IN THE NAME OF GOD

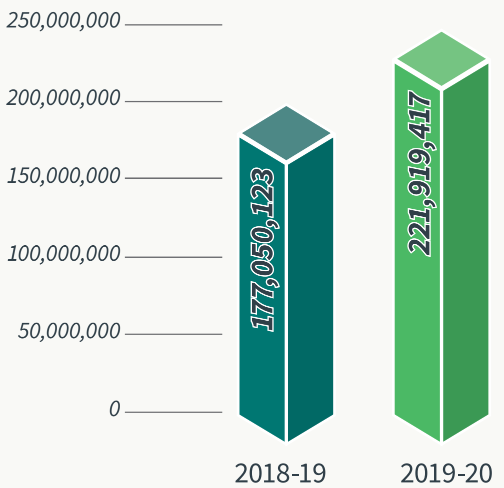
بانک کارآفرین
KARAFARIN BANK

Contents

Financial Highlights

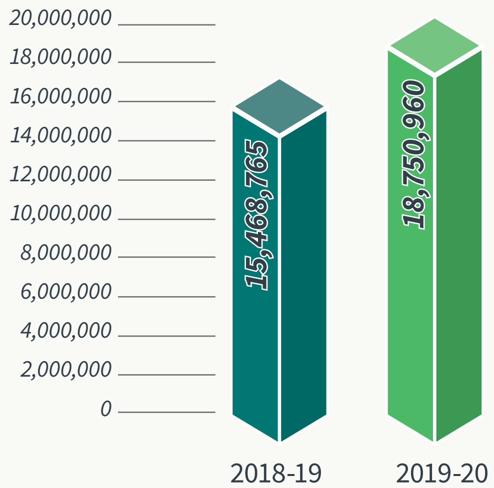
TOTAL ASSETS

Million IRR



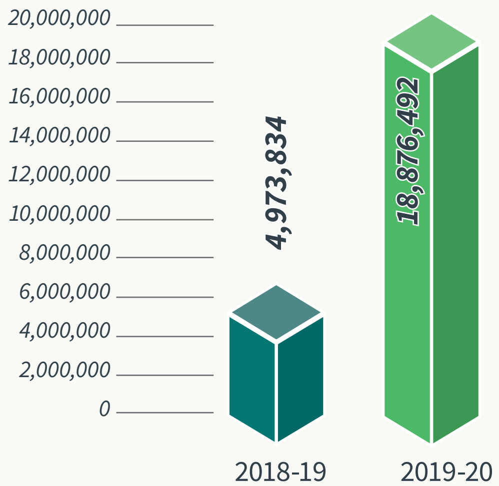
DEPOSITS

Million IRR



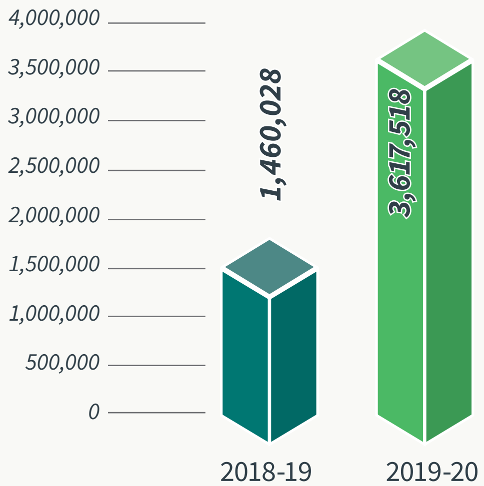
INVESTMENT IN SHARES & SECURITIES

Million IRR

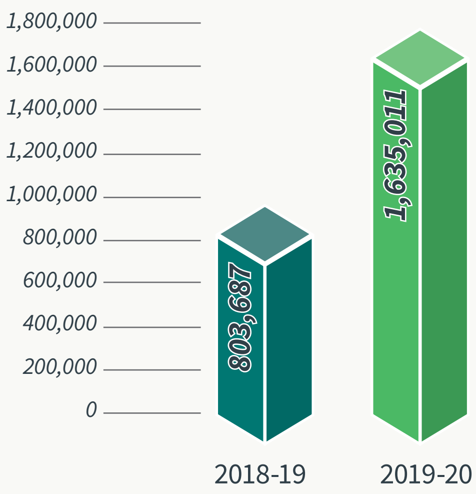


NET PROFIT

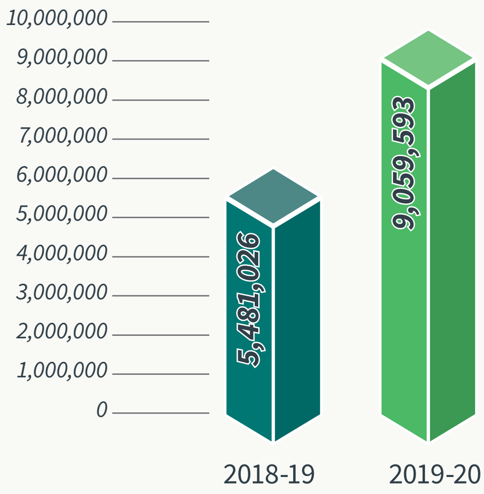
Million IRR



NET INVESTMENT RETURNS
Million IRR



TOTAL OPERATING REVENUES
Million IRR



- The exchange rate was USD1 / IRR90,000 at the end of the reported period.
- The Bank's fiscal year ends on March 19th.

Managing Director's Statement

I am delighted to disclose the performance of Karafarin Bank for the 2019-20 financial period, which entails numerous accomplishments both on qualitative and quantitative levels, and its future development programs.

As one of the most reputable Iranian banks, Karafarin Bank has entered its third decade of operations. Its three main assets, namely: “dedicated and effective human resources”, “material assets derived from its operations” as well as “specialised assets backed up by knowhow and professional experiences” have enabled the Bank to earn much credibility among its customers who are the main beneficiaries of this Bank. Hence, in the light of these three assets and thanks to its highly regarded reputation, the Bank has formulated its strategic business plans for the 1400 Iranian calendar year (2021-22). The most important part of these plans is to utilise its IT capacities in every aspect and to specialise and design its products and services in such a way that they become more inclined towards corporate banking. Indeed, all units throughout the Bank are to be developed in the same manner. As a result, in the light of its experts and senior managers as well as board of directors, the Bank has formulated an all-round, comprehensive and realistic, two-year development plan. This plan which is under constant scrutiny and measurement, has been put to effect as of this year.

This plan’s main areas of concerns are: corporate, investment, commercial and personal banking, which we intend to take advantage of, to further increase our market share. Furthermore, we have taken away our focus from forex services and directed our attention towards international banking services, instead. Indeed, phase one of this plan has already been implemented. Capital increase (which requires the support of our shareholders and the approval of related authorities shall take place in two stages) is also on our agenda. In fulfilling our responsibilities in reference with contributing to Iran’s economic and business development, we have become synergised with our important customers and have identified the priorities and requirements of entrepreneurs and have participated by financing various industrial projects. In addition, in backing up the production sector (which generates the economy) we have constantly supported the manufacturing units.

Furthermore, following the spreading of the Coronavirus Pandemic, we have unveiled the “Health Value Project” (which grants loans at favourable rates) as a means to express our deepest gratitude and to answer to the requirements of all those medical personnel who put their own lives at risk to maintain our health.

Another important plan (Two-Year Plan 2020-21/2021-22) of the Bank is human resource development, both in qualitative and quantitative terms. Here, we shall focus on meritocracy, encouraging internal promotions rather than recruitment. The most important part of our new human resource development strategy is the categorisation of job positions as well as offering training in specialised fields.

We also plan to complete the Bank value chain via further developing its group companies. The main idea is to avoid engaging in businesses that do not immediately relate to the Bank’s field of activity. Instead, these companies shall solely be engaged in completing the Bank’s portfolio of products and services and to create grounds for further cooperation between the Bank and its customers. In this context, we have invested heavily in Fintechs, APIs and start-ups and have established the Negah Holding Company, which shall serve as the Bank’s information technology arm, as of next year. A financial holding company has also been formed to further support and develop our financial services, which should in turn, boost our profitability. However, one of the most important plans of the Bank is to further enhance and introduce the Karafarin brand throughout the general public and its clientele with the aim of portraying the Bank as an all-round (especially in corporate banking) specialised and developing bank rather than one, with limited services.

Being particularly committed to our professional and social responsibilities, we aim to constantly earn the trust of our depositors, to support manufacturers and entrepreneurs (in line with government policies), to be more accountable to our shareholders and of course, to further serve our countrymen. Indeed, we aim to pass on our valuable and hard earnt repute and credibility to future generations.

Some of our accomplishments during the reporting financial period include: earning the Golden Award (at the Export Iran Summit) for being Iran’s top bank in offering forex and international services; obtaining the Manager of the Year Top Award (at the Fourth Nationwide Managers’ Conference); and becoming a member of Iran’s Internal Auditors Association. With the aid and empathy of our colleagues throughout the Bank, we aim to continue on our path towards success in the future.

I sincerely hope to continue realising our plans and policies, elevating our position as well as further improving our products and services and finally, achieving the satisfaction of our customers and shareholders in the upcoming year. I have no doubt that in the light of the support and collective thinking of our colleagues at all levels (from senior directors to each and every employee), the Bank’s overall performance shall improve even more.

I am also certain that Karafarin Bank shall continue to demonstrate strong performance during the third decade of its activities (as it has done in the past two decades) and shall further develop and enhance the quality of its operations throughout all sectors. Finally, with God willing, as in the past, we shall, by relying on the trust of all our beneficiaries continue to, demonstrate outstanding financial performance in future years.

Dr. Mohammadreza Farzin

Board Of Directors' Report
To The Annual Ordinary General Assembly Meeting

We hereby present the Board of Directors' report about Karafarin Bank's Annual Ordinary General Assembly Meeting. The provision of this report fulfils our compliance with obligations in respect of the requirements set forth in Articles 232 of the Commercial Code of 1968 (as amended) and Article 45 of the Securities & Exchange Act. The report which has been prepared on the basis of existing evidence and documents reflects the operations and general position of the Bank for the Iranian financial period ended 19.03.2020.

In our opinion, information incorporated in the report on the Bank's operations and its general position, emphasis on the principles of fair presentation of the Board of Directors' performance for the reporting period, and is consistent with the objective of safeguarding the interests of the Bank consistent with the relevant legal and regulatory requirements and conforms with the Bank's Articles of Association. The information included in the report is accurate, complete and corresponds to factual events of the past and any foreseeable future outcomes that could have been reasonably projected. This report which was approved and endorsed by the Board of Directors on 17.07.2019, does not include any information whose unawareness could mislead the users.

Board Members	Position
Mr. Hamid Tehranfar	Chairman
Dr. Mohammadreza Farzin	Managing Director & Board Member
Mr. Naser Sananti Nejad Fard	Vice-Chairman
Mr. Mahdi Seif Alishahi	Board Member
Mr. Ahmad Baharvandi	Board Member

CHAPTER I

IRAN’S ECONOMIC REVIEW

Iran's Economic Review in 2019-20

Background

During the reporting fiscal period, Iran's economy undoubtedly faced some of the most difficult and challenging times in the past two decades. Despite the sanctions enforced against this country, some countries had been temporarily exempt from trading with Iran. However, during the reporting financial period, the mentioned exemption time limit for many of these countries had expired, leading to a severe decline in government oil revenues and subsequent increasing budget deficit. Furthermore, the Covid 19 Pandemic also caused a sharp fall in demand, sinking the economy even deeper into recession. All of the above factors led to more inflation, making it worst for the already troubled economy of Iran.

In this report, we shall examine the real sector, inflation, the monetary situation, the external sector, and forex and capital markets. Since official statistics of government performance have not been disclosed, the financial situation of the Government shall be assessed on future reports.

Real Sector

After a few months of delay, the Central Bank of the Islamic Republic of Iran (CBI) updated its report on the Real Sector for the 2018-19 and 2019-20 years in November 2018. However, there are some discrepancies between this report and the statistics of economic growth released by the Statistical Centre of Iran (SCI). Therefore, we have reflected the statistics of both of the above authorities in the following table.

Due to the sanctions enforced against the oil sector, which commenced as of May 2018, Iran's GDP failed to grow in the following year. GDP declined as of August 2018 and reached its peak in January 2019. However, due to granting of exemptions to some countries to buy Iran's oil, GDP experienced a slight growth in the final months of the 1397 Iranian year (early months of 2019). However, this growth was temporary as these exemptions expired. This was followed by declining oil exports during the reporting financial year and subsequent fall in economic growth.

The CBI and SCI's views on economic growth in the absence of oil revenues differ. Thus, whilst the CBI suggests that the economy was no longer in recession during 2019-20 and has recorded a 1.1% growth, the SCI claims that the economy shrank during all seasons of the mentioned period, except for autumn, and has recorded a negative growth of 0.6% for the same period.

GDP Growth Based on CBI & SCI Statistics (%)

Year	Statistical Centre of Iran, Base Year: 2011-12 (Gross Domestic Product Growth- Market Price)		Central Bank of Iran, Base Year: 2011-12 (Gross Domestic Product Growth - Base Price)	
	Gross Domestic Product Growth	Gross Domestic Product Growth (Excluding Oil)	Gross Domestic Product Growth	Gross Domestic Product Growth (Excluding Oil)
2012-13	(6.2)	1.1	(7.7)	0.4
2013-14	(0.6)	0	(0.3)	0.5
2014-15	2.6	3.2	3.2	3
2015-16	0.5	0.8	(1.6)	(3.1)
2016-17	12.1	6.9	12.5	3.3
2017-18	3.9	4.6	3.7	4.6
2018-19	(4.7)	(2.1)	(5.4)	(1.8)
2019-20	(7)	(0.6)	(6.5)	1.1
2019-20 1st Quarter	(10.0)	(1.2)	(11)	0.4
2019-20 2nd Quarter	(10.1)	(0.2)	(9.1)	0.5
2019-20 3rd Quarter	(1.0)	1.6	1.7	3.8
2019-20 4th Quarter	(6.3)	(2.5)	(6.4)	0.1

Sources: CBI and SCI

Iran's economy in recent years, has experienced a declining trend as well as fluctuations which are mainly due to oil dependence. Statistics of 2019-20 show that the economy in the absence of oil revenues seems more stable than one with oil revenues. Furthermore, with the exception of growth during the years in which favourable political conditions had led to increasing oil exports, economic growth in the absence of oil revenues has always been more than an economy which includes oil revenues. This undeniable fact stresses upon the necessity to reduce Iran's economy's dependence on oil revenues, which are the most important cause of negative economic growth.

Gross Domestic Product

The following table demonstrates GDP growth in three economic sectors: agriculture, industry and service sectors. Results show that during the reporting fiscal period agriculture experienced a 3%, industry -14.7% and service -0.3% growth compared to the similar period in previous year. The Agricultural Sector is composed of horticulture; gardening, animal husbandry; forestry and fishery subsectors. The industrial sector includes the following subsectors: oil and natural gas production; mining; water, power, natural gas supply as well as building construction. Service Sector includes: whole and retail sales; accommodation; food; transportation; warehouse; postal; IT; financial; insurance; real estate; rental; veterinary; civil and urban; training; health; social; and other civil, social personal and home services.

Growth of Economic Sectors (%)

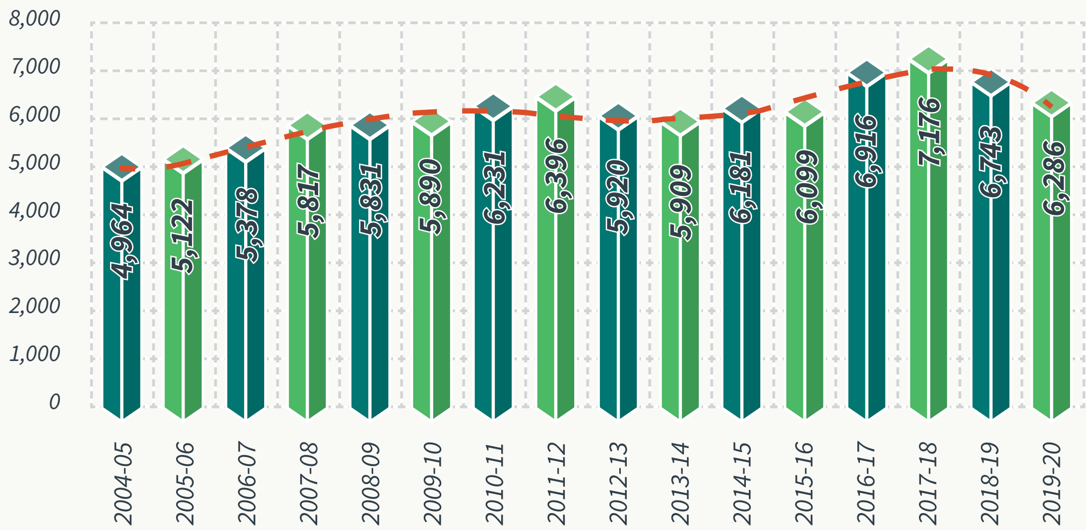
Year	Agriculture	Industry	Services	Gross Domestic Product (Market Price)	Gross Domestic Product (Excluding Oil)
2012-13	2.5	(18.8)	2.4	(6.2)	1.1
2013-14	4.8	(3.1)	7.2	(0.6)	0
2014-15	4.5	3.8	1.3	2.6	3.2
2015-16	5.3	(0.4)	(1.7)	0.5	0.8
2016-17	4.6	24.7	4.9	12.1	6.9
2017-18	1.1	2.2	7.3	3.9	4.6
2018-19	(1.5)	(9.1)	1.3	(4.7)	(2.1)
2019-20	3	(14.7)	(0.3)	(7)	(0.6)

The difference in national accounts is the result of seasonal calculations of refineries.
Source: CBI

According to the statistics of the SCI, on the basis of base and fixed prices of 2011-12, Iran's GDP was reduced from IRR7,567.3 trillion on 2018-19 to IRR7,038 trillion in the following year, explaining for the 7% negative growth during the reporting period.

GDP BASED ON FIXED PRICES

IRR thousand billion



Only the Agricultural Subsector enjoyed a positive growth and with a negative growth of 35% the Oil & Natural Gas Production Subsector experienced the biggest decline among all groups during 2019-20. After that, the Fisheries Group experienced a negative 5.5% growth and the Industrial Group demonstrated a negative growth of 1.8%. However, among the industrial subsectors, the Building Construction, Water, Power & Natural Gas Production Subsectors managed to demonstrate growth. The Building Construction Subsector experienced the biggest growth (6%) due to the increasing property prices.

Performance of Economic Sectors

Description	2019-20	2019-20 1st Quarter	2019-20 2nd Quarter	2019-20 3rd Quarter	2019-20 4th Quarter	2019-20
Agricultural Group	Value Added (IRR Thousand Billion)	476.1	99.1	153.7	141.7	81.6
	Changes (%)	3.0	4.9	6.7	(1.2)	1.6
Agricultural	Value Added (IRR Thousand Billion)	457.6	96.3	151.5	135.9	73.8
	Changes (%)	3.4	5.1	6.8	(1.0)	2.7
Fisheries	Value Added (IRR Thousand Billion)	18.5	2.8	2.1	5.8	7.8
	Changes (%)	(5.5)	(0.8)	(0.4)	(6.9)	(7.4)
Industrial	Value Added (IRR Thousand Billion)	2,816.3	709.3	703.5	701.4	702.2
	Changes (%)	(14.7)	(20.4)	(22.1)	(1.8)	(11.5)
Mine	Value Added (IRR Thousand Billion)	1014.2	272.2	251.7	256.7	233.6
	Changes (%)	(32.8)	(39.2)	(44.4)	(14.1)	(24.8)
Oil & Natural Gas Extraction	Value Added (IRR Thousand Billion)	916	247.8	227.1	232	209.1
	Changes (%)	(35)	(41.3)	(46.9)	(15.3)	(26.8)
Other Mines	Value Added (IRR Thousand Billion)	98.2	24.4	24.6	24.7	24.5
	Changes (%)	(2.1)	(3.5)	(3.3)	(1.1)	(0.5)
Industrial	Value Added (IRR Thousand Billion)	927.7	228.7	231.8	227.6	239.6
	Changes (%)	(1.8)	(5)	(3.7)	(0.7)	2.4
Supplying Water, Electricity & Natural Gas	Value Added (IRR Thousand Billion)	562.5	132	133.5	149.7	147.3
	Changes (%)	1.6	(0.3)	2.5	18.5	(10.5)
Construction	Value Added (IRR Thousand Billion)	311.8	76.4	86.5	67.3	81.7
	Changes (%)	6.1	7.7	9.6	12.3	(2.9)
Service	Value Added (IRR Thousand Billion)	3753.1	933.1	965.4	924.2	930.4
	Changes (%)	(0.3)	0.1	(0.1)	0.4	(1.7)
Gross Domestic Product (Market Price)	Value Added (IRR Thousand Billion)	7038	1735.2	1816.2	1760	1726.7
	Changes (%)	(7)	(10)	(10.1)	(1)	(6.3)
Gross Domestic Product (Excluding Oil)	Value Added (IRR Thousand Billion)	6122	1487.4	1589.1	1528	1517.6
	Changes (%)	(0.6)	(1.2)	(0.2)	1.6	(2.5)

Source: SCI

The performance of each economic sector is assessed during the reporting financial period, in order to assess the condition of the whole Iranian economy.

