IN THE NAME OF GOD

Karafarin Bank

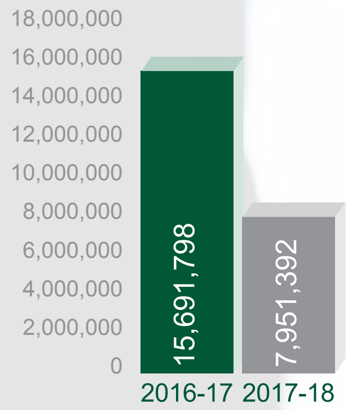
KARAFARIN BANK Annual Report 2017 - 2018

CONTENTS

Financial Highlights

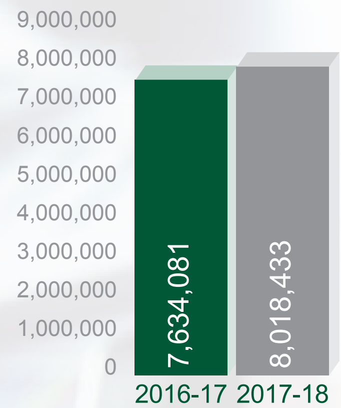
Cash

Million IRR

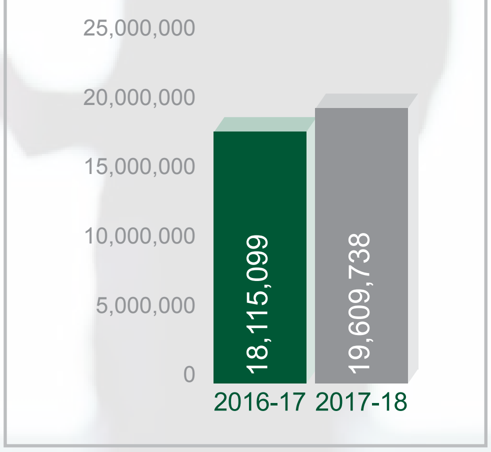


Customers' Deposits

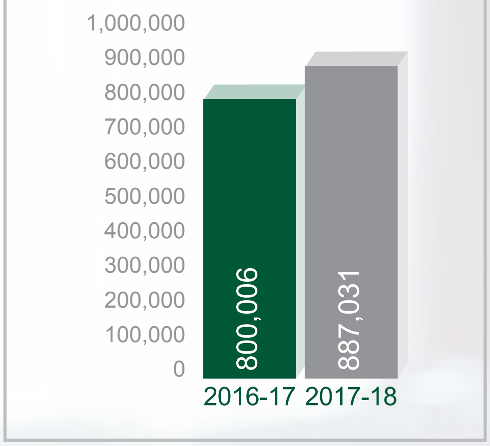
Million IRR



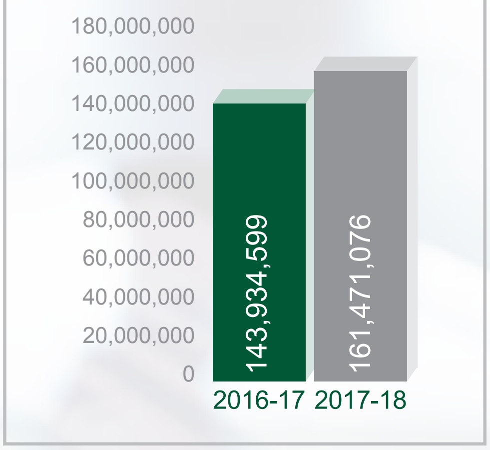
Granted Loans & Deposits Income
Million IRR



