference	0	0

36. Treasury Shares

Date	No. of Purchase/Sales	Purchase/Sales Amount	Premium Shares from Sales	Shares Deduction from Sales
		Million IRR	Million IRR	Million IRR
	0	0		
	0	0	0	0
	0	0	0	0
Balance at Beginning of the Year	0	0	0	
Balance at End of the Year	0	0	0	

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

36.1. Non-controlling shareholders' equity

	Group	
	19.03.2020	20.03.2019
	Million IRR	Million IRR
Capital	567,515	567,515
Legal reserve	11,588	10,259
Retained Loss	(111,612)	(135,163)
Non-controlling Shareholders' Equity	467,491	442,611

37. Granted Loans and Deposits Income

		Group					
Note		2019-20			2018-19		
		Joint	Non-joint	Total	Joint	Non-joint	Total
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Granted Loans Income	37-1	18,124,680	354,327	18,479,006	16,576,168	375,760	16,951,928
Deposits Income	37-2	4,934,550	95,928	5,030,479	3,415,544	58,697	3,474,241
Total Granted Loans and Deposits Income		23,059,230	450,255	23,509,485	19,991,712	434,457	20,426,169

		Parent Company					
Note		2019-20			2018-19		
		Joint	Non-joint	Total	Joint	Non-joint	Total
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Granted Loans Income	37-1	18,124,680	270,334	18,395,013	16,576,168	308,011	16,884,179
Deposits Income	37-2	4,934,550	23,097	4,957,648	3,415,544	26,835	3,442,379
Total Granted Loans and Deposits Income		23,059,230	293,431	23,352,661	19,991,712	334,847	20,326,558

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
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37.1. Granted loans income

	Group									
	2019-20					2018-19				
	IRR		Foreign Currency (Non-joint)		Total	IRR		Foreign Currency (Non-joint)		Total
	Joint	Non-joint	Million IRR	Million IRR		Joint	Non-joint	Million IRR	Million IRR	
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Installment Sales	1,472,701	0	1,472,701	0	1,472,701	1,117,727	90,592	1,208,319	0	1,208,319
<i>Joaleh</i>	11,565	0	11,565	0	11,565	335	95	430	0	430
Hire Purchase	20,482	0	20,482	0	20,482	12,663	12,933	25,597	0	25,597
<i>Mozarebeh</i>	646,727	0	646,727	0	646,727	717,787	0	717,787	0	717,787
Equity Participation	8,882,294	0	8,882,294	615	8,882,909	11,155,800	0	11,155,800	9,239	11,165,039
<i>Salaf</i>	1,116	0	1,116	0	1,116	0	0	0	0	0
Debt Discounting	195	0	195	0	195	0	0	0	0	0
<i>Morabeheh</i>	2,546,655	0	2,546,655	0	2,546,655	118,297	0	118,297	0	118,297
<i>Estesna</i>	0	0	0	0	0	0	0	0	0	0
Late Payment Penalty	4,542,944	0	4,542,944	141,610	4,684,553	3,453,559	0	3,453,559	180,251	3,633,810
Late Payment Penalty of L/C Debtors	0	74,779	74,779	0	74,779	0	46,374	46,374	0	46,374
Late Payment Penalty of Paid L/G Debtors	0	16,504	16,504	0	16,504	0	22,132	22,132	0	22,132
Late Payment Penalty of Paid Credit Cards Debtors	0	0	0	0	0	0	0	0	0	0
Others	0	120,820	120,820	0	120,820	0	91	91	14,052	14,144
Total Granted Loans Income	18,124,680	212,102	18,336,782	142,224	18,479,006	16,576,168	172,218	16,748,386	203,542	16,951,928

Karafarin Bank (Public Joint Stock)
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	Parent Company									
	2019-20					2018-19				
	IRR		Foreign Currency (Non-joint)			IRR		Foreign Currency (Non-joint)		
	Joint	Non-joint	Total	Million IRR	Million IRR	Joint	Non-joint	Total	Million IRR	Million IRR
Installment Sales	1,472,701		1,472,701	0	1,472,701	1,117,727		1,117,727	0	1,117,727
<i>Joaleh</i>	11,565		11,565	0	11,565	335		335	0	335
Hire Purchase	20,482		20,482	0	20,482	12,663		12,663	0	12,663
<i>Mozarebeh</i>	646,727		646,727	0	646,727	717,787		717,787	0	717,787
Equity Participation	8,882,294		8,882,294	615	8,882,909	11,155,800		11,155,800	9,239	11,165,039
<i>Salaf</i>	1,116		1,116	0	1,116	0		0	0	0
Debt Discounting	195		195	0	195	0		0	0	0
<i>Morabeheh</i>	2,546,655		2,546,655	0	2,546,655	118,297		118,297	0	118,297
<i>Estesna</i>	0		0	0	0	0		0	0	0
Late Payment Penalty	4,542,944		4,542,944	141,610	4,684,553	3,453,559		3,453,559	180,251	3,633,810
Late Payment Penalty of L/C Debtors	74,779		74,779	0	74,779		46,374	46,374	0	46,374
Late Payment Penalty of Paid L/G Debtors	16,504		16,504	0	16,504		22,132	22,132	0	22,132
Late Payment Penalty of Paid Credit Cards Debtors	0		0	0	0		0	0	0	0
Others	0	36,827	36,827	0	36,827	0	35,963	35,963	14,052	50,015
Total Granted Loans Income	18,124,680	128,109	18,252,789	142,224	18,395,013	16,576,168	104,469	16,680,637	203,542	16,884,179

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
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37.2. Deposit income

	Group									
	2019-20					2018-19				
	IRR		Foreign Currency (Non-joint)		Total	IRR		Foreign Currency (Non-joint)		Total
	Joint	Non-joint	Total	Million IRR		Joint	Non-joint	Total	Million IRR	
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Legal Reserve Prize (Bank & Depositors' Quota)	165,599	14,170	179,768	0	179,768	153,230	4,275	157,505	0	157,505
Interest on Term Deposits Held with Banks	3,869,673	306	3,869,979	8,927	3,878,907	2,345,775	31,436	2,377,212	22,561	2,399,772
Interest on Deposit Certificate, Bonds & Other Securities	899,279	72,525	971,804	0	971,804	916,538	425	916,964	0	916,964
Income from Fixed Income Joint Funds	0	0	0	0	0	0	0	0	0	0
Total Deposit Income	4,934,550	87,001	5,021,552	8,927	5,030,479	3,415,544	36,137	3,451,680	22,561	3,474,241

Karafarin Bank (Public Joint Stock)
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		Parent Company									
		2019-20					2018-19				
		IRR		Foreign Currency (Non-joint)		Total	IRR		Foreign Currency (Non-joint)		Total
		Joint	Non-joint	Million IRR	Million IRR	Million IRR	Joint	Non-joint	Million IRR	Million IRR	Million IRR
Legal Reserve Prize (Bank & Depositors' Quota)		165,599	14,170	179,768	0	179,768	153,230	4,275	157,505	0	157,505
Interest on Term Deposits Held with Banks		3,869,673	0	3,869,673	8,927	3,878,600	2,345,775	0	2,345,775	22,561	2,368,336
Interest on Deposit Certificate, Bonds & Other Securities		899,279	0	899,279	0	899,279	916,538	0	916,538	0	916,538
Income from Fixed Income Joint Funds		0	0	0	0	0	0	0	0	0	0
Total Deposit Income		4,934,550	14,170	4,948,720	8,927	4,957,648	3,415,544	4,275	3,419,818	22,561	3,442,379

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
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38. Net Investment Returns (Loss)

	Note	Group			Parent Company				
		2019-20	2018-19	2019-20	2018-19	Total	Total		
		Total	IRR (Joint)	Foreign Currency (Non-joint)	IRR (Joint)			Foreign Currency (Non-joint)	
									Million IRR
Investments Realised Returns (Loss)									
Companies' & Investment Funds' Dividends	38-1	568,201	346,698	466,637	0	466,637	336,424	0	336,424
Profit (Loss) Generated from Selling Companies & Investment Funds' Shares	38-2	1,205,534	453,321	1,085,212	0	1,085,212	453,169	0	453,169
Total Investments Realised Returns		1,773,735	800,019	1,551,849	0	1,551,849	789,593	0	789,593
Investments Value Increase (Decrease) Profit (Loss)									
Net Profit (Loss) of Investments Value Increase (Decrease)	38-3	(138,725)	3,667	(70,041)	0	(70,041)	0	0	0
Investments Net Returns		1,635,011	803,687	1,481,807	0	1,481,807	789,593	0	789,593

Karafarin Bank (Public Joint Stock)
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38.1. Companies' and investment funds' dividends are as follows:

	Group				Parent Company			
	2019-20	2018-19	2019-20		2018-19			
	Total	Total	IRR (Joint)	Foreign Currency (Non-joint)	Total	IRR (Joint)	Foreign Currency (Non-joint)	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Karafarin Bank Investment Co.	0	0	4,657	0	4,657	1,602	0	1,602
Karafarin Leasing Co.	0	0	79,999	0	79,999	59,999	0	59,999
Karafarin Foreign Exchange Co.	0	0	34,993	0	34,993	37,992	0	37,992
Karafarin Bank Brokerage Co.	0	0	50,000	0	50,000	100,000	0	100,000
Abnie Gostar Karafarin Co.	0	0	143	0	143	0	0	0
Karafarin Insurance Co.	0	0	0	0	0	0	0	0
Long-term Investments Dividend	0	0	169,793	0	169,793	199,594	0	199,594
TSE Listed Companies:								
Sepahan Oil	57,439	0	57,439	0	57,439	0	0	0
Telecommunication Company of Iran	28,615	0	28,615	0	28,615	0	0	0
Bandar Abbas Oil Refinery	5,826	1,694	5,826	0	5,826	1,694	0	1,694
Esfahan Mobarakeh Steel	4,459	0	4,459	0	4,459	0	0	0
Mines & Metals Development Investment	3,636	0	3,636	0	3,636	0	0	0
Securities & Exchange Organisation	2,250	1,200	2,250	0	2,250	1,200	0	1,200
Khouzestan Steel	1,496	0	1,496	0	1,496	0	0	0
Farabourse Iran (OTC Market)	1,200	1,050	1,200	0	1,200	1,050	0	1,050
Shazand Arak Petrochemical	1,073	0	1,073	0	1,073	0	0	0
Civil Pension Fund Investment	600	0	600	0	600	0	0	0
Sepah Investment	500	0	500	0	500	0	0	0
Tehran Oil Refinery	282	0	282	0	282	0	0	0
Jam Petrochemical	238	0	238	0	238	0	0	0
Golgohar Industrial & Mining	235	0	235	0	235	0	0	0
Omid Investment	112	0	112	0	112	0	0	0
Pardis Petrochemical	0	14,151	0	0	0	14,151	0	14,151
Parsian Oil & Gas Development	0	5,848	0	0	0	5,848	0	5,848
Tamin Pharmaceutical Investment	0	5,167	0	0	0	5,167	0	5,167
Fars & Khouzestan Cement	0	4,900	0	0	0	4,900	0	4,900
Persian gulf Petrochemical Industries	0	3,849	0	0	0	3,849	0	3,849
Kerman Cement	0	2,749	0	0	0	2,749	0	2,749
Mobin Petrochemical	0	9,450	0	0	0	9,450	0	9,450
Others	271,357	209,868	0	0	0	0	0	0
Total	379,318	259,925	107,961	0	107,961	50,058	0	50,058
Non-TSE Listed Companies:								
Iran Investment	0	3,544	0	0	0	3,544	0	3,544
Shaparak E-payment Card Network	0	1,360	0	0	0	1,360	0	1,360
Iran Credit Rating Co.	900	1,350	900	0	900	1,350	0	1,350
Total	900	6,254	900	0	900	6,254	0	6,254
Short-term Investment Dividend	380,218	266,179	108,861	0	108,861	56,311	0	56,311
Amin Mellat Investment Fund	0	12,441	0	0	0	0	0	12,441
Karafarin Brokerage Common Investment Fund	6,595	7,814	0	0	6,595	0	0	7,814
Arman Karafarin Investment Fund	4,250	3,830	0	0	4,250	0	0	3,830
Shakhes Karafarin Investment Fund	177,137	50,345	0	0	177,137	0	0	50,345
Amin Yekom Investment Fund	0	6,089	0	0	0	0	0	6,089
Investment Fund Units Profit	187,983	80,519	0	0	187,983	0	0	80,519
Companies' & Investment Funds' Profit	568,201	346,698	0	0	466,637	0	0	336,424

Karafarin Bank (Public Joint Stock)
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38.2. Profit (loss) from selling companies' and investment funds' shares is as follows:

	Parent Company				
	2019-20			2018-19	
	Shares	Carrying Amount	Net Realisable Value	Profit (Loss)	Profit (Loss)
	Number	Million IRR	Million IRR	Million IRR	Million IRR
Profit (Loss) from Selling Companies' Shares-IRR (Joint)					
Farabourse Iran (OTC Market)	9,704,940	693	732,921	732,227	0
Telecommunication Company of Iran	18,314,880	134,146	299,650	165,503	26,066
Pardis Petrochemical	4,758,228	51,601	117,794	66,192	14,073
Esfahan Mobarakeh Steel	17,864,576	45,340	79,874	34,534	50,713
Kerman Cement	6,583,942	15,584	34,288	18,704	1,518
Mines & Metals Development Investment	12,645,632	50,024	63,645	13,621	26,628
Bandar Abbas Oil Refinery	3,427,000	50,251	57,712	7,461	8,372
Sadr Tamin Investment	5,307,948	23,335	29,462	6,127	0
Shazand Arak Petrochemical	2,235,502	20,873	26,761	5,888	0
Omid Investment	1,925,128	15,258	20,249	4,991	92
Khouzestan Steel	1,495,873	8,315	13,292	4,977	12,053
Nouri Petrochemical	715,000	19,759	24,558	4,799	0
Civil Pension Fund Investment	2,855,214	9,876	13,711	3,835	0
EN Bank	132,489,528	570,162	573,484	3,322	0
Kharazmi Investment	4,108,409	11,612	14,642	3,030	0
Parsian Oil & Gas Development	2,143,709	14,839	17,846	3,006	22,068
Goharzamin Iron Ore	488,245	5,452	8,336	2,884	0
Tehran Oil Refinery	1,723,516	6,947	9,806	2,859	7,511
Persian Gulf Petrochemical	1,871,739	14,467	16,778	2,311	123,054
Pars Petrochemical	146,057	9,468	11,673	2,205	0
Mapna	2,366,000	32,262	34,229	1,967	0
Jam Petrochemical	1,114,369	16,840	18,551	1,711	(10)
Oroumijeh Cement	350,000	3,890	5,017	1,127	0
Chlor Pars	50,038	2,793	3,765	972	0
Pars Toosheh Investment	380,000	5,023	5,778	755	0
Bank Pasargad	11,904,000	30,084	30,780	696	0
Golgohar	217,260	1,489	2,151	662	0
Sepah Investment	1,000,000	4,871	5,205	334	0
Bank Mellat	2,000,000	15,651	15,964	313	0
Mines & Metals development investment (Preferential Rights)	444,470	1,699	1,948	250	0
Mehr Ayandegan Financial Development Group	400,370	4,537	4,777	240	0
Isfahan Zinc Smelting	50,000	2,291	2,372	81	0
Khouzestan Cement	564,034	4,980	5,005	24	0
Tondgouyan Petrochemical	1,338	6	7	1	0

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	Parent Company				
	2019-20			2018-19	
	Shares	Carrying Amount	Net Realisable Value	Profit (Loss)	Profit (Loss)
	Number	Million IRR	Million IRR	Million IRR	Million IRR
Khouzestan Steel Bonds (Ban 00616)	4,000	36	37	1	0
Padideh Shimi Gharn	68	1	1	0	0
Soufian Cement	300,000	1,995	1,976	(19)	0
Hegmatan Cement	300,000	5,425	5,353	(71)	4,803
Esfahan Steel	500,000	1,504	1,417	(88)	0
Fars & Khouzestan Cement	500,000	4,363	4,176	(186)	28,388
Sepahan Oil	78,148,125	702,545	690,509	(12,036)	0
National Iranian Copper Industry	0	0	0	0	20,031
Mobin Petrochemical	0	0	0	0	19,865
Kalsimin	0	0	0	0	18,237
Mobinvan Kish	0	0	0	0	13,964
Rishmak Production & Exports	0	0	0	0	13,684
Bank Tejarat	0	0	0	0	10,364
Tamin Pharmaceutical Investment	0	0	0	0	7,016
Darab Cement	0	0	0	0	5,828
Alborz Investment	0	0	0	0	4,806
Shiraz Petrochemical	0	0	0	0	1,360
Tabriz Oil Refinery	0	0	0	0	(97)
Total	331,399,138	1,920,287	3,005,498	1,085,212	440,385
Profit (Loss) from Selling Investment Funds- IRR (Joint):					
Amin Mellat Investment Fund	0	0	0	0	3,748
Karafarin Brokerage Common Investment Fund	0	0	0	0	2,066
Arman Karafarin Investment Fund	0	0	0	0	1,756
Karizma Investment Fund	0	0	0	0	4,436
Amin Yekom Investment Fund	0	0	0	0	778
Total	0	0	0	0	12,784
Profit (Loss) from Selling Companies' Shares- Foreign Currency (Non-joint)	0	0	0	0	0
Profit (Loss) from Selling Investment Funds- Foreign Currency (Non-joint)	0	0	0	0	0
Total	331,399,138	1,920,287	3,005,498	1,085,212	453,169

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38.3. Net profit (loss) of investments value increase (decrease) is as follows:

	Parent Company				
	2019-20			2018-19	
	Shares Number/ Investment Units	Carrying Amount Million IRR	Net Realisable value Million IRR	Profit (Loss) Million IRR	Profit (Loss) Million IRR
Profit (Loss) of Investments Value Increase (Decrease)-IRR (Joint)					
EN Bank	239,305,342	1,029,838	957,939	(71,899)	0
Omid Investment	500,000	4,287	6,021	1,734	0
Mines & Metals Development investment	98,954	484	566	82	0
Jam Petrochemical	28,018	434	475	41	0
Total	239,932,314	1,035,043	965,002	(70,041)	0
Profit (loss) of Investments Value Increase (Decrease)-Foreign Currency (Non-joint)					
Total	0	0	0	0	0
Total	239,932,314	1,035,043	965,002	(70,041)	0

39. Deposit Interest Expenses

	Note	2019-20	2018-19
		Million IRR	Million IRR
Joint Income	37	18,124,680	16,576,168
Granted Loans Income	37	4,768,952	3,262,314
Deposit Income	38	1,481,807	789,593
Net Investment Returns		24,375,439	20,628,075
Total Joint Income	39-1	(3,242,316)	(1,748,198)
Bank's Shares from Joint Incomes		21,133,123	18,879,877
Depositors' Shares from Joint Income before Deducting Commission Fees	39-2	(2,531,789)	(1,693,137)
Commission Fees		18,601,334	17,186,739
Depositors' Shares from Joint Incomes	39-3	165,599	153,230
Legal reserve Prize for Investment Deposits	39-4	0	0
Compensation of Surplus Expense of Depositors' Free Resources to Joint Expenditures		18,766,933	17,339,970
Interest on Special Deposit Certificates		0	0
Interest on Foreign Currency Deposits		6,759	13,638
Total Expense of Deposit Interest		18,773,692	17,353,607
Difference in Payable Interest (Payable Interest Surplus) to Depositors		(100,987)	(949,557)

Karafarin Bank (Public Joint Stock)
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39.1. Bank's quota from joint income

Bank's quota from joint income is calculated in the following manner:

39.1.1. Bank's quota from joint income

Fiscal Year	Bank's Resources to Total Expenditures (39.2.)	Joint incomes	Bank's Quota from Joint Incomes
	%	Million IRR	Million IRR
20.03.2019	8.47%	20,628,075	1,748,198
19.03.2020	13.30%	24,375,439	3,242,316

* In case joint expenditures is less than total free resources of investment deposits, the Bank's sources and subsequently its quota from the joint income will be zero.

39.1.2. Distribution of joint incomes and expenditures between depositors and the Bank

Description	2019-20	2018-19	Comment
	Million IRR	Million IRR	
Average Joint Expenditures (39.2.1)	146,011,214	123,327,657	Average 52 Weeks
Average Balance of investment Deposits (39.2.2)	143,302,780	127,735,512	Average 52 Weeks
Less: Legal Deposit of Investment deposits	(16,713,350)	(14,859,687)	Average 52 Weeks
Free Resources of Investment Deposits	126,589,430	112,875,824	
Bank's Quota from Joint Expenditures (Surplus of Free Resources of Investment Deposits)	19,421,784	10,451,833	

* The Bank's quota from joint expenditures include joint expenditures, less free resources of investment deposits. In case total free resources of investment deposits is higher than joint expenditures, the excess is called surplus of free resources of investment deposits.

39.1.2.1. Average joint expenditures

Joint Expenditure Items	19.03.2020	20.03.2019
	Amount (Average)	Amount (Average)
	Million IRR	Million IRR
Net Expenditures Related to Loans & Claims	119,670,665	105,159,716
Net Expenditures Related to Investment Deposits Held with Other Banks	19,348,959	11,289,795
Net Expenditures Related to Investing in Shares & Other Securities	6,991,591	6,878,146
Total Expenditures Related to Joint Operations	146,011,214	123,327,657

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39.1.2.2. Average investment deposits

Investment Deposits	2019-20	2018-19
	Amount (Average)	Amount (Average)
	Million IRR	Million IRR
Ordinary Short-term Deposits	61,353,786	47,556,595
Special Short-term Deposits	7,319	12,366
Ordinary Deposit Certificate	0	0
1 Year	81,894,954	79,094,146
2 Years	0	4
3 Years	0	0
4 Years	2	56
5 Years	9,827	981,186
Investment Deposits Received from Banks & Credit Institutions	36,891	91,160
Average Investment Deposits	143,302,780	127,735,512

39.2. Commission fee

According to Board of Directors' Minute 796 dated 11.03.2019, Bank's commission fee for the 2019-20 equals 2% of net investment deposits sources.

$$\text{Commission Fee} = \text{Commission Fee Rate} \times \text{Depositors' Free Sources Average}$$

$$2,531,789 = 2\% \times 126,589.43$$

39.2.1. Commission fee declared and in effect

	Declared Commission Fee		Commission Fee in Effect	
	Rate-%	Amount-Million IRR	Rate-%	Amount-Million IRR
Ordinary Short-term Deposits	2.0	1,083,819	2.0	1,083,819
Special Short-term Deposits	2.0	129	2.0	129
Ordinary Deposit Certificate	2.0	0	2.0	0
1 Year	2.0	1,446,929	2.0	1,446,929
2 Years	2.0	0	2.0	0
3 Years	2.0	0	2.0	0
4 Years	2.0	0	2.0	0
5 Years	2.0	174	2.0	174
Investment Deposits Received from Banks & Credit Institutions	2.0	738	2.0	738
Total Commission Fee		2,531,789		2,531,789

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39.3. Legal deposit prize of investment deposits is as follows;

Description	2019-20	2018-19
	Million IRR	Million IRR
Average Legal Deposit of Investment Deposits	16,713,350	14,859,687
Legal Deposit Prize	165,599	153,230

39.4. Compensation of depositors' free sources surplus expense to joint expenditures
According to instruction No.94/69383 dated 10.06.2015, compensation of depositors' free sources surplus expense to joint expenditures is calculated as follows:

$$\text{Investment Deposits Free Sources Surplus} \times \frac{\text{Joint Income}}{\text{Joint Expenditures Average}}$$

39.5. On-account interest paid to investment deposits of the Bank is as follows:

	Parent Company	
	2019-20	2018-19
	Million IRR	Million IRR
Ordinary Short-term Deposits	3,225,378	2,873,461
Long-term Deposits		
Ordinary Deposit Certificate	49	6,636,096
1 Year	15,638,648	8,593,350
2 Years	0	0
3 Years	0	0
4 Years	34	24
5 Years	2,745	169,699
Investment Deposits Received from Banks & Credit Institutions	334	15,518
Total On-account Interest Paid to Investment Deposits	18,867,920	18,289,526

40. Reconciliation of On-Account Interest Paid to Investment Deposits (IRR) With The Bank's Investment Deposits Expense

	Note	Parent Company	
		2019-20	2018-19
		Million IRR	Million IRR
Actual Interest Paid to Investment Deposits		18,766,933	17,339,970
On-account Interest Paid to Investment Deposits	39-5	(18,867,920)	(18,289,526)
Difference in Interest Payable to Depositors (Paid Interest Surplus)		(100,987)	(949,557)

Karafarin Bank (Public Joint Stock)
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41. Commission Income