Oil Sector

As stated earlier, with a negative growth of approximately 35% the Oil & Natural Gas Supply Sector contributed to 13% of total GDP growth during the reporting financial period. This trend which continued during the following year, was due to the sanctions enforced against Iran's Oil & Natural Gas Supply Sector in 2018-19. To make matters worse, the spreading of the Coronavirus Pandemic followed by widespread lockdowns throughout the world led to falling global demand for oil by approximately 30 million barrels/day. OPECs failure to reduce production accordingly, pushed oil prices down to USD30/barrel in March 2020. As a result, the Oil Sector experienced severe negative growth in all seasons of 2019-20, which in turn, had a harmful impact on the Iranian economy as a whole.

Iran's Oil Production & Exports

Year	Daily Production (Thousand Barrels)	Daily Exports (Thousand Barrels/Day)	Total Annual Exports (Thousand Barrels/Day)	Oil Exports (USD Million)	Average Price of per Exported Oil Barrel (USD)
2008-09	3,945	2,309	842,785	86,619	102.8
2009-10	3,557	2,024	738,760	69,957	94.7
2010-11	3,536	2,002	730,730	90,191	123.4
2011-12	3,619	2,107	769,055	118,232	153.7
2012-13	3,732	1,900	693,500	68,083	98.2
2013-14	3,481	1,685	615,025	64,540	104.9
2014-15	3,063	1,435	523,775	55,406	105.8
2015-16	3,231	1,574	574,510	33,569	58.4
2016-17	3,761	2,224	811,760	55,752	68.7
2017-18	3,849	2,324	848,260	65,818	77.5
February 2019	2,700	1,100	401,500	24,652	61.4
February 2020	2,086	500	182,500	24,652	62

These items are approximate and are based on unofficial statistics.
Source: Report findings

Official statistics available on Iran's oil exports are related to the first three months of the 1397 Iranian financial year (April, May and June 2018). These statistics have been released by the CBI. However, based on OPEC monthly reports and other sources (which are demonstrated in the previous table), Iran's oil production and exports in February 2020 experienced record lows within the past ten years. And since the Coronavirus Pandemic is likely to remain and OPEC members are expected to agree to reduce production in 2020-21. However, other factors are likely to contribute to reduction of Iran's oil exports during the upcoming year.

Other Eocnomic Sectors

The Agricultural Subsector, which contributes to 6.7% of GDP, grew by 3% compared to the previous year. With the exception of autumn, this group demonstrated a positive performance, due to unprecedented rainfalls. During the same period, the Industrial Sector experienced the biggest decline (-14.7%) among which, only Building Construction and Water, Power & Natural Gas Subsectors demonstrated positive growth. The main challenge facing this sector was importation of raw and intermediary materials. As the biggest economic sector of Iran, the Service Sector which contributes to 50.1% of total GDP, experienced a -0.3% growth.

Employment

Based on the statistics of SCI, unemployment rate decreased by 1.5% from 12.2% in 2018-19 to 10.7% in the following year.

Statistics during the winter of the same period were even more promising. Hence unemployment rate fell by 1.7% from 12.3% in the first three quarters of 2019-20 to 10.6% compared to the similar period in previous year.

However, these statistics may not be entirely reliable. During the reporting period, although the over 15 population (the age of entering the job market) increased by 665 thousand, only 25,577 of them entered the job market. This suggests that approximately 640 thousand people over the age of 15 did not look for jobs or did not manage to find one.

Labour Force Participation Rate

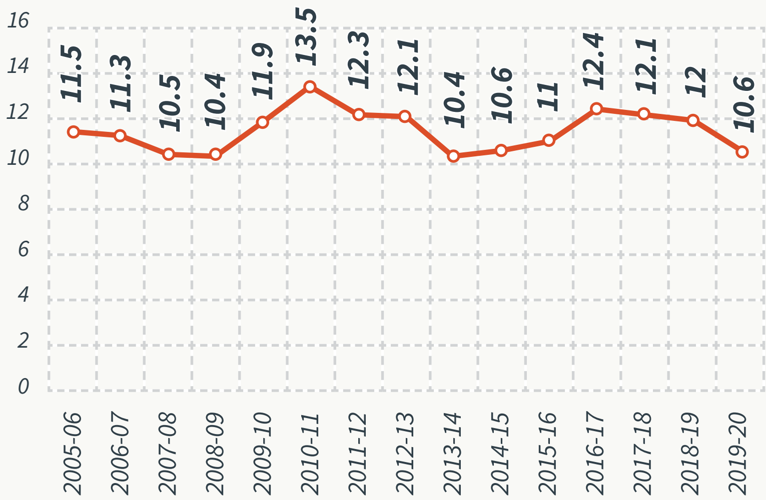
Description	2018-19	2019-20	Growth (%)
Labour Force Participation Rate (%)	44.5	44.1	(0.4)
Unemployment of People Over 15 Years of Age (%)	12.2	10.7	(1.5)
Unemployment of People between 18 to 35 Years of Age (%)	19.6	17.9	(1.7)
Unemployment of Academic Graduates (%)	18.3	16.7	(1.6)
Unemployed Graduates to Total No. of Unemployed People (%)	38.6	41.6	3.0

Source: SCI

As the previous table demonstrates, participation rate declined by 0.4%, during the reporting financial period. Another important ratio is unemployed graduates to total unemployment rate ratio, which has increased by 3%. This ratio is particularly important since this group of people tends to form the younger sector society.

ANNUAL UNEMPLOYMENT RATE

%



Source: SCI

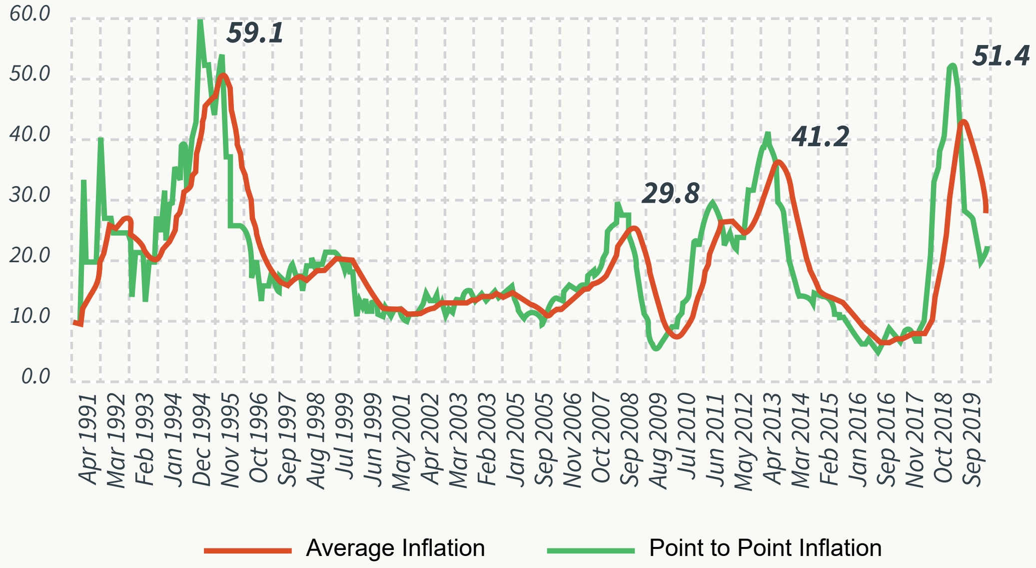
Inflation

According to the statistics released by SCI, total index number (1395=100) in June 2019 reached 214.2, demonstrating a 2% increase compared to the previous month. Point to point inflation in June 2020 was 22.5%, demonstrating a 1.5% increase compared to the rate of the previous month. This means that Iranian households spent 22.5% more on the same products and services in this month. Average inflation rate for the twelve months ended June 2020 reached 27.8%, a 2% decline compared to the rate of the previous month (29.8%). The shocking effects of oil sanctions in May 2018 are clearly reflected in the following chart, which show a 52.1% point to point inflation rate in May 2019. After the effects of increasing foreign currency rates had somewhat worn off and this market had seen relative stability, inflation rate began a downward trend. This trend was further fuelled by the spreading of the Coronavirus Pandemic, which led to the closure of numerous businesses and hence, falling demand. Thus, point to point inflation rate reached 22% by March 2020. However, as the previous report had predicated, the downward trend of point to point, inflation rate which had begun as of June 2019 and seized to continue in April 2020 and began an upward trend by May. This trend continued until June. Falling demand for unnecessary products is expected this year, due to the continuance of Coronavirus Pandemic.

Although this is a deflationary pressure, supply is also likely to increase due to falling oil prices and revenues. Yet severe budget deficit is likely to coerce the Government into adopting expansionary policies which should fuel more inflation.

POINT-TO-POINT & AVERAGE INFLATION RATE TREND BETWEEN 1991-92 & 2019-20

%



Source: SCI

The above diagram shows point to point and average inflation rates of Iran in the past two decades. It is noteworthy that long-term average inflation rate is close to 20%, whilst average global inflation rate stood at approximately 2.4% in 2018. This suggests that nearly all countries (with the exception of Venezuela, Zimbabwe, Argentina and then Iran) have successfully been able to control their inflation rates.

Price Indexes for Consumers & Inflation Rate of 2019-20

Year & Month	Index	Point-to-Point Inflation (%)	Average Inflation (%)	Monthly Inflation (%)
2019- April	170.9	51.4	30.6	4
2019- May	173.5	52.1	34.2	1.5
2019- June	174.9	50.4	37.6	0.8
2019- July	179.7	48	40.4	2.8
2019- August	180.8	41.6	42.2	0.6
2019- September	181.7	35	42.7	0.5
2019- October	184.9	28.3	42	1.7
2019- November	187.8	27	41.1	1.6
2019- December	193.8	27.8	40	3.2
2020- January	195.4	26.3	38.6	0.8
2020- February	197.6	25	37	1.1
2020- March	200.5	22	34.8	1.5

Source: SCI

Monetary Situation

According to the CBI, liquidity increased from IRR18,828.9 trillion in March 2019 to reach IRR24,721.5 trillion in the following year (an 8.2% increase compared to the similar period in previous year), demonstrating a 31.3% rise compared to the similar period in the previous year. The high rate of liquidity growth in spite of declining money multiplier (reduced from 7.09% to 7.01% during this time) is due to the steep rise of money base which reached IRR3,525.2 trillion in March 2020, demonstrating a 32.7% growth in comparison with the similar period in previous year. CBI's foreign currency assets and net other items were contributing factors of money multiplier growth by 45.2% and 8.2%, respectively. Net dues of the Government (-10.3%) and the banks (-10.4%) to the CBI were reducing factors of money multiplier growth.

Main Monetary & Banking Variables

	Balance (IRR Trillion)				Growth (%)		
	2016-17	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
Notes & Coins	393.3	442.7	547.5	611.4	12.6	23.7	11.7
Money	1,630.3	1,946.7	2,852.3	4273	19.4	46.5	49.8
Quasi Money	10,903.6	13,353.1	15,976.6	20,448.5	22.5	19.6	28
Liquidity	12,533.9	15,299.8	18,828.9	24,721.5	22.1	23.1	31.3
Money Base	1,798.3	2,139.8	2,656.9	3,525.2	19	24.2	32.7
Money Multiplier	6.97	7.2	7.09	7.01	2.6	(0.9)	(1)

Source: CBI

Money Base

The main reason for the expansion of money base in 2019-20 is the increasing of CBI's net foreign currency assets. In this regard, the CBI bought foreign currency from the NIMA Market and the National Development Fund. Moreover, the increasing other net items of CBI assets in the reporting financial period (compared to previous year) was due to tax advances and government share from the net profit of the CBI in 2018-19. In this regard, due to disputes between the CBI and the Government, this amount has been transferred to the heading of Other Net Items, until such time as the mentioned dispute has been resolved. Referring to reducing items of money multiplier, government dues to the CBI declined during the year under review. This occurred as a result of rising government deposits held by CBI. For the first time in recent years, the banks' dues to the CBI contributed to the reduction of money multiplier growth. It is noteworthy that these dues only declined among non-governmental and specialised banks and the dues of state-owned banks had in fact, increased. The main contributing factor to this decline was the strict policies and tight regulations of CBI (which had been authorised by the Economic High Council) over the banks.

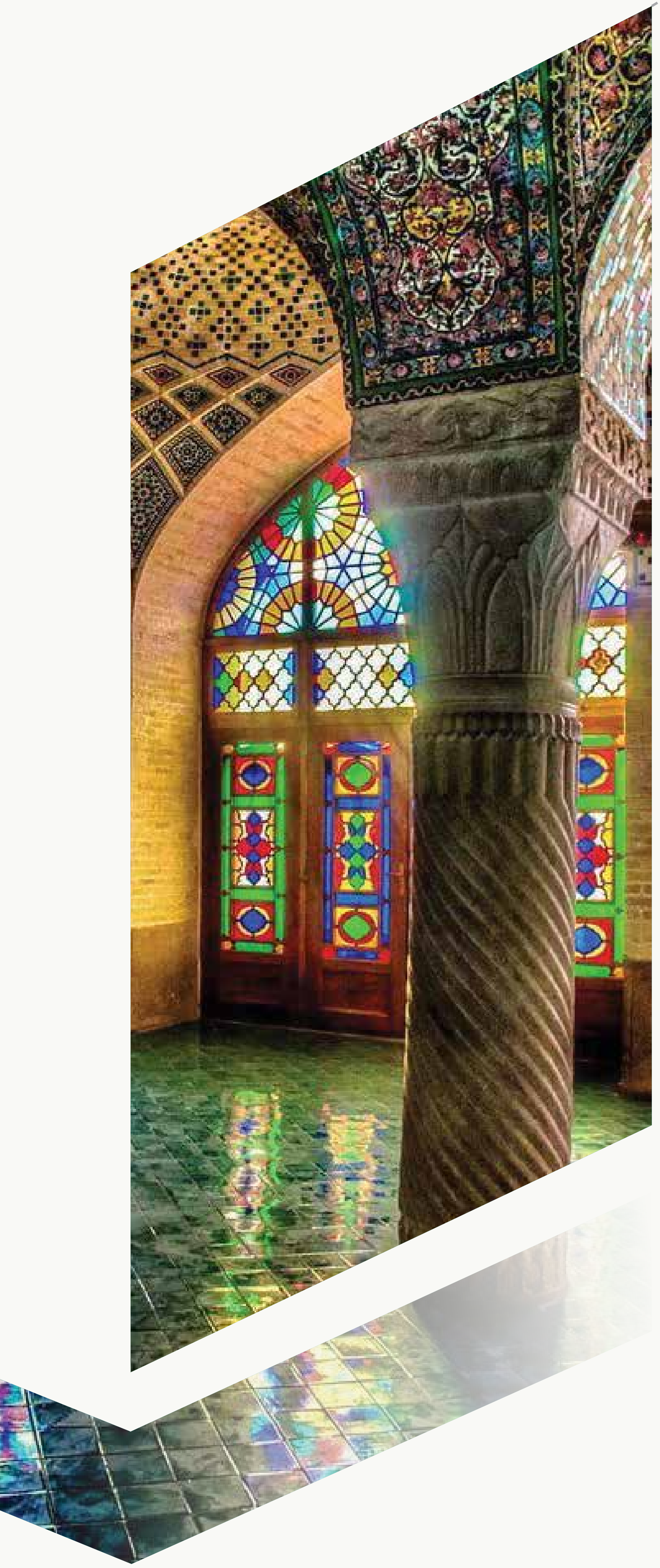
Money Base Components

	Balance (IRR Thousand Billion)				Growth (%)			Growth (%)		
	2016-17	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
Money Base	1,798.3	2,139.8	2,656.9	3,525.2	19	24.2	32.7	19.0	24.2	32.7
Net Foreign Assets	1,924.6	2,167.3	2,416.5	3,616.5	12.6	11.5	49.7	13.5	11.6	45.2
Net Dues of Governmental Sector	202.6	55.5	292.0	15.8	(72.6)	426.1	(94.6)	(8.2)	11.1	(10.4)
Banking Liability	996.9	1,320.3	1,381.7	1,107.5	32.4	4.7	(19.8)	18	2.9	(10.3)
Net Other Figures	(1,325.8)	(1,403.3)	(1,433.3)	(1,214.6)	5.8	2.1	(15.3)	(4.3)	(1.4)	8.2

Source: CBI

Liquidity

It is important to note that although over 80% of liquidity within society is in the form of quasi money, yet during the period under review, this ratio moved more in favour of cash. Money is itself composed of bank notes, coins and sight deposits. During the reporting period, the share of sight deposits increased and the share of bank notes and coins decreased. Hence, interest rates are expected to continue to decline in 2020-21. However, having assessed the components of quasi money, it becomes apparent that the general public has lost confidence in the economy. This is due to the fact that short-term deposits increased in November 2019 at the same time when petrol prices increased. The ascending growth trend of capital market and the considerable injection of new liquidity into this market towards the March 2020 confirms this claim. To conclude, absolute number is not significant in evaluating liquidity. Indeed, the fact that liquidity has surpassed IRR20,000 thousand billion is not as substantial as its growth trend during various periods. This is due to the fact that this trend is a reflection of a combination of policies that have led to uncontrolled liquidity growth and inflation.



Islamic Banking Principles

Since the most basic element defining Islamic finance requires a proper comprehension of distinguishing between usury and profit, Iranian banks have adjusted their operations according to Usury-Free Banking Act of 1983. Thus, Iranian banks, raise their resources from the following sources:

GHARZ-AL HASSANEH ACCOUNTS (NON - INTEREST SAVING)

These are current and savings accounts (as in conventional banking system) except that they earn no interest. Account holders typically receive services of those accounts in combination with a chequebook and a pass book respectively. Savings accounts offer incentives to depositors (up to 4%), including one or several of the following: prizes and bonuses in cash or in kind (usually run using a lottery), an exception from or a discount on the payments of commissions and fees, and priority in the use of banking facilities. Banks consider non- interest saving accounts “their own resources” and are required to guarantee their full nominal value.

TERM DEPOSITS

Banks are authorised to render various types of investment services, ranging from short-term (6 months) to long-term (5 years) deposits. Although banks can use their capital plus non-interest saving accounts, priority is given to investment deposits. They can also use a combination of their own and depositors’ resources to grant facilities to customers. Iranian banks guarantee the principal and an interim return to the owners of the term deposits. However, should financial facilities provide a return in excess of interim return plus bank’s commission, such an excess return would be shared between the bank and the depositors.

On the lending side, Iranian banking laws and regulations separate banking products into two categories: participation contracts and constant profit contracts.

PARTICIPATION CONTRACTS

Under these types of contracts, banks provide the whole or a part of the funding required by its customers for a specific economic activity. The profit that results from such economic activity is shared between the bank and the customer in accordance with the terms of the relative contract. These contracts consist of the following items:

a. Mosharekat-e-Madani (Equity Participation)
Under equity participation contracts, the Bank funds a customer (legal entities or natural person) for a specific economic activity. The customer co-invests in cash or in kind and the profit is shared. Equity participation contracts can be in the field of manufacturing, trade and service industries. Under the same scheme, the issuance of bonds is also permissible. Commercial banks are allowed to act as guarantors for both the government and private sector enterprises, and entities wishing to raise funds for specific activities through issuance of bonds. Profits are paid quarterly.

b. Mosharekat-e-Hoghoughi (Legal Exposure)
In legal exposure, the banks provide a part of the capital for a new company or buy shares of such company. These contracts are feasible in the fields of manufacturing, trade and service industries.

c. Mozarebeh
Under Mozarebeh contracts, one party (the Bank) provides funds and the other party (the customer) uses the funds for trading. Customers can be both legal entities and natural persons. Usage of funds is limited to the field of trade.

d. Mozare'eh
Under Mozare'eh contracts, one party (the Bank) hands over to the other party (the customer) a farmland for a specific duration of time. The customer works on the land and the relative proceeds are shared.

e. Mosaghat (Sharecropping)
Under Mosaghat contracts, the owner of trees in a garden (the Bank) maintains an irrigation contract with an agent (the customer) and relative proceeds are shared.