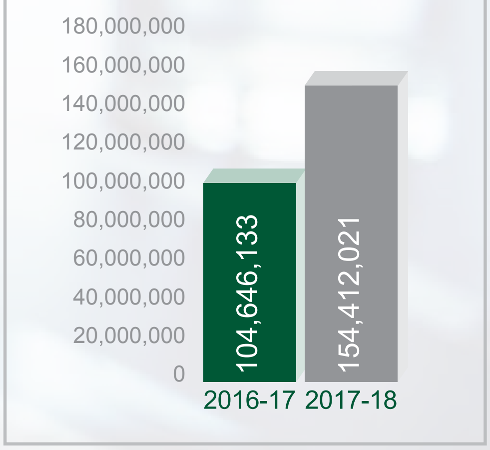
Commission Income
Million IRR



Total Assets
Million IRR



Net Sales & Services Income
Million IRR



- According to the statistics released by the Central Bank of the Islamic Republic of Iran (CBI), the rate of exchange was USD1 / IRR37,690 at the end of the reported period.
- The Bank's fiscal year ends on March 20th.

Managing Director's Statement

I am delighted to present the performance of Karafarin Bank for the 2017-18 financial period. Despite the ongoing recession which had a profound impact on Iran's banks, thanks to the support of its dedicated employees, Karafarin Bank demonstrated a strong performance during the reporting period.

During the same period, Iran's capital market returns surpassed inflation rate for the first time in at least a decade. Global market trends, foreign currency fluctuations, approach of the United States towards the Joint Comprehensive Plan of Action (JCPOA) on several occasions, falling interest rates, presidential elections, etc. were among factors which affected the Iranian economy and its banks, and Karafarin Bank being no exception.

Statistics of the Securities and Exchange Organisation show that thanks to its robust structure and sound overall policies, Karafarin Bank was among the few profit making TSE listed banks during the reporting fiscal period. This is arguably a significant accomplishment, considering the fact that many of our competitors suffered losses during the same period.

In realising our strategic plans, we have taken major steps towards adopting the latest technologies in order to offer high quality products and services to our clients whilst sustaining the security of our systems.

Realising that with the emergence of modern banking services such as corporate, exclusive banking, etc. and the advancement of communication technologies, the banking world has become increasingly competitive. Hence in order to retain our competitive edge we have drafted a strategic statement for becoming an agile and an innovative bank with comprehensive financial solutions. In other words, the idea behind drafting a strategic statement is to make our processes and future decision makings more intelligent.

Forex and international affairs are vital areas of concern for Karafarin Bank. I am pleased to announce that the Bank made considerable accomplishments in further improving its forex services during the reporting fiscal period. Some of our main objectives for the upcoming year, in competing in domestic and international arenas as far as forex services are concerned, are to further expand our electronic services.

During the past 18 years, Karafarin Bank has made major accomplishments such as obtaining over 30 awards and distinctions in the fields of quality, anti-corruption, productivity, banking principles compliance in domestic and international arenas. Some of our achievements in the more recent years include: obtaining first ranking in productivity of all factors and sales returns among Iran's top one hundred companies in the group of banks and credit institutes in 2016-17 and obtaining crystal prizes in the seventh and eighth National Financial Management Conferences due to its strong performance in management and financial transparency in 2016-17 and 2017-18. Furthermore, based on the rating of Iran's top one hundred companies in 2017-18, Karafarin Bank was recognised as Iran's top 10 pioneering companies.

Finally, thanks to the innovative thinking of our Board of Directors, Karafarin Bank shall continue to safeguard the interests of all its beneficiaries, especially its shareholders and by offering a wide variety of high quality banking products and services, to continue to grow and prosper in the domestic and international arenas.

