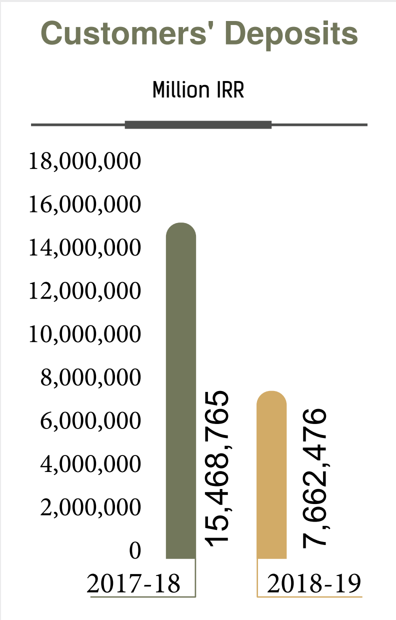
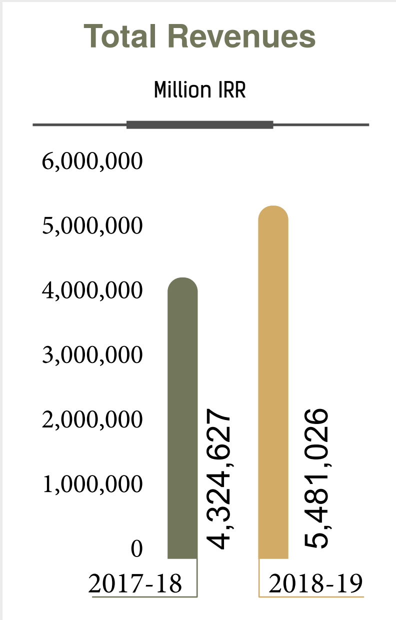
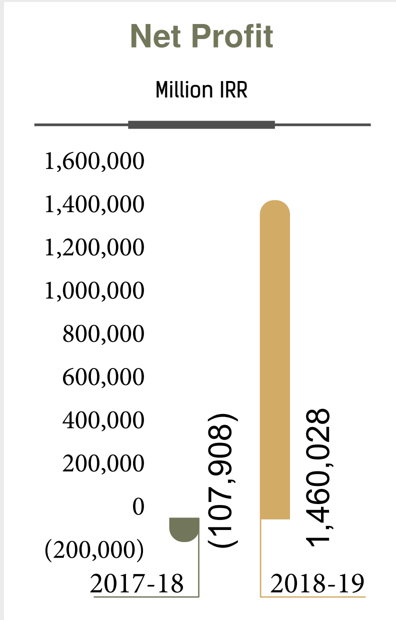
IN THE NAME OF GOD

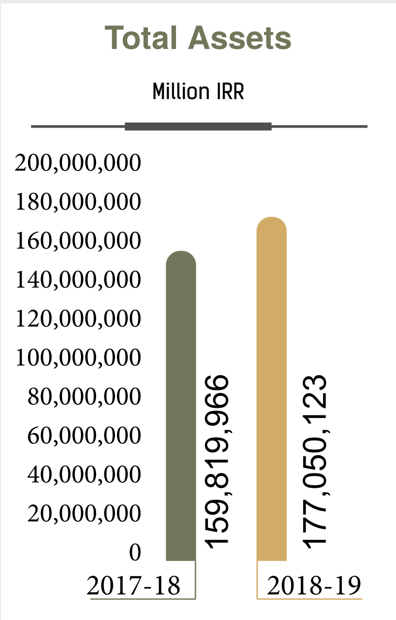
Contents

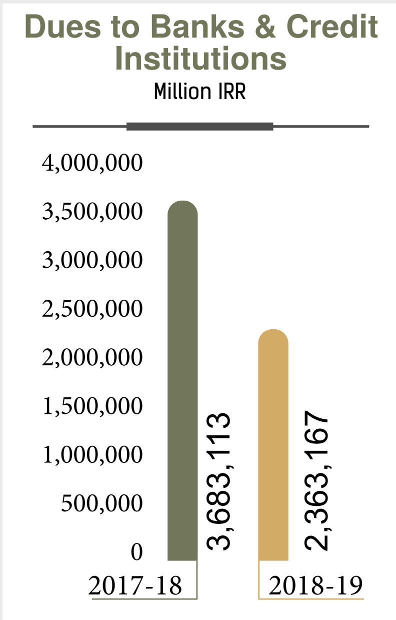
Financial Highlights

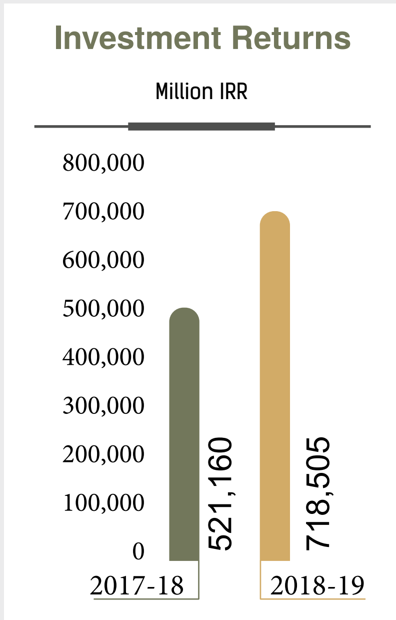












- According to the statistics released by the Central Bank of the Islamic Republic of Iran (CBI), the rate of exchange was USD1 / IRR42,000 at the end of the reported period.
- The Bank's fiscal year ends on March 20th.

Managing Director's Statement

It makes me proud to present the performance and measures carried out by Karafarin Bank which is one of Iran's most celebrated, reputable and law-abiding Iranian private banks. This has been made possible thanks to the support of all its beneficiaries, including shareholders, board of directors and employees.

Based on official statistics, Iran's economy and its banking sector faced difficult times during the reporting financial period. Recession and inflation were the main challenges of the Iranian economy. As a result, businesses which are the driving force of Iran's economy, faced increasing production costs due to inflation and devaluation of the Iranian currency on the one hand, and falling demand resulting from declining purchasing power of the people on the other. In fact, since the previous year, businesses have been challenged by internal and external factors (which are beyond their control) they had to adapt themselves to these circumstances in order to survive. In this regard, banks which are the core of the Iranian economy faced unprecedented challenges, such as high volume of overdue claims, growing mandatory loans which are dictated by the Government, low capital adequacy ratios (these loans lend to be politically driven and are not necessarily economically sound), toxic assets, etc. Consequently, they were unable to cushion the effects of sanctions on the Iranian economy. Following the intensification of international sanctions enforced against Iran and the irrational exiting of the USA from the nuclear deal with Iran in 2017-2018, adopting premature policies via the authorities, enforcing fundamental changes in the forex market, costs within industrial, production and service sectors increased. Imports and exports also declined dramatically. Unfortunately, the main portion of declining imports included raw material and capital goods, which harmed the industrial sector.

Falling interest rates which were a part of an expansionary monetary policy, adopted to stimulate growth, led to the flight of liquidity from long-term banking deposits, towards foreign currency, gold, property, foreign currency fluctuations, during the reporting period. One may argue that the impacts of sanctions on the Iranian economy shall be more apparent once the temporary exemptions of some countries in reference with purchasing Iranian oil expire. In other words, Iran's economy and its banking sector are likely to experience more difficult times in the upcoming year.

However, I am pleased to take this opportunity to announce that Karafarin Bank is among the few Iranian banks that have demonstrated an acceptable performance, in spite of the mentioned challenges. I have no doubt that having adopted sound planning and policymaking and due to collective efforts of all our employees within staff and line, the Bank shall be even more successful and prosperous in the upcoming year.
I would also like to take this opportunity to inform all our shareholders and other beneficiaries that granting small loans has been placed on our agenda and four new loan projects have been introduced, in order to meet customer requirements and to attract more resources, which shall lead to more profitability.

The Bank's branches throughout the country were notified of the first of the aforementioned loan projects which is known as *Tandis*, in 2018-19. The other three projects are in their final stages and shall be notified to the branches shortly. It is noteworthy that in addition to the mentioned projects, other projects are currently being assessed and will be hopefully finalised and operational, during the current year. Our valued customers can then select any of these loans, based on their budgets and requirements.

One of the main priorities of Karafarin Bank in 2018-19, was to further develop its international relations and this trend shall continue in 2019-20. Fortunately, Karafarin Bank has attracted important clients who have chosen this bank, due to its strength and effectiveness in foreign exchange and international operations. Despite current limitations in international banking, Karafarin Bank has aimed at further increasing its market share, by planning to sustain and to improve its international links. In this context, this bank has been engaged in contributing towards the imports of essential goods such as medicine and foodstuff, and thus, fulfilling its duty to serve our nation.

This bank has also constantly made efforts towards further improving its brand, ever since it was established. In addition, Karafarin Bank has been very much committed to complying with laws and regulations; upholding anti-money laundering principles, accounting standards and tax laws; safeguarding the interests of its beneficiaries; further developing modern banking products and services; as well as conserving customer data security (being a customer oriented bank).

It has been twenty years since this bank was formed and I am proud to announce that today, Karafarin Bank is one of Iran's most celebrated banks which is in the vanguard of its private banking industry. Indeed, this bank has been set up on the basis of innovative thinking of highly capable and creative experts. By aiming at offering high quality services to the Bank's customers and by safeguarding the interests of all its beneficiaries (including shareholders), the dedicated and specialised employees and the policymakers and senior directors of this bank constantly make their best endeavour to ensure that this bank takes strong steps towards success and advancement.

Thanks to the efforts of its employees, Karafarin Bank was awarded numerous prizes and distinctions during the reporting fiscal period, including: the Ninth National Financial Management Crystal Award, the tenth rank in terms of returns as well as the IMI-100 Silver Prize for sales at the Fourth Annual Iranian Internal Auditors' Association Congress.

At Karafarin Bank, our motto is "*Global Knowledge, Local Solutions*". Hence, we constantly look towards offering high quality services to our clients. Our overall strategies are to be responsive to global transformations and to further develop our potentials on an international level, by relying on local capabilities. These strategies can only be achieved if we benefit from empathy and support of all our beneficiaries, especially our esteemed shareholders. I would therefore like to take this opportunity to express my gratitude towards our valued and loyal shareholders, customers and employees for their hard work and support. Finally, I have no doubt that Karafarin Bank shall continue to achieve its greater objective of increasing profitability and offering high quality banking and financial services, for years to come.

Hamid Tehranfar

Board of Directors' Report to the Annual Ordinary General Assembly Meeting for the Financial Year Ended 20.03.2019

We hereby present to you 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 20.03.2019.

In our opinion, information incorporated in the report on the Bank's operations and its general position, emphasising the principles of fair presentation of the Board of Directors' performance for the reporting period, consistent with the objective of safeguarding the interests of the Bank consistent with the relevant legal and regulatory requirements as well as conformity 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. The report which was approved and endorsed by the Board of Directors on 09.07.2019, does not include any information whose non-provision could mislead the users.

Board Member	Position
Dr. Mohammad Reza Farzin	Chairman
Mr. Mahdi Seifalishahi	Vice-Chairman
Mr. Ataollah Ayatollahi	Board Member
Mr. Fazlollah Moazzami	Board Member
Mr. Ahmad Baharvandi	Board Member
Mr. Morteza Azizi	Board Member
Mr. Naser Sanati Nejad	Board Member
Mr. Hamid Tehranfar	Managing Director

CHAPTER 01

IRAN'S ECONOMIC REVIEW IN 2018-19, ISLAMIC BANKING PRINCIPLES & IRAN'S BANKING SECTOR

Iran’s Economic Review in 2018-19

BACKGROUND

The reporting financial period undoubtedly represents the hardest times the Iranian economy has faced in the past two decades. This is mainly due to the international sanctions enforced against Iran. During this period, the Iranian economy faced both inflation and recession. As a result, production units which are the backbone of the economy encountered increasing production costs (due to the devaluation of the national currency, the Rial and inflation) on the one hand, and falling demand as a result of declining buying power of the general public, on the other. The banks were also faced with numerous challenges such as increasing non-performing claims, increasing volume of mandatory loans dictated by the Government (these loans are not necessarily economically motivated and hence, not economically viable), low capital adequacy ratios, etc.

To make matters worse, premature and unsound monetary and foreign exchange policies which had been adopted in response to the sanctions, further destabilised the economy. Thus, for instance, introducing several different foreign exchange rates, not only confused exporters and importers, but it led to decreasing imports of essential raw materials required by industries.

The monetary policy of reducing interest rates to stimulate the economy also backfired, since liquidity which had accumulated in long-term banking deposits was channelled towards other markets such as gold, foreign currency, property, capital market and even cars. The releasing of liquidity from banking deposits led to inflation in the aforementioned markets.

REAL SECTOR

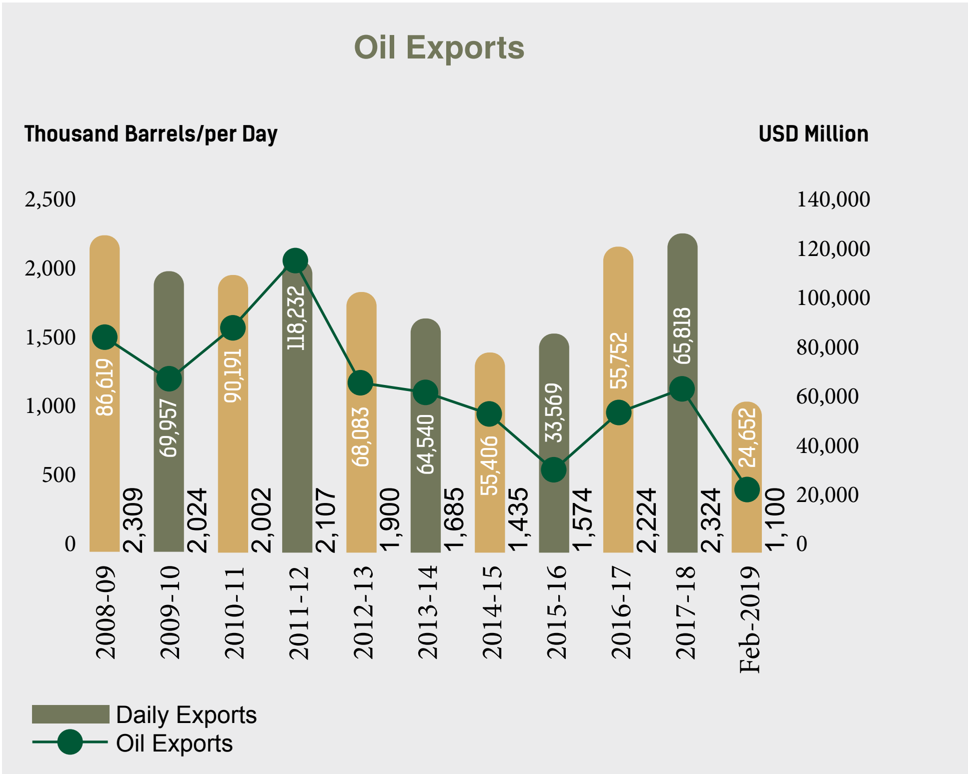
Based on the preliminary calculations of the Statistical Centre of Iran (SCI), Iran experienced an economic growth rate of -3.8% during the year under review (-1.9% excluding the oil sector). The CBI has released slightly different figures. It is noteworthy that the Central Bank of the Islamic Republic of Iran (CBI) has not released updated data in this regard. Hence, it is not possible to compare the figures of the CBI and SCI for the period under review. However, according to SCI, the economy entered recession in summer 2018-19 and it predicts that the negative growth trend shall continue in the upcoming two seasons. The following table demonstrates the figures of both SCI and CBI in previous years:

	Central Bank of Iran, Base Year: 2011 (Gross Domestic Product Growth Base Price-%)		Statistical Centre of Iran, Base Year: 1997 (Gross Domestic Product Growth- Market 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	(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	12.2	7.1	12.5	3.3
2017-18	3.7	4.3	3.7	4.6
Three Quarters of 2018-19	(3.8)	(1.9)	-	-
2018-19-1	1.9	2.2	-	-
2018-19-2	(1.1)	(1.6)	-	-
2018-19-3	(11.9)	(6.0)	-	-

During the reporting period, most sectors experienced a negative growth. The industry and mines sector experienced -7.9% growth, and agriculture -2.1%, whilst service sector being an exception, experienced a small growth of 0.6% compared to the similar period in the previous year. Furthermore, GDP demonstrated a negative growth of 3.8%.

OIL SECTOR

The oil sector experienced a 10.5% declining growth compared to the similar period in the previous year. This is due to the enforcement of second phase of sanctions against Iran's oil sector. This is the lowest growth rate among other sectors. By February 2019, Iran's oil exports fell to their lowest level in the past ten years and it is expected that oil exports shall fall even more in the upcoming year, as more buyers of Iranian oil will be obliged to comply with US requirements for not purchasing Iranian oil.



As the above chart clearly shows, although exports volume has been rising since 2014, yet oil revenues have not increased accordingly. This is due to falling oil prices.

EMPLOYMENT

Based on the statistics of SCI, unemployment rate decreased moderately, from 12.1% in 2017-18 to reach 12.0% in the following year. However, statistics released may not be entirely reliable, since they do not take into account other economic indexes, especially GDP. For instance, when in 2012-13 despite the stagflation at the time, and the negative growth of 5.8%, unemployment rate statistics showed little decline. Although SCI claims that it bases its reports on the definitions of the International Labour Organisation (ILO), yet there are instances that prove otherwise. For instance, the SCI statistics are based on a minimum of 1 hour employment/week, and inclusion of children over the age of 10 as employed persons. Therefore, actual unemployment rate may be far more than those claimed by SCI, suggesting that the state of Iran's unemployment rate could be in a worst position than indicated.

According to official statistics of the SCI (which may be optimistic), the unemployment rate of young people between the ages of 15 and 24, stood at 27.7% at the close of the reporting period, that is 2.5 times more than the overall unemployment rate. This clearly suggests the economy's poor performance in employing youths.

GOVERNMENT

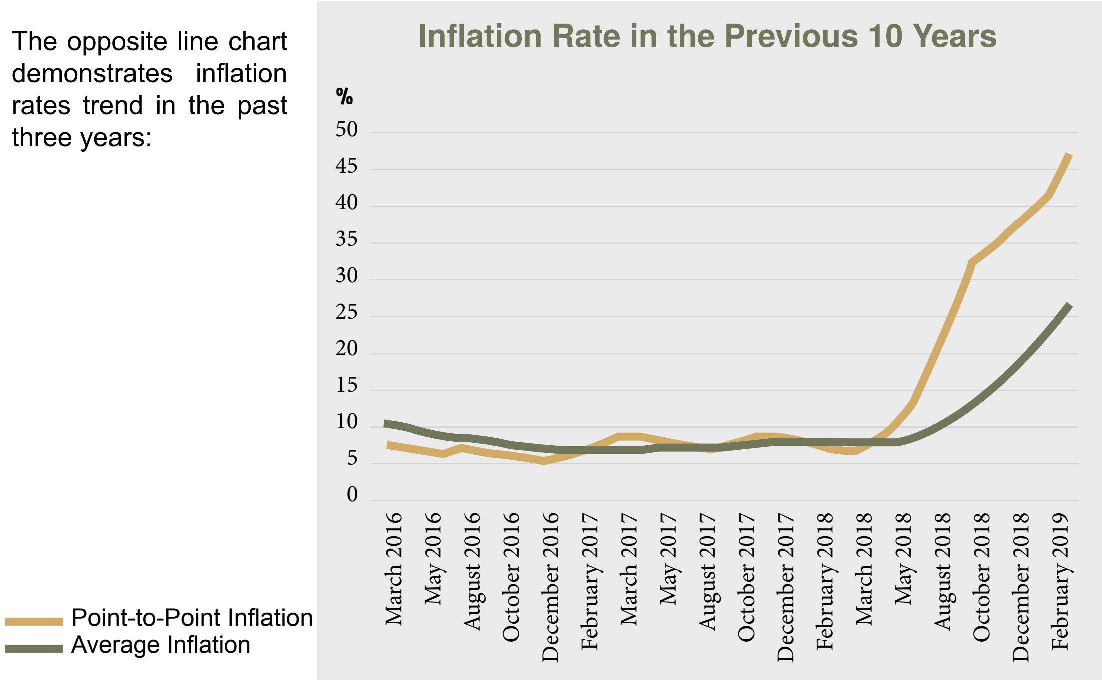
Government revenues reached IRR19,061 trillion (IRR25,985 trillion in the previous year), demonstrating 19% rise compared to the similar period in the previous year. On the other hand, government spending reached approximately IRR23,672 trillion, which also shows a 19% increase. Budget deficit reached IRR4,511 trillion, a 17% growth compared to the previous year. Rising spending compared to revenues has led to increasing budget deficit in the past year. The following table shows financial position of the Government:

		Volume (Trillion IRR)			Composition (%)		Growth Rate (%)		Actual Realisation (%)		
		2016-17	2017-18	2018-19	2017-18	2018-19	2016-17/ 2017-18	2017-18/ 2018-19	2016-17	2017-18	2018-19
Revenues	Taxes	655	683.8	771.2	42.8	40.5	4	13	83	78	72
	Oil & Gas	421.9	639.6	894.2	40.1	46.9	52	40	75	74	117
	Assets Sales	2.7	2.9	2.6	0.2	0.1	7	(10)	8	8	9
	Others	230.3	269.5	238.1	16.9	12.5	17	(12)	57	62	42
	Total	**1,309.9**	**1,595.8**	**1,906.1**	**100**	**100**	**22**	**19**	**73**	**72**	**78**
Expenditures	Current	1,400.2	1,635.2	1,939.8	82.5	82.3	17	19	87	85	87
	Civil Projects	158.3	302.2	321	15.3	13.6	91	6	36	56	68
	Petty Cash	20.3	43.8	96.4	2.2	4.1	116	120	*	*	*
	Total	**1,578.8**	**1,981.2**	**2,357.2**	**100**	**100**	**25**	**19**	**76**	**79**	**84**
Financial Balance	Financial Asset Transfer	344	601.4	653.7	**	**	75	9	45	85	78
	Financial Asset Repossession	75	216	202.6	**	**	188	(6)	24	76	50
	Net Financial Asset Transfer	269	385.4	451.1	**	**	43	17	58	91	106
Budget Deficit	Operational Balance	(535.2)	(725.7)	(1,026.9)	**	**	36	42	126	120	175
	Capital Balance	266.3	340.3	575.8	**	**	28	69	163	95	177
	Total	**(268.9)**	**(385.4)**	**(451.1)**	**	**	**43**	**17**	**102**	**159**	**171**

INFLATION

Average inflation rate reached 26.9% at the close of the period under review. This is partly due to the devaluation of the national currency, the Rial, against foreign currencies, which meant that the buying power of the Rial was reduced. As a result, many people converted their assets into commodities which, in turn, led to inflation. The devaluation of the Rial meant that foodstuff in Iran became cheaper than in the neighbouring countries, making the smuggling of local foodstuff economically viable. This led to food shortages, causing an unprecedented rising of local food prices.

The opposite line chart demonstrates inflation rates trend in the past three years:



MONETARY SITUATION

Throughout the year under review, liquidity increased from IRR144,501 trillion in December 2017 to reach IRR176,458 trillion in the following year, demonstrating a 22.1% rise compared to the similar period in the previous year. Liquidity growth is mainly due to a 22.8% increase of money base and 0.5% negative growth of money multiplier. Money base increased from IRR21,398 trillion in March 2017-18 reaching IRR24,483 trillion in the following period, a 10.9% growth and an increase of 3.5 units compared to the similar period in the previous year.

	Balance (Trillion IRR)				Growth (%)		
	2016-17	Dec-2017	2017-18	Dec-2018	Dec-2018/ Dec-2017	Dec-2017/ Mar 2017	Dec-2018/ Mar-2018
Notes & Coins	393.3	348.6	442.7	455	30.5	(11.4)	2.8
Money	1,630.3	1,734.4	1,964.7	2,446.2	41	6.4	25.7
Quasi Money	10,903.6	12,715.7	13,353.1	15,199.6	19.5	16.6	13.8
Liquidity	12,533.9	14,450.1	15,299.8	17,645.8	22.1	15.3	15.3
Base Money	1,798.3	1,994.5	2,139.8	2,448.3	22.8	10.9	14.4
Money Multiplier	6.97	7.24	7.2	7.21	(0.5)	3.9	0.8

EXPORTS / IMPORTS

Based on the preliminary customs statistics, exports revenues of non-oil commodities and services declined by 5.7% compared to the previous year, reaching USD44.4 billion. Imports also decreased to reach approximately USD42.6 billion, experiencing an approximately 21.7% decline compared to the similar period in the previous year.

Therefore, balance of trade experienced a surplus of USD1.7 billion. It is noteworthy, however, that this surplus is not due to increasing exports, but results from falling imports following the reinforcement of sanctions against Iran.

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.

Iran's Banking Sector

During the financial period under review, banking deposits grew by 15.7%, which compared to the 16.2% growth in the similar period in the previous year, is 0.5% less. Private banks' (under new classification) deposits grew by 16.5% (13.7% in the previous year), whilst state-owned and specialised banks' (under new classification) deposits grew by 0.5%, reaching 69.5 in December 2018 (previous year: 69%).

Total granted loans via the banking sector also experienced a growth of 10.6%, which compared to the 10.7% growth in similar period in the previous year, is 0.1% less. Private sector banks' loans experienced a growth of 10.1% (10.4% in the previous year).

During the reporting financial period, non-performing loans reached IRR1,580.6 trillion, a 23.3% increase compared to the IRR1,281.7 trillion figure in the previous year. During the same period, non-performing loans to total granted loans ratio experienced a rise, reaching 13.2% from 11.8% compared to the previous year.

This ratio increased to 13.2% among the private banks compared to the 14.4% in the previous year. The same ratio reached 9.7% in the commercial state-owned banks from 9.6% during the reporting period. As for the specialised banks, this ratio increased from 9.7% in 2016-17 to reach 12.4% in the following year.

CHAPTER 02

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 select 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 Iran, 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.

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

- Financing national and civil projects.
- Supporting national production and self-sufficiency.
- Creating direct and indirect jobs.
- Managing resources and energy and preserving the environment.
- Carrying out social work and humanitarian measures.
- Supporting tourism and leisure projects.
- Supporting the arts.
- Supporting sports tournaments such as equestrianism and wrestling.
- Funding conferences and becoming members of various associations.
- Participating in environmental projects.
- Supporting school construction (during the period under review, Karafarin Bank funded IRR10 billion to construct a school in the city of Kermanshah).

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. These distinctions, prizes, and achievements during the recent years are outlined below:

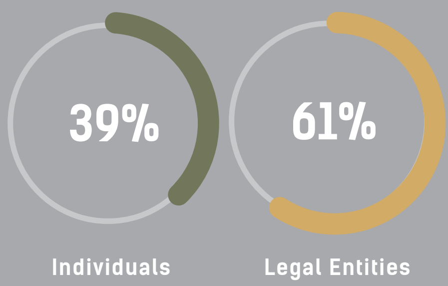
- Tenth rank in terms of sales return, based on the ranking of IMI-100, by the Industrial Management Organisation (2018-19).
- Being awarded a Crystal Prize at the First National Prize of Internal Audit at Fourth Annual Congress of Iranian Auditors (2018-19).
- Being awarded the Eighth Financial Management Crystal Prize (2017-18).
- Top rank among all Iranian banks and credit institutions in terms of sales returns and productivity, based on the ranking of IMI-100, by the Industrial Management Organisation (2016-17).
- Being awarded the Seventh Financial Management Crystal Prize (2016-17).
- 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 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, 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).
- Third rank among Iranian banks in terms of profit to capital ratio by the *Banker* (2015-16 period).
- Second rank among Islamic commercial banks by the *Banker*, in terms of returns (2014).

Shareholders' Composition

Karafarin Bank's shareholders comprise both legal entities and individuals.

Its shareholders composition at the close of the financial period ended 20.03.2019 is shown in the opposite pie chart:

Shareholders' Composition



Individuals hold almost 3,300 million shares while legal entities hold almost 5,000 million shares.

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
- Credit High Committee
- Training Committee
- Promotion & Appointment Committee
- Building Committee
- Crisis Committee
- Security Leadership Committee
- Discipline Committee
- Marketing & Advertisement Committee
- Bad Debts Identification Committee
- Sales Facilitation & Recession of Possessory Properties Committee

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

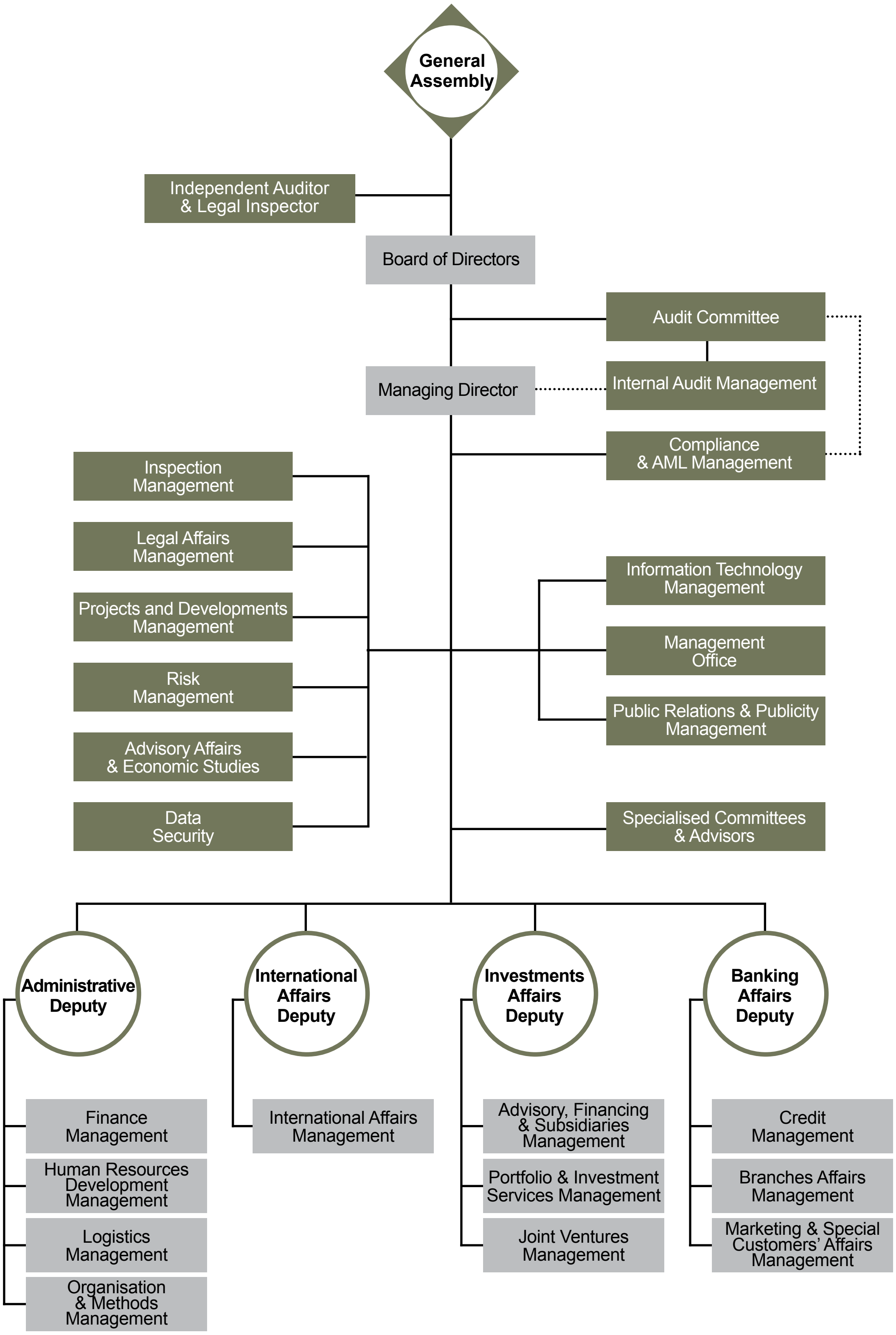
- Risk High Committee
- Compliance Committee
- Internal Audit Committee
- Services Compensation Committee
- Resources & Investment Committee

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
- Regulations 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 Legislations & Commercial Code

Organisational Chart

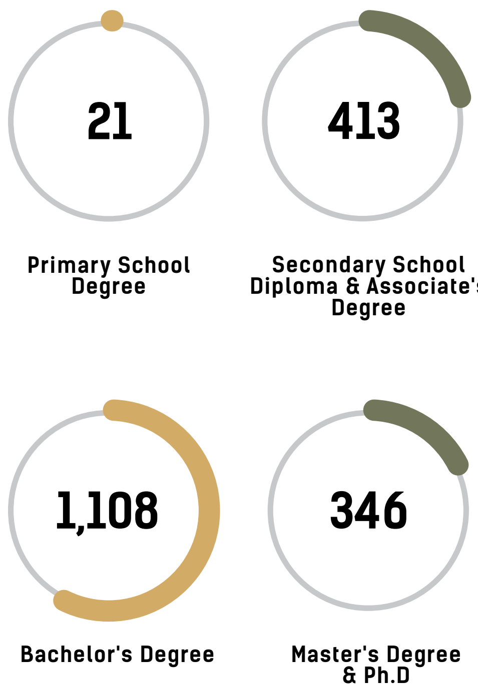


Human Resources

At Karafarin Bank, we believe that our most valuable assets are our human resources, which are the main contributors to shaping our success and achieving our targets. Hence, we only recruit educated, highly talented and enthusiastic people.

Of the Bank’s 1,888 employees, 1,164 people are working in staff and 724 people are working in line sectors. The following pie charts demonstrate the composition of our human resources based on their academic qualifications:

Personnel by Academic Qualification



We also pay a special attention to our personnel training to ensure that our staff remain up-to-date with the latest banking procedures and practices and to guarantee their development. During the reporting period, we provided 166 training courses in which 2,370 people participated.

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), it has been increased several time since that time. At the close of reporting period ended 28.05.2014, the 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 opposite table:

Date	Previous Capital (Million IRR)	Capital Increase by Percentage	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

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 categorised 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:

Year Ended	No. of Traded Shares	Value of Transacted Shares (Million IRR)	Days Active	Trading Days	Average Value of Financial Market per Year (Million IRR)	Average Share Prices (IRR)	Capital (Million IRR)
20.03.2017	172,906,904	513,082	207	207	25,221,184	2,967	8,500,000
20.03.2018	102,788,209	233,702	110	110	19,558,500	2,301	8,500,000
20.03.2019	515,972,226	824,079	230	230	12,247,909	1,441	8,500,000

Future Development Plans

Some of the Bank's future development plans for the upcoming year are stated below:

- Constantly revising strategic plans in order to assess our development programs.
- Introducing a new marketing plan, not only to retain our competitive edge, but to increase our market share.
- Overall and detailed restructuring of the Bank in order to become more agile and efficient.
- Redefining the key processes of the Bank.
- Constantly upgrading our systems in order to remain up-to-date.
- Introducing the Open Banking Project.
- Introducing plans to create more employee incentives.
- Focusing more on reducing non-performing claims and further developing electronic banking by concentrating on improving our internet banking and Mobile Banking services.
- Investing in our band.
- Assessing and controlling operational measures in EPM System via project supervisors who then provide periodical reports to senior management.
- Further developing retail banking by focusing on digital banking.
- Upgrading all ATMs.
- Further improving and upgrading our Data Security Operations Centre.
- Taking full advantage of potentials of companies, capable of analysing security related incidents.
- Drafting a framework to counter cyber security threats within the Bank's data systems.

CHAPTER 03

PERFORMANCE

Operational Performance

BRANCHES

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

End of 2017-18 Period	Inaugurated Branches	Merged Branches	End of 2018-19 Period
107	1	-	108

59 of all active branches of Karafarin Bank operate in the Tehran Province and the rest are located in other provinces.

INFORMATION TECHNOLOGY

Having recognised that the world of information technology is constantly changing, we aim to remain up-to-date at all times, in order to retain our competitive edge by offering the latest, most convenient online banking services on the one hand, and to bolster our data security to prevent any leakage of information, on the other.

Our Information Technology Department has taken numerous measures during the reporting financial period, in reference with various fields, including inter-banking systems, internal processes, banking services as well as data security. These are:

- Launching projects that help reduce the Bank's costs by IRR15 billion/annum and boost its revenues by IRR7.5 billion.
- Introducing new, more improved systems that support loans and foreign currency transfers.
- Further improving online existing banking services by introducing new facilities.
- Launching the Overseas Card Project.
- Bolstering the security of ATMs inside branches.
- Upgrading the software of all ATMs.
- Introducing the Business Intelligence (BI) System on mobile phones. This system presents the users with reports and information for analysis on their mobile devices. These reports include financial turnover for foreign nationals, stock market, cheques and credit required by the CBI, AML related statistics, loans, L/Cs, L/Gs, collaterals, top one hundred depositors, branches, etc.
- Improving and developing systems infrastructure for enhancing the operations of newly established branches (SOD), increasing the response speed within branches, introducing Skype Chat, etc.
- Further improving security measures by conducting penetration tests, preventing penetration from unsecure networks, installing new firewall equipment, installing new equipment to prevent penetration at the Bank's Data Security Centre, launching a project to improve the security of data systems.

PLANS & STRATEGIES

Some of our plans and strategies for the upcoming period include:

- Reducing the time to market services.
- Outsourcing and adjusting internal and inter-organisational processes.
- Constantly upgrading system infrastructures.
- Introducing new mobile phone banking services.
- Launching a new system called: Hamrah Bank, to provide services to companies.
- Engaging in money saving joint projects with PSP companies contractors. Hence, instead of paying for each transaction, the Bank's revenues for each point of sale, will be shared with the mentioned companies.
- Introducing open banking systems.
- Developing online reporting systems for customers.
- Launching an integrated customer identification system.
- Improving the Tuxedo System.
- Upgrading the Data Centre.
- Engaging in a new project to integrate, using domain controller.
- Upgrading the existing firewall of the Data Centre.
- Upgrading the Bank's website.
- Using Privileged Access Management (PAM) to boost cyber security.
- Using Database Activity Monitoring (DAM) technology to monitor and analyse our database activities.
- Using Digital Management Rights (DMR) to prevent unauthorised redistribution of the Bank's data and material.

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 anti-money 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:

EXTERNAL BODIES

FINANCIAL INFORMATION UNIT

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 all 2,530 enquiries of the Financial Information Unit in time.
- Preparing 1,722 cash transaction reports (CTR) on customers who make cash deposits in excess of the permissible limit.
- Reporting 9 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.
- Reporting transactions exceeding customers' activity levels.
- Submitting information on the attorneys of account holders.
- Reporting transactions relating to the list of suspicious persons of FIU which is constantly updated.
- Taking part in periodic AML meetings.

ANTI-MONEY LAUNDERING DEPARTMENT OF THE CENTRAL BANK OF THE ISLAMIC REPUBLIC OF IRAN (CBI)

- Replying to the enquiries of the above department.
- Providing monthly statistics on accounts and customers to the CBI.
- Providing reports requested by CBU's AML Department.
- Submitting daily reports of "Transactions above Specified Amount" to CBI.
- Providing statistics on below customers of 18 years of age.
- Notifying CBI's AML policies.

JUDICIAL AUTHORITIES

During the period under review, the judicial authorities ordered the Banks to assess the identities, bank accounts as well as scale of financial activities of foreign nationals and to report the outcome to them. In compliance with the mentioned order and the Means of Identifying Foreign Customers of Credit Institutions Instruction, Karafarin Bank carried out the following measures during the reporting period:

- Reporting the annual turnover of non-resident foreign nationals.
- Including a statistical report on foreign nationals in the AML System.

- Issuing a notice to comply with Emphasis of the Executive Instruction of Opening IRR Accounts for Foreign Nationals.
- Issuing a notice to comply with Emphasis on Revision & Adjustment of Foreign Nationals' Information.
- Freezing the accounts of foreign nationals who lack comprehensive codes for aliens and valid documents.

KARAFARIN BANK'S INTERNAL DEPARTMENTS

INFORMATION TECHNOLOGY DEPARTMENT (SOFTWARE)

- Controlling the limit of IRR and foreign currency cash withdraw via Afarin System.
- Corresponding the Bank's AML software with AML standards, which enable the user to track transactions.
- Launching an AML software based on the requirements of the Financial Information Unit and the CBI.
- Supervising the launching of NAHAB Software and SHAHAB system designed to create an integrated infrastructure to identify customers throughout the country.
- Ensuring that all bank accounts which lack national identification numbers or foreign nationals' identification numbers are closed
- Assessing the authenticity of documents of foreign nationals who wish to use the Bank's services.

INTERNATIONAL DEPARTMENT

- Assessing 22 AML questionnaires received from corresponding banks abroad and corresponding them with the regulations and circulars set forth by the CBI.

INSPECTION UNIT

- Assessing 110 inspection reports.
- Answering to any queries of the Bank's employees and advising them on how to identify suspicious cases.
- Monitoring the implementation of AML policies within the Bank and ensuring its compliance with CBI and FIU's instructions.
- Notifying branches and executive units via Compliance and AML Portal.
- Monitoring the training courses of AML in Branches via Human Resources Development Department.
- Coordination with Organisation and Methods Management to prepare the Bank's circulars and ensuring their compliance with CBI's regulations.

FUTURE PLANS

- To revise manuals in a way that is in line with the Combating of Financing Terrorism Act.
- To improve AML System.
- To launch Zip Code Enquiry System in branches.
- To monitor the proper implementation of Nahab System and Shahab Code.
- To provide a list for accounts' attorneys according to the format approved by FIU.
- To constantly monitor branches by AML Department inspectors.

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, liquidity, interest as well as operational risks.

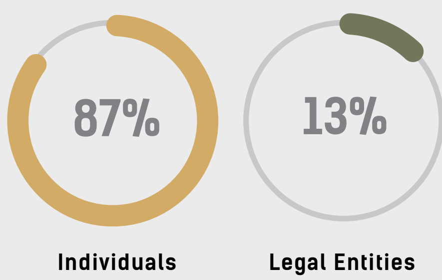
The Risk Management Department of Karafarin Bank operates under the direct supervision of the Bank's CEO. The principal function of the Department is to first identify the key drivers underlying different forms of banking risks and to devise relevant models for measuring and controlling risks across 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.

Karafarin Bank's customers are composed of both individuals and legal persons. The following pie chart demonstrates the ratio of the Bank's risk exposure in terms of individuals and legal entities:

Risk Based on Customer Type



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. The following table shows that 41% of total granted loans have been covered by low risk collateral and the remainder have been covered via such collateral as promissory notes and binding contracts.

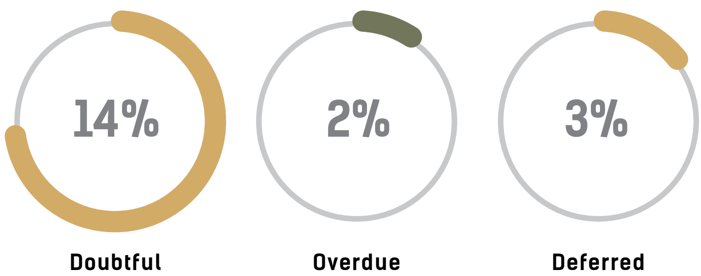
(Amounts in Million IRR)

Credit Rate	Original Balance	Total Low Risk Collaterals	Credit Risk without Coverage	Credit Risk without Coverage-%	Coverage of Low Risk Collaterals-%
A+	26,863	5,571	20,393	79	21
A	1,115,916	82,181	33,736	29	71
A-	2,705,041	760,527	946,344	56	44
B+	8,178,001	1,850,756	4,331,274	70	30
B	14,983,142	8,024,961	8,589,114	61	39
B-	8,601,363	2,491,792	5,983,594	75	25
C+	26,200,759	13,320,590	16,289,497	62	38
C	8,241,061	3,762,330	4,951,907	60	40
D	2,353,904	922,690	1,431,743	61	39
E	5,854,934	296,882	5,561,017	95	5
Unrated	8,204,337	5,750,943	2,525,962	31	69
Non-Performing Customers	19,518,757	9,390,681	11,776,350	60	40
Total	**105,984,078**	**46,659,903**	**62,440,931**	**59**	**41**

NON-PERFORMING LOANS

The composition of the Bank's non-performing receivables on financial facilities has been reported annually, and based on CBI's classification guidelines. The following pie charts demonstrate the breakdown of non-performing loans.

Composition of Non-Performing Loans



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. The following table shows the rating of loans to legal entities.

Credit Rate	Number	Principal Balance-Million IRR
A	4	462,566
A-	3	680,310
B+	12	3,502,608
B	76	12,559,983
B-	107	10,472,955
C+	304	28,733,086
C	127	11,584,355
D	61	3,295,263
E	123	8,404,653
Unrated	385	5,250,021
Total	**1,202**	**84,945,800**

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. The following table demonstrates the rating of loans to individuals.