CONSTANT PROFIT CONTRACTS

Under these types of contracts, the Bank provides the whole or a part of the financing required by its customers for a specific venture. Unlike the participation contracts, the Bank's profit is already fixed at the signing of the contract and before the commencement of the activity. Therefore, The Bank's profit has to be paid by the customer irrespective of whether or not any profit is materialised from the funded economic activity.

a. Foroush - e - Aghsati (Instalment)
An Instalment Sale is a contract whereby one party (the Bank) delivers goods to the other party (the customer) at pre-set price. The price is amortised, totally and/or partially, on predicted maturity dates through equal or unequal instalments.

b. Ejareh-Besharte-Tamlik (Hire Purchase)
In this particular type of leasing contract, it is agreed that the lessee, if complying with the terms of the contract, will obtain the ownership of the leased property upon the completion of the contract.

c. Salaf (Future)
A Salaf is a contract whereby the Bank purchases goods produced by the customer, paying the price in cash, and receives the goods in the future.

d. Jo'aleh
This refers to the obligation of a person (the customer) to pay a sum or fee in return for a favour according to the contract. Acting as an agent or as a contracting party if needed, a bank may arrange a Jo'aleh for the purpose of providing the facilities required to develop a business.

e. Tanzeel (Discount)
In this case, banks can discount drafts and/or various types of commercial notes.

Finally, banks are also allowed to allocate some of their own resources (including non-interest funds from the customer) to make direct investments.

f. Morabehe
Under the terms of Morabehe, a bank or a credit institution fulfils the role of a supplier and informs the applicant of the finished cost or of any given assets or services. Then having added a percentage to the finished cost as profit, the Bank sells the assets or services to the applicant. Method of payment may be in the form of cash or by instalments.

g. Estesna'
This kind of contract is designed to serve the manufacturing sector, where a product is manufactured, converted or transformed. Under the terms of Estesna', product specifications as well as time of delivery are defined.

bانک کارآفرین
KARAFARIN BANK

Iran's Banking Sector

Based on the latest official statistics of the CBI, banking deposits grew by 31.9%, demonstrating an 8.9% increase compared to the growth rate of the similar period in previous year, which was approximately 23%. Deposits of private banks (under new classification) increased by 34.9% which was 11.9% more than the growth rate (23%) in the previous year. Unlike the recent trend, this growth which had surpassed the 31.9% growth rate of total banking deposits led to the increasing of share of privatised banks (still under government control) within the total deposits of the banking sector from 69% in March 2019 to reach 70.5% by March 2020.

During this period deposits of government-owned commercial and specialised banks (under new classification) grew by 25.2%. Therefore, since the growth rate of government-owned bank's deposits was less than the overall rate of the banking sector, the share of these banks (commercial and specialised) within the total deposits of all of the Iranian banks declined from 31% to 29.5%. The positive performance of the largest of the so-called private banks (Mellat, Saderat, and Tejarat) in utilising resources was an important contributor to increasing the share of private banks. The financial statements of these banks show that the reason for their success in attracting more resources is that they introduced new products such as the Instant Loans Deposit Project.

Changing the procedure of paying interest on ordinary short-term investment deposits from daily to monthly payments as of March 2018, reduced the cost of money and this had a positive impact on the banks' balance sheets. However, the balance sheet of the banking sector shows that the capital account of some groups of banks are negative, reflecting on the fact that they are enduring accumulated losses. Hence, it is necessary to prevent the poor performing banks affecting the strong performing ones and ultimately, to stop them from affecting the performance of the banking sector as a whole.

Deposits of State - Owned & Private Banks

Description	Deposit Balance (IRR Trillion)				Growth (%)			Share from Balance (%)			
	2016-17	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20	2016-17	2017-18	2018-19	2019-20
Banking System	12,140.6	14,857.1	18,281.4	24,110	22.4	23	31.9	100	100	100	100
Private Banks	8,679.1	10,256.1	12,611.2	17,008.9	18.2	23	34.9	71.5	69	69	70.5
State-Owned Banks	3,461.5	4,601	5,670.2	7,101.2	32.9	23.2	25.2	28.5	31	31	29.5
Commercial Banks	2,272.2	3,021.8	3,789.5	4,775.6	33	25.4	26	18.7	20.3	20.7	19.8
Specialised Banks	1,189.3	1,579.2	1,880.7	2,325.6	32.8	19.1	23.7	9.8	10.6	10.3	9.6

Source: CBI

During the reporting fiscal period, loans granted increased by 23.6%, a growth of 3.4% (10.6% in previous year) compared to the similar period in the previous year. Loans granted by the private banks grew by 24.7%, demonstrating a growth of 3.5% compared to the growth of similar period in the previous year, which was 21.2%. The growth rate of loans granted by the private banks was more than the rate of the whole banking sector. Hence, contributions of these banks accounted for 63.2% of total loans granted within the banking sector (62.7% in previous year).

Loans granted by government-owned banks experienced a 21.7% growth (27% commercial and 17.5% specialised banks). Hence, contribution of these banks to total loans granted declined from 37.3% to 36.8% at the close of the period under review.

Loans Granted by State - Owned & Private Banks

Description	Deposit Balance (IRR Trillion)				Growth (%)			Share from Balance (%)			
	2016-17	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20	2016-17	2017-18	2018-19	2019-20
Banking System	9,177.2	10,918.5	13,126.1	16,220.2	19	20.2	23.6	100	100	100	100
Private Banks	5,709.8	6,789.7	8,226	10,256.8	18.9	21.2	24.7	62.2	62.2	62.7	63.2
State-Owned Banks	3,467.4	4,128.8	4,900.1	5,963.4	19.1	18.7	21.7	37.8	37.8	37.3	36.8
Commercial Banks	1,405	1,746.6	2,167.4	2,752.9	24.3	24.1	27	15.3	16	16.5	17
Specialised Banks	2,062.4	2,382.2	2,732.7	3,210.5	15.5	14.7	17.5	22.5	21.8	20.8	19.8

Source: CBI

Loans to Deposits Ratio

During the year under review, IRR loans to deposits ratio declined (same as in the year before). This decline which was essentially among privately owned banks, was partly due to transferring a portion of the loans of the Future Bank to the Other Assets heading in August of the same period.

Overall, it seems that due to the general economic conditions of the Country, the banks are less inclined to granting loans to the general public and instead, they prefer to offer their excess resources to other banks through the inter-banking market. The financial statements of private banks for the first nine months of the Iranian 1398 financial year ended on 21.12.2019 which is reflected in www.codal.ir show that loans to deposits ratio of loss making private banks was lower than that of the profit making private banks. This shows that instead of allocating their resources towards granting loans, troubled banks have had to use these resources in order to bring their balance sheets to equilibrium.

Loans to Deposits Ratio of State - Owned & Private Banks

Description	Loans to Deposit Ratio (%)				Growth (%)		
	2016-17	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
Banking System	75.6	73.5	71.8	67.3	(2.1)	(1.7)	(4.5)
Private Banks	65.8	66.2	65.2	60.3	0.4	(1)	(4.9)
State-Owned Banks	100.2	89.7	86.4	84	(10.4)	(3.3)	(2.4)
Commercial Banks	61.8	57.8	57.2	57.6	(4)	(0.6)	0.5
Specialised Banks	173.4	150.8	145.3	138.1	(22.6)	(5.5)	(7.3)

Source: CBI

Nonperforming Loans

The CBI classifies the statistics of loans according to the framework of the type of Islamic contract in which they have been granted. The sum of "Other" in this section includes: discounting, transactions, etc., and "deferred, overdue and doubtful loans of banks". Although this is not a precise figure, it can nevertheless, be an indicator that shows the banks' share in nonperforming loans within the banking sector, (official figures of nonperforming loans are not published). Nonperforming loans which stood at IRR1,501.7 trillion in March 2019, increased by 19% to reach IRR1,787.6 trillion in the following year.

During this time, the "Other Sum to Total Loans Ratio" (which is an indicator of the banks' nonperforming loans) increased throughout the banking sector. This ratio decreased from 11.5% at the close of 2018-19 to 11.1% in the following year. The same ratio among private banks also decreased from 12.5% to 11.9% and from 9% to 8.9% among government-owned commercial banks and from 10.6% to 10.4% among specialised government-owned banks. The following table compares the scale of deferred loans of the banking sector at the close of 2018-19 and 2019-20.

Nonperforming Loans to Balance of Loans of the Banking Sector Ratio

Description	Non-performing Loans to Loans Balance Ratio (%)		Non-performing Loans Growth Rate (%)
	2018-19	2019-20	2019-20 to 2018-19
Banking System	11.5	11.1	19
Private Banks	12.5	11.9	18.8
Commercial Banks	9.0	8.9	25.4
Specialised Banks	10.6	10.4	15.6

Source: CBI

Accumilated Losses of The Banking Sector

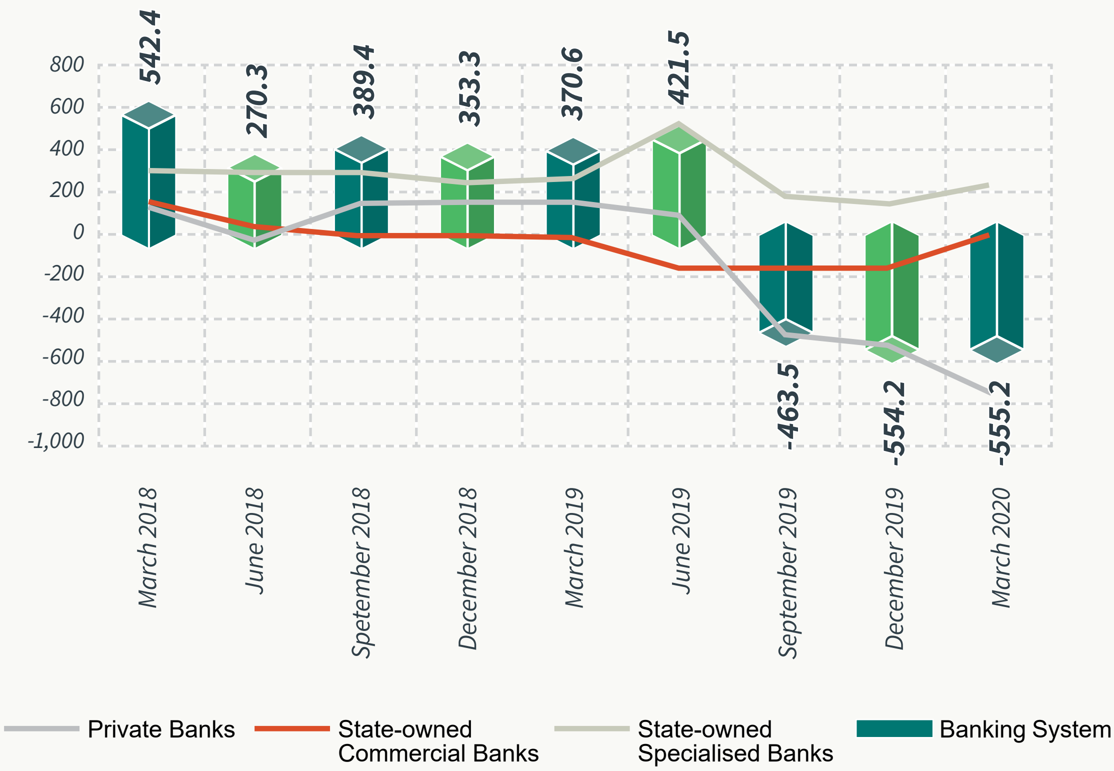
The lowering of interest rates which was approved at the April 2018 was a fortunate event, especially for the banks, since it led to the reduction of cost of money for them. Under current conditions, the banking sector shall have difficulties in collecting interest from its borrowers since many businesses have been badly hit by the Coronavirus Pandemic. Indeed, this will undoubtedly affect the joint income of banks too. On the other hand, the banks are obliged to pay interest to depositors and cannot delay these payments. Therefore, should this pandemic continue to spread, conventional banking, (i.e. obtaining deposits from customers and granting loans) is expected to face serious challenges and there shall be a bigger gap between their revenues and cost. As a result, since as in all other businesses, the banks which aim at maximising their profitability, may be less inclined to offering loans (which itself will reduce the Loans to Deposits Ratio). Hence, reduction of cost of resource mobilisation is likely to help stimulate conventional banking. In addition to the aforementioned challenges facing the banking sector, Iran has been blacklisted by the Financial Action Taskforce (FATF), and sanctions have been enforced against this sector as of November 2018. All these factors are expected to make life even more difficult for Iranian banks.

As a result, the balance sheet of the banking sector for the period ended March 2019 shows that capital account of some banks have become negative in recent years. This poses a seniors threat to the system of banking in Iran. The banks' capital accounts or shareholders' equity is composed of paid in capital account, statutory and other reserves, unfixed accumulated profit (loss) resulting from converting assets and liabilities of branches and subsidiaries abroad.

The nine-month financial statements of banks which have been listed in the Tehran Stock Exchange (TSE) show that their accumulated losses have caused capital accounts in their balance sheets to become negative. As stated in the following bar chart, the government-owned commercial banks and private banks have not demonstrated a favourable performance in this regard. Accumulated losses of some banks exceed their base capital by several times. This means that they are in effect, bankrupt.

DISTRIBUTION OF CAPITAL ACCOUNT OF THE BANKING SECTOR BY BANKING GROUPS

IRR thousand trillion



Source: CBI

Needless to mention that if nothing is done to improve the condition of the banking sector and to adjust the imbalances of balance sheets of some banks, even strong performing banks shall receive the negative impacts of poor performing banks. Although the experience of unlicensed credit institutes shows that the CBI will not allow crisis to be spread to other banks, yet the cost of late intervention will not only affect the depositors of poor performing banks, but injection of money base will also affect the whole society. Thus, to prevent this situation from happening, the scope of regulatory authority of the CBI should be expanded and, the banks must pay more attention to credit rating, so that they can reduce their nonperforming loans and to avoid a situation where their assets from being frozen in the form of property. It is noteworthy that some positive measures have been taken in this regard, some of which include: the merger of private banks which are associates of the stake, changing the methods of calculating short-term banking interest rates, from daily to monthly via the CBI. However, the increasing volume of money resulting from recession, which in turn, has derived from the Covid 19 Pandemic and the means of funding government budget deficit can increase of unwanted liquidity.

External Sector (Imports / Exports & Balance of Payment)

EXPORTS

Iran's non-oil exports reached USD44.31 billion in 2019-20, which compared to the USD41.37 billion of export revenues in previous year, shows a 7% decline. However, in terms of weight, 134 million and 18 thousand tons have been exported, which demonstrate a 14% increase compared to the export volume of previous year. Base metals exports also increased during the reporting financial period. This shows that Iran has been exporting raw material. Among Iran's top five export destinations, the value of exports to China, Iraq and Turkey increased, during this period. Rising exports to Turkey and Iraq are mainly due to exports of liquefied natural gas (LNG). It is noteworthy that exports to Iraq did not grow considerably, due to discrepancies between Iranian and Iraqi standards and import restrictions on the Iraqi side. Exports fell in March 2020, following the closure of the Mehran Border and subsequent closure of other borders shared with Iraq (with the exception of Kurdistan Province Borders) due to Covid-19 Pandemic. This trend is expected to continue in the coming months.

Exports Value to Iran's Top Five Trading Partners & Growth

Country	2018-19		2019-20		Changes (%)
	Value (USD)	Contribution (%)	Value (USD)	Contribution (%)	
China	9,218	20.8	9,520	23.0	3.3
Iraq	8,961	20.2	8,992	21.7	0.3
Turkey	2,369	5.3	5,046	12.2	113
United Arab Emirates	5,955	13.4	4,501	10.9	(24.4)
Afghanistan	2,927	6.6	2,361	5.7	(19.3)
Other Countries	14,880	33.6	10,950	26.5	(26.4)
Total	29,430	66.4	30,420	73.5	3.4
Total	44,310	100	41,370	100	(6.6)

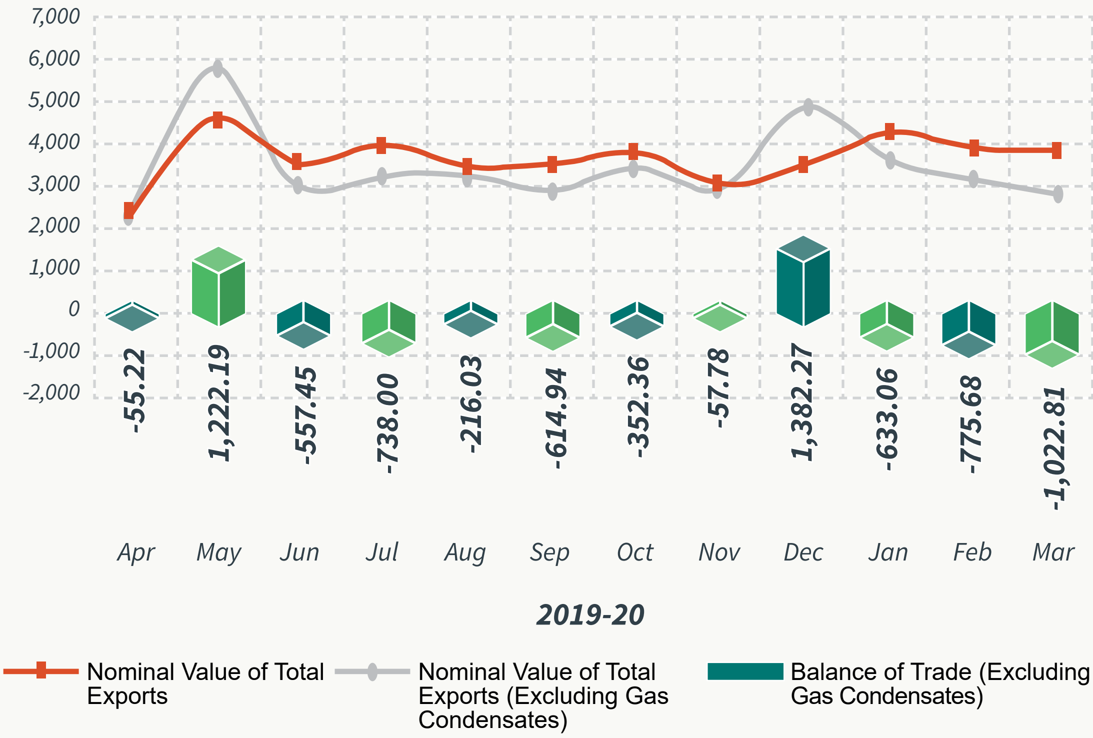
Source: Iranian Customs

IMPORTS

During the period under review, nominal value of imported products reached USD41.37 billion (a 1.35% growth compared to previous year). In terms of weight, 364 thousand tons of goods (a 9% increase compared to previous year) worth USD43.735 billion were imported. Iran's balance of payment during this period faced a deficit of USD2.38 billion.

EXPORTS VALUE (EXCLUDING GAS CONDENSATES), IMPORTS & MONTHLY BALANCE OF PAYMENT

USD million



Source: Iranian Customs

Capital imports declined during this period. This reflects upon falling investments and that no new production line has been established in Iran, during this period. Imports of consumer and intermediary products on the other hand, increased. Since private sector consumption declined by approximately 10% in the nine-month period of the Iranian financial period ended December 2019, it seems that a portion of imported consumables were in fact, essential commodities. With the exception of medicine, imports of essential commodities increased during the period under review, due to rising concerns about domestic shocks arising from natural disasters such as floods, and shocks coming from abroad from events such as sanctions and the Coronavirus Pandemic. By increasing such imports Iran has boosted its reserves of strategic commodities.

During the same period, the share of five exporting countries to Iran increased from 58% in 2018-19 to reach 71% in the following year. This indicates that the number of Iran's trading partners is shrinking. Imports from China, UAE, Turkey and India increased whist imports from Germany (as the fifth source of imports) decreased.

Imports Value of Iran's Top Five Trading Partners & Growth

Country	2018-19		2019-20		Changes (%)
	Value (USD)	Contribution (%)	Value (USD)	Contribution (%)	
China	10,414	24.1	11,211	25.6	7.7
United Arab Emirates	6,618	15.3	8,913	20.4	34.7
Turkey	2,636	6.1	4,996	11.4	89.5
India	2,761	6.4	3,676	8.4	33.1
Germany	2,489	5.8	2,103	4.8	(15.5)
Other Countries	18,251	42.3	10,950	25	(40)
Total	24,918	57.7	32,800	74.97	75
Grand Total	43,169	100	43,750	100	1.35

Source: Iranian Customs

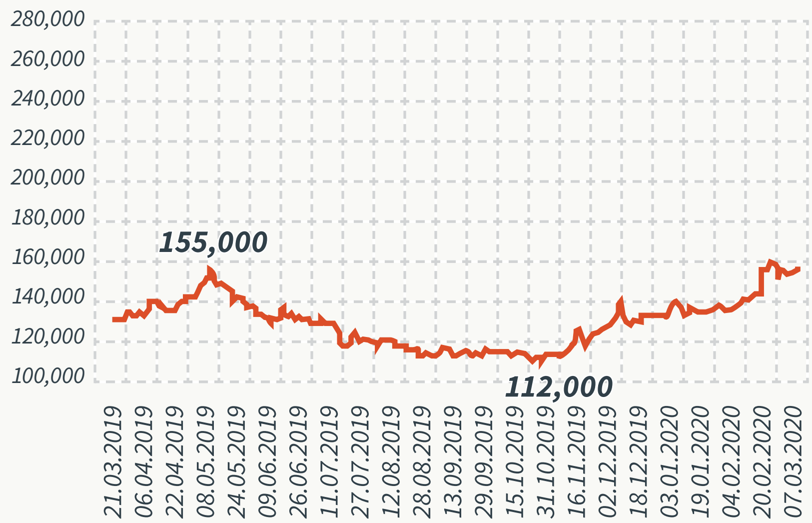
Foreign Exchange

The exchange rates of the Iranian currency (Rial) against foreign currencies was relatively stable and the value of the Rial even slowly gained during the first six months of the Iranian fiscal period ended on 22.09.2019. This was due to execution of government policies to control forex and certain relaxations on the enforcement of sanctions coming from abroad. CBI's interventions in the forex market, together with limiting IRR volume of transactions and cheques, etc. led to the decline of speculative demand for foreign currency and ultimately, leading to relative market stability. As a result of CBI measures, the gap between free market foreign exchange rates and NIMA (government controlled rates) closed from approximately 60% in March 2019 to less than 5% by 22.10.2019.