	Note	Group		Parent Company	
		2019-20	2018-19	2019-20	2018-19
		Million IRR	Million IRR	Million IRR	Million IRR
Net <i>Gharz-al Hassaneh</i> Commission	41-1	8,679	5,969	8,679	5,969
Opened L/Cs		31,671	31,118	31,671	31,118
Issued L/Gs		702,665	521,104	702,665	521,104
Foreign Currency Operations		375,643	340,748	375,643	340,748
Managed Funds		101	496	101	496
Banking Payment Orders		0	0	0	0
Securities Assessment		26,373	16,101	26,373	16,101
Customers' Credit Records Examination		0	0	0	0
Credit Card Subscription		0	0	0	0
<i>Shetab</i> Plan		0	0	0	0
Commission Fee Received from Holders of Special Deposit Certificate		0	0	0	0
Commission on Bonds Liquidity Guarantor		22,667	35,186	22,667	35,186
Commission Received from National Development Fund		41,607	17,466	41,607	17,466
Commission on Staff Loans		35,067	40,183	35,067	40,183
Commission on Renting Safety Deposit Boxes		12,332	10,087	12,332	10,087
Commission Received for Sending SMS		3,220	14,928	3,220	14,928
Commission Received for Card Services		42,549	44,805	42,549	44,805
Other Services		217,206	115,734	23,987	24,622
Total Commission Income		1,519,782	1,193,926	1,326,562	1,102,814

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41.1. Net commission of *Gharz-al Hassaneh* related to the Parent Company is as follows:

	Parent Company	
	2019-20	2018-19
	Million IRR	Million IRR
Commission Received on Granted <i>Gharz-al Hassaneh</i> Loans	8,679	5,969
Less: Prize Expense of Mobilising <i>Gharz-al Hassaneh</i> Deposits	0	0
Net Commission on <i>Gharz-al Hassaneh</i> Operations	8,679	5,969

42. Commission Expense

	Group		Parent Company	
	2019-20	2018-19	2019-20	2018-19
	Million IRR	Million IRR	Million IRR	Million IRR
<i>Shetab</i> Plan Commission	15,074	14,192	15,074	14,192
Commission Paid for Card Services	89,186	89,077	89,186	89,077
Commission Paid to <i>Shetab</i> Joint Fund	785	963	785	963
Commission Paid to Broker-Foreign Currency	58,908	34,371	58,908	34,371
Automated Clearing House Commission	0	0	0	0
Others	13,952	525	13,926	260
Total Commission Expenses	177,904	139,128	177,879	138,863

42.1. Net sales and services income

Details of amounts stated in the Consolidated Profit and Loss Statement under above heading (which is fully related to subsidiaries) are as follows:

	2019-20			2018-19	
	Sales Cost	Services Income	Cost	Profit (Loss)	Profit (Loss)
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Karafarin Foreign Exchange Co.	30,642,180	226,725	(30,629,607)	239,298	111,195
Karafarin Leasing Co.	0	183,748	(131,699)	52,049	20,719
Karafarin Bank Investment Co.	0	0	0	0	0
	30,642,180	410,473	(30,761,307)	291,346	131,914

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43. Net Profit (Loss) of Foreign Currency Transactions

	Group		Parent Company	
	2019-20	2018-19	2019-20	2018-19
	Million IRR	Million IRR	Million IRR	Million IRR
Profit (Loss) of Foreign Currency Transactions	62,169	(24,714)	51,597	(40,044)
Profit (Loss) of Foreign Exchange	1,089,349	1,355,402	1,089,349	1,355,402
Net Profit (Loss) of Foreign Currency Transactions	1,151,519	1,330,689	1,140,947	1,315,358

44. Other Operating Revenues

	Group & Parent Company	
	2019-20	2018-19
	Million IRR	Million IRR
Profit (Loss) of Overseas Branches	0	0
Return of Provision for Doubtful Loans	0	0
Others	0	0
Total Other Operating Revenues	0	0

45. Net Other Incomes and Expenses

	Note	Group		Parent Company	
		2019-20	2018-19	2019-20	2018-19
		Million IRR	Million IRR	Million IRR	Million IRR
Penalties on Withdrawing Deposits Permanently		146,010	199,524	146,010	221,467
Expert's Fees		122,810	100,681	122,810	100,681
Profit (Loss) from Selling Tangible Fixed and Intangible Fixed Assets	45-1	19,201	165,450	15,228	165,135
Profit (Loss) from Selling Repossessed Assets	20-3-2	267,450	92,081	228,638	53,953
Others		151,605	160,769	23,526	52,544
Net Other Incomes & Expenses		707,077	718,505	536,213	593,780

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45.1. Profit (loss) from selling and disposal of tangible fixed assets and intangible assets of the Parent Company is as follows:

	Parent Company				
	2019-20				2018-19
	Cost	Carrying Amount	Sales Amount	Profit (Loss)	Profit (Loss)
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Land	0	0	0	0	163,489
Buildings	0	0	0	0	
Goodwill	0	0	0	0	
Assets in Process	0	0	0	0	
Utilities	0	0	0	0	
	0	0	0	0	163,489
Furniture & Fixtures (Sales & Disposal)	8,771	65	2,448	2,383	1,646
Motor Vehicle	5,850	2,095	14,940	12,845	0
	14,621	2,160	17,388	15,228	165,135

46. Office and General Expenses

	Note	Group		Parent Company	
		2019-20	2018-19	2019-20	2018-19
		Million IRR	Million IRR	Million IRR	Million IRR
Staff Expenses	46-1	2,401,388	1,854,264	2,279,369	1,743,939
Office Expenses	46-2	1,177,496	996,835	1,094,710	921,522
Total Office & General Expenses		3,578,884	2,851,100	3,374,079	2,665,461

46.1. Staff expenses are as follows:

	Group		Parent Company	
	2019-20	2018-19	2019-20	2018-19
	Million IRR	Million IRR	Million IRR	Million IRR
Salaries, Wages & Benefits	1,859,197	1,443,529	1,761,028	1,357,819
Employers' Premium	292,506	215,649	280,933	206,070
Work Termination Benefits & Retirement Commitments	233,747	165,144	229,948	156,908
Business Travel Allowance	7,701	25,424	6,414	22,822
Others	8,237	4,518	1,047	320
Total Staff Expenses	2,401,388	1,854,264	2,279,369	1,743,939

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46.2. Office expenses include the following items:

	Note	Group		Parent Company	
		2019-20	2018-19	2019-20	2018-19
		Million IRR	Million IRR	Million IRR	Million IRR
Mechanisation Systems		158,546	134,720	157,194	133,188
Consultation Fee & Services Purchase Fee		235,370	165,584	205,396	138,916
Repair & Maintenance of Tangible Fixed Assets		85,791	76,297	79,989	71,613
Utilities		82,086	71,204	80,721	69,199
Rent		59,047	58,604	57,575	56,731
Membership Fee of Deposits Guarantee Fund	26-3	143,295	114,064	143,295	114,064
Consumables		63,449	49,799	61,799	47,783
Judicial, Registration, Notary Public & Customs, etc., Expenses	46-2-1	181,808	21,160	181,808	21,160
Publication, Publicity & Marketing		7,603	4,629	6,258	4,567
Training		5,721	4,657	5,721	4,657
Insurance of Cash & Assets		5,086	6,199	3,236	3,422
VAT		27,611	29,865	27,611	29,865
Business Tax		12,667	5,556	12,667	5,465
Reception & Formalities		10,725	8,390	8,327	7,147
Board of Directors' Bonus	46-2-2	10,369	13,010	4,500	4,500
Board of Directors' Attendance Fees		5,011	3,691	1,840	1,440
Others		83,311	229,409	56,771	207,806
Total Office Expenses		1,177,496	996,835	1,094,710	921,522

46.2.1. These items mainly include costs of litigations, court verdicts as well as litigation costs of non-performing cases.

46.2.2. According to Ordinary General Meeting Assembly dated 21.07.2019, Board of Directors' bonus was IRR4,500 million and was paid to individuals of Board of Directors and the managing director as natural persons.

47. Doubtful Debt Expenses

	Note	Group		Parent Company	
		2019-20	2018-19	2019-20	2018-19
		Million IRR	Million IRR	Million IRR	Million IRR
Special Expense of Doubtful Loans for Granted Loans & Claims	47-1	2,006,583	1,562,179	1,982,398	1,562,179
General Expense of Doubtful Loans for Granted Loans & Claims	47-2	120,249	(52,004)	120,249	(52,004)
Doubtful Debt Expenses		2,126,832	1,510,175	2,102,647	1,510,175

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47.1. Special expense of doubtful loans and claims of the Parent Company are stated below:

	Parent Company					
	2019-20				2018-19	
	Overdue	Deferred	Doubtful Below 5 Years	Doubtful Above 5 Years	Total	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Net Non-performing Loans & Claims before Doubtful Debt Provision						
Other Banks & Credit Institutions (10.3.1.3)	0	0	0	0	0	0
Governmental Authorities (12.1)	0	0	0	0	0	0
Non-governmental Entities (13.1)	436,430	2,265,011	8,306,219	7,652,289	18,659,948	24,702,956
Balance of Other Accounts Receivable at the End of the Year						
Claims from Subsidiary & Associated Companies (15.2)	0	0	0	0	0	0
Other Accounts Receivable (16.3)	0	0	334,836	0	334,836	0
Total Non-performing Loans & Claims before Securities Value	436,430	2,265,011	8,641,055	7,652,289	18,994,784	24,702,956
Less: Securities Value with Coefficient in Effect						
Saving Accounts & Deposits	(132,458)	(495,231)	(635)	0	(628,324)	(7,807)
Bonds & Other Debt Securities Guaranteed by the CBI & the Government	0	0	0	0	0	0
Bonds & Other Debt Securities Guaranteed by Other Banks	0	0	0	0	0	0
L/Gs	0	0	0	0	0	0
Transacted L/Cs	0	0	0	0	0	0
Shares Listed in TSE	0	(756,415)	(90,640)	0	(847,055)	(3,846,785)
Real Estates	(10,527)	(828,767)	(5,493,412)	0	(6,332,705)	(6,783,414)
Machineries	0	0	0	0	0	0
Total Securities Value with Coefficient in Effect	(142,984)	(2,080,413)	(5,584,687)	0	(7,808,084)	(10,638,006)
Basis Balance for Calculation of Special Provision	293,445	184,598	3,056,367	7,652,289	11,186,700	14,064,950
Basis Coefficient for Calculation of Special Provision-%	10%	20%	50%	50-100%		
Special Provision for Doubtful Debts	29,345	36,920	1,528,184	4,616,616	6,211,064	6,974,471
Add: Special Provision for Extended & Rescheduled Claims	0	0	2,730,498	0	2,730,498	0
Less: Balance of Provision for Doubtful Loans at the End of the Previous Year	(102,904)	(416,056)	(3,293,539)	(3,161,971)	(6,974,471)	(5,420,138)
Add: Bad Debt during the Year	0	0	0	15,306	15,306	7,847
Special Provision for Doubtful Loans of Loans & Claims	(73,560)	(379,137)	965,143	1,469,952	1,982,398	1,562,179

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47.2. General expense of doubtful loans of and claims of the Parent Company is as follows:

	Parent Company	
	2019-20	2018-19
	Million IRR	Million IRR
Loans Granted to Other Banks & Credit Institutions (10.3.1.3)	0	0
Claims from the Government (11)	0	0
Loans Granted to Governmental Authorities (12.1)	0	0
Loans Granted to Non-governmental Entities (13.1)	133,010,869	114,345,717
Customers' Debt for Term L/Cs after Advances Received (20.1)	21,989	262,185
Claims from Subsidiary & associated Companies (15.2)	0	0
Other Accounts Receivable (16.3)	0	0
Less:		
Balance of Granted Loans & Claims for which Special Provision Has Been Considered (Rescheduled Loans)	(32,276,176)	(21,867,839)
Basis Balance for Calculation of General Provision	100,756,682	92,740,063
Basis Coefficient for Calculation of General Provision-%	1.5	1.5
General Provision of Granted Loans & Claims	1,511,350	1,391,101
Less: General Provision Balance of Granted Loans & Claims at the End of the Previous Year	(1,391,101)	(1,443,105)
Add: Bad Debt during the Year	0	0
General Provision for Doubtful Granted Loans & Claims	120,249	(52,004)

48. Financing Expenses

	Group		Parent Company	
	2019-20	2018-19	2019-20	2018-19
	Million IRR	Million IRR	Million IRR	Million IRR
Interest on Loans Received from Other Banks & Credit Institutions	73,645	84,140	0	0
Interest on Loans Received from the CBI	0	0	0	0
Interest Paid on Credit from National Development Fund	15,889	36,664	15,889	36,664
Late Payment penalty Paid	0	7	0	7
Financing Expense of Debt Securities	0	0	0	0
Late Payment Penalty for Overdraft of Current Account Held with the CBI	0	0	0	0
Total Financing Expenses	89,535	120,811	15,889	36,671

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49. Depreciation Expense

	Group		Parent Company	
	2019-20	2018-19	2019-20	2018-19
	Million IRR	Million IRR	Million IRR	Million IRR
Depreciation of Tangible Fixed Assets	175,376	174,983	186,840	187,344
Amortisation of Intangible Assets	20,777	7,755	20,416	7,552
Goodwill Amortisation	10,596	10,686	0	0
Total Depreciation Expenses	206,749	193,424	207,255	194,896

50. Prior Years' Adjustments

	Note	Group		Parent Company	
		2019-20	2018-19	2019-20	2018-19
		Million IRR	Million IRR	Million IRR	Million IRR
Impacts of Changes in Accounting Procedures	50-1	0	0	0	0
Correcting Errors	50-2	0	580,825	0	578,425
Total Prior Years' Adjustments		0	580,825	0	578,425

50.1. The Bank had no impact of changes in accounting procedures during the reporting period.

50.2. Correcting errors includes the following items:

	Group		Parent Company	
	2019-20	2018-19	2019-20	2018-19
	Million IRR	Million IRR	Million IRR	Million IRR
Expense of Provision for Doubtful Loans	0	477,000	0	477,000
Deferred Expenses of Previous Years	0	2,401	0	0
Adjustment of Interest Recognised in Foreign Exchange Rate	0	125,291	0	125,291
Impact of Foreign Currency Fluctuations on General Provision of Loans	0	(17,590)	0	(17,590)
Total	0	(6,276)	0	(6,276)
	0	580,825	0	578,425

50.3. In order to clarify the financial position and operations results, the entire comparative items relating to comparative financial statements have been adjusted and restated. Therefore, comparative items do not conform to the financial statements of previous fiscal year.

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51. Reconciliation Statement of Net Profit

Reconciliation statement of net profit with net cash inflow from operating activities is as follows:

	Group		Parent Company	
	2019-20	2018-19	2019-20	2018-19
	Million IRR	Million IRR	Million IRR	Million IRR
Net Profit (Loss)	3,617,518	1,460,028	2,924,151	1,237,392
Depreciation Expense	206,749	193,424	207,255	194,896
Doubtful Debt Expenses	2,102,647	1,510,175	2,102,647	1,510,175
Net Increase (Decrease) in Work Termination Benefits Provision	169,239	116,911	163,760	117,032
Net Increase (Decrease) in Financing Expenses Payable	0	0	0	0
Net Increase (Decrease) in Corporation Tax Payable	243,302	(59,109)	161,610	0
Loss (Profit) Arising from Selling Tangible Fixed Assets & Intangible Assets	(19,201)	(165,450)	(15,228)	(165,135)
Loss (Profit) Arising from Selling Inactive Real Estates	0	0	0	0
Net Loss (Profit) from Foreign Exchange of Cash	(1,151,519)	(1,330,689)	(1,140,947)	(1,315,358)
Total	5,168,736	1,725,291	4,403,249	1,579,002
Net Increase (Decrease) in Operating Liabilities				
Dues to Banks & Other Credit Institutions	3,552,103	(1,319,946)	3,552,103	(1,056,484)
Customers' Deposits	3,282,195	7,806,288	2,888,745	8,168,147
Debt Securities	0	0	0	0
Operating Portion of Provisions & Other Liabilities	(1,298,790)	1,516,262	(1,521,181)	1,495,904
Investment Depositors' Interest	35,424,879	8,017,930	35,292,387	8,064,168
Total	40,960,387	16,020,533	40,212,054	16,671,735
Net Decrease (Increase) in Operating Assets				
Claims from Banks & Other Credit Institutions	(6,493,484)	(13,114,155)	(6,493,484)	(13,114,155)
Claims from the Government	0	0	0	0
Granted Loans & Claims from Governmental Authorities	0	0	0	0
Granted Loans & Claims from Non-Governmental Entities	(19,502,075)	(1,992,449)	(19,076,873)	(2,212,977)
Investing in Shares & Other Securities	(13,902,657)	(39,494)	(13,677,803)	(32,333)
Claims from Subsidiary & Associated Companies	(499)	1,343	78,546	(225,348)
Other Accounts Receivable	(450,421)	(21,516)	(385,686)	(75,176)
Legal Deposit	(5,315,755)	(1,433,433)	(5,315,755)	(1,433,433)
Operating Portion of Other Assets	450,888	2,762,034	603,308	2,794,921
Goodwill	1,800	(3,882)	0	0
Total	(45,212,202)	(13,841,552)	(44,267,747)	(14,298,501)
Net Cash Inflow (Outflow) from Operating Activities	916,921	3,904,272	347,556	3,952,236

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52. Non-cash Transactions

Main non-cash transactions during the year are as follows:

	Note	Group		Parent Company	
		2019-20	2018-19	2019-20	2018-19
		Million IRR	Million IRR	Million IRR	Million IRR
Assets Repossessed against Granted Loans	52-1	232,600	195,544	232,600	195,544
Assets Trade-off with Granted Loans	52-2	0	0	0	0
Assets Exchange	52-3	0	0	0	0
Financing Expenses Increase against Non-trade Payable Increase		14,934	14,934	0	0
Trade-off of Dividend Payable with Accounts Receivable		5,639	5,639	0	0
Total Non-Cash Transactions		253,174	216,117	232,600	195,544

52.1. During the reporting year, the following assets were repossessed by the Bank:

Repossessed Asset	Customers' Relation Type	Debt Amount at Time of Repossession	Repossessed Assets Value based on the Expert's Opinion	Paid by Customer / Write-off by the Bank	Paid for Excess Value of Repossessed Assets based on Expert's Opinion	Debt Balance After Repossession
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Residential Property	Unrelated Customer	110,646	(99,803)	0	0	10,843
Commercial/ Residential Property	Unrelated Customer	18	(18)	0	0	0
Land	Unrelated Customer	73,935	(73,935)	0	0	0
Commercial/ Office Property	Unrelated Customer	112,750	(58,753)	0	0	53,997
Commercial/ Office/ Residential Property	Unrelated Customer	91	(91)	0	0	0
Shares	Unrelated Customer	0	0	0	0	0
Bonds	Unrelated Customer	0	0	0	0	0
Factory & Machineries	Unrelated Customer	0	0	0	0	0
Others	Unrelated Customer	0	0	0	0	0
Total		297,440	(232,600)	0	0	64,840

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52.2. During the reporting period, the following assets were traded-off:

Traded-off Assets	Customers' Relation Type	Debt Amount at Time of Trade-off	Traded-off Assets Value based on the Expert's Opinion	Paid by Customer / Write-off by the Bank	Paid for Excess Value of Traded-off Assets based on Expert's Opinion	Debt Balance After Trade-off
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Residential Property	Subsidiary Company	0	0	0	0	0
Commercial/Office Property	Associated Company/ Bank's Staff Investment Co.	0	0	0	0	0
Shares	Shareholders	0	0	0	0	0
Bonds	Other Related Parties	0	0	0	0	0
Factory & Equipment	Unrelated Customer	0	0	0	0	0
Others	Unrelated Customer	0	0	0	0	0
Total		0	0	0	0	0

52.3. During the reporting period, the following assets were exchanged:

Disposed Asset	Type of Relation with Transaction Party	Type of Acquired Asset	Carrying Amount of Disposed Asset	Value of Acquired Asset based on Expert's Opinion	Difference in Paid/ Received
			Million IRR	Million IRR	Million IRR
Residential Property	Subsidiary Company	Residential Property	0	0	0
Commercial Property	Associated Company/ Bank's Staff Investment Co.	Commercial Property	0	0	0
Shares	Shareholder	Shares	0	0	0
Bonds	Other Related Parties	Bonds	0	0	0
Factory & Equipment	Unrelated Customer	Factory & Equipment	0	0	0
Others	Unrelated Customer	0	0	0	0
Total		0	0	0	0

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53. Off-balance Sheet Items

53.1. Commitments on IRR and foreign currency L/Cs

53.1.1. Details of Bank's commitments for foreign currency L/Cs are as follows:

Foreign Currency	Group & Parent Company									
	Balance at the Beginning of the Year			Opened during the Year			Deposited (Cancelled) during the Year			Impact of Exchange Rate Fluctuations during the Year
	Number	Foreign Currency Amount	IRR Equivalent Million IRR	Number	Foreign Currency Amount	IRR Equivalent Million IRR	Number	Foreign Currency Amount	IRR Equivalent Million IRR	
Sight:										
CNY	39	188,210,236	2,099,673	44	104,062,474	1,372,875	78	279,128,270	3,682,483	383,347
EUR	13	11,110,180	944,365	2	275,100	28,060	11	8,822,074	899,852	188,873
INR	63	857,198,919	940,347	55	2,415,515,723	3,020,361	103	3,051,272,426	3,815,311	131,494
JPY	2	38,308,137	25,791	0	0	0	1	25,864,137	22,312	7,257
KRW	1	321,317,923	21,293	0	0	0	1	321,317,923	24,058	2,765
OMR	1	1,275,033	248,408	0	0	0	0	0	0	58,256
RUB	2	516,217	601	1	252,150,000	310,447	3	252,666,217	311,083	34
TRY	2	1,067,989	14,637	0	0	0	1	879,000	12,692	785
Total Sight		4,295,117	4,731,744			4,731,744		8,767,792	772,810	
Term:										
CNY	2	800,320	8,928	0	0	0	1	460,000	6,069	1,630
EUR	1	3,158	268	0	0	0	1	3,158	322	54
INR	1	9,372,000	10,281	0	0	0	1	9,372,000	11,719	1,438
JPY	0	0	0	0	0	0	0	0	0	0
KRW	1	27,501,510	1,822	0	0	0	1	27,501,510	2,059	237
TRY	0	0	0	0	0	0	0	0	0	0
Total Term		21,300	4,731,744			0		20,169	3,358	
Total		4,316,417	4,731,744			8,787,960		8,787,960	776,168	
								340,320		4,490
										1,036,369

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53.1.2. The Bank's commitments on IRR L/Cs are as follows:

Credit Type	Group & Parent Company							
	Balance at the Beginning of the Year		Opened during the Year		Deposited (Cancelled) during the Year		Balance at the End of the Year	
	Number	Million IRR	Number	Million IRR	Number	Million IRR	Number	Million IRR
Sight	8	585,521	25	4,222,586	27	3,810,725	6	997,382
Term	0	0	0	0	0	0	0	0
Total		585,521		4,222,524		3,810,725		997,382

53.2. The Bank's commitments on issued L/Gs

53.2.1. Details of the Bank's commitments on foreign currency L/Gs are as follows;

	19.03.2020		20.03.2019	
	Foreign Currency Amount	IRR Equivalent Million IRR	Foreign Currency Amount	IRR Equivalent Million IRR
EUR	55,556,635	5,666,777	56,229,006	4,779,466
USD	9,892,369	890,313	2,853,669	214,025
CNY	17,261,092	227,732	12,412,372	138,472
AED	1,277,500	32,170	1,277,500	26,058
IQD	1,798,037,038	137,766	1,753,057,038	137,668
Total Bank's Commitments ON Foreign Currency L/Gs		6,954,758		5,295,689

53.2.2. The Bank's commitments on issued IRR L/Gs are as follows:

	Group & Parent Company	
	19.03.2020	20.03.2019
	Million IRR	Million IRR
Commitments on Issued L/Gs	43,378,977	30,317,133

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53.3. Other commitments of the Bank are as follows:

	Group & Parent Company	
	19.03.2020	20.03.2019
	Million IRR	Million IRR
Commitments on Guarantee of Bonds & Similar Securities (Investment Funds)	32,166,499	21,877,087
Commitments on Credit Cards	0	0
Commitments on Foreign Currency Contracts- Foreign Currency Reserve Account	0	0
Commitments on Trade Unions Contracts	0	0
Commitments on Guarantee of Product Loans	0	0
Commitments on IRR Contracts	0	0
Commitments on Contracts with Management & Planning Organisation	0	0
Bank's Commitments on National Development Fund-IRR	482,054	800,018
Bank's Commitments on National Development Fund-Foreign Currency	0	0
Pharmaceutical Credit Commitments Received	128,761	1,392,279
Commitments on Contract with Bank's Transactions	889,586	2,076,254
Bank's Commitments on ECO	0	0
Total Other Commitments of the Bank	33,666,900	26,145,638

53.4. Managed funds and similar items are as follows:

	Group & Parent Company	
	19.03.2020	20.03.2019
	Million IRR	Million IRR
Loans Granted from Managed Funds	97,614	140,463
Unconsumed Managed Funds	0	0
Loans Granted from Special <i>Gharz-al Hassaneh</i> Deposit	0	0
Unconsumed Special <i>Gharz-al Hassaneh</i> Deposit	0	0
Total Managed Funds & Similar Items	97,614	140,463

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53.5. Commitments on L/Cs and L/Gs based on security type

	Group & Parent Company	
	19.03.2020	20.03.2019
	Million IRR	Million IRR
Deposits	985,109	4,415,788
Bonds & Other Debt Securities Guaranteed by the Government & CBI	0	0
Bonds & Other Debt Securities Guaranteed by Other Banks	0	0
L/Gs	0	0
Transacted L/Cs	0	0
Shares Listed in TSE	0	0
Land & Building	519,750	1,440,778
Machineries	0	0
Cheques & Promissory Notes	49,450,248	31,296,085
Others	1,412,369	3,362,108
Total Secured Commitments	52,367,476	40,514,760
Total Unsecured Commitments	0	0
Total Commitments on L/Cs & L/Gs	52,367,476	40,514,760

54. Capital Commitments and Contingent Liabilities

54.1. Capital commitments from transactions and approved on the date of Financial Position Statement are as follows:

	Million IRR
Building Branches	546,799
	546,799

Commitments of subsidiary companies only include Abniehgostar Company in the amount of IRR52,399 million for approved transactions.