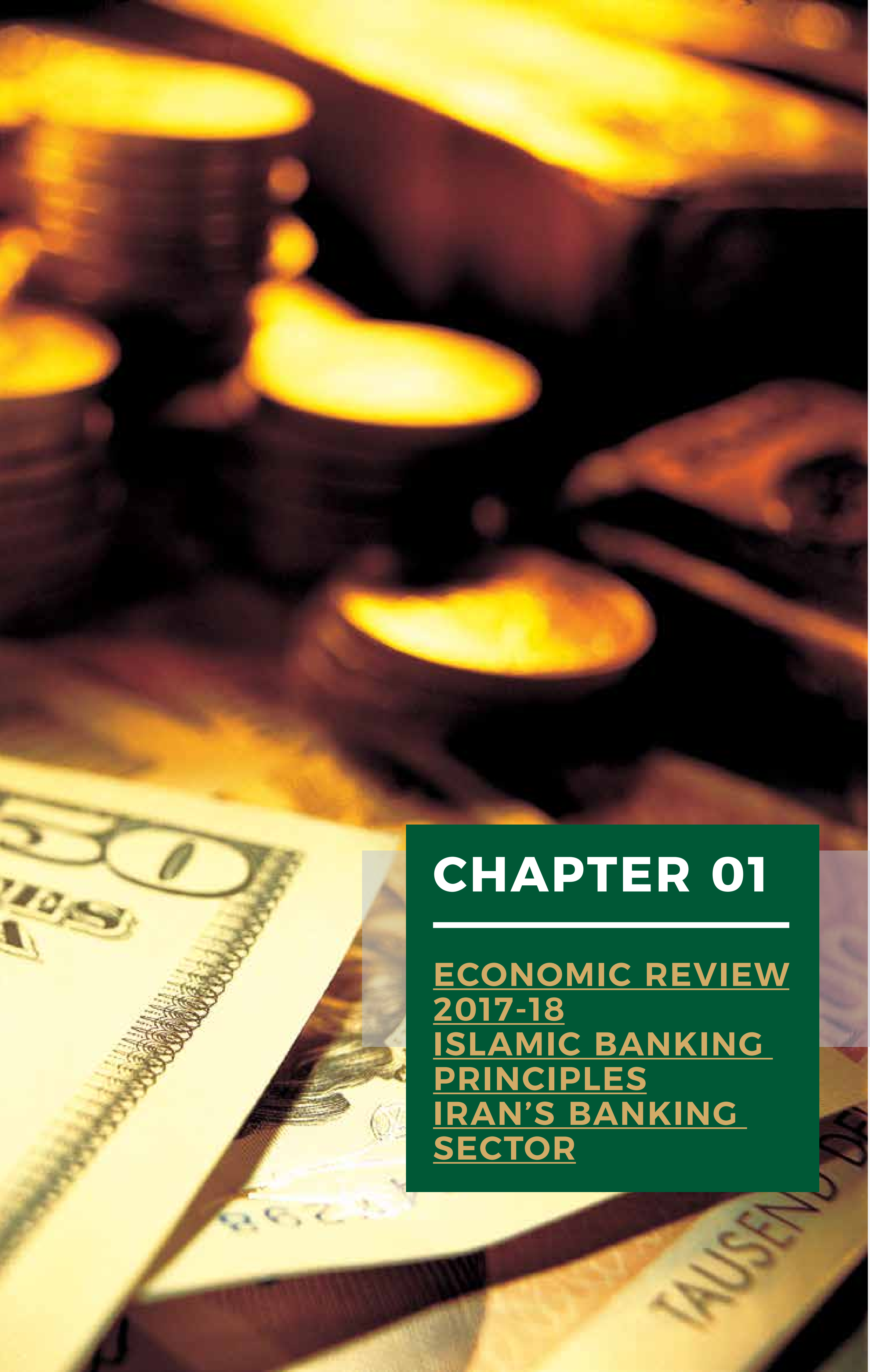
Masoud Azmishabestari

Board of Directors' Report to the Annual Ordinary General Assembly Meeting for the Financial Year Ended 20.03.2018

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 20.03.2018.

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, consistence 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 14.07.2018, does not include any information whose non-provision could mislead the users.