However, forex rates increased considerably in the second half of the Iranian calendar year (between October and March). This was due to factors such as intensification of international sanctions enforced against Iran, falling oil prices, government deficit, reenlistment of Iran in Financial Action Taskforce (FATF) blacklist, expectation of inflation as well as the spreading of the Coronavirus Pandemic.

FOREIGN EXCHANGE RATES & FLUCTUATIONS LEADING TO FORECASTS

IRR

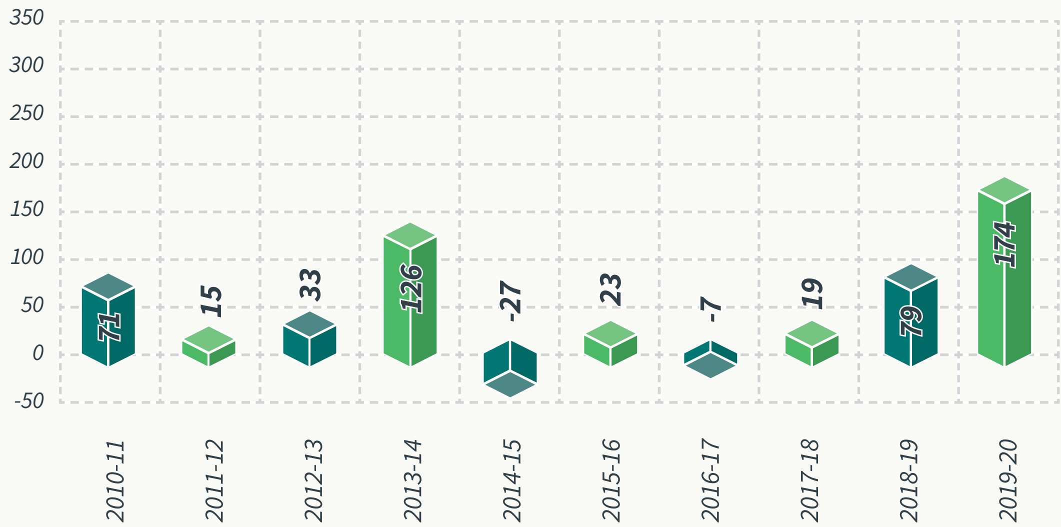


Capital Market

Total stock index increased from 178 thousand units in March 2018 to 512 thousand units by March 2019, experiencing an unprecedented 188% growth. Hence, unlike the overall conditions of the Iranian economy, the capital market performed exceptionally well, during the period under review. Indeed, trading grew and new players (individuals) entered this market like never before.

ANNUAL GAINS OF CAPITAL MARKET

%

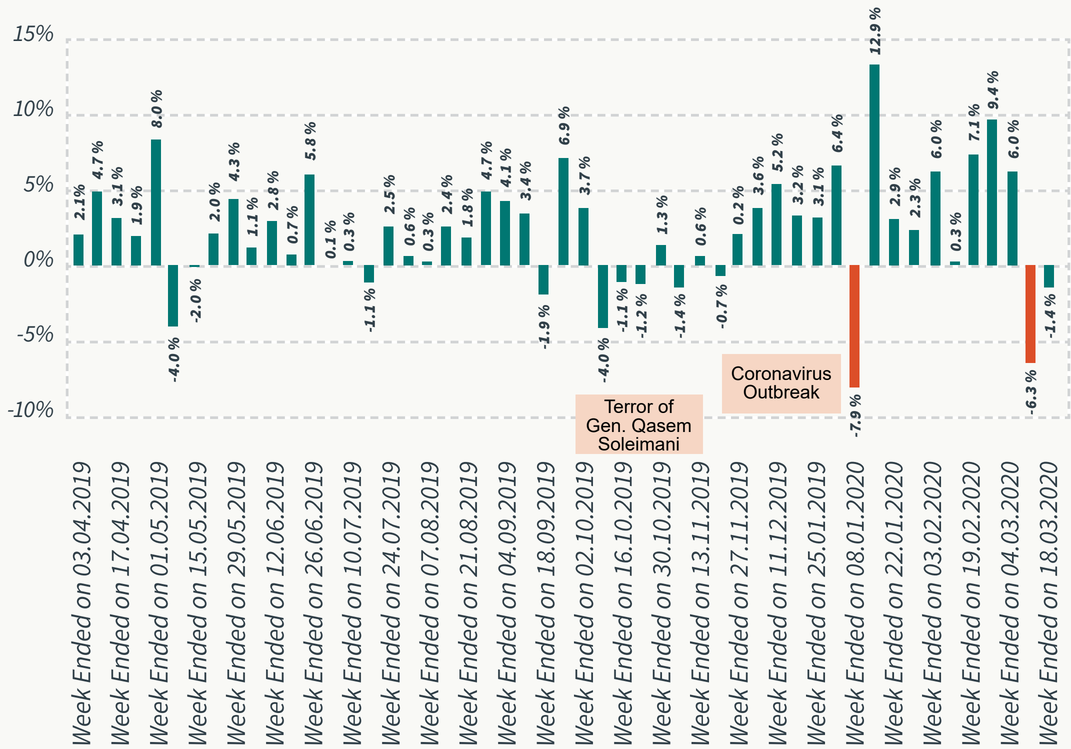


Source: Securities & Exchange Organisation

The main stimulator of the capital market during this period, was the substantial inflow of new liquidity into this market, the reasons for which include: rapidly increasing of forex rates (which generated IRR income for exporters and increased the IRR assets of those who held foreign currency); falling interest rates; and slump property markets (especially following the spreading of Covid 19 as of April 2019). All these factors contributed to the sharp rise of the Tehran Stock Exchange (TSE) stock index and extremely high returns in a short time, creating grounds for investors to sell a portion of their shares and retain their initial investment. However, despite the mentioned rapid gains in a short time, formation of a bubble in the whole market (with the exception of some small companies) cannot be confirmed.

WEEKLY TSE INDEX GROWTH

%



Source: Securities & Exchange Organisation

Conclusion

Iran's economy went through a recession for two consecutive years, due to US sanctions and the Coronavirus Pandemic. During the period under review, GDP shrank by approximately 7%, as a result of falling oil revenues following the enforcement of sanctions. Although the effects of oil sanctions spread to other economic sectors, the non-oil sector grew by 1.1%. Furthermore, despite the devaluation of the national currency which made Iranian products and services more compatible, yet Iran's economy experienced a 40% stagflation, due to expectations of inflation and increasing cost of transferring export revenues back to the economy. The rising food and rent prices as a result of the mentioned stagflation hurt the poorer sectors of society, in particular. Rapid exports and imports decline (due to foreign currency shortages and the secondary US sanctions) made the balance of payment even more unfavourable. In order to compensate for falling oil and tax revenues, the Government decided to issue bonds and to sell its assets. Thus, whilst oil revenues fell, government current spending increased sharply to wages, causing government budget to sink even deeper into a deficit.

CHAPTER II

INTRODUCTION

Background

The formation of Karafarin Bank was mainly the outcome of an economic collaboration between participating parties from the Iranian Association of Industry Managers, the Association of Construction Companies, the Association of Utility and Equipment Companies, the Iranian Society of Consulting Engineers, the Society of Consulting Architects and Urban Planning Engineers, a selected group of prominent Iranian banking experts and the general public. The Bank was originally established as a non-bank credit institution with a fully paid-in capital of IRR30 billion. It was registered on 9 December 1999 under registration number 157915 at the Tehran Companies' Registry Office as Karafarinan Non-Bank Credit Institution. The Bank operated as a general credit institution and its activities were subject to the Credit Institutions' Activities Regulation. Following the enactment of the Non-State Bank Establishment Act on 10 April 2000 and the implementation of its relevant requirements, in light of the clear advantages of banking activities to those of credit institutions, the Board of Directors carried out necessary actions and laid the foundations needed for a restructuring. Hence, based on an operating license issued on 5 December 2001 by the Central Bank of the Islamic Republic of Iran (CBI), Karafarin Bank was officially established on 26 December 2001 with a fully paid-in capital of IRR200 billion as a commercial bank that engages in all segments of banking activities.

Fields
of Activity

According to its Articles of Association, the main areas of activity of Karafarin Bank (public joint stock) are carrying out all permissible banking transactions and services.

Objectives

Karafarin Bank has two main objectives to meet:

- To become the most modern and pioneering Iranian bank that offers distinct and speedy banking services. This shall be achieved by focusing on flexibility and innovative solutions in offering a wide variety of banking services both within domestic and international arenas.
- To constantly acquire a larger market share.

Capital

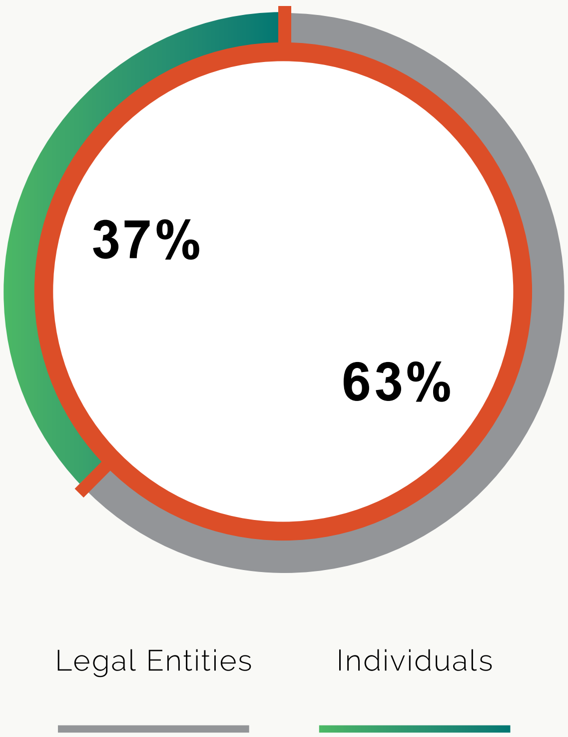
Although the Bank's initial capital on the date of its incorporation was IRR30 billion (including 30 million shares at IRR1,000 par value), this capital has been increased several time since then. At the close of reporting period ended on 28.05.2014, the Bank's capital stood at IRR8,500 billion (comprising 8,500 million shares at IRR1,000 par value). Karafarin Bank's capital increases have been outlined in the following table:

Date	Previous Capital (Million IRR)	Capital Increase (%)	New Capital (Million IRR)
13.11.2004	200,000	75	350,000
29.09.2005	350,000	100	700,000
19.12.2007	700,000	50	1,050,000
06.12.2008	1,050,000	90.5	2,000,000
03.10.2010	2,000,000	50	3,000,000
11.09.2011	3,000,000	50	4,500,000
22.09.2012	4,500,000	61.1	7,250,000
28.05.2014	7,250,000	17.2	8,500,000

Shareholders' Composition

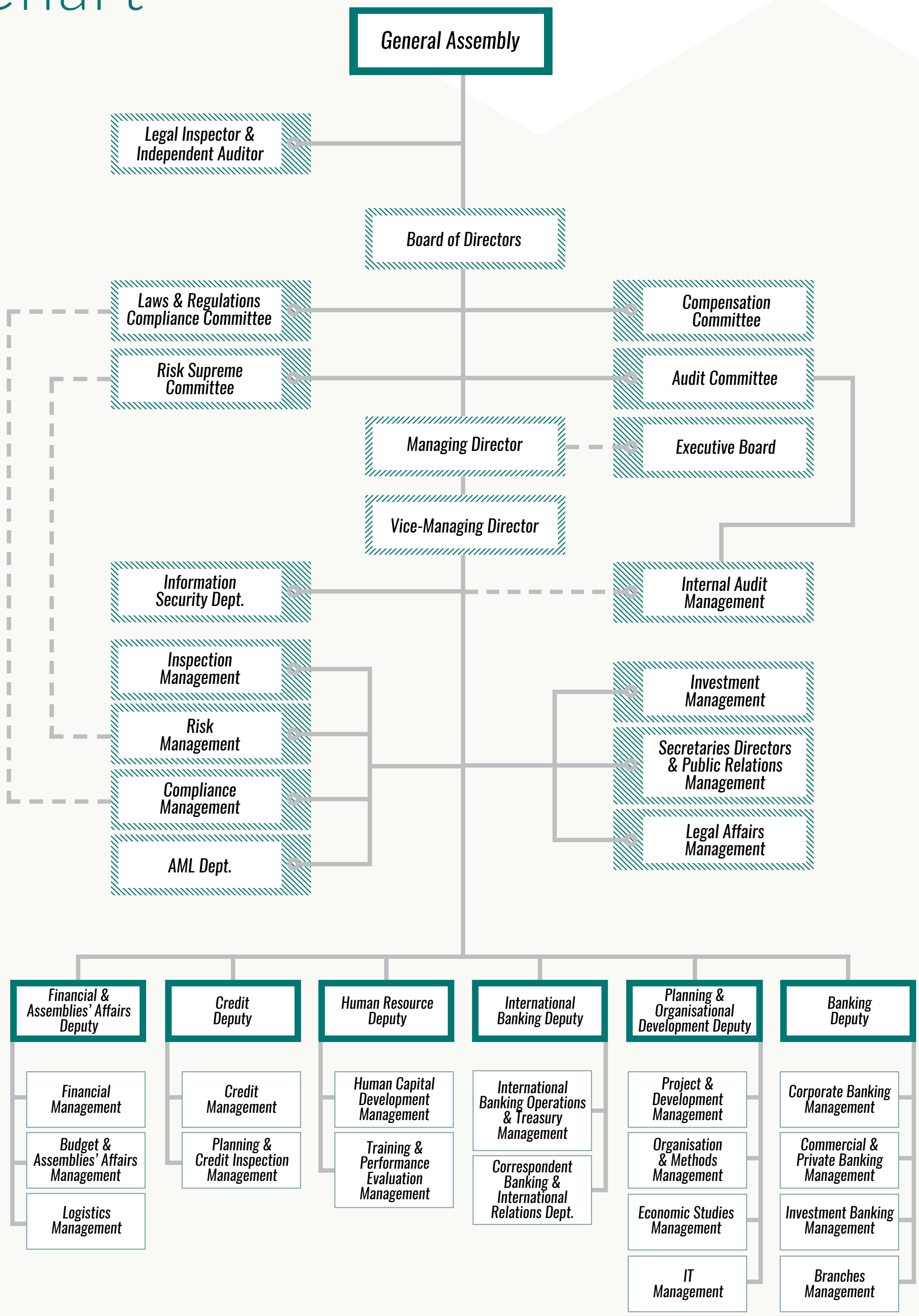
Karafarin Bank's shareholders comprise both legal entities and individuals. Its shareholders' composition at the close of the financial period ended 19.03.2020 is shown in the following pie chart:

SHAREHOLDERS' COMPOSITION



There are 8,500 million shares, out of which 5,394,808,524 are held by legal entities and the remainder is owned by individuals. In addition, during the reporting period ended on 19.03.2020, 79% of shareholders held above one-percent of the Bank's shares.

Organisational Chart



Specialised Committees

The Bank includes the following specialised committees:

- Data Security Committee
- Marketing & Communications Committee
- Inspection Committee
- Planning Committee
- Non-performing Loans Committee
- Assets & Liabilities Committee
- Managers' Council Committee
- Information Technology Committee
- Bad Debts Identification Committee
- Sales Facilitation & Recession of Possessory Properties Committee
- Credit Supreme Committee
- Training Committee
- Promotion & Appointment Committee
- Building Committee
- Crisis Committee
- Security Leadership Committee
- Discipline Committee
- Marketing & Advertisement Committee

In addition, the Banks has some corporate governance committees including:

- Risk Supreme Committee
- Compliance Committee
- Internal Audit Committee
- Services Compensation Committee
- Resource & Investment Committee

Regulatory Environment

The main set of rules and regulations governing the activities of the Karafarin Bank are stated below:

- Circulars of the Central Bank of the Islamic Republic of Iran (CBI) on Regulating the Banks.
- Monetary & Credit Policies of CBI.
- Laws of the Securities & Exchange Organisation.
- The Usury-Free Banking Operations Act.
- Ratifications of the Monetary & Credit Council.
- Articles of Association of the Karafarin Bank.
- Registration & Civil Laws.
- Tax Laws & Commercial Code.

Corporate Social Responsibilities

We firmly believe that corporations have a moral duty to contribute to the development of societies from which they emerge and flourish. Therefore, we allocate a considerable portion of our resources to social contributions by making donations to charities, sponsoring sports and social events etc. Our social responsibilities are categorised into four groups of staff, customers, environment and social bodies.

Some of our main measures in reference to fulfilling our corporate social responsibilities are stated below:

- Supporting natural disasters' survivors and victims.
- Supporting poor students in underdeveloped regions.
- Optimised management of resources, energy and environment.
- Supporting non-profit and humanitarian activities.
- Supporting the arts.
- Supporting sports activities.
- Funding conferences.
- Participating in environmental projects.

Prizes, Accomplishments & Achievements

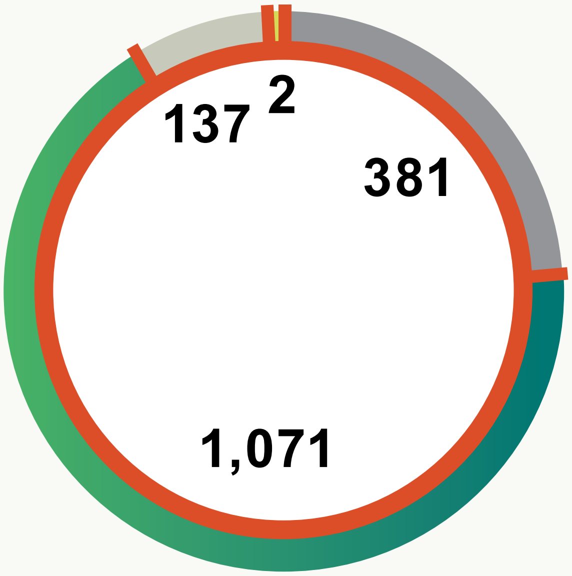
Karafarin Bank has made numerous achievements since it was established and due to its outstanding performance it has been granted several awards and prizes. Some of these distinctions, prizes, and achievements during the recent years are outlined below:

- Being awarded a Golden Medal as the top bank in terms of offering international and foreign currency services in Exportex Iran (2019-20).
- Being granted the Order of Merit at the 4th Manager Award Annual Meeting by Iranian Executive Management Association (2019-20).
- Being a member of the Iranian Association of Internal Auditors (2019-20).
- Being awarded a Crystal Prize of 9th Financial Management National Prize (2018-19).
- Tenth rank in terms of sales returns, based on the ranking of IMI-100, by the Industrial Management Organisation (2018-19).
- Being awarded the Silver Prize by 4th Annual Congress of Iranian Internal Auditors (2018-19).
- Being awarded the 8th Iranian Financial Management Prize (2017-18).
- Top rank among banks and credit institutions in terms of efficiency and sales return based in IMI-100 (2016-17).
- Being awarded the Crystal Prize of 7th Iranian Financial Management Prize (2015-16).
- Second rank among Islamic commercial banks by the *Banker*, in terms of returns (2015).
- Second rank among Iran's top TSE listed banks in terms of Financial Transparency, awarded by the Securities & Exchange Organisation (2015-16).
- Being awarded the Customer Orientation Excellence Award at the 5th Nationwide Customer Satisfaction Conference (2015-16 period).
- Top rank in terms of sales return, based on the ranking of IMI-100, by the Industrial Management Organisation (2015-16).
- Second rank among TSE listed banks in terms of reliability awarded by the Securities & Exchange Organisation (2015-16).
- Being granted the top Iranian Bank Customer Orientation Crystal Award at the Third National TOPEX Festival (2015-16).
- Being awarded the Employment Creation Golden Award by the Tehran Chamber of Commerce for Industries, Mines & Agriculture at the Second National Employment Creation, National Production & Economic Prosperity Conference (2015-16).
- Being granted the International Organisational Success Chain Standard in Banking Industry by the European Union (2015-16).
- Gaining third ranking among Iranian banks in terms of profit to capital ratio by the *Banker* (2015-16 period).
- Gaining second ranking among Islamic commercial banks by the Banker, in terms of returns (2014).