Credit Rate	Number	Principal Balance-Million IRR
A+	4	25,964
A	40	117,162
A-	276	955,795
B+	585	2,636,132
B	656	2,694,275
B-	678	1,155,426
C+	312	423,709
C	274	261,695
D	243	191,239
E	12	5,295
Unrated	3,064	1,386,968
Total	**6,144**	**9,853,661**

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. During the reporting fiscal period, the value of the Bank's rapidly marketable assets in the capital market amounted to IRR255 billion, which were shares only. 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. The following table indicates possible market fluctuations and its impact on the Bank's profit/loss.

	2018-19		2017-18	
	Probable Change in Market Price	Effect on Profit & Loss	Probable Change in Market Price	Effect on Profit & Loss
	%	Million IRR	%	Million IRR
Investment in Rapidly Marketable Shares	(3.73,3.80)	13,597	(5.81,8.86)	4,580

- 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.

Capital Exposed to Operational Risk (Billion IRR)	
Basic Indicator Approach (BIA)	3,370
Standard Approach (SA)	3,875

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 following table demonstrates Karafarin Bank's liquidity ratios:

	At the Beginning of the Period - %	Period Average - %	At the End of the Period - %
Cash & Cash Equivalent Assets to Total Assets	6	12	8
Cash & Cash Equivalent to Total Deposits	7	14	11
Net Cash Assets to Total Deposits	4	12	9
Loans to Total Deposits	77	73	77
Loans to 1-Year Deposits & Above	82	99	77
Ratio of Runoff Deposits to Total Deposits	3	4	7

The next table shows Karafarin Bank's liquidity reserves.

	2018-19	2017-18
	Million IRR	Million IRR
IRR Cash	373,597	337,809
Foreign Currency Cash	566,871	573,640
Sight Deposits at CBI (Unlimited)	353,842	440,667
Sight Deposit at Other Banks and Credit Institutions (Unlimited)	10,946,873	5,781,575
Current Investment in Marketable Shares	255,805	401,925
Investments in Other Securities with Fixed Income	2,310,098	2,114,126
Total	**14,807,086**	**9,469,742**

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.

(Amounts in Million IRR)

	Carrying Amount	Below 1 Month	1 Month to 3 Months	6 Months to 1 Year	1 Year to 5 Years
Total Assets	176,826,804	83,374,768	43,652,778	29,747,130	5,666,531
Total Liabilities & Shareholders' Equity	(176,826,804)	(60,080,978)	(5,185,956)	(72,076,295)	(19,174,372)
Gap	-	23,293,790	38,466,822	(42,329,165)	(13,507,841)
Accumulated Gap	-	23,293,790	61,760,612	19,431,447	5,923,606
Gap to Regulatory Capital Ratio	-	190%	315%	(3)%	(1)%
Accumulated Gap to Regulatory Capital Ratio	-	190%	505%	159%	48%

As the above table shows, liquidity gap between three months to one year is negative. Considering the fact that in liquidity management, this time span is regarded as mid-term, the Bank has enough time to acquire liquidity. In addition, accumulated gap in positive in all seasons. This means that the Bank's assets cover all of its liabilities.

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 CHEKAVEK to calculate its liquidity buffer.

The latest calculations show that Karafarin Bank's liquidity ratios in the last quarter of the year were approximately 75% which conform to the minimum requirement of the Basell III Committee.

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). Income at risk includes maximum expected declining income with 99% assurance. This model focuses on the effects of economic shocks on the Bank's profit and loss as well as its capital adequacy. Assuming the worst scenarios (during the reporting fiscal period) in the event domestic shocks such as interest rate fluctuations, the Bank's net profit was over 20% of its capital. Hence, the Bank's capital buffer has been more than sufficient to cover both counter cylindrical and capital conservation buffers.

Financial Performance

OUR INVESTMENTS

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.

MINING, OIL & SERVICE PROJECTS TO BE FINANCED FROM INTERNAL & FOREIGN RESOURCES

In order to ensure that long-term facilities which have been funded either from domestic or foreign resources are used appropriately, we supervise the consumption of the funds via the borrowers until such time as the project has been fully utilised. Main measures conducted during the year under review are stated below:

1. Allocating a portion of the Bank's internal resources towards long-term loans and fully supervising project progresses, in order to ensure that the funds are used appropriately. The sum of IRR1,058 billion has been granted to applicants.
2. Supervising and gradually granting IRR loans which have been funded from the sources of the National Development Fund (in line with its correspondence agreement which was enforced as of 2014-15 with the said fund, Karafarin Bank was authorised to grant IRR loans in the amount of IRR1,000 billion). By the end of the reporting period, sum of IRR700 billion has been paid to applicants.
3. Assessing and accepting to grant foreign currency loans projects which are acceptable to the Bank. These loans have been funded by the National Development Fund (in line with its correspondence agreement which was enforced as of 2019-20 period with the said fund, Karafarin Bank was authorised to grant IRR loans in the amount of USD300 million and this agreement was extended during the reporting period). In this regard, Kourosh Petrochemical Company were granted nearly USD154 million.
4. Supervising and gradually granting IRR loans which have been funded from the sources of the National Development Fund (in line with its correspondence agreement which was enforced as of 2016-17 with the said fund, Karafarin Bank was authorised to grant IRR loans in the amount of IRR500 billion). By the end of the reporting period, sum of IRR338 billion has been paid to applicants.
5. Accepting IRR deposits from the National Development Fund in the amount of IRR1,000 billion for the purpose of granting facilities to launch projects.
6. Accepting IRR deposits from the National Development Fund in the amount of IRR1,000 billion for the purpose of granting facilities towards the working capitals of industrial and mining units. So far, the amount of IRR1,770 billion has been paid to applicants.
7. Signing a contract that enables the Bank to use external resources (credit lines of other countries in the form of finance) towards financing domestic projects of ministries, organisations and companies against receiving a commission. In this regard, the Bank has agreed to accept commitments of a USD70 million L/C for Farasakou Assaluyeh Company.

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.

INTEREST RATES OF INVESTMENT DEPOSIT ACCOUNTS

	Interest Rate (%)		Legal Deposit Rate (%)	
	2018-19	2017-18	2018-19	2017-18
Saving Interest free	0	0	10	10
Current Interest free	0	0	11.9	11.9
Short-Term Ordinary	10	10	11.9	11.9
Short-Term Special	10	13.5 , 14.5	11.9	11.9
Long-Term 1 to 5 Years	15	15	11.9	11.9
Deposit Certificate	20	20	11.9	11.9

PAID INTEREST ON INVESTMENT DEPOSIT ACCOUNTS

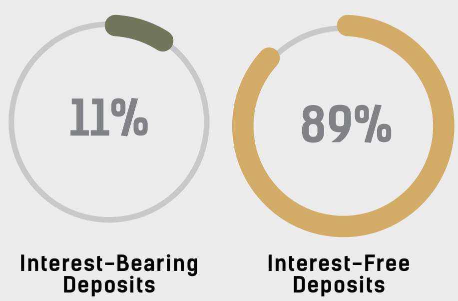
(Amounts in Million IRR)

Description	2018-19	2017-18	2016-17	2018-19 to 2017-18 Changes-%	2017-18 to 2016-17 Changes-%
Short-Term	2,888,980	2,869,453	2,676,413	1	7
Short-Term Special	1,376	10,724	8,268	(87)	30
Long-Term 1 to 5 Years	8,763,074	14,083,484	10,391,666	(38)	36
Special Deposit Certificate for Public Investment	6,636,096	552,904	1,827,476	1,100	(70)
Foreign Currency Deposits	13,638	18,886	59,806	(28)	(68)
Total	**18,303,164**	**17,535,451**	**14,963,629**	**4**	**17**

STRUCTURAL DISTRIBUTION OF DEPOSITS

The opposite pie chart outlines the structural distribution of the Bank's deposits based on interest free dichotomy, during the reporting period. Based on this classification, non-interest-bearing items which include current accounts and savings deposits and other accounts, amount to almost IRR16.7 trillion and interest-free accounts which comprise short-term and long-term investment deposits account amount to almost IRR138.5 trillion of the Bank's total deposits.

Composition of Deposits



MAJOR ITEMS OF INCOME STATEMENT

(Amounts in Million IRR)

	2018-19			2017-18			2016-17		
	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	16,884,179	70	(6)	18,003,874	75	5	17,152,855	78	(10)
Investments & Deposits Income	4,231,972	18	77	2,392,116	10	51	1,584,258	7	1
Received Commission & Miscellaneous Revenues	3,011,952	12	77	1,697,112	7	46	1,163,942	5	(26)
Total Revenues	24,128,104	100	9	22,093,101	100	11	19,901,055	100	(10)
Paid Interest to Depositors	(18,303,164)	(76)	4	(17,535,451)	(73)	17	(14,963,629)	(68)	(8)
Cost of Doubtful Debts	(1,510,175)	(6)	(21)	(1,921,401)	(8)	33	(1,444,902)	(7)	63
Other Costs	(3,035,891)	(13)	17	(2,601,900)	(11)	13	(2,293,942)	(10)	13
Profit before Tax	1,278,873	5	3,623	34,350		(97)	1,198,581	6	(59)
Tax	(41,481)	(2)	(76)	(174,280)	(1)	80	(96,654)		(82)
Profit after Tax	1,237,392	5	(984)	(139,931)	(1)	(113)	1,101,927	6	(54)

COMPARISON OF INCOME EARNED FROM GRANTED LOANS, DEPOSITS & INVESTMENT

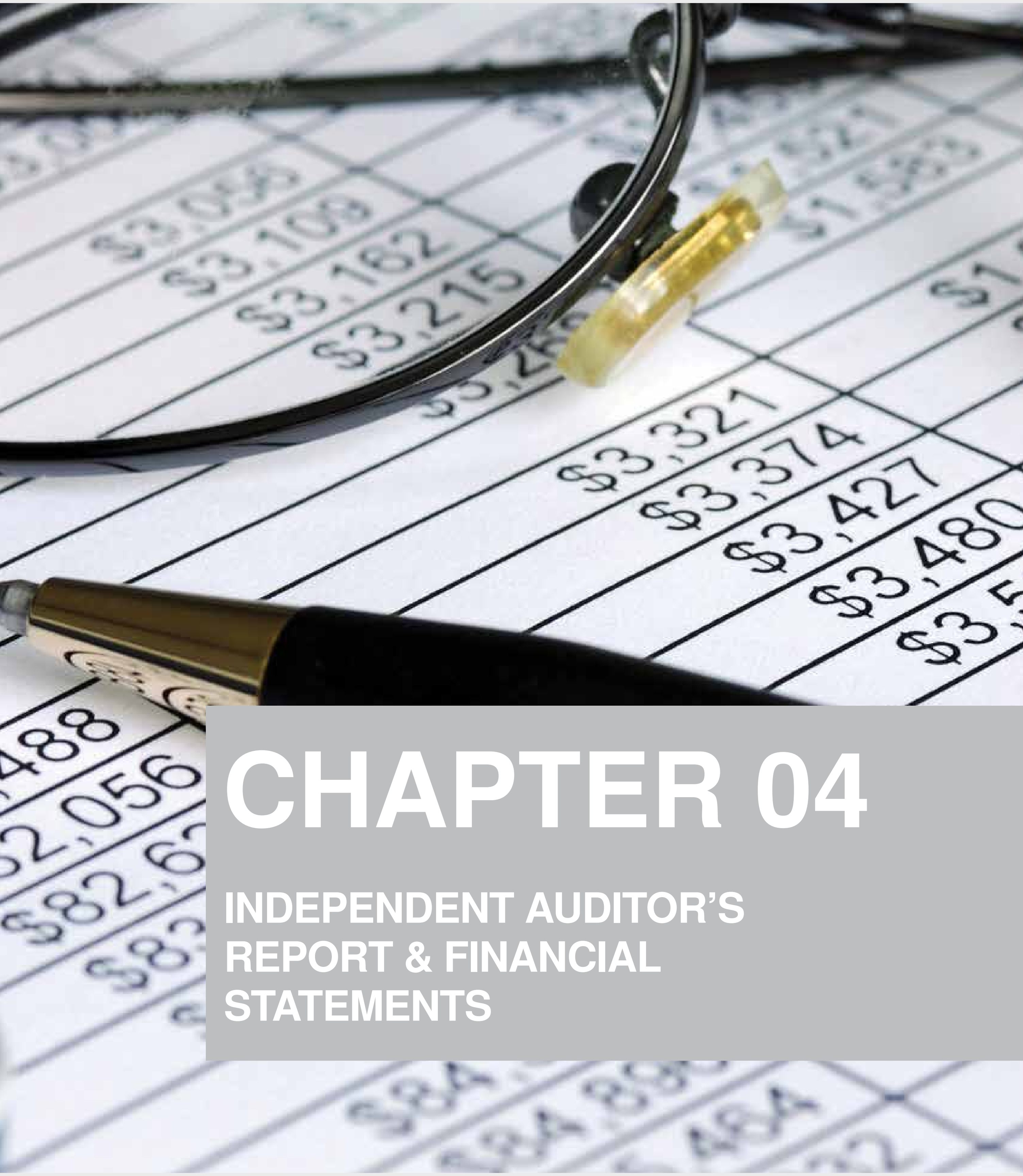
(Amounts in Million IRR)

Description	2018-19	2017-18	2016-17	2018-19 to 2017-18 Changes-%	2017-18 to 2016-17 Changes-%
Joint:					
Islamic Contracts Income	13,122,609	14,575,550	13,253,754	(10)	10
Received Recognisance	3,453,559	3,217,512	3,686,138	7	(13)
Investments & Deposits Income	3,415,544	1,347,911	1,565,452	153	(14)
Non-Joint:					
Transactions Income	59,254	33,863	109,872	75	(69)
Received Recognisance	248,757	176,948	103,091	41	72
Investments & Deposits Income	26,835	14,921	18,806	80	(21)

MAIN ITEMS OF THE STATEMENT OF FINANCIAL POSITION

(Amounts in Million IRR)

Description	2018-19			2017-18			2016-17		
	Amount	Comparison to Total-%	Growth to Previous Year-%	Amount	Comparison to Total-%	Growth to Previous Year-%	Amount	Comparison to Total-%	Growth to Previous Year-%
Cash	33,155,698	19	122	14,934,050	8	(9)	16,353,845	11	18
Participation Bonds & Investment	4,322,050	2	1	4,289,716	2	22	3,509,428	2	(9)
Granted Loans	105,984,078	60		105,476,820	60	12	94,050,786	66	16
Fixed Assets	10,449,527	6	(1)	10,596,399	6	1	10,522,770	7	3
Other Assets	22,915,452	13	(4)	23,780,873	13	25	19,087,624	13	35
Total Assets	**176,826,804**	**100**	**11**	**159,077,858**	**90**	**11**	**143,524,453**	**100**	**17**
Liabilities:									
Deposits	155,217,273	88	11	140,041,441	79	13	123,622,895	86	18
Other Liabilities	7,728,135	4	26	6,137,412	3	7	5,761,903	4	65
Total Liabilities	**162,945,408**	**92**	**11**	**146,178,853**	**92**	**13**	**129,384,798**	**90**	**20**
Shareholders' Equity:									
Capital	8,500,000	5	0.00	8,500,000	5	0.00	8,500,000	6	0
Legal Reserve	3,762,092	2	5	3,576,483	2	2	3,499,519	2	8
Other Reserves	929,804	1	-	0	0	-	0	0	-
Retained Earnings	645,904	4	(17)	778,925	0	(63)	2,096,540	1	(34)
Surplus Assets Re-evaluation	43,597	0.02	0.00	43,597	0.02	0.00	43,597	0.00	(0)
Total Shareholders' Equity	**13,881,397**	**8**	**8**	**12,899,005**	**8**	**(9)**	**14,139,655**	**10**	**(5)**
Total Liabilities & Shareholders' Equity	**176,826,804**	**100**	**11**	**159,077,858**	**100**	**11**	**143,524,453**	**100**	**17**



CHAPTER 04

INDEPENDENT AUDITOR'S REPORT & 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 Consolidated Financial Statements

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 20 March 2019 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 67.*

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 general assembly of the shareholders.

Basis for Qualified Opinion

4. *For a portion of balance of non-performing loans (including doubtful loans) which have been extended and classified under current category and another portion of these loans (in view of ongoing litigations as stated in note 13-1-1 of the financial statements) provision of general doubtful claims has been calculated only. This does not comply with provisions of CBI instructions which refer to the calculation of special doubtful claims provision. In view of the above, since it is not clear as to how the mentioned claims shall be settled, it is not possible for this institute to determine the minimum amount of doubtful claims provision which should be reflected in the accounts.*

5. *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 24 and 50 bank accounts, amounting to IRR188 billion and IRR7,060 billion (without receiving invoices for these accounts) have not been received. Although as stated in note 9-6 of the financial statements, some confirmations of foreign currency deposits held at foreign banks have been received via email (due to enforced sanctions) these confirmations have not been received officially via, post. In addition, confirmations 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 documents and evidence have been presented. Hence, it is not possible for us to determine the impact of the above on the items of the financial statements.*

6. *Important points regarding the consolidated financial statements of the Group are stated below:*

A) The subsidiary company registered abroad has been excluded from consolidation since the cost of investment and balance of accounts in-between were transferred in March 2018 from prior years' adjustments accounts (note 14.2.2.2). Hence, the accounting standards for preparing the consolidated financial statements, have not been complied.

B) The financial statements of a subsidiary registered company abroad and an Iranian company have not been submitted to us for general assessment. In addition, contrary to accounting standard 600, the CBI has during the reporting fiscal year prohibited this institute to audit subsidiary companies. In compliance with a portion of the mentioned accounting standards (in order to present complementary information regarding audit findings, etc. which may possibly lead to significant distortion of the financial statements) we have sent the auditing instruction of the subsidiary companies (which is mainly procedural) passed by Iranian Association of Certified Public Accountants to 9 auditors of subsidiaries via the Bank and only for subsidiaries have replied in this regard. Therefore, it has not been possible for us to determine their impact.

7. *As stated in note 7-10-1 and 33-1 of the financial statements, foreign currency transactions during the financial year have been recognised based on the reference rate of the CBI and ongoing rates of exchange bureaus on a case by case basis and the profit and loss resulting from exchange have been recognised in the profit and loss statement of the year. Although balance of foreign currency assets and liabilities on balance sheet date which according to accounting standards, should be exchanged based on accessible rates and its profits reflected in the profit and loss account, yet based on a notified instruction of Research & Banking Regulations Department of the CBI numbered 98/924847 dated 1398/03/23 (13.06.2019), the mentioned balance has been exchanged at approximately 15% less than the Nima System at the end of the year. This has been reflected in the accounts and the profit recognised in this regard amount to IRR930 billion which based on the aforementioned instruction, cannot be distributed and is reflected under the heading of 'Other Provisions'. In view of the above, although it is necessary to make some adjustments in the accounts in this regard, yet under current conditions, it is not possible for us to determine their precise amount in the accounts of 2018-19.*

8. *The heading of Investments and Other Accounts Receivable (notes 16.2, 2.3 and 14.2 of the financial statements) which includes the total sum of IRR124 billion, which refers to the balance of partnerships, balance of overdue notes and other prior years' claims from four cooperatives transferred from 2014-15, is related to purchasing, selling, manufacturing and exporting, which due to the claims of these cooperatives of making losses, the principal amount of the partnership and claims from the mentioned companies, along with the recognised profit of the partnership in the previous years, have not been settled. This is in spite of litigations and freezing some* *properties (including building, vehicle, factory land and two land and building registration numbers). In view of the above, it is necessary to adjust in the accounts. However, although it is necessary to make adjustments in the accounts, since we do not have access to sufficient documents and evidence, we have not been able to determine the precise extent of the required adjustments.*

***9.** The attached financial statements for the year under review and for the previous year have been prepared in compliance with sample financial statements notified by the CBI. In this regard, the financial statements on the performance of investment deposits and changes in shareholders' equity as the main financial statements are not included in accounting standards. In addition, methods of classification and submitting the cash flows statement and failure to include the turnover of accumulated profit account in the profit and loss statement do not fully comply with accounting standards.*

Qualified Opinion

***10.** In our opinion, except for the contents of paragraphs 4, 6A and 7 to 9 and with the exception of possible effects of paragraphs 5 and 6B the financial statements present fairly, in all material respects, the financial position of Karafarin Bank Group (Public Joint Stock Company) as at 20 March 2019, and its financial performance and cash flows for the year then ended in accordance with Iranian Financial Reporting Standards.*

Emphasis of Matter

***11.** As stated in note 9-3-1 of the financial statements, the Central Bank of Iran 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 IRR1,307 billion as penalties, due to the mentioned excess withdrawal. 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.*

***12.** The Bank's and its subsidiaries' corporation tax and VAT status have been expressed in detail in notes 25-1, 26-3 and 57-3 of the financial statements. In this regard:*

A) The amount of IRR691 billion in total has been paid and recorded in the accounts. As corporation taxes of 2015-16 and 2016-17, however, according to the tax assessment notices issued, the amounts of IRR3,088 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) Based on the declared amounts and tax exemptions, the Bank does not have any taxable income for the 2014-15 period.

C) In addition, tax notices claiming IRR180 billion (including IRR86 billion in fines) as VAT from Karafarin Foreign Exchange Company for the 2011-12 until 2017-18 periods have been appeal against by Karafarin Foreign Exchange Company. In addition, VAT and fees of the mentioned exchange bureau for the 2018-19 year have not been reviewed.

D) In addition, a tax notice referring to clauses B and P of article 17 of Eliminating Competitive Production Obstacles & Enhancing Iran's Financial System Act, has been issued in the amount of IRR709 billion for the 2016-17 and 2017-18 years. In this regard, provision has been reflected in the accounts for the final tax notice in the amount of IRR179 billion, which has been appealed against. 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.

13. *The title deeds of 179 repossessed properties under the heading of other assets and 5 properties registered under the heading of Land, Building and Capital Prepayments (notes 20-3 and 17 of the financial statements) in the amount of IRR3,024 billion, are not registered under the Bank's name and measures for obtaining deeds are underway. In addition, repossessed properties worth IRR3,119 billion (mainly residential properties) have occupants which have not been abandoned by the mentioned customers. The Bank's management's measures to evict and sell the mentioned properties were not conclusive by the reporting date.*

14. *As stated in note 26-4 of the financial statements, based on the amendment of Scale & Method of Obtaining Membership Fees of the Deposits Guarantee Fund Guideline, membership fees for the first year of the Fund's operations amount to 0.25% of daily mean balance of all deposits, less statutory deposit for up to the maximum amount that the Fund guarantees in the previous financial year. As for the second year of the Fund's operations and onwards, the mentioned fees are based on 0.25% of the weekly mean balance of each deposit account during the previous fiscal period up to the maximum amount that have fund guarantees. In this regard, necessary provision for membership of 2018-19 has been recorded in the accounts. In addition, initial membership fees for 2014-15 until 2017-18 periods were paid to the Fund within the permissible time span.*

15. *In the absence of specific standards, information on the main existing risks in banking industry and outlining the Bank's condition in terms of structure and risk management methods and risk analysis stated in explanatory note 61 of the financial statements, are based on the Bank's interpretation on the methods of calculating risks.*

Our opinion has not been qualified as a result of paragraphs 11 to 15.

Other Explanatory Notes

16. *The Afarin Software is currently being used by the Bank and Excel software is also used for carrying out some of the operations including calculations of loans revenues (accrued revenue and penalties) and doubtful claims provision. Furthermore, there are certain shortcomings in the Bank's existing information. These include: full set of information regarding commitments on guarantees, letters of credit according to collateral type, a breakdown of letters of credit commitments failure to fully allocate a portion of collaterals which have general coverage and failure to valuate a portion of loans which are valid for more than three years according to CBI instruction. In view of the above, and considering the increasing scale of the Bank's operations, it is necessary that all Karafarin Bank's operations take place via mechanised systems and expert help should be used for upgrading the existing software.*

17. *Reports of official experts, selected experts and the ratifications of the Board of Directors of the Bank relating to evaluating collaterals for loans, extending loans, guarantees issued as well as repossessed properties and sold properties during the year, have been used as points of reference in this report.*

Report on Other Information

18. *The Board of Directors bears the responsibility of "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 cases mentioned in paragraphs 4 and 7 have an impact on "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 conclusion 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

19. *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:*

19.1. Minute of the Board of Directors' meetings dated 1397/04/23 (14.07.2018) relating to scope of authority of the Managing Director has not been registered at the Companies Registration Department (Article 128 of Commercial Code as amended).

19.2. *The Bank does not have a deputy managing director (Article 82 of the Bank's Articles of Association).*

19.3. *The Bank has accepted its shares from some of its customers as collateral. (Article 117 of the Bank's Articles of Association).*

20. *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 6% compared to the previous year. The reason for this, is exchanging foreign currency assets and liabilities (note 7 of this report). In addition, during the reporting fiscal year, loans and deposits' income increased due to improving conditions of granting loans and collection of a considerable portion of prior years' doubtful claims together with their administrative and general costs and due to increasing scale of deposits. Hence, on the basis of current conditions, the Bank's capital adequacy ratio (5.04% 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 IRR3,304 billion (IRR3,312 billion in the previous year) of repossessed collaterals (mainly residential properties) which have been repossessed due to the borrowers' default in repaying their loans 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 grand 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.

21. *We would like to draw the attention of the Ordinary General Assembly of the shareholders upon deciding the distribution of dividends towards the financial impacts as stated in paragraphs 4 and 12 of this report and Article 115 of the Bank's Articles of Association, taking into account the contents of paragraph 20 of this report which states that if the CBI decides that the Bank's capital adequacy ratio is less than its requirement, then only 10% of the Bank's annual profit may be distributed and the remaining profits of that year and future years should be allocated towards capital adequacy until such time as this ratio meets CBI requirement. In addition, as referred to, in the statement of performance of investment deposits and note 43-1 of the financial statements, the amount of IRR952 billion of interest has been granted to depositors as gift (excess interest paid to depositors).*

22. *The Bank's follow-ups regarding the duties as set forth by the Ordinary General Assembly of the shareholders dated 1397/05/24 (15.08.2018) as stated in paragraphs 4, 5, 6A, 11, 12, 13 and 16 of this report have not been conclusive.*

23. *We have examined the transactions in note 63-3 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 of Iran. 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.*

24. *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

25. *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:*

25.1. *The annual audited and unaudited financial statements and operating and financial review of the Parent Company and the Group (consolidated) for the 2017-18 year, and the unaudited financial statements and the annual operating and financial review for the 2018-19 year and the mid-term operating and financial review of the Parent Company for the periods ended 1397/03/31 (21.06.2018), 1397/06/31 (22.09.2018), the notice of monthly condition of operations for the 1397/01/31 (20.04.2018), 1397/03/31 (21.06.2018), 1397/04/31 (22.07.2018), 1397/06/31 (22.09.2018), 1397/08/31 (21.11.2018) and 1397/12/29 (20.03.2019), portfolio information of Karafarin Bank's subsidiary companies for the third, sixth, ninth and twelfth months of 2018-19 and the audited mid-term financial statements ended 1397/06/31 (22.09.2018) of the Karafarin Bank Investment Company, Karafarin Bank Brokerage, Karafarin Abnyeh Gostar Company, Karafarin Asr Amin Company and Kourosh Petrochemical Industries Chemical Company have been summited following delays.*

25.2. *The audited financial statements of 2017-18 for the first six months ended 1397/06/31 (22.09.2018) of East Methanol Setareh Company and the CD of full images of meetings of general assemblies of shareholders have not been submitted to the Securities & Exchange Organisation.*

25.3. *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.*

25.4. *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%.*

25.5. *Immediate disclosure of significant impacts of forex fluctuations (foreign currency rates).*

25.6. *The audited annual financial statements of the Parent Company and the audited consolidated financial statements of the Group have not been prepared and submitted* *according to international financial reporting standards (IFRS) and according to the latest regulations of the Securities & Exchange Organisation.*

25.7. *The notification of corporate governance instruction of TSE listed companies on 1397/08/12 (03.11.2018) which refers to cases such as the absence of a beneficiary director in the decision making process and an acting board member, not forming a selection committee, documenting and assessing of effectiveness of the Board of Directors, the Audit Committee and related board members of the associate and subsidiary companies, drafting executive procedures of the Board of Director's secretariat within the framework of the Board of Director's Charter, sorting and dating the holding of board of director's meetings for six-month periods, at the first board meeting as well as some significant information which can be included in the Bank's website and disclosing that information separately in the operating and financial review, have not been complied.*

26. *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 some minor internal controls shortages (as explained in paragraph 16 of this report), 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.*

27. *Instances of non-compliance with 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 according to circular 98/119534 dated 1398/04/12 (03.07.2019) (14 instances) have been reported to the CBI. Referring to 12 instances whose time limits have been extended until 22 September 2019 by the mentioned circular, shall be prepared and submitted to the CBI separately.*

28. *The attached financial statements correspond with sample financial statements as instructed via the CBI. In this regard, we have not encountered any significant discrepancies with the CBI requirements.*

29. *In execution of Article 33 of Combating 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 law, which include full customer identification and customer categorisation based on possible risks arising from effective indexes and reassessment to ensure the customers remain active, periodic monitoring of accounts which are exposed to higher risks and updating customer information, making enquiries 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 and incomplete archiving of some information and documents in electronic form, we did not encounter any significant event of breach of the mentioned regulations.*

16 June 2019
Hoshiyar Behmand Audit Firm

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

Karafarin Bank (Public Joint Stock)
Consolidated Balance Sheet
As at March 20th, 2019

Assets	Note	20.03.2019	(Restated) 20.03.2018	Liabilities & Shareholders' Equity	Note	20.03.2019	(Restated) 20.03.2018
		Million IRR	Million IRR			Million IRR	Million IRR
Assets:				**Liabilities:**			
Cash	9	12,313,354	7,206,084	Dues to Banks & Other Credit Institutions	21	2,363,167	3,683,113
Dues from Banks & Other Credit Institutions	10	20,914,515	7,800,360	Customers' Deposits	22	15,468,765	7,662,476
Dues from Government	11	0	0	Dividend Payable	23	11,429	45,491
Granted Loans & Dues from Governmental Authorities	12	0	0	Debt Securities	24	0	0
Granted Loans & Dues from Non-governmental Entities	13	106,058,964	105,821,425	Corporation Tax Provision	25	51,385	110,494
Investment in Shares & Other Securities	14	4,973,834	4,934,341	Provisions & Other Liabilities	26	7,324,585	5,808,323
Dues from Subsidiaries & Associated Companies	15	1,716	3,059	Provision for Work Termination Benefits	27	630,438	513,527
Other Accounts Receivable	16	1,525,973	1,504,457	**Total Liabilities before Investment Depositors' Rights**		**25,849,769**	**17,823,425**
Tangible Fixed Assets	17	5,975,586	6,258,352				
Intangible Assets	18	4,365,676	4,231,524	Investment Depositors' Rights	28	136,745,903	128,727,973
Legal Deposit	19	16,739,092	15,305,659	**Total Liabilities**		**162,595,672**	**146,551,398**
Other Assets	20	4,006,316	6,572,806	**Shareholders" Equity:**			
Goodwill	20-4	175,096	181,901	Capital	29	8,500,000	8,500,000
				Capital Increase in Progress	30	0	0
				Shares Premium Reserve	31	0	0
				Legal Reserve	32	3,814,641	3,621,103
				Other Reserves	33	936,428	6,624
				Assets Re-evaluation Surplus	34	154,759	154,759
				Difference of Foreign Currency Exchange	35	0	0
				Retained Earnings		606,013	555,067
				Treasury Shares	36	0	0
				Total Equity Attributable to Parent Company's Shareholders		**14,011,840**	**12,837,552**
				Non-Controlling Shareholders" Equity	36-1	442,611	431,016
				Total Shareholders' Equity		**14,454,451**	**13,268,568**
Total Assets		**177,050,123**	**159,819,966**	**Total Liabilities & Shareholders' Equity**		**177,050,123**	**159,819,966**
Customers' Commitments for L/Cs	56-1	4,901,938	5,552,309	Bank's Commitments for L/Cs	56-1	4,901,938	5,552,309
Customers' Commitments for Issued L/Gs	56-2	49,241,911	29,736,425	Bank's Commitments for Issued L/Gs	56-2	49,241,911	29,736,425
Other Customers' Commitments	56-3	26,145,638	21,222,891	Other Bank's Commitments	56-3	26,145,638	21,222,891
Managed Funds Party & Similar Items	56-4	140,463	161,285	Managed Funds & Similar Items	56-4	140,463	161,285

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

Karafarin Bank (Public Joint Stock)
Consolidated Profit & Loss Statement
For the Year Ended March 20th, 2019

Description	Note	2018-19		(Restated) 2017-18
		Million IRR		Million IRR
Granted Loans & Deposits Income	37	20,426,169		19,609,738
Deposits Interest Expense	43	(18,266,230)		(17,301,080)
Loans & Deposits Net Income			2,159,939	2,308,658
Commission Income	44	1,193,926		887,031
Commission Expense	45	(139,128)		(99,969)
Net Commission Income			1,054,798	787,063
Net Sales & Rendered Services Income	45-1	6,864,219		154,412,021
Cost of Sold Goods & Rendered Services	45-1	(6,732,305)		(154,036,484)
			131,914	375,537
Net Investments Profit	38		803,687	412,678
Net Profit from Foreign Currency Transactions	46		1,330,689	440,691
Other Operating Revenues	47		0	0
Total Operating Revenues			5,481,026	4,324,627
Net Other Income & Expenses	48		718,505	521,160
General & Administrative Expenses	49		(2,851,100)	(2,457,993)
Doubtful Debts Expense	50		(1,510,175)	(1,922,501)
Financing Costs	51		(120,811)	(129,231)
Depreciation Costs	52		(193,424)	(171,059)
Profit before Calculating Group Shares from Associated Companies' Profit			1,524,020	165,003
Group Shares from Associated Companies' Profit			23,585	6,049
Profit before Income Tax			1,547,606	171,052
Corporation Tax for the Year			(50,050)	(113,888)
Corporation Tax of Previous Years			(37,528)	(165,071)
Total Income Tax	25		(87,578)	(278,960)
Net Profit for the Year			**1,460,028**	**(107,908)**
Attributable Profit to:				
Parent Company's Shareholders			1,451,056	(117,347)
Non-Controlling Shareholders			8,972	9,440
			1,460,028	**(107,908)**
Basic & Diluted EPS (IRR)	58		**171**	**(14)**

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

Karafarin Bank (Public Joint Stock)
Consolidated Comprehensive Profit & Loss Statement
For the Year Ended March 20th, 2019

Description	Note	2018-19	(Restated) 2017-18
		Million IRR	Million IRR
Net Profit for the Year		1,460,028	(107,908)
Assets Re-evaluation Surplus	34	154,759	154,759
Forex Difference of Overseas Operations	35	0	0
Comprehensive Profit for the Year		1,614,787	46,852
Prior Years' Adjustments	53	(580,825)	(665,199)
Comprehensive Profit Recognised from Reporting date of Previous Year		**1,033,962**	**(618,347)**
Minority Interest from Comprehensive Profit (Loss)		**9,344**	**12,105**

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

Karafarin Bank (Public Joint Stock)
Changes Statement in Consolidated Shareholders' Equity
For the Year Ended March 20th, 2019

	Note	2018-19											
		Capital	Parent Company's Shares Owned by the Subsidiary	Capital Increase in Progress	Shares Premium Reserve	Legal Reserve	Other Reserves	Assets Re-evaluation 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	1,136,265	0	13,418,750	430,643	13,849,393
Net Profit (Loss) for the Year									1,451,056		1,451,056	8,972	1,460,028
Prior Years' Adjustments	53								(581,198)		(581,198)	373	(580,825)
Consolidated Adjustments									(25,268)		(25,268)	6,124	(19,144)
Other Comprehensive Profit (Loss) after Tax											0		
Assets Re-evaluation Surplus	34							0			0		0
Difference in Foreign Currency Exchange											0	0	0
Tax of Other Comprehensive Profit								0	0		0	0	0
Total Other Comprehensive Profits								0	0	0	0	0	0
Total Profit		8,500,000		0	0	3,621,103	6,624	154,759	1,980,855	0	14,263,340	446,111	14,709,451
Capital Increase:													
Registered Capital Increase		0		0							0		0
Unregistered Capital Increase											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					193,538			(192,674)		864	(864)	0
Other Reserves	33						929,804		(929,804)		0		0
Shares Dividends		0							0		0		0
Approved Dividend	23								(252,364)	0	(252,364)	(2,636)	(255,000)
Total		0	0	0	0	193,538	929,804		(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**	**606,013**	**0**	**14,011,840**	**442,611**	**14,454,451**

	Note	Capital	Parent Company's Shares Owned by the Subsidiary	Capital Increase in Progress	Shares Premium Reserve	Legal Reserve	Other Reserves	Assets Re-evaluation Surplus	Retained Earnings	Treasury Shares	Total Equity Attributable to Parent Company's Shareholders	Non-Controlling Shareholders' Equity	Total Shareholders' Equity
		2017-18											
		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 21.03.2017		8,500,000	0	0	0	3,534,538	5,830	154,759	2,837,606	0	15,032,733	361,751	15,394,484
Net Profit (Loss) for the Year									(117,347)		(117,347)	9,440	(107,908)
Prior Years' Adjustments	53								(667,864)		(667,864)	2,665	(665,199)
Consolidated Adjustments									(133,285)		(133,285)	57,160	(76,125)
Other Comprehensive Profit (Loss) after Tax											0		
Assets Re-evaluation Surplus	34							0			0		0
Difference of Foreign Currency Exchange											0	0	0
Tax of Other Comprehensive Profit								0	0		0	0	0
Total Other Comprehensive Profits								0	0	0	0	0	0
Changes of No-Controlling Shareholders in Business Combination													0
Total Profit		8,500,000		0	0	3,534,538	5,830	154,759	1,919,109	0	14,114,237	431,016	14,545,253
Capital Increase:													
Registered Capital Increase		0		0							0		0
Unregistered Capital Increase				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				86,565			(86,565)		0	0	0
Other Reserves	33						793		(793)		0		0
Shares Dividend									0		0		0
Approved Dividend	23								(1,276,685)		(1,276,685)	0	(1,276,685)
Total		0	0	0	0	86,565	793	0	(1,364,043)	0	(1,276,685)	0	(1,276,685)
Balance at 20.03.2018		**8,500,000**	**0**	**0**	**0**	**3,621,103**	**6,624**	**154,759**	**555,067**	**0**	**12,837,552**	**431,016**	**13,268,568**

Karafarin Bank (Public Joint Stock)
Consolidated Cash Flow Statement
For the Year Ended March 20th, 2019

Description	Note	2018-19		(Restated) 2017-18
		Million IRR		Million IRR
Operating Activities:				
Cash Received for:				
Interest & Late Payment Penalty for Granted Loans*		16,200,100		14,512,659
Interest on Debt Securities		0		0
Commission		1,193,926		887,031
Interest on Deposits		3,258,619		1,388,875
Investments Return		1,315,358		412,678
Other Operating Revenues		131,914		375,537
Other Incomes		0		0
Net Other Income & Expenses		576,640		478,825
Cash Paid for:				
Interest on Deposits		(18,266,230)		(17,301,080)
Commission		(139,128)		(99,969)
Financing Costs		(120,811)		(129,231)
Other Operating Expenses		(4,244,363)		(3,798,327)
Income Tax		(109,159)		(306,987)
Cash Inflow (Outflow) from Operating Activities before Changes in Operating Assets & Liabilities			(203,134)	(3,579,988)
Cash Flow from Changes in Operating Assets & Liabilities:				
Net Debts Increase (Decrease):				
Dues to Banks & Other Credit Institutions		(1,319,946)		(9,543,960)
Customers' Deposits		7,806,288		28,395
Debt Securities		0		0
Operating Portion of Reserves & Other Liabilities		1,516,262		770,525
Investment Depositors' Rights		8,017,930		26,022,449
Net Assets Decrease (Increase):				
Dues from Other Banks & Credit Institutions		(13,114,155)		(6,883,689)
Principal Amount of Dues from the Government		0		0
Principal Amount of Granted Loans & Dues from Governmental Authorities		0		0
Principal Amount of Granted Loans & Dues from Non-Governmental Entities		131,520		(8,037,892)
Investment in Shares & Other Securities		(39,494)		(1,371,770)
Dues from Subsidiaries & Associated Companies		1,343		(3,059)
Other Accounts Receivable		(21,516)		(485,296)
Legal Deposit		(1,433,433)		(2,863,323)
Operating Portion of Other Assets		2,566,490		(1,478,803)
Goodwill		(3,882)		(8,172)
Net Cash Inflow (Outflow) from Changes in Operating Assets & Liabilities			4,107,406	(3,854,594)
Net Cash Inflow (Outflow) from Operating Activities	54		3,904,272	(7,434,582)
Investment Activities:				
Payment for Acquiring Tangible Fixed Assets		(119,455)		(368,213)
Proceeds from Selling Tangible Fixed Assets		392,687		106,043
Payment for Acquiring Intangible Assets		(181,913)		(15,101)
Proceeds from Selling Intangible Assets		0		0
Net Cash Inflow (Outflow) from Investment Activities			91,319	(277,272)
Net Cash Inflow (Outflow) before Financing Activities			3,995,591	(7,711,854)
Financing Activities:				
Cash Capital Increase		70,053		69,943
Paid Dividend		(289,063)		(1,284,495)
Net Cash Inflow (Outflow) from Financing Activities			(219,010)	(1,214,552)
Net Cash Increase (Decrease)			3,776,581	(8,926,405)
Cash at the Beginning of the Year			7,206,084	15,691,798
Effect of Foreign Currency Rate Fluctuation			1,330,689	440,691
Cash at the End of the Year			**12,313,354**	**7,206,084**
Non-cash Transactions	55		**216,117**	**557,142**

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

Karafarin Bank (Public Joint Stock)
Balance Sheet
As at March 20th, 2019

Assets	Note	20.03.2019 Million IRR	(Restated) 20.03.2018 Million IRR	Liabilities & Shareholders' Equity	Note	20.03.2019 Million IRR	(Restated) 20.03.2018 Million IRR
Assets:				**Liabilities:**			
Cash	9	12,241,183	7,133,690	Dues to Banks & Other Credit Institutions	21	2,363,167	3,419,651
Dues from Banks & Other Credit Institutions	10	20,914,515	7,800,360	Customers' Deposits	22	15,863,580	7,695,433
Dues from the Government	11	0	0	Dividend Payable	23	13,022	35,235
Granted Loans & Dues from Governmental Authorities	12	0	0	Debt Securities	24	0	0
Granted Loans & Dues from Non-governmental Entities	13	105,984,078	105,476,820	Corporation Tax Provision	25	0	0
Investment in Shares & Other Securities	14	4,322,050	4,289,716	Provisions & Other Liabilities	26	7,092,840	5,596,937
Dues from Subsidiary & Associated Companies	15	995,496	770,148	Provision for Work Termination Benefits	27	622,273	505,241
Other Accounts Receivable	16	1,381,298	1,306,122	**Total Liabilities before Investment Depositors' Rights**		**25,954,882**	**17,252,496**
Tangible Fixed Assets	17	6,165,929	6,446,794				
Intangible Assets	18	4,283,598	4,149,605	**Investment Depositors' Rights**	28	136,990,525	128,926,357
Legal Deposit	19	16,739,092	15,305,659	**Total Liabilities**		**162,945,408**	**146,178,853**
Other Assets	20	3,799,567	6,398,944	**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	3,762,092	3,576,483
				Other Reserves	33	929,804	0
				Assets Re-evaluation Surplus	34	43,597	43,597
				Difference of Foreign Currency Exchange	35	0	0
				Retained Earnings (Loss)		645,904	778,925
				Treasury Shares	36	0	0
				Total Shareholders' Equity		**13,881,397**	**12,899,005**
Total Assets		**176,826,804**	**159,077,858**	**Total Liabilities & Shareholders' Equity**		**176,826,804**	**159,077,858**
Customers' Commitments for L/Cs	56-1	4,901,938	5,552,309	Bank's Commitments for L/Cs	56-1	4,901,938	5,552,309
Customers' Commitments for Issued L/Gs	56-2	49,241,911	29,736,425	Bank's Commitments for Issued L/Gs	56-2	49,241,911	29,736,425
Other Customers' Commitments	56-3	26,145,638	21,222,891	Other Bank's Commitments	56-3	26,145,638	21,222,891
Managed Funds Party & Similar Items	56-4	140,463	161,285	Managed Funds & Similar Items	56-4	140,463	161,285

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

Karafarin Bank (Public Joint Stock)
Performance Statement of Investment Deposits
For the Year Ended March 20th, 2019