Board Member	Position
Dr. Mohammad Reza Farzin	Chairman of the Board of Director
Mr. Mahdi Seifalishahi	Vice-Chairman of the Board of Directors
Mr. Ataollah Ayatollahi	Member of the Board of Directors
Mr. Fazlollah Moazzami	Member of the Board of Directors
Mr. Ahmad Baharvandi	Member of the Board of Directors
Mr. Morteza Azizi	Member of the Board of Directors
Mr. Naser Sanati Nejad	Member of the Board of Directors
Mr. Masoud Azmishabestari	Supervisor



CHAPTER 01

ECONOMIC REVIEW 2017-18
ISLAMIC BANKING PRINCIPLES
IRAN'S BANKING SECTOR

Iran’s Economic Review 2017-18

Background

During the Iranian solar year 1396 (ended 20 March 2018) the Iranian economy experienced much instability. Although at the beginning of the period, some impacts of lifting of sanctions against Iran (such as increasing oil exports, growth in auto industry and exports of base metals, etc.) had been felt, by the end of the same period, there were pessimism regarding the possibility of reinforcement of sanctions.

The most significant event that impacted the economy during the year under review, was the devaluation of the Iranian currency, the Rial. This was partly the result of a 20% increase in imports, delays in collecting a main portion of oil revenues, lack of incentive from exporters to bring back their hard currency into the country, lack of confidence in the future of Joint Comprehensive Plan of Action (JCPOA) which was an agreement that lifted the sanctions against Iran. Although the figures released by the Central Bank of the Islamic Republic of Iran (CBI), the Statistical Centre of Iran (SCI), the IMF and World Bank indicate that Iran's economic growth remained positive by the end of the reporting period, yet the economic climate is expected to experience a downturn due to the reinforcement of sanctions, in the upcoming year.

Real Sector

Based on the preliminary calculations of the SCI, Iran experienced an economic growth rate of 3.7% during the year under review (4.3% excluding the oil sector). The CBI has released slightly different figures. The following table demonstrates the figures of both SCI and CBI in the recent years.

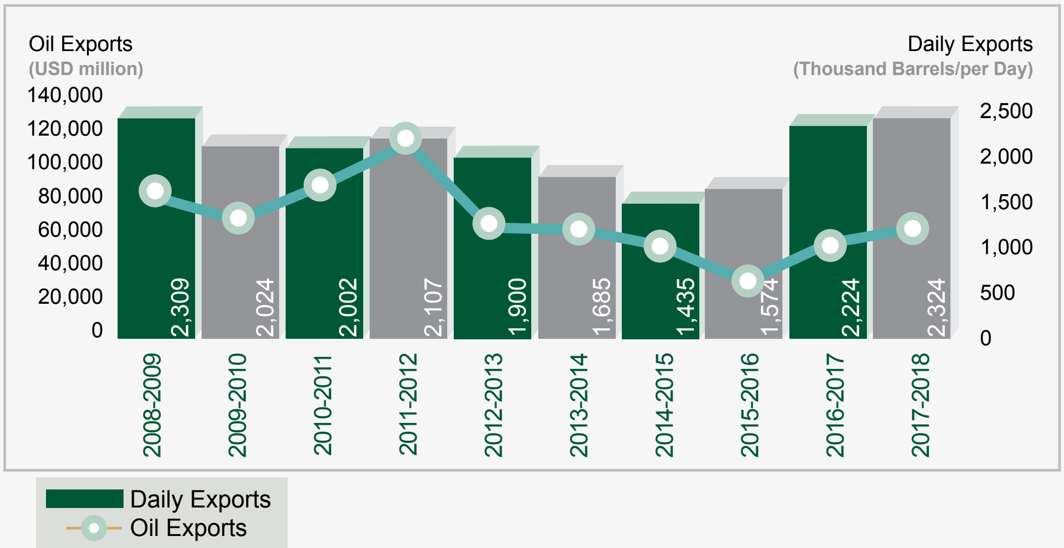
	Central Bank of Iran, Base Year: 2011 (Gross Domestic Product Growth - Base Price)		Statistical Centre of Iran, Base Year: 1997 (Gross Domestic Product Growth- Market Price)	
	Gross Domestic Product Growth (without Oil & Gas)	Gross Domestic Product Growth	Gross domestic product Growth (without Oil & Gas)	Gross Domestic Product Growth
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

During the reporting period, all sectors experienced growth. The industry and mines sector experienced the highest growth, which was 5.1%. Next comes service (4.4%) and agriculture (3.2%).