Human Resources

At Karafarin Bank, we believe that our most valuable assets are our human resources, which are the main contributors to shaping our success and meeting our targets. Hence, we only recruit educated, highly talented and enthusiastic people. Of the Bank's 1,591 employees, 1,036 people are working in staff and 555 people are in line sectors. The following pie chart demonstrates the composition of our human resources based on academic qualifications:

BREAKDOWN OF PERSONNEL'S ACADEMIC QUALIFICATIONS (NUMBER)



Master's Degree & Ph.D

Bachelor's Degree

Associate's Degree & High School Diploma

Primary School Degree

We also pay a special attention to our personnel training to ensure that they are constantly updated with the latest banking procedures and practices and to guarantee their development. During the reporting period, we provided 110 training courses, in which 2,193 personnel participated.

Share Prices &
Trading Information

The Bank gained listing on the Tehran Stock Exchange (TSE) on 27 January 2003. The Bank's symbol is "VAKAR" and is categorized under the Banks, Credit and Other Financial Institutions industry sector. Trading of the Bank's shares commenced on 5 July 2003. Relevant trading statistics for the Bank's shares over the past three financial years are outlined in the following table:

Financial Year Ended	No. of Traded Shares	Value of Transacted Shares (Million IRR)	Active Days	Trading Days	Average Value of Financial Market per Year (Million IRR)	Average Share Prices (IRR)	Capital (Million IRR)
19.03.2020	1,268,700,850	4,059,631	231	231	17,574	3,200	8,500,000
20.03.2019	515,972,226	824,079	230	230	3,583	1,441	8,500,000
20.03.2018	102,788,209	233,702	110	110	2,125	2,301	8,500,000

Future Development Plans

Some of the development plans of the Board of Directors of Karafarin Bank for 2020-21 are stated below:

- To elevate organisational culture.
- To further improve the Human Resource Performance Assessment System.
- To make the Bank more agile, whilst sustaining its precision.
- To conduct market research in order to offer improved products and services.
- To rate the branches and apply rating upon making decisions in reference to them.
- To further expand foreign currency operations and income.
- To expand the scope of e-banking services and bolster core banking.
- To revise the Bank's strategic plans.
- To implement several projects such as the Comprehensive Credit, Jobs Classification and Branding Projects.
- To implement a budgeting system.
- To draft a new framework for key and wealth generating processes.
- To formulate a new and improved policy for credit and collections.
- To design and implement Business Continuity System.
- To further enhance the position of Karafarin Bank's branches by applying branding principles.
- To invest in the Bank's Comprehensive Training System.
- To implement the Employee Assessment Model by focusing on assessment and development centre.
- Introducing open banking.

CHAPTER III

PERFORMANCE

Operational Performance

Advisory, Fund Raising & Companies Affairs Department

Established in 2011-2012, the operations of the department are primarily geared towards the design and development of new financial instruments for the Bank and its customers on the one hand and evaluating the economic, technical and financial feasibility of projects on the other. Furthermore, this department finances project investments from internal and external sources. In terms of obtaining required financing for corporate and investment projects, the Department offers advisory services on public securities in such areas as the optimal method and the timing of the offering, valuation of securities, registration and licensing procedures and underwriting securities in the financing of approved projects from internal and external sources. In addition, the Department has been assigned to oversee the management of partnerships, which involved the supervision of Karafarin Bank's affiliated companies. The Department's main areas of activity during the year under review are as follows:

ISSUANCE OF PARTICIPATION BONDS, PUBLIC AND SPECIAL DEPOSIT CERTIFICATES *SUKUK* ISLAMIC BONDS, ETC.

- Assessing, approving and obtaining a license for issuing one-year named public investment certificates of deposit in the amount of IRR4,000 billion.
- Assessing and accepting to become a correspondent and guarantor for issuing specially catered investment certificates of deposit for eligible companies.
- Accepting and assessing the guarantee of issuing *Sukuk* Islamic bonds for companies (having obtained licences from the CBI and the Securities & Exchange Organisation).
- Assessing and accepting registration and time of liquidation of joint investment funds, lands, buildings, etc.

Financing Industrial, Mining, Oil, Petrochemical & Service Projects

Karafarin Bank is a corresponding bank acting for and on behalf of the National Development Fund (NDF), to channel a portion of Iran's oil revenues (in the form of low-cost finance) towards selected developmental projects.

The Bank's performance in this regard, during the reporting fiscal period is outlined below:

I. Signing a foreign currency correspondent agreement with the National Development Fund in the amount of USD300 million. In this regard, more than USD153.6 million of NDF's funds have been frozen in order to be allocated towards financing the Kourosh Petrochemical Company.

II. Granting loans (funded by the deposits of NDF at Karafarin Bank in the amount of IRR500 billion). These payments are paid gradually and in proportion to the progress of projects. So far IRR388 billion in loan have been handed out to seven applicants.

III. So far, the NDF has deposited the total amount of IRR2,000 billion at Karafarin Bank. Of these funds which are to be allocated towards industrial and mining sectors IRR550 billion is to be granted as loans and IRR450 billion as working capital to the mentioned sectors and IRR1,000 billion is provide the working capital of knowledge based companies specialising in the Industrial & Mining Sector.

IV. Granting additional loans (remaining sums of a contract with NDF in the amount of IRR1,000 billion) to provide working capital in the amount of IRR170 billion.

Partnerships Department

The main duties of this department include: conducting analysis and reviews and supervision over the operations of the subsidiary companies and taking part in their general assemblies of Karafarin Bank's subsidiary companies (listed and unlisted companies).

Karafarin Foreign Exchange Company

This company operates in the trading of hard currencies, purchasing of currency transfers, currency transactions as well as trading of precious metals such as gold coins. The capital of this company is IRR40 billion. Karafarin Bank is the majority shareholder of this company.

Karafarin Leasing Company

This company is essentially engaged in leasing operations as well as cash and instalment sales and hire-purchase transactions, obtaining agencies from companies, manufacturers of machineries and durable commodities as well as investing in the above fields of activity. The capital of this company which oversees Asr Amin Karafarin Insurance Services Company currently stands at IRR400 billion.

Karafarin Brokerage Company

Karafarin Brokerage Company, which commenced its operations on 14.07.2007 is Iran's very first investment fund.

The capital of this company, which is fully owned by Karafarin Bank, currently stands at IRR150 billion. The following firms are currently controlled by this company: Karafarin Brokerage Mutual Fund (with the capital of IRR10,572 billion), Arman Karafarin Company (with the capital of IRR10,211 billion) and Karafarin Index Company (with the capital of IRR195 billion).

Karafarin Bank Investment Company

Investments in the shares of other companies and institutions, as well as participation in manufacturing, building construction and energy related projects as well as completing the value chain of financial services constitute among the areas of this company's activities.

The capital of Karafarin Investment Company is IRR1,460 billion in which Karafarin Bank has a 64% ownership stake. This company currently oversees, Omid Karafarin Trading Development and Amin Etemad Karafarin and Kourosh Petrochemical Companies.

Abnieh Gostar Construction Company

This company in engaged in building construction. The capital of this company which is 49% owned by Karafarin Bank is currently IRR10 billion.

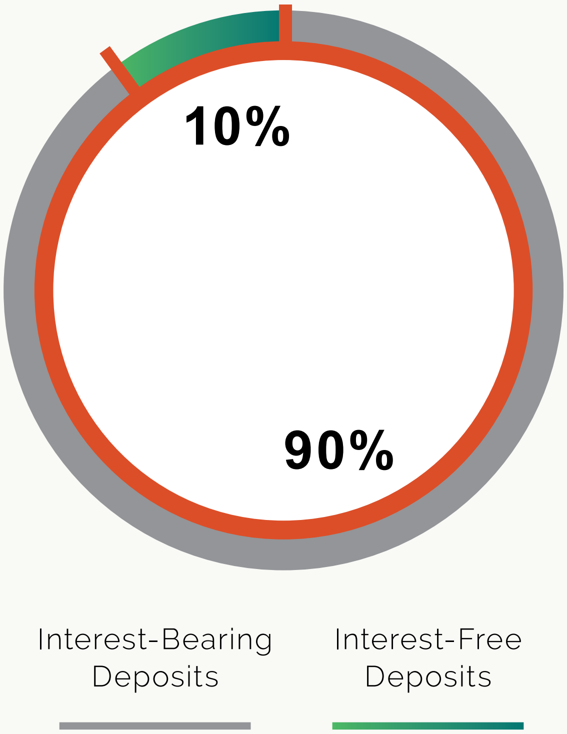
Karafarin Insurance Company

The capital of Karafarin Insurance Company currently stands at IRR1,750 billion and Karafarin Bank has a 20% stake in this company. This company operates with the aid of 1,744 agents throughout the country.

Structural Distribution of Deposits

The following pie chart outlines the structural distribution of the Bank's deposits based on interest free, during the reporting period. Based on this classification, non-interest-bearing items which include current accounts and savings deposits and other accounts, amount to IRR18,752,325 million and interest-free accounts which comprise short-term and long-term investment deposit accounts amount to IRR172,282,913 million of the Bank's total deposits.

COMPOSITION OF DEPOSITS



Branches

The next table outlines information on the number of branches during the reporting period:

No. of Branches at the End of the Previous Year	Inaugurated Branches	Merged Branches	No. of Branches at the End of the Reporting Year
108	0	0	108

Information Technology

At Karafarin Bank, we recognise the vital role of information technology in supporting and maintaining banking operations. Therefore, we invest a great deal of our resources and time in acquiring the latest and state-of-the-art information technology and remaining up to date, in order to constantly improve our products and services. We also use IT for further improving our internal processes and organisational efficiency. These are essential for retaining our market share in an ever increasingly competitive market.

During the reporting financial period we mainly focused on the following areas to further improve our banking operations:
- Inter-Banking Systems
- Modern Services
- Knowledge Management
- Infrastructure & Support Services
- Organisation & Processes

CYBERSECURITY

At Karafarin Bank, we spend a great deal of time and resources in ensuring our data remains safe and secure. Realising the challenges by the speed of technological change and the increasingly sophisticated nature of cyber threats, we constantly take significant steps to reinforce our cyber security efforts. Hence, with cyber security high on our priority lists, we have established the Data Security Department which is responsible for securing the Bank against such cyber threats. This department carries out periodical penetration testing as an avenue for finding and eliminating vulnerabilities and provides constant training to staff in this regard.

Compliance & Anti-money Laundering (AML) Department

The main function of the Compliance & Anti-Money Laundering Department is to ensure the adequate implementation of rules, regulations, requirements and guidelines set forth by related authorities. This department is also responsible for assessing the risk of non-compliance with the AML regulations and reporting to the Board of Directors.

This department aims at ensuring that the Bank's operations and procedures correspond with the monetary and banking laws and regulations and reporting any instance of non-compliance to the Board of Directors. In this context, this unit corresponds the Bank's internal processes against antimony laundering (AML) laws and regulations with the objective of identifying and eliminating any possible discrepancies.

The Compliance & Anti-Money Laundering Department also fulfils a supervisory role to ensure that the Bank's current AML position in combating money laundering is further improved. This department operates on three main levels: identifying international standards in compliance and gap analysis, organising training courses and integrating compliance throughout the Bank's structure.

The main anti-money laundering measures taken by the Bank during the reporting period, are stated below:
- Taking necessary measures regarding Compliance in Credit and Financial Institutions and Worthiness of Risk, Compliance, Internal Audit Managers and Committee Members Instruction.
- Holding Regulations Compliance and AML High Committee sessions.
- Raising the awareness of the staff of Regulations Compliance Unit in reference to the latest global standards and taking part in domestic workgroups and training courses.
- Identifying compliance trends throughout the world.
- Updating the Bank's rules and regulations which the Bank needs to consider in its daily operations.
- Providing the Bank's senior managers and Board of Directors with case reports regarding regulation compliance.
- Assisting the international department in establishing new correspondent relations with foreign banks.
- Revising the organisational chart and task description of the Bank's Compliance Unit,
- Taking part in specialised committees to remain up-to-date with the latest knowhow and synergise with other banks in the realm of regulations compliance.

EXTERNAL BODIES

FINANCIAL INFORMATION UNIT (FIU)

All banks and other financial institutions are required by law, to cooperate with the High Council of Anti-Money Laundering & Financial Information Unit, which are the highest authorities for combating money laundering. Karafarin Bank has made numerous measures in response to the requests of the Financial Information Unit. These measures are stated below:
- Replying to 877 enquiries of the Financial Information Unit in time.
- Preparing 1,217 cash transaction reports (CTR) on customers who make cash deposits

in excess of the permissible limit.
- Reporting 36 suspicious transactions (STR) to the Financial Data Unit.
- Providing the Financial Information Unit with information on the receivers of base services, on a monthly basis.
- Providing daily reports of transactions exceeding customers' activity levels (10% on a daily basis and twice every quarter).
- Submitting information on the attorneys of account holders on a monthly basis.
- Periodically updating the list of suspicious persons (provided by FIU) through the AML System.

ANTI-MONEY LAUNDERING AND COMBATING FINANCING TERRORISM DEPARTMENT OF THE CENTRAL BANK OF THE ISLAMIC REPUBLIC OF IRAN (CBI)

- Replying to 415 enquiries of the above department.
- Submitting information on the representatives of account holders on a monthly basis to the above department.
- Providing monthly statistics on accounts and customers to the CBI.
- Providing information relating to foreign customers who are diplomats to the CBI, on a monthly basis.
- Verifying national code of legal entities.
- Inspecting the rendering of banking services to third parties holding powers of attorney and ensuring that powers of attorney are cancelled.
- Providing the CBI with monthly report of accounts belonging to under aged persons. 342 such accounts were reported during the year.
- Submitting information on transactions exceeding IRR10 billion and submitting daily inspection reports of branches to the CBI.
- Providing random and periodic reports required by the CBI on upgrading AML systems, legal entities' customers bearing no national identification numbers.

KATEB SOFTWARE

During the reporting period, the System replied to 6,742 enquiries.

SOME OTHER MEASURES

- Updating the AML and CFT instructions of the Bank.
- Revising the Bank's forms for opening accounts and customer definition, in cooperation with the Organisation and Methods Management.
- Inspecting the frozen accounts bearing no national identification numbers.
- Reviewing and approving 17 AML questionnaires received from overseas correspondents or filled in by the Bank and corresponding them with regulations, laws and instructions of CBI.
- Reviewing 108 reports provided by the Inspection Affairs Management.
- Inspecting the implementation of AML policies within the Bank and ensuring of their compliance with CBI's and FIU's instructions.
- Inspecting and managing branches' AML delegates via Human Resources Development Management.

FUTURE PLANS

- To execute the provisions of the New AML Bylaw.
- To assess customer risks and create a risk profiles for them.
- To revise customer forms for opening accounts and customer definition based on the latest AML instructions and the New AML Bylaw.
- To optimise the AML Special System in order to provide reports requested by CBI and the judicial authorities.
- To conduct AML-related inspections
- To verify and update customers' profile (including information on ID number, profession, details of companies in process of formation, etc.).
- To make enquiries from the Post Office to verify customer details such as zip codes, address and also customers' phone number.
- To implement a safety deposit box software in order to increase accountability.

Risk Management

Although banking operations are risky by nature, it is nevertheless possible to manage them by identifying, measuring and tracking such risks. The process of risk management is vital for ensuring profitability and continuance of banking operations. At Karafarin Bank, we classify risks into four categories, namely: credit, market, operational as well as liquidity risks.

The Risk Management Department of Karafarin Bank operates under the direct supervision of the Bank's CEO. The principal function of the Department is to first identify the key drivers underlying different forms of banking risks and to devise relevant models for measuring and controlling risks across the Bank. In addition to the ongoing activities of the Risk Management Department, all other segments of the Bank make an equally important contribution to the overall risk management process. To motivate the required level of participation needed in the process of controlling risks across the Bank, various committees have been established that comprise members from all departments, the CEO as well as all the general managers of departments.

CREDIT RISK

Any potential loss that may arise as a result of customers' default in the orderly servicing of their commitments on facilities (i.e. the late or non-payment of part or all of loans, due to such reasons as the absence of repayment ability or the presence of limits and constraints for clearing funds) represent credit risk. As loans constitute a major portion of the Bank's portfolio of assets, credit risk is undoubtedly the most important risk to which the Bank is exposed.

DISTRIBUTION OF COLLATERAL

A collateral is the Bank's main source for protection against credit risk. The risk coverage of any collateral will be a function of its current market value and its liquidity. One of the main concerns of the Karafarin Bank in this regard is loss resulting from customer default. Hence, a comparison has been made between customer rating and low risk collateral (deposits, intangible assets, investment funds etc.). This comparison indicates that the higher the risk a customer, the more low risk collateral should be obtained.

CUSTOMER INTERNAL CREDIT RATING SYSTEM (CICRS)

In order to minimise credit risk, Karafarin Bank adopted the CICRS as of April 2011, to assess the credit worthiness of its customers. The procedures of CICRS require that all loan applicants submit their background and financial information to the Bank. This information provides input for generating a credit rank for each customer which will assist members of the Credit Committee in their credit allocation decisions.

The adopted rating approach has designated and assigned a credit score of A, B, C, D or E to each prospective or existing client. Qualitative and quantitative information are jointly used to rate customers based on the CICRS methodology.

Amongst the various data used in the credit assessment process, customers' economic sector is perceived to be one of the most relevant sources of information. For each sector, CICRS identifies and measures a series of parameters that are important in ascertaining the credit standing of companies or individuals operating within that segment of the economy. The overall qualitative and quantitative scores for each client determine its total credit rank. Economic factors play a major role in customer evaluations and different parameters have been used according to the relevant economic sector. Scores obtained from these two parts represent the total customer credit results.

Individuals are rated by the Credit Committee on the basis of their personal, professional, and financial as well as credit information. In order to correspond the scores with reality, periodical checks are carried out via credit experts. The results obtained are then assessed and used in various rating models in such a manner that this system's performance is constantly improved.

MARKET RISK

Market risk may be defined as the risk of loss arising from adverse movements in market prices. From a regulatory perspective, market risk stems from all the positions included in the Banks' trading book as well as from commodity and foreign exchange risk positions in the whole balance sheet. There are two main methods of measuring the market risk. The first method is capital at risk (CaR), which is the potential loss in a worst case scenario where stop loss is triggered for a specific trade or for all trades across an account. The second method is stress test. In measuring market risk, we also take advantage of the latest recommendations of Basel III Committee. We classify market risk into two main categories, namely:

- Share risk: it arises from fluctuations in share prices, which affect the value of the Bank's portfolio. In measuring CaR which concerns investments solely in shares, we have applied parametric methods. In this model, we have used the prices at the end of each trading day.
- Forex risk: this kind of risk stems from foreign exchange fluctuations and their impact on the value of the Bank's foreign currency assets and liabilities. At Karafarin Bank we do not have profiteering motives for trading foreign currencies. In other words, we do not maintain foreign currencies in excess of customer demand. Therefore, to measure forex risk, we only use the standard model for measuring capital adequacy.

OPERATIONAL RISK

Consistent with the concepts outlined in the Basel II Accord, Karafarin Bank defines operational risk as the risk of a loss stemming from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk, but excludes elements of strategic and reputational risk. In respect of operational risk management, the Bank's objectives are primarily motivated by identifying and measuring all relevant risk factors, which will then facilitate monitoring and risk reduction activities. Hence, in order to identify and measure such risks, operational units use numerous identification and assessment methods, including self-assessment. The Bank's operational units are responsible for identifying, measuring and eliminating any operational risk at an early stage.

Once the operational risks are identified, the Bank selects one or more of numerous options for confronting such risks. The options at hand are stated below:

i. Risk avoidance: where the Bank aims to eliminate hazards that can negatively affect its assets by avoiding a given risk entirely. This is carried out by avoiding certain ventures.

ii. Risk minimisation: here, the bank accepts a risk, and aims at minimising it by defining internal controls and providing sufficient funding to cover the risk via pricing and allocating provisions etc.

iii. Risk transfer: in such cases, whilst accepting the risk, the Bank aims to transfer all or a portion of it to other parties such as insurance companies. In the recent years, Karafarin Bank has drafted procedures, strategies and guidelines in its quest pursue its self-assessment scheme to manage the risks of its operational units. As a result, the main risks to which the Bank is exposed have been identified.

LIQUIDITY RISK

Liquidity risk denotes the Bank's inability to meet its short-term obligations as they come due. The main objective of liquidity risk management is to provide adequate coverage for obligations arising from any of expected and/or unexpected changes in the Bank's balance sheet items. In order to effectively manage liquidity risk and to optimise the use of its resources, the Bank has formulated liquidity risk management guidelines and procedures, which are designed to identify, measure, supervise, control and report the Bank's liquidity and interest rate. Furthermore, liquidity ratios indicate the Bank's ability to withstand liquidity requirements under stress conditions.