54.1.1. The Bank's withholding tax for the 2015-16 period and income tax for the 2017-18 period has been finalised. Income taxes for 2018-19 period have not been assessed by the Iranian National Tax Administration. In addition, the Social Security Organisation cases have been finalised until the end of 2010-11 period. Social Security Organisation's authorities have reviewed the cases for the 2016-17 according to the Social Security Organisation's circular. However, the results have not been notified to the Bank. Similarly, the cases for 2017-18 are under review. However, the cases for the 2018-19 period have not yet been assessed.

Tax for the 2012-13 and 2013-14 periods has been claimed and paid according to the Article 169. However, taxes for periods after the 2013-14 have not been assessed. Therefore, no tax assessment notice has been issued.

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54.2. Corporation tax, value added and contingent liabilities of the Group's companies are as follows:

Karafarin Brokerage Company:

Contingent liability (as referred to by Article 235 of Commercial Code as amended) is due to insurance premium of the Social Security Organisation, corporation and income taxes, all as of 2017-18, the amounts of which shall be determined following the assessments of the Social Security Organisation and the Iranian National Tax Administration.

Karafarin Leasing Company

This company has contingent liabilities for VAT for the 2018-19 tax year, the amount of which shall be determined following the assessments of related authorities. Value added taxes for 2011-12 until 2017-18 years have been assessed and the amount of IRR60 billion together with fines has been claimed in this regard. The Company has filed an appeal against this claim and the case has been referred to the Tax Arbitration Board.

Income and withholding taxes relating to Reiterative Article 169 for the 2017-18 tax year have been assessed and final tax assessment notice has been issued in this regard. However, corporation tax for the 2018-19 has not been assessed.

Insurance premium of the Social Security Organisation is based on notified circular 1000/96/1119 dated 27.04.2017 of the aforementioned organisation and the inspection of the books and documents of private companies, shall be solely carried out for the last fiscal year. Hence, the financial statements of 2018-19 and 2019-20 cannot be assessed via the mentioned organisation.

Contingent liabilities as referred to, via Article 235 of Commercial Code as amended include: guaranteeing the loan of Karafarin Omid Tejarat Development Company, which amounts to IRR80 billion.

Karafarin Amin Etemad Company:

Notice of tax assessment for corporation tax of the 2013-14 and 2014-15 period has been issued and fully paid for. A final tax assessment notice issued for the 2015-16 tax year has claimed IRR8,259,708,163. Whilst breaking up the payment into instalments and having paid IRR3,303,872,535 of the mentioned sum, the case has been referred to via a ruling of the High Tax Council to a tax arbitration board of equal ranking. Having reviewed the evidence submitted by the Company which has filed an appeal against this claim, the Tax High Council reversed the ruling of the Board of Appeal and the case in accordance with Article 257 of Direct Taxation Act was referred to a tax arbitration board of equal ranking for revision, which subsequently issued a writ of expert opinion. Although the tax claim was reduced following the expert opinion and the submitting necessary evidence to the Tax Arbitration Board of equal ranking, the final ruling was not made by the reporting date. Therefore, the remaining cheques for instalment payments have been returned to the Company. Corporation tax assessment notices for 2016-17 and 2017-18 tax years have been issued, against which the Company has appealed. The case is currently being reviewed via the Tax Arbitration Board. Corporation tax for the 2018-19 tax year had not been assessed by the reporting date.

Karafarin Abniyeh Gostar Company:

The Company had no capital commitments and contingent liabilities on the date of the financial position statement according to the Article 235 of the Commercial Code as Amended. Referring to the tax assessment notice for the 2013-14 period, this company has made an appeal and

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submitted a bill under number S/94/11736 dated 1394/12/17 (07.03.2016) in a meeting with the Tax Arbitration Board of first instance dated 1394/12/24 (14.03.2016). Subsequently, an order was issued to send experts to the Company which confirmed and reported to the Board, the initial tax assessment notice on 1395/05/30 (20.08.2016) without revising the case. Again, the Company filed an appeal and submitted its documents in a bill numbered S/13068/95 dated 1395/07/18 (09.10.2016) to the Tax Arbitration Board. According to information at hand, this has not been yet notified and the Board has made a ruling that the case to be revised. In view of the defence and the acceptance to revise the case, the Company hopes that final verdict shall be in favour.

In reference with the issued corporation tax assessment notice for the 2015-16 tax year, this company submitted the instances to which it has appealed in a statement numbered S/96/15543 dated 27.01.2018 in a meeting on 29.01.2018 to the Tax Arbitration Board of First Instance, which subsequently issued ruling 48691 on 10.02.2018, in which only clause five of the submitted statement was accepted. The Company subsequently filed an appeal against this ruling on 12.03.2018.

Company liabilities for VAT and fees for the 2012-13 until March 2018-19 tax years have not been assessed. In addition, ever since the Company was established, its books have not been assessed by the Social Security Organisation whilst income taxes of its employees and Reiterative Article 169 have been assessed every year simultaneously, with the assessment of corporation taxes for each tax year.

The Parhontav Company which is the project manager of Ferdous Boulevard Project has taken legal action against this company claiming remuneration for finishing prior to deadline and making other claims resulting from a construction management contract. The Parhontav Company (management contracting of Ferdous Boulevard Project) made claims (case number 970848 being reviewed in Tehran Civil Court Branch 213) against the Company for early delivery reward etc. of the Management Contracting Contract numbered GH/91/156 dated 21.01.2013. The Company was defended by its lawyer, Mr. Ali Rezayee during the hearing on 02.02.2019. This hearing was adjourned for 20.05.2019, after which time the case which is currently ongoing, was referred to an official expert.

Karafarin Foreign Exchange Company:

The Company does not have contingent commitments and liabilities according to Article 235 of Commercial Code as Amended. Based on a VAT and fees notice relating to 2011-12 until 2017-18, the Iranian National Tax Administration has claimed IRR195,045 million as principal VAT, taxes and penalties. The company has filed an appeal against this notice and the verdict of the Board of Appeal, a writ of expert opinion has been issued. The result has not been conclusive until the date of preparation of these financial statements.

In reference with complying with the regulations of Social Security Organisation, the Company's books have not been assessed since the commencement of the Company's operations in 2011-12 period.

Karafarin Asre Amin Company:

The Company does not have contingent commitments and liabilities according to Article 235 of Commercial Code as Amended. Seasonal transactions as referred to in Reiterative Article 169 of Direct Taxation Act (which concerns VAT) have been assessed for up to 2016-17 tax year and a final tax assessment notice has been issued and all taxes have been paid in this regard. The Company was assessed for the 2017-18 tax year and corporation tax and a tax

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assessment notice was issued in this regard, against which the Company has filed an appeal. Furthermore, VAT and corporation tax for the 2017-18 tax year, seasonal transactions of Reiterative Article 169 of Direct Taxation Act and the VAT for the 2018-19 tax year have not been assessed as yet. Corporation taxes for the 2018-19 were also not assessed by the date of preparation and approval of the financial statements. No corporation tax has been calculated for the 2019-20 financial year, due to other tax exempt income. Furthermore, taxes for transferring real-estate have been paid in favour of the Iranian National Tax Administration.

Karafarin Bank Tejarat Omid Development Company:

Performance for the period ended 1391/12/29 (19.03.2013) has been assessed by tax authorities and whilst not confirming declared losses for the mentioned period, they announced that tax for this period to be nil. Due to tax exemptions for the 2013-14, 2014-15 and 2015-16 periods, no tax provision has been recorded in the accounts. In addition, following the Company's appeal, and the verdict of the Board of Appeal, a write of expert opinion has been issued. No provision has been recorded in accounts due to declared losses for the performance of the 2016-17 period. In addition, the Company has filed a lawsuit against the issued tax assessment notices and the case is under review in Tax Arbitration Board. Notice of tax assessment for the performance of the 2017-18 was issued and announced to be zero. Corporation tax for the 2018-19 period was assessed by the tax authorities until the date of preparation of these financial statements.

Karafarin Bank Investment Company

Contingent liabilities which is the subject Article of 235 of Commercial Code as Amended include a loan guarantee of Karafarin Bank Tejarat Omid Development Company in the amount of IRR137,601 million.

55. EPS

55.1. Basic EPS

Basic earnings per share are the result of dividing dividends of ordinary shareholders to weighted average of ordinary shares number at shareholders' disposal. Weighted average of general shares number (basic) is 8,500,000,000 shares.

55.2. Diluted EPS

Diluted earnings per share are the result of dividing dividends of ordinary shareholders to weighted average of general shares number at shareholders' disposal following adjustment of dilution effect of total potential ordinary shares. Weighted average of ordinary share number (diluted) is 8,500,000,000 shares.

With respect to absence of potential shares and adjustment factor, diluted earnings per share are calculated equal to basic profit.

	Group	
	2019-20	2018-19
Net Profit after Minority Interests-Million IRR	3,588,981	1,451,056
Weighted Average of Ordinary Shares Number	8,500,000,000	8,500,000,000
Basic & Diluted per Share-IRR	422	171

56. Post-Financial Position Statement Date Events

Except for the Bank's capital increase in process, there were no significant post- Financial

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Position Statement date events by approval date of the financial statements which need disclosure or adjustment.

57. Bad Debts

Bad debts based on claims type are as follows:

	Loans	Other Claims	Total
	Million IRR	Million IRR	Million IRR
Bad Debts at the Beginning of the Year	0	0	0
Bad Debts during the Year	0	0	0
Bad Debts Collected during the Year	0	0	0
Bad Debts at the End of the Year	0	0	0

58. Bank's Risks

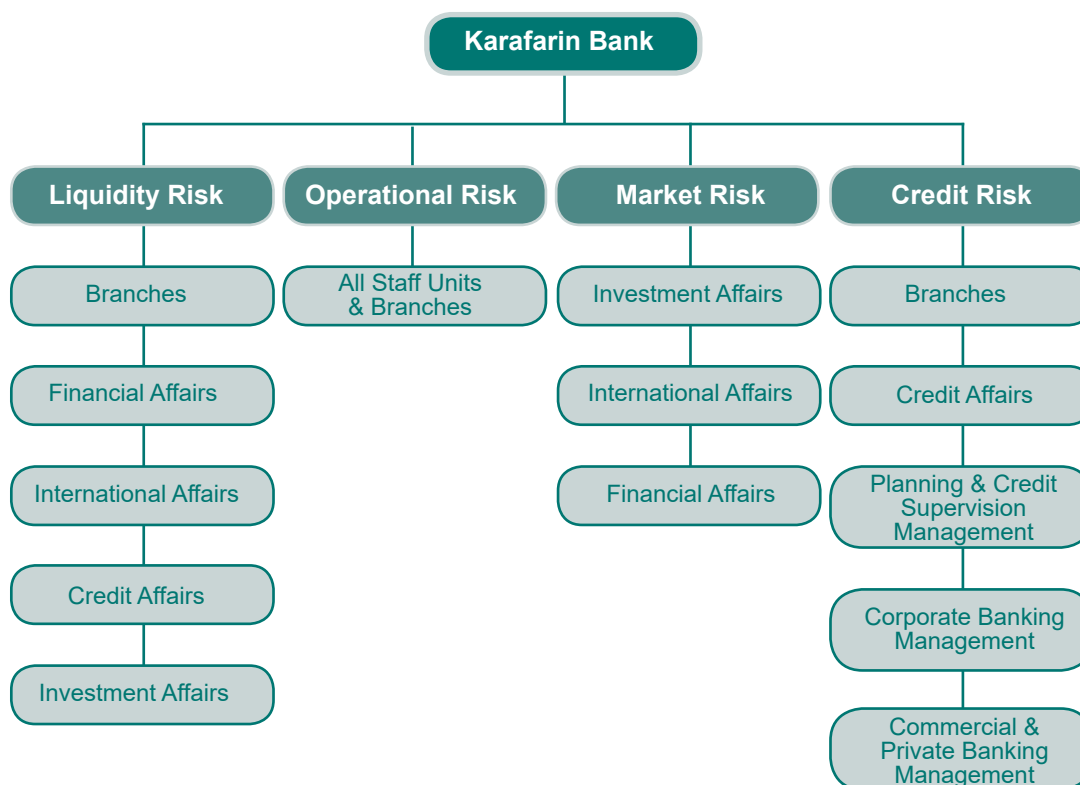
The Bank is exposed to the following risks:

- ◆ Credit Risk
- ◆ Liquidity Risk
- ◆ Market Risk
- ◆ Operational Risk

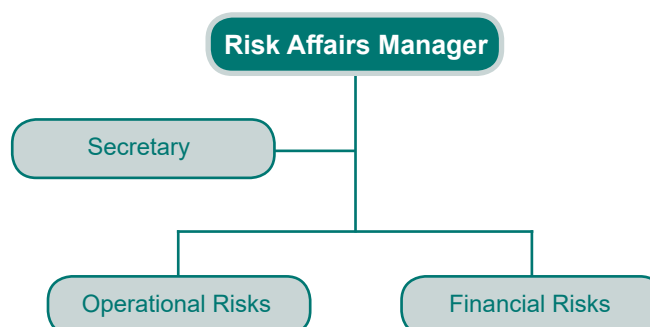
The scale of impact arising from risks which affect the Bank's business in different fields is stated below:

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58.1. The following diagram represents the relationship between different business areas and main risks against which, each unit is exposed to:



58.2. Risk management structure



58.3. Credit risk

58.3.1. Definition

Credit risk is any loss from inability of a borrower in paying back the loans and meeting its obligations. In other words, any potential loss arising from failing to partially or wholly meet commitments from receiving credit services by counter-party (due to unwillingness, financial inability, barriers on the

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way settlement, etc.). Since the major part of Karafarin Bank's assets includes loans granted to customers, credit risk is the most important challenge that may affect the Bank.

58.3.2. Credit policies

Credit policies which are implemented in the Bank by Risk, Credit and Inspection Unit are as follows:

1. Annual rating of the borrowers.
2. Assessing branches performance at the Internal Rating Information registration system.
3. Assessing and updating the information on the Internal Rating System.
4. Evaluating the Internal Rating System and upgrading it.
5. Assessing and comparing customers' rates with their customers' credit performance and collaterals.
6. Assessing customers' credit information registration in Afarin system from risk point of view.
7. Assessing adequacy of securities registered for credit applicants.
8. Assessing and updating the value of borrowers' real estates as collateral.
9. Monitoring & reporting customers' large scale loans and commitments.
10. Monitoring & reporting on loans and large-scale commitments of parties related to the Bank.
11. Evaluating credit performance of the Bank's borrowers.
12. Checking the scope of authority of branches and credit pillars.
13. Rating industry subsections as separated by ISIC codes.
14. Assessing credit risk concentration, separated by different economic and industry sectors.
15. Assessing loans repayment with respect to securities quality.
16. Calculating capital adequacy required for credit risk based on Basel II standard.
17. Calculating loans & commitments provisioning.

58.3.3. Credit risk management executive units

The above policies are executed by all units of the Bank especially its branches, Credit Affairs Management, Credit Information Department, Debt Collection Department, credit committees and other credit units.

58.3.4. Scope of authority for different levels of organisation to approve loans and commitments

Karafarin Bank's branches vary in terms of scope of credit authority and are classified into four groups i.e. Central Branch, Group One Branch, Group Two Branch, and Group Three Branch. Branches list, newly established branches status, promotions and degradations in branch grouping, scope of credit authority for any set of branches to approve and accept type, composition and amount of securities are subject to conditions set forth in Karafarin Bank "branches' scope of credit authority and related regulations" bylaws and subsequent attachments and amendments.

All branches are obliged to comply with their regulations relating to credit requests of customers which are within the scope of authority (taking customers' existing commitments & debts into account) in branch credit committee and take due decisions in compliance with regulations related to branches' scope of credit authority to approve credit loans & L/G. In cases where customers' requests exceed branches' scope of authority, the file together with branch credit committee comment and required documents will be referred to Credit Affairs Management for decision-making. With respect to suggested credit amount, the case will be set forth in Credit Committee, Credit Supreme Committee and/or Board of Directors respectively for decision-making.

Prescribed limits for foreign currency loans are the same as those of IRR ones. The CBI transaction rate is the criteria for converting foreign currency into IRR.

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In case valued customers whose activities require a frequent number of requests for receiving loans (such as contractors for receiving L/Gs or suppliers and businessmen for short-term working capital deficit financing), Branch Credit Committee may, within its assigned authority, approve credit for a maximum period of one year when they have equity participation contracts in compliance with prescribed standards and in case of L/G in compliance with related regulations.

(Amounts in Billion IRR)

Type of Proposal/ Decision-making Authority	Credit Committee		Credit Supreme Committee		Executive Board Committee		Board of Directors	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
IRR Loans	Branch Permissible Limit	20	20	70	70	100	100	Up to Prescribed Limit by CBI
Opening L/Cs	0	20	20	70	70	100	100	Up to Prescribed Limit by CBI
Issuing L/Gs	Branch Permissible Limit	40	40	140	140	200	200	Up to Prescribed Limit by CBI

58.3.5. Methods of reducing credit risk

One way to reduce credit risk is to obtain security in proportion to its risk and liquidation amount. In view of risk degree, securities are divided into three categories:

First class securities: include investment deposit, deposit certificate issued by Karafarin Bank, governmental bonds, bearer deposit certificate issued by other banks (stating the process of granting loans to related banks), local banks letter of guarantees (with confirmation of Credit Management) and foreign banking letter of guarantees (with confirmation of International Division).

Second class securities: include entire & easily tradable estates and listed shares in stock exchange (tradable on main board of stock market floor).

Third class securities: include movable properties (bills of general warehouses and bonded goods approved by the Credit Affairs Management), machineries and equipment and enforced contracts, promissory notes, checks and documentary collection.

58.3.6. Customers' credit rating process

The process of credit rating is carried out under the following principles:

1. Branches are initially responsible for customers' reception, preparing credit reports and receiving customers' credit rating report, inquiring from existing systems and maintaining information. The customers are rated by Bank's internal system designed by Risk Unit. Branches are responsible for entering data into systems according to which customer rate is received. Controlling information accuracy is periodically and regularly performed by Risk Unit.
2. Credit Management is responsible for reviewing suggestions provided by branches, reviewing customer rate, managing the branch credit limits and credit opining.
3. Credit committees are responsible for approving credit in decision-making with regard to credit amount.
4. Risk Management Department is responsible for giving independent opinion on granted loans through designing and updating the rating and credit risk control system.
5. Risk Management duties are separated from business duties and relations with customers in credits areas.

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6. Credit decision-making principles, control and independent reporting of credit risk are valid under all conditions.

58.3.7. Credit quality analysis

Bank's assets quality including loans and commitments and investments, type and amount and adequacy of obtained securities (granted loans balance ratio to securities' updated value – LTV) is displayed in tables 58.3.7.1. to 58.3.7.4. from credit risk point of view.

58.3.7.1. Analysis of credit quality of granted loans, commitments and investments based on the Bank's internal credit rating

	Credit Quality Analysis							
	Loans Granted to Banks		Loans Granted to Customers		Investments		Commitments on L/ Cs & L/Gs	
	19.03.2020	20.03.2019	19.03.2020	20.03.2019	19.03.2020	20.03.2019	19.03.2020	20.03.2019
1 st Degree- Low Risk	0	0	9,009,179	8,409,378	17,999,853	4,322,050	588,372	5,748,045
2 nd Degree- Medium Degree	0	0	83,234,322	67,954,817	0	0	25,264,604	30,385,400
3 rd Degree- High Risk	0	0	30,112,961	27,727,595	0	0	2,911,964	3,655,439
Unrated	0	0	9,802,893	8,204,337	0	0	23,602,536	725,877
4 th Degree- To Be As Categorised Bad Debt	0	0	851,514	2,049,590	0	0	0	0
Total Gross Amount	0	0	133,010,869	114,345,717	17,999,853	4,322,050	52,367,476	40,514,760
Impairment Provision	0	0	(10,285,165)	(8,361,639)	0	0	0	0
Net Carrying Amount	0	0	122,725,704	105,984,078	17,999,853	4,322,050	52,367,476	40,514,760

* Investments include any security with ownership rights such as all kinds of shares.

* To analyse credit quality of customers, loans balance at each unit and the rate obtained from the internal rating system are taken into consideration and ratings are classified as follows:

1st Degree: Customers with A rate and staff loans.

2nd Degree: Customers with B & C rates, settled L/Gs and L/Cs.

3rd Degree: Customers with D & E rates and customers with non-performing, doubtful and outstanding loans.

Unrated: Customers who received loans against deposit and old customers.

4th Degree: Non-performing loans with over-5-year doubtful loans.

Based on existing information at hand, the wide scale spreading of Coronavirus since March did not significantly affect the Bank's borrowers until the end of the Iranian year 1398 (March 2020) In order to stimulate some sectors of the economy, the Bank has introduced packages to support the borrowers by offering low cost loans.

Furthermore, during the reporting financial period, the Bank did not have any extended non-performing loans and did not write off any fines on such loans due to Covid-19 pandemic.

Needless to mention that in case social and economic limitations continue due to the mentioned pandemic (having taken into account any supportive government laws and regulations in this regard), the Bank's credit risk is likely to increase in some sectors.

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58.3.7.2. Quality analysis of granted loans and commitments based on assets levels

	Loans Granted to Banks		Loans Granted to Customers		Commitments on L/Gs & L/Cs	
	19.03.2020	20.03.2019	19.03.2020	20.03.2019	19.03.2020	20.03.2019
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Current	0	0	107,038,305	84,998,496	52,367,476	40,514,760
Overdue	0	0	3,088,056	2,625,814	0	0
Deferred	0	0	4,667,676	3,589,347	0	0
Doubtful	0	0	18,216,832	23,132,060	0	0
Total Gross Amount	0	0	133,010,869	114,345,717	52,367,476	40,514,760
Impairment Provision	0	0	(10,285,165)	(8,361,639)	0	0
Net Carrying Amount	0	0	122,725,704	105,984,078	52,367,476	40,514,760

58.3.7.3. Credit quality of bonds, Islamic treasury bills, Sukuk and investment funds units and similar items

	Credit Quality Analysis	
	19.03.2020	20.03.2019
	Million IRR	Million IRR
Issued by the Government & CBI:		
Islamic Treasury Notes	352,825	1,512,826
Government Bonds	11,000,000	0
Ordinary Government <i>Morabeheh</i> Bonds	5,000,000	0
Governmental Bonds	308,403	725,272
Total	16,661,229	2,238,099
Issued by Governmental Companies		
Total	0	0
Issued by Non-governmental Sector		
Karafarin Brokerage Common Investment Fund	28,500	28,500
Arman Karafarin Investment Fund	18,500	18,500
Amin Mellat Investment Fund	0	0
Karizma Fixed Income Investment Fund	0	0
Shakhes Karafarin Common Investment Fund	9,000	9,000
Shakhes Karafarin Common Investment Fund	15,999	15,999
Total	71,999	71,999
Total	16,733,228	2,310,098

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58.3.7.4. Type and amount of securities obtained from credit customers

Security Type	19.03.2020	20.03.2019
	Million IRR	Million IRR
Loans Granted to Individuals:		
Cash	0	0
Bonds/Sukuk	0	0
Listed Bonds	35,028,260	6,104,316
Unlisted Bonds	0	0
IRR Deposits	6,786,408	1,375,828
Foreign Currency Deposits	0	5,237
Immovable Assets Mortgaged by the Bank	12,652,632	4,526,118
Bonds	79,977	0
Machineries	0	140
L/Gs	0	0
Collected Cheque & Additional Cheque as Collateral	106,045,270	29,855,961
Promissory Notes	25,295,323	11,610,993
Enforced Contracts	109,225,675	24,582,627
Investment Fund	117,581	141,181
Others	25,525	36,170
Total Individuals' Securities	295,256,653	78,238,569
Loans Granted to Legal Entities:		
Cash	0	0
Bonds/Sukuk	0	0
Listed Bonds	5,996	12,208,632
Unlisted Bonds	0	0
IRR Deposits	3,653,027	2,751,655
Foreign Currency Deposits	0	10,473
Immovable Assets Mortgaged by the Bank	7,550,458	9,052,236
Bonds	0	0
Machineries	3,326	279
L/Gs	0	0
Collected Cheque & Additional Cheques as Collateral	11,841,791	59,711,922
Promissory Notes	2,280,383	23,221,986
Enforced Contracts	16,306,276	49,165,255
Investment Fund	524,822	282,362
Others	27,798	72,339
Total Loans Granted to Legal Entities	42,193,877	156,477,139
Total Securities Obtained from Legal Entities	337,450,529	234,715,708

* The amount for securities mortgage value is based on the report of the Bank's expert.