Description	Note	2018-19 Million IRR		(Restated) 2017-18 Million IRR
Joint Income				
Granted Loans Income	37	16,576,168		17,793,062
Deposits Income	37	3,262,314		1,213,673
Investments Net Profit	38	789,593		1,029,284
Total joint Income			20,628,075	20,036,020
Bank's Resources Quota from Joint Income	39		(1,748,198)	(1,694,688)
Depositors' Quota from Joint Income			18,879,877	18,341,331
Depositors' Quota from Joint Income before Commission Fee	40		(1,693,137)	(2,046,467)
Depositors' Quota from Joint Income			17,186,739	16,294,865
Prize for Legal Deposit of Investment Deposits	39		150,601	134,238
Compensation of Depositors' Free Resources Surplus Expense to Joint Expenditures	41		0	0
Actual Interest Granted to Investment Deposits			17,337,340	16,429,102
On-account Interest Paid to Investment Deposits	42		(18,289,526)	(17,516,565)
Difference of Interest Payable (Surplus of Interest Paid) to Depositors			**(952,186)**	**(1,087,463)**

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

Karafarin Bank (Public Joint Stock)
Profit & Loss Statement
For the Year Ended March 20th, 2019

Description	Note	2018-19		(Restated) 2017-18
		Million IRR		Million IRR
Granted Loans & Deposits Income	37	20,326,558		19,366,705
Deposits Interest Expense	43	(18,303,164)		(17,535,451)
Loans & Deposits Net Income			2,023,394	1,831,254
Commission Income	44	1,102,814		847,679
Commission Expense	45	(138,863)		(99,677)
Net Commission Income			963,951	748,002
Net Investments Profit	38		789,593	1,029,284
Net Profit from Foreign Currency Transactions	46		1,315,358	439,085
Other Operating Revenues	47		0	0
Total Operating Revenues			5,092,297	4,047,626
Net Other Income & Expenses	48		593,780	410,348
General & Administrative Expenses	49		(2,665,461)	(2,292,304)
Doubtful Debts Expense	50		(1,510,175)	(1,921,401)
Financing Costs	51		(36,671)	(37,614)
Depreciation Costs	52		(194,896)	(172,305)
Profit before Income Tax			1,278,873	34,350
Corporation Tax for the Year			0	0
Corporation Tax of Previous Years			(41,481)	(174,280)
Total Corporation Tax	25		(41,481)	(174,280)
Net Profit (Loss) for the Year			**1,237,392**	**(139,931)**

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

Karafarin Bank (Public Joint Stock)
Comprehensive Profit & Loss Statement
For the Year Ended March 20th, 2019

Description	Note	2018-19	(Restated) 2017-18
		Million IRR	Million IRR
Net Profit for the Year		1,237,392	(139,931)
Assets Re-evaluation Surplus	34	43,597	43,597
Forex Difference of Overseas Operations	35	0	0
Comprehensive Profit (Loss) for the Year		1,280,989	(96,334)
Prior Years' Adjustments	53	(578,425)	(653,779)
Comprehensive Profit Recognised from Reporting date of the Previous Year		**702,564**	**(750,113)**

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

Karafarin Bank (Public Joint Stock)
Changes Statement in Shareholders' Equity
For the Year Ended March 20th, 2019

	Note	2018-19									
		Capital	Parent Company's Shares Owned by the Subsidiary	Capital Increase in Progress	Shares Premium Reserve	Legal Reserve	Other Reserves	Assets Re-evaluation Surplus	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	53								(578,425)		(578,425)
Other Comprehensive Profit (Loss) after Tax											
Assets Re-evaluation Surplus	34						0				0
Difference of Foreign Currency Exchange	35							0			0
Tax of Other Comprehensive Profits							0	0	0		0
Total Other Comprehensive Profits							0	0	0	0	0
Total Profit		8,500,000	0	0	3,576,483	0	43,597	0	2,016,317	0	14,136,397
Capital Increase:											
Registered Capital Increase	30	0	0								0
Unregistered Capital Increase	30		0	0							0
Treasury Shares:											
Treasury Shares Purchase	36									0	0
Treasury Shares Sales	36			0					0	0	0
Distribution & Allocation:											
Legal Reserve	32				185,609				(185,609)		0
Other Reserves	33					929,804			(929,804)		0
Shares Dividend		0							0		0
Approved Dividend	23								(255,000)		(255,000)
Total		**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**

	Note	2017-18									
		Capital	Parent Company's Shares Owned by the Subsidiary	Capital Increase in Progress	Shares Premium Reserve	Legal Reserve	Other Reserves	Assets Re-evaluation Surplus	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 21.03.2017		**8,500,000**	0	0	**3,499,519**	0	**43,597**	0	**2,924,599**	0	**14,967,714**
Net Profit (Loss) for the Year									(139,931)		(139,931)
Prior Years' Adjustments	53								(653,779)		(653,779)
Other Comprehensive Profit (Loss) after Tax											
Assets Re-evaluation Surplus	34						0				0
Difference of Foreign Currency Exchange								0			0
Tax of Other Comprehensive Profits							0	0	0		0
Total Other Comprehensive Profits							0	0	0	0	0
Total Profit		8,500,000	0	0	3,499,519	0	43,597	0	2,130,889	0	14,174,005
Capital Increase:											
Registered Capital Increase		0	0								0
Unregistered Capital Increase			0								0
Treasury Shares:											
Treasury Shares Purchase											0
Treasury Shares Sales										0	0
Distribution & Allocation:											
Legal Reserve	32				76,964				(76,964)		0
Other Reserves	33								0		0
Shares Dividend		0							0		0
Approved Dividend	23								(1,275,000)		(1,275,000)
Total		**0**	**0**	**0**	**76,964**	**0**	**0**	**0**	**(1,351,964)**	**0**	**(1,275,000)**
Balance at 20.03.2018		**8,500,000**	**0**	**0**	**3,576,483**	**0**	**43,597**	**0**	**778,925**	**0**	**12,899,005**

Karafarin Bank (Public Joint Stock)
Cash Flow Statement
For the Year Ended March 20th, 2019

Description	Note	2018-19 Million IRR		(Restated) 2017-18 Million IRR
Operating Activities:				
Cash Received for:				
Interest & Late Payment Penalty for Granted Loans*		16,181,544		14,443,197
Interest on Debt Securities		0		0
Commission		1,102,814		847,679
Interest on Deposits		3,232,559		1,233,633
Investments Profit		710,810		809,888
Other Operating Revenues		0		0
Other Incomes		0		0
Net Other Incomes & Expenses		428,645		361,964
Cash Paid for:				
Interest on Deposits		(18,303,164)		(17,535,451)
Commission		(138,863)		(99,677)
Financing Costs		(36,671)		(37,614)
Other Operating Expenses		(4,058,603)		(3,632,119)
Income Tax		0		(239,735)
Cash Inflow (Outflow) from Operating Activities before Changes in Operating Assets & Liabilities			(880,930)	(3,848,234)
Cash Flow from Changes in Operating Assets & Liabilities:				
Net Debts Increase (Decrease):				
Dues to Banks & Other Credit Institutions		(1,056,484)		(9,118,145)
Customers' Deposits		8,168,147		36,705
Operating Portion of Reserves & Other Liabilities		1,495,904		507,492
Investment Depositors' Rights		8,064,168		25,499,985
Net Assets Decrease (Increase):				
Dues from Other Banks & Credit Institutions		(13,114,155)		(6,883,689)
Principal Amount of Dues from the Government		0		0
Principal Amount of Granted Loans & Dues from Governmental Authorities		0		0
Principal Amount of Granted Loans & Dues from Non-Governmental Entities		442,499		(8,045,870)
Investment in Shares & Other Securities		(32,333)		(780,288)
Dues from Subsidiary & Associated Companies		(225,348)		147,603
Other Accounts Receivable		(75,176)		(519,518)
Legal Deposit		(1,433,433)		(2,863,323)
Operating Portion of Other Assets		2,599,377		(1,479,590)
Net Cash Inflow (Outflow) from Changes in Operating Assets & Liabilities			4,833,166	(3,498,638)
Net Cash Inflow (Outflow) from Operating Activities	54		3,952,236	(7,346,872)
Investment Activities:				
Payment for Acquiring Tangible Fixed Assets		(123,031)		(387,980)
Proceeds from Selling Tangible Fixed Assets		381,687		97,119
Payment for Acquiring Intangible Assets		(181,525)		(8,077)
Proceeds from Selling Intangible Assets		39,980		155,240
Net Cash Inflow (Outflow) from Investment Activities			117,111	(143,698)
Net Cash Inflow (Outflow) before Financing Activities			4,069,347	(7,490,570)
Financing Activities:				
Cash Capital Increase		0		0
Treasury Shares Transactions		0		0
		0		0
Paid Dividend		(277,213)		(1,251,999)
Received Loans		0		0
Repayment of Principal Amount of Loans		0		0
Net Cash Inflow (Outflow) from Financing Activities			(277,213)	(1,251,999)
Net Cash Increase (Decrease)			3,792,135	(8,742,569)
Cash at the Beginning of the Year			7,133,690	15,437,175
Effect of Foreign Currency Rate Fluctuation			1,315,358	439,085
Cash at the End of the Year			**12,241,183**	**7,133,690**
Non-cash Transactions	55		**195,544**	**537,300**

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

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 20th, 2019

1. Introduction

1.1. Historical background of activities

The Bank was established and commenced its operations following registration at the Tehran Corporate and Industrial Ownership Registry Office on 9 December 1999 under registry number 157915 as Karafarinan Non-Bank Credit Institution (PJSC). The enactment of the Non-State Bank Establishment Act on 9 April 2000, the endorsement of Article 98 of the Act on the Economic, Social, and Cultural Development Plan 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 Registry Office on 26 December 2001. The Bank gained listing on the Tehran Stock Exchange on 6 February 2003 and has been consistently included on the TSE price quote list since 5 July 2003. The Bank's head office 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 areas of activity of Karafarin Bank according to Article 3 of its Articles of Association 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 (purchasing cards, credit cards, digital wallets, etc.)
- Operating safety deposit boxes.
- Carrying out all sorts of foreign currency operations including forex, transfers, granting foreign currency loans, payment order, 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 duties of a guardian, administer, attorney and representative of clients in line with the current laws and regulations.
- Carrying out investment activities via purchasing of shares, participation bonds, foreign bonds and *Sukuk* bonds.
- Purchasing and selling assets 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.
- 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.

1.3. Number of branches

Information on the Bank's branches at the end of the year is reported as follows:

	2018-19		2017-18	
	At the End of the Year	Monthly Average	At the End of the Year	Monthly Average
Branches - Tehran Province	59	59	58	58
Branches - Other Provinces	47	47	47	47
Branches - Free Zones	2	2	2	2
Overseas Branches	0	0	0	0
	108	108	107	107

1.4. Employees

The number of employees during the year is reported below:

	2018-19		2017-18	
	At the End of the Year	Monthly Average	At the End of the Year	Monthly Average
Head Office & Supervisions	563	569	575	575
Branches - Tehran Province	537	539	561	561
Branches - Other Provinces	485	489	496	487
Branches - Free Zones	14	14	14	14
Overseas Branches	0	0	0	0
	1,599	1,611	1,646	1,637

During the reporting period, 286 employees (273 in the previous year) were recruited via contracting agreements. The number of employees of subsidiary companies during the reporting fiscal period was 115 (132 in the previous year).

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.

3. Operational and Reporting Monetary Unit

Financial statement items have been measured using 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 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 and the management continuously supervises them through making comparisons with true events.

In some cases, where the Bank's credit manager is familiar with the customers' financial condition and where there have been agreements between the Bank and those customers whose loans are no longer current but have been extended, such loans have been "mainly" classified under Overdue or Non-performing classification and have been exempted from "Special Provisions Calculations".

Cases where loans have been followed by litigations and verdicts have been passed in favour of the Bank, have also been exempted from being classified under the heading of "Special Provisions Calculations", after receiving relevant documents from the Legal Affairs Management. Therefore, no provision is recorded for such loans.

5. Basis for Measurement

Financial statements have been prepared based on historical cost.

6. Change in Accounting Procedures

The Bank has presented the accounting procedures mentioned in note 7 considering procedural stability during whole reported periods, except for procedure of recognising income from late payment penalties of loans changed from cash to accrued revenues during the reporting period.

7. Summary of Significant Accounting Policies

7.1. Investments

Measurement	Group Consolidation	Parent Company
Long-Term Investments:		
Investment in Subsidiary Companies	Subject to Consolidation	Cost Less Accumulated Impairment of each Investment
Investment in Associated Companies	Equity Method	Cost Less Accumulated Impairment of each Investment
Other Long-term Investments	Lower of Cost Less Accumulated Impairment of each Investment	Cost Less Accumulated Impairment of each Investment
Current Investments:		
Rapidly Transacted Investments	Lower of Cost & Net Sales Value of Total Investments	Lower of Cost & Net Sales Value of Total Investments
Other Current Investments	Lower of Cost & Net Sales Value of each Investment	Lower of Cost & Net Sales Value of each Investment
Income Recognition:		
Investment in Subsidiary Companies	Subject to Consolidation	On Approval of Profits by the Investee's Shareholders' General Assembly (up to the Approval Date of the Financial Statements)
Investment in Associated Companies	Equity Method	On Approval of Profits by the Investee's Shareholders' General Assembly (up to the Approval Date of the Financial Statements)
Other Current & Long-term Investments in Companies' Shares	On Approval of Profits by the Investee's Shareholders' General Assembly (up to the Balance Sheet Date)	On Approval of Profits by the Investee's Shareholders' General Assembly (up to the Balance Sheet Date)

7.2. Tangible fixed assets

7.2.1. All 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 capitalized 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 Section 149 of Direct Taxation Act and its subsequent amendments is calculated and recorded in accounts based on the following rates and methods:

Asset	Depreciation Rate	Depreciation method
Buildings	25 Years	Straight Line
Furniture, Equipment & Installations	3, 5, 6, 10 & 15 Years	Straight Line
Computer Equipment	3 Years	Straight Line
Motor Vehicles	6 Years	Straight Line

7.2.3. Fixed assets that are acquired and operationalised during any given month over the year will be accounted for and depreciated as of the start of the next calendar month. In cases where a depreciable fixed asset remains idle, depreciation for idle periods is accounted for at 30 percent. Hence, if calculation of depreciation is based on time, then 70% of the time in which the asset has not been used shall be added to the remaining time determined for asset depreciation in the above table. This note does not affect buildings, building installations and intangible assets with certain 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 3 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 Circular MB/772 dated 18 July 2005 of CBI and based on ratification 1044 dated 16 July 2005 of Money & Credit Council, recognising of interest on loans granted is based on accrued revenue. In addition, according to circular No.94/258020 dated 30.11.2015, no accrued revenue has been identified for doubtful loans. Thus, the Bank's income are recognised in the following manner:

Interest, Granted Loans & Commission	Recognition Method
Interest on Granted Loans:	
Current	Accrued
Overdue	Accrued
Deferred	Accrued
Doubtful	Cash
Late Payment Penalty:	
Matured	Cash
Overdue	Cash
Deferred	Cash
Doubtful	Cash
Commission:	
Issued L/Gs	Cash
Other Banking Services	Cash
Gharz-al Hassaneh Granted Loans	Cash

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 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 customers' creditworthiness and their economic ability as demonstrated by such factors 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) Non-Performing 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 Debts' 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 after deduction of those loans that are subject to special provisions.

2) *Special provisions:* for the balance of overdue, non-performing, 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 Classification	10%
Differed Classification	20%
Doubtful Classification (based on customer-specific assessments of repayment ability)	50% to 100%

3) Special provision is accounted for those loans which have surpassed their maturity dates (principal amounts and interest) by 5 years or more. This provision amounts to 100% (not to account for the value of collateral).

7.8. Provisions for employees' termination benefits

Provisions for 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 are exchanged at official and agreed rates during the year. However, nonmonetary items which have been registered at historical cost based on currency type, are exchanged at official exchange rate on transaction date. This is based on instruction 98/92847 dated 98/03/22 (12.06.2019) of the Banking Research & Regulations Department of the CBI which refers to the basis of exchanging foreign currency monetary items of assets and liabilities on the financial statements of banks and credit institutions. Average six-month foreign exchange rates in CBI's *Nima* System and precautionary regulations within Iran's banking network, were registered at IRR85,000/1EUR and IRR75,000/1USD and other exchanges were based on rates at the end of the year (the following table) and non-monetary items were registered at historical cost based on currency type at official exchange rate on transaction date. The differences resulting from the exchange of foreign currency items are identified as income or expenses and will be reflected in the income statement.

Foreign Currency	Exchange Rate (IRR)	Foreign Currency	Exchange Rate (IRR)	Foreign Currency	Exchange Rate (IRR)	Foreign Currency	Exchange Rate (IRR)	Foreign Currency	Exchange Rate (IRR)
USD	75,000	AED	20,398	CNY	11,156	TRY	13,705	RUB	1,165
EUR	85,000	CHF	74,869	GBP	99,472	OMR	194,825		
INR	1,097	JPY	673	KRW	66	QAR	20,580		

7.10.2. Foreign operations accounts
The Bank has no overseas branch and operations.

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

9. Cash

	Note	Group		Parent Company	
		20.03.2019	20.03.2018	20.03.2019	20.03.2018
		Million IRR	Million IRR	Million IRR	Million IRR
Cash at Hand-IRR	9-1	373,997	338,020	373,597	337,809
Cash at Hand-Foreign Currency	9-2	581,542	582,327	566,871	573,640
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	353,842	440,667	353,842	440,667
Deposits held with Other Banks & Credit Institutions (Unlimited)	9-4	11,003,973	5,845,070	10,946,873	5,781,575
		12,313,354	**7,206,084**	**12,241,183**	**7,133,690**

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 balance sheet date includes USD2,173,025, EUR4,693,264, GBP48,567, AED4,860, JPY30,000, CNY100 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	
	20.03.2019	20.03.2018
	Million IRR	Million IRR
Sight Deposit held with CBI-IRR (Unlimited)	311,446	417,287
Sight Deposit held with CBI- Foreign Currency (Unlimited)	42,396	23,380
Sight Deposit held with Central Banks of Other Countries-Foreign Currency (Unlimited)	0	0
	353,842	**440,667**

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 2019, which according to letter 98/63438 dated 1398/02/29 (19.05.2019) of CBI amounted to IRR1,307,430 million.

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

		Group		Parent Company	
	Note	20.03.2019	20.03.2018	20.03.2019	20.03.2018
		Million IRR	Million IRR	Million IRR	Million IRR
Sight Deposits held with Other Domestic Banks & Credit Institutions – IRR (Unlimited)		67,304	63,467	29,463	10,200
Sight Deposits held with Other Domestic Banks & Credit Institutions – Foreign Currency (Unlimited)		651,180	347,516	651,180	347,516
Term Deposits held with Other Domestic Banks & Credit Institutions – IRR (Unlimited)		76,989	81,561	58,882	77,757
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)	9-4-1	10,208,500	5,352,526	10,207,349	5,346,103
Term Deposits held with Foreign Banks – Foreign Currency (Unlimited)		0	0	0	0
		11,003,973	**5,845,070**	**10,946,873**	**5,781,575**

9.4.1. Sight deposits held with foreign banks (foreign currency and unlimited) related to the Parent Company are as follows:

Bank	Foreign Currency Amounts	Parent Company	
		20.03.2019	20.03.2018
Bank of Kunlun in China	CNY192,764,888 EUR10,150,510	3,013,278	1,282,690
Halk Bank in Turkey	TRY2,304,355 EUR20,513,277	1,775,210	149,660
Banque de Commerce et de Placement (BCP) in Geneva	EUR20,350,656 CHF191,136	1,744,116	916,537
UCO Bank in India	INR676,667,150	742,304	139,183
Bank Melli Iran Branch in Hamburg	EUR6,355,913	540,253	180,037
Mizuho Bank in Japan	JPY752,390,899	506,547	27,221
Bank of Gansu Co. Ltd in China	CNY35,408,166 EUR373,947	426,799	56,810
Europaisch-Iranische Handelsbank Ag-Eih Bank in Germany	EUR3,783,781	321,621	1,805,549
Mir Business Bank in Russia	RUB229,865,173 EUR43,047	271,452	54,359
Bank Muscat in Oman	OMR1,275,714 EUR20,376	250,273	1,009
Woori Bank in Seoul	KRW2,851,856,483	188,990	280,025
Bank Melli Iran Branch in Dubai	AED5,669,722	115,651	83,665
Banca Popolare Di Sondrio in Italy	EUR561,471	47,725	98,443
Persia International Bank in London	GBP157,950 EUR106,014 AED1,086,225	46,880	23,170
Seoul Branch *of Bank Mellat*	JPY9,787,230 EUR289,030 KRW171,133,562	42,498	16,854
Yinzhou Bank, Ningbo	CNY3,145,212 EUR11,255	36,045	19,077
Bank Tejarat in Paris	EUR399,597	33,966	26,454
KBC Bank NV in Brussels	EUR259,755	22,079	12,454
Others (Including 22 Banks)		81,663	172,906
		10,207,349	**5,346,103**

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. In view of limitations of foreign currency operations in international transactions, following measures taken, banking verifications of 30% of our foreign currency accounts held at foreign banks and 70% of our accounts held at domestic banks have been submitted to the independent auditor of the Bank and the remainder has been received via email or fax, based on operating conditions.

10. Dues from Banks and Credit Institutions

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

	Note	Parent Company	
		20.03.2019	20.03.2018
		Million IRR	Million IRR
Dues from CBI	10-2	360,529	223,039
Dues from Other Banks & Credit Institutions	10-3	20,553,986	7,577,321
		20,914,515	**7,800,360**

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

10.2. Dues from CBI

	Note	Parent Company	
		20.03.2019	20.03.2018
		Million IRR	Million IRR
Sight Deposit held with CBI-IRR (Limited)		0	0
Sight Deposit held with CBI-Foreign Currency (Limited)		0	0
Sight Deposit held with Central Banks of Other Countries-Foreign Currency (Limited)		0	0
Award for Legal Deposit Receivable		0	0
Other Dues	10-2-1	360,529	223,039
		360,529	223,039

10.2.1. Other dues from CBI include *Shaparak* operation and *Paya* terminal transactions at the end of the year.

10.3. Dues from other banks and credit institutions

	Note	Parent Company	
		20.03.2019	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	20,080,000	7,150,000
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		473,986	427,321
Other Dues		0	0
		20,553,986	**7,577,321**

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

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		
						Foreign Currency Amount	Million IRR	Million IRR
Loans-IRR:								
Iran Zamin	IRR	Overnight	20%	25.03.2019	-	-	4,500,000	600,000
Day	IRR	Overnight	20%	25.03.2019	-	-	4,000,000	300,000
Shahr	IRR	Overnight	20%	27.03.2019	-	-	2,950,000	-
Shahr	IRR	Overnight	20%	28.03.2019	-	-	550,000	-
Ayandeh	IRR	Overnight	20%	27.03.2019	-	-	500,000	-
Ayandeh	IRR	Overnight	20%	28.03.2019	-	-	1,500,000	-
Ayandeh	IRR	Overnight	20%	29.03.2019	-	-	1,500,000	-
Melal	IRR	Overnight	20%	25.03.2019	-	-	3,080,000	400,000
Tourism	IRR	Overnight	20%	25.03.2019	-	-	1,500,000	1,000,000
Ghavvamin	IRR	Overnight	18.5%	25.03.2018	-	-	-	600,000
Kosar	IRR	Overnight	18.5%	25.03.2018	-	-	-	800,000
Parsian	IRR	Overnight	18.5%	25.03.2018	-	-	-	750,000
Post Bank	IRR	Overnight	18.5%	25.03.2018	-	-	-	1,000,000
Keshavarzi	IRR	Overnight	18.5%	25.03.2018	-	-	-	500,000
Refah	IRR	Overnight	18.5%	25.03.2018	-	-	-	500,000
Ansar	IRR	Overnight	18.5%	25.03.2018	-	-	-	700,000
							20,080,000	**7,150,000**

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

11. Dues from the Government

	Group & Parent Company							
	20.03.2019							20.03.2018
	Principal Amount & Interest Balance 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 Debts	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
Less: Dues to the Government							0	0
							0	0

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12. Loans Granted and Dues from Governmental Authorities

	Principal Amount & Interest Balance of Future Years & Deferred Interest	Balance of Interest & Commission Receivable	Balance of Late Payment Penalty Receivable	Funds Received for *Mozarebeh* & Joint Account of Equity Participation	Future Years' Interest	Deferred Interest & Commission	Total	Provision for Doubtful Debts	Net	Net
Installment 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
Morabeheh	0	0	0			0	0	0	0	0
Estesna	0	0	0			0	0	0	0	0
Gharz-al Hassaneh (Interest Free)	0	0	0			0	0	0	0	0
Other Granted Loans- IRR	0	0	0		0	0	0	0	0	0
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 Issued L/Gs	0		0				0	0	0	0
Debtors for Paid Credit Cards	0	0	0				0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Karafarin Bank (Public Joint Stock)
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13. Granted Loans and Dues from Non-governmental Entities

	Group									
	20.03.2019									20.03.2018
	Principal Amount & Interest Balance of Future Years & Deferred Interest	Balance of Interest & Commission Receivable	Balance of Late Payment Penalty Receivable	Funds Received for *Mozarebeh* & Joint Account of Equity Participation	Future Years' Interest	Deferred Interest & Commission	Total	Provision for Doubtful Debts	Net	Net
Installment Sales	11,003,000	260,911	389	0	(864,329)	(24,720)	10,375,251	(398,740)	9,976,512	5,340,200
Joaleh	167,768	95,397	0	0	(3,778)	0	259,386	(246,840)	12,546	68,780
Hire Purchase	216,582	6,510	1	0	(22,290)	(250)	200,551	(26,103)	174,449	275,543
Salaf	5,549	3,985	0	0	0	0	9,534	(9,534)	0	3,338
Mozarebeh	5,700,991	713,816	8,224	(346,703)	0	0	6,076,327	(891,752)	5,184,576	5,641,947
Equity Participation	77,705,464	8,330,631	434,797	(1,319,574)	0	0	85,151,318	(5,852,023)	79,299,296	91,380,491
Debt Discounting	0	0	0	0	0	0	0	0	0	0
Morabeheh	5,897,377	59,964	0	0	(504,460)	0	5,452,881	(81,793)	5,371,088	
Estesna	14,667	0	0	0	0	0	14,667	(220)	14,447	14,447
Gharz-al Hassaneh (Interest Free)	163,121	0	1	0	0	0	163,122	(2,970)	160,152	96,992
Other Granted Loans- IRR	3,077,735	0	0	0	(918,275)	0	2,159,460	(24,663)	2,134,797	1,337,496
Granted Loans- Foreign Currency	1,189,181	46,974	0	0	(23,240)	0	1,212,914	(190,278)	1,022,636	726,341
Debtors for Paid L/Cs	2,883,578	26,038	0	0	0	0	2,909,616	(546,029)	2,363,587	386,005
Debtors for Issued L/Gs	449,665	184	0	0	0	0	449,849	(104,969)	344,880	549,845
Debtors for Paid Participation & *Sukuk* Bonds	0	0	0	0	0	0	0	0	0	0
Debtors for Paid Credit Cards	0	0	0	0	0	0	0	0	0	0
	108,474,678	**9,544,408**	**443,412**	**(1,666,277)**	**(2,336,373)**	**(24,971)**	**114,434,877**	**(8,375,913)**	**106,058,964**	**105,821,425**

Karafarin Bank (Public Joint Stock)
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	Parent Company									
	20.03.2019									20.03.2018
	Principal Amount & Interest Balance of Future Years & Deferred Interest	Balance of Interest & Commission Receivable	Balance of Late Payment Penalty Receivable	Funds Received for *Mozarebeh* & Joint Account of Equity Participation	Future Years' Interest	Deferred Interest & Commission	Total	Provision for Doubtful Debts	Net	Net
Installment Sales	10,925,564	260,911	389	0	(807,587)	(24,720)	10,354,557	(398,740)	9,955,817	5,213,565
Joaleh	167,768	95,397	0	0	(3,778)	0	259,386	(246,840)	12,546	68,780
Hire Purchase	96,444	6,510	1	0	(22,290)	(250)	80,413	(11,828)	68,585	57,992
Salaf	5,549	3,985	0	0	0	0	9,534	(9,534)	0	3,338
Mozarebeh	5,700,991	713,816	8,224	(346,703)	0	0	6,076,327	(891,752)	5,184,576	5,641,947
Equity Participation	78,272,414	8,330,631	434,797	(1,319,574)	0	0	85,718,268	(5,852,023)	79,866,246	91,380,491
Debt Discounting	0	0	0	0	0	0	0	0	0	0
Morabeheh	5,897,377	59,964	0	0	(504,460)	0	5,452,881	(81,793)	5,371,088	
Estesna	14,667	0	0	0	0	0	14,667	(220)	14,447	14,447
Gharz-al Hassaneh (Interest Free)	163,121	0	1	0	0	0	163,122	(2,970)	160,152	96,992
Other Granted Loans- IRR	2,562,457	0	0	0	(918,275)	0	1,644,182	(24,663)	1,619,519	1,337,077
Granted Loans- Foreign Currency	1,189,181	46,974	0	0	(23,240)	0	1,212,914	(190,278)	1,022,636	726,341
Debtors for Paid L/Cs	2,883,578	26,038	0	0	0	0	2,909,616	(546,029)	2,363,587	386,005
Debtors for Issued L/Gs	449,665	184	0	0	0	0	449,849	(104,969)	344,880	549,845
Debtors for Paid Participation & *Sukuk* Bonds	0	0	0	0	0	0	0	0	0	0
Debtors for Paid Credit Cards	0	0	0	0	0	0	0	0	0	0
	108,328,775	**9,544,408**	**443,412**	**(1,666,277)**	**(2,279,632)**	**(24,971)**	**114,345,717**	**(8,361,639)**	**105,984,078**	**105,476,820**

13.1. Classification of granted loans and dues 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				
	20.03.2019				
	Current	Overdue	Deferred	Doubtful	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Installment Sales	10,794,807	118,959	68,416	204,682	11,186,864
Joaleh	16,893	0	0	246,271	263,164
Hire Purchase	89,641	1,194	0	12,119	102,954
Salaf	0	0	0	9,534	9,534
Mozarebeh	4,481,544	144,826	276,899	1,519,760	6,423,031
Equity Participation	66,981,584	2,360,479	2,136,224	15,559,555	87,037,842
Debt Discounting	0	0	0	0	0
Morabeheh	5,957,341	0	0	0	5,957,341
Estesna	14,667	0	0	0	14,667
Gharz-al Hassaneh (Interest Free)	162,725	356	28	13	163,122
Other Granted Loans- IRR	2,562,457	0	0	0	2,562,457
Granted Loans- Foreign Currency	0	0	0	1,236,154	1,236,154
Debtors for Paid L/Cs	2,496,156	0	0	413,460	2,909,616
Debtors for Issued L/Gs	7,614	0	0	442,236	449,849
Debtors for Paid Participation & *Sukuk* Bonds	0	0	0	0	0
Debtors for Paid Credit Cards	0	0	0	0	0
	93,565,430	**2,625,814**	**2,481,568**	**19,643,784**	**118,316,596**
Less:					
Future Years' Interest	(2,256,392)	0	0	(23,240)	(2,279,632)
Deferred Interest & Commission	0	0	(24,971)	0	(24,971)
Proceeds for *Mozarebeh*	(346,703)	0	0	0	(346,703)
Joint Account of Equity Participation	(1,319,574)	0	0	0	(1,319,574)
Granted Net Loans before Deduction of Provision for Doubtful Debts	**89,642,761**	**2,625,814**	**2,456,597**	**19,620,544**	**114,345,717**
General Provision for Doubtful Debts	(1,258,552)	(16,274)	(11,710)	(100,632)	(1,387,168)
Specific Provision for Doubtful Debts	0	(102,904)	(416,056)	(6,455,510)	(6,974,471)
Balance at 20.03.2019	**88,384,209**	**2,506,636**	**2,028,831**	**13,064,403**	**105,984,078**
Balance at 20.03.2018	**80,811,007**	**2,603,855**	**15,402,380**	**6,659,578**	**105,476,820**

13.1.1. During the reporting period, effective processes were underway via serious negotiations (and legal actions) with major borrowers whose loans had been classified as non-performing. These negotiations which took place in order to improve the classification status of the loans led to full settlement or collection of a portion of non-performing loans and taking additional collateral. It is noteworthy that the result of the mentioned measures continue in 2019-20 and the effects of their adjustments and classification is reflected in the financial statements of the reporting period.

* 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 collateral.

13.2. Turnover of provision for doubtful debts is a follows:

	Parent Company					
	2018-19			2017-18		
	General Provision	Specific Provision	Total	General Provision	Specific Provision	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Balance at the Beginning of the Year	1,398,166	5,420,138	6,818,304	1,352,097	3,561,131	4,913,227
Settled	0	0	0	0	0	0
Bad Debt	0	(7,847)	(7,847)	0	0	0
Increase or Decrease during the Year	(10,998)	1,562,179	1,551,181	46,070	1,859,007	1,905,077
Balance at the End of the Year	**1,387,168**	**6,974,471**	**8,361,639**	**1,398,166**	**5,420,138**	**6,818,304**

13.3. Foreign currency granted loans based on financiers

	Parent Company					
	2018-19			2017-18		
	General Provision	Specific Provision	Total	General Provision	Specific Provision	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Domestic Financiers	0	0	0	764,614	764,614	599,992
Foreign Currency Reserve Account	0	0	0	152,421	152,421	191,088
National Development Fund	0	0	0	0	0	0
CBI	0	0	0	295,880	295,880	251,877
Trade Unions	0	0	0	0	0	0
	0	0	0	**1,212,914**	**1,212,914**	**1,042,957**

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

	Parent Company							
	20.03.2019							20.03.2018
	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
2018-19 & Before	10,421,533	1,024,210	21,838,627	15,337	148,653	739,091	34,187,452	33,886,091
2019-20	0	451	75,325,354	893,271	0	120	76,219,196	74,450,093
2020-21	0	348	315,903	0	0	15,414	331,666	1,935,806
2021-22	0	36,468	151,707	0	0	67,332	255,507	258,405
2022-23 & After	0	15,004	1,443,768	160,730	0	1,732,394	3,351,896	1,764,729
	10,421,533	**1,076,481**	**99,075,360**	**1,069,338**	**148,653**	**2,554,352**	**114,345,717**	**112,295,124**
20.03.2018	**8,705,677**	**1,226,987**	**98,584,173**	**1,023,533**	**132,994**	**2,621,759**	**112,295,124**	

13.5. Granted loans and dues from non-governmental entities based on security

	Parent Company	
	20.03.2019	20.03.2018
	Million IRR	Million IRR
Deposits	2,671,130	3,088,813
Participation Bonds & Other Debts Securities Guaranteed by the Government & CBI	0	275,601
Participation Bonds & Other Debts Securities Guaranteed Other Banks	0	0
L/Gs	0	0
Transacted L/Cs	0	0
Shares Listed on TSE	22,503,026	27,345,281
Binding Contracts	76,552,549	69,377,117
Land & Building	2,908,201	3,170,439
Machines	169,740	1,150
Cheque & Promissory Note	7,056,053	5,665,532
Others	2,002,720	2,391,583
	113,863,420	**111,315,516**
Unsecured Loans & Claims	482,297	979,608
	114,345,717	**112,295,124**

* 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 collateral.

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

	Parent Company														
	Installment Sales	*Joaleh*	Hire Purchase	*Salaf*	*Mozarebeh*	Equity Participation	Debt Discounting	*Morabeheh*	*Estesna*	*Gharz-al Hassaneh*	Other Granted Loans-IRR	Granted Loans-Foreign Currency	Debtors for Paid L/Cs	Debtors for Paid L/Gs	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
Principal Amount of Loans Granted:															
Balance 20.03.2018	5,268,373	153,224	62,099	5,549	5,743,157	88,217,936	0	0	14,667	98,493	1,357,438	995,453	470,329	623,221	103,009,939
Granted during the Year	14,940,601	11,646	26,560	0	19,189,292	231,385,074	0	5,811,942	0	101,755	286,744	41,634	1,867,809	2,389,494	276,052,551
Collected during the Year	(10,115,717)	(880)	(14,756)	0	(19,231,459)	(241,330,596)	0	(419,025)	0	(37,127)	0	(262,996)	545,440	(2,563,050)	(273,430,166)
Exchange Effect during the Year	0	0	0	0	0	0	0	0	0	0	0	391,849	0	0	391,849
Balance at 20.03.2019	10,093,256	163,989	73,903	5,549	5,700,991	78,272,414	0	5,392,917	14,667	163,121	1,644,182	1,165,941	2,883,578	449,665	106,024,173
Minor Amount of Granted Loans:															
Balance at 20.03.2018	164,074	96,083	6,087	2,869	728,858	8,264,780	0	0	0	0	0	21,318	1,116	0	9,285,185
Increased during the Year	1,298,982	372	13,483	124,771	1,162,652	17,762,814	0	133,324	0	99	0	211,228	41,518	24,447	20,773,690
Collected during the Year	(1,201,755)	(1,058)	(13,059)	(123,655)	(1,169,471)	(17,262,166)	0	(73,360)	0	(98)	0	(185,572)	(16,596)	(24,263)	(20,071,054)
Exchange Effect during the Year	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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	9,987,821
Provision for Doubtful Debts:															
Balance at 20.03.2018	(212,146)	(179,961)	(10,110)	(6,195)	(784,159)	(5,191,059)	0	0	(220)	(1,500)	(20,362)	(252,476)	(84,720)	(75,396)	(6,818,304)
Settled	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	7,847	0	0	0	0	0	0	0	0	7,847
Increased or Decreased during the Year	(186,594)	(66,878)	(1,719)	(3,338)	(107,592)	(668,811)	0	(81,793)	0	(1,470)	(4,301)	62,198	(461,309)	(29,573)	(1,551,181)
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)	(8,361,639)
Proceeds from *Mozarebeh*					(346,703)										(346,703)
Joint Account of Equity Participation						(1,319,574)									(1,319,574)
Net Granted Loans:															
Balance at 20.03.2018	**5,220,301**	**69,345**	**58,077**	**2,222**	**5,687,856**	**91,291,658**	**0**	**0**	**14,447**	**96,992**	**1,337,077**	**764,295**	**386,725**	**547,825**	**105,476,820**
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**	**105,984,078**

* 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 collected portion of cash and accrued revenue during the reporting period.

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

	Parent Company													
	Installment Sales	*Joaleh*	Hire Purchase	*Salaf*	*Mozarebeh*	Equity Participation	Debt Discounting	*Morabeheh*	*Estesna*	*Gharz-al Hassaneh*	Other Granted Loans-IRR	Granted Loans-Foreign Currency	Debtors for Paid L/Cs	Debtors for Paid L/Gs	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
Interest Receivable for Granted Loans:															
Balance at 20.03.2018	163,040	96,083	6,086	2,869	715,944	7,628,512	0	0	0	0	0	21,318	1,116	0	8,634,967
Increased during the Year	1,255,314	60	13,164	1,116	918,697	14,052,255	0	133,282	0	0	0	30,977	24,922	184	16,429,971
Collected during the Year	(1,157,444)	(746)	(12,740)	0	(920,824)	(13,350,136)	0	(73,318)	0	0	0	(5,322)	0	0	(15,520,530)
Exchange Effect during the Year	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
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	9,544,408
Late Payment Penalty Receivable for Granted Loans															
Balance at 20.03.2018	1,034	0	1	0	12,915	636,268	0	0	0	0	0	0	0	0	650,217
Increased during the Year	43,667	312	319	123,655	243,955	3,710,559	0	42	0	99	0	180,251	16,596	24,263	4,343,718
Collected during the Year	(44,312)	(312)	(319)	(123,655)	(248,647)	(3,912,030)	0	(42)	0	(98)	0	(180,251)	(16,596)	(24,263)	(4,550,524)
Exchange Effect during the Year	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance at 20.03.2019	389	0	1	0	8,224	434,797	0	0	0	1	0	0	0	0	443,412
Minor Amount of Granted Loans:															
Balance at 20.03.2018	**164,074**	**96,083**	**6,087**	**2,869**	**728,858**	**8,264,780**	**0**	**0**	**0**	**0**	**0**	**21,318**	**1,116**	**0**	**9,285,185**
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**	**9,987,821**

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

	Parent Company					
	Gross Amount	Provision for Doubtful Debts	Net	Gross Amount	Provision for Doubtful Debts	Net
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Individuals	96,883,081	(1,103,682)	95,779,399	15,566,239	(913,133)	14,653,105
Legal Entities	15,818,454	(7,233,294)	8,585,160	95,371,447	(5,884,809)	89,486,638
Staff	1,644,182	(24,663)	1,619,519	1,357,438	(20,362)	1,337,077
	114,345,717	**(8,361,639)**	**105,984,078**	**112,295,124**	**(6,818,304)**	**105,476,820**

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

	20.03.2019					20.03.2018
	Interest Rate	Current	Non-Performing	Provision for Doubtful Debts	Total	Total
	%	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
The Same Category Companies (Karafarin Leasing)	18	566,950	0	0	566,950	0
Other Related Parties	0	0	0	0	0	0
		566,950	**0**	**0**	**566,950**	**0**

14. Investment in Shares and Other Securities

		Group					
		20.03.2019			20.03.2018		
	Note	Current	Long-Term	Total	Current	Long-Term	Total
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Current Investment in Rapidly Marketable Shares	14-1	261,414	0	261,414	412,372	0	412,372
Investment in Other Shares	14-2	0	1,189,234	1,189,234	0	1,181,156	1,181,156
Investment in Other Securities	14-3	2,797,915	725,272	3,523,187	3,316,295	24,518	3,340,812
		3,059,329	**1,914,506**	**4,973,834**	**3,728,667**	**1,205,674**	**4,934,341**

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	Note	Parent Company					
		20.03.2019			20.03.2018		
		Current	Long-Term	Total	Current	Long-Term	Total
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Current investment in Rapidly Marketable Shares	14-1	255,805	0	255,805	401,925	0	401,925
Investment in Other Shares	14-2	0	1,756,147	1,756,147	0	1,749,147	1,749,147
Investment in Other Securities	14-3	2,310,098		2,310,098	2,114,126	24,518	2,138,644
		2,565,903	**1,756,147**	**4,322,050**	**2,516,051**	**1,773,665**	**4,289,716**

14.1. Investment in rapidly marketable shares is as follows:

14.1.1. Current investment in rapidly marketable shares

	Group		Parent Company						
	20.03.2019	20.03.2019	20.03.2019					20.03.2018	
	Cost	Cost	Source	Shares Number	Investment	Cost	Net Sales Value	Cost	Net Sales Value
	Million IRR	Million IRR			%	Million IRR	Million IRR	Million IRR	Million IRR
Shares of Companies Listed on TSE:									
Mobile Telecommunication Company of Iran	131,857	0	Purchase	9,156,940	0.095%	131,857	167,783	0	0
Bank Pasargad	19,964	19,964	Purchase	8,904,000	0.018%	19,964	9,999	19,964	8,895
Pardis Petrochemical Co.	42,089	0	Purchase	4,371,320	0.073%	42,089	59,773	0	0
Jam Petrochemical Co.	912	0	Purchase	87,388	0.001%	912	1,067	0	0
Mines & Metals Development Investment Co.	7,430	0	Purchase	3,592,064	0.011%	7,430	16,039	0	0
Civil Pension Fund Investment Co.	3,039	0	Purchase	1,500,000	0.006%	3,039	3,540	0	0
Kerman Cement Co.	15,584	0	Purchase	6,583,942	0.664%	15,584	25,085	0	0
Khouzestan Steel CO.	6,665	0	Purchase	1,321,075	0.009%	6,665	10,727	0	0
Mobarakeh Steel Co.	28,264	0	Purchase	13,664,576	0.018%	28,264	48,031	0	0
Persian Gulf Petrochemical Industries Co.	0	263,698	Purchase			0	0	263,698	340,331
Bank Tejarat	0	84,203	Purchase			0	0	84,203	44,570
Mobin Petrochemical Co.	0	29,215	Purchase			0	0	29,215	41,256
Shiraz Petrochemical CO.	0	4,845	Purchase			0	0	4,845	2,797
Others	10,875	20,828	Purchase			0	0	0	0
	266,680	**422,753**				**255,805**	**342,044**	**401,925**	**437,849**
Shares of Companies Listed in OTC Market:									
Other Companies	0	0				0	0	0	0
	0	0				0	0	0	0
	266,680	**422,753**				**255,805**	**342,044**	**401,925**	**437,849**
Investment Impairment Provision	(5,266)	(10,381)				0	0	0	0
	261,414	**412,372**				**255,805**	**342,044**	**401,925**	**437,849**

14.1.2. Long-term investment in rapidly marketable shares

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

14.2. Investment in other shares is as follows:

14.2.1. Current investment in other shares

The Bank has no Current investment in other shares.