The metrics currently used within Karafarin Bank are: asset-liability gap analysis that signal potential maturity mismatches, liquidity ratios that provide relative assurance on the timely and orderly servicing of financial obligations, holdings of cash and marketable securities that are relevant in assessing the Bank's liquidity adequacy, reviews of changes to interest rates, reviews of the structure and stability of deposits and forecasts of future cash flows. Liquidity risk reports are assessed by the Asset and Liability Management Committee on a monthly basis.

ASSET-LIABILITY GAP & MATURITY MISMATCHES

Asset and liability maturity mismatches are generally perceived to be a central feature of all banking activities. The main issue associated with such mismatches is the extent of the maturity gap. In the event of instabilities and crises, this gap will define the time frame within which a bank can continue to operate its ordinary activities. Liquidity gap reports prepared for month and up to one-year periods are presented to the Assets & Liabilities Committee.

Although maintaining cash for the purpose of supplying customer requirements reduces liquidity risk, yet it also reduces the Bank's chances to maximise its profitability, since this consumes resources that could be allocated towards investment. Hence, in order to maintain a balance between profitability and risk, the amount of cash being held at branches is periodically assessed and optimised.

LIQUIDITY ADEQUACY STRESS TEST IN CRISIS

Stress tests are used to assess risks arising from macroeconomic events which are beyond a bank's control. The Basel Committee recommends the use of stress tests in order to forecast future liquidity position. The objective of these tests is to estimate the impacts of severe, yet foreseeable shocks on a financial system. In order to ensure a stable banking system, it is necessary to assess a bank's ability to survive domestic or international market shocks. Thus, a bank needs to develop models which can protect it against possible shocks. In such cases, Karafarin Bank applies a macro model to measure and report the impacts of various external scenarios on its statement of financial position and profit and loss account every six months. This model aims to enable the Bank to forecast cash flows resulting from various scenarios and their impacts on the Bank's liquidity. The ultimate objective is to create a liquidity buffer zone to counter any future shock. Karafarin Bank measures its liquidity risks and

carries out its liquidity adequacy stress tests in crisis within three stages. These stages include:
Stage I: Preparing liquidity ratio reports, evaluating the Bank's liquidity situation, calculating its static liquidity gap and rendering such reports to the Asset Committee. These ratios have been pointed out via the Basel Committee and the IMF.

Stage II: Carrying out operations based on liquidity coverage ratio (LCR), which is an essential part of the Basel III reforms. These reforms are global regulatory standards on capital adequacy of banks and liquidity. The LCR promotes the short-term resilience of a bank's liquidity risk profile. It does this by ensuring that a bank has an adequate stock of unencumbered high-quality liquid assets (HQLA) that can be converted into cash easily and immediately in private markets to meet its liquidity needs for a 30-calendar day liquidity stress scenario. It will improve the banking sector's ability to absorb shocks stemming from financial and economic stress.

Stage III: Creating a liquidity buffer, whereby, the Risk Management Department uses various economic models to forecast pessimistic and ordinary scenarios. Karafarin Bank forecasts wide scale withdrawals on three levels of treasury, *Satna* and *Chakavek* to calculate its liquidity buffer.

CAPITAL ADEQUACY RISK

In order to ensure the Bank's resiliency towards existing risks, we calculate the sufficiency of capital coverage (required to withstand risks) under different scenarios and we use the Stress Test Method as means to measure the Bank's resistance against risks at times of crisis. As recommended by the Basel Committee and the Bank for International Settlements, one of the factors assessed, is the impact of interest rates and default fluctuations on the Bank's profitability. In assessing the scale of profitability, the international precautionary agreements, we stress assessing income at risk (based on international precautionary conventions). This model focuses on the effects of economic shocks on the Bank's profit and loss as well as its capital adequacy.

Financial Performance

Interest Rates on Investment Deposit Accounts

	Interest Rate (%)		Legal Deposit Rate (%)	
	2019-20	2018-19	2019-20	2018-19
Saving *Gharz-al Hassaneh* Deposits	0	0	10	10
Current *Gharz-al Hassaneh* Deposits	0	0	11.9	11.9
Ordinary Short-Term Deposits	10	10	11.9	11.9
Special Short-Term Deposits	10	10	11.9	11.9
Long-Term (1 Year to 5 Years) Deposits	15	15	11.9	11.9
Deposit Certificate	18	20	11.9	11.9

Paid Interest on Investment Deposit Accounts

(Amounts in Million IRR)

Description	2019-20	2018-19	2017-18	2019-20 to 2018-19 Changes-%	2018-19 to 2017-18 Changes-%
Short-Term	3,225,713	2,888,980	2,869,453	12	1
Short-Term Special	732	1,376	10,724	(47)	(87)
Long-Term (1 Year to 5 Years)	15,641,427	8,763,074	14,083,484	78	(38)
Special Deposit Certificate for Public Investment	49	6,636,096	552,904	(100)	1,100
Foreign Currency Deposits	6,759	13,638	18,886	(50)	(28)
Total	18,874,679	18,303,164	17,535,451	3	4

Major Items of Income Statement

(Amounts in Million IRR)

	2019-20			2018-19			2017-18		
	Amount	Comparison to Total Revenue-%	Growth to Previous Year-%	Amount	Comparison to Total Revenue-%	Growth to Previous Year-%	Amount	Comparison to Total Revenue-%	Growth to Previous Year-%
Loans Income	18,395,013	66	9	16,884,179	61	(6)	18,003,874	75	(5)
Investments & Deposits Income	6,439,455	23	52	4,231,972	15	77	2,392,116	10	52
Received Commission & Miscellaneous Revenues	3,003,722	11	0	3,011,952	11	77	1,697,112	7	8
Total Revenues	27,838,190	100	15	24,128,104	100	9	22,093,101	100	0
Interest Paid to Depositors	(18,874,679)	(68)	3	(18,303,164)	(66)	4	(17,535,451)	(73)	8
Cost of Doubtful Debts	(2,102,647)	(8)	39	(1,510,175)	(5)	(21)	(1,921,401)	(8)	117
Other Costs	(3,775,103)	(14)	24	(3,035,891)	(11)	17	(2,601,900)	(11)	28
Profit before Tax	3,085,761	11	141	1,278,873	5	3,623	34,350	0	(99)
Tax	(161,610)	(6)	290	(41,481)	0	(76)	(174,280)	(1)	(67)
Profit after Tax	2,924,151	11	136	1,237,392	5	(984)	(139,931)	(1)	(106)

Comparison of Income Earned from Granted Loans, Deposits & Investment

(Amounts in Million IRR)

Description	2019-20	2018-19	2017-18	2019-20 to 2018-19 Changes-%	2018-19 to 2017-18 Changes-%
Joint:					
Islamic Contracts Income	13,575,024	13,122,609	14,575,550	3	(10)
Received Recognisance	4,542,944	3,453,559	3,217,512	32	7
Investments & Deposits Income	6,416,358	4,205,137	1,347,911	53	212
Non-Joint:					
Transactions Income	37,442	59,254	33,727	(37)	76
Received Recognisance	232,892	248,757	33,727	(6)	41
Investments & Deposits Income	23,097	26,835	14,921	(14)	80

Main Items of Statement of Financial Position

(Amounts in Million IRR)

Description	2019-20			2018-19			2017-18		
	Amount	Contribution -%	Growth to Previous Year-%	Amount	Contribution -%	Growth to Previous Year-%	Amount	Contribution -%	Growth to Previous Year-%
Cash	39,677,329	18	20	33,155,698	15	122	14,934,050	9	8
Bonds & Investment	17,999,853	8	316	4,322,050	2	1	4,289,716	3	11
Granted Loans	122,725,704	56	16	105,984,078	48	0	105,476,8220	66	30
Fixed Assets	11,596,692	5	11	10,449,527	5	(1)	10,596,399	7	4
Other Assets	28,167,640	13	23	22,915,452	10	(4)	23,780,873	15	69
Total Assets	220,167,218	100	25	176,826,804	80	11	159,077,858	100	29
Liabilities:									
Deposits	196,950,508	89	27	155,217,273	70	11	140,041,441	88	34
Other Liabilities	6,534,901	3	(15)	7,728,135	4	26	6,137,412	4	76
Total Liabilities	203,485,409	92	25	162,945,408	92	11	146,178,853	92	35
Shareholders' Equity:									
Capital	8,500,000	4	00	8,500,000	4	0	8,500,000	5	0
Legal Reserve	4,200,714	2	12	3,762,092	2	5	3,576,483	2	10
Other Reserves	1,933,955	1	100	929,804	0	0	0	%	0
Retained Earnings	2,003,542	1	210	645,904	0	(17)	778,925	%	(75)
Assets Revaluation Surplus	43,597	0.02	00	43,597	0.02	0	43,597	0	(0)
Total Shareholders' Equity	16,681,809	8	20	13,881,397	8	8	12,899,005	8	(14)
Total Liabilities & Shareholders' Equity	220,167,218	100	25	176,826,804	100	11	159,077,858	100	29

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

Javad Baghban	**Abbas Hooshi**
922046	**800899**

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

Assets	Note	19.03.2020 Million IRR	20.03.2019 Million IRR	Liabilities & Shareholders' Equity	Note	19.03.2020 Million IRR	20.03.2019 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

KARAFARIN BANK

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

	Note	2019-20											
		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 21.03.2019		8,500,000	0	0	0	3,814,641	936,428	154,759	604,420	0	14,010,248	442,611	14,452,858
Net Profit (Loss) for the Year									3,588,981		3,588,981	28,537	3,617,518
Prior Years' Adjustments	50								0		0	0	0
Other Comprehensive Profits (Loss) after Tax											0		0
Assets Revaluation Surplus													
Difference in Foreign Currency Exchange											0	0	0
Tax of Other Comprehensive Profits								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
Treasury Shares											0		0
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**

	Note	2018-19											
		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									1,451,056		1,451,056	8,972	1,460,028
Prior Years' Adjustments	50								(581,198)		(581,198)	373	(580,825)
Consolidated Adjustments									(25,268)		(25,268)	6,124	(19,144)
Other Comprehensive Profits (Loss) after Tax											0		
Assets Revaluation Surplus	34							0			0		0
Difference in Foreign Currency Exchange											0	0	0
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											0		0
Treasury Shares Purchase											0	0	0
Treasury Shares Sales					0				0	0	0		0
Distribution & Allocation:													
Legal Reserve	32	0				193,538			(192,674)		864	(864)	0
Other Reserves	33						929,804		(929,804)		0		0
Shares Dividends									0		0		0
Approved Dividend	23								(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 Million IRR		2018-19 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.

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

Assets	Note	19.03.2020 Million IRR	20.03.2019 Million IRR	Liabilities & Shareholders' Equity	Note	19.03.2020 Million IRR	20.03.2019 Million IRR
Assets:				**Liabilities:**			
Cash	9	12,269,330	12,241,183	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	18,752,325	15,863,580
Claims from the Government	11	0	0	Dividend Payable	23	15,599	13,022
Granted Loans & Claims from Governmental Authorities	12	0	0	Debt Securities	24	0	0
Granted Loans & Claims from Non-governmental Entities	13	122,725,704	105,984,078	Corporation Tax Provision	25	161,610	0
Investment in Shares & Other Securities	14	17,999,853	4,322,050	Provisions & Other Liabilities	26	5,571,659	7,092,840
Claims from Subsidiary & Associated Companies	15	916,950	995,496	Provision for Work Termination Benefits	27	786,033	622,273
Other Accounts Receivable	16	1,766,983	1,381,298	**Total Liabilities before Investment Depositors' Interests**		**31,202,497**	**25,954,882**
Tangible Fixed Assets	17	7,283,354	6,165,929				
Intangible Assets	18	4,313,338	4,283,598	**Investment Depositors' Interests**	28	172,282,913	136,990,525
Legal Deposit	19	22,054,847	16,739,092	**Total Liabilities**		**203,485,409**	**162,945,408**
Other Assets	20	3,428,859	3,799,567	**Shareholders' Equity:**			
				Capital	29	8,500,000	8,500,000
				Capital Increase in Progress	30	0	0
				Shares Premium Reserve	31	0	0
				Legal Reserve	32	4,200,714	3,762,092
				Other Reserves	33	1,933,955	929,804
				Assets Revaluation Surplus	34	43,597	43,597
				Difference in Foreign Currency Exchange	35	0	0
				Retained Earnings (Loss)		2,003,542	645,904
				Treasury Shares	36	0	0
				Total Shareholders' Equity		**16,681,809**	**13,881,397**
Total Assets		**220,167,218**	**176,826,804**	**Total Liabilities & Shareholders' Equity**		**220,167,218**	**176,826,804**
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)
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
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**	**0**	**438,623**	**1,004,151**	**0**	**0**	**(1,566,513)**	**0**	**(123,739)**
Balance at 19.03.2020		**8,500,000**	**0**	**0**	**4,200,714**	**1,933,955**	**43,597**	**0**	**2,003,542**	**0**	**16,681,809**

	Note	2018-19									
		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
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	50								(578,425)		(578,425)
Other Comprehensive Profits (Loss) after Tax											
Assets Revaluation Surplus	34						0				0
Difference in Foreign Currency Exchange								0			0
Tax of Other Comprehensive Profits							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
Treasury Shares Sales									0		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 Million IRR		2018-19 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 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 *Gharz-al Hassaneh* 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.

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

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

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

		Group		Parent Company	
	Note	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

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:

		Parent Company	
	Note	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.

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

10.2. Claims from CBI

		Parent Company	
	Note	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

		Parent Company	
	Note	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.

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

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.

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

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	Net
Provisional Facilities Committed by the Government	0	0	0	0	0	0	0	0
Provisional Facilities Guaranteed by the Government	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0

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

12. Granted Loans and Claims from Governmental Authorities

	Group & 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	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
Instalment Sales	0	0	0		0	0	0	0	0	0
Joaleh	0	0	0		0	0	0	0	0	0
Hire Purchase	0	0	0		0	0	0	0	0	0
Salaf	0	0	0			0	0	0	0	0
Mozarebeh	0	0	0	0		0	0	0	0	0
Equity Participation	0	0	0	0		0	0	0	0	0
Debt Discounting	0	0	0		0	0	0	0	0	0
Morabeheh	0	0	0		0	0	0	0	0	0
Estesna	0	0	0		0	0	0	0	0	0
Gharz-al Hassaneh	0	0	0			0	0	0	0	0
Other Granted Loans-IRR	0	0	0		0	0	0	0	0	0
Other Granted Loans-Foreign Currency	0	0	0	0	0	0	0	0	0	0
Debtors for Paid L/Cs	0		0				0	0	0	0
Debtors for Paid L/Gs	0		0				0	0	0	0
Debtors for Paid Bonds & *Sukuk*	0		0				0	0	0	0
Debtors for Paid Credit Cards	0	0	0				0	0	0	0
Total Granted Loans & Claims from Governmental Authorities	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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

13. Granted Loans and Claims from Non-Governmental Entities

	Group									
	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	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
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
Morabeheh	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**

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

	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	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
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
Morabeheh	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**

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

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
Joaleh	245,546	148	283	243,190	489,168
Hire Purchase	148,268	891	0	12,569	161,728
Salaf	0	0	0	9,534	9,534
Mozarebeh	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
Morabeheh	26,656,637	181,849	0	0	26,838,486
Estesna	3,729	0	0	0	3,729
Gharz-al Hassaneh	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 & *Sukuk*	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 *Mozarebeh*	(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**

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

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**

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

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.

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

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

	Parent Company																
	Instalment Sales	*Joaleh*	Hire Purchase	*Salaf*	*Mozarebeh*	Equity Participation	Debt Discounting	*Morabeheh*	*Estesna*	*Gharz-al Hassaneh*	Other Granted Loans-IRR	Other Granted Loans-Foreign Currency	Debtors for Paid L/Cs	Debtors for Paid L/Gs	Debtors for Paid Bonds & *Sukuk*	Debtors for Paid Credit Cards	Total
	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	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	449,665	0	0	104,357,897
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	0	0	322,636,495
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)	0	0	(300,602,652)
Effect of Forex during the Year	0	0	0	0	0	0	0	0	0	0	0	(1,738)	0	0	0	0	(1,738)
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	0	0	126,390,001
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	0	0	9,987,821
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	0	0	13,007,633
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)	0	0	(15,259,976)
Effect of Forex during the Year	0	0	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	0	0	7,735,477
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)	0	0	(8,361,639)
Settled	0	0	0	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	0	0	(15,306)
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	0	0	(1,908,219)
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)	0	0	(10,285,165)
Funds Received for *Mozarebeh*					(196,937)												(196,937)
Joint Account of Equity Participation						(917,673)											(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**	**0**	**0**	**105,984,078**
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**	**0**	**0**	**122,725,704**

* 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.

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

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

	Parent Company																
	Instalment Sales	*Joaleh*	Hire Purchase	*Salaf*	*Mozarebeh*	Equity Participation	Debt Discounting	*Morabeheh*	*Estesna*	*Gharz-al Hassaneh*	Other Granted Loans-IRR	Other Granted Loans-Foreign Currency	Debtors for Paid L/Cs	Debtors for Paid L/Gs	Debtors for Paid Bonds & *Sukuk*	Debtors for Paid Credit Cards	Total
	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	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	0	0	9,544,408
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	0	0	19,561,732
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)	0	0	(21,571,090)
Effect of Forex during the Year	0	0	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	0	0	7,535,051
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	0	0	443,412
Increase during the Year	0	0	0	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	0	0	(242,986)
Effect of Forex during the Year	0	0	0	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	0	0	200,427
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**	**0**	**0**	**9,987,821**
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**	**0**	**0**	**7,735,477**

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

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	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**

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

14. Investing in Shares and Other Securities

	Note	Group					
		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**

	Note	Parent Company					
		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**

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	Cost	Net Realisable Value
	Million IRR	Million IRR		Number	%	Million IRR	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	0
Omid Investment	4,287	0	Purchase	500,000	-	4,287	6,021	0	0
Mines & Metals Development Investment	484	7,430	Purchase	98,954	-	484	566	7,430	16,039
Jam Petrochemical	434	912	Purchase	28,018	-	434	475	912	1,067
Mobile Telecommunication Company of Iran	0	131,857	-	0	-	0	0	131,857	167,783
Bank Pasargad	0	19,964	-	0	-	0	0	19,964	9,999
Civil Pension Fund Investment	0	3,039	-	0	-	0	0	3,039	3,540
Kerman Cement	0	15,584	-	0	-	0	0	15,584	25,085
Khouzestan Steel	0	6,665	-	0	-	0	0	6,665	10,727
Mobarakeh Steel	0	28,264	-	0	-	0	0	28,264	48,031
Pardis Petrochemical	0	42,089	-	0	-	0	0	42,089	59,773
Other Companies	450,090	10,875	-	0	-	0	0	0	0
	1,485,133	**266,680**				**1,035,043**	**965,002**	**255,805**	**342,044**
Shares of Companies Listed in the OTC Market:									
Other Companies	0	0				0	0	0	0
	0	0				0	0	0	0
	1,485,133	**266,680**				**1,035,043**	**965,002**	**255,805**	**342,044**
Investment Impairment Provision	(129,241)	(5,266)				(70,041)	0	0	0
	1,355,892	**261,414**				**965,002**	**965,002**	**255,805**	**342,044**

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

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	Net Carrying Amount	Cost	Net Carrying Amount	Source	Shares	Investment	Cost	Net Carrying Amount		Cost	Net Carrying Amount
		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	Purchase	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
Abniegostar 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**

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

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
Abniegostar 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

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

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 *Morabeheh* Bonds	Purchase	*Morabeheh*	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.

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

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**

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

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
Abniegostar 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**									

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

On-account payments to Karafarin Brokerage and Karafarin Leasing Companies are for trading shares and on-account capital in process, respectively.