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58.3.7.5. Balance of loans based on loans balance (less provisions) to updated value of securities

Description	19.03.2020	20.03.2019
	Million IRR	Million IRR
Loans Granted to Banks		
Below 50%	0	0
51% to 70%	0	0
71% to 90%	0	0
91 to 100%	0	0
Above 100%	0	0
Total	0	0
Loans Granted to Individuals:		
Below 50%	730,205	385,570
51% to 70%	128,787	19,148
71% to 90%	83,743	79,294
91% to 100%	420,561	372,376
Above 100%	16,569,380	14,145,018
Total	17,932,677	15,001,405
Loans Granted to legal Entities:		
Below 50%	2,288,418	886,537
51% to 70%	1,023,183	200,067
71% to 90%	1,508,965	597,840
91 to 100%	7,330,082	5,262,962
Above 100%	92,642,379	84,035,267
Total	104,793,028	90,982,673
Total	122,725,704	105,984,078

* Calculations are based on the updated mortgage value of securities taking into account the liquidity coefficients stated in the Assets Classification & Provisioning Circular. The above table aims to disclose the coverage of collateral held by the Bank against the balance of customer debts.

58.3.8. Credit risk concentration

This section explains the Bank's policies on distributing credit risk regarding in various economic sectors, overseas and domestic units and various contracts. The results of executing these policies are presented in 58.3.8.1 to 58.3.8.2.

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58.3.8.1. Distribution of loans and investments in various economic sectors and their domestic and overseas concentration

		Granted Loans		Investments		Commitments on L/ Cs & L/Gs	
		19.03.2020	20.03.2019	19.03.2020	20.03.2019	19.03.2020	20.03.2019
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Carrying Amount		122,725,704	105,984,078	17,999,853	4,322,050	52,367,486	40,514,760
Amount of Loans/ Commitments based on Economic Sectors							
Industry	58-3-8-1-1	73,833,079	53,080,753	918	103,984	13,735,862	14,936,553
Housing		13,094,601	13,629,881	0	0	12,032,306	9,508,638
Commercial		9,381,569	12,126,037	0	0	6,400,066	5,630,830
Services		9,940,081	12,349,564	1,181,270	1,118,447	10,654,167	2,402,430
Agriculture		1,441,318	1,639,668	0	0	1,609,019	1,190,484
Public & Non-profit Activities		1,097,728	991,487	0	0	1,623,325	682,030
Financial Intermediaries & Banks		13,937,328	12,166,687	16,817,665	3,099,619	6,312,731	6,163,794
No Economic Sector		0	0	0	0	0	0
Total		122,725,704	105,984,078	17,999,853	4,322,050	52,367,476	40,514,760
Amount of Loans/ Commitments based on Location							
Domestic		122,725,704	105,984,078	17,999,853	4,322,050	52,367,476	40,514,760
Overseas		0	0	0	0	0	0
Total		122,725,704	105,984,078	17,999,853	4,322,050	52,367,476	40,514,760

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58.3.8.1.1. Distribution of loans, commitments and investments in various industries is as follows:

	2019-20	2018-19
	Million IRR	Million IRR
Loans:		
Construction	6,553,953	11,978,567
Manufacturing Chemicals	18,506,172	12,038,256
Financial Intermediaries Except Insurance	12,273,342	10,856,214
Motor Vehicle Production	12,255,572	6,376,215
Base Metals Production	10,212,496	8,253,247
Services Activities	0	0
Wholesale Except for Motor Vehicles	2,252,312	2,573,013
Peripheral Activities of Financial Intermediation	2,528,409	4,695,092
Health & Social Work	2,891,887	5,058,993
Food & Beverage Industry	5,642,464	6,326,350
Manufacturing Other Non-metal Mineral Products	0	4,186,454
Activities Related to Real Estates	211,538	88,319
Manufacturing Other Machineries & Equipment	863,240	6,376,215
Rubber & Plastic Products	1,808,698	1,433,150
Oil Refinery & Nuclear Fuel Production	645,905	67,336
Retail Except for Motor Vehicles	2,976,236	2,779,154
Road Transportation through Pipelines	85,716	91,327
Agriculture, Hunting & Related Activities	871,093	555,947
Others	52,431,836	22,250,227
Investments:		
Base Metals	0	34,929
Chemical & Petrochemical Industries & Petroleum Products	434	43,001
Metal Mines Exploitation	484	7,430
Energy	0	0
Contracting Work	0	0
Cement. Lime, Plaster	0	15,584
Banks & Credit Institutions	1,029,838	19,964
Industrial Multi-Sector	4,287	3,039
Financial Intermediaries	16,964,810	4,066,245
Oil & Gas Extraction Except Exploration	0	0
Telecommunications	0	131,857
Commitments:		
Building	10,230,898	7,581,359
Other Services Activities	352,962	483,559
Utilities	3,574,468	3,361,433
Other Business Activities	647,352	816,287
Textile Production	421	280,694
Computer & Related Activities	1,007,680	767,539
Food & Beverage Industry	54,881	887,888
Other Machineries & Equipment	0	288,942
Retail Except Motor Vehicles	1,015,430	779,740
Wholesale Except Motor Vehicles	1,404,013	1,915,117
Manufacturing Other Non-metal Minerals	516,157	144,844
Oil & Natural Gas Extraction	613,352	392,544
Base Metal Production	285,718	275,000
Motor Vehicle Production	291,397	288,942
Manufacturing Chemical Products	1,326,792	900,709
Manufacturing Other Machineries & Equipment	238,274	0
Post & Telecommunications	413,434	183,024
Transportation through Pipelines	8,491,147	779,013
Others	21,903,100	20,388,127
Total	203,378,197	150,820,887

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58.3.8.2. Distribution of loans based on partnership and transacted contracts as well as customer type

Description	Customer Type	Loans Granted during the Year		Balance of Loans at the End of the Year	
		Amount	Ratio to Total	Amount	Ratio to Total
		Million IRR	%	Million IRR	%
Transacted Contracts	Individuals	2,867,729	0.90%	4,498,558	3.38%
	Legal Entities	42,896,988	13.39%	31,021,957	23.32%
Total		45,764,717	14.28%	35,520,515	26.70%
Participation Contracts	Individuals	54,725,014	17.08%	15,677,533	11.79%
	Legal Entities	219,908,206	68.64%	81,812,821	61.51%
Total		274,633,220	85.72%	97,490,354	73.30%
Total		320,397,937	100%	133,010,869	100%

* *Gharz-al Hassaneh* loans are not classified under non-transacted contracts.

58.3.9. Non-performing loans management method

The Bank's policies on preventing and non-performing loans and repossessing assets and liquidation methods are disclosed in tables 58.3.9.1. to 58.3.9.3.

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58.3.9.1. Turnover of non-performing loans and claims

	2019-20				2018-19			
	Principal Amount	Interest	Late Payment Penalty	Total	Principal Amount	Interest	Late Payment Penalty	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Balance of Non-performing Loans & Claims at the Beginning of the Year	16,791,811	7,467,733	443,412	24,702,956	23,014,174	6,657,006	650,217	30,321,397
Transferred to Non-Performing during the Year	1,016,524	5,629,385	213,416	6,859,325	14,386,580	1,794,117	441,804	16,622,501
Non-performing Loans & Claims Settled during the Year								
Cash Collection	(3,112,684)	(8,504,789)	(15,270)	(11,632,743)	(2,846,598)	(896,835)	(143,486)	(3,886,919)
Collected by Repossession	(77,878)	(92,744)	(29,094)	(199,716)	(92,056)	(86,555)	(56,339)	(234,949)
Collected by New Loans	(493,734)	0	0	(493,734)	(17,666,533)	0	0	(17,666,533)
Bad Debt	0	0	0	0	(3,757)	0	0	(3,757)
Writing Off Penalties	0	0	(576,141)	(576,141)	0	0	(448,784)	(448,784)
Balance of Non-performing Loans & Claims at the End of the Year	14,124,039	4,499,585	36,324	18,659,948	16,791,811	7,467,733	443,412	24,702,956

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58.3.9.2. Distribution of non-performing loans and claims based on economic sectors

	Balance of Non-performing Loans & Claims		Special Provision for Doubtful Loans		Net Non-performing Loans & Claims	
	19.03.2020	20.03.2019	19.03.2020	20.03.2019	19.03.2020	20.03.2019
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Partial Distribution of Non-Performing Loans & Claims:						
Industry	8,150,526	3,395,514	(5,113,975)	(2,279,084)	3,036,551	1,116,430
Housing	5,461,201	6,453,828	(1,713,373)	(1,804,506)	3,747,827	4,649,322
Commercial	2,610,138	4,888,471	(1,100,925)	(639,528)	1,509,214	4,248,943
Services	1,661,820	2,989,479	(337,589)	(368,162)	1,324,231	2,621,317
Agriculture	82,248	2,343,110	(87,866)	(170,712)	(5,618)	2,172,398
Public & Non-profit Activities	251,445	1,257,583	(130,917)	(289,224)	120,528	968,358
Financial Intermediaries	442,569	3,374,971	(289,499)	(1,423,254)	153,070	1,951,717
No Economic Sector	0	0	0	0	0	0
Total	18,659,948	24,702,956	(8,774,144)	(6,974,471)	9,885,803	17,728,485

58.3.9.3. Balance of repossessed assets

Description	19.03.2020	20.03.2019
	Million IRR	Million IRR
Movable Assets	930	930
Immovable Assets:		
Residential	1,896,252	2,065,925
Commercial/Office	435,528	381,635
Factory	0	0
Land	641,194	567,259
Garden	845	845
Residential/Commercial	91,957	131,639
Residential/Commercial/Office	189,699	155,834
Balance of Repossessed Assets	3,256,406	3,304,067

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58.3.10. Capital required for credit risk coverage

Capital required for covering credit risk of Bank's assets amounts to IRR12,182,177 million. The related calculations are presented in 58.3.10.1.

58.3.10.1. Calculation of capital required to cover credit risk

	Note	19.03.2020 Million IRR	20.03.2019 Million IRR
Total Credit Risk Weighted Assets	58-7-2-1	152,277,211	175,594,237
Coefficient (%)		8	8
Capital Required to Cover Credit Risk		12,182,177	14,047,539

58.4. Liquidity risk

In this section, the explanatory and quantitative items related to liquidity risk are described in such a way that the following headlines are fully covered.

58.4.1. Definition

Liquidity risk is the Bank's possible inability to meet its short-term obligations. The aim of liquidity risk management is to cover all obligations arising from expected or unexpected changes in balance sheet items in line with financial institution development.

58.4.2. Liquidity risk management policies

The Liquidity Risk Bylaw has been prepared in line with effective management for optimum use of Bank's resources and beneficiaries' profit-making within framework of policies related to loans and investment parallel to regulatory and supervisory requirements. This bylaw is for recognition, measurement, supervision, control and reporting of liquidity risk and interest rate.

58.4.3. Executive units of liquidity risk management

Risk Management has a duty of measuring and supervising liquidity risk status besides the execution of the Liquidity Risk Bylaw. It is also responsible for reporting the risk liquidity to Bank's top managers periodically which is carried out with cooperation of Financial Management and with help of Bank's information systems.

Financial Management along with risk management is commonly responsible for execution of liquidity risk and supervision bylaw and is obliged to provide the Bank's top management with timely and periodical reports.

Assets-Liability Committee (ALCO) is responsible for analysing assets and liabilities structure of the Bank in order to increase profitability while controlling the liquidity, market and credit risks, consisting of the Bank's managing director, deputies and top managers.

Risk Management Committee (RMC) consists of managing director, deputies and top managers who have supervision on risk management activities and is responsible for managing all banking risks and reviewing and suggesting risk management policies and limits of accepting risks and ensuring the accessibility of infrastructures, resources and systems required for the management. Risk Management Committee along with the Asset-Liability Committee is commonly responsible to supervise the execution of liquidity risk by-law.

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Risk Supreme Committee provides the Bank's Board of Directors with reports prepared by the Risk Unit periodically. Bylaws and policies concerning the risk are also confirmed by the Bank's Board of Directors.

58.4.4. Liquidity risk measurement method (including principles and assumptions)

With respect to widespread application of different models used as a measure for liquidity risk in Karafarin Bank, the mentioned risk level inferred from some modern approaches such as expected prospective liquidity criterion which is a standard tool for measuring liquidity risk is used besides the measurement criteria for liquidity gap. In this comprehensive criterion, besides considering certain advanced financial ratios like Basel III ratios about liquidity including NSFR and LCR, we have distinguished between processes and models for measuring liquidity risk at the beginning of the period with the same amount at the end of the period due to the Bank's activities. Since this risk is known as tension when occurred, we carried out the status of liquidity risk and liquidity gap without using the historical data and based on the different shocks simulation in Karafarin Bank.

Moreover, liquidity ratios in balance sheet is a measurement used to present the Bank's ability against liquidity needs under tension. The ratios can be also used as a basis to limit liquidity risk.

58.4.5. Liquidity risk control and monitoring mechanism

After liquidity risk calculations in related periods (daily, weekly, monthly or quarterly), monitoring the liquidity risk is performed as follows:

Daily controls: It includes branches cash control, treasury, and the Bank's intermediary accounts with CBI which consist of all electronic payment systems such as: *Shetab* (electronic banking clearance and automated payments system), *Satna* (RTGS), *Chakavak* and *Shaparak*. At level of comprehensive management of assets and liabilities (ALM), these reports are generally monitored monthly and at medium term. In these cases, the Bank's liquidity status is reviewed by using financial statements. At this level, in addition to using calculated liquidity ratio based on the modern models such as CAMELS, the methods like those of Moody's and S&P are used to control these ratios and their relations to each other.

58.4.5.1. The following table indicates the Bank's liquidity provisions:

	19.03.2020	20.03.2019
	Million IRR	Million IRR
Cash at Hand-IRR	405,787	373,597
Cash at Hand-Foreign Currency	952,697	566,871
Sight Deposit Held with CBI (Unlimited)	164,480	353,842
Sight Deposits Held with Other Banks & Credit Institutions (Unlimited)	10,746,365	10,946,873
Investing in Rapidly Marketable Shares	965,002	255,805
Investing in Other Securities	15,260,437	2,310,098
Total Liquidity Provisions	28,494,768	14,807,086

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58.4.5.2. Liquidity ratios

	At the Beginning of the Year	Year's Monthly Average	Maximum during the Year	Minimum during the Year	At the End of the Year
	%	%	%	%	%
Cash & Cash Equivalents to Total Assets	8	6	13	5	13
Cash Asset & Cash Equivalents to Total Deposits	10	7	14	5	14
Net Cash Assets to Total Deposits**	8	5	11	4	11
Loans to Total Deposits	69	71	75	64	64
Loans Granted to 1-Year Deposits & Above	134	137	143	125	125
Escaped Deposits to Total Deposits***	6	6	8	5	8

* Cash and cash equivalents includes cash, participation bonds and similar items which have active cash transaction markets.

** Net cash assets include cash, cash equivalent and investment bonds which have active cash transaction market less Banks' deposits, issued bonds, other borrowings and commitments that will be matured by next month.

*** Escaped deposits include deposits with no contractual maturity such as current and saving *Gharz-al Hassaneh* deposits, etc.

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58.4.5.3. Assets and liabilities maturity date analysis

The following table represents the Bank's financial assets and liabilities maturities based on the date they are likely to be settled or claimed:

	19.03.2020						
	Carrying Amount	Below 1 Month	From 1 Month to 3 Months	From 3 Months to 1 Year	From 1 Year to 5 Years	Above 5 Years	Without Specified Maturity Date
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Assets:							
Cash	12,269,330	12,269,330	0	0	0	0	0
Claims from Banks & Other Credit Institutions	27,407,999	27,407,999	0	0	0	0	0
Granted Loans & Claims from Non-governmental Entities	122,725,704	44,223,447	57,333,320	17,455,311	3,706,912	0	6,714
Investing in Shares & Other Securities	17,999,853	15,260,437	965,002	0	1,774,415	0	0
Claims from Subsidiary & Associated Companies	916,950	916,950	0	0	0	0	0
Other Accounts Receivable	1,766,983	1,763,983	0	3,000	0	0	0
Tangible Fixed Assets	7,283,354	0	0	0	0	0	7,283,354
Intangible Assets	4,313,338	0	0	0	0	0	4,313,338
Legal Deposit	22,054,847	10,792,189	695,304	10,566,417	936	0	1
Other Assets	3,428,859	0	0	0	0	0	3,428,859
	220,167,218	112,634,335	58,993,626	28,024,728	5,482,263	0	15,032,267
Liabilities:							
Dues to Banks & Credit Institutions	(5,915,270)	(4,982,102)	0	(933,168)	0	0	0
Customers' Deposits	(18,752,325)	(14,512,424)	0	(4,239,901)	0	0	0
Dividend Payable	(15,599)	0	0	(15,599)	0	0	0
Corporation Tax Provision	(161,610)	0	0	(161,610)	0	0	0
Provisions & Other Liabilities	(5,571,659)	(2,348,819)	(2,831,194)	(324,601)	(5)	0	(67,045)
Provision for Work Termination Benefits	(786,033)	0	0	0	0	0	(786,033)
Investment Depositors' Interest	(172,282,913)	(76,507,574)	(5,963,371)	(90,624,265)	(8,030)	0	(820,328)
Total Liabilities	(203,485,409)	(98,350,920)	(8,794,565)	(96,299,144)	(8,035)	0	(1,673,406)
Total Shareholders' Equity	(16,681,809)						(16,681,809)
Total Cash from Off-Balance Sheet Items							
Total Liabilities, Shareholders' Equity & Off-Balance Sheet Items	(220,167,218)	(98,350,920)	(8,794,565)	(96,299,144)	(8,035)	0	(16,714,559)
Gap	0	14,283,415	50,199,061	(68,274,416)	5,474,228	0	(1,682,292)
Cumulative Gap		14,283,415	64,482,475	(3,791,940)	1,682,288	1,682,293	1
Gap to Regulatory Capital Ratio-%		93%	326%	(444%)	36%	0%	(11%)
Cumulative Gap to Regulatory Capital Ratio-%		93%	419%	(25%)	11%	11%	0
Gap to Regulatory Capital Ratio as Basis for Other Prudential Ratios-%		96%	337%	(458%)	37%	0%	(11%)
Cumulative Gap to Regulatory Capital Ratio As Basis for Other Prudential Ratios-&		96%	433%	(25%)	11%	11%	0%

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	Carrying Amount	Below 1 Month	From 1 Month to 3 Months	From 3 Months to 1 Year	From 1 Year to 5 Years	Above 5 Years	Without Specified Maturity Date
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Assets:							
Cash	12,241,183	12,241,183	0	0	0	0	0
Claims from Banks & Other Credit Institutions	20,914,515	20,914,515	0	0	0	0	0
Granted Loans & Claims from Non-governmental Entities	105,984,078	40,188,211	43,158,291	18,591,315	3,909,757	0	136,504
Investing in Shares & Other Securities	4,322,050	0	0	2,565,903	1,756,147	0	0
Claims from Subsidiary & Associated Companies	995,496	0	0	995,496	0	0	0
Other Accounts Receivable	1,381,298	1,381,277	0	21	0	0	0
Tangible Fixed Assets	6,165,929	0	0	0	0	0	6,165,929
Intangible Assets	4,283,598	0	0	0	0	0	4,283,598
Legal Deposit	16,739,092	7,654,087	494,487	8,589,891	627	0	0
Other Assets	3,799,567	0	0	0	0	0	3,799,567
	176,826,804	82,379,272	43,652,778	30,742,626	5,666,531	0	14,385,597
Liabilities:							
Dues to Banks & Other Credit Institutions	(2,363,167)	(1,429,999)	0	(933,168)	0	0	0
Customers' Deposits	(15,863,580)	(9,380,568)	0	0	(6,483,012)	0	0
Dividend Payable	(13,022)	0	0	(13,022)	0	0	0
Corporation Tax Provision	0	0	0	0	0	0	0
Provisions & Other Liabilities	(7,092,840)	(1,820,912)	(1,937,079)	(333,309)	0	0	(3,001,540)
Provision for Work Termination Benefits	(622,273)	0	0	0	0	0	(622,273)
Investment Depositors' Interest	(136,990,525)	(47,977,819)	(2,072,740)	(67,315,058)	(9,194,053)	0	(10,430,855)
Total Liabilities	(162,945,408)	(60,609,298)	(4,009,819)	(68,594,557)	(15,677,065)	0	(14,054,669)
Total Shareholders' Equity	(13,881,397)						(13,881,397)
Total Cash from Off-Balance Sheet Items							
Total Liabilities, Shareholders' Equity & Off-Balance Sheet Items	(176,826,804)	(60,609,298)	(4,009,819)	(68,594,557)	(15,677,065)	0	(27,936,066)
Gap	0	21,769,974	39,642,959	(37,851,931)	(10,010,534)	0	(13,550,468)
Cumulative Gap		21,769,974	61,412,933	23,561,002	13,550,468	13,550,468	0
Gap to Regulatory Capital Ratio-%		178%	324%	(310%)	(82%)	0%	(111%)
Cumulative Gap to Regulatory Capital Ratio-%		178%	502%	193%	111%	111%	0%
Gap to Regulatory Capital Ratio As Basis for Other Prudential Ratios-%		146%	266%	(254%)	(67%)	0%	(91%)
Cumulative Gap to Regulatory Capital Ratio As Basis for Other Prudential Ratios-&		146%	412%	158%	91%	91%	0%

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58.4.5.4. Financial liabilities contractual maturity analysis

58.4.5.4.1. The following table presents the financial liability maturities based on their maturity dates stated in their contracts:

	2019-20					
	Carrying Amount	Below 1 Month	From 1 Month to 3 Months	From 3 Months to 1 Year	From 1 Year to 5 Years	Without Specified Maturity Date
Liabilities:	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Dues to Banks & Other Credit Institutions	(5,915,270)	0	0	0	0	0 (5,915,270)
Customers' Deposits	(18,752,325)	0	0	0	0	0 (18,752,325)
Loans Received from the National Development Fund	0	0	0	0	0	0
Investment Depositors' Interest	(172,282,913)	(76,507,574)	(5,963,371)	(90,624,265)	(8,030)	0 (820,328)
Total	(196,950,508)	(76,507,574)	(5,963,371)	(90,624,265)	(8,030)	0 (25,487,923)
	2018-19					
	Carrying Amount	Below 1 Month	From 1 Month to 3 Months	From 3 Months to 1 Year	From 1 Year to 5 Years	Without Specified Maturity Date
Liabilities:	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Dues to Banks & Other Credit Institutions	(2,363,167)	0	0	0	0	0 (2,363,167)
Customers' Deposits	(15,863,580)	0	0	0	0	0 (15,863,580)
Loans Received from the National Development Fund	0	0	0	0	0	0
Investment Depositors' Interest	(136,990,525)	(47,977,819)	(2,072,740)	(67,315,058)	(9,194,053)	0 (10,430,855)
Total	(155,217,273)	(47,977,819)	(2,072,740)	(67,315,058)	(9,194,053)	0 (28,657,603)

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58.4.5.4.2. The following table presents the maturity dates of foreign currency financial liabilities stated in their contracts:

	2019-20					
	Below 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Above 5 Years	Without Specified Maturity Date
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Liabilities:						
Dues to Banks & Other Credit Institutions	(1,586,267)	0	(82,759)	(67,767)	0	0
Customers' Deposits	(2,504,694)	0	(1,169,312)	0	0	0
Debt Securities	0	0	0	0	0	0
Loans Received from National Development Fund	0	0	0	0	0	0
Investment Depositors' Interest	0	(49,534)	0	(52,151)	0	0
Total	(4,090,961)	(49,534)	(1,252,070)	(119,918)	0	0

	2018-19					
	Below 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Above 5 Years	Without Specified Maturity Date
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Liabilities:						
Dues to Banks & Other Credit Institutions	(722,670)	0	(425,000)	(152,716)	0	0
Customers' Deposits	(1,781,578)	0	(3,757,384)	0	0	0
Debt Securities	0	0	0	0	0	0
Loans Received from National Development Fund	0	0	0	0	0	0
Investment Depositors' Interest	0	(73,570)	0	(39,054)	0	0
Total	(2,504,249)	(73,570)	(4,182,384)	(191,769)	0	0

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58.4.6. Preparation to counteract crisis (Liquidity Adequacy Stress Test)

This test aims to measure the Bank's ability to counter liquidity shocks (based on expert opinion or the Bank's historical evidence) and to disclose its precautionary plans for countering crisis as well as simulation results. It is also necessary to disclose methods and assumptions in addition to the test results.