Oil Sector

Although the oil sector enjoyed a staggering growth of 61.6% in 2016-17, (this growth was due to the lifting of sanctions against Iran's crude oil exports), this exceptional growth could not be repeated in 2017-18, since it was incidental due to a particular historical event. During the first half of the reporting financial period, the oil sector experienced growths of 5.7% and 5.9%, whilst by autumn, these growths declined to 3.3% and 4.2% (lowest growth compared to other economic sectors).

Oil Exports



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 from 12.4% in 2016-17 to reach 12.1% in the following year. However, statistics released by SCI may not be entirely reliable, since they do not correspond with 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, its inclusion of students as employed persons and inclusion of persons over the age of 10 as active people. One of the instances that makes these statistics unreliable, is the fact that data shown for over 15s is exactly the same as those for the over 10s. In short, actual unemployment rate may be far more than those claimed by SCI, suggesting that the state of Iran's unemployment rate is in dire straits.

Government

Government revenues reached IRR25,985 trillion (IRR22,027 trillion in the previous year), demonstrating an 18% rise compared to the similar period in the previous year. On the other hand, government spending reached approximately IRR28,688 trillion, which shows a 17% increase. Budget deficit also reached IRR2,701 trillion, a 6% growth compared to the previous year. During the past two years, government revenues and spending were more or less equal.