Subsidiary/ Associated Company	20.03.2019									
	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	(1,052)	2,768	0	0	0	1,716
Karafarin Bank Investment	0	0	0	0	(21,580)	27,279	0	0	0	5,699
Karafarin Leasing	0	0	0	0	0	0	0	79,999	0	79,999
Karafarin Bank Brokerage	0	0	0	0	(8)	134,121	0	200,000	0	334,113
Karafarin Foreign Exchange	0	0	0	0	(10,820)	4,177	0	537,892	0	531,249
Abniegostar Karafarin Construction	0	0	0	0	(14,296)	40,439	0	10,247	0	36,390
Omid Karafarin Commercial Development	0	0	0	0	0	0	0	0	0	0
Amin Etemad Karafarin	0	0	0	0	(1,680)	5,577	0	0	0	3,897
Asr Amin Karafarin	0	0	0	0	0	155	0	2,277	0	2,432
	0	**0**	**0**	**0**	**(49,436)**	**214,516**	**0**	**830,416**	**0**	**995,496**
Transactions Net Profit (Loss)	**0**									

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

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	Net
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Dividend Receivable	16-1	9,074	41,926	8,280	0	8,280	41,911
Realised Profit of Investment Funds		758,601	462,830	710,706	0	710,706	429,525
Dues to Staff		18,477	11,641	18,477	0	18,477	11,641
Temporary Debtors	16-2	1,190,242	1,009,576	1,196,939	(167,418)	1,029,521	898,220
Total Other Accounts Receivable		**1,976,394**	**1,525,973**	**1,934,402**	**(167,418)**	**1,766,983**	**1,381,298**

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

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**

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

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**

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

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				708,640
Depreciation for the Year	0	106,783	0	2,389	65,810	0				174,983
Sold	0	(5,096)	0	(233)	(4,060)	0				(9,389)
Transfers & Other Changes	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				175,377
Assets Sales & Disposal	0	(626)	0	(4,448)	(9,067)	0				(14,140)
Transfers & Other Changes	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 19.03.20202	**2,822,738**	**1,913,579**	**0**	**27,373**	**207,508**	**0**	**643,606**	**1,529,048**	**0**	**7,143,852**

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

	Parent Company									
	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	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
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
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**

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

17.1. Banks' land and buildings were not valuated 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%**

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	Software Development	Technical Know-How PDH Project	Utilities	Total	Goodwill	Software	Software Development	Utilities	Total
	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
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
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**

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

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.

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

20. Other Assets

		Group		Parent Company	
	Note	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**

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

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

		Parent Company	
	Note	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**

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

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 valuated 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**

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

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**

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

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

		Group		Parent Company	
	Note	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**

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 *Gharz-al Hassaneh* Deposits-IRR	11,923,372	7,131,431	11,924,737	7,526,247
Current *Gharz-al Hassaneh* 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 *Gharz-al Hassaneh* Deposits-IRR	82,993	72,743
Saving *Gharz-al Hassaneh* Deposits-Foreign Currency	2,321,110	1,540,304
Saving Deposits-Overseas Branches	0	0
Gharz-al Hassaneh Deposits for Youths	0	0
Unconsumed Special *Gharz-al Hassaneh 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**

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

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**

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

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
Sukuk 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**

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

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						
			Declared	Recognised	Final	Paid	Provision Balance	Provision Balance	
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**	

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

		Group		Parent Company	
	Note	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**

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

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.

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

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

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

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**

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

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.

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

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
	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	212
2019-20	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
2023-24 & After	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**	

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

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**

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

28.1.4. Composition of investment depositors is as follows:

	Parent Company			
	19.03.2020		20.03.2019	
	Depositors	Amount	Depositors	Amount
	Number	Million IRR	Number	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.

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	New Capital	Capital Increase Source
	%	Million IRR	Million IRR	
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

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

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

	19.03.2020			20.03.2019	
	Shares Number	Shares %		Shares Number	Shares %
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
For the Year Ended March 19th, 2020

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

		Group		Parent Company	
	Note	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

		Group		Parent Company	
	Note	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)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

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	

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

	Note	Group					
		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**

	Note	Parent Company					
		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
For the Year Ended March 19th, 2020

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	Total			Joint	Non-joint	Total		
	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
Joaleh	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
Mozarebeh	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
Salaf	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
Morabeheh	2,546,655	0	2,546,655	0	2,546,655	118,297	0	118,297	0	118,297
Estesna	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)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

	Parent Company									
	2019-20					2018-19				
	IRR			Foreign Currency (Non-joint)	Total	IRR			Foreign Currency (Non-joint)	Total
	Joint	Non-joint	Total			Joint	Non-joint	Total		
	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		1,472,701	0	1,472,701	1,117,727		1,117,727	0	1,117,727
Joaleh	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
Mozarebeh	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
Salaf	1,116		1,116	0	1,116	0		0	0	0
Debt Discounting	195		195	0	195	0		0	0	0
Morabeheh	2,546,655		2,546,655	0	2,546,655	118,297		118,297	0	118,297
Estesna	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
For the Year Ended March 19th, 2020

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			Joint	Non-joint	Total		
	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)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

	Parent Company									
	2019-20					2018-19				
	IRR			Foreign Currency (Non-joint)	Total	IRR			Foreign Currency (Non-joint)	Total
	Joint	Non-joint	Total			Joint	Non-joint	Total		
	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	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
For the Year Ended March 19th, 2020

38. Net Investment Returns (Loss)

	Note	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
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)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

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:				0			0	
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)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

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)
Oroumiyeh 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

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

	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**

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

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	Net Realisable value	Profit (Loss)	Profit (Loss)
		Million IRR	Million IRR	Million IRR	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)	0	0	0	0	0
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)**

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**

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

39.1.2.2. Average investment deposits

Investment Deposits	2019-20 Amount (Average) Million IRR	2018-19 Amount (Average) 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.

Commission Fee = Commission Fee Rate × Depositors' Free Sources Average
2,531,789 = 2% × 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**

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

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

		Parent Company	
	Note	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)
Notes to the Financial Statements
For the Year Ended March 19th, 2020

41. Commission Income

		Group		Parent Company	
	Note	2019-20	2018-19	2019-20	2018-19
		Million IRR	Million IRR	Million IRR	Million IRR
Net *Gharz-al Hassaneh* 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
Shetab 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**

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 *Ghraz-al Hassaneh* Loans	8,679	5,969
Less: Prize Expense of Mobilising *Gharz-al Hassaneh* Deposits	0	0
Net Commission on *Gharz-al Hassaneh* 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
Shetab 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 *Shetab* 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**

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

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

		Group		Parent Company	
	Note	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**

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

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	
Buildings	0	0	0	0	
Goodwill	0	0	0	0	163,489
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

		Group		Parent Company	
	Note	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**

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

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
Mechanisaton 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**

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

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**

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

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**

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

		Group		Parent Company	
	Note	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.

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

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**

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

52. Non-cash Transactions

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

		Group		Parent Company	
	Note	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 n 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**

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

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 n Expert's Opinion	Debt Balance After Trade-off
	Million IRR	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**

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	Balance at the End of 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	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	5	13,144,440	173,412
EUR	13	11,110,180	944,365	2	275,100	28,060	11	8,822,074	899,852	188,873	4	2,563,206	261,447
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	15	221,442,217	276,891
JPY	2	38,308,137	25,791	0	0	0	1	25,864,137	22,312	7,257	1	12,444,000	10,735
KRW	1	321,317,923	21,293	0	0	0	1	321,317,923	24,058	2,765	0	0	0
OMR	1	1,275,033	248,408	0	0	0	0	0	0	58,256	1	1,275,033	306,664
RUB	2	516,217	601	1	252,150,000	310,447	3	252,666,217	311,083	34	0	0	0
TRY	2	1,067,989	14,637	0	0	0	1	879,000	12,692	785	1	188,989	2,729
Total Sight			**4,295,117**			**4,731,744**			**8,767,792**	**772,810**			**1,031,879**
Term:													
CNY	2	800,320	8,928	0	0	0	1	460,000	6,069	1,630	1	340,320	4,490
EUR	1	3,158	268	0	0	0	1	3,158	322	54	0	0	0
INR	1	9,372,000	10,281	0	0	0	1	9,372,000	11,719	1,438	0	0	0
JPY	0	0	0	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	0	0	0
TRY	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Term			**21,300**			**0**			**20,169**	**3,358**			**4,490**
Total			**4,316,417**			**4,731,744**			**8,787,960**	**776,168**			**1,036,369**

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

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

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 *Gharz-al Hassaneh* Deposit	0	0
Unconsumed Special *Gharz-al Hassaneh* Deposit	0	0
Total Managed Funds & Similar Items	**97,614**	**140,463**

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

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.

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

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

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

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 Perhontav 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

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

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

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

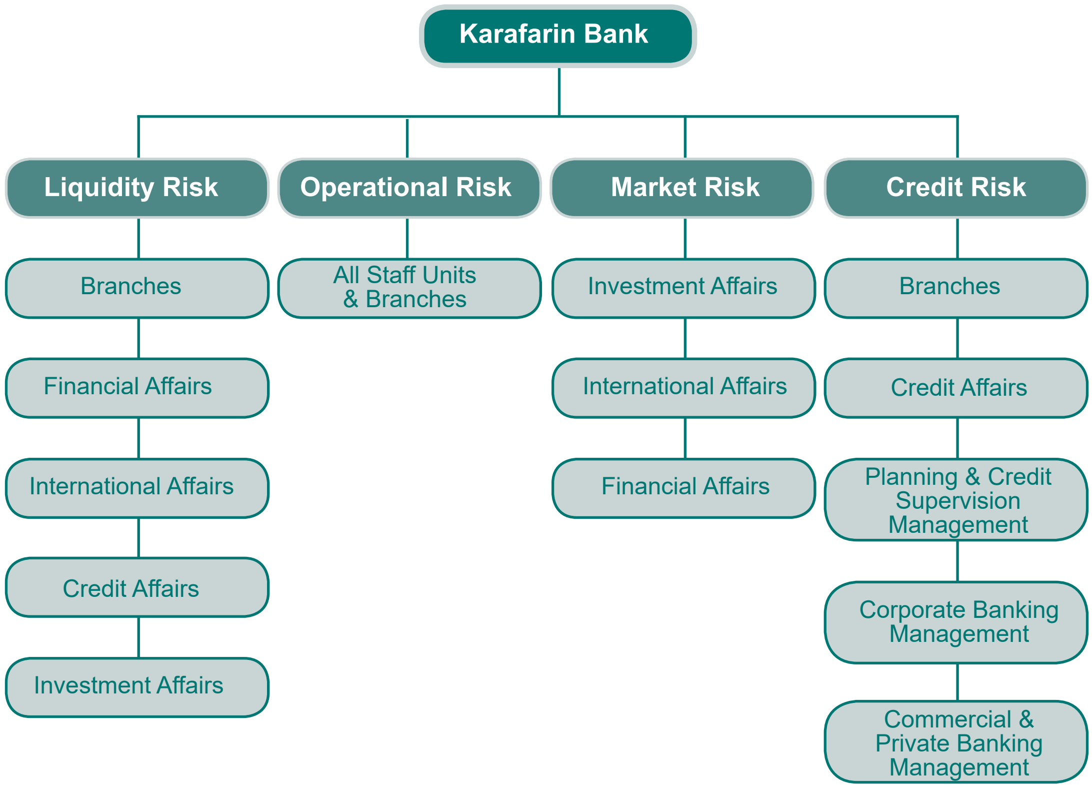
The Bank is exposed to the following risks:

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

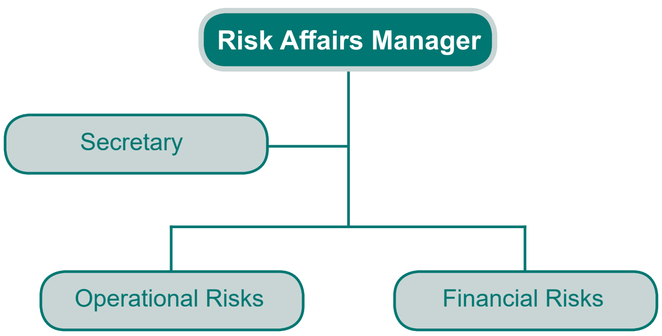
The scale of impact arising from risks which affect the Bank's business in different fields is stated below:

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

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

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

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.

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

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.

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

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
1st Degree- Low Risk	0	0	9,009,179	8,409,378	17,999,853	4,322,050	588,372	5,748,045
2nd Degree- Medium Degree	0	0	83,234,322	67,954,817	0	0	25,264,604	30,385,400
3rd 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
4th 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.

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

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 *Morabeheh* 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**

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

58.3.7.4. Type and amount of securities obtained from credit customers

Security Type	19.03.2020 Million IRR	20.03.2019 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.

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

Description	19.03.2020 Million IRR	20.03.2019 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.

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

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**

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

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

	2019-20 Million IRR	2018-19 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**

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

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.

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

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**

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

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**

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

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	20.03.2019
		Million IRR	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.

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

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**

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

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.

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

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%

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

	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	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%

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

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**	**Above 5 Years**	**Without Specified Maturity Date**
	Million IRR	**Million IRR**	**Million IRR**	**Million IRR**	**Million IRR**	**Million IRR**	**Million IRR**
Liabilities:							
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	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**	**Above 5 Years**	**Without Specified Maturity Date**
	Million IRR	**Million IRR**	**Million IRR**	**Million IRR**	**Million IRR**	**Million IRR**	**Million IRR**
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)
Loans Received from the National Development Fund	0	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)**

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

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**

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

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

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

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

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

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%

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

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%

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

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%.

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

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	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

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

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	4313338.078
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

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

	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

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

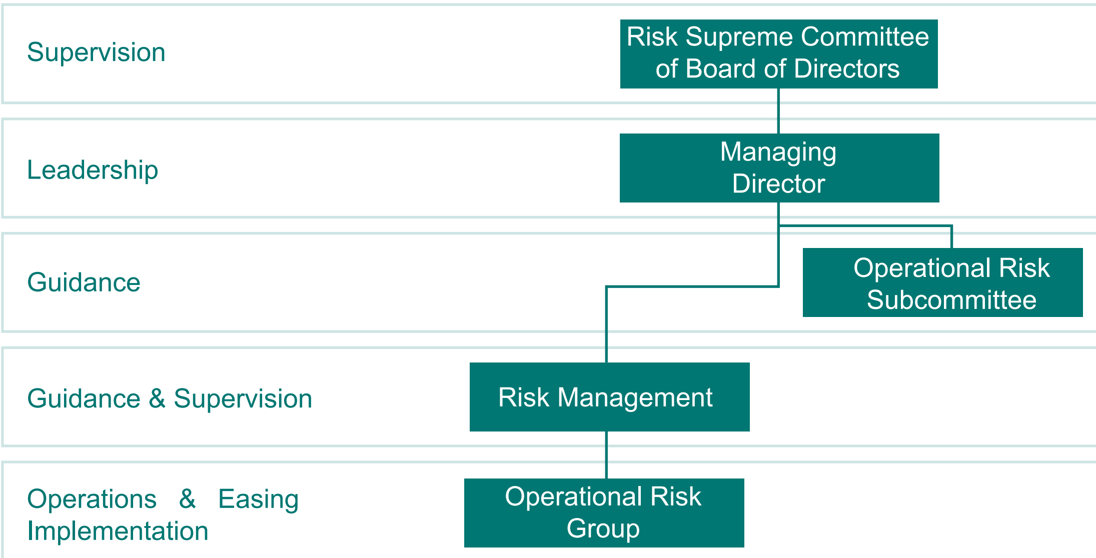
58.6. Operational risk

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 intentional 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.

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

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

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 valuated in accordance with CBI guideline. Instead, they are valuated 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.

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.

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

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, *Mozarebeh, Mosaghat, Mozare'eh*) 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, *Mozarebeh, Mosaghat, Mozare'eh*) 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

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

	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**

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

	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, *Mozarebeh, Mosaghat, Mozare'eh*) of Listed Companies	27,408,100	150	22,849,343	1,827,947
Principal Amount of Participatory Contracts Loans (Equity Participation, *Mozarebeh, Mosaghat, Mozare'eh*) 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

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

	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**

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

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**

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

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.

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

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**

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

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**

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

	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.

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)

Description	Related Party	Type of Relation	2019-20					
			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
	Arman 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

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

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:

Related Party	Type of Relation	Fiscal Year Ended 19.03.2020					
		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
Karafarin Brokerage Co.	Subsidiary Company	L/Gs Commission Income	No	According to Banking Tariff	0	182	167,256
		L/G Issuance		According to Credit Commission's Instructs	1,000	0	
		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	Yes	According to Instructs	16,765		1,045,999
		Granted Loans		According to Credit Commission's Instructs	1,440,617	7,400	
Amin Etemad Karafarin Co.	Subsidiary Company	Prepayments	No	According to Instructs	642	0	6,682
Abnieh Gostar Karafarin	Subsidiary Company	Services Purchase & Sales	No	According to Instructs	14,613	0	26,835
		L/Gs Commission Income		According to Banking Tariff		4,121	
		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	Yes	According to Banking Tariff	0	91	2,215
		L/G Issuance		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	

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

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

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

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

	Note	2019-20		2018-19
		Million IRR		Million IRR
Saving ***Gharz-al Hassaneh*** **Resources:**				
Saving *Gharz-al Hassaneh* Deposits-IRR	22-2	82,993		72,743
Current *Gharz-al Hassaneh* Deposits-IRR	22-1	11,924,737		7,526,247
Total *Gharz-al Hassaneh* Resources			12,007,730	7,598,989
Gharz-al Hassaneh **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 *Gharz-al Hassaneh* Expenditures			(226,353)	(163,093)
Legal Deposit of Saving *Gharz-al Hassaneh* Resources			(8,299)	(7,274)
Legal Deposit of Current *Gharz-al Hassaneh* Resources			(1,192,474)	(752,625)
Liquidity Reserve for Saving *Gharz-al hassaneh* Deposits (5%)			(4,150)	(3,637)
Liquidity Reserve for Current *Gharz-al hassaneh* Deposits (40%)			(4,769,895)	(3,010,499)
Excess of *Gharz-al hassaneh* Resources to Expenditures			**5,806,560**	**3,661,862**

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

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

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

		Parent Company	
	Note	**2019-20**	**2018-19**
		Million IRR	**Million IRR**
Commission Received on Granted *Gharz-al Hassaneh* Loans		8,679	5,969
Prize Expenses for *Gharz-al Hassaneh* Deposits		0	0
Net Commission of *Gharz-al Hassaneh* 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 *Gharz-al Hassaneh* 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 *Gharz-al Hassaneh* Loans	**226,353**	**163,093**