As per Basel Committee guidelines, use of stress test and scenario analysis has been recommended to anticipate the future cash flow. Its aim is to estimate the effect of great but predictable shocks on a financial system. Experience in implementation and use of stress test models in Karafarin Bank's Risk Management Unit goes back to 2008-09. As pioneer in developing this approach in local banking network, the Unit has enjoyed it as one of the most functional instruments in order to quantify the effects of shocks, in any form, on the Bank's cash adequacy. Predicting the extent of cash flow arising from all types of scenarios and reviewing their effects on the Bank's liquidity and finally creating a suitable liquidity buffer against cash crisis are of significant results of implementing the liquidity risk stress test in Karafarin Bank. For this purpose, the stress test is carried out at three levels in Karafarin Bank to appropriately monitor the liquidity risk and avoid liquidity crisis. Hence, liquidity levels and the required amount of capital are measured.

First level: By preparing the reports under title of "cash ratios" and providing Assets and Liabilities Committee with them on a monthly basis, a general prospect of the Bank's liquidity status is analysed. The prepared ratios in this section are among the liquidity ratios highlighted by valid organisations such as the International Monetary Fund and Basel Committee. At this level, the reports of the Bank's Static Liquidity Gap calculation are also computed and determined with regard to the maturity of all kinds of deposits, loans and paid off-balance sheet items.

Second level: One of the liquidity ratios required by Basel III is calculated for measuring and monitoring liquidity risk in the Bank. As to Liquidity Coverage Ratio (LCR), above agreement has given banks a period of time, up to 2018, to exceed 100% of this ratio. The main goal of LCR is to increase retrieval ability of the Bank's liquidity status in the short term, assuring the existence of sufficient liquidated assets to sustain activity in an intensive one-month stress scenario.

Third level: At Karafarin Bank's Risk Management Unit, with regard to cash flow in branches, treasury and non-cash funds resulted from electronic transactions such as *Satna*, *Shetab* and *Chakavak* using econometrics models, customers' requested funds are predicted in two normal and pessimistic scenarios in a dynamic form.

To calculate the exact amount of stress high limit at the confidence level of 99%, firstly, we attain the amounts of funds withdrawn at three levels, i.e., Treasury, *Satna* and *Chakavak* system individually. Then, by combining the three amounts, we can acquire the Bank's required liquidity buffer at the time of banking rush hour.

58.5. Market risk

58.5.1. Definition

Market risk is loss possibility resulting impairment of the Bank's transactions positions (including assets and liabilities on and off-balance sheet) from purchase date to selling date. As per Basel II, banks can use local models designed by them to evaluate market risk. The philosophy of Karafarin Bank's risk management is recognition, limitation, supervision and

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management of different dimensions of risk with the aim of maintaining assets value and flow of income, so that depositors and shareholders' interests are considered. In order to optimise the yield, there must be predetermined risk acceptance limit.

In this regard, special strategies for managing the Bank's market risk are considered as below:

- ◆ Karafarin Bank will manage risk-taking of capital arising from market risk related to any new service or activity in the relevant areas. The amount of market risk at any share and economic section is limited to the extent that has been determined by the Bank's Board of Directors in Market Risk Bylaw.
- ◆ According to the first principle of Basel Committee regulation, a bank will maintain the sufficient capital at any time.
- ◆ Karafarin Bank will issue a framework for market risk according to which the limited structure of foreign currency open position will be measured.
- ◆ Karafarin Bank will periodically carry out the crisis test to evaluate the effect of changes on market variants which may cause increased risk.

58.5.2. Executive units of market risk management

Market risk evaluation in Karafarin Bank is divided into the following categories:

Shares Risk: The risk arising from shares price fluctuations and its effects on value of the Bank's shares portfolio.

Foreign Currency Rate Risk: The risk arising from foreign currency rate fluctuations and its effects on foreign currency assets and liabilities value in IRR. Foreign currency rate risk arises from a long- or short-term open position in a foreign currency.

58.5.3. Market risk measurement method

Two methods of Monte Carlo and History Simulation are used to manage Karafarin Bank's market risk at the end of every month.

58.5.4. Analysis of the value at risk of investing in shares and other marketable investments

Having taken into account the Historical Simulation Method for probable change percentage at market value, the value at risk for investing in shares and other marketable investments is provided in the following table:

	2019-20		2018-19	
	Probable Change in Market Value	Effect on Profit & Loss	Probable Change in Market Value	Effect on Profit & Loss
	%	Million IRR	%	Million IRR
Investing in Rapidly-Transacted Shares	(-22.92 , 22.92)	340,401	(-3.73 , 3.80)	838
Other Investments (Stating Title)	0	0	0	0

* With the assumption of 10 days for maintenance and 99% for assurance level.

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58.5.5. Analysis of value at risk of foreign currency rate

The Bank's foreign currency position at 19.03.2020 is as follows:

	USD	EUR	GBP	CHF	JPY	CNY	AED	Other Foreign Currencies
Cash	4,837,801	5,027,215	39,331	200	30,000	200	2,560	0
Claims from Banks & Other Credit Institutions	1,178,154	62,622,098	527,536	230,792	643,323,482	39,658,715	44,442,087	0
Dues from the Government	0	0	0	0	0	0	0	0
Granted Loans & Claims from Non-governmental Entities	4,995,184	3,690,648	0	0	0	0	0	0
Investing in Shares & Other Securities	0	0	0	0	0	0	0	0
Claims from Subsidiary & Associated Companies	0	0	0	0	0	0	0	0
Other Accounts Receivable	20,088	3,222,831	0	0	0	94,874,217	3,497,935	0
Tangible Fixed Assets	0	0	0	0	0	0	0	0
Intangible Assets	0	0	0	0	0	0	0	0
Legal Deposit	0	0	0	0	0	0	0	0
Other Assets	0	0	0	0	0	0	0	0
Total Foreign Currency Assets	11,031,227	74,562,792	566,867	230,992	643,353,482	134,533,132	47,942,582	0
Customers' Commitments on L/Cs	0	2,563,206	0	0	12,444,000	13,484,760	0	0
Customers' Commitments on Issued L/Gs	9,892,369	55,556,635	0	0	0	17,261,092	1,277,500	0
Other Commitments of Customers	0	0	0	0	0	0	0	0
Total Customers' Foreign Currency Commitments	9,892,369	58,119,841	0	0	12,444,000	30,745,852	1,277,500	0
Total Customers' Foreign Currency Assets & Commitments	20,923,596	132,682,633	566,867	230,992	655,797,482	165	49,220,082	0
IRR Equivalent of Total Customers' Foreign Currency Assets & Commitments- Million IRR	1,883,124	13,533,629	63,518	22,289	565,743	2,180,591	1,239,479	2,883,444
Dues to Banks & Other Credit Institutions	(1,158,239)	(22,694,539)	0	0	(463,151,676)	0	(178,079)	0
Customers' Deposits	(2,348,945)	(23,681,019)	(47,005)	(590)	(25,963,636)	(44,989,104)	(5,503,883)	0
Dividend Payable	0	0	0	0	0	0	0	0
Debt Securities	0	0	0	0	0	0	0	0
Corporation Tax Provision	0	0	0	0	0	0	0	0
Provisions & Other Liabilities	0	(16,085,029)	(16)	0	(37,096,450)	(54,883,306)	(23,342,376)	0
Investment Depositors' Interests	0	0	0	0	0	0	0	0
Total Foreign Currency Liabilities	(3,507,184)	(62,460,587)	(47,021)	(590)	(526,211,762)	(99,872,410)	(29,024,338)	0
Bank's Commitments on L/Cs	0	(2,563,206)	0	0	(12,444,000)	(13,484,760)	0	0
Bank's Commitments on Issued L/Gs	(9,892,369)	(55,556,635)	0	0	0	(17,261,092)	(1,277,500)	0
Other Commitments of the Bank	0	0	0	0	0	0	0	0
Total Bank's Foreign Currency Commitments	(9,892,369)	(58,119,841)	0	0	(12,444,000)	(30,745,852)	(1,277,500)	0
Total Bank's Foreign Currency Liabilities & Commitments	(13,399,552)	(120,580,428)	(47,021)	(590)	(538,655,762)	(130,618,262)	(30,301,838)	0
IRR Equivalent of Bank's Total Foreign Currency Liabilities & Commitments- Million IRR	(1,205,960)	(12,299,204)	(5,269)	(57)	(464,687)	(1,723,298)	(763,073)	(2,320,428)
Net Positive (Negative) Foreign Currency Open Position for Each Foreign Currency at 19.03.2020	7,524,043	12,102,206	519,846	230,402	117,141,720	34,660,722	18,918,244	0
IRR Equivalent of Foreign Currency Open Position for Each Foreign Currency at 19.03.2020- Million IRR	677,164	1,234,425	58,249	22,232	101,056	457,293	476,407	563,017
Open Position of Each Foreign Currency to Regulatory Capital at 19.03.2020-%	4%	8%	0%	0%	1%	3%	3%	4%
Open Position of Each Foreign Currency to Regulatory Capital As the Basis of Other Prudential Ratios at 19.03.2020-%	5%	8%	0%	0%	1%	3%	3%	4%

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The Bank's foreign currency position at 20.03.2019 is as follows:

	USD	EUR	GBP	CHF	JPY	CNY	INR	Other Foreign Currencies
Cash	2,173,025	4,693,264	48,567	200	30,000	100	0	4,860
Claims from Banks & Other Credit Institutions	1,178,079	69,046,433	527,524	230,792	828,994,265	232,101,962	669,950,027	3,372,685,417
Dues from the Government	0	0	0	0	0	0	0	0
Granted Loans & Claims from Non-governmental Entities	4,995,184	9,300,744	0	0	20,651,328	17,448,749	0	1,647,466,363
Investing in Shares & Other Securities	0	0	0	0	0	0	0	0
Claims from Subsidiary & Associated Companies	0	0	0	0	0	0	0	0
Other Accounts Receivable	0	969,473	0	0	0	708	0	95,496,701
Tangible Fixed Assets	0	0	0	0	0	0	0	0
Intangible Assets	0	0	0	0	0	0	0	0
Legal Deposit	0	0	0	0	0	0	0	0
Other Assets	0	0	0	0	0	23,168,226	0	0
Total Foreign Currency Assets	8,346,288	84,009,915	576,090	230,992	849,675,593	272,719,745	669,950,027	5,115,653,341
Customers' Commitments on L/Cs	0	11,113,338	0	0	38,308,137	189,010,556	866,570,919	351,678,672
Customers' Commitments on Issued L/Gs	2,853,669	56,229,006	0	0	0	12,412,372	0	1,754,334,538
Other Commitments of Customers	0	16,379,751	0	0	0	0	0	0
Total Customers' Foreign Currency Commitments	2,853,669	83,722,096	0	0	38,308,137	201,422,928	866,570,919	2,106,013,210
Total Customers' Foreign Currency Assets & Commitments	11,199,957	167,732,010	576,090	230,992	887,983,730	474,142,673	1,536,520,946	7,221,666,551
IRR Equivalent of Total Customers' Foreign Currency Assets & Commitments-Million IRR	839,997	14,257,221	57,305	17,294	597,835	5,289,536	1,685,563	857,147
Dues to Banks & Other Credit Institutions	(1,158,239)	(7,524,876)	0	0	(653,080,130)	0	(279,115,015)	(1,402,828,445)
Customers' Deposits	(2,142,347)	(30,074,077)	(56,237)	(590)	(36,574,234)	(167,408,345)	(332,501,145)	(920,707,077)
Dividend Payable	0	0	0	0	0	0	0	0
Debt Securities	0	0	0	0	0	0	0	0
Corporation Tax Provision	0	0	0	0	0	0	0	0
Provisions & Other Liabilities	(20,792)	(28,730,554)	(16)	0	(39,196,181)	(100,732,930)	(18,918,924)	(747,417,569)
Investment Depositors' Interests	0	0	0	0	0	0	0	0
Total Foreign Currency Liabilities	(3,321,378)	(66,329,507)	(56,253)	(590)	(728,850,545)	(268,141,275)	(630,535,084)	(3,070,953,091)
Bank's Commitments on L/Cs	0	(11,113,338)	0	0	(38,308,137)	(189,010,556)	(866,570,919)	(351,678,672)
Bank's Commitments on Issued L/Gs	(2,853,669)	(56,229,006)	0	0	0	(12,412,372)	0	(1,754,334,538)
Other Commitments of the Bank	0	(16,379,751)	0	0	0	0	0	0
Total Bank's Foreign Currency Commitments	(2,853,669)	(83,722,096)	0	0	(38,308,137)	(201,422,928)	(866,570,919)	(2,106,013,210)
Total Bank's Foreign Currency Liabilities & Commitments	(6,175,047)	(150,051,603)	(56,253)	(590)	(767,158,682)	(469,564,203)	(1,497,106,004)	(5,176,966,300)
IRR Equivalent of Bank's Total Foreign Currency Liabilities & Commitments-Million IRR	(463,128)	(12,754,386)	(5,596)	(44)	(516,490)	(5,238,458)	(1,642,325)	(761,972)
Net Positive (Negative) Foreign Currency Open Position for Each Foreign Currency at 20.03.2019	5,024,910	17,680,408	519,837	230,402	120,825,048	4,578,470	39,414,943	2,044,700,250
IRR Equivalent of Foreign Currency Open Position for Each Foreign Currency at 20.03.2019- Million IRR	376,868	1,502,835	51,709	17,250	81,345	51,077	43,238	95,175
Open Position of Each Foreign Currency to Regulatory Capital at 20.03.2019-%	2%	10%	0.3%	0.1%	1%	0%	0.3%	1%
Open Position of Each Foreign Currency to Regulatory Capital As the Basis of Other Prudential Ratios at 20.03.2019-%	3%	10%	0.3%	0.1%	1%	0%	0.3%	1%

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58.5.5.1. Summary of foreign currency open position

	19.03.2020	20.03.2019
Positive Open Position of All Foreign Currencies-Million IRR	3,589,842	2,219,498
Foreign Currency Open Position-Million IRR	3,589,842	2,219,498
Positive Open Position of All Foreign Currencies to Regulatory Capital As A Basis of Other Prudential Ratios-%	24.1%	14.9%

58.5.5.2. Risk analysis of forex rate effect on profit and loss
Analysis of value at risk of gold, silver and platinum

	19.03.2020	20.03.2019
	Million IRR	Million IRR
Total Assets to Gold, Silver & Platinum	65,815	53,254
Total Liabilities to Gold, Silver & Platinum	(60,828)	(49,073)
Net Assets & Liabilities to Gold, Silver & Platinum	4,987	4,181
Total Customers' Commitments to Gold, Silver & Platinum	25,747	19,969
Total Credit Institution's Commitments to Gold, Silver & Platinum	(25,747)	(19,969)
Net Commitments to Gold, Silver & Platinum	-	-
Net Open Position of Gold	4,987	4,181
Net Open Position of Gold (Always Positive)	4,987	4,181
Open Position of Gold to Paid Capital & Free Reserve	0	0

58.5.5.3. Analysis of effects of foreign currency rate risk on profit and loss

With respect to Historical Simulation Method and Standard Model and resulting potential foreign currency fluctuations, value at risk for net foreign currency assets and liabilities are presented in the following table:

	19.03.2020		20.03.2019	
	Potential Change in Market Price	Effect on Profit & Loss	Potential Change in Market Price	Effect on Profit & Loss
	%	Million IRR	%	Million IRR
USD	0	0	(1.47 , 1.47-)	9,811
EUR	(0.69 , -0.69)	26,903	(1.72 , 1.72-)	41,815
GBP	(1.16 , -1.16)	2,133	(1.80 , 1.80-)	1,655
AED	(0.014 , -0.014)	9,920	(1.47 , 1.47-)	240
JPY	(0.97 , -0.97)	3,093	(1.66 , 1.66-)	3,530
CHF	(0.77 , -0.77)	10	(1.67 , 1.67-)	118
CNY	(0.45 , -0.45)	11,117	(1.60 , 1.60-)	950
RUB	(1.12 , -1.12)	0	(1.90 , 1.90-)	2,890
KRW	(0.78 , -0.78)	13,954	(1.72 , 1.72-)	4,840
INR	(0.66 , -0.66)	7,992	(1.71 , 1.71-)	1,863
TRY	(1.92 , -1.92)	0	(3.89 , 3.89-)	2,065
Others	(0.68 , -0.68)	3,024	0	0
		78,146		69,777

Maintenance period is 10 days and assurance level is 99%.

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58.5.6. Capital required to cover the market risk

Measurement Method	Shares Risk		Foreign Currency Risk		Total Capital Required to Cover Market Risk
	Value at Risk	Required Capital	Value at Risk	Required Capital	
	Million IRR	Million IRR	Million IRR	Million IRR	
Variance & Covariance Model	340,401	1,021,204	78,145	234,435	1,255,639
Standard Model	8% × (Opportunity Average)	118,810	8% × (Sales or Purchase Opportunity)	336,891	455,701

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58.5.7. Analysis of gap between assets and liabilities sensitive to interest rate

	19.03.2020						
	Carrying Amount	Below 1 Month	From 1 Month to 3 Months	From 3 Months to 1 Year	From 1 Year to 5 Years	Above 5 Years	Insensitive to Interest Rate
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Assets:							
Cash	12,269,330	0	0	0	0	0	12,269,330
Claims from Banks & Other Credit Institutions	27,407,999	0	0	0	0	0	27,407,999
Granted Loans & Claims from Non-governmental Entities	122,725,704	44,223,447	57,333,320	17,455,311	3,706,912	0	6,714
Investing in Shares & Other Securities	17,999,853	0	0	0	0	0	17,999,853
Claims from Subsidiary & Associated Companies	916,950	0	0	916,950	0	0	0
Other Accounts Receivable	1,766,983	0	0	0	0	0	1,766,983
Tangible Fixed Assets	7,283,354	0	0	0	0	0	7,283,354
Intangible Assets	4,313,338	0	0	0	0	0	4,313,338
Legal Deposit	22,054,847	10,792,189	695,304	10,566,417	936	0	1
Other Assets	3,428,859	0	0	0	0	0	3,428,859
Total Assets	220,167,218	55,015,636	58,028,624	28,938,678	3,707,848	0	74,476,431
Liabilities:							
Dues to Banks & Other Credit Institutions	(5,915,270)	(4,982,102)	0	0	0	0	(933,168)
Customers' Deposits	(18,752,325)	0	0	0	0	0	(18,752,325)
Dividend Payable	(15,599)	0	0	0	0	0	(15,599)
Corporation Tax Provision	(161,610)	0	0	0	0	0	(161,610)
Provisions & Other Liabilities	(5,571,659)	0	0	0	0	0	(5,571,659)
Provision for Work Termination Benefits	(786,033)	0	0	0	0	0	(786,033)
Investment Depositors' Interests	(172,282,913)	(76,507,574)	(5,963,371)	(90,624,265)	(8,030)	0	(820,328)
Total Liabilities	(203,485,409)	(81,489,677)	(5,963,371)	(90,624,265)	(8,030)	0	(25,400,066)
Total Shareholders' Equity	(16,681,809)						(16,681,809)
Total Liabilities & Shareholders' Equity	220,167,218	(81,489,677)	(5,963,371)	(90,624,265)	(8,030)	0	(42,081,875)
Gap		(26,474,041)	52,065,253	(61,685,587)	3,699,818	0	32,394,556
Cumulative Gap		(26,474,041)	25,591,212	(36,094,374)	(32,394,556)	(32,394,556)	0

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20.03.2019							
	Carrying Amount	Below 1 Month	From 1 Month to 3 Months	From 3 Months to 1 Year	From 1 Year to 5 Years	Above 5 Years	Insensitive to Interest Rate
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Assets:							
Cash	12,241,183	0	0	0	0	0	12,241,183
Claims from Banks & Other Credit Institutions	20,914,515	0	0	0	0	0	20,914,515
Granted Loans & Claims from Non-governmental Entities	105,984,078	40,188,211	43,158,291	18,591,315	3,909,757	0	136,504
Investing in Shares & Other Securities	4,322,050	0	0	2,565,903	0	0	1,756,147
Claims from Subsidiary & Associated Companies	995,496	0	0	995,496	0	0	0
Other Accounts Receivable	1,381,298	0	0	0	0	0	1,381,298
Tangible Fixed Assets	6,165,929	0	0	0	0	0	6,165,929
Intangible Assets	4,283,598	0	0	0	0	0	4,283,598
Legal Deposit	16,739,092	7,654,087	494,487	8,589,891	627	0	0
Other Assets	3,799,567	0	0	0	0	0	3,799,567
Total Assets	176,826,804	47,842,298	43,652,778	30,742,605	3,910,384	0	50,678,740
Liabilities:							
Dues to Banks & Other Credit Institutions	(2,363,167)	0	0	0	0	0	(2,363,167)
Customers' Deposits	(15,863,580)	0	0	0	0	0	(15,863,580)
Dividend Payable	(13,022)	0	0	0	0	0	(13,022)
Corporation Tax Provision	0	0	0	0	0	0	0
Provisions & Other Liabilities	(7,092,840)	0	0	0	0	0	(7,092,840)
Provision for Work Termination Benefits	(622,273)	0	0	0	0	0	(622,273)
Investment Depositors' Interests	(136,990,525)	(47,977,819)	(2,072,740)	(67,315,058)	(9,194,053)	0	(10,430,855)
Total Liabilities	(162,945,408)	(47,977,819)	(2,072,740)	(67,315,058)	(9,194,053)	0	(36,385,738)
Total Shareholders' Equity	(13,881,397)						(13,881,397)
Total Liabilities & Shareholders' Equity	(176,826,804)	(47,977,819)	(2,072,740)	(67,315,058)	(9,194,053)	0	(50,267,134)
Gap		(135,521)	41,580,038	(36,572,453)	(5,283,669)	0	411,605
Cumulative Gap		(135,521)	41,444,517	4,872,064	(411,605)	(411,605)	0

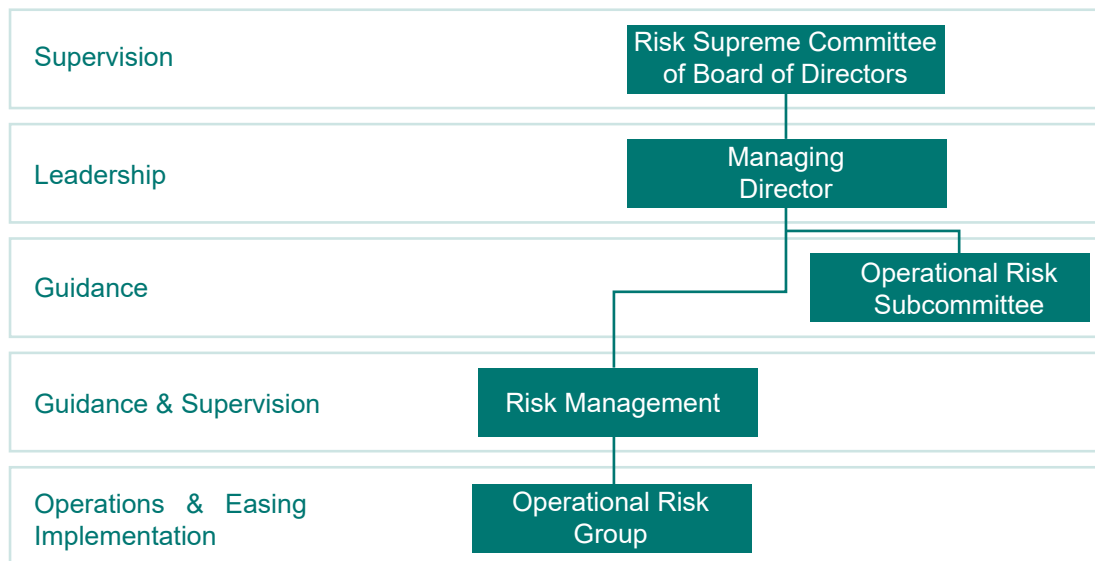
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58.6. Operational risk**58.6.1. Definition**

Karafarin Bank defines the operational risk according to the CBI's circular MB/3244 dated 25.10.2007 and Basel Accord as the loss risk arising from unsuitability and inadequacy of processes and regulations, people, internal systems or as loss arising from external events.