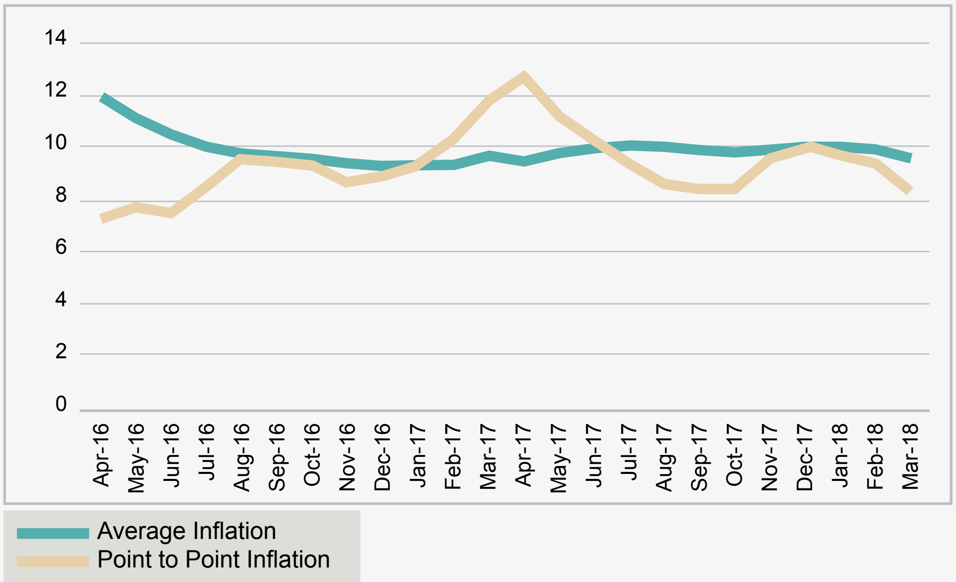
Financial Position of the Government

Year		Volume (IRR Trillion)			Composition (%)		Growth Rate (%)		Actual Realisation		
		2015-16	2016-17	2017-18	2016-17	2017-18	2016-17/ 2015-16	2017-18/ 2016-17	2015-16	2016-17	2017-18
Revenues	Taxes	791.9	1,014.7	1,158.4	46	44.6	28	14	90	98	99
	Oil & Gas	670.4	738.8	919.2	33.5	35.4	10	24	119	99	81
	Assets Sales	3.2	4	3.6	0.2	0.1	25	(10)	12	9	7
	Others	331.9	446	517.3	20.2	19.9	34	16	82	83	90
	Total	**1,797.4**	**2,203.5**	**2,598.5**	**100**	**100**	**23**	**18**	**96**	**93**	**89**
Expenditures	Current	1,706.9	2,072.3	2,429.4	84.3	84.7	21	17	105	97	96
	Civil Projects	272	386.6	439.2	15.7	15.3	42	14	57	67	62
	Total	**1,978.9**	**2,458.9**	**2,868.6**	**100**	**100**	**24**	**17**	**94**	**91**	**88**
Financial Balance	Financial Asset Transfer	219.8	628.1	601.7	**	**	186	(4)	58	100	103
	Financial Asset Repossession	38.2	372.7	331.6	**	**	876	(11)	37	148	142
	Net Financial Asset Transfer	181.6	255.4	270.1	**	**	41	6	67	68	77
Budget Deficit	Operational Balance	(583.1)	(611.6)	(753.7)	**	**	5	23	171	108	95
	Capital Balance	401.6	356.2	483.6	**	**	(11)	36	442	165	102
	Total	**(181.5)**	**(255.4)**	**(270.1)**	**	**	**41**	**6**	**72**	**73**	**84**

Inflation

Inflation rate experienced a downward trend during the period under review. This trend which had begun in 2014-15, has been affected by numerous internal and external factors. One such factor is the falling global prices which affected imports. Another factor is the ongoing recession which led to declining demand. The opposite line chart demonstrates inflation rates during the last two years:

Inflation Rate in the Previous 10 Years



Monetary Situation

Throughout the year under review, liquidity increased from IRR125,339 trillion in March, 2016-17 to reach IRR152,998 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 19% increase of money base and 2.6% growth of money multiplier. Money base increased from IRR17,983 trillion in March, 2016-17 reaching IRR21,398 trillion in the following period, a 19% growth and an increase of 1.7 units compared to the similar period in the previous year.

Main Monetary Aggregates

	Balance (IRR Trillion)			Growth (%)	
	2015-16	2016-17	2017-18	2016-17/2015-16	2017-18/2016-17
Notes & Coins	371.9	393.3	442.7	5.8	12.6
Money	1,367	1,630.3	1,946.7	19.3	19.4
Semi Cash	8,805.8	10,903.6	13,353.1	23.8	22.5
Liquidity	10,172.8	12,533.9	15,299.8	23.2	22.1
Base Money	1,533.6	1,798.3	2,139.8	17.3	19
Money Multiplier	6.6	7	7.2	5.1	2.6