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14.2.2. Long-term investment in other shares

		Group				Parent Company						
	Note	Cost	Net Carrying Amount	Cost	Net Carrying Amount	Source	Shares Number	Investment	Cost	Net Carrying Amount	Cost	Net Carrying Amount
		Million IRR	Million IRR	Million IRR	Million IRR			%	Million IRR	Million IRR	Million IRR	Million IRR
TSE		1,500	1,500	1,500	1,500	Purchase	14,999,997	1	1,500	1,500	1,500	1,500
Karafarin Insurance		473,338	473,338	473,338	473,338	Establishment	349,955,866	20	162,165	162,165	162,165	162,165
Iran Investment		15,750	15,750	8,750	8,750	Purchase	15,750,000	0.32	15,750	15,750	8,750	8,750
Shaparak Electronic Payment Card Network		700	700	700	700	Purchase	1,700,000	0.10	700	700	700	700
Iran Fara Bourse		1,500	1,500	1,500	1,500	Purchase	10,000,000	1.0	1,000	1,000	1,000	1,000
Iran Credit Rating Co.		450	450	450	450	Purchase	135,000	0.90	450	450	450	450
Abnieh Gostar Karafarin Co.		0	0	0	0	Establishment	4,899,999	49	4,900	4,900	4,900	4,900
Karafarin Bank Investment Co.		0	0	0	0	Establishment	981,690,000	67.15	981,690	981,690	981,690	981,690
Karafarin Foreign Exchange Co.		0	0	0	0	Establishment	39,992,000	99.98	39,992	39,992	39,992	39,992
Karafarin bank Brokerage Co.		0	0	0	0	Establishment	149,999,988	100	148,000	148,000	148,000	148,000
Karafarin Leasing Co.		0	0	0	0	Establishment	399,999,984	100	400,000	400,000	400,000	400,000
Kardan Co.	14-2-2-1	0	0	0	0		0	0	0	0	0	0
Mofid Economic Group		192,642	192,642	192,642	192,642		0	0	0	0	0	0
Brokers Association Computer (Sagal IT Pioneers)		3,216	3,216	3,216	3,216		0	0	0	0	0	0
Investment in Construction Projects	14-2-2-2	413,087	413,087	412,010	412,010		0	0	0	0	0	0
Investment in Participations	14-2-2-3	87,051	87,051	87,051	87,051		0	0	0	0	0	0
		1,189,234	**1,189,234**	**1,181,156**	**1,181,156**				**1,756,147**	**1,756,147**	**1,749,147**	**1,749,147**

14.2.2.1. During 2017-18, based on the decision of the Board of Directors, cost of investment and claims from the Kardan Company (registered overseas) amounting to IRR23,222 million in the UAE have been transferred to prior years' adjustment account (note 53.1 of the financial statements) and the said company was liquidated.

14.2.2.2. The mentioned amount of IRR255,568 million is from a building construction project in process relating to Velenjak Projects and the amount of IRR157,518 million is related to properties ready to be sold to Karafarin Bank Investment Company. Following the proposal of the Sales Committee and the approval of the Board of Directors, it has been decided that the mentioned properties to be sold. In this regard, pricing has been carried out via official judicial experts and a tender notice was placed in an official gazette and banners in 2014-15, 2015-16, and 2016-17. However, these properties were not sold during the reporting period due to poor property market conditions.

14.2.2.3. The amount of IRR87,051 million is related to Karafarin Omid Tejarat Development Company which has been spent in three phases of partnership in production with Abhar Ris and Fard Behrang Companies, imports with Javan Foodstuff Company.

14.2.2.5. Details of subsidiary and associated companies are as follows:

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

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14.3. Investment in other securities is as follows:

Issuer	Source	Bond	Interest Rate	Group		Parent Company	
			%	20.03.2019	20.03.2018	20.03.2019	20.03.2018
				Million IRR	Million IRR	Million IRR	Million IRR
Government & Governmental Companies:							
Islamic Treasury Notes	Purchase	Islamic Treasury	-	1,512,826	52,342	1,512,826	52,342
Islamic *Morabeheh* Bonds	Purchase	*Morabeheh*	20	0	600,000	0	600,000
Sukuk Bonds Social Security Organisation Rent	Purchase	Rent *Sukuk*	20	0	800,000	0	800,000
Governmental Participation Bonds	Purchase	Participation Bond	21	725,272	24,518	725,272	24,518
Other Companies & Investment Funds:							
Karafarin Brokerage Common Investment Fund	Purchase	Extraordinary Investment Unit	20	28,500	28,500	28,500	28,500
Arman Karafarin Investment Fund	Purchase	Extraordinary Investment Unit	20	18,500	18,500	18,500	18,500
Amin Mellat Investment Fund	Purchase	Ordinary Investment Unit	20	287,633	750,318	0	400,126
Charisma Fixed Income Investment Fund	Purchase	Ordinary Investment Unit	20	714,932	824,821	0	189,660
Karafarin Index Common Investment Fund	Purchase	Extraordinary Investment Unit	20	217,170	223,461	9,000	9,000
Karafarin Index Common Investment Fund	Purchase	Ordinary Investment Unit	20	18,353	18,353	15,999	15,999
				3,523,187	**3,340,812**	**2,310,098**	**2,138,644**

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15. Dues from subsidiary and associated companies

	Group				Parent Company			
	20.03.2019			20.03.2018	20.03.2019			20.03.2018
	Due Balance	Provision for Doubtful Debts	Net	Net	Due Balance	Provision for Doubtful Debts	Net	Net
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Dues from Subsidiary Companies	0	0	0	0	993,780	0	993,780	753,091
Dues from Associated Companies	1,716	0	1,716	3,059	1,716	0	1,716	17,057
	1,716	**0**	**1,716**	**3,059**	**995,496**	**0**	**995,496**	**770,148**

15.1. Balance of dues from subsidiaries and associates in the parent company based on subject of transactions in-between is as follows:

Subsidiary/ Associated Companies	20.03.2019								
	Sales of Assets & Investments	Purchase of Assets & Investments	Purchase of Services	On-accounts Received	On-accounts 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
Karafarin Insurance Co.	0	0	0	(1,052)	2,768	0	0	0	1,716
Karafarin Bank Investment Co.	0	0	0	(21,580)	27,279	0	0	0	5,699
Karafarin Leasing Co.	0	0	0	0	0	0	79,999	0	79,999
Karafarin Bank Brokerage Co.	0	0	0	(8)	134,121	0	200,000	0	334,113
Karafarin Foreign Exchange Co.	0	0	0	(10,820)	4,177	0	537,892	0	531,249
Abnieh Gostar Karafarin Construction Co.	0	0	0	(14,296)	40,439	0	10,247	0	36,390
Omid Karafarin Trade Development Co.	0	0	0	0	0	0	0	0	0
Amin Etemad Karafarin Co.	0	0	0	(1,680)	5,577	0	0	0	3,897
Asr Amin Karafarin Co.	0	0	0	0	155	0	2,277	0	2,432
	0	0	0	(49,436)	214,516	0	830,416	0	995,496
Transactions Net Profit (Loss)	0								

Subsidiary/ Associated Companies	20.03.2018								
	Sales of Assets & Investments	Purchase of Assets & Investments	Purchase of Services	On-accounts Received	On-accounts 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
Karafarin Insurance Co.	0	0	0	0	3,059	0	13,998	0	17,057
Karafarin Bank Investment Co.	0	0	0	(21,580)	27,263	0	44,381	0	50,063
Karafarin Leasing Co.	0	0	0	0	0	0	40,830	0	40,830
Karafarin Bank Brokerage Co.	0	0	0	(8)	11	0	140,000	0	140,003
Karafarin Foreign Exchange Co.	0	0	0	(10,820)	3,403	0	499,900	0	492,483
Abnieh Gostar Karafarin Construction Co.	0	0	0	(13,476)	26,630	0	10,247	0	23,400
Omid Karafarin Trade Development Co.	0	0	0	0	0	0	0	0	0
Amin Etemad Karafarin Co.	0	0	0	(1,680)	5,597	0	0	0	3,916
Asr Amin Karafarin Co.	0	0	0	(30)	148	0	2,277	0	2,395
	0	0	0	(47,595)	66,110	0	751,633	0	770,148
Transactions Net Profit (Loss)	0								

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

15.2. Classification of dues from subsidiaries and associates based on ratification of Money & Credit Council (subject of note 7.7.) is as follows:

	20.03.2019				
	Current	Overdue	Deferred	Doubtful	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Dues from Subsidiary Companies	993,780	0	0	0	993,780
Dues from Associated Companies	1,716	0	0	0	1,716
Net Dues from Subsidiary & Associated Companies before Deduction of Provision for Doubtful Debts	995,496	0	0	0	995,496
General Provision for Doubtful Debts	0	0	0	0	0
Special Provision for Doubtful Debts		0	0	0	0
Balance at 20.03.2019	**995,496**	**0**	**0**	**0**	**995,496**
Balance at 20.03.2018	**770,148**	**0**	**0**	**0**	**770,148**

16. Other Accounts Receivable

	Note	Group		Parent Company			
		20.03.2019	20.03.2018	20.03.2019			20.03.2018
		Net	Net	Due Balance	Provision for Doubtful Debts	Net	Net
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Dividend Receivable	16-1	41,926	70,419	41,911	0	41,911	69,991
Realised Profit of Investment Funds		462,830	247,208	429,525	0	429,525	219,706
Temporary Debtors	16-2	964,508	1,180,580	853,153	0	853,153	1,010,174
Dues to Staff		56,708	6,250	56,708	0	56,708	6,250
		1,525,973	**1,504,457**	**1,381,298**	0	**1,381,298**	**1,306,122**

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

	Group		Parent Company	
	20.03.2019	20.03.2018	20.03.2019	20.03.2018
	Million IRR	Million IRR	Million IRR	Million IRR
Companies Listed on TSE & OTC Market				
Mobin Petrochemical Co.	2,599	24,666	2,599	24,666
Pardis Petrochemical Co.	14,151	0	14,151	0
Parsian Oil & Gas Development	5,848	0	5,848	0
Tamin Pharmaceutical Investment	5,167	190	5,167	190
Persian Gulf Petrochemical Industries	3,849	30,471	3,849	30,471
Fars & Khouzestan Cement Co.	2,900	184	2,900	184
Kerman Cement	2,749	0	2,749	0
Bandar Abbas Oil Refinery Co.	1,694	0	1,694	0
Shiraz Petrochemical Co.	1,479	5,558	1,479	5,558
Iran Investment Co.	945	0	945	0
Esfahan Mobarakeh Steel Co.	390	390	390	390
Iran Telecommunications Co.	131	131	131	131
Sahand Rubber Industries	10	0	10	0
Mapna Group	0	2,500	0	2,500
Civil Pension Fund Investment Co.	0	1,822	0	1,822
Khouzestan Steel Co.	0	1,819	0	1,819
Pardakht Card Electronic Network	0	1,122	0	1,122
Bahman Diesel	0	861	0	861
Tamin Petrochemical Co.	0	150	0	150
Kermanshah Petrochemical Industries Co.	0	80	0	80
Behshahr Industries Group Investment	0	37	0	37
Sahand Rubber Industries	0	10	0	10
Others	15	429	0	2
	41,926	**70,419**	**41,911**	**69,991**

16.2. Balance of temporary debtors is as follows:

	Group		Parent Company	
	20.03.2019	20.03.2018	20.03.2019	20.03.2018
	Million IRR	Million IRR	Million IRR	Million IRR
Items Related to Loans:				
Litigation & Collection Expenses	112,874	233,067	112,874	233,067
Biosun Pharmed Co.	57,764	108,485	57,764	108,485
	170,637	341,552	170,637	341,552
Items Unrelated to Loans:				
Foreign Currency Temporary Debtors	162,374	224,131	162,374	209,835
Foreign Currency Commission Debtors	42,613	16,657	42,613	16,657
Rey Daneh Co.	169,506	169,146	169,506	169,146
Alborz Bulk Pharmaceutical Manufacturer Co.	157,074	157,074	157,074	157,074
Exir Pharmaceutical Co.	8,256	21,529	8,256	21,529
Ayandeh Bank Employees' Future Prosperity - Nazi Abad Real Estate Buyer	0	19,775	0	19,775
Petro Sakht & Nasb Co.	9,159	8,919	9,159	8,919
Interest Receivable on Deposits held with Other Banks	22,903	7,403	22,903	7,403
Others	221,986	214,394	110,630	58,285
	793,871	839,028	682,515	668,623
	964,508	**1,180,580**	**853,153**	**1,010,174**

16.3. Classification of other accounts receivable based on instructions ratified by Money and Credit Council (note 7.7.) is as follows:

	20.03.2019				
	Current	Overdue	Deferred	Doubtful	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Temporary Debtors	853,153	0	0	0	853,153
Dividend Receivable	41,911	0	0	0	41,911
Realised Interest of Equity Participations	429,525	0	0	0	429,525
Dues to Staff	56,708				56,708
Other Net Accounts Receivable before Deduction of Provisions for Doubtful Debts	1,381,298	0	0	0	1,381,298
General Provision for Doubtful Debts	0	0	0	0	0
Specific Provision for Doubtful Debts		0	0	0	0
Balance at 20.03.2019	**1,381,298**	**0**	**0**	**0**	**1,381,298**
Balance at 20.03.2018	**1,306,122**	**0**	**0**	**0**	**1,306,122**

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17. Tangible Fixed Assets

	Group						
	Land	Building	Motor Vehicle	Furniture, Installation & Equipment	Assets under Completion	Capital Prepayment	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Cost:							
Balance at 21.03.2017	2,922,333	1,059,144	17,652	641,894	1,604,287	445,130	6,690,440
Increased during the Year	0	0	2,775	3,545	237,408	123,081	366,809
Sold	(35,782)	(25,077)	(418)	(28,327)	0	(2,057)	(91,662)
Transfers & Other Changes	0	846,951	238	66,350	(798,179)	(113,955)	1,404
Balance at 20.03.2018	**2,886,552**	**1,881,018**	**20,246**	**683,461**	**1,043,516**	**452,199**	**6,966,991**
Increased during the Year	10,297	11,424	460	30,591	166,544	89,796	309,112
Assets Sales & Disposal	(33,930)	(20,264)	(369)	(4,079)	(173,917)	(4,067)	(236,627)
Transfers & Other Changes	32,070	128,244	0	16,758	(133,814)	(232,915)	(189,657)
Balance at 20.03.2019	**2,894,988**	**2,000,422**	**20,337**	**726,731**	**902,329**	**305,013**	**6,849,820**
Accumulated Depreciations:							
Balance at 21.03.2017	0	181,029	6,608	402,754			590,391
Depreciation for the Year	0	76,348	2,416	73,486			152,251
Sold	0	(6,887)	(416)	(26,700)			(34,002)
Balance 20.032018	**0**	**250,490**	**8,609**	**449,541**	**0**	**0**	**708,640**
Depreciation for the Year	0	106,783	2,389	65,810			174,983
Assets Sales & Disposal	0	(5,096)	(233)	(4,060)			(9,389)
Transfers & Other Changes	0	0	0	0			0
Balance at 20.03.2019	**0**	**352,178**	**10,765**	**511,291**	**0**	**0**	**874,233**
Carrying Amounts:							
Balance at 21.03.2017	**2,922,333**	**878,115**	**11,044**	**239,139**	**1,604,287**	**445,130**	**6,100,049**
Balance at 20.03.2018	**2,886,552**	**1,630,528**	**11,637**	**233,920**	**1,043,516**	**452,199**	**6,258,352**
Balance at 20.03.2019	**2,894,988**	**1,648,244**	**9,572**	**215,440**	**902,329**	**305,013**	**5,975,586**

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	Parent Company						
	Land	Building	Motor Vehicle	Furniture, Installation & Equipment	Assets under Completion	Capital Prepayment	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Cost:							
Balance at 21.03.2017	3,106,766	1,036,098	16,530	623,354	1,602,864	563,890	6,949,502
Increased during the Year	0	0	0	2,659	231,333	123,081	357,073
Increased (Decreased) from Re-evaluation	0	0	0	0	0	0	0
Sold	(35,782)	(18,595)	(418)	(27,943)	0	0	(82,738)
Transfers & Other Changes	0	846,951	238	66,350	(768,677)	(113,955)	30,907
Balance at 20.03.2018	**3,070,984**	**1,864,455**	**16,349**	**664,420**	**1,065,521**	**573,015**	**7,254,744**
Increased during the Year	10,187	10,922	0	27,042	161,144	89,796	299,091
Increased (Decreased) from Re-evaluation	0	0	0	0	0	0	0
Assets Sales & Disposal	(33,930)	(13,782)	0	(3,745)	(173,917)	0	(225,374)
Transfers & Other Changes	32,070	128,244	0	16,758	(120,217)	(232,915)	(176,060)
Balance at 20.03.2019	**3,079,311**	**1,989,840**	**16,349**	**704,474**	**932,531**	**429,896**	**7,152,401**
Accumulated Depreciations:							
Balance at 21.03.2017	0	282,171	5,779	389,639			677,589
Depreciation for the Year	0	91,141	2,075	71,147			164,364
Sold	0	(6,887)	(416)	(26,700)			(34,002)
Balance 20.032018	**0**	**366,426**	**7,439**	**434,086**	**0**	**0**	**807,951**
Depreciation for the Year	0	121,094	2,023	64,226			187,344
Assets Sales & Disposal	0	(5,096)	0	(3,726)			(8,822)
Transfers & Other Changes	0	0	0	0			0
Balance at 20.03.2019	**0**	**482,425**	**9,462**	**494,586**	**0**	**0**	**986,472**
Carrying Amounts:							
Balance at 21.03.2017	**3,106,766**	**753,927**	**10,751**	**233,714**	**1,602,864**	**563,890**	**6,271,913**
Balance at 20.03.2018	**3,070,984**	**1,498,029**	**8,911**	**230,334**	**1,065,521**	**573,015**	**6,446,794**
Balance at 20.03.2019	**3,079,311**	**1,507,415**	**6,888**	**209,888**	**932,531**	**429,896**	**6,165,929**

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17.1. Banks' lands and buildings have not been assessed.

17.2. Carrying amount of re-evaluated lands at cost is as follows:

	20.03.2019		20.03.2018	
	Cost	Re-evaluation	Cost	Re-evaluation
	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 and inventory of properties and fixtures have been insured against possible hazards such as fire, flood, earthquake, explosion, etc. for up to IRR2,463,464 million. It is noteworthy that motor vehicles have casualty and collision insurance.

17.4. The land and building of Erfan Gharb Medical Group property and MIDHCO Branch have been transferred in accordance with the opinion of official judicial experts. In addition, excess assets in process are mainly related to renovation of Farmaniyeh, Motahari – Rasht city as well as Sajjad Boulevard – Mashhad and Kerman cities. Furthermore, excess capital prepayments are related to Erfan – Niyayesh, Tavanir branches, etc. The balance of transfers mainly amount to IRR96,301 million as MIDHCO branch's goodwill and IRR66,100 million as Erfan Gharb Medical Group branch's goodwill which have been classified under the heading of "Intangible Assets" (note 18 of the financial statements).

17.5. The sales revenue of assets in process relating to the Gam semi-finished project which includes land, building, telephone lines and electricity etc., which based on a contract and the report of an official expert, amounts to IRR420,000 million, 98% of which has been settled and the remainder shall be settled at the time of transferring the title deed.

17.6. Balance of net tangible and intangible assets ratio to shareholders' equity is as follows:

		20.03.2019	
	Million IRR	Million IRR	Million IRR
Immovable Assets	5,069,150		
Less:			
Re-evaluation Surplus of Tangible Fixed Assets	(486,395)		
Accumulated Depreciation of Immovable Assets	(482,425)		
Balance of Net Immovable Assets		4,100,331	
Bank's Immovable Assets under Purchase & Utilisation		932,531	
Capital Prepayments for Real Estates		429,896	
Over 2-Year Collaterals Possessed		2,595,616	
Movable Assets	720,824		
Less:			
Provision for Movable Assets Depreciation	(504,048)		
Balance of Net Movable Assets		216,776	
Intangible Assets	4,353,427		
Re-evaluation Surplus of Intangible Fixed Assets	(1,557,202)		
Accumulated Amortisation of Intangible Assets	(69,829)		
Net Intangible Fixed Assets		2,726,396	
Capital Items in Warehouse (Capital Inventory)		26,642	
Deposits Paid for Operational Rent of Tangible Fixed Assets		151,344	
Net Fixed Assets			11,179,532
Shareholders' Equity after Deduction of Retained Earnings & Uncertain Profit			11,191,896
Net Fixed Assets Ratio to Shareholders' Equity after Deduction of Retained Earnings & Uncertain Profit			99.9%

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17.7. 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 mentioned ratio.

18. Intangible Assets

	Group					Parent Company			
	Goodwill	Software	Technical Know-how for PDH Project	Right to Use Public Services	Total	Goodwill	Software	Right to Use Public Services	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Cost:									
Balance at 21.03.2017	4,234,415	67,488	58,492	24,334	4,384,730	4,218,876	63,761	23,766	4,306,403
Increased during the Year	0	4,862	6,931	1,509	13,301	0	4,862	1,415	6,277
Domestic Expansion	0	0	0	0	0	0	0	0	0
Increased (Decreased) from Re-evaluation	0	0	0	0	0	0	0	0	0
Sold	(101,387)	(1,210)	0	0	(102,597)	(101,387)	(1,210)	0	(102,597)
Transfers & Other Changes	0	1,800	0	0	1,800	0	1,800	0	1,800
Balance at 20.03.2018	**4,133,028**	**72,939**	**65,423**	**25,843**	**4,297,234**	**4,117,489**	**69,213**	**25,181**	**4,211,882**
Balance at 21.03.2018	4,133,028	72,939	65,423	25,843	4,297,234	4,117,489	69,213	25,181	4,211,882
Increased during the Year	0	3,868	0	2,342	6,210	0	3,768	2,054	5,821
Asset Sales & Disposal	(37,614)	0		(2,391)	(40,005)	(37,614)	0	(2,366)	(39,980)
Transfers & Other Changes	162,401	13,303	0	0	175,703	162,401	13,303	0	175,703
Balance at 20.03.2019	**4,257,814**	**90,110**	**65,423**	**25,795**	**4,439,142**	**4,242,275**	**86,283**	**24,869**	**4,353,427**
Accumulated Amortisation:									
Balance at 21.03.2017	0	58,594			58,594	0	55,545		55,545
Amortisation for the Year	0	8,327			8,327	0	7,942		7,942
Sold	0	(1,210)			(1,210)	0	(1,210)		(1,210)
Balance at 20.03.20118	**0**	**65,710**	**0**	**0**	**65,710**	**0**	**62,277**	**0**	**62,277**
Balance at 21.03.2018	0	65,710			65,710	0	62,277		62,277
Amortisation for the Year	0	7,755			7,755	0	7,552		7,552
Balance at 20.03.2019	**0**	**73,466**	**0**	**0**	**73,466**	**0**	**69,829**	**0**	**69,829**
Carrying Amounts:									
Balance at 21.03.2017	**4,234,415**	**8,894**	**58,492**	**24,334**	**4,326,136**	**4,218,876**	**8,216**	**23,766**	**4,250,857**
Balance at 20.03.2018	**4,133,028**	**7,229**	**65,423**	**25,843**	**4,231,524**	**4,117,489**	**6,936**	**25,181**	**4,149,605**
Balance at 20.03.2019	**4,257,814**	**16,644**	**65,423**	**25,795**	**4,365,676**	**4,242,275**	**16,454**	**24,869**	**4,283,598**

18.1. Intangible assets were not revaluated during the reporting period.

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

	20.03.2019		20.03.2018	
	Cost	Re-evaluation	Cost	Re-evaluation
	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

	Parent Company	
	20.03.2019	20.03.2018
	Million IRR	Million IRR
Legal Deposit- Deposits held at Mainland Branches (IRR)	16,520,986	15,098,251
Legal Deposit- Deposits held at Mainland Branches (Foreign Currency)	0	0
Legal Deposit- Deposits held at Free Zones Branches (IRR)	218,106	207,408
Legal Deposit- Deposits held at Free Zones Branches (Foreign Currency)	0	0
Legal Deposit- Held at Central Banks of Other Countries (Foreign Currency)	0	0
	16,739,092	**15,305,659**

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.

20. Other Assets

		Group		Parent Company	
	Note	20.03.2018	20.03.2019	20.03.2018	20.03.2019
		Million IRR	Million IRR	Million IRR	Million IRR
Net Customers' Debt for Term L/Cs	20-1	258,252	2,950,987	258,252	2,950,987
Inactive Real Estates	20-2	0	0	0	0
Possessed Collaterals	20-3	3,334,067	3,213,437	3,304,067	3,213,437
Deposit for Rented Buildings		151,469	139,753	151,344	139,328
Inventory of Fixtures Movable Assets		26,642	13,830	26,642	13,830
Prepayments		193,256	202,439	45,935	60,145
Consumables Inventory		665	10,133	665	10,133
Press Inventory		3,652	2,398	3,652	2,398
Token Balance		1,070	1,165	1,070	1,165
Items in Transition	20-4	0	0	0	0
Gold Coins		3,320	3,251	3,320	3,251
Stamp Duty		2,606	2,588	2,606	2,588
Cheque Printing Right		2,012	1,683	2,012	1,683
Others		29,303	31,142	0	0
		4,006,316	**6,572,806**	**3,799,567**	**6,398,944**

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

	Parent Company	
	20.03.2018	**20.03.2019**
	Million IRR	**Million IRR**
Customers' Debt for Term L/Cs (IRR)	3,721	65,656
Customers Debt for Term L/Cs (Foreign Currency)	354,405	3,871,405
	358,125	**3,937,061**
Less:		
Advances Received for Term L/Cs (IRR)	0	(12,613)
Advances Received for Term L/Cs (Foreign Currency)	(95,940)	(928,522)
General Provision for Doubtful Debts	(3,933)	(44,939)
	258,252	**2,950,987**

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

		Parent Company	
	Note	**2018-19**	**2017-18**
		Million IRR	**Million IRR**
Balance at Beginning of the Year		44,939	28,615
Settled		0	0
Bad Debt		0	0
Provision for Current Year	50	(41,006)	16,324
Balance at the End of the Year		**3,933**	**44,939**

20.2. The Bank has no inactive real estates.

20.3. Collateral repossessed
Composition of the Parent Company's collateral repossessed is as follows:

Type	20.03.2018	Repossessed during the Year	Sold during the Year	20.03.2019
Movable				
Equipment	930	0	0	930
	930	0	0	930
Immovable				
Residential	2,031,607	136,719	(102,401)	2,065,925
Commercial/Administrative	341,153	40,482	0	381,635
Land	556,891	10,847	(480)	567,259
Garden	2,878	0	(2,033)	845
Residential / Commercial	124,144	7,495	0	131,639
Residential / Commercial / Office	155,834	0	0	155,834
	3,212,507	195,544	(104,914)	3,303,137
	3,213,437	**195,544**	**(104,914)**	**3,304,067**
Accumulated Impairment	0			0
	3,213,437			**3,304,067**
Profit (Loss) from Sales	**84,519**			**53,953**

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

	Parent Company	
	20.03.2019	20.03.2018
	Million IRR	Million IRR
Less than 1 Year from Repossession Date	187,344	537,020
1 Year to 2 Years from Repossession Date	521,108	1,173,150
Over 2 Years from Repossession Date	2,595,616	1,503,267
	3,304,067	**3,213,437**

20.3.2. Proceed (Loss) generated from selling collaterals repossessed has been reflected in profit and loss statement and disclosed in note 48.

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 remove them.

20.4. The Bank lacks items in transition at the end of the reporting year. If items in transition are creditors, then they are presented under other liabilities heading.

20.5. Goodwill

	Group	
	2018-19	2017-18
	Million IRR	Million IRR
Cost at the Beginning of the Year	209,640	201,468
Goodwill Acquired during the Year	3,882	8,172
Cost at the End of the Year	213,521	209,640
Accumulated Amortisation at the Beginning of the Year	(27,739)	(17,257)
Amortisation for the Year	(10,686)	(10,482)
Accumulated Amortisation at the End of the Year	(38,425)	(27,739)
Carrying Amount	**175,096**	**181,901**

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

21. Dues to Banks and Other Credit Institutions

	Note	Group		Parent Company	
		20.03.2019	20.03.2018	20.03.2019	20.03.2018
		Million IRR	Million IRR	Million IRR	Million IRR
CBI:					
Deposit-IRR		0	0	0	0
Sight Deposits-Foreign Currency		547,608	595,621	547,608	595,621
Term Deposits-Foreign Currency		425,000	462,490	425,000	462,490
Due for Overdraft from Current Account		0	0	0	0
Due for Difference in Foreign Currency Rate		0	0	0	0
Due for Purchasing Foreign Currency		175,062	494,584	175,062	494,584
Due for Legal Deposit		0	56,382	0	56,382
Dues to Foreign Currency Reserve Account		0	0	0	0
Received Loans -IRR	21-1	0	0	0	0
Received Loans -Foreign Currency	21-2	152,716	92,925	152,716	92,925
Loans Received from CBI-Loans for Pharmaceutical Products	21-6	0	0	0	0
		1,300,386	1,702,002	1,300,386	1,702,002
Domestic Banks & Credit Institutions					
Sight Deposits-IRR		0	0	0	0
Sight Deposits-Foreign Currency		450,552	75,965	450,552	75,965
Cheques Issued by the Bank Paid by Other Banks		510,402	1,113,575	510,402	1,113,575
Received Loans -IRR	21-3	0	263,462	0	0
Received Loans -Foreign Currency	21-4	0	0	0	0
Others		101,113	527,739	101,113	527,739
		1,062,066	1,980,741	1,062,066	1,717,279
Overseas Banks:					
Sight Deposits-IRR		0	0	0	0
Sight Deposits-Foreign Currency		715	370	715	370
Loans Received-Foreign Currency	21-5	0	0	0	0
		715	370	715	370
		2,363,167	**3,683,113**	**2,363,167**	**3,419,651**

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. IRR loans are related to loans received by Karafarin Leasing Company obtained from Bank Day bearing an 18% interest with its maturity date being on December 2018.

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	Foreign Currency Amount	Million IRR
Loans Received from CBI-Loans for Pharmaceutical Products	EUR	(16,379,751)	(1,392,279)
Loans Paid for Pharmaceutical Products in Form of Equity Participation:			
Kar & Andisheh Co.	EUR	10,252,204	871,437
KBC Co.	EUR	4,008,110	340,689
Samen Pharmaceutical Co.	EUR	2,013,987	171,189
Behin Pad Pharmaceutical Co.	EUR	105,449	8,963
		16,379,751	1,392,279
		0	0

22. Customers' Deposits

		Group		Parent Company	
	Note	20.03.2019	20.03.2018	20.03.2019	20.03.2018
		Million IRR	Million IRR	Million IRR	Million IRR
Individuals:					
Sight Deposits & Similar Items	22-1	1,548,576	844,365	1,548,576	844,365
Saving Deposits & Similar Items	22-2	290,179	186,159	290,179	186,159
Other Deposits & Received Advances	22-3	71,752	145,530	71,752	145,530
		1,910,506	1,176,054	1,910,506	1,176,054
Legal Customers:					
Sight Deposits & Similar Items	22-1	5,824,130	1,629,053	6,218,946	1,662,009
Saving Deposits & Similar Items	22-2	1,322,868	1,207,164	1,322,868	1,207,164
Other Deposits & Received Advances	22-3	6,411,260	3,650,205	6,411,260	3,650,205
		13,558,259	6,486,422	13,953,074	6,519,378
		15,468,765	**7,662,476**	**15,863,580**	**7,695,433**

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

	Group		Parent Company	
	20.03.2019	20.03.2018	20.03.2019	20.03.2018
	Million IRR	Million IRR	Million IRR	Million IRR
Current *Gharz-al Hassane*h Deposits-IRR	7,131,431	2,331,638	7,526,247	2,364,594
Current *Gharz-al Hassaneh* Deposits-Foreign Currency	241,274	141,780	241,274	141,780
	7,372,706	**2,473,418**	**7,767,521**	**2,506,374**

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

	Group & Parent Company	
	20.03.2019	20.03.2018
	Million IRR	Million IRR
Current *Gharz-al Hassaneh* Deposits-IRR	72,743	21,741
Current *Gharz-al Hassaneh* Deposits-Foreign Currency	1,540,304	1,371,582
	1,613,047	**1,393,323**

22.3. Other deposits and received advances

	Group & Parent Company	
	20.03.2019	20.03.2018
	Million IRR	Million IRR
L/Gs Cash Deposits-IRR	2,498,133	2,049,583
L/Gs Cash Deposits-Foreign Currency	310,596	187,409
L/Cs Received Advances -IRR	148,680	62,641
L/Cs Received Advances - Foreign Currency	3,446,787	1,436,106
Others (5,624 Items)	78,815	59,995
	6,483,012	**3,795,735**

23. Dividend Payable

Turnover of dividend payable to the Parent Company is as follows:

	DPS	Approved Dividend	Balance at 20.03.2018	Dividend Paid during 2018-19	Capital Increase from Claims	Balance at 20.03.2019
	IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Balance of Dividend Payable Balance from Previous Years			11,944	(210)		11,734
Year Ended 20.03.2017	150	1,275,000	23,291	(22,492)	0	799
Year Ended 20.03.2018	30	255,000	0	(254,512)	0	488
Total			**35,235**	**(277,213)**	**0**	**13,022**

Group's dividend payable account is as follows:

	20.03.2019	20.03.2018
	Million IRR	Million IRR
Parent Company:		
Balance of Dividend Payment from Prior Years	11,734	11,944
Year Ended 20.03.2017	799	23,291
Year Ended 20.03.2018	488	0
	13,022	**35,235**
Group:		
Subsidiaries Owned by Minorities	(1,593)	10,257
	11,429	**45,491**

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 20.03.2019	Balance at the End of the Year 20.03.2018
			%	Million IRR	Million IRR	Million IRR	Million IRR
Participation Bonds	-	-	0	0	0	0	0
Sukuk Bonds	-	-	0	0	0	0	0
				0	0	0	0

25. Corporation Tax Provision

	Group		Parent Company	
	2018-19	2017-18	2018-19	2017-18
	Million IRR	Million IRR	Million IRR	Million IRR
Balance at the Beginning of the Year	72,967	129,312	0	65,455
Corporation Tax Provision for the Year	50,050	113,888	0	0
Corporation Tax Adjustment of Previous Years	37,528	165,071	41,481	174,280
Paid during the Year	(109,159)	(297,778)	(41,481)	(239,735)
	51,385	110,494	0	0
Tax Prepayments	0	0	0	0
Balance at the End of the Year	**51,385**	**110,494**	**0**	**0**

Karafarin Bank (Public Joint Stock)
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25.1. Bank's corporation tax for years before 2015-16 has been finalised and paid. A summary of tax payable for 2015-16 to March 2019 is as follows:

(Amounts in Million IRR)

Fiscal Year	20.03.2019							2017-18	Recognition Method & Assessment Stage
	Declared Profit (Loss)	Taxable Income	Declared Tax	Recognised Tax	Final Tax	Paid Tax	Provision Balance	Provision Balance	
2015-16	3,196,510	2,643,235	528,647	1,089,012		594,727	0	0	Notice of Tax Assessment Issued & Appeal
2016-17	1,819,020	483,269	96,654	750,497		96,654	0	0	Notice of Tax Assessment Issued & Appeal
2017-18	630,365	0	0	1,248,745			0	0	Notice of Tax Assessment Issued & Appeal
2018-19	1,278,873	0	0				0	0	In Process of Submitting Tax Assessment
							0	0	
Tax Prepayments							0	0	
							0	0	

25.1.1. Performance for the years 2015-16 to 2017-18 have been recorded and provisions have been made in the accounts based on tax exemptions. Tax assessment notices have been issued for the mentioned years against which, the Bank has filed an appeal. Furthermore, due to tax exemptions, the Bank has no taxable income for the 2018-19 period.

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	20.03.2019	20.03.2018	20.03.2019	20.03.2018
		Million IRR	Million IRR	Million IRR	Million IRR
Loans Received from National Development Fund	26-1	367,071	334,408	367,071	334,408
Bank's Debts for Term L/Cs-IRR		5,315	83,849	5,315	83,849
Bank's Debts for Term L/Cs- Foreign Currency		781,628	3,826,664	781,628	3,826,664
Customers' Foreign Currency Payment Order	26-2	3,070,889	206,011	3,070,889	184,341
Shetab Unsettled Items (Settled on 25.03.2019)		557,712	0	557,712	0
Creditors of Gift Card		409,344	305,621	409,344	305,621
Cheques in Process of Collection		311,578	212,304	311,578	212,304
Provision for Expenses Payable	26-3	336,618	142,824	306,987	115,974
Provision for Deposits Guarantee Fund	26-4	114,064	89,798	114,064	89,798
Premium Payable		97,698	102,334	86,308	89,440
Creditors of Voucher Card		53,842	5,834	53,842	5,834
Deposit for Contractors' Good Performance		62,754	68,092	48,201	48,723
Advances Received for Selling Real Estates		43,775	11,414	43,775	11,414
Domestic Creditors of Prepayment Card		18,880	7,609	18,880	7,609
Received Accounts & Notes Payable of Group's Companies from Companies & Parties		176,172	130,695	0	0
Other Liabilities		917,245	280,865	917,245	280,955
		7,324,585	**5,808,323**	**7,092,840**	**5,596,937**

26.1. Turnover of loans received from National Development Fund is as follows:

	20.30.2019	20.03.2018
	Million IRR	Million IRR
Loans Received from National Development Fund	800,018	800,018
Loans Paid to Customers from National Development Fund	(432,947)	(465,610)
	367,071	334,408

26.1.1. Loans received from National Development Fund at balance sheet date is as follows:

Received Amount	Foreign Currency	Receiving Date	Instalments Starting date	Maturity Date	No. of Instalments	Interest Rate	Loans Balance (Principal Amount & Interest)
IRR Loans:							
150,000	IRR	07.06.2015	08.12.2017	07.06.2023	20	16	92,975
3,459	IRR	*					
500,000	IRR	19.06.2015	19.06.2018	19.06.2023	18	19	251,829
80,749	IRR	*					
50,000	IRR	24.12.2014	24.12.2017	24.12.2022	18	19	22,267
15,810	IRR	*					
800,018							**367,071**

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

26.2. Customers' foreign currency payment orders have been mainly settled up to the date of preparation of the financial statements.

26.3. A portion of the mentioned amounts (IRR272,288 million) are related to a tax notice relating to clauses B and P of the Eliminating Competitive Production Limitations & Improving the Country's Financial Items Act of 2015-16 for the Bank's performance of 2016-17. The Bank has filed an appeal against this tax notice and the case is currently under review. The final tax notice relating to the mentioned act for the 2016-17 period amounting to IRR179,317 million has been issued in this regard. The Bank has reflected sufficient provision in the accounts, in this regard. In addition, the 2017-18 performance in reference with the mentioned act has been submitted to the CBI and a claims notice in the amount of IRR529,985 million has been issued. The Bank has filed an appeal against this notice and the case is currently under review.

26.4. According to the ratification of the Cabinet dated 1396/02/30 (20.05.2017) in reference with the guideline of methods and scale of membership of Deposits Guarantee Fund numbered H48367T/100998 dated 1392/05/02 (24.07.2013), the initial membership and annual membership fees for 2013-14 until 2017-18 have been recorded in the accounts, based on the Fund's new amendment.

27. Provision for Work Termination Benefits

	Note	Group		Parent Company	
		2018-19	2017-18	2018-19	2017-18
		Million IRR	Million IRR	Million IRR	Million IRR
Balance at the Beginning of the Year		513,527	408,360	505,241	400,655
Paid during the Year		(30,668)	(18,805)	(23,688)	(14,176)
Provided Reserve during the Year	27-1	147,579	123,971	140,720	118,762
Balance at the End of the Year		**630,438**	**513,527**	**622,273**	**505,241**

27.1. Provision to buyback employees' service years is calculated based on latest monthly salary for every year of service years.

28. Investment Depositors' Equity

	Note	Group		Parent Company	
		20.03.2019	20.03.2018	20.03.2019	20.03.2018
		Million IRR	Million IRR	Million IRR	Million IRR
Term Investment Deposits					
Long-term Investment Deposits	28-1	79,168,904	88,317,267	79,183,954	88,332,317
Short-term Investment Deposits	28-1	57,510,256	40,346,946	57,739,829	40,530,280
Specific Short-term Investment Deposits	28-1	8,299	51,673	8,299	51,673
Investment Deposits Received from Banks & Credit Institutions	28-1	46,369	12	46,369	12
		136,733,828	**128,715,898**	**136,978,450**	**128,914,282**
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
Specific Short-term Investment Deposits	28-2	0	0	0	0
Investment Deposits Received from Banks & Credit Institutions	28-2	0	0	0	0
		12,075	**12,075**	**12,075**	**12,075**
		136,745,903	**128,727,973**	**136,990,525**	**128,926,357**

28.1. Term investment deposits based on IRR and foreign currency

	Parent Company					
	20.03.2019			20.03.2018		
	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	46,369	0	46,369	12	0	12
Ordinary Short-term Investment Deposits	57,666,258	73,570	57,739,829	40,484,520	45,760	40,530,280
Specific Short-term Investment Deposits				0	0	
Within 3 Months	1,759	0	1,759	1,759	0	1,759
Over 3 Months to 6 Months	5,828	0	5,828	7,157	0	7,157
Over 6 Months to 1 Year	712	0	712	42,722	0	42,722
Long-term Investment Deposits						
Ordinary Deposit Certificate	296,879	0	296,879	216	0	216
Specific Deposit Certificate	0	0	0	0	0	0
1 Year	78,776,151	39,054	78,815,204	85,779,169	71,028	85,850,197
2 Years	0	0	0	0	0	0
3 Years	0	0	0	0	0	0
4 Years	30	0	30	158	0	158
5 Years	71,841	0	71,841	2,481,745	0	2,481,745
	136,865,826	**112,624**	**136,978,450**	**128,797,494**	**116,788**	**128,914,282**

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

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

	20.03.2019							20.03.2018
	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	10	0	0	202	212	222
2018-19	0	0	0	0	0	0	0	88,217,969
2019-20	12,743	50,181,533	19,099,507	9,845,520	0	39,054	79,178,356	71,056
2020-22	5,316	0	0	0	0	0	5,316	43,001
2021-22	70	0	0	0	0	0	70	70
2022-23 & After	0	0	0	0	0	0	0	0
	18,129	**50,181,533**	**19,099,517**	**9,845,520**	**0**	**39,255**	**79,183,954**	**88,332,317**
20.03.2018	**112,335**	**75,591,601**	**4,557,893**	**7,999,245**	**0**	**71,243**	**88,332,317**	

28.1.2. Turnover of IRR investment deposits

	Balance at 20.03.2018	Deposits Attracted during the Year	Deposits Repayment	Balance at 20.03.2019
	Million IRR	Million IRR	Million IRR	Million IRR
Ordinary Deposit Certificate	39,568,303	7,025,459	(46,296,884)	296,879
Specific Deposit Certificate	0	0	0	0
1 Year	46,211,082	143,595,517	(111,030,447)	78,776,151
2 Years	0	0	0	0
3 Years	0	0	0	0
4 Years	158	0	(128)	30
5 Years	2,481,745	0	(2,409,904)	71,841
Short-term Deposits	40,484,520	887,647,364	(870,465,625)	57,666,258
Special Short-term Deposits	51,673	35,007	(78,381)	8,299
Investment Deposits Received from Banks & Credit Institutions	12	7,657,299	(7,610,942)	46,369
	128,797,494	**1,045,960,646**	**(1,037,892,313)**	**136,865,826**

28.1.3. Turnover of foreign currency investment deposits

	Balance at 20.03.2018	Deposits Attracted during the Year	Deposits Repayment	Balance at 20.03.2019	Balance at 20.03.2019	Balance at 20.03.2018
	Foreign Currency Amount	Foreign Currency Amount	Foreign Currency Amount	Foreign Currency Amount	IRR Equivalent Million IRR	IRR Equivalent Million IRR
Long-term Deposits						
USD	742,113	45,720	(428,985)	358,848	26,914	31,177
EUR	889,095	75,506	(825,406)	139,195	11,832	31,993
AED	173,000	216	(173,216)	-	-	1,997
GBP	3,100	8	(8)	3,100	308	186
Ordinary & Special Short-term Deposits						
USD	457,541	12,136	(51,555)	418,122	31,359	19,264
EUR	615,200	338	(120,338)	495,200	42,092	32,101
GBP	1,200	1	(1)	1,200	119	72
Investment Deposits Received form Banks & Credit Institutions						
USD	-	-	-	-	-	-
					112,624	**116,789**

28.1.4. Composition of investment depositors is as follows:

	Parent Company			
	20.03.2019		20.03.2018	
	Number	Amount	Number	Amount
	Depositors	Million IRR	Depositors	Million IRR
IRR Deposits:				
Legal Entities	9,667	45,875,461	7,058	34,446,481
Individuals	409,440	90,964,563	377,342	94,351,001
Investment Deposits Received form Banks & Credit Institutions	5	25,802	1	12
	419,112	136,865,826	384,401	128,797,493
Foreign Currency Deposits:				
Legal Entities	4	25,244	4	13,693
Individuals	85	87,380	109	103,096
Investment Deposits Received form Banks & Credit Institutions	0	0	0	0
	89	112,624	113	116,788
	419,201	**136,978,450**	**384,514**	**128,914,282**

28.2. Interest payable to term investment deposits

	Balance at 20.03.2018	On-account Interest during the Year	Difference of Actual & On-account Interest	Interest Paid during the Year	Balance at 20.03.2018
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Ordinary Short-term Deposits	12,075	2,873,461	0	(2,873,461)	12,075
Special Short-term Deposits	0	1,376	0	(1,376)	0
Ordinary Deposit Certificate	0	6,636,096	0	(6,636,096)	0
Specific Deposit Certificate	0	0	0	0	0
1-Year	0	8,593,350	0	(8,593,350)	0
2-Year	0	0	0	0	0
3-Year	0	0	0	0	0
4-Year	0	24	0	(24)	0
5-Year	0	169,699	0	(169,699)	0
Investment Deposits Received from Banks & Other Credit Institutions	0	15,518	0	(15,518)	0
Foreign Currency Deposits	0	13,638	0	(13,638)	0
	12,075	**18,303,164**	**0**	**(18,303,164)**	**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 depositor from the difference in final and on-account interest of 2018-19 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 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 Contribution
22.12.2001	100%	100,000	200,000	Claims & Cash Contribution
13.11.2004	75%	150,000	350,000	Cash Contribution
26.09.2005	100%	350,000	700,000	Claims & Cash Contribution
19.12.2007	50%	350,000	1,050,000	Claims & Cash Contribution
22.12.2008	90%	950,000	2,000,000	Claims & Cash Contribution
03.10.2010	50%	1,000,000	3,000,000	Claims & Cash Contribution
11.09.2011	50%	1,500,000	4,500,000	Claims & Cash Contribution
22.09.2012	61%	2,750,000	7,250,000	Re-evaluation Surplus & Retained Earnings
28.05.2014	17%	1,250,000	8,500,000	Claims & Cash Contribution

Karafarin Bank (Public Joint Stock)
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29.1. Shareholders' composition on balance sheet date is as follows:

	20.03.2019			20.03.2018	
	No. of Shares	% of Shares		No. of Shares	% of Shares
1% & Above					
Legal Entities					
Saba Tamin Investment Co. (Public Joint Stock)	758,097,641	8.9%	Saba Tamin Investment Co. (Public Joint Stock)	757,817,641	8.9%
Karafarin Insurance Co. (Public Joint Stock)	678,300,490	8.0%	Karafarin Insurance Co. (Public Joint Stock)	644,054,981	7.6%
Idea Gostar Dourandish Co. (Private Joint Stock)	424,999,998	5.0%	Negin Ganjineh Iranian 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%
Negin Ganjineh Iranian Co. (Private Joint Stock)	424,999,998	5.0%	Idea Gostar Dourandish 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%	Tadbir Investment Co. (Private Joint Stock)	424,931,033	5.0%
Karandish Doran Moaser Co. (Private Joint Stock)	348,520,693	4.1%	Modabber Kesht Toos Agricultural Co.	298,520,693	3.5%
Tose'e Eghtesad Ayandesazan Co. (Private Joint Stock)	212,167,093	2.5%	Tose'e Eghtesad Ayandesazan Co. (Private Joint Stock)	212,167,093	2.5%
Mehr Ayandegan Financial Development Group (Public Joint Stock)	162,423,292	1.9%	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	0
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)	89,703,946	1.1%	Asphalt Tous Saham Co.	85,232,617	1.0%
	4,709,894,338	**55.4%**		**4,548,178,154**	**53.5%**
Individuals (10 Shareholders)	2,069,628,429	24.3%	**Individuals (10 Shareholders)**	2,061,946,556	24.3%
Others (Below 1%)			Others (Below 1%)		
Legal Entities (94 Shareholders)	472,549,968	5.6%	Legal Entities (106 Shareholders)	492,104,652	5.8%
Individuals (6,225 Shareholders)	1,247,927,265	14.7%	Individuals (6,473 Shareholders)	1,397,770,638	16.4%
	8,500,000,000	**100%**		**8,500,000,000**	**100%**

30. Capital Increase in Process

No capital increase is in process within the Bank and its subsidiaries.