58.6.2. Executive units of operational risk management

Appropriate organisational structure for implementation and supervision on daily good performance and duties related to operating management has been shown in the figure below:



Risk Supreme Committee representing the Board of Directors is responsible for establishing the operational risk management framework in the Bank, approving strategies, policies, limits and thresholds related to operational risk and any changes, amendments and revision to them. Operational Risk Subcommittee representing the Risk Supreme Committee of the Board of Directors is responsible for initially reviewing and investigating any strategy, policy and process relating to operational risk, coordinating related organizational bodies with the subject, suggesting significant policies and processes to the Risk Supreme Committee of the Board of Directors for final approval as well as ensuring the proper implementation of operational risk management framework.

Risk Management and Economic Studies Unit is responsible to identify risk, measure, monitor, report and control as well as to reduce operation risk in cooperation with other organisational bodies.

58.6.3. Precautionary measures in the event of intentional and unintentional human error

Karafarin Bank aims to minimise the occurrence of intentional and unintentional human error by documenting and standardising its processes, formulating comprehensive and transparent policies, constant and adequate training to human resources, separating supervision and execution units for independent performance of supervisory units, constantly reporting the Bank's high ranking managers and Board of Directors, ensuring that there are no conflicts of interest, determining accurate and measurable criteria and examples when formulating processes and regulations.

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58.6.4. Preparations to counteract crisis

Karafarin Bank has approved the Crisis Management Bylaw in the 2015-16 period. In addition, to manage crisis, Crisis Committee is formed with the attendance of most of top managers such as the Managing Director. The Bank is also preparing an Operation Continuity Plan bylaw to assure its readiness to counteract the probable crises and prevent the suspension of the Bank's routine operations.

58.6.5. Operational risk measurement method

Karafarin Bank has estimated value at operational risk to measure the operational risk, according to the CBI's regulations, Basel Accord, using Base and Standard Index models. It is also developing an advanced model which is based on loss distribution to ensure the precise calculation of the exact capital required to cover operational risk. If the data are complete, this model is used as a complementary method.

The process of risks and controls self-evaluation (RCSA) is an instrument to recognise and evaluate the operational risks in all processes, products and systems and to identify weak spots and controls. This process generally includes workshops and person-to-person sessions with related managers to identify the strong and weak points related to controls. Acquired results from the mentioned sessions can be used for promoting the controls in different ways. Some acquired results include the improvement programs which focus on issues related to controls, devotion of required resources to risky areas and rating different cases exposed to operational risk.

Key risk indices, as an available instrument to manage operational risk, are like increasing signals of a risk which will subsequently result in loss in future. Collecting data, supervising and analysing these indices are the main prerequisite of implementing a powerful framework for operational risk management. Therefore, one of the main aims of Karafarin Bank is to develop the key risk indices for the Bank's main risks so that the due action is taken to review and supervise the indices based on the defined limits and thresholds.

58.6.6. Operational risk control and measurement mechanism

By constantly reporting the results of calculating the "minimum capital required for covering operational risk", "self-assessment and control", as well as "key risk indicators" to the senior management and the Risk Supreme Committee of the Board of Directors, all units concerned with risk management aim at helping the Bank make appropriate and on time decisions to control and manage its operational risk. Furthermore, by drafting a transactions instruction and establishing a permanent Operational Risk Transactions Committee for outsourcing, the Bank carries out preventative measures to manage operational risk. In addition, by establishing a Product Development Committee the Bank takes advantage of the opinion of related specialised units such as risk management prior to introducing new services to its clients. These units appraise the operational as well as commercial risks of the product or service in question and make adjustments where they deem as necessary. Moreover, by establishing an operational risk subcommittee as the supporting arm of the Risk Supreme Committee of the Board of Directors the Bank manages and measures its operational risk with greater accuracy than before. The Risk Management Unit aims at drafting and implementing the Operations Continuity Instruction in cooperation with other units of the Bank.

The Bank's existing operational risk is periodically and randomly measured using various kinds of methods and are reported to related authorities. These reports are based on risk management, economic studies and are prepared in cooperation with other organisational

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units. Some internal measurement and reporting include: reporting to the Risk Supreme Committee of the Board of Directors and senior management, reporting to the Operational Risk Subcommittee, reporting to the Crisis Committee and reporting to Product Development Department. Furthermore, within specific periods, the Bank measures and discloses its operational risk in its annual reports of the Board of Directors to the General Assembly, IFRS reports as well as transparency and general information disclosure reports.

Karafarin Bank has different alternatives to control and/or reduce different kinds of risks:

1. Non-acceptance of risk (by avoiding certain business strategies or a group of customers),
2. Risk acceptance and maintenance and at the same time, defining the internal control instruments for risk reduction and risk financing through pricing, making provisions and capital.
3. Risk acceptance and its transfer to others, partially or fully. For those risks which are not controllable or reducible, the Bank must use insurance coverage to reduce and transfer the risk, partially or fully.

58.6.7. Capital required to cover operational risk

To calculate the capital required to cover operational risk, Base Index method and the CBI's circular 98/436758 dated 07.03.2020 are used the following results are obtained:

Measurement Method	Capital at Operational Risk Million IRR
Base Index	3,702,970
Standard	-
Advanced	-

58.6.8. Following six years of going through the process of localisation, a comprehensive banking software known as *Afarin* Software was implemented within the Bank in 2009-10. This software entails all modules including loans, retail and international banking, treasury, basic customer information, foreign exchange and general ledger. Although information regarding the mentioned modules are reportable, yet the existing reports in the system lack sufficient data on income and late payment loans fines and provision making on non-performing claims. Therefore, some of the required reports and information have been acquired from the BI System and having gone through necessary adjustments in Excel, they become the basis for calculating income and provisions. Furthermore, it is not possible to fully obtain information on liabilities arising from L/Cs and L/Gs broken down in terms of type of collaterals.

Although the collaterals obtained from customers have not been broken down in accordance with types of loan, yet these collaterals do fully and generally cover the liabilities. In addition, properties which have been obtained as collateral whose latest valuation date back more than three years have not been valued in accordance with CBI guideline. Instead, they are valued according to rates of consumable products and services announced by the CBI.

It is noteworthy that in order to complete and upgrade the reporting facilities and to enhance the control system, the Bank intends to implement its adjustment and development programs through establishing a technological company.

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58.7. Capital management

58.7.1. Regulatory capital

	19.03.2020	(Restated) 20.03.2019
	Million IRR	Million IRR
Tier 1 Capital		
Capital Paid Less Capital Provided from Assets Revaluation Surplus	6,500,000	6,500,000
Shares Premium	0	0
Retained Profit (Loss)	2,003,542	645,904
Legal Reserve	4,200,714	3,762,092
Prudential Reserve	0	0
Other Reserves	1,933,955	929,804
Total Tier 1 Capital before Applying Regulatory Adjustments	14,638,212	11,837,800
Less: Regulatory Adjustments		
Cost of Treasury Shares	0	0
Cost of the Bank's Shares Purchased by Subsidiaries at Early Issuance or Capital Increase without Brokers	0	0
Intangible Assets	(71,063)	(41,323)
Minimum Cost of Investment in Shares of Credit Institutions or Nonsubsidiary Financial Units	(162,165)	(162,165)
Cost in Excess of 10% of Tier 1 Capital in Reference with Investments of Less than 10% in the Shares of Other Credit or Financial Institutions	0	0
Cost in Excess of 10% of Shares of Investee Companies in Reference with Investments Exceeding 10% in the Shares of Other Credit or Financial Institutions.	0	(528,992)
Cost of Investment in Shares of non-Financial Subsidiaries	0	(986,590)
Net Carrying Amount of Investments up to the limit (50% of Tier 1 Capital)	(723,946)	0
Other Adjustments Recognised by CBI	0	0
Total Regulatory Adjustments	(957,174)	(1,719,070)
Tier 1 Capital after Applying Regulatory Adjustments	13,681,038	10,118,730
Tier 2 Capital		
Debt Arising from Issuing Debt Securities by the Credit Institutions & Their Premium & Other Dues Following Meeting the Conditions	0	0
Net Carrying Amount of Investments up to the Limit (50% of Tier 2 Capital)	(723,946)	0
Provision for Ordinary Doubtful Loans up to 1.25% of Risk-Weighted Assets	1,511,350	1,391,101
Adjusted Amount from Revaluation of Fixed Assets, Shares and Securities	919,350	720,000
Total Tier 2 Capital	1,706,755	2,111,101
Less:		
Excess of Tier 2 Capital to Tier 1 Capital	0	0
Tier 2 Capital Calculated in Regulatory Capital	1,706,755	2,111,101
Regulatory Capital	15,387,793	12,229,831
Regulatory Capital Being A Basis for Other Prudential Ratios*	14,897,566	14,897,566

* Base capital and risk-weighted assets of the Bank during the reporting period and the 2018-19 period have been calculated according to the CBI's circulars 98/436758 dated 07.03.2020 and 97/31434 dated 25.04.2018.

* Regulatory capital which is a basis for other prudential ratios has been approved by CBI and is a basis to calculate other prudential ratios at the reporting period of the financial statements of the credit institutions based on Article 15 of Investment in Securities Instruction. The new regulatory capital will be naturally in effect by CBI based on the approved financial statements following General Assembly and after applying any possible changes and deductions such as distribution of dividend among shareholders.

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58.7.2. Capital Allocation

58.7.2.1. Total credit risk-weighted assets at the end of the reporting period ended 19.03.2020 amounts to IRR152,277,211 million.

	19.03.2020					
	Amount	Conversion Factor	Adjusted Amount with Collaterals & Conversion Factors in Effect*	Risk Factor	Risk-Weighted Assets & Commitments	Required Capital
	Million IRR	%	Million IRR	%	Million IRR	Million IRR
Cash (Cash at Hand & IRR & Foreign Currency Funds in Transition)	1,358,484	100	1,358,484	0	0	0
Legal Deposit Held with CBI	22,054,847	100	22,054,847	0	0	0
Claims from CBI	173,186	100	173,186	0	0	0
Bonds Issued or Guaranteed by CBI	0	100	0	0	0	0
Claims from Banks & Other Credit Institutions	38,145,658	100	38,145,658	50	19,072,829	1,525,826
Claims from the Government (In form of Loans & Purchasing Securities)	15,188,438	100	15,188,438	0	0	0
Claims from Governmental Institutions & Companies & Non-governmental Public Bodies & Institutions (In the form of Loans & Purchasing Securities)	0	100	0	100	0	0
Principal Amount of Participatory Contracts Loans (Equity Participation, <i>Mozarebeh</i> , <i>Mosaghat</i> , <i>Mozare'eh</i>) of Listed Companies	27,388,036	100	16,728,042	100	16,728,042	1,338,243
Principal Amount of Participatory Contracts Loans (Equity Participation, <i>Mozarebeh</i> , <i>Mosaghat</i> , <i>Mozare'eh</i>) of Other Individuals & Legal Entities	50,678,053	100	22,133,289	150	33,199,934	2,655,995
Non-trade Investment in Companies Listed in TSE after Accumulated Impairment	0	100	0	150	0	0
Non-trade Investment in Other Companies (Excluding Credit Institutions & Non-Financial Subsidiaries) after Accumulated Impairment	443,338	100	443,338	200	886,676	70,934
Cost of Non-trade Investments in Other Credit Institutions or Financial Units (Holding Shares Below 10% & Above 10% of Tier 1 Capital)	0	100	0	150	0	0
Cost of Non-trade Investments in Other Credit Institutions or Financial Units (Holding Shares Below 10% & Above 10% of Tier 1 Capital) up to 10% of Tier 1 Capital	0	100	0	300	0	0
Cost of Non-trade Investments in Other Credit Institutions or Financial Units (Holding Shares Below 10% & Above 10% of Tier 1 Capital) up to 10% of Cost of Ordinary Shares	0	100	0	300	0	0

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	19.03.2020					
	Amount	Conversion Factor	Adjusted Amount with Collaterals & Conversion Factors in Effect*	Risk Factor	Risk-Weighted Assets & Commitments	Required Capital
	Million IRR	%	Million IRR	%	Million IRR	Million IRR
Principal Amount & Interest on Loans of Non-participatory Contracts- for Residential Real Estates	842,265	100	842,265	50	421,132	33,691
Principal Amount & Interest on Loans of Non-participatory Contracts- Other Loans up to 20 Billion For each Party	2,173,133	100	1,138,800	75	854,100	68,328
Principal Amount & Interest on Loans of Non-participatory Contracts- Other Loans Above 20 Billion For each Party	30,666,727	100	17,905,477	According to Credit Rating	14,441,276	1,155,302
Principal Amount & Interest on Loans of Non-participatory Contracts- Other Loans Above 20 Billion For each Party	0	100	0		0	0
Net Non-Performing Claims (Principal Amount, Interest & Late Payment Penalty Less Related Special Provision)- Special Provision Amount Less than 20% Balance of Non-performing Claims	0	100	0	150	0	0
Net Non-Performing Claims (Principal Amount, Interest & Late Payment Penalty Less Related Special Provision)- Special Provision Amount from 20% to 50% of Balance of Non-performing Claims	9,885,803	100	9,885,803	100	9,885,803	790,864
Net Non-Performing Claims (Principal Amount, Interest & Late Payment Penalty Less Related Special Provision)- Special Provision Amount from 50% & Above of Balance of Non-performing Claims	0	100	0	50	0	0
Non-governmental Bonds	71,999	100	71,999	100	71,999	5,760
Claims from Subsidiary & Associated Companies (Current Claims & Not Loans)	916,950	100	916,950	100	916,950	73,356
Other Accounts Receivable (Current)	1,766,983	100	1,766,983	100	1,766,983	141,359
Net Fixed Assets	9,610,298	100	9,610,298	100	9,610,298	768,824
Other On-Balance Sheet Items (Other Assets)	3,428,859	100	3,428,859	100	3,428,859	274,309
Off-Balance Sheet Items	0	100	0		0	0
Commitments on L/Cs Issued & Verified for Commodities that do not Require Collateral Following Deducting Advances Received	1,186,258	50	593,129	100	593,129	47,450
Commitments for L/Gs Issued after Cash Deposits	47,033,886	50	23,516,943	100	23,516,943	1,881,355
Commitments for Contracts & Guarantee of Sukuk Like Bonds	33,764,514	50	16,882,257	100	16,882,257	1,350,581
Other Commitments	0	100	0	100	0	0
Total	296,777,714				152,277,211	12,182,177

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	20.03.2019			
	Amount	Conversion Factor	Risk-Weighted Assets & Commitments	Required Capital
	Million IRR	%	Million IRR	Million IRR
Cash (Cash at Hand & IRR & Foreign Currency Funds in Transition)	940,468	0	0	0
Legal Deposit Held with CBI	16,739,092	0	0	0
Claims from CBI	353,842	0	0	0
Bonds Issued or Guaranteed by CBI	0	0	0	0
Claims from Banks & Other Credit Institutions with Capital Adequacy of 8 & Above	0	20	0	0
Claims from Banks & Other Credit Institutions with Capital Adequacy from 4 to 8	7,500,000	50	3,750,000	300,000
Claims from Banks & Other Credit Institutions with Capital Adequacy from 2 to 4	3,080,000	80	2,464,000	197,120
Claims from Banks & Other Credit Institutions with Capital Adequacy below 2	21,281,388	100	21,281,388	1,702,511
Claims from Banks & Other Credit Institutions Which Their Financial Statements Have Not Been Issued or Their Date is Above 2 Years	0	100	0	0
Claims from the Government (In form of Loans & Purchasing Securities)	2,238,099	20	447,620	35,810
Claims from Governmental Institutions & Companies & Non-governmental Public Institutions (in Form of Loans & Purchasing Securities)	0	100	0	0
Principal Amount of Loans of Participatory Contracts (Equity Participation, <i>Mozarebeh</i> , <i>Mosaghat</i> , <i>Mozare'eh</i>) of Listed Companies	27,408,100	150	22,849,343	1,827,947
Principal Amount of Participatory Contracts Loans (Equity Participation, <i>Mozarebeh</i> , <i>Mosaghat</i> , <i>Mozare'eh</i>) of Other Individuals & Legal Entities	44,504,802	200	36,725,409	2,938,033
Non-trade Investment in Companies Listed in TSE after Accumulated Impairment	181,565	300	544,695	43,576
Non-trade Investment in Other Companies (Excluding Credit Institutions & Non-Financial Subsidiaries) after Accumulated Impairment	1,045,590	400	4,182,360	334,589
Cost of Non-trade Investments in Other Credit Institutions or Financial Units (Holding Shares Below 10% & Above 10% of Tier 1 Capital)	0	300	0	0
Cost of Non-trade Investments in Other Credit Institutions or Financial Units (Holding Shares Below 10% & Above 10% of Tier 1 Capital) up to 10% of Tier 1 Capital	0	300	0	0
Cost of Non-trade Investments in Other Credit Institutions or Financial Units (Holding Shares Below 10% & Above 10% of Tier 1 Capital) up to 10% of Cost of Ordinary Shares	0	300	0	0
Principal Amount & Interest of Non-Partnership Contracts Loans for Residential Real Estates	1,583,323	50	365,150	29,212

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	20.03.2019			
	Amount	Conversion Factor	Risk-Weighted Assets & Commitments	Required Capital
	Million IRR	%	Million IRR	Million IRR
Principal Amount & Interest of Non-Participatory Contracts Loans- Other Loans up to 1 Billion For each Party	190,919	75	127,454	10,196
Principal Amount & Interest of Non-Participatory Contracts Loans- Other Loans from 1 Billion to 5 Billion For each Party	101,351	100	38,470	3,078
Principal Amount & Interest of Non-Participatory Contracts Loans- Other Loans from 5 Billion to 10 Billion For each Party	150,241	150	75,888	6,071
Principal Amount & Interest of Non-Participatory Contracts Loans- Other Loans Above 10 Billion For each Party	14,086,562	200	15,873,590	1,269,887
Net Non-Performing Claims (Principal Amount, Interest & Late Payment Penalty Less Related Special Provision)- Special Provision Amount Less than 20% Balance of Non-performing Claims	0	150	0	0
Net Non-Performing Claims (Principal Amount, Interest & Late Payment Penalty Less Related Special Provision)- Special Provision Amount from 20% to 50% of Balance of Non-performing Claims	17,928,485	100	17,928,102	1,434,248
Net Non-Performing Claims (Principal Amount, Interest & Late Payment Penalty Less Related Special Provision)- Special Provision Amount from 50% & Above of Balance of Non-performing Claims	0	50	0	0
Non-governmental Bonds	71,999	100	71,999	5,760
Claims from Subsidiary & Associated Companies (Current Claims & Not Loans)	995,496	100	995,496	79,640
Other Accounts Receivable (Current)	1,381,298	100	1,381,298	110,504
Net Fixed Assets	5,679,534	100	5,679,534	454,363
Other On-Balance Sheet Items	3,799,567	100	3,799,567	303,965
Commitments on L/Cs Issued & Verified for Commodities that do not Require Collateral Following Deducting Advances Received	0	100	0	0
Commitments on L/Cs Issued & Verified for Commodities that do not Require Collateral Following Deducting Advances Received	1,306,470	50	653,235	52,259
Commitments on L/Gs Issued after Cash Deposits	46,433,182	50	23,216,591	1,857,327
Commitments on Contracts & Guarantees of Sukuk Like Bonds	26,286,101	50	13,143,050	1,051,444
Other Commitments	0	100	0	0
Total			175,594,237	14,047,539

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58.7.2.2. Total Operational risk-weighted assets at the end of the year ended 19.03.2020 amounted to IRR16,223,328 million.

	19.03.2020			20.03.2019		
	Amount	Risk Factor	Required Capital	Amount	Risk Factor	Required Capital
	Million IRR	%	Million IRR	Million IRR	%	Million IRR
Commercial Shares	711,269	8.00	56,902	255,805	8.00	20,464
Total Cost of Commercial Papers- Special Risk	15,260,437	5.00	763,022	2,310,098	5.00	115,505
Commercial Papers-General Risk- 1 Month & Less to Maturity Date	0	0	0	0	0	0
Commercial Papers- General Risk- 1 Month to 3 Months Remained to Maturity Date	0	0.2	0	0	0.2	0
Commercial Papers- General Risk- 3 Months to 6 Months Remained to Maturity Date	0	0.4	0	0	0.4	0
Commercial Papers- General Risk-6 Months to 12 Months Remained to Maturity Date	0	0.7	0	0	0.7	0
Commercial Papers- General Risk- 1 Year to 2 Years Remained to Maturity Date	15,260,437	1.25	190,755	2,310,098	1.25	28,876
Commercial Papers-General Risk- 2 Years to 3 Years Remained to Maturity Date	0	1.75	0	0	1.75	0
Commercial Papers-General Risk- 3 Years to 4 Years Remained to Maturity Date	0	2.25	0	0	2.25	0
Commercial Papers-General Risk- 4 Years to 5 Years Remained to Maturity Date	0	2.75	0	0	2.75	0
Commercial Papers-General Risk- 5 Years to 7 Years Remained to Maturity Date	0	3.25	0	0	3.25	0
Commercial Papers-General Risk- 7 Years to 10 Years Remained to Maturity Date	0	3.75	0	0	3.75	0
Commercial Papers- 10 Years to 15 Years Remained to Maturity Date	0	4.5	0	0	4.5	0
Commercial Papers-General Risk- 15 Years to 20 Years Remained to Maturity Date	0	5.25	0	0	5.25	0
Commercial Papers-General Risk- Above 20 Years Remained to Maturity Date	0	6.00	0	0	6.00	0
Positive Open Position of All Foreign Currencies						
Absolute Magnitude of Negative Position of All Foreign Currencies Whichever is Higher	3,589,842	8.00	287,187	2,219,498	8.00	177,560
Total Capital required to Cover Market Risk			1,297,866			342,405
Factor			12.5			12.5
Total Market Risk-Weighted Assets			16,223,328			4,280,067

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58.7.2.3. Total operational risk-weighted assets at the end of the reporting fiscal year ended 19.03.2020 amounts to IRR46,287,122 million.

	19.03.2020			20.03.2019		
	Amount	Risk Factor	Capital Required to Cover Operational Risk	Amount	Risk Factor	Capital Required to Cover Operational Risk
	Million IRR	%	Million IRR	Million IRR	%	Million IRR
Average Total Income of the Bank in Three Recent Years	24,686,465	15.00	3,702,970	22,040,753	15.00	3,306,113
Factor			12.5			12.5
Operational Risk-Weighted Assets			46,287,122			41,326,412

58.7.3. Capital adequacy ration of the Bank at the end of the year ended 19.03.2020 is 7.16%.

	19.03.2020	20.03.2019
	Million IRR	Million IRR
Regulatory Capital As A Basis for Prudential Ratios	15,387,793	12,229,831
Credit Risk-Weighted Assets	152,277,211	175,594,237
Market Risk-Weighted Assets	16,223,328	4,280,067
Operational Risk-Weighted Assets	46,287,122	41,326,412
Total Risk-Weighted Assets	214,787,660	221,200,716
Tier 1 Capital to Risk-Weighted Asset Ratio-%	6.4%	4.6%
Capital Adequacy Ratio-%	7.16%	5.53%

58.7.4. Degree of leverage

Degree of leverage is the ratio of Bank's total assets to shareholders' equity. Bank's degree of leverage was 7.6% at the end of the fiscal year 19.03.2020.

	19.03.2020	20.03.2019
	Million IRR	Million IRR
Total Shareholders' Equity	16,681,809	13,881,397
Total Assets	220,167,218	176,826,804
Degree of Leverage-%	7.6%	7.9%

59. Operating Units

59.1. Basis for dividing sectors

In this section, the Bank expresses its basis in unit reporting including different business sectors.