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

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 2nd 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) Current	Non-performing	Total	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
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	28,828	Equity Participation	3	0	18		0	0	0	0	28,828	Promissory Note, Bill, Term Investment, Enforced Contract	4,823,274
											125,000	129,623	0	129,623	Equity Participation	3	0	18		0	0	0	0	129,623		
											45,000	46,620	0	46,620	Equity Participation	3	0	18		0	0	0	0	46,620		
											55,600	57,300	0	57,300	Equity Participation	3	0	18		0	0	0	0	57,300		
											50,000	50,444	0	50,444	Equity Participation	3	0	18		0	0	0	0	50,444		
											70,000	70,345	0	70,345	Equity Participation	3	0	18		0	0	0	0	70,345		
											20,000	20,099	0	20,099	Equity Participation	3	0	18		0	0	0	0	20,099		
											40,000	40,079	0	40,079	Equity Participation	3	0	18		0	0	0	0	40,079		
															L/G	0	0	0		889	89	800	160	160		
															L/G	0	0	0		374	37	337	67	67		
															L/G	0	0	0		23	2	21	4	4		
															L/G	0	0	0		1,435	143	1,291	258	258		
															L/G	0	0	0		7,174	717	6,457	1,291	1,291		
															L/G	0	0	0		7,054	705	6,349	1,270	1,270		
															L/G	0	0	0		1,435	143	1,291	258	258		
															L/G					3,549	355	3,194	639	639		
															L/G	0	0	0		3,400	340	3,060	612	612		
															L/G	0	0	0		2,600	260	2,340	468	468		
															L/G	0	0	0		900	90	810	162	162		
															L/G	0	0	0		31	3	28	6	6		
															L/G	0	0	0		7,088	709	6,379	1,276	1,276		
															L/G	0	0	0		15,700	1,570	14,130	2,826	2,826		
															L/G	0	0	0		34	3	31	6	6		
															L/G	0	0	0		6,674	667	6,006	1,201	1,201		
															L/G	0	0	0		201	20	181	36	36		
															L/G	0	0	0		616	62	554	111	111		
															L/G	0	0	0		23,000	2,300	20,700	4,140	4,140		
															L/G	0	0	0		3,900	390	3,510	702	702		
															L/G	0	0	0		11,700	1,170	10,530	2,106	2,106		
															L/G	0	0	0		23,000	2,300	20,700	4,140	4,140		
															L/G	0	0	0		115,000	11,500	103,500	20,700	20,700		
															L/G	0	0	0		4,715	472	4,244	849	849		
															L/G	0	0	0		12,000	1,200	10,800	2,160	2,160		
															L/G	0	0	0		11,786	1,179	10,607	2,121	2,121		
															L/G	0	0	0		7,415	742	6,674	1,335	1,335		
															L/G	0	0	0		1,500		1,500	300	300		
															L/G	0	0	0		1,645	165	1,481	296	296		
															L/G	0	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 2nd 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) Current	Non-performing	Total	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
3	Karafarin Insurance Co.								*		0	42	0	42	Temporary Debtors	0	0	0	0	0	0	0	0	42		
															L/G	0	0	0	0	500	0	500	100	100	Promissory Note, Bill & Term Investment	58,420
															L/G	0	0	0	0	2,500	0	2,500	500	500		
															L/G	0	0	0	0	200		200	40	40		
															L/G	0	0	0	0	246		246	49	49		
															L/G	0	0	0	0	75		75	15	15		
Total											0	42	0	42						3,521	0	3,521	704	747		58,420
4	Karafarin Bank Leasing Co.								*		366,000	373,400		373,400	Equity Participation	3	0	18					0	373,400		
												600,000	0	600,000	Temporary Debtors	0	0	0	0	0	0	0	0	600,000		
Total											366,000	973,400	0	973,400						0	0	0	0	973,400		
5	Karafarin Brokerage Co.								*						L/G					6,000	600	5,400	1,080	1,080		
															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	105		
Total											0	105	0	105						9,150	1,050	8,100	1,620	1,725		0
6	Karafrin Foreign Exchange Co.								*			3,591	0	3,591	Temporary Debtors	0	0	0	0			0	0	3,591		
7	Karafrin Bank Investment Co.								*			27,279	0	27,279	Temporary Debtors	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	156		
10	Aminetemad Karafarin Co.									*	0	6,040	0	6,040	Temporary Debtors	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
				390,270	1,316,586	-	-	-		1,706,856		4,601,233		
2	Tadbir Economic Development-Parent Company	Ownership	Tadbir Economic Development Group	2,174,584	-	-	-	-	23.11.2019	2,174,584	Real Estate	7,007,200	507/97/5520	05.03.2019
				2,174,584	-	-	-	-		2,174,584		7,007,200		
3	Tadbir Economic Development- Tadbir Energy Development Holding	Ownership	Pars Oil Co.	506,658	-	2,640	-	-	22.02.2020	2,310,010	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		Ownership	Pars Oil Co.	504,932	-	-	-	-	29.02.2020		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
				2,310,010	-	2,640	-	-		2,310,010		7,072,210		
8	Tadbir Economic Development- Steel Holding	Ownership	Jahanara Arvand Steel Co.	2,635,659	-	-	-	-	05.11.2019	2,635,659	Promissory Note, Bill	9,464,151	507/97/5395	28.02.2019
				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		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)							
9	Tadbir Economic Development-Barekat Pharmaceutical Group Holding	Ownership	Biosun Pharmed	482,305	-	-	-	-	19.12.2018	3,839,009	Promissory Note, Bill	1,081,545	530/96/288	06.09.2019
10		Ownership	Biosun Pharmed	803,156	-	-	-	-	12.03.2020		Promissory Note, Bill	5,484,308	530/97/499	15.12.2018
11		Ownership	Biosun Pharmed	267,720	-	-	-	-	12.03.2020		Promissory Note, Bill	266,668	530/96/388	06.09.2017
12		Ownership	Alborz Balk Pharmaceutical Raw Materials Production	244,607	-	-	-	-	07.01.2020		Cheque, Promissory Note, Bill, Enforced Contract	684,710	507/97/3531	10.11.2018
13		Ownership	Sobhan Oncology Pharmaceutical	62,212	-	-	-	-	04.09.2019		Cheque, Promissory Note, Bill, Enforced Contract	164,333	507/98/5402	25.01.2020
14		Ownership	Sobhan Oncology Pharmaceutical	62,212	-	-	-	-	04.09.2019		Cheque, Promissory Note, Bill, Enforced Contract	164,333	507/98/5403	25.01.2020
15		Ownership	Sobhan Oncology Pharmaceutical	62,212	-	-	-	-	04.09.2019		Cheque, Promissory Note, Bill, Enforced Contract	164,333	507/98/5404	25.01.2020
16		Ownership	Sobhan Oncology Pharmaceutical	62,212	-	-	-	-	04.09.2019		Cheque, Promissory Note, Bill, Enforced Contract	164,333	507/98/5403	25.01.2020
17		Ownership	Sobhan Oncology Pharmaceutical	62,212	-	-	-	-	04.09.2019		Cheque, Promissory Note, Bill, Enforced Contract	164,333	507/98/5403	25.01.2020
18		Ownership	Sobhan Oncology Pharmaceutical	62,212	-	-	-	-	04.09.2019		Cheque, Promissory Note, Bill, Enforced Contract	164,333	507/98/5403	25.01.2020
19		Ownership	Sobhan Oncology Pharmaceutical	304,993	-	-	-	-	21.09.2019		Cheque, Promissory Note, Bill, Enforced Contract	812,000	507/98/5403	25.01.2020
20		Ownership	Sobhan Oncology Pharmaceutical	86,391	-	-	-	-	10.10.2019		Cheque, Promissory Note, Bill, Enforced Contract	232,000	507/98/5403	25.01.2020
21		Ownership	Sobhan Oncology Pharmaceutical	43,136	-	-	-	-	13.10.2019		Cheque, Promissory Note, Bill, Enforced Contract	116,000	507/98/5403	25.01.2020
22		Ownership	Sobhan Oncology Pharmaceutical	289,174	-	-	-	-	05.11.2019		Cheque, Promissory Note, Bill, Enforced Contract	1,045,353	507/98/5403	25.01.2020
23		Ownership	Sobhan Oncology Pharmaceutical	84,340	-	-	-	-	01.11.2019		Cheque, Promissory Note, Bill, Enforced Contract	232,000	507/98/5403	25.01.2020
24		Ownership	Sobhan Oncology Pharmaceutical	21,065	-	-	-	-	03.12.2019		Cheque, Promissory Note, Bill, Enforced Contract	58,000	507/98/5403	25.01.2020
25		Ownership	Sobhan Oncology Pharmaceutical	69,987	-	-	-	-	10.12.2019		Cheque, Promissory Note, Bill, Enforced Contract	193,333	507/98/5403	25.01.2020
26		Ownership	Sobhan Oncology Pharmaceutical	69,987	-	-	-	-	10.12.2019		Cheque, Promissory Note, Bill, Enforced Contract	193,333	507/98/5403	25.01.2020
27		Ownership	Sobhan Oncology Pharmaceutical	383,800	-	-	-	-	18.01.2020		Cheque, Promissory Note, Bill, Enforced Contract	1,057,080	507/98/5403	25.01.2020
28		Ownership	Sobhan Oncology Pharmaceutical	40,493	-	-	-	-	24.02.2020		Cheque, Promissory Note, Bill, Enforced Contract	135,684	507/98/5403	25.01.2020
29		Ownership	Sobhan Darou	77,581	-	-	-	-	23.11.2019		Promissory Note, Bill, Enforced Contract	246,512	507/98/3503	28.10.2019
30		Ownership	Iran Daru Pharmaceutical	103,599	-	-	-	-	24.10.2019		Promissory Note, Bill, Enforced Contract	193,103	507/98/5562	04.02.2020
31		Ownership	KBC	74,722	-	-	-	-	28.12.2019		Cheque, Promissory Note, Bill	146,754	507/98/4724	28.12.2019
32		Ownership	KBC	18,681	-	-	-	-	28.12.2019		Cheque, Promissory Note, Bill	36,689	507/98/4724	28.12.2019

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		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
				2,610,889	-	-	-	-		2,610,889		9,128,206		
36	Social Security Organisation-Tamin Pharmaceutical Investment Holding	Ownership	Antibiotic Sazi Iran Co.	29,023	-	-	-	-	07.07.2019	1,725,391	Cheque, Promissory Note, Bill, Enforced Contract	71,016	507/98/1010	08.06.2019
37		Ownership	Antibiotic Sazi Iran Co.	12,488	-	-	-	-	06.08.2019			30,247	507/98/1010	08.06.2019
38		Ownership	Antibiotic Sazi Iran Co.	14,003	-	-	-	-	05.09.2019			33,586	507/98/1010	08.06.2019
39		Ownership	Antibiotic Sazi Iran Co.	86,472	-	-	-	-	21.01.2020			200,334	507/98/1010	08.06.2019
40		Ownership	Exir Pharmaceutical Co.	69,300	-	-	-	-	30.12.2019		Cheque, Promissory Note, Bill	103,000	507/98/4567	18.12.2019
41		Ownership	Exir Pharmaceutical Co.	138,206	-	-	-	-	05.01.2020			269,823	507/98/6237	10.03.2020
42		Ownership	Exir Pharmaceutical Co.	67,423	-	-	-	-	26.02.2020			133,334	507/98/1792	21.07.2019
43		Ownership	Exir Pharmaceutical Co.	54,529	-	-	-	-	15.03.2020			100,971	507/98/1154	16.06.2019
44		Ownership	Caspian Tamin Pharmaceutical	28,458	-	-	-	-	22.07.2019		Cheque, Enforced Contract	92,739	507/98/3207	08.10.2019
45		Ownership	Caspian Tamin Pharmaceutical	51,082	-	-	-	-	20.10.2019			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		Cheque, Promissory Note, Bill, Enforced Contract	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			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)
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		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)							
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	Social Security Organisation-Tamin Pharmaceutical Investment Holding	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		Promissory Note, Bill		507/98/3449	23.10.2019
73		Ownership	Farabi Pharmaceutical Co.	-	-	6,381	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.	-	-	5,780	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	4,975,274			507/98/3449	23.10.2019
87		Ownership	Farabi Pharmaceutical Co.	-	-	3,472	625	-	08.12.2019				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

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KARAFARIN BANK

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		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	Social Security Organisation-Tamin Pharmaceutical Investment Holding	Ownership	Zahravi Pharmaceutical Co.	-	108,673	-	-	-	02.05.2019		Cheque, Promissory Note, Bill, Enforced Contract	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			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 Pakhsh Holding	143,384	-	-	-	-	30.10.2019		Cheque, Enforced Contract	246,300	507/98/6098	03.03.2020
99		Ownership	Darou Pakhsh Holding	128,986	-	-	-	-	31.10.2019			221,450	507/98/1288	23.06.2019
100		Ownership	Darou Pakhsh Holding	111,844	-	-	-	-	21.11.2019			221,528	507/98/4548	17.12.2019
101		Ownership	Darou Pakhsh Holding	212,498	-	-	-	-	25.11.2019			369,437	507/98/3738	10.11.2019
102		Ownership	Darou Pakhsh Holding	68,949	-	-	-	-	21.01.2020			98,517	507/98/3738	10.11.2019
103		Ownership	Darou Pakhsh Holding	82,739	-	-	-	-	21.01.2020			1,608	507/98/3738	10.11.2019
104		Ownership	Razak Laboratories	88,837	-	-	-	-	30.10.2019		Cheque, Promissory Note, Bill, Enforced Contract	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
				6,484,411	187,477	159,954	28,776	-		6,700,665		21,280,296		
119	Ghadir Investment	Ownership	Ghadir Investment	1,534,743	-	-	-	-	03.02.2020		Cheque, Promissory Note, Bill	170,392	507/98/1699	13.07.2019
120		Ownership	Sepahan Cement	110,766	-	-	-	-	18.03.2020		Cheque, Promissory Note, Bill, Enforced Contract	990,935	507/98/2179	06.08.2019
121		Ownership	Sefid Shargh Cement	820,966	-	-	-	-	11.01.2020		Cheque, Promissory Note	191,252	507/98/5038	09.01.2020
122		Ownership	Shargh Cement	339,977	-	-	-	-	25.02.2020		Cheque, Promissory Note	183,896	507/98/3202	08.10.2019
123		Ownership	Kordestan Cement	148,286	-	-	-	-	03.09.2019		Cheque, Promissory Note, Bill, Enforced Contract	229,870	507/97/3377	29.10.2018
				2,954,738	-	-	-	-		2,954,738		10,589,788		
124	Iranian Sanden Industries Stand-alone Entity	Ownership	Iranian Sanden Industries	1,444,203	-	-	-	-	19.11.2019	2,051,600	Real Estate, Cheque	3,204,550	507/98/3678	05.11.2019
125		Ownership	Iranian Sanden Industries	607,397	-	-	-	-	23.02.2020			1,321,278	507/98/5715	13.02.2020
				2,051,600	-	-	-	-		2,051,600		4,525,828		
126	Mobarakeh Esfahan Steel Stand-alone Entity	Ownership	Mobarakeh Esfahan Steel	2,862,082	-	-	-	-	05.01.2020	3,557,867	Cheque, Promissory Note, Bill, Enforced Contract	5,520,000	507/97/5790	17.03.2019
127		Ownership	Mobarakeh Esfahan Steel	695,785	-	-	-	-	03.03.2020			1,380,000	507/98/502	07.05.2019
				3,557,867	-	-	-	-		3,557,867		6,900,000		

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						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)							
128	Iran Khodro Group	Ownership	Iran Khodro Spare Parts Supply & Distribution	289,740	-	-	-	-	09.12.2019	4,428,791	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		Real Estate	193,334	507/98/2149	05.08.2019
138		Ownership	Nirou Moharekeh Ind. Group	6,556	-	-	-	-	17.02.2020		Cheque, Promissory Note, Bill, Enforced Contract	18,716	507/98/2150	05.08.2019
		Ownership	Iran Khodro Diesel Engineering & Supplying Parts (OPCO)	-	-	16,340	2,941	-	27.07.2016		Cheque, Promissory Note, Bill, Enforced Contract			
		Ownership	Iran Khodro Diesel Engineering & Supplying Parts (OPCO)	-	-	123,690	22,264	-	27.07.2016		Cheque, Promissory Note, Bill, Enforced Contract			
		Ownership	Iran Khodro Diesel Engineering & Supplying Parts (OPCO)	-	-	53,048	8,488	-	15.07.2017		Cheque, Promissory Note, Bill, Enforced Contract			
		Ownership	Iran Khodro Diesel Engineering & Supplying Parts (OPCO)	-	-	10,104	1,718	-	10.08.2017		Cheque, Promissory Note, Bill, Enforced Contract			
		Ownership	Iran Khodro Diesel Engineering & Supplying Parts (OPCO)	-	-	2,620	-	-	09.10.2017		Cheque, Promissory Note, Bill, Enforced Contract			
		Ownership	Iran Khodro Diesel Engineering & Supplying Parts (OPCO)	-	-	23,577	4,244	-	21.08.2018		Cheque, Promissory Note, Bill, Enforced Contract			
				4,381,756	-	233,479	47,035	-		4,428,791		11,960,056		

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		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)							
139	Iran Khodro Group-Parent Company	Ownership	Iran Khodro (Public J.S)	340,591	-	-	-	-	11.12.2019	4,904,560	Cheque, Enforced Contract	649,351	507/98/997	08.06.2019
140		Ownership	Iran Khodro (Public J.S)	338,445	-	-	-	-	25.12.2019			649,351	507/98/4667	25.12.2019
141		Ownership	Iran Khodro (Public J.S)	667,604	-	-	-	-	23.01.2020			1,298,701	507/98/5367	26.02.2019
142		Ownership	Iran Khodro (Public J.S)	663,120	-	-	-	-	06.02.2020			1,298,701	507/98/997	08.06.2019
143		Ownership	Iran Khodro (Public J.S)	440,792	-	-	-	-	22.02.2020			970,050	507/98/997	08.06.2019
144		Ownership	Iran Khodro (Public J.S)	1,796,331	-	-	-	-	22.02.2020			3,545,455	507/98/997	08.06.2019
145		Ownership	Iran Khodro (Public J.S)	657,677	-	-	-	-	23.02.2020			1,298,701	507/98/997	08.06.2019
				4,904,560	-	-	-	-		4,904,560		9,710,310		
146	Dr. Abidi Pharmaceutical Group	Ownership	Dr. Abidi Pharmaceutical	4,570	-	-	-	-	05.12.2019	2,083,153	Cheque, Enforced Contract	9,691	507/98/5064	09.01.2020
147		Ownership	Dr. Abidi Pharmaceutical	197,298	-	-	-	-	01.01.2020			559,800	507/98/5065	09.01.2020
148		Ownership	Dr. Abidi Pharmaceutical	130,221	-	-	-	-	22.01.2020			202,560	507/98/5066	09.01.2020
149		Ownership	Dr. Abidi Pharmaceutical	19,789	-	-	-	-	27.01.2020			39,896	507/98/5065	09.01.2020
150		Ownership	Dr. Abidi Pharmaceutical	389,540	-	-	-	-	28.01.2020			1,119,600	507/98/5065	09.01.2020
151		Ownership	Dr. Abidi Pharmaceutical	258,663	-	-	-	-	05.02.2020			597,072	507/98/5065	09.01.2020
152		Ownership	Dr. Abidi Pharmaceutical	44,697	-	-	-	-	02.03.2020			130,608	507/98/5065	09.01.2020
153		Ownership	Dr. Abidi Pharmaceutical	19,082	-	-	-	-	10.03.2020			44,781	507/98/5065	09.01.2020
154		Ownership	Dr. Abidi Pharmaceutical	126,895	-	-	-	-	15.03.2020			373,166	507/98/5065	09.01.2020
155		Ownership	Cobel Darou	103,945	-	-	-	-	30.12.2019		Real Estate, Cheque	229,389	507/98/1021	09.06.2019
156		Ownership	Cobel Darou	83,956	-	-	-	-	05.01.2020			185,845	507/98/1021	09.06.2019
157		Ownership	Cobel Darou	103,501	-	-	-	-	08.01.2020			229,389	507/98/1021	09.06.2019
158		Ownership	Cobel Darou	206,016	-	-	-	-	18.01.2020			458,778	507/98/1021	09.06.2019
159		Ownership	Cobel Darou	102,811	-	-	-	-	22.01.2020			229,438	507/98/1021	09.06.2019
160		Ownership	Cobel Darou	292,168	-	-	-	-	28.01.2020			653,899	507/98/1021	09.06.2019
				2,083,153	-	-	-	-		2,083,153		5,063,913		
161	Saatchi Group	Ownership	Iran Zabt	-	205,031	-	-	-	06.11.2016	2,288,069	Cheque, Promissory Note, Bill, Enforced Contract	357,835	507/95/3404	02.11.2016
162		Ownership	Iran Commercial	-	1,301,550	-	-	-	06.11.2016		Real Estate, Cheque	2,473,454	507/95/3403	02.11.2016
163		Ownership	San Electronic Shahir	-	781,488	-	-	-	06.11.2016		Cheque, Promissory Note, Bill, Enforced Contract	1,385,738	507/95/3405	02.11.2016
				-	2,288,069	-	-	-		2,288,069		4,217,027		

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		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)							
164		Ownership	Pars Khodro	101,578	-	-	-	-	17.02.2020		Cheque, Promissory Note, Bill, Enforced Contract	226,000	507/98/1370	27.06.2019
165	Saipa Group	Ownership	Saipa Diesel	616,240	-	-	-	-	15.10.2019	1,567,525	Cheque, Promissory Note, Bill, Enforced Contract	1,849,727	507/98/2728	17.09.2019
166		Ownership	Rayan Saipa Leasing	400,986	-	-	-	-	14.12.2019			800,000	507/98/4233	05.12.2019
167		Ownership	Rayan Saipa Leasing	414,203	-	-	-	-	08.01.2020		Cheque, Enforced Contract	640,000	507/98/996	08.06.2019
168		Ownership	Rayan Saipa Leasing	34,518	-	-	-	-	08.01.2020			66,668	507/97/4558	09.01.2019
				1,567,525	-	-	-	-		1,567,525		3,582,395		
169		Ownership	Behpak Industries	26,211	-	-	-	-	31.08.2019		Cheque, Promissory Note, Bill, Enforced Contract	56,587	507/98/2343	21.08.2019
170		Ownership	Margarin	67,098	-	-	-	-	14.09.2019			162,441	507/98/5468	28.01.2020
171		Ownership	Margarin	172,285	-	-	-	-	10.11.2019			377,028	507/98/663	18.05.2019
172	Behshahr Industries Group	Ownership	Margarin	291,508	-	-	-	-	20.11.2019	2,172,104		632,429	507/98/662	18.05.2019
173		Ownership	Margarin	775,258	-	-	-	-	11.12.2019		Cheque, Enforced Contract	1,598,394	507/98/662	18.05.2019
174		Ownership	Margarin	318,461	-	-	-	-	25.01.2020			662,830	507/98/5468	28.01.2020
175		Ownership	Margarin	521,282	-	-	-	-	15.03.2020			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	-	-	-	-	25.06.2019			1,144,164	507/98/1006	08.06.2019
177	Crouse (Mr.Mohammad Alipour Fetrati & Mr. Hamid Keshavarz)	Ownership	Crouse Manufacturing Industries	972,506	-	-	-	-	13.08.2019	2,323,891	Cheque, Enforced Contract	2,225,025	507/98/1169	17.06.2019
178		Ownership	Crouse Manufacturing Industries	384,890	-	-	-	-	10.12.2019			919,058	507/98/4037	26.11.2019
179		Ownership	Crouse Manufacturing Industries	501,233	-	-	-	-	14.03.2020			1,100,521	507/98/5459	28.01.2020
				2,323,891	-	-	-	-		2,323,891		5,388,768		
180		Ownership	Arman Investment	-	-	7,494,696	7,494,696							
181	Investment Funds	Ownership	Common Investment	-	-	8,378,154	8,378,154	-		16,083,249				
182		Ownership	Shakhes Investment	-	-	210,399	210,399	-						
				-	-	16,083,249	16,083,249	-		16,083,249				
Total				**49,013,672**	**3,792,133**	**16,286,843**	**16,159,060**	**0**		**68,909,223**		**139,848,699**		

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

	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