31. Share Premium Reserve

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

32. Legal Reserve

		Group		Parent Company	
	Note	2018-19	2017-18	2018-19	2017-18
		Million IRR	Million IRR	Million IRR	Million IRR
Balance at the Beginning of the Year		3,621,103	3,534,538	3,576,483	3,499,519
Transferred from Allocable Profit	32-1	193,538	86,565	185,609	76,964
Balance at the End of the Year		**3,814,641**	**3,621,103**	**3,762,092**	**3,576,483**

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 interest 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	2018-19	2017-18	2018-19	2017-18
		Million IRR	Million IRR	Million IRR	Million IRR
Balance at the Beginning of the Year		6,624	5,830	0	0
Transferred from Allocable Profit	33-1	929,804	793	929,804	0
Balance at the End of the Year		**936,428**	**6,624**	**929,804**	**0**

33.1. According to the Circular stated in note 7.10 of the financial statements, the rate presents inly a basis 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 allocable profit. Banks and credit institutions are required to maintain the profit under heading of other reserves and in a separated account. The mentioned profit cannot be distributed among shareholders. Banks and credit institutions are allowed to allocate the entire or part of the profit to their capital increase account following CBI's permit.

34. Assets Re-evaluation Surplus

	Group		Parent Company	
	20.03.2019	20.03.2018	20.03.2019	20.03.2018
	Million IRR	Million IRR	Million IRR	Million IRR
Assets Re-evaluation Surplus	154,759	154,759	43,597	43,597
	154,759	**154,759**	**43,597**	**43,597**

Assets re-evaluation surplus of the Group related to the Parent Company and assets re-evaluation surplus of the Associated Company (Karafarin Insurance) are recognised by equity method in the consolidated financial statements.

Assets re-evaluation surplus in the Parent Company is as follows:

	20.03.2019		20.03.2018	
	Assets Re-evaluation Surplus	Capital Increase	Balance of Assets Re-evaluation Surplus	Balance of Assets Re-evaluation 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. Difference in Foreign Currency Exchange

	Group & Parent Company	
	20.03.2019	20.03.2018
	Million IRR	Million IRR
Forex Difference in Overseas Operations		
	0	0
	0	0
Impacts of Foreign Currency Exchange Rate	0	0
	0	0

36. Treasury Shares

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

36.1. Non-controlling shareholders' equity

	Group	
	20.03.2019	20.03.2018
	Million IRR	Million IRR
Capital	499,262	499,262
Capital Increase Funds	70,053	69,943
Legal Reserve	10,259	9,395
Retained Loss	(136,963)	(147,584)
	442,611	**431,016**

37. Granted Loans and Deposits Income

	Note	Group					
		2018-19			2017-18		
		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	16,577,356	374,572	16,951,928	17,793,062	271,100	18,064,162
Deposits Income	37-2	3,415,544	58,697	3,474,241	1,347,911	197,664	1,545,575
Granted Loans & Deposits Total Income		**19,992,900**	**433,269**	**20,426,169**	**19,140,973**	**468,765**	**19,609,738**

	Note	Parent Company					
		2018-19			2017-18		
		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	16,577,356	306,823	16,884,179	17,793,062	210,812	18,003,874
Deposits Income	37-2	3,415,544	26,835	3,442,379	1,347,911	14,921	1,362,832
Granted Loans & Deposits Total Income		**19,992,900**	**333,659**	**20,326,558**	**19,140,973**	**225,732**	**19,366,705**

37.1. Granted loans income

	Group									
	2018-19					2017-18				
	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	1,117,727	90,592	1,208,319	0	1,208,319	148,318	49,716	198,034	0	198,034
Joaleh	335	95	430	0	430	837	186	1,024	0	1,024
Hire Purchase	12,663	12,933	25,597	0	25,597	6,718	41,182	47,900	0	47,900
Mozarebeh	717,787	0	717,787	0	717,787	1,086,589	0	1,086,589	0	1,086,589
Equity Participation	11,155,800	0	11,155,800	9,239	11,165,039	13,333,087	0	13,333,087	2,756	13,335,844
Salaf	0	0	0	0	0	0	0	0	0	0
Debt Discounting	0	0	0	0	0	0	0	0	72	72
Morabeheh	118,297	0	118,297	0	118,297	0	0	0	0	0
Estesna	0	0	0	0	0	0	0	0	0	0
Recognisance	3,453,559	0	3,453,559	180,251	3,633,810	3,216,990	0	3,216,990	128,187	3,345,177
Recognisance of L/C Debtors	0	46,374	46,374	0	46,374	523	0	523	27,243	27,766
Recognisance of Paid L/G Debtors	0	22,132	22,132	0	22,132	0	21,518	21,518	0	21,518
Others	0	91	91	14,052	14,144	0	103	103	136	240
	16,576,168	**172,218**	**16,748,386**	**203,542**	**16,951,928**	**17,793,062**	**112,706**	**17,905,768**	**158,394**	**18,064,162**

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	Parent Company									
	2018-19					2017-18				
	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	1,117,727	35,868	1,153,595	0	1,153,595	148,318	30,713	179,031	0	179,031
Joaleh	335	95	430	0	430	837	186	1,024	0	1,024
Hire Purchase	12,663	0	12,663	0	12,663	6,718	0	6,718	0	6,718
Mozarebeh	717,787	0	717,787	0	717,787	1,086,589	0	1,086,589	0	1,086,589
Equity Participation	11,155,800	0	11,155,800	9,239	11,165,039	13,333,087	0	13,333,087	2,756	13,335,844
Salaf	0	0	0	0	0	0	0	0	0	0
Debt Purchase	0	0	0	0	0	0	0	0	72	72
Morabeheh	118,297	0	118,297	0	118,297	0	0	0	0	0
Estesna	0	0	0	0	0	0	0	0	0	0
Recognisance	3,453,559	0	3,453,559	180,251	3,633,810	3,216,990	0	3,216,990	128,187	3,345,177
Recognisance of L/C Debtors	0	46,374	46,374	0	46,374	523	0	523	27,243	27,766
Recognisance of Paid L/G Debtors	0	22,132	22,132	0	22,132	0	21,518	21,518	0	21,518
Others	0	0	0	14,052	14,052	0	0	0	136	136
	16,576,168	**104,469**	**16,680,637**	**203,542**	**16,884,179**	**17,793,062**	**52,418**	**17,845,480**	**158,394**	**18,003,874**

37.2. Deposits income

	Group									
	2018-19					2017-18				
	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)	153,230	4,275	157,505	0	157,505	134,238	4,275	138,512	0	138,512
Interest on Term Deposits held with Banks	2,345,775	31,436	2,377,212	22,561	2,399,772	1,076,168	39,644	1,115,812	10,646	1,126,458
Interest on Deposit Certificate, Participation Bonds & Other Bonds	916,538	425	916,964	0	916,964	137,505	143,100	280,605	0	280,605
Income from Fixed Income Common Funds	0	0	0	0	0	0	0	0	0	0
	3,415,544	**36,137**	**3,451,680**	**22,561**	**3,474,241**	**1,347,911**	**187,018**	**1,534,929**	**10,646**	**1,545,575**

	Parent Company									
	2018-19					2017-18				
	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)	153,230	4,275	157,505	0	157,505	134,238	4,275	138,512	0	138,512
Interest on Term Deposits held with Banks	2,345,775	0	2,345,775	22,561	2,368,336	1,076,168	0	1,076,168	10,646	1,086,814
Interest on Deposit Certificate, Participation Bonds & Other Bonds	916,538	0	916,538	0	916,538	137,505	0	137,505	0	137,505
Income from Fixed Income Common Funds	0	0	0	0	0	0	0	0	0	0
	3,415,544	**4,275**	**3,419,818**	**22,561**	**3,442,379**	**1,347,911**	**4,275**	**1,352,186**	**10,646**	**1,362,832**

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38. Net Investments Profit (Loss)

	Note	Group		Parent Company					
		2018-19	2017-18	2018-19			2017-18		
		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 Profit (Loss)									
Companies' & Investment Funds Dividend	38-1	346,698	261,642	336,424	0	336,424	878,500	0	878,500
Proceed (Loss) Generated from Selling Companies' Shares & Investment Funds	38-2	453,321	34,319	453,169	0	453,169	35,247	0	35,247
Total Investments Realised Profit		800,019	295,961	789,593	0	789,593	913,747	0	913,747
Investments Value Increase (Decrease) Proceed (Loss)									
Net Profit (Loss) of Investments Value Increase (Decrease)	38-3	3,667	116,717	0	0	0	115,537	0	115,537
Investments Net Profit		**803,687**	**412,678**	**789,593**	**0**	**789,593**	**1,029,284**	**0**	**1,029,284**

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38.1. Details of companies' and investment funds' dividends are as follows:

	Group		Parent Company	
	2018-19	2017-18	2018-19	2017-18
	Million IRR	Million IRR	Million IRR	Million IRR
Karafarin Bank Investment Co.	0	0	1,602	0
Karafarin Leasing Co.	0	0	59,999	20,000
Karafarin Foreign Currency Exchange Co.	0	0	37,992	499,900
Karafarin bank Brokerage Co.	0	0	100,000	80,000
Abnieh Gostar Co.	0	0	0	5,418
Karafarin Insurance Co.	0	0	0	13,998
Long-Term Investments Dividend	0	0	199,594	619,316
Companies Listed on TSE:				
Pardis Petrochemical Co.	14,151	0	14,151	0
Mobin Petrochemical Co.	9,450	24,666	9,450	24,666
Parsian Oil & Gas Development Co.	5,848	0	5,848	0
Tamin Pharmaceutical Investment Co.	5,167	190	5,167	190
Fars & Khouzestan Cement Co.	4,900	184	4,900	184
Persian Gulf Petrochemical Industries	3,849	30,471	3,849	30,471
Kerman Cement	2,749	0	2,749	0
Bandar Abbas Oil Refinery Co.	1,694	130	1,694	130
Khouzestan Steel Co.	0	1,819	0	1,819
Shazand Petrochemical Co.	0	1,134	0	1,134
Tose'e Melli Group Investment Co.	0	1,022	0	1,022
Bahman Diesel Co.	0	861	0	861
Fajr Petrochemical Co.	0	679	0	679
Jam Petrochemical Co.	0	485	0	485
Behshahr Industries Development Co.	0	456	0	456
Esfahan Mobarakeh Steel Co.	0	390	0	390
Esfahan Oil Refinery Co.	0	350	0	350
Kermanshah Petrochemical Co.	0	336	0	336
Tamin Petroleum & Petrochemical Investment Co. (TAPPICO)	0	150	0	150
Telecommunication Company of Iran	0	131	0	131
Mines & Metals Development	0	112	0	112
Behshahr Iran Industries Group Investment	0	37	0	37
Shiraz Petrochemical Co.	0	13	0	13
Tabriz Oil Refinery Co.	0	4	0	4
Others	209,868	2,459	0	0
	257,675	66,078	47,808	63,619
Non-TSE Companies:				
Iran Investment Co.	3,544	0	3,544	0
Shapark Electronic Payment Card Network	1,360	1,836	1,360	1,836
Securities & Exchange Organisation	1,200	625	1,200	625
Iran Fara Bourse (Overt-the-Counter Market)	1,050	1,400	1,050	1,400
Iran Credit Scoring Co.	1,350	765	1,350	765
	8,504	4,626	8,504	4,626
Short-Term Investments Dividend	**266,179**	**70,704**	**56,311**	**68,245**
Amin Mellat Investment Fund	12,441	43,125	12,441	43,125
Karafarin Brokerage Common Investment Fund	7,814	33,203	7,814	33,203
Arman Karafarin Investment Fund	3,830	44,816	3,830	44,816
Karafarin Investment Index Fund	50,345	28,596	50,345	28,596
Karizma Investment Fund	0	15,212	0	15,212
Amin Yekom Investment Fund	6,089	25,986	6,089	25,986
Profit of Investment Funds Units	**80,519**	**190,938**	**80,519**	**190,938**
Companies' & Investment Funds' Dividend	**346,698**	**261,642**	**336,424**	**878,500**

38.2. Profit (loss) generated from selling companies' shares and investment funds is as follows:

	Parent Company				
	No. of Shares	Net Sales Value	Carrying Amount	Profit (Loss)	Profit (Loss)
		Million IRR	Million IRR	Million IRR	Million IRR
Profit (Loss) from Selling Companies' Shares- IRR (Joint):					
Persian Gulf Petrochemical Industries	81,046,555	447,706	324,652	123,054	10,020
Esfahan Mobarakeh Steel	38,809,736	161,591	110,878	50,713	(980)
Fars & Khouzesatn Cement	69,999,940	117,756	89,369	28,388	(6,036)
Mines & Metals Development Investment	11,698,994	50,828	24,200	26,628	(373)
Telecommunication Company of Iran	6,135,705	114,418	88,352	26,066	0
Parsian Oil & Gas Development	20,221,182	75,593	53,525	22,068	(8,006)
National Iranian Copper Industries Co.	20,436,137	59,514	39,483	20,031	(304)
Mobin Petrochemical	9,000,000	49,080	29,215	19,865	20,079
Calcimin	6,476,375	53,404	35,167	18,237	0
Pardis Petrochemical	3,952,806	52,132	38,059	14,073	(3,302)
Mobin van Kish	4,000,000	95,051	81,088	13,964	0
Rishmak Production & Exports	5,220,650	68,933	55,250	13,684	0
Khouzestan Steel	4,230,000	33,478	21,425	12,053	(1,863)
Bank Tejarat	74,657,000	94,567	84,203	10,364	(4,008)
Bandar Abbas Oil Refinery	3,129,957	31,952	23,580	8,372	(1,489)
Tehran Oil Refinery	5,278,506	24,741	17,229	7,511	(1,830)
Tamin Pharmaceutical Investment	5,167,301	30,896	23,880	7,016	59
Darab Cement	11,032,575	17,599	11,771	5,828	0
Alborz Investment	10,377,076	20,965	16,159	4,806	0
Hegmatan Cement	5,000,000	14,031	9,228	4,803	0
Kerman Cement	1,000,445	3,886	2,368	1,518	0
Shiraz Petrochemical	1,100,000	6,205	4,845	1,360	(30,789)
Omid Investment	50,260	243	152	92	0
Parsian Kish E-Commerce	235	1	0	0	0
Jam Petrochemical (Prefenrential Right)	38,230	350	361	(10)	(299)
Tabriz Oil Refinery	144,741	2,025	2,122	(97)	(3,867)
Shazand Petrochemical-Preferential Right	0	0	0	0	(2,431)
Behshahr Industries Development	0	0	0	0	(2,551)
Kermanshah Petrochemical	0	0	0	0	(2,848)
Mines & Metals Development Investment	0	0	0	0	(2,965)
Shazand Petrochemical	0	0	0	0	(3,825)

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	Parent Company				
	No. of Shares	Net Sales Value	Carrying Amount	Profit (Loss)	Profit (Loss)
		Million IRR	Million IRR	Million IRR	Million IRR
Esfahan Oil Refinery	0	0	0	0	(4,987)
Chadormalu	0	0	0	0	(6,600)
Tamin Petroleum & Petrochemical Investment Co. (TAPPICO)	0	0	0	0	(1,052)
Ghadir Investment	0	0	0	0	(1,243)
Tamin Petroleum & Petrochemical Investment Co. (TAPPICO)- Preferential Right	0	0	0	0	(1,275)
Civil Pension Fund Investment	0	0	0	0	(1,329)
Bahman Diesel	0	0	0	0	(384)
Telecommunication Company of Iran	0	0	0	0	(400)
Esfahan Steel	0	0	0	0	(520)
Mapna	0	0	0	0	(645)
Tose'e Melli Group Investment	0	0	0	0	(693)
Shahid Bahonar Copper	0	0	0	0	168
Fajr Petrochemical	0	0	0	0	145
Bahman Group	0	0	0	0	4
Golgohar	0	0	0	0	(16)
Behshahr Industries Group	0	0	0	0	(47)
Parsian Rail Transportation	0	0	0	0	(168)
Parsian Rail Transportation-Preferential Right	0	0	0	0	(320)
Behshahr Industries Development-Preferential Right	0	0	0	0	(329)
Others	0	0	0	0	(13,304)
Profit Earned from Selling Investment Funds-IRR (Joint):					
Amin Mellat Investment Fund	400,126	403,874	400,126	3,748	576
Karafarin Common Investment Fund	249,333	251,399	249,333	2,066	2,070
Arman Karafarin Investment Fund	400,664	402,420	400,664	1,756	8,183
Amin Karafarin Investment Fund	0	0	0	0	744
Karizma Investment Fund	100,000	194,095	189,660	4,436	101,783
Amin Yekom Investment Fund	20,000,000	200,778	200,000	778	2,493
		1,452,567	**1,439,783**	**12,784**	**115,850**
		3,079,512	**2,626,343**	**453,169**	**35,247**

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

	Parent Company					
	2018-19					2017-8
	Shares Number/ Investment Unit	Carrying Amount	Cost	Net Sales Value	Profit (loss)	Profit (loss)
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Profit (Loss) of Investments Value Increase (Decrease)- IRR (Joint)						
		0	0	0	0	0
		0		0		0
Return on Provision of Investments Value Increase (Decrease)					0	115,537
Profit (loss) of Investments Value Increase (Decrease)					**0**	**115,537**

39. Bank's Sources Quota from Joint Income

Bank's Sources Quota from Joint Income is calculated in the following manner:

39.1. Bank's sources quota from joint income

Fiscal Year	Bank's Sources Ratio to Total Expenditures (39.2.)	Joint Income	Bank's Sources Quota from Joint Income
20.03.2018	8.46%	20,036,020	1,694,688
20.03.2019	8.47%	20,628,075	1,748,198

39.2. Distribution of joint sources and expenditures among depositors and Bank

Description	2018-19		2017-18	Comment
	Million IRR		Million IRR	
Joint Sources Average (39.2.1)		123,327,657	111,777,723	52-Week Average
Average of Investment Deposits Balance (39.2.2)	127,735,512		115,695,242	52-Week Average
Less: Legal Deposit of Investment Deposits	(14,859,687)		(13,371,911)	52-Week Average
Free Sources of Investment Deposits		112,875,824	102,323,331	
Bank's Sources Quota from Joint Expenditures (Free Sources Surplus of Investment Deposits)		**10,451,833**	**9,454,391**	

39.2.1. Average joint expenditures

	2018-19 Amount (Average) Million IRR	2017-18 Amount (Average) Million IRR
Loans Net Expenditures	105,159,716	101,537,133
Net Expenditures of Participation Bonds	3,759,511	1,984,450
Deposits Net Expenditures held with Other Banks	11,289,795	5,818,252
Investments Net Expenditures	3,118,635	2,437,886
Joint Operations Total Expenditures	**123,327,657**	**111,777,723**

39.2.2. Investment deposits average

	2018-19 Amount (Average) Million IRR	2017-18 Amount (Average) Million IRR
Ordinary Short-term Deposits	47,556,595	39,220,842
Special Short-term Deposits	12,366	76,505
1-Year	79,094,146	72,438,364
2-Year	4	20,423
3-Year	0	782
4-Year	56	6,773
5-Year	981,186	3,607,399
Investment Deposits Received from Banks & Credit Institutions	91,160	324,154
Investment Deposits Average	**127,735,512**	**115,695,242**

39.3. Legal deposits prize for investment deposits is as follows:

Description	2018-19 Million IRR	2017-18 Million IRR
Average of Investment Deposits Legal Deposits	14,859,687	13,371,911
Prize for Legal Deposit	153,230	134,238

40. Commission Fee

According to Board of Directors' Minute 750 dated 26.02.2018, Bank's commission fee for the 2018-19 equals 1.5% of net investment deposits sources.

Commission Fee = Commission Fee Rate × Depositors' Free Sources Average

1,693,137 = 1.5% × 112,875,824

40.1. Commission fee declared

	Commission Fee Declared		Commission Fee in Effect	
	Rate-%	Amount-Million IRR	Rate-%	Amount-Million IRR
Ordinary Short-term Deposits	1.5	630,170	1.5	630,170
Special Short-term Deposits	1.5	164	1.5	164
Ordinary Deposit Certificate	1.5	0	1.5	0
1-Year	1.5	1,048,433	1.5	1,048,433
2-Year	1.5	0	1.5	0
3-Year	1.5	0	1.5	0
4-Year	1.5	1	1.5	1
5-Year	1.5	13,002	1.5	13,002
Investment Deposits Received from Banks & Credit Institutions	1.5	1,367	1.5	1,367
		1,693,137		**1,693,137**

41. 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:

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

42. On-account interest paid to Banks' investment deposits is as follows:

	Parent Company	
	2018-19	2017-18
	Million IRR	Million IRR
Ordinary Short-term Deposits	2,873,461	2,811,497
Special Short-term Deposits	1,376	10,724
Long-Term Deposits:		
Ordinary Deposits Certificate	6,636,096	552,904
1-Year	8,593,350	13,326,654
2-Year	0	4,253
3-Year	0	187
4-Year	24	1,234
5-Year	169,699	751,155
Investment Deposits Received from Banks & Credit Institutions	15,518	57,956
	18,289,526	**17,516,565**

43. Deposits Interest Expense

	Note	Group		Parent Company	
		2018-19	2017-18	2018-19	2017-18
		Million IRR	Million IRR	Million IRR	Million IRR
Interest on IRR Investment Deposits	43-1	18,252,592	17,282,195	18,289,526	17,516,565
Interest on Specific Deposits Certificate		0	0	0	0
Interest on Foreign Currency Deposits		13,638	18,886	13,638	18,886
		18,266,230	**17,301,080**	**18,303,164**	**17,535,451**

43.1. Reconciliation of on-account interest paid to investment deposits (IRR) with the Bank's investment deposits expense is as follows:

	Parent Company	
	2018-19	2017-18
	Million IRR	Million IRR
On-account Interest Paid to Investment Deposits (Note 42)	18,289,526	17,516,565
Add (Less): Difference of Interest Payable to Depositors (Surplus of Interest Paid to Depositors)	(952,186)	(1,087,463)
Actual Profit Paid to Investment Deposits	17,337,340	16,429,102
Add: Interest Granted to Depositors as Gift (Equivalent to Interest Surplus Paid to Depositors)	952,186	1,087,463
Interest on IRR Investment Deposits	**18,289,526**	**17,516,565**

44. Commission Income

	Note	Group		Parent Company	
		2018-19	2017-18	2018-19	2017-18
		Million IRR	Million IRR	Million IRR	Million IRR
Net Commission of *Gharz-al Hassaneh* Operations	44-1	5,969	1,877	5,969	1,877
Issued L/Gs		552,222	459,359	552,222	459,359
Foreign Currency Operations		340,748	253,335	340,748	253,335
Managed Funds		496	669	496	669
Securities Assessment		16,101	8,207	16,101	8,207
Commission Received from National Development Fund		17,466	5,104	17,466	5,104
Commission for Rent of Funds		10,087	7,911	10,087	7,911
Commission Received on SMS Services		14,928	4,973	14,928	4,973
Commission Received on Card Services		44,805	53,326	44,805	53,326
Other Services		191,104	92,269	99,992	52,917
		1,193,926	**887,031**	**1,102,814**	**847,679**

44.1. Net commission of *Gharz-al Hassaneh* operations which are related to the parent company is as follows:

	Parent Company	
	2018-19	2017-18
	Million IRR	Million IRR
Commission Received on Granted *Gharz-al Hassaneh* Loans	5,969	1,877
Less: Cost of Prize for *Gharz-al Hassaneh* Deposits	0	0
Net Commission on *Gharz-al Hassaneh* Operation	**5,969**	**1,877**

45. Commission Cost

	Group		Parent Company	
	2018-19	2017-18	2018-19	2017-18
	Million IRR	Million IRR	Million IRR	Million IRR
Shetab Project Commission	14,192	13,456	14,192	13,456
Commission Paid for Card Services	89,077	74,809	89,077	74,809
Commission Paid for *Shetab* Joint Fund	963	346	963	346
Commission Paid to Broker-Foreign Currency	34,371	10,758	34,371	10,758
Others	525	601	260	309
	139,128	**99,969**	**138,863**	**99,677**

45.1. Net sales and rendered services income
Details of the amount stated in the consolidated profit and loss statement under above heading which is fully related to subsidiaries are as follows:

	2018-19				2017-18
	Cost	Services Income	Cost	Profit (Loss)	Profit (Loss)
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Karafarin Foreign Exchange Co.	6,610,296	79,678	(6,578,779)	111,195	368,405
Karafarin Leasing Co.	0	174,245	(153,526)	20,719	5,406
Karafarin Bank Investment Co.	0	0	0	0	1,727
	6,610,296	**253,923**	**(6,732,305)**	**131,914**	**375,537**

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46. Net Profit of Foreign Currency Transactions

	Group		Parent Company	
	2018-19	2017-18	2018-19	2017-18
	Million IRR	Million IRR	Million IRR	Million IRR
Profit of Foreign Currency Trading	(24,714)	205,107	(40,044)	205,107
Profit of Foreign Currency Exchanges	1,355,402	235,584	1,355,402	233,978
	1,330,689	**440,691**	**1,315,358**	**439,085**

47. Other Operating Revenues

	Group & Parent Company	
	2018-19	2017-18
	Million IRR	Million IRR
Profit (Loss) of Overseas Branches	0	0
Return on Provision for Doubtful Debts	0	0
Others	0	0
	0	**0**

48. Other Net Incomes and Expenses

		Group		Parent Company	
	Note	2018-19	2017-18	2018-19	2017-18
		Million IRR	Million IRR	Million IRR	Million IRR
Penalty for Cancelling Deposits before Maturity Date		199,524	153,766	199,524	153,766
Professional Services Fees		100,681	107,439	100,681	107,439
Profit (Loss) Obtained from Sales of Tangible & Intangible Fixed Assets	48-1	165,450	48,383	165,135	48,383
Income Obtained from Sales of Repossessed Properties	20-3-2	92,081	84,519	53,953	84,519
Others		160,769	127,052	74,487	16,240
		718,505	**521,160**	**593,780**	**410,348**

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48.1. Profit earned from selling and disposing fixed tangible and intangible assets is as follows:

	Parent Company				
	2018-19				2017-18
Note	Cost	Carrying Amount	Sales Amount	Profit (Loss)	Profit (Loss)
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Land	33,930	33,930			
Building	13,782	8,686			
Goodwill	37,614	37,614	420,000	163,489	48,874
Assets under Completion	173,917	173,917			
Royalty	2,364	2,364			
	261,607	256,511	420,000	163,489	48,874
Furniture (Sales & Disposal)	3,745	19	1,665	1,646	(897)
Motor Vehicle	0	0	0	0	407
	265,352	**256,530**	**421,665**	**165,135**	**48,383**

48.2. Profit earned from selling intangible assets and fixed tangible assets in 2015-16 period is due to selling Koohe Noor Property to Karafarin Exchange Company.

49. Administrative and General Expenses

		Group		Parent Company	
	Note	2018-19	2017-18	2018-19	2017-18
		Million IRR	Million IRR	Million IRR	Million IRR
Personnel's Expenses	49-1	1,854,264	1,607,002	1,743,939	1,510,216
Administrative Expenses	49-2	996,835	850,991	921,522	782,088
		2,851,100	**2,457,993**	**2,665,461**	**2,292,304**

49.1. Personnel's expenses are as follows:

	Group		Parent Company	
	2018-19	2017-18	2018-19	2017-18
	Million IRR	Million IRR	Million IRR	Million IRR
Salary & Benefits	1,443,529	1,259,584	1,357,819	1,181,672
Insurance Premium on Employer	215,649	187,134	206,070	177,962
Employees' Work Termination & Retirement Benefits	165,144	135,120	156,908	130,342
Travel & Mission Allowance	25,424	20,955	22,822	19,536
Others	4,518	4,210	320	704
	1,854,264	**1,607,002**	**1,743,939**	**1,510,216**

49.2. Administrative expenses are as follows:

	Note	Group		Parent Company	
		2018-19	2017-18	2018-19	2017-18
		Million IRR	Million IRR	Million IRR	Million IRR
Mechanised Systems Expense		134,720	196,639	133,188	195,405
Consultation & Services Purchase Fee		165,584	144,324	138,916	125,736
Repair & Maintenance of Tangible Fixed Assets		76,297	78,878	71,613	75,210
Utilities		71,204	72,323	69,199	70,523
Rent		58,604	53,670	56,731	49,379
Membership Fee for Deposits Guarantee Fund	26-4	114,064	110,600	114,064	110,600
Consumables		49,799	40,692	47,783	37,827
Judicial, Registration & Customs Expenses		21,160	5,965	21,160	5,965
Publication, Advertisement & Marketing		4,629	7,930	4,567	7,144
Training Expense		4,657	5,828	4,657	5,828
Cash & Assets Insurance Expense		6,199	6,846	3,422	2,458
VAT Expense		29,865	34,575	29,865	34,575
Business Tax Expense		5,556	25,089	5,465	17,768
Formalities		8,390	6,407	7,147	5,992
Board of Directors' Bonus	49-2-1	13,010	10,749	4,500	4,500
Board of Directors' Attendance Fees		3,691	3,900	1,440	792
Others		229,409	46,576	207,806	32,387
		996,835	**850,991**	**921,522**	**782,088**

49.2.1. According to Ordinary General Meeting Assembly dated 15.08.2018, Board of Directors' bonus was IRR4,500 million and was paid to legal entities of board of directors and the managing director as natural persons.

50. Expense of Doubtful Debts

	Note	Group		Parent Company	
		2018-19	2017-18	2018-19	2017-18
		Million IRR	Million IRR	Million IRR	Million IRR
Specific Doubtful Debts Expenses of Granted Loans & Dues	50-1	1,562,179	1,860,107	1,562,179	1,859,007
General Doubtful Debts Expenses of Granted Loans & Dues	50-2	(52,004)	62,393	(52,004)	62,393
		1,510,175	**1,922,501**	**1,510,175**	**1,921,401**

50.1. Specific doubtful debts expenses of granted loans & dues of the parent company is as follows:

	Parent Company					
	2018-19					2017-18
	Overdue	Deferred	Doubtful below 5 Years	Doubtful Above 5 Years	Total	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Balance of Granted Loans & Non-performing Loans at the End of the Year						
Other Banks & Credit Institutions (Note 10.3.1.3)	0	0	0	0	0	0
Governmental Authorities (Note 12.1)	0	0	0	0	0	0
Non-governmental Entities (Note 13.1)	2,625,814	2,456,597	15,251,995	4,368,549	24,702,956	30,321,397
Balance of Other Accounts Receivable at the End of the Year						
Dues from Associated & Subsidiary Companies (Note 15.2)	0	0	0	0	0	0
Other Accounts Receivable (Note 16.3)	0	0	0	0	0	0
	2,625,814	2,456,597	15,251,995	4,368,549	24,702,956	30,321,397
Less: Securities Value with Coefficient in Effect						
Saving & Investment Deposits	(1,350)	(129)	(6,328)	0	(7,807)	(147,719)
Participation Bonds & Other Debt Securities or Guarantee of the Government & CBI	0	0	0	0	0	0
Participation Bonds & Other Debt Securities or Guarantee of 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 on TSE	(583,990)	0	(3,262,795)	0	(3,846,785)	(5,615,432)
Real Estates	(1,011,432)	(376,186)	(5,395,795)	0	(6,783,414)	(13,234,377)
Machineries	0	0	0	0	0	0
	(1,596,772)	(376,315)	(8,664,918)	0	(10,638,006)	(18,997,528)
Basis Balance for Calculating Specific Provision	1,029,042	2,080,282	6,587,078	4,368,549	14,064,950	11,323,869
Basis Coefficient for Calculating Specific Provision-%	10%	20%	50%	50-100%		
Provision for Specific Doubtful Debts	102,904	416,056	3,293,539	3,161,971	6,974,471	5,420,138
Add: Specific Provision for Extended Claims	0	0	0	0	0	0
Less: Balance of Provision for Doubtful Debts at the End of the Previous Year	(14,224)	(720,892)	(2,455,759)	(2,229,264)	(5,420,138)	(3,561,131)
Add: Bad Debt during the Year	0	0		7,847	7,847	0
Specific Provision for Doubtful Debts of Loans & Commitments	**88,680**	**(304,835)**	**837,780**	**940,554**	**1,562,179**	**1,859,007**

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50.2. General expense of granted loans and dues of the Parent Company is as follows:

	Parent Company	
	2018-19	2017-18
	Million IRR	Million IRR
Balance of Loans Granted to Other banks & credit Institutions (Note 10.3.1.3)	0	0
Balance of Dues from the Government (Note 11)	0	0
Balance of Loans Granted to Governmental Authorities (Note 12.1)	0	0
Balance of Loans Granted to Non-governmental Entities (Note 13.1)	114,345,717	112,295,124
Balance of Customers' debts for Term L/Cs after Deduction of Advances Received (Note 20.1)	262,185	2,995,926
Dues from Associated & Subsidiary Companies (Note 15.2)	0	0
Other Accounts Receivable (Note 16.3)	0	0
Less:		
Balance of Granted Loans & Dues for which Specific Provision has been Considered	(21,867,839)	(19,084,051)
Basis Balance for Calculating General Provision	92,740,063	96,207,000
Basis Coefficient for Calculating General Provision-%	1.5	1.5
General Provision for Granted Loans & Dues	1,391,101	1,443,105
Less: Balance of General Provision for Granted Loans & Dues at the End of the Previous Year	(1,443,105)	(1,380,712)
Add: Bad Debt during the Year	0	0
General Expense of Granted Loans & Dues	**(52,004)**	**62,393**

51. Financing Expenses

	Group		Parent Company	
	2018-19	2017-18	2018-19	2017-18
	Million IRR	Million IRR	Million IRR	Million IRR
Interest on Loans Received from Other banks & Credit Institutions	84,140	91,617	0	0
Interest on Loans Received from CBI	36,664	31,356	36,664	31,356
Late Payment Penalty Paid	7	6,258	7	6,258
Financial Costs of Debt Securities	0	0	0	0
Late Payment penalty for Overdraft of Current Account held with CBI	0	0	0	0
	120,811	**129,231**	**36,671**	**37,614**

52. Depreciation Expense

	Group		Parent Company	
	2018-19	2017-18	2018-19	2017-18
	Million IRR	Million IRR	Million IRR	Million IRR
Tangible Fixed Assets	174,983	152,251	187,344	164,364
Intangible Assets	7,755	8,327	7,552	7,942
Goodwill	10,686	10,482	0	0
	193,424	**171,059**	**194,896**	**172,305**

53. Prior Years' Adjustments

		Group		Parent Company	
	Note	2018-19	2017-18	2018-19	2017-18
		Million IRR	Million IRR	Million IRR	Million IRR
Impacts of Changes in Accounting Procedures		0	0	0	0
Errors Adjustments	53-1	580,825	665,199	578,425	653,779
		580,825	**665,199**	**578,425**	**653,779**

53.1. Errors adjustment includes the following items:

	Group		Parent Company	
	2018-19	2017-18	2018-19	2017-18
	Million IRR	Million IRR	Million IRR	Million IRR
Expense of Provision for Doubtful Debts	477,000	434,000	477,000	434,000
Reserve for Current Investments Impairment of 2016-17 Period	0	115,537	0	115,537
Deferred Expenses of Previous Years	2,401	16,091	0	10,118
Case Legal Expenses	0	46,902	0	46,902
2% Commission for Wheat *Morabeheh*	0	24,000	0	24,000
Settling Kardan Company's Debtors	0	23,222	0	23,222
Adjustment of Recognised Profit of Foreign Currency Exchange	125,291	0	125,291	0
Impact of Foreign Currency Fluctuation on Legal Reserve	(17,590)	0	(17,590)	0
Impact of rate Changes on General Provisions of Loans	(6,276)	0	(6,276)	0
Investment in Construction Projects	0	5,448	0	0
	580,825	**665,199**	**578,425**	**653,779**

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53.2. 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 year.

53.3. Restating and reclassifying comparative items

53.3.1. Group's comparative items are restated and reclassified in the following manner:

Description	Balance of 2017-18 Period based on Financial Statements of Previous Year	Restated		Reclassified		Balance of 2017-18 based on Financial Statements of Current Year
		Debtors	Creditors	Debtors	Creditors	
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Cash	7,951,392		745,307			7,206,084
Granted Loans & Dues from Non-governmental Entities	106,362,564	977	542,116			105,821,425
Other Accounts Receivable	1,521,161		16,704			1,504,457
Other Assets	6,920,765	5,299	353,258			6,572,806
Due to Banks & Other Credit Institutions	3,885,293	202,180				3,683,113
Customers' Deposits	8,018,433	355,957				7,662,476
Provisions & Other Liabilities	6,289,265	480,941				5,808,323
Investment Depositors' Rights	128,741,590	13,616				128,727,973
Legal Reserve	3,638,693	17,590				3,621,103
Net Profit of Foreign Currency Transactions	565,982	125,291				440,691
Expenses of Doubtful Debts	1,451,776	477,000	6,276			1,922,501
Corporation Tax of Previous Years	0			165,071		165,071
Prior Years' Adjustments	830,534	2,401	17,590		165,071	665,199
		1,681,252	**1,681,252**	**165,071**	**165,071**	

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53.3.2. Parent Company's comparative items are restated and reclassified in the following manner:

Description	Balance of 2017-18 Period based on Financial Statements of Previous Year	Restated		Reclassified		Balance of 2017-18 based on Financial Statements of Current Year
		Debtors	Creditors	Debtors	Creditors	
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Cash	7,878,998		745,307			7,133,690
Granted Loans & Dues from Non-governmental Entities	106,017,959	977	542,116			105,476,820
Dues from Associated & Subsidiary Companies	791,728		21,580			770,148
Other Accounts Receivable	1,320,425		14,303			1,306,122
Other Assets	6,746,903	5,299	353,258			6,398,944
Due to Banks & Other Credit Institutions	3,621,831	202,180				3,419,651
Customers' Deposits	8,051,389	355,957				7,695,433
Provisions & Other Liabilities	6,099,458	502,521				5,596,937
Investment Depositors' Rights	128,939,973	13,616				128,926,357
Legal Reserve	3,594,074	17,590				3,576,483
Net Profit of Foreign Currency Transactions	564,376	125,291				439,085
Expenses of Doubtful Debts	1,450,676	477,000	6,276			1,921,401
Income Tax of Previous Years	0			174,280		174,280
Prior Years' Adjustments	828,059		17,590		174,280	653,779
		1,700,431	**1,700,431**	**174,280**	**174,280**	

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 the previous year.