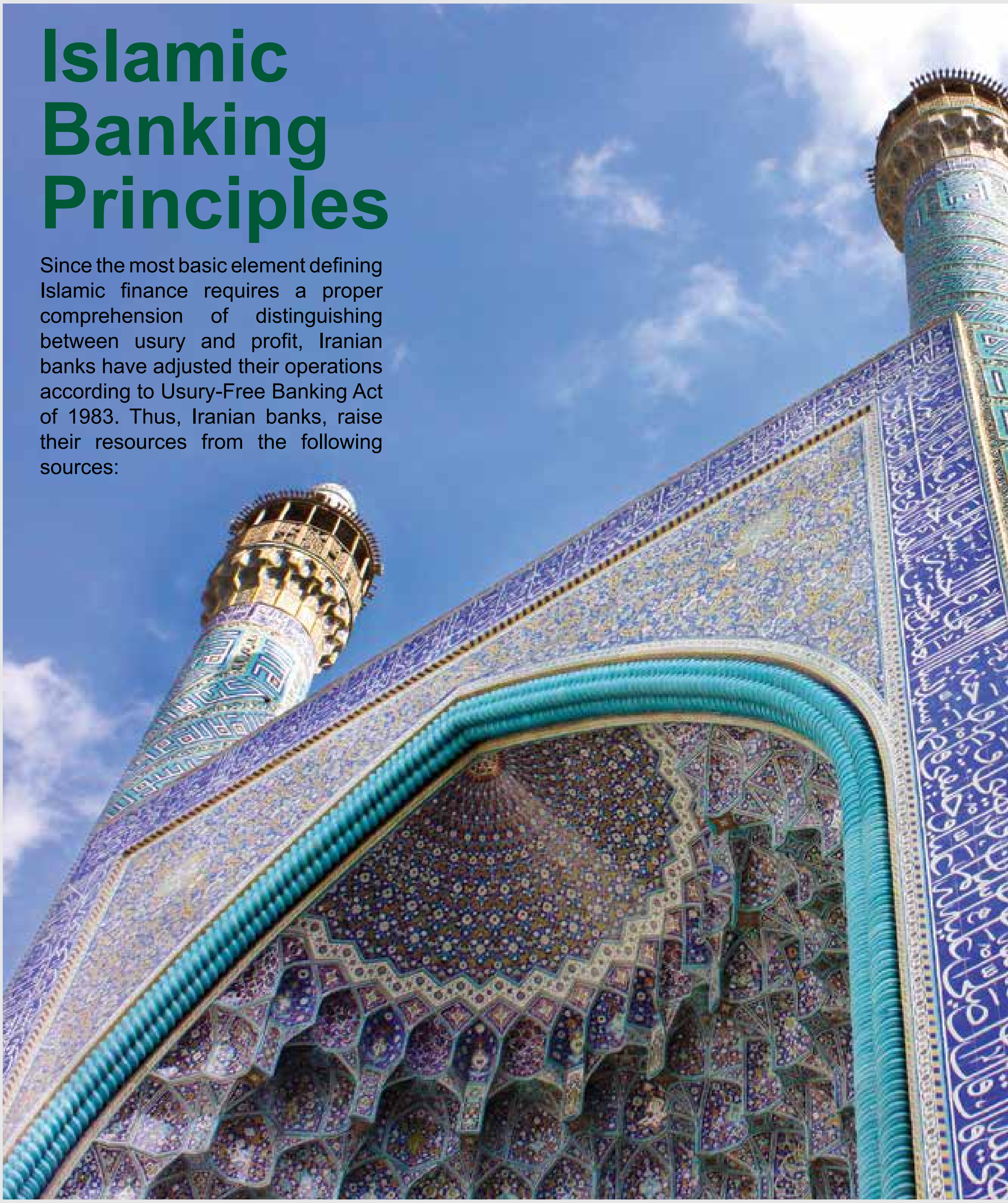
Exports / Imports

Based on the preliminary customs statistics, exports revenues of non-oil commodities and services experienced a 6.6% growth (3.5% in the previous year) compared to the prior year, reaching USD46.9 billion.

Imports also increased to reach approximately USD54.3 billion, experiencing a 24.3% increase compared to the similar period in the previous year.

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 or 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

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.