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59.2. Information on reportable operating sectors

Information related to any reportable sectors are presented in the table below. The sectors' profit before tax has been applied as performance criteria.

Description	Proxy Banking	Gharz-al Hassaneh Banking	International Banking	E-banking	Other Activities	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Income from Outside the Bank:						
Granted Loans & Deposits Income	23,210,437	0	142,224	0	0	23,352,661
Deposits Interest Expense	(18,867,920)	0	(6,759)	0	0	(18,874,679)
Net Loans & Deposits Income	4,342,517	0	135,465	0	0	4,477,982
Commission Income	1,326,562	0	0	0	0	1,326,562
Commission Expense	(177,879)	0	0	0	0	(177,879)
Net Commission Income	1,148,683	0	0	0	0	1,148,683
Net Investment Returns (Loss)	1,481,807	0	0	0	0	1,481,807
Net Foreign Currency Transactions Profit (Loss)	0	0	1,140,947	0	0	1,140,947
Other Operating Revenues	0	0	0	0	536,213	536,213
	1,481,807	0	1,140,947	0	536,213	3,158,967
Net Income Outside the Bank	6,973,007	0	1,276,412	0	536,213	8,785,632
Net Income from Bank's Sections						0
Total Income of Operating Sections of the Bank						0
Doubtful Debt Expenses of Operating Sections	(2,102,647)					(2,102,647)
Other Direct Expenses Attributable to Operating Sections	(223,145)					(223,145)
Each Section Profit (Loss) before Unattributable General Expenses	4,647,215	0	1,276,412	0	536,213	6,459,840
General Expenses Unattributable to Sections						(3,374,079)
Profit before Tax						3,085,761

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59.3. Geographical concentration of main items in assets, liabilities and incomes

While offering geographical information, assets' main items are reported on the basis of location and liabilities and income are reported based on the locality of the Bank's counterpart in geographical areas.

	2019-20		
	Iran	Other Countries	Total
	Million IRR	Million IRR	Million IRR
Assets:			
Cash	12,269,330	0	12,269,330
Claims from & Other Credit Institutions	27,407,999	0	27,407,999
Granted Loans & Claims from Non-governmental Entities	122,725,704	0	122,725,704
Investing in Shares & Securities	17,999,853	0	17,999,853
Claims from Subsidiary & Associate Companies	916,950	0	916,950
Other Accounts Receivable	1,766,983	0	1,766,983
Legal Deposit	22,054,847	0	22,054,847
Tangible Fixed Assets	7,283,354	0	7,283,354
Intangible Assets	4,313,338	0	4,313,338
Other Asset	3,428,859	0	3,428,859
Total Assets	220,167,218	0	220,167,218
Liabilities:			
Dues to Banks & Other Credit Institutions	(5,915,270)	0	(5,915,270)
Customers' Deposits	(18,752,325)	0	(18,752,325)
Debt Securities	0	0	0
Investment Depositors' Interests	(172,282,913)	0	(172,282,913)
Dividend Payable	(15,599)	0	(15,599)
Corporation Tax Provision	(161,610)	0	(161,610)
Provisions & Other Liabilities	(5,571,659)	0	(5,571,659)
Provision for Work Termination Benefits	(786,033)	0	(786,033)
Total Liabilities	(203,485,409)	0	(203,485,409)
Total Operating Revenues	24,679,223	0	24,679,223
Total Other Income & Expenses	536,213	0	536,213

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	2018-19		
	Iran	Other Countries	Total
	Million IRR	Million IRR	Million IRR
Assets:			
Cash	12,241,183	0	12,241,183
Claims from & Other Credit Institutions	20,914,515	0	20,914,515
Granted Loans & Claims from Non-governmental Entities	105,984,078	0	105,984,078
Investing in Shares & Securities	4,322,050	0	4,322,050
Claims from Subsidiary & Associate Companies	995,496	0	995,496
Other Accounts Receivable	1,381,298	0	1,381,298
Legal Deposit	16,739,092	0	16,739,092
Tangible Fixed Assets	6,165,929	0	6,165,929
Intangible Assets	4,283,598	0	4,283,598
Other Asset	3,799,567	0	3,799,567
Total Assets	176,826,804	0	176,826,804
Liabilities:			
Dues to Banks & Other Credit Institutions	(2,363,167)	0	(2,363,167)
Customers' Deposits	(15,863,580)	0	(15,863,580)
Debt Securities	0	0	0
Investment Depositors' Interests	(136,990,525)	0	(136,990,525)
Dividend payable	(13,022)	0	(13,022)
Corporation Tax Provision	0	0	0
Provisions & Other Liabilities	(7,092,840)	0	(7,092,840)
Provision for Work termination Benefits	(622,273)	0	(622,273)
Total Liabilities	(162,945,408)	0	(162,945,408)
Total Operating Revenues	23,534,324	0	23,534,324
Total Other Income & Expenses	593,780	0	593,780

60. Transactions with Related Parties

60.1. Changes in major shareholders (over 1%)

During the 2019-20 fiscal year, Rahavard Tadbir Kish (private joint stock) and Farazo Foroude Eghtesad Ayande (private joint stock) Companies were included in above 1 percent shareholders' by purchasing 137,932,231 and 398,520,693 shares, respectively. In addition, by selling 348,520,693 shares, Karandish Doran Moaser (private joint stock) Company was excluded from the category of shareholders (holding over a 1 percent stake).

60.2. Transactions with managers

Managers include managing director, board members and the Bank's executive board. During the 2019-20 fiscal year managers had no transactions with Group companies.

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60.2.1. Transactions of Group companies with related parties (except for companies subject to consolidation) during the reported period are as follows:
(Amounts in million IRR)

2019-20									
Description	Related Party	Type of Relation	Transaction	Subject to Article 129?	Pricing Method	Flow Transaction Amount	Gross Transaction Profit (Loss)	Claim Balance (Debt)	
Karafarin Foreign Exchange Co.	Karafarin Insurance Co.	Same Category Company	Purchasing Foreign Currencies & Services	Yes		1,156	0	0	
Asr Amin Karafarin Co.	Karafarin Insurance Co.	Associated Company	Income from Issuing Insurance Policy	No		0	0	595	
Karafarin Brokerage Co.	Karafarin Brokerage Common Investment Fund	Managed Fund		No		7,917	0	18,907	
	Aman Karafarin Investment Fund	Managed Fund		No		7,418	0	18,457	
	Shakhes Karafarin Investment Fund	Managed Fund		No		485	0	1,337	
	Karafarin Insurance Co.	Same Category Company	Offering Services & Purchasing Fixed Assets	No		28,776	0	0	
Karafarin Leasing Co.	Karafarin Insurance Co.	Same Category Company	Selling Services	No		915	0	0	

60.2.2. Transactions

Managers' transactions with the Bank, Group's companies, branches and overseas banks are as follows:

(Amounts in million IRR)									
	Transaction Party	Transaction	Contract Sum during the Year	Maximum Balance during the Year	Balance at the End of the Year	Collateral Type	Collateral Amount	Transaction Profit & Loss	
Executive Board Members	-	-	0	0	0	-	0	0	
Non-executive Board Members	-	-	0	0	0	-	0	0	
Deputy Managing Director (Non- Board Member)	-	-	0	0	0	-	0	0	
Members of Committees Related to Board Members (Non-Board Members)	-	-	0	0	0	-	0	0	

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60.3. Transaction of related parties at the end of the fiscal year ended 19.03.2020 and the bank (Parent Company) are as follows:

Fiscal Year Ended 19.03.2020									
Related Party	Type of Relation	Transaction	Subject to Article 129?	Pricing Method	Flow Transaction Amount	Transaction Gross Profit (Loss)	Claim Balance of Loans & Commitments (Debt)		
								Million IRR	Million IRR
								Million IRR	Million IRR
Karafarin Brokerage Co.	Subsidiary Company	L/Gs Commission Income		According to Banking Tariff	0	182			
		L/G Issuance	No	According to Credit Commission's Instructs	1,000	0	167,256		
		Transactions Commission		According to Banking Tariff		24,823			
Karafarin Foreign Exchange Co.	Subsidiary Company & Common Board Member	Foreign Currencies Trade	Yes	According to Banking Tariff	27,309,662	217,863	28,264		
		Renet Deposit		According to Market Customs	10,820	0			
Karafarin Leasing Co.	Subsidiary Company	Investment Purchase		According to Instructs	16,765				
		Granted Loans	Yes	According to Credit Commission's Instructs	1,440,617	7,400	1,045,999		
Amin Etemad Karafarin Co.	Subsidiary Company	Prepayments	No	According to Instructs	642	0	6,682		
		Services Purchase & Sales		According to Instructs	14,613	0			
Abnieh Gostar Karafarin	Subsidiary Company	L/Gs Commission Income	No	According to Banking Tariff		4,121	26,835		
		L/G Issuance		According to Credit Commission's Instructs	33,956				
Karafarin Bank Investment Co.	Subsidiary Company	Receivables & Payables	No	According to Instructs	0	0	5,699		
Asr Amin Karafarin Co.	Subsidiary Company	Construction & Renovation	No	Cost + Common Commission	386	0	0		
Karafarin Insurance Co.	Subsidiary Company	L/Gs Commission Income		According to Banking Tariff	0	91	2,215		
		L/G Issuance	Yes	According to Credit Commission's Instructs	3,521	0			
Karo Andisheh Engineers Co.	Bank's Shareholders	Granted Loans		According to Credit Commission's Instructs	3,147,107	9,938	433,400		
		L/Gs Commission Income	No	According to Instructs	0	5,476			
		L/G Issuance		According to Banking Tariff	39,961	0			

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60.4. Balance of related parties' account to whom no transactions have been made during the reporting period is as follows:

Related Party	Type of Relation	Payment (Receive)	Adjustments (Doubtful Debt Costs, etc.,)	Claim Balance (Debt) 19.03.2020	Claim Balance (Debt) 20.03.2019
		Million IRR	Million IRR	Million IRR	Million IRR
Amin Etemad Karafarin Co.	Subsidiary Company	-	-	6,682	3,897
Karafarin Bank Investment co.	Subsidiary Company & Common Board Member	-	-	5,699	5,699
Asr Amin Karafarin Co.	Subsidiary Company	-	-	0	2,432

61. Retained Earnings at the End of the Year

Retained earnings at the end of the year is subject to the approval of shareholders' Ordinary General Assembly.

Legal Duties	Amount
	Million IRR
Sharing at Least 10% of Net Profit of the 2019-20 as per Article 90 of Commercial Code as Amended	292,415
Board of Directors' Proposal	
Dividend Suggested by Board of Directors	292,415

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62. Performance Statement of IRR *Gharz-al Hassaneh* Operations

62.1. Balance of *Gharz-al Hassaneh* resources and expenditures

	Note	2019-20 Million IRR	2018-19 Million IRR
Saving <i>Gharz-al Hassaneh</i> Resources:			
Saving <i>Gharz-al Hassaneh</i> Deposits-IRR	22-2	82,993	72,743
Current <i>Gharz-al Hassaneh</i> Deposits-IRR	22-1	11,924,737	7,526,247
Total <i>Gharz-al Hassaneh</i> Resources		12,007,730	7,598,989
<i>Gharz-al Hassaneh</i> Expenditures:			
Granted IRR Loans & Claims from Governmental Authorities (before Provision)			
Ordinary Loans		0	0
Provisional Loans-Budget		0	0
Provisional Loans-Budget		0	0
Total Granted IRR Loans & Claims from Governmental Authorities		0	0
Granted IRR Loans & Claims from Non-Governmental Entities (before Provision)			
Ordinary Loans		(226,353)	(163,093)
Staff Loans		0	0
Provisional Loans-Budget		0	0
Provisional Loans-Budget		0	0
Total Granted IRR Loans & Claims from Non-Governmental Entities	13	(226,353)	(163,093)
Total <i>Gharz-al Hassaneh</i> Expenditures		(226,353)	(163,093)
Legal Deposit of Saving <i>Gharz-al Hassaneh</i> Resources		(8,299)	(7,274)
Legal Deposit of Current <i>Gharz-al Hassaneh</i> Resources		(1,192,474)	(752,625)
Liquidity Reserve for Saving <i>Gharz-al hassaneh</i> Deposits (5%)		(4,150)	(3,637)
Liquidity Reserve for Current <i>Gharz-al hassaneh</i> Deposits (40%)		(4,769,895)	(3,010,499)
Excess of <i>Gharz-al hassaneh</i> Resources to Expenditures		5,806,560	3,661,862

* Special *Gharz-al Hassaneh* deposits (managed funds) are not presented in this section.

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62.2. Net commission on *Gharz-al Hassaneh* operations

	Note	Parent Company	
		2019-20	2018-19
		Million IRR	Million IRR
Commission Received on Granted <i>Gharz-al Hassaneh</i> Loans		8,679	5,969
Prize Expenses for <i>Gharz-al Hassaneh</i> Deposits		0	0
Net Commission of <i>Gharz-al Hassaneh</i> Operations	44-1	8,679	5,969

62.3. Classification of granted *Gharz-al Hassaneh* loans based on type

	Parent Company	
	2019-20	2018-19
	Million IRR	Million IRR
Marriage	219,645	153,918
Others	6,707	9,175
Total Granted <i>Gharz-al Hassaneh</i> Loans	226,353	163,093

62.4. Classification of Granted *Gharz-al Hassaneh* loans based on customer type

	Parent Company	
	2019-20	2018-19
	Million IRR	Million IRR
Legal Entities	226,353	163,093
Legal Entities-Cooperative	0	0
Legal Entities-Others	0	0
Total Granted <i>Gharz-al Hassaneh</i> Loans	226,353	163,093

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63. Information on Loans and Commitments of Related Parties

Information on related parties' loans and commitments according to CBI's instruction No.94/241742 dated 16.11.2015 is as follows:

(Amounts in million IRR)

Item No.	Individuals/ Legal Entities	Example of Related Parties based on 2 nd Chapter of Bylaw									Loans/Liabilities							Commitments				Collateral					
		1-2	2-2	3-2	4-2	5-2	6-2	7-2	8-2	9-2	Principal Paid Amount	Balance Amount (After Mozarebeh, Joint Account & Equity Participation Funds)		Contract or Liability Type	Contract Period (Month)	Grace Period (Month)	Interest Rate / Commission	Approval Date	Gross Commitments	Cash Advances Received	Net Commitments	Net Commitments with Conversion Factor in Effect	Total Net Balance of Loans & Commitments	Type	Date		
												Current	Non-performing													Total	
1	Karo Andisheh Jonoub Co.					*	*				0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
2	Karo Andisheh Engineering Co.										27,800	28,828	0	Equity Participation	3	0	18			0	0	0	0	28,828			
											125,000	129,623	0	Equity Participation	3	0	18			0	0	0	0	129,623			
												45,000	46,620	0	Equity Participation	3	0	18			0	0	0	0	46,620		
												55,600	57,300	0	Equity Participation	3	0	18			0	0	0	0	57,300		
												50,000	50,444	0	Equity Participation	3	0	18			0	0	0	0	50,444		
												70,000	70,345	0	Equity Participation	3	0	18			0	0	0	0	70,345		
												20,000	20,099	0	Equity Participation	3	0	18			0	0	0	0	20,099		
												40,000	40,079	0	Equity Participation	3	0	18			0	0	0	0	40,079		
															L/G	0	0			889	89	800	160	160			
															L/G	0	0			374	37	337	67	67			
															L/G	0	0			23	2	21	4	4			
															L/G	0	0			1,435	143	1,291	258	258			
															L/G	0	0			7,174	717	6,457	1,291	1,291	Promissory Note, Bill.		
															L/G	0	0			7,054	705	6,349	1,270	1,270	Promissory Note, Bill.		
															L/G	0	0			1,435	143	1,291	258	258	Term Investment		
															L/G	0	0			3,549	355	3,194	639	639	Investment		
															L/G	0	0			3,400	340	3,060	612	612	Enforced Contract		
															L/G	0	0			2,600	260	2,340	468	468			
															L/G	0	0			900	90	810	162	162			
															L/G	0	0			31	3	28	6	6			
													L/G	0	0			7,088	709	6,379	1,276	1,276					
													L/G	0	0			15,700	1,570	14,130	2,826	2,826					
													L/G	0	0			34	3	31	6	6					
													L/G	0	0			6,674	667	6,006	1,201	1,201					
							*						L/G	0	0			201	20	181	36	36					
													L/G	0	0			616	62	554	111	111					
													L/G	0	0			23,000	2,300	20,700	4,140	4,140					
													L/G	0	0			3,900	390	3,510	702	702					
													L/G	0	0			11,700	1,170	10,530	2,106	2,106					
													L/G	0	0			23,000	2,300	20,700	4,140	4,140					
													L/G	0	0			115,000	11,500	103,500	20,700	20,700					
													L/G	0	0			4,715	472	4,244	849	849					
													L/G	0	0			12,000	1,200	10,800	2,160	2,160					
													L/G	0	0			11,786	1,179	10,607	2,121	2,121					
													L/G	0	0			7,415	742	6,674	1,335	1,335					
													L/G	0	0			1,500	150	1,350	300	300					
													L/G	0	0			1,645	165	1,481	296	296					
													L/G	0	0			900	90	810	162	162					
Total											433,400	443,338	0	443,338					275,738	27,424	248,314	49,663	493,001		4,823,274		

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

Item No.		Individuals/ Legal Entities Surname	Example of Related Parties based on 2 nd Chapter of Bylaw									Loans/Liabilities							Commitments				Collateral				
			1-2	2-2	3-2	4-2	5-2	6-2	7-2	8-2	9-2	Principal Paid Amount	Balance Amount (After Mozarebeh, Joint Account & Equity Participation Funds)			Contract or Liability Type	Contract Period (Month)	Grace Period (Month)	Interest Rate / Commission	Approval Date	Gross Commitments	Cash Advances Received	Net Commitments	Net Commitments with Conversion Factor in Effect	Total Net Balance of Loans & Commitments	Type	Date
											Current	Non-performing	Total		Temporary Debtors	0	0	0	0	0	0	0	0	0	42		
3		Karafarin Insurance Co.									42	0	42		L/G	0	0	0	0	0	500	0	500	100	100	Promissory Note, Bill & Term Investment	58,420
														L/G	0	0	0	0	0	2,500	0	2,500	500	500			
														L/G	0	0	0	0	0	200	0	200	40	40			
														L/G	0	0	0	0	0	246	0	246	49	49			
														L/G	0	0	0	0	0	75	0	75	15	15			
Total										0	42	0	42	Equity Participation	3	0	18			3,521	0	3,521	704	747		58,420	
4		Karafarin Bank Leasing Co.						*		366,000	373,400		373,400	Temporary Debtors	0	0	0	0	0	0	0	0	0	0	600,000		
									366,000	973,400	0	973,400			L/G					6,000	600	0	0	1,080	1,080		
5		Karafarin Brokerage Co.												L/G						1,000	100	900	180	180			
														L/G						1,000	100	900	180	180			
															L/G					150	150	0	0	0			
															L/G					1,000	100	900	180	180			
												105		105	Temporary Debtors	0	0	0	0	0	0	0	0	0	105		
Total										0	105	0	105	Temporary Debtors						9,150	1,050	8,100	1,620	1,725		0	
6		Karafarin Foreign Exchange Co.						*			3,591	0	3,591	Temporary Debtors	0	0	0	0	0			0	0	3,591			
7		Karafarin Bank Investment Co.						*			27,279	0	27,279	Temporary Debtors	0	0	0	0	0	0	0	0	0	27,279			
8		Abnie Gostar Karafarin Co.						*		0	442	0	442	Temporary Debtors								0	0	442			
9		Asr min Karafarin Co.						*		0	156	0	156	Temporary Debtors	0	0	0	0	0	0	0	0	0	156			
10		Aminetmad Karafarin Co.						*		0	6,040	0	6,040	Temporary Debtors	0	0	0	0	0	0	0	0	0	6,040			
Total										799,400	1,454,393	0	1,453,951							288,409	28,474	259,935	51,987	1,506,380		4,881,694	

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

	Million IRR
Regulatory Capital As a Basis for Other Prudential Ratios	14,897,566
Individual's Limit for Related Parties' Loans & Commitments (3% of Regulatory Capital)	446,927
Group's Limit for Related Parties' Loans & Commitments (40% of Regulatory capital)	5,959,026
Organisational Unit of Executive of Bylaw	Credit Management

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

64. Information on Large Loans and Commitments

Information on large loans and commitments based on ratification No. 166 dated 29.10.2013 ratified by the Money and Credit Council (Circular No. 92/242553 dated 07.11.2013 ratified by the CBI) is as follows:

(Amounts in million IRR)

Item No.	Single Counterparty	Type of Relations	Customer	Balance of Large Loans & Commitments						Collateral		Board of Directors' Ratification		
				Loans		Commitments		Cost of Shares (4)	Grant Date	Total Loans & Commitments Plus Cost of Shares (Beneficiary Unit)	Type	Value	Number	Date
				Net Current (1)	Non-performing (2)	Net	Gross (3)							
1	Islamic Revolution Mostazafan Foundation-Steel Industries Holding	Ownership	South Kaveh Steel Co.	-	1,316,586	-	-	-	19.03.2019	1,706,856	Cheque, Promissory Note, Bill, Enforced Contract	3,041,279	507/98/5898	26.02.2020
		Ownership	Arvand Kaveh Steel Co.	390,270	-	-	-	-	15.09.2019		Cheque, Promissory Note, Bill, Enforced Contract	1,559,954	507/98/3449	23.10.2019
2	Tadbir Economic Development-Parent Company	Ownership	Tadbir Economic Development Group	390,270	1,316,586	-	-	-	-	1,706,856		4,601,233		
				2,174,584	-	-	-	-	-		2,174,584	Real Estate	7,007,200	507/97/5520
3		Ownership	Pars Oil Co.	506,658	-	2,640	-	-	22.02.2020		Cheque, Promissory Note, Bill, Enforced Contract	1,375,000	507/98/3798	13.11.2019
4		Ownership	Pars Oil Co.	505,671	-	-	-	-	26.02.2020		Cheque, Promissory Note, Bill, Enforced Contract	1,375,000	507/98/3798	12.11.2019
5	Tadbir Economic Development- Tadbir Energy Development Holding	Ownership	Pars Oil Co.	504,932	-	-	-	-	29.02.2020	2,310,010	Cheque, Promissory Note, Bill, Enforced Contract	1,375,000	507/98/3798	12.11.2019
6		Ownership	Pars Oil Co.	504,192	-	-	-	-	03.03.2020		Cheque, Promissory Note, Bill, Enforced Contract	1,375,000	507/98/3798	12.11.2019
7		Ownership	Tadbir Energy Development Group	288,558	-	-	-	-	17.04.2019		Enforced Contract	1,572,210	507/97/5837	19.03.2019
8	Tadbir Economic Development- Steel Holding	Ownership	Jahanara Arvand Steel Co.	2,310,010	-	2,640	-	-	-	2,310,010		7,072,210		
				2,635,659	-	-	-	-	-		2,635,659	Promissory Note, Bill	9,464,151	507/97/5395
				2,635,659	-	-	-	-	-	2,635,659		9,464,151		