54. Profit Reconciliation Statement before Corporation Tax

Profit Reconciliation Statement before Corporation Tax with net cash inflow from operating activities is as follows:

	Group		Parent Company	
	2018-19	2017-18	2018-19	2017-18
	Million IRR	Million IRR	Million IRR	Million IRR
Net Profit (Loss)	1,460,028	(107,908)	1,237,392	(139,931)
Depreciation Expense	193,424	171,059	194,896	172,305
Net Increase (Decrease) in Provision for Work Termination Benefits	116,911	105,167	117,032	104,585
Net Increase (Decrease) in Financial Expenses Payable	0	0	0	0
Net Increase (Decrease) in Income Tax Payable	(59,109)	(193,099)	0	(239,735)
Profit & Loss of Selling Fixed Tangible & Intangible Assets	(165,450)	(48,383)	(165,135)	(48,383)
Net Loss (Profit) arising from Selling Non-Operating Real Estates	0	0	0	0
Net Loss (Profit) Resulted from Foreign Exchange of Cash	(1,330,689)	(440,691)	(1,315,358)	(439,085)
	215,116	(513,855)	68,827	(590,243)
Net Increase (Decrease) in Operating Liabilities				
Dues to Banks & Other Credit Institutions	(1,319,946)	(9,543,960)	(1,056,484)	(9,118,145)
Customers' Deposits	7,806,288	28,395	8,168,147	36,705
Debt Securities	0	0	0	0
Operation Portion for Provisions & Other Liabilities	1,516,262	935,596	1,495,904	681,772
Investment Depositors' Equity	8,017,930	26,022,449	8,064,168	25,499,985
	16,020,533	17,442,481	16,671,735	17,100,318
Net Decrease (Increase) in Operating Assets				
Dues from Other Banks & Credit Institutions	(13,114,155)	(6,883,689)	(13,114,155)	(6,883,689)
Dues from the Government	0	0	0	0
Granted Loans & Dues from Governmental Authorities	0	0	0	0
Granted Loans & Dues from Non-governmental Entities	(482,274)	(11,808,141)	(702,802)	(12,017,186)
Investment in Shares & Other Securities	(39,494)	(1,371,770)	(32,333)	(780,288)
Dues from Associated & Subsidiary Companies	1,343	(3,059)	(225,348)	147,603
Other Accounts Receivable	(21,516)	(483,551)	(75,176)	(517,773)
Legal Deposit	(1,433,433)	(2,863,323)	(1,433,433)	(2,863,323)
Operating Portion of Other Assets	2,762,034	(941,503)	2,794,921	(942,290)
Goodwill	(3,882)	(8,172)	0	0
	(12,331,378)	(24,363,208)	(12,788,327)	(23,856,947)
Net Cash Inflow (Outflow) from Operating Activities	**3,904,272**	**(7,434,582)**	**3,952,236**	**(7,346,872)**

55. Non-Cash Transactions

Non-cash transactions during the reporting year is as follows:

	Note	Group		Parent Company	
		2018-19	2017-18	2018-19	2017-18
		Million IRR	Million IRR	Million IRR	Million IRR
Assets Repossessed against Granted Loans	55-1	195,544	537,300	195,544	537,300
Clearance of Assets against granted Loans	55-2	0	0	0	0
Assets Transfers	55-3	0	0	0	0
Increase of Financing Costs against Increase in Non-Trade Payables		14,934	9,986	0	0
Clearance of Dividend Payable with Accounts Payable		5,639	9,856	0	0
		216,117	**557,142**	**195,544**	**537,300**

55.1. The following assets have been repossessed during the reporting period:

Repossessed Asset	Customer Relations Type	Debt Amount in Time of Repossession	Expert's Value of Assets Repossessed	Amount Paid/ Write-Off	Debt Balance after Repossession
Residential	Unrelated Customer	259,486	(136,719)	0	122,767
Commercial/ Residential	Unrelated Customer	7,941	(7,495)	0	446
Land	Unrelated Customer	10,916	(10,847)	0	69
Commercial/Office	Unrelated Customer	44,848	(40,482)	0	4,366
		323,191	**(195,544)**	**0**	**127,647**

55.2. During the reporting period, no measures were taken to clear assets in the Bank.

55.3. During the reporting period, no measures were taken to transfer assets in the Bank.

56. Off-Balance Sheet Items

56.1. Commitments for L/Cs

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

Group & Parent Company													
Foreign Currency	Balance at the Beginning of the Year			Opened during the Year			Deposited (Cancelled) during the Year			Foreign Currency Fluctuation Impacts 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:													
EUR	65	54,691,580	2,529,431	42	60,676,973	2,891,743	94	104,258,372	4,968,746	491,937	13	11,110,180	944,365
JPY	16	360,022,108	128,247	5	111,223,380	41,985	19	432,937,351	163,425	18,984	2	38,308,137	25,791
CHF	3	7,682,754	303,676	-	-	0	3	7,682,754	322,507	18,830	-	0	0
KRW	13	6,451,199,980	226,979	11	3,488,589,154	129,622	23	9,618,471,211	357,384	22,076	1	321,317,923	21,293
INR	23	178,550,072	103,559	139	2,044,789,739	1,257,546	99	1,366,140,891	840,177	419,419	63	857,198,919	940,347
CNY	39	180,619,124	1,073,419	103	388,905,759	2,432,606	103	381,314,647	2,385,123	978,772	39	188,210,236	2,099,673
TRY	14	11,125,479	106,905	4	51,125,541	392,849	16	61,183,031	470,130	(14,986)	2	1,067,989	14,637
OMR	-	-	0	1	3,829,000	418,261	-	2,553,967	278,983	109,130	1	1,275,033	248,408
RUB	-	-	0	10	1,385,336,000	904,624	8	1,384,819,783	904,287	264	2	516,217	601
			4,472,216			**8,469,235**			**10,690,761**	**2,044,427**			**4,295,117**
Term:													
EUR	25	4,695,362	217,156	10	5,310,653	253,095	34	10,002,857	476,716	6,734	1	3,158	268
CNY	30	102,277,436	607,835	3	15,144,917	94,731	31	116,622,033	729,471	35,833	2	800,320	8,928
KRW	6	3,082,360,965	108,450	3	1,925,213,639	71,533	8	4,980,073,094	185,040	6,879	1	27,501,510	1,822
INR	7	38,469,995	22,313	2	18,251,220	11,225	8	47,349,215	29,120	5,864	1	9,372,000	10,281
JPY	1	25,814,160	9,196	1	6,188,400	2,336	2	32,002,560	12,080	549	-	-	0
TRY	1	122,166	1,174	-	-	0	1	122,166	939	(235)	-	0	0
			966,122			**432,920**			**1,433,365**	**55,623**			**21,300**

56.1.2. Bank's commitments for IRR L/Cs are as follows:

	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	10	113,970	22	781,785	24	310,234	8	585,521
Term	0	0	0	0	0	0	0	0
Total		**113,970**		**781,785**		**310,234**		**585,521**

56.2. Bank's commitments for L/Gs issued

56.2.1. Details of the Bank's commitments for foreign currency L/Gs issued are as follows:

	20.03.2019		20.03.2018	
	Foreign Currency Amount	IRR Equivalent	Foreign Currency Amount	IRR Equivalent
		Million IRR		Million IRR
EUR	56,229,006	4,779,466	50,832,797	2,350,966
USD	2,853,669	214,025	1,748,325	65,894
CNY	12,412,372	138,472	12,412,372	73,767
AED	1,277,500	26,058	1,277,500	13,111
IQD	1,753,057,038	13,766,757	-	0
		18,924,778		**2,503,738**

56.2.2. Bank's commitments for IRR L/Gs issued are as follows:

	Parent Company & Group	
	20.03.2019	20.03.2018
	Million IRR	Million IRR
Commitments for L/Gs Issued	**30,317,133**	**27,232,687**

56.3. Other Bank's commitments are as follows:

	Parent Company & Group	
	20.03.2019	20.03.2018
	Million IRR	Million IRR
Commitments to Guarantee Participation Bonds & Other Similar Securities (Investment Funds)	21,877,087	17,843,740
Pharmaceutical Credit Commitments Received	1,392,279	1,355,154
Commitments for Bank's Transactions Contracts	2,076,254	998,453
Commitments National Development Fund	800,018	679,434
Bank's Commitments for ECO	0	346,110
	26,145,638	**21,222,891**

56.4. Managed funds and similar items are as follows:

	Parent Company & Group	
	20.03.2019	20.03.2018
	Million IRR	Million IRR
Loans Granted from Managed Funds	140,463	161,285
Unused Managed Funds	0	0
Loans Granted from Specific *Gharz-al Hassaneh*	0	0
Specific Unused *Gharz-al Hassaneh*	0	0
	140,463	**161,285**

56.5. Commitments for L/Cs and L/Gs based on securities

	Parent Company & Group	
	20.03.2019	20.03.2018
	Million IRR	Million IRR
Deposits	4,415,788	4,799,936
Participation Bonds * Other Debt Securities Guaranteed by the Government & CBI	0	0
Participation Bonds * Other Debt Securities Guaranteed by Other Banks	0	0
L/Gs	0	0
Transacted L/Cs	0	0
Shares Listed on TSE	0	0
Land & Building	1,440,778	1,900,615
Machineries	0	0
Cheque & Promissory Note	44,925,175	25,705,065
Others	3,362,108	2,883,117
	54,143,849	35,288,733
Unsecured Commitments	0	0
	54,143,849	**35,288,733**

57. Capital Commitments and Contingent Liabilities

57.1. Capital commitments resulting from contracts approved on balance sheet date are as follows:

	Million IRR
Building Branches	32,643
	32,643

57.2. 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 not reviewed the cases for the 2016-17 and the results have not been notified to the Bank. Similarly, the cases for 2017-18 have not yet been assessed.

57.3. Corporation tax and VAT of Group's companies are as follows:

Karafarin Brokerage Company:
Contingent liability (Article 235 of Commercial Code) is related to Social Security Organisation's claims from 2016-17 and corporation and income taxes of 2017-18 and 2017-18, the scale of which shall be made clear after assessments of Social Security and Iranian National Tax Administration.

Karafarin Leasing Company:
Contingent liabilities are due to VAT for the period from 1390/07/01 (23.09.2011) until 1395/12/29 (20.03.2017), the year ended 22.09.2018 and also Social Security Organisation's claims from the date of formation of the Company, the scale of which shall be determined after assessment of related authorities. VAT for years 2011-12 to 2016-17 has been reviewed by the Company and has appealed against the tax notice amounting to IRR47,767 million. The case has been referred to Tax Arbitration Board.

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. Notice of tax assessment in the amount of IRR7,312,500,000 for corporation tax of the 2015-16 tax year has been issued, against which the Company has filed a lawsuit and the case is under review in Tax Arbitration Council. Until the date of preparing these financial statements, the Company has not been notified of a notice of tax assessment for corporation tax of 2016-17 period. In addition, the 2017-18 tax year was not reviewed until the date of preparing these financial statements.

Karafarin Abniyeh Gostar Company:
Referring to the tax assessment note for the 2013-14 period, this company has made an appeal and 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 who confirmed and reported to the Board, the initial tax assessment note on 1395/05/31 (21.08.2016) 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 been 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 is hopeful that final verdict shall be in favour of the Company.

The Company has filed an appeal against the final tax bill for the 2014-15 period and has submitted its bill under number S/96/14860 dated 1396/06/26 (17.09.2017) to the Secretariat of Tax High Committee. So far, the Company has not been notified of a verdict.

The Company has filed an appeal against the tax bill issued for the 2015-16 period and has submitted its bill numbered S/96/15543 dated 1396/11/07 (27.01.2018) to the Tax Arbitration

Board of first instance. The Board then passed a verdict numbered 486911 dated 1396/11/21 (10.02.2018) whereby only paragraph 5 of the bill was accepted and the remainder were overruled. The Company's appeal was subsequently referred to the Arbitration Board of first instance on 1396/12/21 (12.03.2018).

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 IRR94,128 million as principal amount and IRR85,856 million as penalties. The company has filed an appeal against this notice. Company books have not been audited in reference with the regulations of the Social Security Organisation since 2011-12 until now. The company has contingent liabilities in reference with corporation, withholding and income tax of 2018-19 year, which shall be determined upon the review of tax authorities.

Karafarin Asr Amin Company:
The Company has no contingent liabilities and commitments based in Article 235 of Commercial Act as Amended. There are contingent liabilities on balance sheet date in reference with national insurance, withholding and corporation taxes of 2015-16 onwards, the scale of which shall be determined following assessment and the final verdict of related authorities. Furthermore, the Company has not been assessed for VAT and there are contingent liabilities in this regard.

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 loss for the mentioned period, they announced that tax for this period to be zero. 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 ruling for expert review has been issued.

Karafarin Bank Investment Company:
Taxes for the 2009-10 and 2010-11 periods are currently under assessment and according to the verdict issued via the Tax Commission. In this regard which tax bills which are available, in the Company should be exchanged with the final taxes of mentioned years. Company corporation tax for the period ended 1386/12/29 (19.03.2008) and the previous years and 2011-12, 2012-13 and 2014-15 periods have been finalised and settled.

The Company has filed an appeal against corporation tax claim for 2008-09 tax year and the case has been referred to the Tax Arbitration Board which has passed its verdict and taxes claimed have been paid. However, no final tax bill was issued by the date of this report.

The Company has filed an appeal against corporation tax claim for the 2013-14 tax year and the case has been referred to the Tax Arbitration Board and all taxes claimed have been paid. For the corporation tax of 2015-16 period a final tax bill has been issued and all taxes have been paid and the balance of tax in this regard is zero.

Income of 2016-17 tax year is related to selling properties and considering Article 59 of Direct Taxation Act, taxes shall be calculated at the time of final transfer and the tax authorities have not yet made their assessment in this regard.

58. EPS

58.1. Basic EPS

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

58.2. Diluted EPS

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

	Group	
	2018-19	**2017-18**
Net Profit after minority Shares- Million IRR	1,451,056	(117,347)
Weighted Average of Ordinary Shares	8,500,000,000	8,500,000,000
Basic & Diluted EPS-IRR	**171**	**(14)**

59. Post-Balance Sheet Date Events

There were no significant post-balance sheet events until approval date of the financial statements which need disclosure or adjustment.

60. Bad Debts

Bad debts based on claims are as follows:

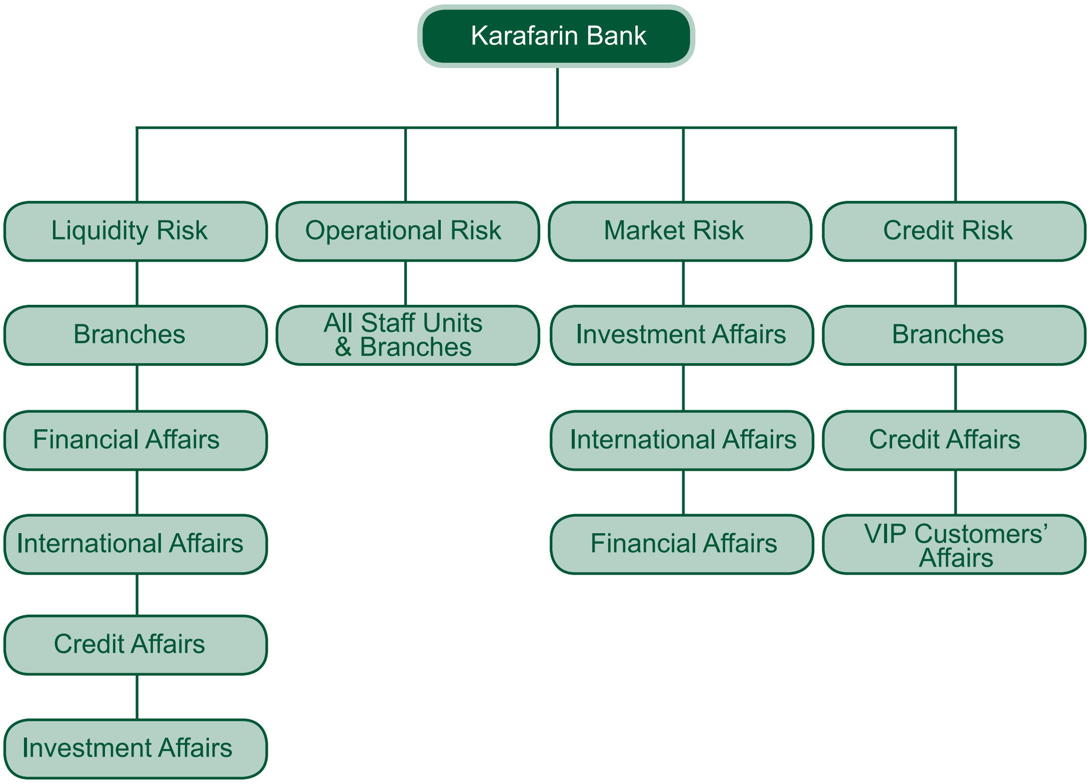
	Loans	Other Claims	Total
	Million IRR	**Million IRR**	**Million IRR**
Bad Debts at the Beginning of the Year	0	0	0
Bad Debts during the Year	3,757	0	3,757
Bad Debts Collected during the Year	0	0	0
Bad Debts at the End of the Year	**3,757**	**0**	**3,757**

61. Bank's Risks

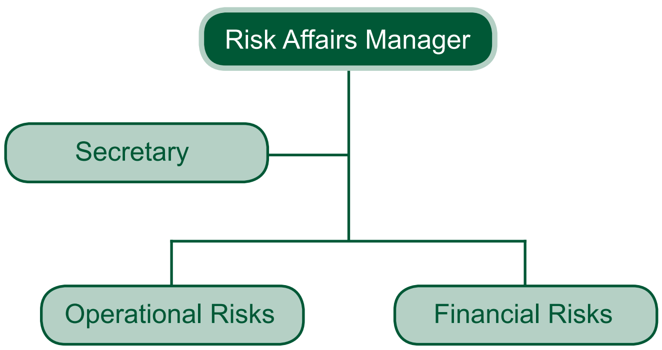
The Bank is exposed to the following risks:

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

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



61.2. Risk management structure



61.3. Credit risk

61.3.1. 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 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.

61.3.2. Credit policies
Credit policies which are implemented in the Bank by Risk, Credit and Inspection Unit are as follows:
1. Credit applicants' annual rating
2. Assessing branches performance at internal rating system information registry
3. Investigating & updating information on internal rating system
4. Evaluating internal rating system and upgrading it
5. Investigating and comparing customers' rates with respect to customers' credit performance and securities
6. Investigating customers' credit information registration in Afarin system from risk point of view
7. Investigating adequacy of securities registered for credit applicants
8. Investigating and upgrading value of credit applicants' 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 credit authorities
12. Controlling the scope of authority of branches and credit pillars
13. Rating industry subsections as separated by ISIC codes
14. Investigating credit risk concentration as separated by different economic sections and industry subsection
15. Investigating loans repayment with respect to securities quality
16. Calculating capital adequacy required for credit risk based on Basel II
17. Calculating credit loans & commitments provisioning

61.3.3. Credit risk management executive units
Scope of implementing above policies is the whole Bank's sections especially branches, Credit Affairs Management, Credit Information Department, Debt Collection Department, credit committees and other credit pillars.

61.3.4. 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 the regulations relating to the credit requests of customers which are within the scope of given 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 High 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 to IRR.

In case of valued customers whose activities require a frequent number of requests for receiving credit loans (such as contractors for receiving L/Gs or suppliers and businessmen for short-term working capital deficit financing), Branch Credit Committee may, within assigned authorities, approve credit limit maximum for one year in case of participatory 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 High Committee		Board of Directors	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
IRR Loans	Branch Permissible Limit	20	20	50	50	Up to Prescribed Limit by CBI
Opening L/Cs	0	20	20	50	50	Up to Prescribed Limit by CBI
Issuing L/Gs	Branch Permissible Limit	40	40	100	100	Up to Prescribed Limit by CBI

61.3.5. 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 participation 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 with confirmation of Credit Affairs Management), machineries and equipment and enforced contracts, promissory notes, checks and documentary collection.

61.3.6. 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 Department's duties are separated from business duties and relations with customers in credits areas.
6. Credit decision-making principles, control and independent reporting of credit risk are valid under all conditions.

61.3.7. Credit quality analysis

Bank's assets quality including loans and commitments and investments, type and amount and adequacy of received securities (granted loans balance ratio to securities' updated value – LTV) is displayed in tables 61.3.7.1. to 61.3.7.4. from credit risk point of view.

61.3.7.1. Granted loans, commitments and investments credit quality analysis based on the Bank's internal rating

Credit Quality Analysis						
	Loans Granted to Customers		Investments		Commitments for L/Gs & L/Cs	
	20.03.2019	20.03.2018	20.03.2019	20.03.2018	20.03.2019	20.03.2018
1st Degree- Low Risk	8,409,378	8,800,381	2,494,513	2,431,557	5,748,045	9,415,236
2nd Degree- Medium Risk	67,954,817	67,609,281	1,807,572	1,753,992	44,014,489	16,043,185
3rd Degree- High Risk	27,727,595	26,603,631	19,964	104,167	3,655,439	1,002,600
Unrated	8,204,337	8,473,883	0	0	725,877	8,827,712
4th Rating- About to be Categorised as Bad Debts	2,049,590	807,948	0	0	0	0
Total Gross Amount	114,345,717	112,295,124	4,322,050	4,289,716	54,143,849	35,288,733
Impairment Provision	(8,361,639)	(6,818,304)	0	0	0	0
Net Carrying Amount	**105,984,078**	**105,476,820**	**4,322,050**	**4,289,716**	**54,143,849**	**35,288,733**

* Investments include any securities with ownership rights characteristic 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 debts.

61.3.7.2. Granted loans and commitments credit quality analysis based on assets levels

	Loans Granted to Customers		Commitments for L/Gs & L/Cs	
	20.03.2019	20.03.2018	20.03.2019	20.03.2018
	Million IRR	Million IRR	Million IRR	Million IRR
Current	84,998,496	82,038,844	54,143,849	35,288,733
Overdue	2,625,814	2,649,004	0	0
Deferred	3,589,347	16,927,380	0	0
Doubtful	23,132,059	10,679,896	0	0
Total Gross Amount	114,345,717	112,295,124	54,143,849	35,288,733
Impairment Provision	(8,361,639)	(6,818,304)	0	0
Net Carrying Amount	**105,984,078**	**105,476,820**	**54,143,849**	**35,288,733**

61.3.7.3. Credit quality of participation bonds, Islamic treasury notes, *sukuk*, investment funds units and similar items

Credit Quality Analysis		
	20.03.2019	20.03.2018
	Million IRR	Million IRR
Issued by the Government & CBI:		
Islamic Treasury Notes	1,512,826	52,342
Islamic *Morabeheh* Bonds	0	600,000
Rent *Sukuk* Bonds of Social Security	0	800,000
Governmental Participation Bonds	725,272	24,518
	2,238,099	1,476,860
Issued by Governmental Companies:		
	0	0
Issued by Non-Governmental Sector:		
Karafarin Common Investment Fund	28,500	28,500
Arman Karafarin Investment Fund	18,500	18,500
Amin Mellat investment Fund	0	400,126
Charisma Fixed Income Investment Fund	0	189,660
Karafarin Shakhes Common Investment Fund	9,000	9,000
Karafarin Shakhes Common Investment Fund	15,999	15,999
	71,999	661,785
	2,310,098	**2,138,644**

61.3.7.4. Type and amount of securities obtained from credit customers

Type of Securities	20.03.2019 Million IRR	20.03.2018 Million IRR
Loans Granted to Customers:		
Listed Bonds	24,417,265	28,544,765
Unlisted Bonds	0	0
Deposit- IRR	5,503,310	3,847,726
Deposit- Foreign Currency	20,946	13,469
Immovable Properties Mortgaged by the Bank	18,104,472	18,175,508
Participation Bonds	0	297,102
Machineries	558	558
L/G	0	0
Collected Cheque & Additional Cheque as Collateral	119,423,843	95,032,460
Promissory Notes	46,443,971	23,452,903
Indispensable Contracts	98,330,509	99,918,263
Investment Funds	564,724	321,979
Others	144,679	109,494
	312,954,278	**269,714,227**

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

61.3.7.5. Loans balance based on the loans balance ration (less provisions) to cash value of updated securities

Description	20.03.2019 Million IRR	20.03.2018 Million IRR
Loans Granted to Banks:		
Below 50%	0	0
51% - 70%	0	0
71% – 90%	0	0
91% - 100%	0	0
Above 100%	0	0
Loans Granted to Individuals:		
Below 50%	385,570	323,872
51% - 70%	19,148	25,077
71% - 90%	79,294	59,426
91% - 100%	372,376	276,490
Above 100%	14,145,018	14,932,486
Loans Granted to Legal Entities:		
Below 50%	886,537	504,838
51% - 70%	200,067	492,616
71% - 90%	597,840	1,627,150
91% - 100%	5,262,962	3,519,010
Above 100%	84,035,267	83,715,855
	105,984,078	**105,476,820**

* Calculations are based on the updated mortgage value of securities considering 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 customers' debt.

61.3.8. Credit risk concentration

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

	Note	Granted Loans		Investments		Commitments for L/Gs & L/Cs	
		20.03.2019	20.03.2018	20.03.2019	20.03.2018	20.03.2019	20.03.2018
Carrying Amount		105,984,078	106,017,959	4,322,050	4,289,716	54,143,849	36,225,099
Loans/ Commitments based on Economic Sectors							
Industry & Mine	61-3-8-1-1	53,080,753	51,243,822	103,984	297,758	28,565,642	7,203,492
Housing		13,629,881	13,524,326	0	0	9,508,638	8,870,640
Commercial		12,126,037	13,895,129	0	0	5,630,830	2,238,522
Services		12,349,564	11,402,410	1,118,447	986,590	2,402,430	8,012,570
Agriculture		1,639,668	1,614,684	0	0	1,190,484	1,713,666
Non-profit & General Activities		991,487	44,573	0	0	682,030	436
Financial Intermediaries & Banks		12,166,687	13,205,611	3,099,619	3,005,368	6,163,794	133,578
No Economic Sector		0	546,264	0	0	0	7,115,829
		105,984,078	105,476,820	4,322,050	4,289,716	54,143,849	35,288,733
Loans/ Commitments based on Location							
Domestic		105,984,078	105,476,820	4,322,050	4,289,716	54,143,849	35,288,733
Overseas		0	0	0	0	0	0
		105,984,078	**105,476,820**	**4,322,050**	**4,289,716**	**54,143,849**	**35,288,733**

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

Description	2018-19 Million IRR	2017-18 Million IRR
Loans:		
Building	11,978,567	13,323,540
Manufacturing Chemical Products	12,038,256	11,174,816
Financial Intermediation except Insurance	10,856,214	9,099,495
Motor Vehicle Production	6,376,215	6,542,415
Base Metals Production	8,253,247	7,394,720
Services Activities	0	5,744,150
Wholesale except for Motor Vehicles	2,573,013	6,018,539
Peripheral Activities of Financial Intermediation	4,695,092	4,064,866
Health & Social Work	5,058,993	3,215,595
Food & Beverage Industry	6,326,350	6,015,338
Manufacturing Other Non-metal Mineral Products	4,186,454	2,723,522
Activities related to Real Estates	88,319	3,307,261
Manufacturing Other Machineries & Equipment	6,376,215	3,824,460
Rubber & Plastic Products	1,433,150	2,561,277
Oil Refinery & Nuclear Fuel Production	67,336	858,304
Retail except for Motor Vehicles	2,779,154	1,338,664
Road Transportation & through Pipelines	91,327	83,758
Agriculture, Hunting & Related Activities	555,947	1,250,637
Others	22,250,227	16,999,601
Investments:		
Base Metals	34,929	0
Chemical & Petrochemical Industries & Petroleum Products	43,001	268,543
Metal Mines Exploitation	7,430	0
Energy	0	29,215
Cement, Lime & Plaster	15,584	0
Banks & Credit Institutions	19,964	104,167
Industrial Multi-Sector	3,039	0
Financial Intermediation	4,066,245	3,887,791
Telecommunications	131,857	0
Commitments:		
Building	7,581,359	9,153,330
Other Services Activities	483,559	1,526,470
Utilities Provision	3,361,433	2,566,510
Other Business Activities	816,287	577,253
Textile Production	280,694	350,788
Computer & Related Activities	767,539	1,059,021
Food & Beverage Industry	887,888	784,587
Other Machineries & Equipment	288,942	791,719
Retailers Except Motor Vehicles	779,740	56,268
Wholesale Except Motor Vehicles	1,915,117	286,876
Manufacturing Other Non-metal Minerals	144,844	169,700
Oil & Natural Gas Exploitation	392,544	144,083
Base Metal Production	275,000	276,211
Motor Vehicle Production	288,942	596,206
Manufacturing Chemical Products	900,709	350,912
Manufacturing Other Machineries & Equipment	0	415,436
Post & Telecommunications	183,024	105,143
Transportation through Pipelines	779,013	6,102,496
Others	34,017,216	9,975,723
Total	**164,449,977**	**140,829,697**

61.3.8.2. Distribution of loans based on participation and transacted contracts as well as customer type

		Loans Granted during the Year		Loans Balance at the End of the Year	
		Amount	Ratio to Total	Amount	Ratio to Total
		Million IRR	%	Million IRR	%
Exchange Contract	Individuals	504,616	0.18%	2,438,383	2.13%
	Legal Entities	45,260,172	16.22%	19,646,775	17.18%
Participatory Contracts	Individuals	39,827,538	14.27%	14,416,313	12.61%
	Legal Entities	193,445,315	69.33%	77,844,246	68.08%

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

61.3.9. Non-performing loans management method

The Bank's policies on preventing and following non-performing loans and repossessing assets and liquidation methods are disclosed in tables 61.3.9.1. to 61.3.9.3.

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61.3.9.1. Turnover of non-performing loans

	2018-19				2017-18			
	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 at the Beginning of the Year	23,014,174	6,657,006	650,217	30,321,397	10,396,194	3,622,220	0	14,018,413
Transferred to non-Performing during the Year	14,386,580	1,794,117	441,804	16,622,501	28,600,612	4,398,479	1,423,363	34,422,455
Non-Performing Loans Settled during the Year								
Cash Collected	(2,846,598)	(896,835)	(143,486)	(3,886,919)	(3,014,601)	(1,354,119)	(317,364)	(4,686,083)
Collected by Assets Repossession	(92,056)	(86,555)	(56,339)	(234,949)	(129,641)	(9,575)	(168,567)	(307,783)
Settled through new Loans	(17,666,533)	0	0	(17,666,533)	(12,838,391)	0	0	(12,838,391)
Bad Debts	(3,757)	0	0	(3,757)	0	0	0	0
Writing Off Penalties	0	0	(448,784)	(448,784)	0	0	(287,215)	(287,215)
Balance of Non-Performing Loans at the End 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**

61.3.9.2. Distribution of non-performing loans based on economic sectors

	Non-Performing Balance of Granted Loans		Specific Provision for Doubtful Debts		Net Loans & Non-Performing Loans	
	20.03.2019	20.03.2018	20.03.2019	20.03.2018	20.03.2019	20.03.2018
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Partial Distribution of Non-Performing Loans:						
Industry	3,395,514	5,268,880	(2,279,084)	(1,850,747)	1,116,430	3,418,133
Housing	6,453,828	4,754,178	(1,804,506)	(521,302)	4,649,322	4,232,876
Commercial	4,888,471	3,066,404	(639,528)	(974,598)	4,248,943	2,091,806
Services	2,989,479	1,502,941	(368,162)	(629,855)	2,621,317	873,086
Agriculture	2,343,110	876,282	(170,712)	(164,862)	2,172,398	711,420
General & Non-profit Activities	1,257,583	1,615	(289,224)	(747)	968,358	868
Financial Intermediation	3,374,971	5,887,587	(1,423,254)	(101,466)	1,951,717	5,786,121
No Economic Sector	0	8,963,509	0	(1,176,560)	0	7,786,949
Total	**24,702,956**	**30,321,397**	**(6,974,471)**	**(5,420,138)**	**17,728,485**	**24,901,258**

61.3.9.3. Repossessed assets balance

Description	20.03.2019	20.03.2018
	Million IRR	Million IRR
Movable Assets	930	930
Immovable Properties:		
Residential	2,065,925	2,031,607
Commercial/ Office	381,635	341,153
Factory	0	0
Land	567,259	556,891
Garden	845	2,878
Residential/ Commercial	131,639	124,144
Residential/ Commercial/ Office	155,834	155,834
	3,304,067	**3,213,437**

61.3.10. Capital required for credit risk cover

Capital required for covering credit risk of Bank's assets amounts to IRR16,979,003 million. The related calculations are presented in 61.3.10.1.

61.3.10.1. Calculation of capital required for credit risk cover

	Note	20.03.2019	20.03.2018
		Million IRR	Million IRR
Total Credit Risk Weighted Assets	61-7-2-1	175,594,620	171,156,054
Coefficient (%)		8	8
Capital required for Credit Risk Cover		14,047,570	13,692,484

61.4. 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.

61.4.1. 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.

61.4.2. Liquidity risk management policies

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.

61.4.3. Executive units of liquidity risk management

Besides the execution of liquidity risk bylaw, risk management has a duty of measuring and supervising liquidity risk status. 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 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.

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

61.4.4. 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.

61.4.5. 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*, *Satna*, *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.

61.4.5.1. The composition of Bank's liquidity reserves is as follows:

	20.03.2019	20.03.2018
	Million IRR	Million IRR
Cash at Hand - IRR	373,597	337,809
Cash - Foreign Currency	566,871	573,640
Sight Deposits Held with CBI (Unlimited)	353,842	440,667
Deposits Held with Other Banks & Credit Institutions (Unlimited)	10,946,873	5,781,575
Current Investment in Rapidly Marketable Shares	255,805	401,925
Investment in Other Securities	2,310,098	2,114,126
	14,807,086	**9,649,742**

61.4.5.2. Liquidity ratios

	At the Beginning of the Year	Average of the Period	Maximum during the Period	Minimum during the Period	At End of the Period
	%	%	%	%	%
Cash Assets & Cash Equivalent to Total Assets*	6	12	19	8	8
Cash Asset & Cash Equivalent to Total Deposits	7	14	21	10	11
Net Cash Assets to Total Deposits**	4	12	18	9	9
Loans to Total Deposits	77	73	77	67	77
Loans Granted to 1-Year Deposits & Above	82	99	129	77	77
Escaped Deposits to Total Deposits***	3	4	7	3	7

* Cash and cash equivalent includes cash, participation bonds and similar items which have active cash transaction market.
** 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.

61.4.5.3. Assets and liabilities maturity 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:

	20.03.2019						
	Carrying Amount	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	Million IRR
Assets:							
Cash	12,241,183	12,241,183	0	0	0	0	0
Dues from Banks & Other Credit Institutions	20,914,515	20,914,515	0	0	0	0	0
Granted Loans & Dues from Non-governmental Entities	105,984,078	40,188,211	43,158,291	18,591,315	3,909,757	0	136,504
Investment in Shares & Other Securities	4,322,050	0	0	2,565,903	1,756,147	0	0
Dues from Subsidiary & Associated Companies	995,496	995,496	0	0	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	**83,374,768**	**43,652,778**	**29,747,130**	**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)	(8,852,248)	(1,176,137)	(3,481,738)	(3,497,307)	0	(6,483,012)
Dividend Payable	(13,022)	0	0	(13,022)	0	0	0
Corporation Tax Reserve	0	0	0	0	0	0	0

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	20.03.2019						
	Carrying Amount	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	Million IRR
Reserves & 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' Rights	(136,990,525)	(47,977,819)	(2,072,740)	(67,315,058)	(9,194,053)	0	(10,430,855)
Total Liabilities	**(162,945,408)**	**(60,080,978)**	**(5,185,956)**	**(72,076,295)**	**(19,174,372)**	**0**	**(6,427,807)**
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)**	**(60,080,978)**	**(5,185,956)**	**(72,076,295)**	**(19,174,372)**	**0**	**(20,309,204)**
Gap	0	23,293,790	38,466,822	(42,329,165)	(13,507,841)	0	(5,923,606)
Retained Gap	0	23,293,790	61,760,612	19,431,447	5,923,606	5,923,606	0
Gap Ratio to Regulatory Capital-%		190%	315%	(3)	(1)	0	(0)
Retained Gap Ratio to Regulatory Capital-%		190%	505%	159%	48%	48%	0%
Gap Ratio to Regulatory Capital, Being a Basis for Other Prudential Ratios-%		156%	258%	(284)%	(91)%	0%	(40)%
Retained Gap Ratio to Regulatory Capital, Being a Basis for Other Prudential Ratios-%		156%	415%	130%	40%	40%	0%

	2017-18						
	Carrying Amount	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	Million IRR
Assets:							
Cash	7,133,690	7,133,690	0	0	0	0	0
Dues from Banks & Other Credit Institutions	7,800,360	7,800,360	0	0	0	0	0
Granted Loans & Dues from Non-governmental Entities	105,476,820	42,167,022	50,071,169	7,576,578	4,511,638	1,118,297	32,116
Investment in Shares & Other Securities	4,289,716	0	0	2,540,569	1,749,147	0	0
Dues from Subsidiary & Associated Companies	770,148	0	0	770,148	0	0	0
Other Accounts Receivable	1,306,122	0	0	0	0	0	1,306,122
Tangible Fixed Assets	6,446,794	0	0	0	0	0	6,446,794
Intangible Assets	4,149,605	0	0	0	0	0	4,149,605
Legal Deposit	15,305,659	218,362	974,855	3,586,737	5,914,914	13,894	4,596,897
Other Assets	6,398,944	0	0	0	0	0	6,398,944
	159,077,858	**57,319,434**	**51,046,024**	**14,474,032**	**12,175,699**	**1,132,191**	**22,930,477**
Liabilities:							
Dues to Banks & Other Credit Institutions	(3,419,651)	(3,419,651)	0	0	0	0	0
Customers' Deposits	(7,695,433)	(177,089)	(519,878)	(304,672)	(521,351)	(2,921)	(6,169,522)
Dividend Payable	(35,235)	0	0	(35,235)	0	0	0
Corporation Tax Reserve	0	0	0	0	0	0	0

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	2017-18						
	Carrying Amount	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	Million IRR
Reserves & Other Liabilities	(5,596,937)	(2,130,477)	(1,672,639)	(18,530)	0	0	(1,829,410)
Provision for Work Termination Benefits	(505,241)	0	0	0	0	0	(505,241)
Investment Depositors' Rights	(128,926,357)	(1,662,466)	(7,692,625)	(29,555,241)	(49,307,856)	(114,126)	(40,594,043)
Total Liabilities	**(146,178,853)**	**(7,389,683)**	**(9,885,142)**	**(29,913,677)**	**(49,829,206)**	**(117,047)**	**(49,098,216)**
Total Shareholders' Equity	**(12,899,005)**						**(12,899,005)**
Total Cash from Off-Balance Sheet Items							
Total Liabilities, Shareholders' Equity & Off-Balance Sheet Items	**(159,077,858)**	**(7,389,683)**	**(9,885,142)**	**(29,913,677)**	**(49,829,206)**	**(117,047)**	**(61,997,220)**
Gap	0	49,929,751	41,160,882	(15,439,645)	(37,653,508)	1,015,144	(39,066,743)
Retained Gap		49,929,751	91,090,633	75,650,988	37,997,480	39,012,624	(54,119)
Gap Ratio to Regulatory Capital-%		435%	358%	(1)	(3)	9%	(3)
Retained Gap Ratio to Regulatory Capital-%		435%	793%	658%	331%	340%	0%
Gap Ratio to Regulatory Capital, Being a Basis for Other Prudential Ratios-%		335%	276%	(104)%	(253)%	7%	(262)%
Retained Gap Ratio to Regulatory Capital, Being a Basis for Other Prudential Ratios-%		335%	611%	508%	255%	262%	0%

61.4.5.4. Financial liabilities contractual maturity analysis

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

	2018-19						
	Carrying Amount	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	Million IRR
Liabilities:							
Dues to Banks & 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 National Development Fund	0	0	0	0	0	0	0
Investment Depositors' Rights	(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)**

	2017-18						
	Carrying Amount	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	Million IRR
Liabilities:							
Dues to Banks & Credit Institutions	(3,419,651)	0	0	0	0	0	(3,419,651)
Customers' Deposits	(7,695,433)	0	0	0	0	0	(7,695,433)
Loans Received from National Development Fund	0	0	0	0	0	0	0
Investment Depositors' Rights	(128,926,357)	(1,662,466)	(7,692,625)	(29,555,241)	(49,307,856)	(114,126)	(40,594,043)
Total	**(140,041,441)**	**(1,662,466)**	**(7,692,625)**	**(29,555,241)**	**(49,307,856)**	**(114,126)**	**(51,709,127)**

61.4.5.4.2. The following table presents the financial liability maturity (foreign currency) based on their maturity dates stated in their contracts:

	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 & Credit Institutions	(722,670)	0	(425,000)	(152,716)	0	0
Debt Securities	(1,781,578)	0	(3,757,384)	0	0	0
Loans Received from National Development Fund	0	0	0	0	0	0
Investment Depositors' Rights	0	0	0	(39,054)	0	0
Total	**(2,504,249)**	**0**	**(4,182,384)**	**(191,769)**	**0**	**0**

	2017-18					
	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 & Credit Institutions	(1,090,205)	0	(462,490)	(92,925)	0	0
Customers' Deposits	(1,513,363)	0	(1,623,515)	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' Rights	0	0	0	(71,028)	0	0
Total	**(2,603,568)**	0	**(2,086,005)**	**(163,953)**	0	0

61.4.6. Preparation to counteract crisis (Cash Adequacy Stress Test)
This test aims to measure the Bank's ability to counter liquidity crisis (based on expert opinion or the bank's historical evidence) and to disclose its precautionary plans for countering crisis as well as simulation 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. 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 monitored.

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 is 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 3 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 obtain 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.

61.5. Market risk
61.5.1. 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 2, banks can use local models designed by the bank for evaluation of 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.

61.5.2. Executive units of market risk management

Market risk evaluation in Karafarin Bank is divided as follows:

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.

61.5.3. 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.

61.5.4. 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:

Investments	2018-19		2017-18	
	Probable Change at Market Value	Effect on Profit & Loss	Probable Change at Market Value	Effect on Profit & Loss
	%	Million IRR	%	Million IRR
Investment in Rapidly Marketable Shares	(-3.73, 3.80)	838	(-5.81, 5.86)	51,012
Other Investments (Stating Title)	0	0	0	0

61.5.5. Analysis of value at risk of foreign currency rate

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

	USD	EUR	GBP	CHF	JOY	CNY	INR	Other Foreign Currencies
Cash	2,173,025	4,693,264	48,567	200	30,000	100	0	4,860
Dues 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
Loans Granted & Dues from Non-Governmental Entities	4,995,184	9,300,744	0	0	20,651,328	17,448,749	0	1,647,466,363
Investment in Shares & Other Securities	0	0	0	0	0	0	0	0
Dues 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 Reserve	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 for L/Cs	0	11,113,338	0	0	38,308,137	189,010,556	866,570,919	351,678,672
Customers' Commitments for Issued L/Gs	2,853,669	56,229,006	0	0	0	12,412,372	0	1,754,334,538
Other Customers' Commitments	0	16,379,751	0	0	0	0	0	0
Total Foreign Currency Customers' 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 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)

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	USD	EUR	GBP	CHF	JOY	CNY	INR	Other Foreign Currencies
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' Rights	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 for L/Cs	0	(11,113,338)	0	0	(38,308,137)	(189,010,556)	(866,570,919)	(351,678,672)
Bank's Commitments for Issued L/Gs	(2,853,669)	(56,229,006)	0	0	0	(12,412,372)	0	(1,754,334,538)
Other Bank's Commitments	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 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	211,046	842,613	28,992	9,672	45,609	28,638	24,240	95,175
Open Position of Each Foreign Currency to Regulatory Capital at 20.03.2019-%	2%	7%	0.2%	0.1%	0.4%	0.2%	0.2%	1%
Open Position of Each Foreign Currency to Regulatory Capital Being the Basis of other Prudential Ratios at 20.03.2019-%	1%	6%	0.2%	0.1%	0.3%	0.2%	0.2%	1%

The Bank's foreign currency position at 20.03.2018 is as follows:

	USD	EUR	GBP	CHF	JOY	CNY	Other Foreign Currencies
Cash	5,151,774	8,158,496	39,592	200	30,000	0	4,860
Dues from Banks & Other Credit Institutions	2,148,347	77,950,126	527,404	713,187	189,959,088	221,102,189	9,680,267,976
Dues from the Government	0	0	0	0	0	0	0
Loans Granted & Dues from Non-Governmental Entities	5,204,033	6,936,222	0	0	0	941,271	1,717,057,673
Investment in Shares & Other Securities	0	0	0	0	0	0	0
Dues from Subsidiary & Associated Companies	0	0	0	0	0	0	0
Other Accounts Receivable	1,413	2,752,427	0	0	0	7,762	95,540,056
Tangible Fixed Assets	0	0	0	0	0	0	0
Intangible Assets	0	0	0	0	0	0	0
Legal Reserve	0	0	0	0	0	0	0
Other Assets	1,024,314	30,556,005	990	10,917	63,516,738	223,791,696	3,533,644,926
Total Foreign Currency Assets	13,529,882	126,353,276	567,986	724,303	253,505,826	445,842,918	15,026,515,490
Customers' Commitments for L/Cs	-	59,386,942	-	7,682,754	385,836,268	282,896,560	9,761,828,657
Customers' Commitments for Issued L/Gs	1,748,325	50,390,333	0	0	0	12,412,372	1,277,500
Other Customers' Commitments	0	37,227,340	0	0	0	0	0
Total Customers' Foreign Currency Commitments	1,748,325	147,004,615	-	7,682,754	385,836,268	295,308,932	9,763,106,157
Total Customers' Foreign Currency Assets & Commitments	15,278,207	273,357,891	567,986	8,407,057	639,342,094	741,151,850	24,789,621,647
IRR Equivalent of Customers' Foreign Currency Assets & Commitments-Million IRR	575,836	12,642,529	29,818	332,306	227,746	4,404,665	1,457,471
Dues to Banks & Other Credit Institutions	(5,936,455)	(19,883,896)	0	0	0	(49,861,618)	(7,391,846,140)
Customers' Deposits	(2,742,041)	(51,557,312)	(47,307)	(346,046)	(7,415,443)	(78,695,193)	(885,996,439)

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	USD	EUR	GBP	CHF	JOY	CNY	Other Foreign Currencies
Dividend Payable	0	0	0	0	0	0	0
Debt Securities	0	0	0	0	0	0	0
Corporation Tax Provision	0	0	0	0	0	0	0
Provisions & Other Liabilities	(687,642)	(41,261,737)	(257)	(45)	(80,335,257)	(311,000,163)	(5,141,892,729)
Investment Depositors' Rights	0	0	0	0	0	0	0
Total Foreign Currency Liabilities	(9,366,138)	(112,702,945)	(47,564)	(346,091)	(87,750,700)	(439,556,974)	(13,419,735,307)
Bank's Commitments for L/Cs	0	(59,386,942)	0	(7,682,754)	(385,836,268)	(282,896,560)	(9,761,828,657)
Bank's Commitments for Issued L/Gs	(1,748,325)	(50,390,333)	0	0	0	(12,412,372)	(1,277,500)
Other Bank's Commitments	0	(37,227,340)	0	0	0	0	0
Total Bank's Foreign Currency Commitments	(1,748,325)	(147,004,615)	0	(7,682,754)	(385,836,268)	(295,308,932)	(9,763,106,157)
Total Bank's Foreign Currency Liabilities & Commitments	(11,114,463)	(259,707,560)	(47,564)	(8,028,844)	(473,586,968)	(734,865,906)	(23,182,841,464)
IRR Equivalent of Bank's Foreign Currency Liabilities & Commitments-Million IRR	(418,904)	(12,011,215)	(2,497)	(317,356)	(168,701)	(4,367,308)	(1,331,478)
Net Positive (Negative) Foreign Currency Open Position for Each Foreign Currency at 20.03.2018	4,163,744	13,650,331	520,422	378,213	165,755,126	6,285,944	1,606,780,183
IRR Equivalent of Foreign Currency Open Position for Each Foreign Currency at 20.03.2018- Million IRR	156,931	631,314	27,321	14,950	59,045	37,357	125,993
Open Position of Each Foreign Currency to Regulatory Capital at 20.03.2018-%	1%	5%	0.2%	0.1%	0%	0%	1%
Open Position of Each Foreign Currency to Regulatory Capital Being the Basis of other Prudential Ratios at 20.03.2018-%	1%	4%	0.2%	0.1%	0%	0%	1%

61.5.5.1. Summary of foreign currency open position

	20.03.2019	20.03.2018
Positive Open Position of All Foreign Currencies-Million IRR	23,601,898	19,670,371
Negative Open Position of All Foreign Currencies-Million IRR	(21,382,400)	(18,617,459)
Foreign Currency Open Position-Million IRR	2,219,498	1,052,912
Positive Open Position of All Foreign Currencies to Regulatory Capital-%	193.0%	171.2%
Positive Foreign Currency Position of All Foreign Currencies to Regulatory Capital Being a Basis of Others	158.4%	132.0%
Effective Prudential Ratios-%	14.9%	7.1%
Negative Open Position of All Foreign Currencies to Regulatory Capital-%	(174.84)%	(162.05)%
Negative Open Position of All Foreign Currencies to Regulatory Capital Being a Basis for Others	(143.53)%	(124.97)%
Prudential Ratios-%	18.1%	9.2%

61.5.5.2. Analysis of effect 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:

	20.03.2019		20.03.2018	
	Potential Change in Market Price	Effect on Profit & Loss	Potential Change in Market Price	Effect on Profit & Loss
	%	Million IRR	%	Million IRR
USD	(-1.47,1.47)	9,811	(0.11, 0.11-)	17,263
EUR	(-1.72,1.72)	41,815	(0.66, 0.66-)	419,746
GBP	(-1.80,1.80)	1,655	(0.82, 0.82-)	22,403
AED	(-1.47,1.47)	240	(0.11, 0.11-)	1,853
JPY	(-1.66,1.66)	3,530	(0.73, 0.73-)	43,103
CHF	(-1.67,1.67)	118	(0.67, 0.67-)	10,016
CNY	(-1.60,1.60)	950	(0.35, 0.35-)	13,075
RUB	(-1.90,1.90)	2,890	(-1.82, 1.82)	11,324
KRW	(-1.72,1.72)	4,840	(-1.43,1.43)	9,087
INR	(-1.71,1.71)	1,863	(0.41, 0.41-)	12,159
TRY	(-3.89,3.89)	2,065	(1.1, 1.1-)	25,141
		69,777		**585,170**

61.5.6. Capital required for covering market risk

Measurement Method	Shares Risk		Foreign Currency		Total Capital Required for Covering Market Risk
	Value at Risk	Required Capital	Value at Risk	Required Capital	
	Million IRR	Million IRR	Million IRR	Million IRR	
Historical Simulation Model	13,597	40,792	69,777	209,331	250,123
Standard Model	* 8% × (Opportunity Average)	29,174	* 8% × (Opportunity Sales or Buy)	101,297	130,471

61.5.7. Gap analysis between assets and liabilities sensitive to interest rate

	20.03.2019						
	Carrying Amount	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	Million IRR
Assets:							
Cash	12,241,183	0	0	0	0	0	12,241,183
Dues from Banks & Other Credit Institutions	20,914,515	0	0	0	0	0	20,914,515
Granted Loans & Dues from Non-governmental Entities	105,984,078	40,188,211	43,158,291	18,591,315	3,909,757	0	136,504
Investment in Shares & Other Securities	4,322,050	0	0	2,565,903	0	0	1,756,147
Dues 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)	(1,429,999)	0	0	0	0	(933,168)
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 Reserve	0	0	0	0	0	0	0
Reserves & 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' Rights	(136,990,525)	(47,977,819)	(2,072,740)	(67,315,058)	(9,194,053)	0	(10,430,855)
Total Liabilities	**(162,945,408)**	**(49,407,818)**	**(2,072,740)**	**(67,315,058)**	**(9,194,053)**	**0**	**(34,955,739)**
Total Shareholders' Equity	**(13,881,397)**						**(13,881,397)**
Total liabilities & Shareholders' Equity	**(176,826,804)**	**(49,407,818)**	**(2,072,740)**	**(67,315,058)**	**(9,194,053)**	**0**	**(48,837,135)**
Gap		(1,565,520)	41,580,038	(36,572,453)	(5,283,669)	0	1,841,604
Retained Gap		(1,565,520)	40,014,518	3,442,065	(1,841,604)	(1,841,604)	0

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	20.03.2018						
	Carrying Amount	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	Million IRR
Assets:							
Cash	7,133,690	0	0	0	0	0	7,133,690
Dues from Banks & Other Credit Institutions	7,800,360	0	0	0	0	0	7,800,360
Granted Loans & Dues from Non-governmental Entities	105,476,820	42,167,022	50,071,169	7,576,578	4,511,638	1,118,297	32,116
Investment in Shares & Other Securities	4,289,716	0	0	2,540,569	0	0	1,749,147
Dues from Subsidiary & Associated Companies	770,148	0	0	770,148	0	0	0
Other Accounts Receivable	1,306,122	0	0	0	0	0	1,306,122
Tangible Fixed Assets	6,446,794	0	0	0	0	0	6,446,794
Intangible Assets	4,149,605	0	0	0	0	0	4,149,605
Legal Deposit	15,305,659	218,362	974,855	3,586,737	5,914,914	13,894	4,596,897
Other Assets	6,398,944	0	0	0	0	0	6,398,944
	159,077,858	**42,385,384**	**51,046,024**	**14,474,032**	**10,426,552**	**1,132,191**	**39,613,674**
Liabilities:							
Dues to Banks & Other Credit Institutions	(3,419,651)	0	0	0	0	0	(3,419,651)
Customers' Deposits	(7,695,433)	0	0	0	0	0	(7,695,433)
Dividend Payable	(35,235)	0	0	0	0	0	(35,235)
Corporation Tax Reserve	0	0	0	0	0	0	0
Reserves & Other Liabilities	(5,596,937)	0	0	0	0	0	(5,596,937)
Provision for Work Termination Benefits	(505,241)	0	0	0	0	0	(505,241)
Investment Depositors' Rights	(128,926,357)	(1,662,466)	(7,692,625)	(29,555,241)	(49,307,856)	(114,126)	(40,594,043)
Total Liabilities	**(146,178,853)**	**(1,662,466)**	**(7,692,625)**	**(29,555,241)**	**(49,307,856)**	**(114,126)**	**(57,846,539)**
Total Shareholders' Equity	**(12,899,005)**						**(12,899,005)**
Total liabilities & Shareholders' Equity	**(159,077,858)**	**(1,662,466)**	**(7,692,625)**	**(29,555,241)**	**(49,307,856)**	**(114,126)**	**(70,745,544)**
Gap		40,722,918	43,353,399	(15,081,208)	(38,881,304)	1,018,065.02	(31,131,869)
Retained Gap		40,722,918	84,076,317	68,995,108	30,113,804	31,131,869	0

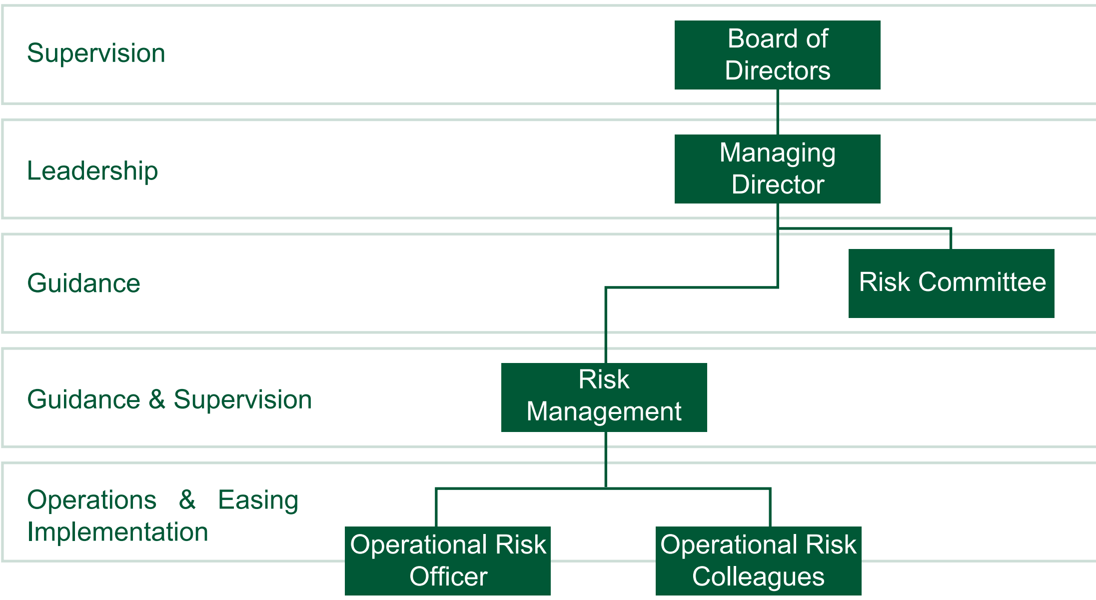
61.6. Operational risk

61.6.1. Definition

Karafarin Bank defines the operating risk according to Basel Accord as the loss risk arising from internal processes, people and defective or incorrect systems or from external events.

61.6.2. 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:



Board of Directors is responsible for establishing the operating risk management framework in the Bank, approving strategies, bylaws, limits and thresholds related to operating risk and any changes, amendments and revision to them. Risk Management Committee is responsible for reviewing operating risk management framework along with bylaws, strategies and operation continuity plan in the Bank as well as ensuring to support and supervise the good performance of the operating risk management framework.

Risk Management Unit has the following responsibilities: To develop awareness about risk throughout the Bank, provide leadership, supervision, guidance & routing process for implementing the operation risk management, prepare and suggest operating risk procedure and strategy, ensuring that all policies and processes of operating risk management have been documented for Banks' entire units and the management and are correctly supervised and implemented by top managers.

61.6.3. Precautionary policies in the event of intentional and unintentional human error

Karafarin Bank attempts to consider the following policies for preventing the occurrence of human error:

The prevalent risk literature must be used in all processes of operating risk management including recognition, evaluation, measurement, supervision, control, and risk mitigation as well as all components of operating risk implementation model.

Risk management culture must be promoted by informing, continuous training, interiorizing the goals related to operating risk and confirming implementation of related processes.

One model and framework of operating risk management which interacts with Central Bank laws and is the best existing experience in banking industry must be used and implemented. All new products, processes, activities and systems must be reviewed from the operating risk management point of view before the implementation and use.

Reports related to operating risk management must be prepared for top managers. These reports must include the events led to loss, analysis of key risk indexes and the result of risk & control self-evaluation meetings held with management and related units.

61.6.4. Preparations to counteract crisis
Karafarin Bank has prepared and executed Warning Advice bylaw based on which all personnel can, in a variety of ways, announce the due alarms to top managers immediately. The Bank is also preparing an Operation Continuity Plan bylaw to assure its readiness to counteract the probable crises.

61.6.5. Operational risk measurement method
Karafarin Bank has estimated value at operating risk to measure the operating risk, according to Basel Accord, using Base and Standard Index models. It is also calculating the capital at risk based on the developed model to ensure the accurate calculation of operating risk. The developed model used in Karafarin Bank is based on loss distribution method which is improved to increase accuracy in data shortage condition. Attached is the summary of Karafarin Bank's developed calculation method.

The process of risks and controls self-evaluation is an instrument in the management hand to recognize and evaluate the operating risks in all processes, products and systems and to identify weak spots and controls. This process generally includes workshops and person-to-person sessions 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 operating risk.

Key risk indices, in fact, are like increasing signals of a risk which will subsequently result in loss. Collecting data, supervising and analysing these indices are the main prerequisite of implementing a powerful framework for operating risk management. The main importance of these indices is their relationship with current bank activities and technology-related and operating risk-related processes. Therefore, one of the main aims of Karafarin Bank is to develop the key risk indices for bank's main risks so that the due action is taken to review and supervise the indices based on the defined limits and thresholds.

61.6.6. Operational risk control and monitoring mechanism
To identify and evaluate the operating risk, the Bank use "risk and control self-evaluation" process completely and comprehensively. The collected results and data relating to loss occurred during daily activities and key risk index changes must be used in this process.

The events related to operating loss throughout the Bank have also been brought together so that a better evaluation of risk appetite and more accurate calculation of cost of capital are obtained.

Risk control process is improved, for any areas of bank activities, through cooperation with related units or managements as well as colleagues. The instruments of risk control and measurement are also amended, revised and strengthened to identify risks better. Activities related to risk control are essential for reviewing the risks which are recognised during the risk and control self-evaluation sessions.

For risks recognised by the Bank, it must decide to accept the recognised risks or reduce them by control instruments. 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.

61.6.7. Capital required for covering operational risk

The Bank's capital at risk, based on the method applied by the Bank to measure the operational risk, is stated in the following table:

Measurement Method	Capital at Operational Risk
Base Index	3,370,012
Standard	3,875,583
Advanced	-

61.7. Capital management

61.7.1. Regulatory capital

Description	20.03.2019 Million IRR	(Restated) 20.03.2018 Million IRR
Layer 1 Capital:		
Capital Paid Less Capital Provided from Assets Re-evaluation Surplus	6,500,000	6,500,000
Shares Premium	0	0
Retained Profit (Loss)	645,904	778,925
Legal Reserve	3,762,092	3,576,483
Prudential Reserve	0	0
Other Reserves	929,804	0
Total Layer 1 Capital before Regulatory Adjustments	**11,837,800**	**10,855,408**
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	(41,323)	(32,116)
Minimum Cost of Investment in Shares of Credit Institutions or Non-subsidiary Financial Unit	(162,165)	(162,165)
Cost in Excess of 10% of Layer 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.	(528,992)	(528,992)
Cost of Investment in Shares of non-Financial Subsidiaries	(986,590)	(986,590)
Other Adjustments Recognised by CBI	0	0
Total Regulatory Adjustments	**(1,719,070)**	**(1,709,863)**
Layer 1 Capital after Regulatory Adjustments	**10,118,730**	**9,145,545**
Layer 2 Capital		
Debt Arising from Issuing Debt Securities & Their Premium & Other Dues Following Meeting the Conditions for Doubtful Claims Provision for up to 1.25% of Assets Weighted to Risk.	0	0
Provision for Ordinary Doubtful Debts up to 1.25% of Risk-Weighted Assets	1,391,101	1,443,105
Adjusted Amount from Re-evaluation of Fixed Assets, Shares & Securities	720,000	900,000
Total Layer 2 Capital	**2,111,101**	**2,343,105**
Less:		
Surplus of Layer 2 Capital to Layer 1 Capital	0	0
Layer 2 Capital Calculated in Regulatory Capital	**2,111,101**	**2,343,105**
Regulatory Capital	**12,229,831**	**11,488,650**
Regulatory Capital Being A Basis for Other Prudential Ratios*	**14,897,566**	**14,897,566**

* 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. It is obvious that new regulatory capital will be in effect based on the approved financial statements following General Assembly and after applying any possible changes and deductions such as distribution of dividend among shareholders.

61.7.2. Capital allocation

61.7.2.1. Total credit risk-weighted assets at the end of the year ended 20.03.2019 amount to IRR175,594,620 million.

	20.03.2019						20.03.2018	
	Amount	Conversion Factor	Adjusted Amount Considering Collaterals & Conversion Factor Risk Coefficient	Risk Coefficient	Risk-Weighted Assets & Commitments	Required Capital	Risk-Weighted Assets & Commitments	Required Capital
	Million IRR	%	Million IRR	%	Million IRR	Million IRR	Million IRR	Million IRR
Cash (IRR & Foreign Currency Cash at Hand & Funds in Transition)	940,468	100	940,468	0	0	0	0	0
Legal Deposit held with CBI	16,739,092	100	16,739,092	0	0	0	0	0
Dues from CBI	353,842	100	353,842	0	0	0	0	0
Participation Bonds Issued or Guaranteed by CBI	0	100	0	0	0	0	0	0
Dues from Banks & Other Credit Institutions with Capital Adequacy Ratio of 8 & Above	0	100	0	20	0	0	0	0
Dues from Banks & Other Credit Institutions with Capital Adequacy Ratio of 4 to 8	7,500,000	100	7,500,000	50	3,750,000	300,000	150,000	12,000
Dues from Banks & Other Credit Institutions with Capital Adequacy Ratio of 2 to 4	3,080,000	100	3,080,000	80	2,464,000	197,120	0	0
Dues from Banks & Other Credit Institutions with Capital Adequacy Ratio of Below 2	21,281,388	100	21,281,388	100	21,281,388	1,702,511	13,581,935	1,086,555
Dues from Banks & Other Credit Institutions Whose Financial Statements Have not Been Presented or 2 years Have Passed since Presentation	0	100	0	100	0	0	0	0
Dues from the Government (Loans & Purchasing Securities)	2,238,099	100	2,238,099	20	447,620	35,810	295,372	23,630
Dues from Governmental Companies & Institutions and Non-Governmental general Bodies (Loans & Purchasing Securities)	0	100	0	100	0	0	0	0
Principal Amount of Participatory Contracts (Equity Participation, *Mozarebeh, Mozare'eh Mosaghat*) of Companies Listed on TSE	27,408,100	100	15,232,895	150	22,849,343	1,827,947	21,417,276	1,713,382
Principal Amount of Participatory Contracts (Equity Participation, *Mozarebeh, Mozare'eh Mosaghat*) of Individuals & Legal Entities	44,504,802	100	18,362,705	200	36,725,409	2,938,033	42,950,186	3,436,015
Non-Trade Investment in Companies Listed on TSE after Deduction of Accumulated Impairment	181,565	100	181,565	300	544,695	43,576	523,695	41,896
Non-Trade Investment in Companies (except Credit Institutions & Non-Financial Subsidiaries) After Deduction of Accumulated Impairment	1,045,590	100	1,045,590	400	4,182,360	334,589	4,182,360	334,589
Cost of Non-Trade Investment in Another credit Institute of Financial Unit (Below 10% Shareholders & 10% of Layer 1 Capital)	0	100	0	300	0	0	0	0
Cost of Non-Trade Investment in another Credit Institute of Financial Unit (Below 10% Shareholders & Above 10% of Layer 1 Capital) up to 10% of Layer 1 Capital	0	100	0	300	0	0	0	0
Cost of Non-Trade Investment in another Credit Institute of Financial Unit (Above 10% Shareholders) up to 10% of Ordinary Shares Cost	0	100	0	300	0	0	0	0
Principal Amount & Interest of Non-Participatory Contracts- For Residential Real Estates	1,583,323	100	730,299	50	365,150	29,212	402,314	32,185
Principal Amount & Interest of Non-Participatory Contracts- Other Loans up to IRR10 billion for each Party	190,919	100	169,939	75	127,454	10,196	918,137	73,451

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	20.03.2019						20.03.2018	
	Amount	Conversion Factor	Adjusted Amount Considering Collaterals & Conversion Factor Risk Coefficient	Risk Coefficient	Risk-Weighted Assets & Commitments	Required Capital	Risk-Weighted Assets & Commitments	Required Capital
	Million IRR	%	Million IRR	%	Million IRR	Million IRR	Million IRR	Million IRR
Principal Amount & Interest of Non-Participatory Contracts- Other Loans up to IRR10 billion to IRR50 Billion for each Party	101,351	100	38,470	100	38,470	3,078	335,498	26,840
Principal Amount & Interest of Non-Participatory Contracts- Other Loans up to IRR50 billion to IRR100 Billion for each Party	150,241	100	50,592	150	75,888	6,071	88,557	7,085
Principal Amount & Interest of Non-Participatory Contracts- Other Loans Above IRR100 billion for each Party	14,086,562	100	7,936,795	200	15,873,590	1,269,887	9,490,104	759,208
Net Non-Performing Claims (Principal Amount, Interest & Late Payment Penalty Less Related Specific Reserve)-Specific Reserve Amount Below 20%	0	100	0	150	0	0	35,254,638	2,820,371
Net Non-Performing Claims (Principal Amount, Interest & Late Payment Penalty Less Related Specific Reserve)-Specific Reserve Amounts 20% to 50% of balance of non-Performing Claims	17,928,485	100	17,928,485	100	17,928,485	1,434,279	0	0
Net Non-Performing Claims (Principal Amount, Interest & Late Payment Penalty Less Related Specific Reserve)-Specific Reserve Amounts to 50% & Above Compared to Balance of Non-Performing Claims	0	100	0	50	0	0	0	0
Non-Governmental Participation Bonds	71,999	100	71,999	100	71,999	5,760	661,785	52,943
Dues from Subsidiary & Associated Companies (Current Dues & Not Loans)	995,496	100	995,496	100	995,496	79,640	770,148	61,612
Other Accounts Receivable (Current)	1,381,298	100	1,381,298	100	1,381,298	110,504	1,306,122	104,490
Net Fixed Assets	5,679,534	100	5,679,534	100	5,679,534	454,363	5,960,399	476,832
Other Off Balance Sheet Items	3,799,567	100	3,799,567	100	3,799,567	303,965	6,398,944	511,916
Commitments on L/Cs issued & Verified for Commodities that do not Require Collateral Following Deducting Prepayments	1,306,470	50	653,235	100	653,235	52,259	2,026,781	162,142
Commitments for L/Gs Issued after Cash Deposits	46,433,182	50	23,216,591	100	23,216,591	1,857,327	13,749,716	1,099,977
Commitments for Contracts & Guarantee of *Sukuk* Like Participation Bonds	26,286,101	50	13,143,050	100	13,143,050	1,051,444	10,692,088	855,367
Other Commitments	0	100	0	100	0	0	0	0
					175,594,620	**14,047,570**	**171,156,054**	**13,692,484**

61.7.2.2. Total market risk-weighted assets at the end of the year ended 20.03.2019 amounted to IRR25,662,467 million.

	20.03.2019			20.03.2018		
	Amount	Risk Coefficient	Required Capital	Amount	Risk Coefficient	Required Capital
	Million IRR	%	Million IRR	Million IRR	%	Million IRR
Trade Shares	255,805	8.0	20,464	401,925	8.0	32,154
Total Cost of trade Securities-Specific Risk	2,310,098	5.0	115,505	2,138,644	5.0	106,932
Trade Securities-Remaining Time to 1 Month Maturity Date	0	0	0	0	0	0
Trade Securities-Remaining Time to 1 Month to 3 Months Maturity Date	0	0.2	0	0	0.2	0
Trade Securities-Remaining Time to 3 Month to 6 Months Maturity Date	0	0.4	0	0	0.4	0
Trade Securities-Remaining Time to 6 Month to 12 Months Maturity Date	0	0.7	0	0	0.7	0
Trade Securities-Remaining Time to 1 Year to 2 Years Maturity Date	2,310,098	1.25	28,876	2,138,644	1.25	26,733
Trade Securities-Remaining Time to 2 Years to 3 Years Maturity Date	0	1.75	0	0	1.75	0
Trade Securities-Remaining Time to 3 Years to 4 Years Maturity Date	0	2.25	0	0	2.25	0
Trade Securities-Remaining Time to 4 Years to 5 Years Maturity Date	0	2.75	0	0	2.75	0
Trade Securities-Remaining Time to 5 Years to 7 Years Maturity Date	0	3.25	0	0	3.25	0
Trade Securities-Remaining Time to 7 Years to 10 Years Maturity Date	0	3.75	0	0	3.75	0
Trade Securities-Remaining Time to 10 Years to 15 Years Maturity Date	0	4.5	0	0	4.5	0
Trade Securities-Remaining Time to 15 Years to 20 Years Maturity Date	0	5.25	0	0	5.25	0
Trade Securities-Remaining Time to over 20 Years Maturity Date	0	6.0	0	0	6.0	0
Positive Open Position of All Foreign Currencies or Absolute Value of Negative Open Position of All Foreign Currencies Whichever is higher	23,601,898	8.00	1,888,152	19,670,371	8.00	1,573,630
Total Capital Required to Cover Market Risk			2,052,997			1,739,449
Coefficient			12.5			12.5
Market Risk-Weighted Asset			25,662,467			21,743,112

61.7.2.3. Total Operational risk-weighted assets at the end of the year ended 20.03.2019 amounted to IRR41,326,412 million.

	20.03.2019			20.03.2018		
	Amount	Risk Coefficient	Capital Required to Cover Operational Risk	Amount	Risk Coefficient	Capital Required to Cover Operational Risk
	Million IRR	%	Million IRR	Million IRR	%	Million IRR
Average of total Bank's Income in Recent 3 years	22,040,753	15.00	3,306,113	22,985,510	15.00	3,447,827
Coefficient			12.5			12.5
Operational Risk-Weighted Assets			41,326,412			43,097,831

61.7.3. Capital adequacy ratio
Capital adequacy ratio was 5.04% at the end of the fiscal year ended 20.03.2019.

	20.03.2019	20.03.2018
	Million IRR	Million IRR
Regulatory Capital Being a Basis for Other Prudential Ratios	12,229,831	11,488,650
Credit Risk-Weighted Assets	175,594,620	171,156,054
Market Risk-Weighted Assets	25,662,467	21,743,112
Operational Risk-Weighted Assets	41,326,412	43,097,831
Total Risk-Weighted Assets	242,583,499	235,996,997
Layer 1 Capital Ratio to Risk-Weighted Assets-%	4.2%	3.9%
Capital Adequacy Ratio-%	5.04%	4.87%

61.7.4. Degree of leverage
Degree of leverage is the ratio of Bank's total assets to shareholders' equity. Bank's degree of leverage was 7.9% at the end of the fiscal year 20.03.2019.

	20.03.2019	20.03.2018
	Million IRR	Million IRR
Total Shareholders' Equity	13,881,397	12,899,005
Total Assets	176,826,804	159,077,858
Degree of Leverage	7.9%	8.1%

Operational Units
62.1. Basis for dividing sectors
In this section, the Bank express its basis in unit reporting including different business sectors.

62.2. Information regarding reportable operational sectors

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

Description	Delegation Banking System	*Gharz-al Hassaneh* (Interest-Free) Banking	International Banking	E-Banking	Other Activities	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Income Out of Bank						
Granted Loans & Deposits Income	20,123,016	0	203,542	0	0	20,326,558
Deposits Interest Expense	(18,289,526)	0	(13,638)	0	0	(18,303,164)
Net Loans & Deposits Income	1,833,490	0	189,904	0	0	2,023,394
Commission Income	1,102,814	0	0	0	0	1,102,814
Commission Expense	(138,863)	0	0	0	0	(138,863)
Net Commission Income	963,951	0	0	0	0	963,951
Net Investments Profit (Loss)	789,593	0	0	0	0	789,593
Net Foreign Currency Transactions Profit (Loss)	0	0	1,315,358	0	0	1,315,358
Other Operating Revenues	0	0		0	593,780	593,780
	789,593	0	1,315,358	0	593,780	2,698,731
Net Income Out of Bank	3,587,035	0	1,505,262	0	593,780	5,686,076
Net Income from bank's Sections						0
Total Income of Operating Sections of the Bank						0
Doubtful Debt expenses of Operating sections	(1,510,175)					(1,510,175)
Other Direct Expenses Attributable to Operating Sections	(231,567)					(231,567)
Each Section Profit (Loss) before Unattributable General Expenses	1,845,293	0	1,505,262	0	593,780	3,944,334
General Expenses Unattributable to Section						(2,665,461)
Profit before Tax						**1,278,873**

62.3. Geographical concentration of main items in assets, liabilities and incomes
While offering geographical information, assets' main items are based on location and liabilities and income are reported based on residence of bank's counterpart in geographical areas.

	2018-19		
	Iran	Other Countries	Total
	Million IRR	Million IRR	Million IRR
Assets:			
Cash	12,241,183	0	12,241,183
Dues from Banks & Other Credit Institutions	20,914,515	0	20,914,515
Granted Loans & Dues from Non-Governmental Entities	105,984,078	0	105,984,078
Investment in Shares & Other Securities	4,322,050	0	4,322,050
Dues from Subsidiary & Associated Companies	995,496	0	995,496
Other Accounts Receivable	1,381,298	0	1,381,298
Legal Reserve	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 Assets	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' Rights	(136,990,525)	0	(136,990,525)
Dividend Payable	(13,022)	0	(13,022)
Corporation Tax Reserve	0	0	0
Reserves & 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	**21,429,373**	**0**	**21,429,373**
Total Other Expenses & Incomes	**593,780**	**0**	**593,780**

	20.03.2018		
	Iran	Other Countries	Total
	Million IRR	Million IRR	Million IRR
Assets:			
Cash	7,133,690	0	7,133,690
Dues from Banks & Other Credit Institutions	7,800,360	0	7,800,360
Granted Loans & Dues from Non-Governmental Entities	105,476,820	0	105,476,820
Investment in Shares & Other Securities	4,289,716	0	4,289,716
Dues from Subsidiary & Associated Companies	770,148	0	770,148
Other Accounts Receivable	1,306,122	0	1,306,122
Legal Reserve	15,305,659	0	15,305,659
Tangible Fixed Assets	6,446,794	0	6,446,794
Intangible Assets	4,149,605	0	4,149,605
Other Assets	6,398,944	0	6,398,944
Total Assets	**159,077,858**	**0**	**159,077,858**
Liabilities:			
Dues to Banks & Other Credit Institutions	(3,419,651)	0	(3,419,651)
Customers' Deposits	(7,695,433)	0	(7,695,433)
Debt Securities	0	0	0
Investment Depositors' Rights	(128,926,357)	0	(128,926,357)
Dividend Payable	(35,235)	0	(35,235)
Corporation Tax Reserve	0	0	0
Reserves & Other Liabilities	(5,596,937)	0	(5,596,937)
Provision for Work Termination Benefits	(505,241)	0	(505,241)
Total Liabilities	**(146,178,853)**	**0**	**(146,178,853)**
Total Operating Revenues	**21,682,753**	**0**	**21,682,753**
Total Other Expenses & Incomes	**410,348**	**0**	**410,348**

63. Transactions with Related Parties

63.1. Changes in major shareholders (over 1%)

During the 2018-19 fiscal year, Mehr Ayandegan Financial Development Group Company (Public Joint Stock) and Karandish Doran Moaser Company were included in above 1 percent shareholders' by purchasing 84,807,198 and 348,520,693 shares, respectively. In addition, Asphalt Toos and Modabber Kesht Toos Agricultural Companies were excluded from above 1 percent shareholders by selling 40,232,617 and 298,520,693 shares.

63.2. Transactions with managers

Managers include managing director, board members and the Bank's executive board.
During the 2017-18 fiscal year managers had no transactions with Group companies.

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63.2.1. 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 Relations	2018-19					
			Transaction	Subject to Article 129 of Commercial Code?	Pricing Method	Flow Transaction Amount	Gross Transaction Profit (Loss)	Claim Balance (Debt)
Karafarin Excahnge Co.	Karafarin Insurance Co.	The Same Category Company	Purchasing Foreign Currencies & Services	Yes		761	0	0
Asr Amin Karafarin Co.	Karafarin Insurance Co.	Associated Company	Issuing Insurance Policy Income	No		1,939	0	595
Karafarin Brokerage Co.	Karafarin Brokerage Common Investment Fund	Managed Fund		No		6,333	0	10,758
	Arman Karafrin Investment Fund	Managed Fund		No		6,910	0	13,508
	Karafrin Index Investment Fund	Managed Fund		No		316	0	716
	Karafarin Insurance Co.	The Same Category Company	Rendering Services & Purchasing Fixed Assets	No		1,040	4,216	0
Karafarin Leasing Co.	Karafarin Insurance Co.	The Same Category Company	Services Sales	No		30	0	0
Amin Etemad Karafarin Co.	Rayan Saipa Leasing Co.	Common Board Member	Services Sales	Yes		0	0	0

63.3. Related parties' transactions with the Bank (Parent Company) during the 2018-19 are as follows:

Related Party	Type of Relation	2018-19					
		Transaction	Subject to Article 129 of Commercial Code?	Pricing Method	Flow Transaction Amount	Transaction Gross Profit (Loss)	Claim Balance (Debt) of Loans & Commitments
					Million IRR	Million IRR	Million IRR
Karafarin Bank Brokerage Co.	Subsidiary Company	L/Gs Commission Income	No	According to Banking Tariff		241	345,383
		L/Gs Issuance		According to Credit Commission Instructions	3,120		
Karafarin Foreign Exchange Co.	Subsidiary Company	Foreign Currency Sales & Services	No	According to Banking Tariff	2,227,037		683,257
		Foreign Currency Purchase		According to Banking Tariff	1,071,101		
Karafarin Leasing Co.	Subsidiary Company	Granted Loans	No	According to Credit Commission Instructions	566,950	1,398	1,216,695
Abnie Gostar Karafarin Co.	Subsidiary Company	Branches Building & Renovation	No	Cost + Common Commission	13,597		36,390
Karafarin Insurance Co.	Associated Company, Common Board Member & Under the Joint Influence	Granted Loans	Yes	According to Credit Commission Instructions	50		23,313
		L/Gs Commission Income		According to Banking Tariff		110	
		L/Gs Issuance		According to Credit Commission Instructions	47,533		
Mr. Ali Roosta	Bank's Shareholders	Granted Loans	No	According to Banking Tariff	16,275	10	-
Kar & Andisheh Engineering Co.	Under the Joint Influence	Granted Loans	No	According to Credit Commission Instructions	3,714,102	113,717	1,118,623
		L/Gs Commission Income		According to Instructions	-	5,169	
		L/Gs Issuance		According to Banking Tariff	247,154	-	
Kar & Andisheh International Co.	Under the Joint Influence	L/Gs Commission Income	No	According to Credit Commission Instructions	-	18	841
		L/Gs Issuance		According to Credit Commission Instructions	841	-	
Jooyab No Consultants Engineers	Common Board Member	L/Gs Issuance	Yes	According to Credit Commission Instructions	11,946	-	17,129
		L/Gs Commission Income		According to Banking Tariff	-	370	

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

Related Party	Type of Relations	Payment (Received)	Adjustments (Doubtful Debts Expenses, etc.)	Claim Balance (Debt) at 20.03.2019	Claim balance (Debt) at 20.03.2018
		Million IRR	Million IRR	Million IRR	Million IRR
Amin Etemad Karafarin Co.	Subsidiary Company	-	-	3,897	3,916
Karafarin Bank Investment Co.	Subsidiary Company, Common Board Member & under Joint Influence	-	-	5,699	50,063
Asr Amin Karafarin Co.	Subsidiary Company	-	-	2,432	2,395

64. Retained Earnings at the End of the Year

Retained earnings at the end of the year is subject to approval of shareholders' ordinary general assembly.

	Amount
Legal Duties:	
Sharing at Least 10% of Net Profit of 2018-19 as per Article 90 of Commercial Code as Amended	123,739
Board of Directors' Proposal:	
Dividend Suggested by Board of Directors	123,739

65. Performance Statement of IRR Saving *Gharz-al Hassaneh* Operations

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

	Note	2018-19		2017-18
		Million IRR		Million IRR
Saving Gharz-al Hassaneh Resources:				
Saving *Gharz-al Hassaneh* Deposits-IRR	22-2	72,743		21,741
Total *Gharz-al Hassaneh* Resources			72,743	21,741
***Gharz-al Hassaneh* Expenditures:**				
Granted Loans & Dues from Non-governmental Entities (before Provision)				
Ordinary Loans		(163,093)		(10,087)
Staff Loans		0		0
Total Granted Loans & Dues from Non-governmental Entities	13	(163,093)		(10,087)
Total *Gharz-al Hassaneh* Expenditures			(163,093)	(10,087)
Legal Deposit of Saving *Gharz-al Hassaneh* Resources			(7,274)	(2,174)
Liquidity Reserve for Saving *Gharz-al hassaneh* Deposits (5%)			(3,637)	(1,087)
Resources Surplus (Deficit) to *Gharz-al Hassaneh* Expenditures			**(101,262)**	**8,392**

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

65.2. Net commission of *Gharz-al Hassaneh* operations

	Parent Company	
	2018-19	2017-18
	Million IRR	Million IRR
Commission Received from Granted *Gharz-al Hassaneh* Loans	5,969	321
Prize Expenses for *Gharz-al Hassaneh* Deposits	0	0
Net Commission of *Gharz-al Hassaneh* Operations (Note 44.1)	**5,969**	**321**

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

	Parent Company	
	2018-19	2017-18
	Million IRR	Million IRR
Marriage	162,725	10,054
Others	368	33
	163,093	**10,087**

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

	Parent Company	
	2018-19	2017-18
	Million IRR	Million IRR
Individuals	163,093	10,087
Legal Entities-Cooperative	0	0
Legal Entities -Others	0	0
	163,093	**10,087**

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66. Information on Related Parties' Loans and Commitments

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/Debts									Commitments Net Balance				Total Net Balance of Loans & Commitments
		1-2	2-2	3-2	4-2	5-2	6-2	7-2	8-2	9-2	Principal Amount Paid	Balance Amount (after *Mozarebeh* Amounts and Joint Account of Equity Participation is Deduced)			Contract or Debt Type	Contract Timespan (Month)	Grace Period (Month)	Interest/ Commission Rate	Approval Date	Gross Commitments	Cash Advances Received	Net Commitments	Net Commitments with Conversion Factor in Effect	
												Current	Non-Performing	Total										
1	Kar & Andisheh International Co.						*				0	0	0	0	L/G	0	0	0	0	841	84	757	151	151
Total											**0**	**0**	**0**	**0**	**0**				**0**	**841**	**84**	**757**	**151**	**151**
2	Karo Andisheh Jonoub Co.					*	*				0	0	0	0	0	0	0	0	0	0	0	0	0	-
3	Kar & Andisheh Engineering Co.						*				125,000	129,623	0	129,623	Equity Participation	3	0	18	16.12.2015	0	0	0	0	129,623
											70,000	70,380	0	70,380	Equity Participation	3	0	18	16.12.2015	0	0	0	0	70,380
											50,000	50,444	0	50,444	Equity Participation	3	0	18	17.12.2015	0	0	0	0	50,444
											45,000	46,642	0	46,642	Equity Participation	3	0	18	18.12.2015	0	0	0	0	46,642
											40,000	40,059	0	40,059	Equity Participation	3	0	18	19.12.2015	0	0	0	0	40,059
											20,000	20,118	0	20,118	Equity Participation	3	0	18	20.12.2015	0	0	0	0	20,118
											0	0	0	0	L/C	0	0	0		486,406	0	486,406	97,281	97,281
											0	0	0	0	L/C	0	0	0		4,724	0	4,724	945	945
											0	0	0	0	L/C	0	0	0		47,201	20,028	27,173	5,435	5,435
											0	0	0	0	L/C	0	0	0		68,527	11,576	56,951	11,390	11,390
											0	0	0	0	L/C	0	0	0		8,449	8,449	0	0	-
											0	0	0	0	L/G	0	0	0		889	89	800	160	160
											0	0	0	0	L/G	0	0	0		374	37	337	67	67
											0	0	0	0	L/G	0	0	0		17	2	15	3	3
											0	0	0	0	L/G	0	0	0		23	2	21	4	4
											0	0	0	0	L/G	0	0	0		1,435	143	1,291	258	258
											0	0	0	0	L/G	0	0	0		7,174	717	6,457	1,291	1,291
											0	0	0	0	L/G	0	0	0		7,054	705	6,349	1,270	1,270
											0	0	0	0	L/G					1,435	143	1,291	258	258
											0	0	0	0	L/G	0	0	0		3,549	355	3,194	639	639
											0	0	0	0	L/G	0	0	0		3,400	340	3,060	612	612
											0	0	0	0	L/G	0	0	0		2,600	260	2,340	468	468
											0	0	0	0	L/G	0	0	0		900	90	810	162	162
											0	0	0	0	L/G	0	0	0		31	3	28	6	6
											0	0	0	0	L/G	0	0	0		6,000	600	5,400	1,080	1,080
											0	0	0	0	L/G	0	0	0		7,500	750	6,750	1,350	1,350
											0	0	0	0	L/G	0	0	0		7,088	709	6,379	1,276	1,276
											0	0	0	0	L/G	0	0	0		2,000	200	1,800	360	360
											0	0	0	0	L/G	0	0	0		2,500	250	2,250	450	450
											0	0	0	0	L/G	0	0	0		15,700	1,570	14,130	2,826	2,826
											0	0	0	0	L/G	0	0	0		17,837	1,784	16,053	3,211	3,211
											0	0	0	0	L/G	0	0	0		34	3	31	6	6
											0	0	0	0	L/G	0	0	0		6,674	667	6,006	1,201	1,201
											0	0	0	0	L/G	0	0	0		201	20	181	36	36
											0	0	0	0	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

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Item No.	Individuals/Legal Entities	Example of Related Parties based on 2nd Chapter of Bylaw									Loans/Debts									Commitments Net Balance				Total Net Balance of Loans & Commitments
		1-2	2-2	3-2	4-2	5-2	6-2	7-2	8-2	9-2	Principal Amount Paid	Balance Amount (after *Mozarebeh* Amounts and Joint Account of Equity Participation is Deduced): Current	Non-Performing	Total	Contract or Debt Type	Contract Timespan (Month)	Grace Period (Month)	Interest/ Commission Rate	Approval Date	Gross Commitments	Cash Advances Received	Net Commitments	Net Commitments with Conversion Factor in Effect	
											0	0	0	0	L/G	0	0	0		3,900	390	3,510	702	702
											0	0	0	0	L/G	0	0	0		11,700	1,170	10,530	2,106	2,106
											0	0	0	0	L/G	0	0	0		23,000	2,300	20,700	4,140	4,140
											0	0	0	0	L/G	0	0	0		115,000	11,500	103,500	20,700	20,700
											0	0	0	0	L/G	0	0	0		668	67	601	120	120
											0	0	0	0	L/G	0	0	0		80	8	72	14	14
Total											**350,000**	**357,267**	**0**	**357,267**						**887,685**	**67,291**	**820,394**	**164,079**	**521,345**
4	Karafarin Insurance Co.								*		0	8	0	8	Temporary Debtors	0	0	0	0	0	0	0	0	8
											0	0	0	0	L/G	0	0	0	0	500	0	500	100	100
											0	0	0	0	L/G	0	0	0	0	2,500	0	2,500	500	500
											0	0	0	0	L/G	0	0	0	0	200	0	200	40	40
											0	0	0	0	L/G	0	0	0	0	185	0	185	37	37
											0	0	0	0	L/G	0	0	0	0	5,000	0	5,000	1,000	1,000
											0	0	0	0	L/G	0	0	0	0	100	0	100	20	20
											0	0	0	0	L/G	0	0	0	0	150	0	150	30	30
											0	0	0	0	L/G	0	0	0	0	500	0	500	100	100
											0	0	0	0	L/G	0	0	0	0	360	0	360	72	72
											0	0	0	0	L/G	0	0	0	0	1,700	0	1,700	340	340
											0	0	0	0	L/G	0	0	0	0	472	0	472	94	94
											0	0	0	0	L/G	0	0	0	0	130	0	130	26	26
											0	0	0	0	L/G	0	0	0	0	500	0	500	100	100
											0	0	0	0	L/G	0	0	0	0	150	0	150	30	30
											0	0	0	0	L/G	0	0	0	0	9,100	0	9,100	1,820	1,820
Total											**0**	**8**	**0**	**8**						**21,547**	**0**	**21,547**	**4,309**	**4,317**
5	Karafarin Brokerage Co.								*		0	0	0	0	L/G	0	0	0	0	6,000	600	5,400	1,080	1,080
											0	0	0	0	L/G	0	0	0	0	1,000	100	900	180	180
											0	0	0	0	L/G	0	0	0	0	1,000	100	900	180	180
											0	0	0	0	L/G	0	0	0	0	150	150	0	0	0
											0	0	0	0	L/G	0	0	0	0	3,120	312	2,808	562	562
											0	89	0	89	Temporary Debtors	0	0	0	0	0	0	0	0	89
Total											**0**	**89**	**0**	**89**						**11,270**	**1,262**	**10,008**	**2,002**	**2,091**
6	Karafarin Exchange Co.								*			2,777	0	2,777	Temporary Debtors	0	0	0	0			0	0	2,777
7	Karafarin Bank Investment Co.								*			27,279	0	27,279	Temporary Debtors	0	0	0	0	0	0	0	0	27,279
8	Karafarin Leasing Co.								*		566,950	568,348		568,348	Equity Participation			18	16.03.2019					568,348
9	Abnieh Gostar Karafarin Co.								*		0	417	0	417	Temporary Debtors							0	0	417