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

Item No.	Single Counterparty	Type of Relations	Customer	Balance of Large Loans & Commitments						Collateral		Board of Directors' Ratification	
				Loans		Non-performing (2)	Commitments		Cost of Shares (4)	Grant Date	Total Loans & Commitments Plus Cost of Shares (Beneficiary Unit)	Value	Date
				Net Current (1)			Net	Gross (3)					
9		Ownership	Biosun Pharmed	482,305	-	-	-	-	-	19.12.2018		1,081,545	530/96/288 06.09.2019
10		Ownership	Biosun Pharmed	803,156	-	-	-	-	-	12.03.2020		5,484,308	530/97/499 15.12.2018
11		Ownership	Biosun Pharmed	267,720	-	-	-	-	-	12.03.2020		266,668	530/96/388 06.09.2017
12		Ownership	Alborz Balk Pharmaceutical Raw Materials Production	244,607	-	-	-	-	-	07.01.2020		684,710	Cheque, Promissory Note, Bill, Enforced Contract 10.11.2018
13		Ownership	Sobhan Oncology Pharmaceutical	62,212	-	-	-	-	-	04.09.2019		164,333	Cheque, Promissory Note, Bill, Enforced Contract 25.01.2020
14		Ownership	Sobhan Oncology Pharmaceutical	62,212	-	-	-	-	-	04.09.2019		164,333	Cheque, Promissory Note, Bill, Enforced Contract 25.01.2020
15		Ownership	Sobhan Oncology Pharmaceutical	62,212	-	-	-	-	-	04.09.2019		164,333	Cheque, Promissory Note, Bill, Enforced Contract 25.01.2020
16		Ownership	Sobhan Oncology Pharmaceutical	62,212	-	-	-	-	-	04.09.2019		164,333	Cheque, Promissory Note, Bill, Enforced Contract 25.01.2020
17		Ownership	Sobhan Oncology Pharmaceutical	62,212	-	-	-	-	-	04.09.2019		164,333	Cheque, Promissory Note, Bill, Enforced Contract 25.01.2020
18		Ownership	Sobhan Oncology Pharmaceutical	62,212	-	-	-	-	-	04.09.2019		164,333	Cheque, Promissory Note, Bill, Enforced Contract 25.01.2020
19		Ownership	Sobhan Oncology Pharmaceutical	304,993	-	-	-	-	-	21.09.2019		812,000	Cheque, Promissory Note, Bill, Enforced Contract 25.01.2020
20	Tadbir Economic Development-Barekat Pharmaceutical Group Holding	Ownership	Sobhan Oncology Pharmaceutical	86,391	-	-	-	-	-	10.10.2019	3,839,009	232,000	507/98/5403 25.01.2020
21		Ownership	Sobhan Oncology Pharmaceutical	43,136	-	-	-	-	-	13.10.2019		116,000	507/98/5403 25.01.2020
22		Ownership	Sobhan Oncology Pharmaceutical	289,174	-	-	-	-	-	05.11.2019		1,045,353	507/98/5403 25.01.2020
23		Ownership	Sobhan Oncology Pharmaceutical	84,340	-	-	-	-	-	01.11.2019		232,000	507/98/5403 25.01.2020
24		Ownership	Sobhan Oncology Pharmaceutical	21,065	-	-	-	-	-	03.12.2019		58,000	507/98/5403 25.01.2020
25		Ownership	Sobhan Oncology Pharmaceutical	69,987	-	-	-	-	-	10.12.2019		193,333	507/98/5403 25.01.2020
26		Ownership	Sobhan Oncology Pharmaceutical	69,987	-	-	-	-	-	10.12.2019		193,333	507/98/5403 25.01.2020
27		Ownership	Sobhan Oncology Pharmaceutical	383,800	-	-	-	-	-	18.01.2020		1,057,080	507/98/5403 25.01.2020
28		Ownership	Sobhan Oncology Pharmaceutical	40,493	-	-	-	-	-	24.02.2020		135,684	507/98/5403 25.01.2020
29		Ownership	Sobhan Darou	77,581	-	-	-	-	-	23.11.2019		246,512	507/98/3503 28.10.2019
30		Ownership	Iran Daru Pharmaceutical	103,599	-	-	-	-	-	24.10.2019		193,103	507/98/5562 04.02.2020
31		Ownership	KBC	74,722	-	-	-	-	-	28.12.2019		146,754	507/98/4724 28.12.2019
32		Ownership	KBC	18,681	-	-	-	-	-	28.12.2019		36,689	507/98/4724 28.12.2019

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
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Item No.	Single Counterparty	Type of Relations	Customer	Balance of Large Loans & Commitments							Collateral	Board of Directors' Ratification			
				Loans		Commitments		Cost of Shares (4)	Grant Date	Total Loans & Commitments Plus Cost of Shares (Beneficiary Unit)		Type	Value	Number	Date
				Net Current (1)	Non-performing (2)	Net	Gross (3)								
				3,839,009	-	-	-	-	-	3,839,009		13,201,074			
33	Tadbir Economic Development-Mobin Electronic Development Holding	Ownership	Iran Mobile Telecommunication Co.	2,475,748	-	-	-	-	16.01.2020	4,120,723	Cheque, Deposit, Enforced Contract	5,176,000	507/98/5012	08.01.2020	
34		Ownership	Mobin Iran Electronic Development	1,644,975	-	-	-	-	23.01.2020		Cheque, Enforced Contract	3,200,000	507/98/2204	07.08.2019	
				4,120,723	-	-	-	-	-	4,120,723		8,376,000			
35	Social Security Organisation	Ownership	Social Security Investment	2,610,889	-	-	-	-	12.02.2020	2,610,889	Cheque, Deposit, Enforced Contract	9,128,206	507/98/3512	28.10.2019	
36		Ownership	Antibiotic Sazi Iran Co.	2,610,889	-	-	-	-	-	2,610,889		9,128,206			
37		Ownership	Antibiotic Sazi Iran Co.	29,023	-	-	-	-	07.07.2019			71,016	507/98/1010	08.06.2019	
38		Ownership	Antibiotic Sazi Iran Co.	12,488	-	-	-	-	06.08.2019		Cheque, Promissory Note, Bill, Enforced Contract	30,247	507/98/1010	08.06.2019	
39		Ownership	Antibiotic Sazi Iran Co.	14,003	-	-	-	-	05.09.2019			33,586	507/98/1010	08.06.2019	
40		Ownership	Antibiotic Sazi Iran Co.	86,472	-	-	-	-	21.01.2020			200,334	507/98/1010	08.06.2019	
41		Ownership	Exir Pharmaceutical Co.	69,300	-	-	-	-	30.12.2019			103,000	507/98/4567	18.12.2019	
42		Ownership	Exir Pharmaceutical Co.	138,206	-	-	-	-	05.01.2020			269,823	507/98/6237	10.03.2020	
43		Ownership	Exir Pharmaceutical Co.	67,423	-	-	-	-	26.02.2020		Cheque, Promissory Note, Bill	133,334	507/98/1792	21.07.2019	
44		Ownership	Exir Pharmaceutical Co.	54,529	-	-	-	-	15.03.2020			100,971	507/98/1154	16.06.2019	
		Ownership	Caspian Tamin Pharmaceutical	28,458	-	-	-	-	22.07.2019			92,739	507/98/3207	08.10.2019	
45	Social Security Organisation-Tamin Pharmaceutical Investment Holding	Ownership	Caspian Tamin Pharmaceutical	51,082	-	-	-	-	20.10.2019	1,725,391	Cheque, Enforced Contract	166,750	507/98/3207	08.10.2019	
46		Ownership	Caspian Tamin Pharmaceutical	37,255	-	-	-	-	05.03.2020			114,818	507/98/3207	08.10.2019	
47		Ownership	Rahavarad Tamin Pharmaceutical	17,763	-	-	-	-	10.07.2019		62,945	507/98/1442	01.07.2019		
48		Ownership	Rahavarad Tamin Pharmaceutical	15,882	-	-	-	-	22.08.2019		55,398	507/98/2318	17.08.2019		
49		Ownership	Rahavarad Tamin Pharmaceutical	38,601	-	-	-	-	04.12.2019		135,661	507/98/4173	03.12.2019		
50		Ownership	Rahavarad Tamin Pharmaceutical	50,419	-	-	-	-	02.03.2020		Cheque, Promissory Note, Bill, Enforced Contract	170,744	507/98/4174	03.12.2019	
51		Ownership	Rahavarad Tamin Pharmaceutical	30,030	-	-	-	-	17.03.2020			101,300	507/98/6222	10.03.2020	

Karafarin Bank (Public Joint Stock)
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Item No.	Single Counterparty	Type of Relations	Customer	Balance of Large Loans & Commitments						Total Loans & Commitments Plus Cost of Shares (Beneficiary Unit)	Collateral		Board of Directors' Ratification	
				Loans	Commitments		Cost of Shares (4)		Grant Date		Type	Value	Number	Date
				Net Current (1)	Non-performing (2)	Net	Gross (3)							
52		Ownership	Farabi Pharmaceutical Co.	195,425	-	-	-	-	07.01.2020			377,268	507/98/1540	03.07.2019
53		Ownership	Farabi Pharmaceutical Co.	130,721	-	-	-	-	14.01.2020			253,200	507/98/1540	03.07.2019
54		Ownership	Farabi Pharmaceutical Co.	129,971	-	-	-	-	26.01.2020			253,200	507/98/1540	03.07.2019
55		Ownership	Farabi Pharmaceutical Co.	90,324	-	-	-	-	10.02.2020			177,240	507/98/1540	03.07.2019
56		Ownership	Farabi Pharmaceutical Co.	325,668	-	-	-	-	15.02.2020			640,596	507/98/1540	03.07.2019
57		Ownership	Farabi Pharmaceutical Co.	99,235	-	-	-	-	10.03.2020			197,496	507/98/1540	03.07.2019
58		Ownership	Farabi Pharmaceutical Co.	-	-	3,787	682	-	24.08.2019				507/98/1541	03.07.2019
59		Ownership	Farabi Pharmaceutical Co.	-	-	3,777	680	-	26.08.2019				507/98/3449	23.10.2019
60		Ownership	Farabi Pharmaceutical Co.	-	-	5,572	1,003	-	26.08.2019				507/98/3449	23.10.2019
61		Ownership	Farabi Pharmaceutical Co.	-	-	5,570	1,003	-	26.08.2019				507/98/3449	23.10.2019
62		Ownership	Farabi Pharmaceutical Co.	-	-	7,347	1,323	-	31.08.2019				507/98/3449	23.10.2019
63		Ownership	Farabi Pharmaceutical Co.	-	-	7,347	1,308	-	31.08.2019				507/98/3449	23.10.2019
64		Ownership	Farabi Pharmaceutical Co.	-	-	7,272	1,309	-	07.09.2019				507/98/3449	23.10.2019
65		Ownership	Farabi Pharmaceutical Co.	-	-	5,898	1,062	-	16.09.2019				507/98/3449	23.10.2019
66		Ownership	Farabi Pharmaceutical Co.	-	-	6,067	1,092	-	16.09.2019				507/98/3449	23.10.2019
67		Ownership	Farabi Pharmaceutical Co.	-	-	6,377	1,148	-	23.09.2019				507/98/3449	23.10.2019
68		Ownership	Farabi Pharmaceutical Co.	-	-	6,066	1,092	-	07.10.2019				507/98/3449	23.10.2019
69		Ownership	Farabi Pharmaceutical Co.	-	-	12,132	1,148	-	07.10.2019				507/98/3449	23.10.2019
70		Ownership	Farabi Pharmaceutical Co.	-	-	3,692	1,092	-	07.10.2019				507/98/3449	23.10.2019
71		Ownership	Farabi Pharmaceutical Co.	-	-	3,662	2,148	-	07.10.2019				507/98/3449	23.10.2019
72		Ownership	Farabi Pharmaceutical Co.	-	-	3,667	665	-	07.10.2019				507/98/3449	23.10.2019
73		Ownership	Farabi Pharmaceutical Co.	-	-	6,361	659	-	02.11.2019				507/98/3449	23.10.2019
74		Ownership	Farabi Pharmaceutical Co.	-	-	3,723	660	-	11.11.2019			3,213	507/98/3449	23.10.2019
75		Ownership	Farabi Pharmaceutical Co.	-	-	1,624	1,149	-	11.11.2019				507/98/3449	23.10.2019
76		Ownership	Farabi Pharmaceutical Co.	-	-	15,569	670	-	11.11.2019				507/98/3449	23.10.2019
77		Ownership	Farabi Pharmaceutical Co.	-	-	5,760	292	-	11.11.2019				507/98/3449	23.10.2019
78		Ownership	Farabi Pharmaceutical Co.	-	-	3,723	2,803	-	11.11.2019				507/98/3449	23.10.2019
79		Ownership	Farabi Pharmaceutical Co.	-	-	1,624	1,040	-	12.11.2019				507/98/3449	23.10.2019
80		Ownership	Farabi Pharmaceutical Co.	-	-	3,723	670	-	12.11.2019				507/98/3449	23.10.2019
81		Ownership	Farabi Pharmaceutical Co.	-	-	1,624	292	-	12.11.2019				507/98/3449	23.10.2019
82		Ownership	Farabi Pharmaceutical Co.	-	-	3,723	670	-	12.11.2019				507/98/3449	23.10.2019
83		Ownership	Farabi Pharmaceutical Co.	-	-	1,624	292	-	12.11.2019				507/98/3449	23.10.2019
84		Ownership	Farabi Pharmaceutical Co.	-	-	1,756	316	-	26.11.2019				507/98/3449	23.10.2019
85		Ownership	Farabi Pharmaceutical Co.	-	-	766	138	-	26.11.2019				507/98/3449	23.10.2019
86		Ownership	Farabi Pharmaceutical Co.	-	-	6,430	1,157	-	08.12.2019				507/98/3449	23.10.2019
87		Ownership	Farabi Pharmaceutical Co.	-	-	3,472	625	-	08.12.2019			4,975,274	507/98/3449	23.10.2019
88		Ownership	Farabi Pharmaceutical Co.	-	-	5,621	1,012	-	10.12.2019				507/98/3449	23.10.2019
89		Ownership	Farabi Pharmaceutical Co.	-	-	2,452	441	-	10.12.2019				507/98/3449	23.10.2019
90		Ownership	Farabi Pharmaceutical Co.	-	-	1,466	264	-	10.12.2019				507/98/3449	23.10.2019
91		Ownership	Farabi Pharmaceutical Co.	-	-	639	115	-	10.12.2019				507/98/3449	23.10.2019

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
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Item No.	Single Counterparty	Type of Relations	Customer	Balance of Large Loans & Commitments							Collateral		Board of Directors' Ratification	
				Loans		Commitments		Cost of Shares (4)	Grant Date	Total Loans & Commitments Plus Cost of Shares (Beneficiary Unit)	Type	Value	Number	Date
				Net Current (1)	Non-performing (2)	Net	Gross (3)							
92		Ownership	Zahravi Pharmaceutical Co.	-	108,673	-	-	-	02.05.2019			4,128,593	507/98/6402	17.03.2020
93		Ownership	Zahravi Pharmaceutical Co.	-	26,574	-	-	-	02.05.2019			1,021,248	507/98/6402	17.03.2020
94		Ownership	Zahravi Pharmaceutical Co.	-	52,231	-	-	-	02.05.2019		Cheque, Promissory Note, Bill, Enforced Contract	1,915,517	507/98/6402	17.03.2020
95		Ownership	Zahravi Pharmaceutical Co.	1,503,554	-	-	-	-	02.05.2019			4,128,593	507/98/6402	17.03.2020
96		Ownership	Zahravi Pharmaceutical Co.	367,664	-	-	-	-	02.05.2019			1,021,248	507/98/6402	17.03.2020
97		Ownership	Zahravi Pharmaceutical Co.	722,649	-	-	-	-	02.05.2019			1,915,517	507/98/6402	17.03.2020
98		Ownership	Darou Paksh Holding	143,384	-	-	-	-	30.10.2019			246,300	507/98/6098	03.03.2020
99		Ownership	Darou Paksh Holding	128,986	-	-	-	-	31.10.2019			221,450	507/98/1288	23.06.2019
100	Social Security Organisation-Tamin Pharmaceutical Investment Holding	Ownership	Darou Paksh Holding	111,844	-	-	-	-	21.11.2019			221,528	507/98/4548	17.12.2019
101		Ownership	Darou Paksh Holding	212,498	-	-	-	-	25.11.2019			369,437	507/98/3738	10.11.2019
102		Ownership	Darou Paksh Holding	88,949	-	-	-	-	21.01.2020			98,517	507/98/3738	10.11.2019
103		Ownership	Darou Paksh Holding	82,739	-	-	-	-	21.01.2020			1,608	507/98/3738	10.11.2019
104		Ownership	Razak Laboratories	88,837	-	-	-	-	30.10.2019			170,392	507/98/1184	18.06.2019
105		Ownership	Razak Laboratories	661,120	-	-	-	-	14.12.2019			990,935	507/98/4555	17.12.2019
106		Ownership	Razak Laboratories	139,927	-	-	-	-	07.01.2020			191,252	507/98/6337	15.03.2020
107		Ownership	Razak Laboratories	133,265	-	-	-	-	27.01.2020			183,896	507/98/4555	17.12.2019
108		Ownership	Razak Laboratories	132,240	-	-	-	-	12.02.2020			229,872	507/98/4555	17.12.2019
109		Ownership	Razak Laboratories	274,476	-	-	-	-	07.03.2020			482,727	507/98/6337	15.03.2020
119		Ownership	Ghadir Investment	6,484,411	187,477	159,954	28,776	-	03.02.2020	6,700,665	Cheque, Promissory Note, Bill, Enforced Contract	21,280,296		
120		Ownership	Sepahan Cement	1,534,743	-	-	-	-	18.03.2020			170,392	507/98/1699	13.07.2019
121	Ghadir Investment	Ownership	Sefid Shargh Cement	820,966	-	-	-	-	11.01.2020			990,935	507/98/2179	06.08.2019
122		Ownership	Shargh Cement	339,977	-	-	-	-	25.02.2020			191,252	507/98/5038	09.01.2020
123		Ownership	Kordestan Cement	148,286	-	-	-	-	03.09.2019			183,896	507/98/3202	08.10.2019
				2,954,738	-	-	-	-		2,954,738		229,870	507/97/3377	29.10.2018
124	Iranian Sanden Industries	Ownership	Iranian Sanden Industries	1,444,203	-	-	-	-	19.11.2019			10,589,788		
125	Stand-alone Entity	Ownership	Iranian Sanden Industries	607,397	-	-	-	-	23.02.2020		Real Estate, Cheque	3,204,550	507/98/3678	05.11.2019
				2,051,600	-	-	-	-		2,051,600		1,321,278	507/98/5715	13.02.2020
126	Mobarakeh Esfahan Steel	Ownership	Mobarakeh Esfahan Steel	2,862,082	-	-	-	-	05.01.2020			4,525,828		
127	Stand-alone Entity	Ownership	Mobarakeh Esfahan Steel	695,785	-	-	-	-	03.03.2020		Cheque, Promissory Note, Bill, Enforced Contract	5,520,000	507/97/5790	17.03.2019
				3,557,867	-	-	-	-		3,557,867		1,380,000	507/98/502	07.05.2019
												6,900,000		

Karafarin Bank (Public Joint Stock)
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Item No.	Single Counterparty	Type of Relations	Customer	Balance of Large Loans & Commitments							Collateral			Board of Directors' Ratification		
				Loans		Commitments		Cost of Shares (4)	Grant Date	Total Loans & Commitments Plus Cost of Shares (Beneficiary Unit)	Type	Value	Number	Date		
				Net Current (1)	Non-performing (2)	Net	Gross (3)									
128	Iran Khodro Group	Ownership	Iran Khodro Spare Parts Supply & Distribution	289,740	-	-	-	-	-	09.12.2019	Cheque, Enforced Contract	551,728	507/98/4854	02.01.2020		
129		Ownership	Iran Khodro Spare Parts Supply & Distribution	141,945	-	-	-	-	-	21.01.2020		275,864	507/98/4854	02.01.2020		
130		Ownership	Iran Khodro Diesel Co.	1,728,263	-	-	-	-	-	20.04.2019	Cheque, Enforced Contract	5,168,141	507/98/4701	26.12.2019		
131		Ownership	Iran Khodro Diesel Co.	940,910	-	-	-	-	-	20.04.2019		2,836,935	507/98/113	16.04.2019		
132		Ownership	Iran Khodro Diesel Co.	509,914	-	-	-	-	-	20.04.2019		1,537,312	507/98/4701	26.12.2019		
133		Ownership	Iran Khodro Diesel Co.	69,899	-	-	-	-	-	30.07.2019		160,652	507/98/2765	19.09.2019		
134		Ownership	Iran Khodro Diesel Co.	222,486	-	-	-	-	-	24.12.2019		426,667	507/98/2765	19.09.2019		
135		Ownership	Iran Khodro Diesel Co.	404,322	-	-	-	-	-	03.02.2020	790,707	507/98/2765	19.09.2019			
136		Ownership	Iran Khodro Diesel Co.	-	-	4,100	7,380	-	-	22.02.2020	0	507/98/2765	19.09.2019			
137		Ownership	Nirou Moharekeh Ind. Group	67,719	-	-	-	-	-	17.02.2020	193,334	507/98/2149	05.08.2019			
138	Ownership	Nirou Moharekeh Ind. Group	6,556	-	-	-	-	-	17.02.2020	18,716	507/98/2150	05.08.2019				
	Iran Khodro Group	Ownership	Iran Khodro Diesel Engineering & Supplying Parts (OPCO)	-	-	16,340	2,941	-	-	27.07.2016	4,428,791					
		Ownership	Iran Khodro Diesel Engineering & Supplying Parts (OPCO)	-	-	123,690	22,264	-	-	27.07.2016						
		Ownership	Iran Khodro Diesel Engineering & Supplying Parts (OPCO)	-	-	53,048	8,488	-	-	15.07.2017						
		Ownership	Iran Khodro Diesel Engineering & Supplying Parts (OPCO)	-	-	10,104	1,718	-	-	10.08.2017						
		Ownership	Iran Khodro Diesel Engineering & Supplying Parts (OPCO)	-	-	2,620	-	-	-	09.10.2017						
		Ownership	Iran Khodro Diesel Engineering & Supplying Parts (OPCO)	-	-	23,577	4,244	-	-	21.08.2018						
				4,381,756	-	233,479	47,035	-	-		4,428,791	11,960,056				

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Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
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Item No.	Single Counterparty	Type of Relations	Customer	Balance of Large Loans & Commitments						Total Loans & Commitments Plus Cost of Shares (Beneficiary Unit)	Collateral		Board of Directors' Ratification	
				Loans	Non-performing (2)	Net	Commitments	Gross (3)	Cost of Shares (4)		Type	Value	Number	Date
164		Ownership	Pars Khodro	Net Current (1) 101,578	-	-	-	-	-	-	Cheque, Promissory Note, Bill, Enforced Contract	226,000	507/98/1370	27.06.2019
165	Saipa Group	Ownership	Saipa Diesel	616,240	-	-	-	-	-	-	Cheque, Promissory Note, Bill, Enforced Contract	1,849,727	507/98/2728	17.09.2019
166		Ownership	Rayan Saipa Leasing	400,986	-	-	-	-	-	1,567,525		800,000	507/98/4233	05.12.2019
167		Ownership	Rayan Saipa Leasing	414,203	-	-	-	-	-		Cheque, Enforced Contract	640,000	507/98/996	08.06.2019
168		Ownership	Rayan Saipa Leasing	34,518	-	-	-	-	-			66,668	507/97/4558	09.01.2019
				1,567,525	-	-	-	-	-	1,567,525		3,582,395		
169		Ownership	Behpak Industries	26,211	-	-	-	-	-	-	Cheque, Promissory Note, Bill, Enforced Contract	56,587	507/98/2343	21.08.2019
170		Ownership	Margarin	67,098	-	-	-	-	-	-		162,441	507/98/5468	28.01.2020
171	Behshahr Industries Group	Ownership	Margarin	172,285	-	-	-	-	-	-		377,028	507/98/663	18.05.2019
172		Ownership	Margarin	291,508	-	-	-	-	-	2,172,104		632,429	507/98/662	18.05.2019
173		Ownership	Margarin	775,258	-	-	-	-	-		Cheque, Enforced Contract	1,598,394	507/98/662	18.05.2019
174		Ownership	Margarin	318,461	-	-	-	-	-			662,830	507/98/5468	28.01.2020
175		Ownership	Margarin	521,282	-	-	-	-	-			1,040,000	507/98/2343	21.08.2019
				2,172,104	-	-	-	-	-	2,172,104		4,529,709		
176		Ownership	Crouse Manufacturing Industries	465,262	-	-	-	-	-	-		1,144,164	507/98/1006	08.06.2019
177	Crouse (Mr. Mohammad Alipour Feirati & Mr. Hamid Keshavarz)	Ownership	Crouse Manufacturing Industries	972,506	-	-	-	-	-	-		2,225,025	507/98/1169	17.06.2019
178		Ownership	Crouse Manufacturing Industries	384,890	-	-	-	-	-	2,323,891	Cheque, Enforced Contract	919,058	507/98/4037	26.11.2019
179		Ownership	Crouse Manufacturing Industries	501,233	-	-	-	-	-	-		1,100,521	507/98/5459	28.01.2020
				2,323,891	-	-	-	-	-	2,323,891		5,388,768		
180	Investment Funds	Ownership	Aman Investment	-	-	7,494,696	7,494,696	-	-	-				
181		Ownership	Common Investment	-	-	8,378,154	8,378,154	-	-	-				
182		Ownership	Shakhes Investment	-	-	210,399	210,399	-	-	-				
				-	-	16,083,249	16,083,249	-	-	-				
	Total			49,013,672	3,792,133	16,286,843	16,159,060	0	0	68,909,223		139,848,699		

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
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	Million IRR
Regulatory Capital Being a basis of Other Prudential Ratios on Reporting Date	14,897,566
Individual's Limit for Large Loans & Commitments (20% of Regulatory Capital)	2,979,513
Group's Limit for Large Loans & Commitments (8 Times of Regulatory Capital)	119,180,528
Group's Limit for Large Loans & Commitments of Overseas Banks (5% of Total Branch's Assets)	0
Organisational Unit of Executing the Bylaw	Credit Management