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Item No.	Individuals/Legal Entities	Example of Related Parties based on 2nd Chapter of Bylaw									Loans/Debts										Commitments Net Balance				Total Net Balance of Loans & Commitments
		1-2	2-2	3-2	4-2	5-2	6-2	7-2	8-2	9-2	Principal Amount Paid	Balance Amount (after *Mozarebeh* Amounts and Joint Account of Equity Participation is Deducted)			Contract or Debt Type	Contract Timespan (Month)	Grace Period (Month)	Interest/ Commission Rate	Approval Date	Gross Commitments	Cash Advances Received	Net Commitments	Net Commitments with Conversion Factor in Effect	
												Current	Non-Performing	Total										
10	Asr Amin Karafarin Co.									*	0	155	0	155	Temporary Debtors	0	0	0	0	0	0	0	0	155
11	Amin Etemad Karafarin Co.									*	0	4,935	0	4,935	Temporary Debtors	0	0	0	0	0	0	0	0	4,935
											0	0	0	0	L/G	0	0	0	0	97	10	87	17	17
											0	0	0	0	L/G	0	0	0	0	130	13	117	23	23
											0	0	0	0	L/G	0	0	0	0	236	24	213	43	43
											0	0	0	0	L/G	0	0	0	0	160	16	144	29	29
											0	0	0	0	L/G	0	0	0	0	589	59	530	106	106
											0	0	0	0	L/G	0	0	0	0	14	1	13	3	3
											0	0	0	0	L/G	0	0	0	0	35	4	32	6	6
											0	0	0	0	L/G	0	0	0	0	100	10	90	18	18
											0	0	0	0	L/G	0	0	0	0	500	50	450	90	90
											0	0	0	0	L/G	0	0	0	0	89	9	80	16	16
															L/G	0	0	0	0	30	3	27	5	5
											0	0	0	0	L/G	0	0	0	0	99	10	89	18	18
											0	0	0	0	L/G	0	0	0	0	69	7	62	12	12
															L/G	0	0	0	0	45	5	41	8	8
											0	0	0	0	L/G	0	0	0	0	443	44	398	80	80
											0	0	0	0	L/G	0	0	0	0	345	35	311	62	62
											0	0	0	0	L/G	0	0	0	0	594	59	535	107	107
12	Jooyab No Co.						*				0	0	0	0	L/G	0	0	0	0	50	5	45	9	9
											0	0	0	0	L/G	0	0	0	0	150	15	135	27	27
											0	0	0	0	L/G	0	0	0	0	1,177	118	1,059	212	212
											0	0	0	0	L/G	0	0	0	0	1,177	118	1,059	212	212
											0	0	0	0	L/G	0	0	0	0	924	92	832	166	166
											0	0	0	0	L/G	0	0	0	0	2,000	200	1,800	360	360
											0	0	0	0	L/G	0	0	0	0	10	1	9	2	2
											0	0	0	0	L/G	0	0	0	0	491	49	442	88	88
											0	0	0	0	L/G	0	0	0	0	491	49	442	88	88
											0	0	0	0	L/G	0	0	0	0	25	3	23	5	5
											0	0	0	0	L/G	0	0	0	0	525	52	472	94	94
											0	0	0	0	L/G	0	0	0	0	185	19	167	33	33
											0	0	0	0	L/G	0	0	0	0	109	11	98	20	20
											0	0	0	0	L/G	0	0	0	0	134	13	121	24	24
											0	0	0	0	L/G	0	0	0	0	108	11	97	19	19
											0	0	0	0	L/G	0	0	0	0	2,895	289	2,605	521	521
											0	0	0	0	L/G	0	0	0	0	1,125	112	1,012	202	202
											0	0	0	0	L/G	0	0	0	0	1,982	198	1,784	357	357
Total											**0**	**0**	**0**	**0**						**17,129**	**1,713**	**15,416**	**3,083**	**3,083**
Total											**916,950**	**961,274**	**0**	**961,274**	**0**	**0**	**0**	**18**	**0**	**938,471**	**70,350**	**868,121**	**173,624**	**1,134,898**

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67. 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.	Beneficiary Unit	Type of Relations	Customer	Balance of Large Loans & Commitments: Loans		Commitments		Shares Cots (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit)	Security		Board of Directors' Approval	
				Net Current (1)	Non-Performing (2)	Net Current (1)	Non-Performing (2)			5=1+2+3+4	Type	Value	Number	Date
1	Iran Khodro Group	Ownership	Iran Khodro Co.	668,735	0	0	0	0	19.12.2018	4,693,680	Cheques, Additional Securities, Share of Listed Companies, Internal Binding Contracts	12,548,559	507/97/875	28.05.2018
2				668,735	0	0	0	0	19.12.2018				507/97/875	28.05.2018
3				334,368	0	0	0	0	19.12.2018				507/97/875	28.05.2018
4				2,018,740	0	0	0	0	02.03.2019				507/97/5367	26.02.2019
5				668,735	0	0	0	0	19.12.2018				507/97/875	28.05.2018
6				334,368	0	0	0	0	19.12.2018				507/97/875	28.05.2018
		Total		**4,693,680**	**0**	**0**	**0**	**0**	**0**	**4,693,680**	**0**	**12,548,559**		
7		Ownership	Iran Khodro Diesel Co.	219,006	0	0	0	0	20.12.2018	1,438,978	Release Order, L/C, Cheques, Payment Order, Additional Securities, Short-Term Deposits held with Us, Promissory Notes, Shares of Listed Companies, Internal Binding Contracts	**9,006,154**	507/97/2150	14.08.2018
8				0	75,740	0	0	0	04.07.2018				507/97/750	22.05.2018
9				71,663	0	0	0	0	10.12.2018				507/97/2151	14.08.2018
10				617,885	0	0	0	0					507/96/3804	14.11.2017
11				195,983	0	0	0	0						
12				97,194	0	0	0	0						
13				105,140	0	0	0	0						
23				0	0	24	17	0						
25				0	0	3,576	2,860	0	07.03.2007					
26				0	0	1,976	1,581	0	17.07.2007					
27				0	0	8,200	7,380	0	07.03.2007					
28				0	0	49,476	44,528	0	17.07.2007					
		Total		**1,306,871**	**75,740**	**63,252**	**56,367**	**0**		**1,438,978**		**9,006,154**		
29		Ownership	Vehicle Axle Manufacturing Co.	0	0	739	0	0		0	Promissory Notes, Cheques, Additional Securities, Internal Binding Contracts	246,745		
30				0	0	618	0	0						
		Total		**0**	**0**	**1,357**	**0**	**0**	**0**			**246,745**		
31		Ownership	Iran Khodro Spare Parts Supply & Distribution Co.	290,755	0				17.11.2018	290,755	Promissory Notes, Cheques, Additional Securities, Internal Binding Contracts	1,510,830	507/97/1808	24.07.2018
32						40	0							
		Total		**290,755**	**0**	**40**	**0**	**0**		**290,755**		**1,510,830**		
33		Ownership	Nirou Moharrekeh Industrial Co.	0	68,292				08.08.2018	68,292	Promissory Notes, Cheques, Additional Securities, Internal Binding Contracts	214,000	507/16118	20.01.2015
34		Ownership	Gavah Co.	28,815	0				21.01.2019	28,815	Cheques, Additional Securities, Immovable assets Mortgaged by the Bank, Internal Binding Contracts	221,437	507/94/993	24.06.2015
		Total		**28,815**	**0**	**0**	**0**	**0**		**28,815**	**0**	**221,437**		
35		Ownership	Iran Khodro Diesel Parts Supply Co.			3,268	2,941			42,355			507/16929	10.03.2015
36						24,738	22,264							
37						3,000	2,700							
38						10,610	8,488					0		
39						2,021	1,718							
40						524	0							
41						4,715	4,244							
		Total		**0**	**0**	**48,876**	**42,355**	**0**		**42,355**		**0**		
Total				**1,626,441**	**144,032**	**113,525**	**98,721**	**0**	**0**	**1,869,195**	**0**	**11,199,167**		

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Item No.	Beneficiary Unit	Type of Relations	Customer	Balance of Large Loans & Commitments: Loans: Net Current (1)	Loans: Non-Performing (2)	Commitments: Net Current (1)	Commitments: Non-Performing (2)	Shares Cots (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit) 5=1+2+3+4	Security: Type	Security: Value	Board of Directors' Approval: Number	Board of Directors' Approval: Date
42	Behshahr Holding	Ownership	Behpak Industrial Co.	267,456	0	0	0	0	14.03.2019	911,660	Promissory Notes, Cheques, Additional Securities, Internal Binding Contracts	3,255,330	507/97/5647	12.03.2019
43				258,330	0	0	0	0	03.02.2019				507/97/3971	08.12.2018
44				258,330	0	0	0	0	03.02.2019				507/97/3971	08.12.2018
45				127,544	0	0	0	0	18.08.2018				507/97/1957	31.07.2018
		Total		**911,660**	**0**	**0**	**0**	**0**		**911,660**	**0**	**3,255,330**		
46		Ownership	Margarin Co.	646,466	0	0	0	0	27.01.2019	2,434,980	Promissory Notes, Cheques, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	9,769,294		
47				34,498	0	0	0	0	10.11.2018				507/97/3527	06.11.2018
48				69,378	0	0	0	0	28.02.2019				507/97/5044	05.02.2019
49				400,395	0	0	0	0	18.03.2019				507/97/5844	19.03.2019
50				308,408	0	0	0	0	15.03.2019				507/97/3921	04.12.2018
51				60,340	0	0	0	0	16.10.2018				507/97/3057	09.10.2018
52				242,231	0	0	0	0	16.10.2018				507/97/3057	09.10.2018
53				503,945	0	0	0	0	04.03.2019				507/97/647	15.05.2018
54				69,294	0	0	0	0	01.11.2018				507/97/3527	06.11.2018
55				100,000	0	0	0	0					507/97/478	05.05.2018
56				0	0	67	26							
		Total		**2,434,954**	**0**	**67**	**26**	**0**		**2,434,980**	**0**	**9,769,294**		
	Total Behshahr Holding			**3,346,615**	**0**	**67**	**26**	**0**	**0**	**3,346,640**		**30,751,170**		
57	Construction Companies Group	Ownership	Youth Housing Construction Co.	0	55,623	0	0	0	03.12.2016	246,887	Cheques, Additional Securities, *Gharz-al Hassaneh* Deposits held with Us, Shares of Listed Companies, Internal Binding Contracts	957,110	507/95/3401	01.11.2016
58				0	191,265	0	0	0	03.12.2016				507/95/3401	01.11.2016
		Total		**0**	**246,887**	**0**	**0**	**0**		**246,887**		**957,110**		
59		Ownership	Iran Building Investment Co.	0	421,468	0	0	0	03.12.2016	544,788	Cheques, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	1,841,777	507/95/3066	15.10.2016
60				0	123,320	0	0	0	03.12.2016				507/95/3724	22.11.2016
		Total		**0**	**544,788**	**0**	**0**	**0**		**544,788**		**1,841,777**		
61		Ownership	Stratus Holding Co.	0	22,091	0	0	0	25.11.2015	1,294,669	Promissory Notes, Cheques, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	3,495,502	507/94/3220	17.11.2015
62				0	11,471	0	0	0	08.03.2016				507/94/4867	01.03.2016
63				0	13,944	0	0	0	25.11.2015				507/94/3220	17.11.2015
64				0	292,637	0	0	0	25.11.2015				507/94/3220	17.11.2015
65				0	144,733	0	0	0	25.11.2015				507/94/3220	17.11.2015
66				0	40,790	0	0	0	08.03.2016				507/94/4867	01.03.2016
67				0	485,547	0	0	0	08.03.2016				507/94/4867	01.03.2016
68				0	134,681	0	0	0	04.11.2015					
69				0	148,775	0	0	0	08.03.2016				507/94/4867	01.03.2016
		Total		**0**	**1,294,669**	**0**	**0**	**0**		**1,294,669**	**0**	**3,495,502**		

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Item No.	Beneficiary Unit	Type of Relations	Customer	Balance of Large Loans & Commitments: Loans: Net Current (1)	Loans: Non-Performing (2)	Commitments: Net Current (1)	Commitments: Non-Performing (2)	Shares Cots (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit) 5=1+2+3+4	Security: Type	Security: Value	Board of Directors' Approval: Number	Board of Directors' Approval: Date
70	Construction Companies Group	Ownership	Novin Housing Construction Co.	0	301,761	0	0	0	21.12.2016	391,815	Cheques, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	1,594,184	507/97/3943	06.12.2016
71				0	90,054	0	0	0	21.12.2016				507/97/3943	06.12.2016
		Total		**0**	**391,815**	**0**	**0**	**0**		**391,815**	**0**	**1,594,184**		
72		Ownership	Novin Building Investment Co.	0	56,814	0	0	0	01.02.2017	56,814	Cheques, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	345,176	507/95/2946	05.10.2016
73		Ownership	Pars Shahr Technical Trading Co.	0	186,498	0	0	0	04.11.2015	284,789	Promissory Notes, Cheques, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	707,742	507/94/3222	17.11.2015
74				0	91,433	0	0	0	30.11.2015				507/94/3222	17.11.2015
75				0	6,858	0	0	0	30.11.2015				507/94/3222	17.11.2015
		Total		**0**	**284,789**	**0**	**0**	**0**		**284,789**	**0**	**707,742**		
76		Ownership	Tehran Construction & Renovation Co.	0	94,617	0	0	0	21.12.2016	416,221	Cheques, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	1,734,585	507/95/3722	22.11.2016
77				0	321,604	0	0	0	21.12.2016				507/95/3722	22.11.2016
		Total		**0**	**416,221**	**0**	**0**	**0**		**416,221**		**1,734,585**		
	Total Construction Companies Group			**0**	**3,235,982**	**0**	**0**	**0**	**0**	**3,235,982**	**0**	**10,676,076**		
78	Mr. Saatchi's Group Companies	Ownership	Iran Trading Co.	0	1,143,866	0	0	0	06.11.2016	1,143,866	Promissory Notes, Cheques, Additional Securities, Long-Term & *Gharz-al Hassaneh* Deposits held with Us, Immovable Assets Mortgaged by the Bank, Internal Binding Contracts	2,888,691	507/95/3403	02.11.2016
79		Ownership	Iran Zabt Co.	0	180,191	0	0	0	06.11.2016	180,191	Promissory Notes, Cheques, Additional Securities, Immovable Assets Mortgaged by the Bank, Internal Binding Contracts	410,660	507/95/3404	02.11.2016
80		Ownership	Sun Electronic Shahir Co.	0	703,399	0	0	0	06.11.2016	703,399	Promissory Notes, Cheques, Additional Securities, *Gharz-al Hassaneh* Deposits held with Us Immovable Assets Mortgaged by the Bank, Internal Binding Contracts	1,758,404	507/95/3405	02.11.2016
	Total			**0**	**2,027,456**	**0**	**0**	**0**		**2,027,456**		**5,057,755**		

Karafarin Bank (Public Joint Stock)
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Item No.	Beneficiary Unit	Type of Relations	Customer	Balance of Large Loans & Commitments							Security		Board of Directors' Approval	
				Loans		Commitments		Shares Cots (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit)				
				Net Current (1)	Non-Performing (2)	Net Current (1)	Non-Performing (2)			5=1+2+3+4	Type	Value	Number	Date
81	Tadbir Economic Development Group	Ownership	Tadbir Industry & Mining Development Co.	125,001	0	0	0	0	13.03.2019	1,339,263	Promissory Notes, Cheques, Additional Securities, Ordinary Long-Term Deposit Certificate held with Us, Shares of Listed Companies, Internal Binding Contracts	2,838,540	507/97/4026	11.12.2018
82				228,113	0	0	0	0	13.03.2019					
83				401,578	0	0	0	0	13.03.2019					
84				76,190	0	0	0	0	13.03.2019					
85				374,254	0	0	0	0	13.03.2019					
86				134,127	0	0	0	0	13.03.2019					
		Total		**1,339,263**	**0**	**0**	**0**	**0**		**1,339,263**	**0**	**2,838,540**		
87		Ownership	Iran & Shargh Co.	345,342	0	0	0	0	08.01.2019	345,342	Cheques, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	1,346,231	507/96/5326	18.12.2015
88		Ownership	Alborz Bulk Pharmaceutical Manufacturing Co.	273,907	0	0	0	0	05.12.2018	273,907	Promissory Notes, Cheques, Additional Securities, Short-Term Deposits held with Us, Internal Binding Contracts	788,327	507/97/3521	09.11.2016
		Total		**273,907**	**0**	**0**	**0**	**0**	**0**	**273,907**	**0**	**788,327**		
89		Ownership	Sobhan Oncology Pharmaceutical Co.	57,868	0	0	0	0	06.02.2019	1,641,391	Promissory Notes, Cheques, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	6,225,769	507/97/5065	06.02.2019
90				57,868	0	0	0	0	06.02.2019				507/97/5065	06.02.2019
91				57,413	0	0	0	0	08.09.2018				507/96/1566	31.01.2018
92				57,868	0	0	0	0	06.02.2019				507/97/5065	06.02.2019
93				57,868	0	0	0	0	06.02.2019				507/97/5065	06.02.2019
94				292,737	0	0	0	0	11.11.2018				507/96/1566	31.01.2018
95				57,868	0	0	0	0	06.02.2019				507/97/5065	06.02.2019
96				28,706	0	0	0	0	08.09.2018				507/96/1566	31.01.2019
97				70,765	0	0	0	0	09.10.2018				507/96/1566	31.01.2019
98				70,765	0	0	0	0	09.10.2018				507/96/1566	31.01.2019
99				21,230	0	0	0	0	09.10.2018				507/96/1566	31.01.2019
100				86,119	0	0	0	0	08.09.2018				507/96/1566	31.01.2019
101				57,868	0	0	0	0	06.02.2019				507/97/5065	06.02.2019
102				233,100	0	0	0	0	06.01.2019				507/97/4426	02.01.2018
103				43,060	0	0	0	0	08.09.2018				507/96/1566	31.01.2018
104				372,713	0	0	0	0	02.12.2018				507/96/1566	31.01.2018
105				0	0	19,527	17,575							
		Total		**1,623,817**	**0**	**19,527**	**17,575**	**0**		**1,641,391**	**0**	**6,225,769**		
106		Ownership	KBC Co.	13,486	0	0	0	0	05.02.2019	564,083	Promissory Notes, Cheques, Additional Securities, Short-Term Deposits held with Us, Internal Binding Contracts	4,706,335	507/97/4237	25.12.2018
107				18,074	0	0	0	0	12.02.2019				507/97/4237	25.12.2018
108				516,980	0	0	0	0	05.02.2019				507/97/4237	25.12.2018
109						17,270	15,543							
		Total		**548,540**	**0**	**17,270**	**15,543**	**0**		**564,083**	**0**	**4,706,335**		

Karafarin Bank (Public Joint Stock)
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Item No.	Beneficiary Unit	Type of Relations	Customer	Balance of Large Loans & Commitments							Security		Board of Directors' Approval	
				Loans		Commitments		Shares Cots (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit)				
				Net Current (1)	Non-Performing (2)	Net Current (1)	Non-Performing (2)			5=1+2+3+4	Type	Value	Number	Date
110	Tadbir Economic Development Group	Ownership	Jahan Ara Arvand Steel Co.	4,921	0	0	0	0	27.08.2017	2,001,602	Cheques, Additional Securities, Long_term Deposits held with Us, Shares of Listed Companies, Internal Binding Contracts	4,577,345	507/96/518	09.05.2017
111				33,051	0	0	0	0	06.06.2017				507/96/518	09.05.2017
112				82,935	0	0	0	0	27.05.2017				507/96/518	09.05.2017
113				25,010	0	0	0	0	13.05.2017				507/96/518	09.05.2017
114				52,373	0	0	0	0	02.09.2017				507/96/518	09.05.2017
115				170,493	0	0	0	0	13.03.2017				530/95/286	26.09.2016
116				172,651	0	0	0	0	06.02.2017				530/95/286	26.09.2016
117				4,162	0	0	0	0	17.05.2017				507/96/518	09.05.2017
118				91,610	0	0	0	0	03.07.2017				507/96/518	09.05.2017
119				688,716	0	0	0	0	10.03.2019				507/96/518	09.05.2017
120				5,769	0	0	0	0	13.06.2017				507/96/518	09.05.2017
121				480,724	0	0	0	0	10.03.2019				507/97/5396	28.02.2019
122				174,377	0	0	0	0	09.01.2017				530/95/286	26.10.2016
123				14,812	0	0	0	0	17.06.2017					
124		Ownership	Sobhan Darou Co.	43,976	0	0	0	0	11.08.2018	43,976	Cheques, Additional Securities, Promissory Notes, Internal Binding Contracts	340,011	507/97/1825	24.07.2018
125		Ownership	Iran Darou Pharmaceutical Co.	96,279	0	0	0	0	16.01.2019	96,279	Cheques, Additional Securities, Internal Binding Contracts	367,553	57/97/1555	09.01.2019
126		Ownership	Biosun Pharmed Co.	16,914	0	0	0	0	23.02.2019	2,111,521	Cheques, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	4,098,687	530/97/345	06.10.2018
127				32,147	0	0	0	0	05.01.2019				530/97/345	06.10.2018
128				16,180	0	0	0	0	22.12.2018				530/97/345	06.10.2018
129				68,678	0	0	0	0	23.01.2019				530/97/345	06.10.2018
130				463,962	0	0	0	0	23.01.2018				530/96/167	24.06.2017
131				603,394	0	0	0	0	19.12.2018				530/97/345	06.10.2018
132				603,080	0	0	0	0						
133				0	0	307,167	307,167	0						
134		Ownership	Tadbir Energy Development Group	403,358	0	0	0	0	05.03.2019	403,358	Cheques, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	1,532,000	507/97/2467	01.09.2018
135		Ownership	Tose'e Etemad Mobin Co.	0	3,555,124				18.03.2017	3,555,124	Cheques, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	10,213,188	507/95/5633	14.03.2017
	Total			**0**	**3,555,124**	**0**	**0**	**0**	**0**	**3,555,124**		**10,213,188**		

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Item No.	Beneficiary Unit	Type of Relations	Customer	Balance of Large Loans & Commitments							Security		Board of Directors' Approval	
				Loans		Commitments		Shares Cots (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit)				
				Net Current (1)	Non-Performing (2)	Net Current (1)	Non-Performing (2)			5=1+2+3+4	Type	Value	Number	Date
136	Mostazafan Foundation Companies	Ownership	South Kaveh Steel Co.	115,064	0	0	0	0	14.03.2019	1,445,275	Promissory Notes, Cheques, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	5,359,012	507/96/4695	06.01.2018
137				1,330,211	0	0	0	0	19.03.2019				507/96/4695	06.01.2018
138		Ownership	Arvand Kaveh Steel Co.	52,084	0	0	0	0	18.03.2019	452,677	Promissory Notes, Cheques, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	1,883,250	507/97/4043	11.12.2018
139				133,531	0	0	0	0	18.03.2019				507/97/4043	11.12.2018
140				267,062	0	0	0	0	18.03.2019				507/97/4043	11.12.2018
141		Ownership	Behnoush Iran Co.	59,406	0	0	0	0	06.02.2019	59,406	Promissory Notes, Cheques, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	197,089	507/97/4990	02.02.2019
142		Ownership	Pak Dairy Co.	83,355	0	0	0	0	16.12.2018	83,355			507/97/3519	06.11.2018
	Total Mostazafan Foundation Companies			**2,040,713**	**0**	**0**	**0**	**0**	**0**	**2,040,713**		**5,359,012**		
143	Chadormalou	Ownership	Chadormalou Mining & industrial Co.	846,914	0	0	0	0	13.03.2019	2,970,634	Cheques, Additional Securities, Internal Binding Contracts, Shares of Listed & Non-Listed Companies	12,476,324	507/97/5516	05.03.2019
144				1,543,644	0				21.01.2019				507/97/193	19.04.2018
145				580,076	0				13.10.2018				507/97/193	19.04.2018
	Total Chadormalou			**2,970,634**	**0**	**0**	**0**	**0**		**2,970,634**		**12,476,324**		
146	Persian Gulf Petrochemical	Ownership	Persian Gulf Petrochemical Industries	1,174,321	0	0	0	0	18.03.2019	1,934,308	Cheques, Additional Securities, *Gharz-al Hassaneh* Deposits held with Us, Shares of Listed Companies, Internal Binding Contracts	3,748,076	507/97/1161	13.06.2018
147			Petrochemical Commercial Co.	0	759,987							3,210,540	507/97/1475	03.07.2018
	Total Persian Gulf Petrochemical Industries			**1,174,321**	**759,987**	**0**	**0**	**0**		**1,934,308**		**6,958,616**		
148	Social Security Investment Group	Ownership	Social Security Investment Co.	2,613,418	0	0	0	0	12.03.2019	2,613,418	Cheques, Additional Securities, Short-Term Deposits held with Us, Shares of Listed Companies, Internal Binding Contracts	12,344,382	507/97/2602	10.09.2018
149		Ownership	Aburaihan Pharmaceutical CO.	36,053	0	0	0	0	18.03.2019	36,053	Cheques, Payment Orders, Additional Securities, Promissory Notes, Internal Binding Contracts	180,736	507/97/1639	11.07.2018
150			Razak Labs Co.	30,471	0	0	0	0	13.10.2018	1,083,210	Release Orders, L/Cs, Cheques, Additional Securities, Promissory Notes, Shares of Listed Companies, Internal Binding Contracts	2,747,982	507/97/2845	25.09.2018
151				72,969	0	0	0	0	18.03.2019				57/97/1221	19.06.2018
152				413,425	0	0	0	0	06.03.2019				57/97/1221	19.06.2018
153				138,395	0	0	0	0	30.01.2019				57/97/1221	19.06.2018
154				72,802	0	0	0	0	10.02.2019				57/97/1221	19.06.2018
155				132,734	0	0	0	0	05.01.2019				57/97/1221	19.06.2018
156				222,412	0	0	0	0	06.03.2019				57/97/1221	19.06.2018
157		Total		**1,083,210**	**0**	**0**	**0**	**0**	**0**	**1,083,210**		**2,747,982**		

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				Loans		Commitments		Shares Cots (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit)				
				Net Current (1)	Non-Performing (2)	Net Current (1)	Non-Performing (2)			5=1+2+3+4	Type	Value	Number	Date
158				131,995	0	0	0	0	29.10.2018				507/97/2056	07.08.2018
159				83,849	0	0	0	0	24.12.2018				507/97/4243	25.12.2018
160				213,787	0	0	0	0	12.11.2018				507/97/2056	07.08.2018
161		Ownership	Darou Pakhsh Pharmaceutical Co. (Public J.S)	92,685	0	0	0	0	07.02.2019	985,751	Cheque, Payment Orders, Additional Securities, Short-Term Deposits held with Us, Promissory Notes, Internal Binding Contracts	2,132,747	507/97/5062	06.02.2019
162				146,796	0	0	0	0	27.10.2018				507/97/2055	07.08.2018
163				69,842	0	0	0	0	25.12.2018				507/97/4243	25.12.2018
164				146,796	0	0	0	0	27.10.2018				507/97/2055	07.08.2018
165				100,000	0	0	0	0	07.02.2019				507/97/5062	06.02.2019
		Total		**985,751**	**0**	**0**	**0**	**0**	**0**	**985,751**		**2,132,747**		
166				63,209	0	0	0	0	26.02.2019				507/97/1480	03.07.2018
167				193,782	0	0	0	0	29.12.2018				507/97/644	15.05.2018
168				193,047	0	0	0	0	06.01.2019				507/97/644	15.05.2018
169				260,257	0	0	0	0	28.01.2019				507/97/644	15.05.2018
170		Ownership	Farabi Pharmaceutical co	63,517	0	0	0	0	16.02.2019	1,003,876	Cheques, Additional Securities, Internal Binding Contracts, Payment Orders	3,946,504	507/97/644	15.05.2018
171				8,570	0	0	0	0	26.02.2019				507/97/1480	03.07.2018
172				187,260	0	0	0	0	10.03.2019				507/97/1480	03.07.2018
173				0	0	6,027	6,027	0					507/97/1480	03.07.2018
174				0	0	28,203	28,203	0					507/97/1480	03.07.2018
175				0	0	4	4	0					507/97/1480	03.07.2018
		Total		**969,642**	**0**	**34,234**	**34,234**	**0**	**0**	**1,003,876**		**3,946,504**		
176				0	15,849	0	0	0	12.10.2017				507/96/504	09.05.2017
177	Social Security Investment Group			0	28,824	0	0	0	23.05.2018				507/96/504	09.05.2017
178				0	15,849	0	0	0	12.10.2017				507/96/504	09.05.2017
179				0	15,714	0	0	0	02.11.2017				507/96/504	09.05.2017
180				0	15,714	0	0	0	02.11.2017				507/96/504	09.05.2017
181				0	15,714	0	0	0	02.11.2017				507/96/504	09.05.2017
182				0	15,849	0	0	0	12.10.2017				507/96/504	09.05.2017
183				0	28,824	0	0	0	23.05.2018				507/96/504	09.05.2017
184				0	15,714	0	0	0	02.11.2017				507/96/504	09.05.2017
185				0	28,824	0	0	0	23.05.2018				507/96/504	09.05.2017
186				0	15,714	0	0	0	02.11.2017				507/96/504	09.05.2017
187		Ownership	Zahravi Pharmaceutical Co.	0	16,172	0	0	0	23.08.2017	1,892,956	Cheques, Additional Securities, Internal Binding Contracts	9,506,479	507/96/504	09.05.2017
188				0	28,829	0	0	0	23.05.2018				507/96/504	09.05.2017
189				0	15,714	0	0	0	02.11.2017				507/96/504	09.05.2017
190				0	28,829	0	0	0	23.05.2018				507/96/504	09.05.2017
191				0	16,458	0	0	0	10.07.2017				507/96/504	09.05.2017
192				0	15,714	0	0	0	02.11.2017				507/96/504	09.05.2017
193				0	16,166	0	0	0	24.08.2017				507/96/504	09.05.2017
194				0	15,714	0	0	0	02.11.2017				507/96/504	09.05.2017
195				0	15,849	0	0	0	12.10.2017				507/96/504	09.05.2017
196				0	16,172	0	0	0	23.08.2017				507/96/504	09.05.2017
197				0	16,166	0	0	0	24.08.2017				507/96/504	09.05.2017
198				0	28,824	0	0	0	23.05.2018				507/96/504	09.05.2017
199				0	15,714	0	0	0	02.11.2017				507/96/504	09.05.2017

Karafarin Bank (Public Joint Stock)
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Item No.	Beneficiary Unit	Type of Relations	Customer	Balance of Large Loans & Commitments							Security		Board of Directors' Approval	
				Loans		Commitments		Shares Cots (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit)				
				Net Current (1)	Non-Performing (2)	Net Current (1)	Non-Performing (2)			5=1+2+3+4	Type	Value	Number	Date
200				0	15,849	0	0	0	12.10.2017				507/96/504	09.05.2017
201				0	15,714	0	0	0	02.11.2017				507/96/504	09.05.2017
202				0	28,829	0	0	0	23.05.2018				507/96/504	09.05.2017
203				0	15,714	0	0	0	02.11.2017				507/96/504	09.05.2017
204				0	15,714	0	0	0	02.11.2017				507/96/504	09.05.2017
205				0	15,714	0	0	0	02.11.2017				507/96/504	09.05.2017
206				0	15,849	0	0	0	12.10.2017				507/96/504	09.05.2017
207				0	16,427	0	0	0	16.07.2017				507/96/504	09.05.2017
208				0	16,276	0	0	0	07.08.2017				507/96/504	09.05.2017
209				0	16,466	0	0	0	10.07.2017				507/96/504	09.05.2017
210				0	16,449	0	0	0	10.07.2017				507/96/504	09.05.2017
211				0	16,466	0	0	0	10.07.2017				507/96/504	09.05.2017
212				0	16,449	0	0	0	10.07.2017				507/96/504	09.05.2017
213				0	16,466	0	0	0	10.07.2017				507/96/504	09.05.2017
214				0	16,449	0	0	0	10.07.2017				507/96/504	09.05.2017
215				0	28,596	0	0	0	10.06.2018				507/96/504	09.05.2017
216				0	16,427	0	0	0	16.07.2017				507/96/504	09.05.2017
217				0	28,596	0	0	0	10.06.2018				507/96/504	09.05.2017
218				0	16,449				10.07.2017				507/96/504	09.05.2017
219				0	28,596				10.06.2018				507/96/504	09.05.2017
220				0	16,466				10.07.2017				507/96/504	09.05.2017
221				0	16,466				10.07.2017				507/96/504	09.05.2017
222	Social Security Investment Group	Ownership	Zahravi Pharmaceutical Co.	0	16,458				10.07.2017		Cheques, Additional Securities, Internal Binding Contracts		507/96/504	09.05.2017
223				0	16,466				10.07.2017				507/96/504	09.05.2017
224				0	28,832				23.05.2018				507/96/504	09.05.2017
225				0	16,276				07.08.2017				507/96/504	09.05.2017
226				0	16,449				10.07.2017				507/96/504	09.05.2017
227				0	16,449				10.07.2017				507/96/504	09.05.2017
228				0	16,276				07.08.2017				507/96/504	09.05.2017
229				0	16,484				04.07.2017				507/96/504	09.05.2017
230				0	16,484				04.07.2017				507/96/504	09.05.2017
231				0	16,484				04.07.2017				507/96/504	09.05.2017
232				0	16,427				16.07.2017				507/96/504	09.05.2017
233				0	16,458				10.07.2017				507/96/504	09.05.2017
234				0	14,890				10.03.2018				507/96/504	09.05.2017
235				0	14,890				10.03.2018				507/96/504	09.05.2017
236				0	16,458				10.07.2017				507/96/504	09.05.2017
237				0	14,890				10.03.2018				507/96/504	09.05.2017
238				0	16,458				10.07.2017				507/96/504	09.05.2017
239				0	16,466				10.07.2017				507/96/504	09.05.2017
240				0	14,890				10.03.2018				507/96/504	09.05.2017
241				0	16,466				10.03.2018				507/96/504	09.05.2017
242				0	16,458				10.03.2018				507/96/504	09.05.2017
243				0	14,928				04.03.2018				507/96/504	09.05.2017
244				0	28,596				10.06.2018				507/96/504	09.05.2017
245				0	16,466				10.07.2017				507/96/504	09.05.2017

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Item No.	Beneficiary Unit	Type of Relations	Customer	Balance of Large Loans & Commitments							Security		Board of Directors' Approval	
				Loans		Commitments		Shares Cots (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit)				
				Net Current (1)	Non-Performing (2)	Net Current (1)	Non-Performing (2)			5=1+2+3+4	Type	Value	Number	Date
246				0	16,276				07.08.2017				507/96/504	09.05.2017
247				0	16,449				10.07.2017				507/96/504	09.05.2017
248				0	16,458				10.07.2017				507/96/504	09.05.2017
249				0	16,427				16.07.2017				507/96/504	09.05.2017
250				0	16,427				16.07.2017				507/96/504	09.05.2017
251				0	14,928				04.03.2018				507/96/504	09.05.2017
252				0	16,458				10.07.2017				507/96/504	09.05.2017
253				0	16,449				10.07.2017				507/96/504	09.05.2017
254				0	16,449				10.07.2017				507/96/504	09.05.2017
255				0	16,466				10.07.2017				507/96/504	09.05.2017
256				0	16,458				10.07.2017				507/96/504	09.05.2017
257				0	16,449				10.07.2017				507/96/504	09.05.2017
258				0	16,458				10.07.2017				507/96/504	09.05.2017
259				0	16,545				25.06.2017				507/96/504	09.05.2017
260				0	16,562				22.06.2017				507/96/504	09.05.2017
261				0	16,562				22.06.2017				507/96/504	09.05.2017
262				0	16,629				12.06.2017				507/96/504	09.05.2017
263	Social Security Investment Group	Ownership	Zahravi Pharmaceutical Co.	0	16,562				22.06.2017		Cheques, Additional Securities, Internal Binding Contracts		507/96/504	09.05.2017
264				0	16,562				22.06.2017				507/96/504	09.05.2017
265				0	16,186				21.08.2017				507/96/504	09.05.2017
266				0	16,629				12.06.2017				507/96/504	09.05.2017
267				0	16,545				25.06.2017				507/96/504	09.05.2017
268				0	16,186				21.08.2017				507/96/504	09.05.2017
269				0	16,276				07.08.2017				507/96/504	09.05.2017
270				0	16,562				22.06.2017				507/96/504	09.05.2017
271				0	16,629				12.06.2017				507/96/504	09.05.2017
272				0	16,545				25.06.2017				507/96/504	09.05.2017
273				0	16,186				21.08.2017				507/96/504	09.05.2017
274				0	28,832				23.05.2018				507/96/504	09.05.2017
275				0	16,629				12.06.2017				507/96/504	09.05.2017
276				0	16,186				21.08.2017				507/96/504	09.05.2017
277				0	16,629				12.06.2017				507/96/504	09.05.2017
278				0	16,629				12.06.2017				507/96/504	09.05.2017
279				0	16,629				12.06.2017				507/96/504	09.05.2017
280				0	16,545				25.06.2017				507/96/504	09.05.2017
281				0	28,832				2305.2018				507/96/504	09.05.2017
		Total			**1,892,956**	**0**	**0**	**0**	**0**	**1,892,956**		**9,506,479**		

Karafarin Bank (Public Joint Stock)
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Item No.	Beneficiary Unit	Type of Relations	Customer	Balance of Large Loans & Commitments							Security		Board of Directors' Approval	
				Loans		Commitments		Shares Cots (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit)				
				Net Current (1)	Non-Performing (2)	Net Current (1)	Non-Performing (2)			5=1+2+3+4	Type	Value	Number	Date
282		Ownership	Exir Pharmaceutical Co.	67,423	0				26.02.2019	67,423	Cheque, Additional Securities, Internal Binding Contracts	133,334	507/97/1888	30.07.2018
283	Social Security Investment Group	Ownership	Daroupakhsh Distribution Co.	217,357	0				24.11.2018	217,357	Cheque, Additional Securities, Internal Binding Contracts	647,737	507/97/3729	21.05.2018
284		Ownership	Temad Co.	107,456	0				06.03.2019	107,456	Cheque, Additional Securities, Internal Binding Contracts	462,682	507/97/5208	16.02.2019
285		Ownership	Mobarakeh Steel Co. (Public J.S)	2,862,082	0			28	05.01.2019	2,862,110	Cheque, Additional Securities, Internal Binding Contracts	5,771,750	507/97/4050	11.12.2018
	Total Social Security Investment Group			**8,942,393**	**1,892,956**	**34,234**	**34,234**	**28**	**0**	**10,869,611**		**37,874,333**		
286	Karafarin Bank Investment Funds	Ownership	Arman Investment			5,615,781	5,615,781							
287		Ownership	Common Investment			5,236,594	5,236,594			10,938,544		0		
288		Ownership	Index Investment			86,169	86,169							
	Total Karafarin Bank Investment Funds			0	0	**10,938,544**	**10,938,544**			**10,938,544**		**0**		
289				36,449	0				10.12.2018				507/97/3306	23.10.2018
374														
375		Ownership	Siba Motor Co.							36,449	Immovable Assets Mortgaged by the Bank, Cheque, Additional Securities, Internal Binding Contracts	227,379		
376														
377														
		Total		**36,449**	**0**	**0**	**0**	**0**	**0**	**36,449**		**227,379**		
290	Crouse Group			351,106	0	0	0	0	29.07.2018				507/97/208	19.06.2018
291				60,474	0				11.10.2018				507/97/208	19.06.2018
292				134,776	0				13.05.2018		Cheques, Payment Orders, Additional Securities, Short-Term Deposits held with Us, Promissory Notes, Internal Binding Contracts		507/97/439	01.05.2018
293		Ownership	Crouse Co.	345,246	0				21.10.2018	1,550,924		10,244,112	507/97/3044	09.10.2018
294				559,322	0				28.01.2019				507/97/4425	01.01.2019
295				100,000					11.10.2018				507/97/208	19.06.2018
		Total		**1,550,924**	0	0	0	0	0	**1,550,924**		**10,244,112**		
	Total Crouse Group			**1,587,374**	0	0	0	0		**1,587,374**		**227,379**		
296		Ownership		258,788	0				04.02.2019				507/97/1138	12.06.2018
297		Ownership		126,787	0				18.03.2019		Release Order, L/Cs, Cheques, Payment Orders, Additional Securities, Promissory Notes, Internal Binding Contracts		507/97/1138	12.06.2018
298		Ownership	Dr. Abidi Pharmaceutical Co.	384,986	0				26.01.2019	1,029,182		3,473,168	507/97/1138	12.06.2018
299		Ownership		19,112	0				27.02.2019				507/97/1138	12.06.2018
300		Ownership		194,805	0				01.01.2019				507/97/1138	12.06.2018
301		Ownership		44,703	0				03.03.2019				507/97/1138	12.06.2018
302		Ownership		53,180	0				02.02.2019				507/97/3798	27.11.2018
303		Ownership		102,860	0				21.01.2019				507/97/3798	27.11.2018
304	Dr. Abidi Group	Ownership		50,937	0				10.02.2019				507/97/3798	27.11.2018
305		Ownership		75,314	0				12.02.2019				507/97/3798	27.11.2018
306		Ownership		206,115	0				17.01.2019		Cheques, Payment Orders, Additional Securities, Short-Term Deposits Held with Us, Promissory Notes, Shares of Listed companies, Internal Binding Contracts		507/97/3798	27.11.2018
307		Ownership	Cobel Darou Co.	71,036	0				18.02.2019	1,231,575		9,052,445	507/97/3798	27.11.2018
308		Ownership		292,449	0				26.01.2019				507/97/3798	27.11.2018
309		Ownership		103,501	0				08.01.2019				507/97/3798	27.11.2018
310		Ownership		6,071	0				24.02.2019				507/97/3798	27.11.2018
311		Ownership		103,995	0				29.12.2018				507/97/3798	27.11.2018
312		Ownership		82,162	0				16.03.2019				507/97/3798	27.11.2018
313		Ownership		83,956	0				05.01.2019				507/97/3798	27.11.2018
	Total Dr. Abidi Group			**2,260,757**						**2,260,757**				

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				Loans		Commitments		Shares Cots (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit)				
				Net Current (1)	Non-Performing (2)	Net Current (1)	Non-Performing (2)			5=1+2+3+4	Type	Value	Number	Date
314	Ghadir Investment & Industry Development	Ownership	Ghadir Investment Co.	1,622,490	0				03.02.2019	1,622,490	Cheque, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	7,175,370	507/97/1706	18.07.2018
315		Ownership	East Cement Co.	0	425,081				09.08.2018	425,081	Cheque, Payment Orders, Additional Securities, Internal Bindiong Contracts	1,308,411	507/96/4144	05.12.2017
316		Ownership	East Sefid Cement Co.	822,235	0				23.12.2018	822,235	Cheque, Additional Securities, Shares of Listed Companies, Internal Binding Contracts	2,391,687	507/97/4160	18.12.2018
317		Ownership	Sepahan Cement	0	325,262				21.01.2018	322,878	Cheque, Additional Securities, Promissory Notes, Shares of Listed Companies, Internal Binding Contracts	1,163,781	507/96/4743	08.01.2018
318						9,520	7,616		03.06.2018				507/96/4743	08.01.2018
319		Ownership	Kurdistan Cement	133,191	0				12.11.2018	133,191	Cheque, Additional Securities, Promissory Notes, Shares of Listed Companies, Internal Binding Contracts	478,108	507/97/3377	29.10.2018
	Total Ghadir Investment & Industry Development			2,577,916	750,343	9,520	7,616	0	0	3,335,875				
Total				39,701,282	12,365,881	11,439,854	11,419,425	28	0	63,486,617	0	217,173,538		

Core capital at reporting date	14,897,566	Million IRR
Threshold reporting of loans and large commitments and credit Institutions (10% of core capital)	1,489,757	Million IRR
Threshold reporting of loans and large commitments of foreign bank branches (3% of total assets of branch)	0	Million IRR
Organisational unit related to circular:	Credit Management	