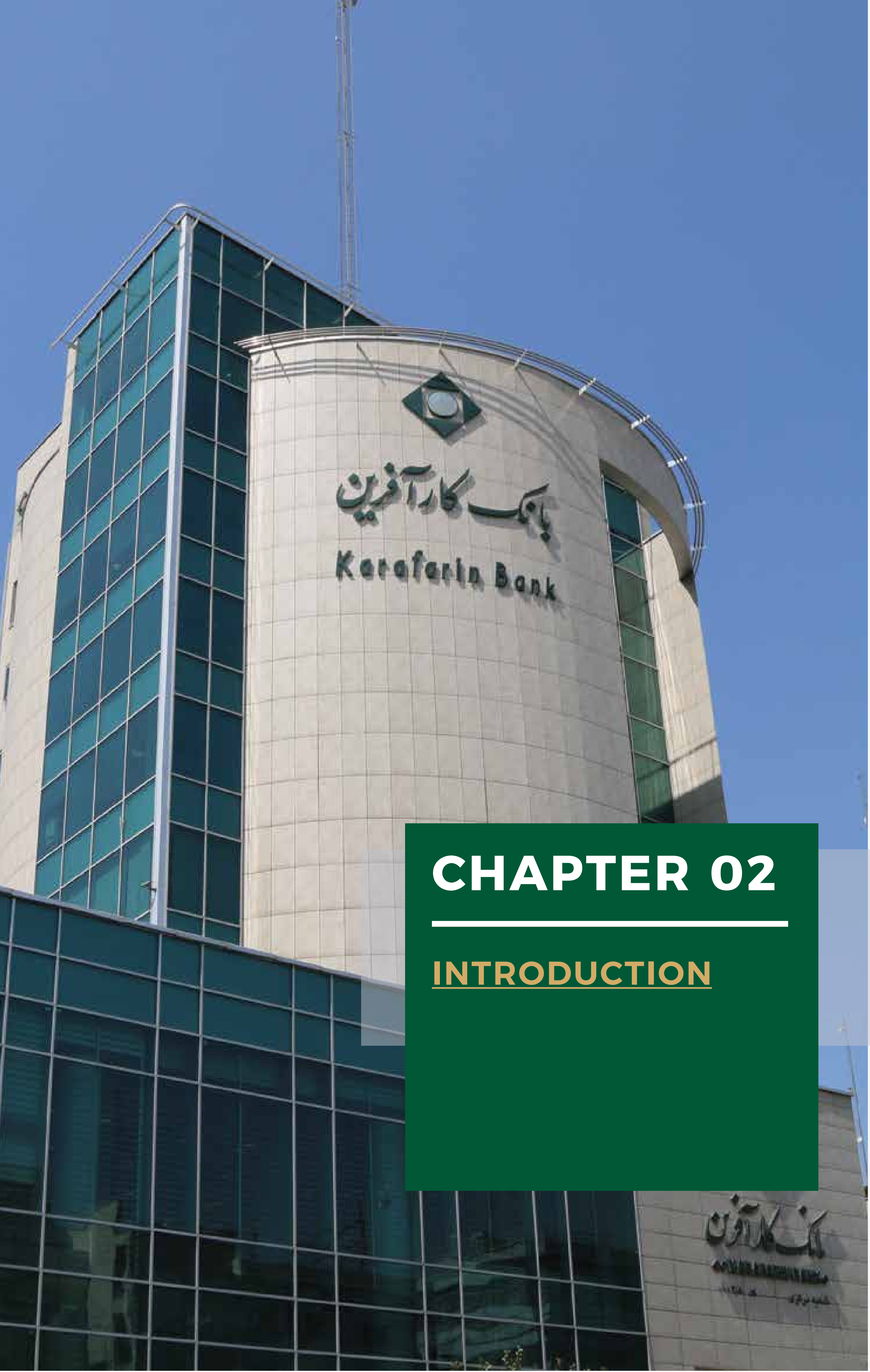
Iran's Banking Sector

During the financial period under review, banking deposits grew by 22.4%, which compared to the 23.9% growth in the similar period in the previous year, is 1.5 percentage points less. Private banks' (under new classification) deposits grew by 18.2% (22.7% in the previous year), whilst state-owned and specialised banks' (under new classification) deposits grew by 28.7% and 30.2% respectively.

Total granted loans via the banking sector also experienced a growth of 19%, which compared to the 24.7% growth in similar period in the previous year, is 5.7% less. Private sector banks' loans experienced a growth of 18.9% (29.9% in the previous year).

During the reporting financial period, nonperforming loans reached IRR10,166 trillion, 26.1% increase compared to the IRR12,817trillion figure in the previous year. During the same period, nonperforming loans to total granted loans ratio experienced a rise from 11.8% compared to the previous year.

This ratio increased to 13.2% among the private banks compared to the 12.8% in the previous year. The same ratio declined from 10.2% in the state-owned banks to 9.6% during the reporting period. As for the specialised banks, this ratio increased from 7.4% in 2016-17 to reach 9.7% 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 with 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 cultural projects and the arts.
- Supporting sports tournaments such as Equestrianism and Wrestling
- Funding conferences and memberships in various associations.
- Participating in environmental projects.

Prizes, Accomplishments & Achievements

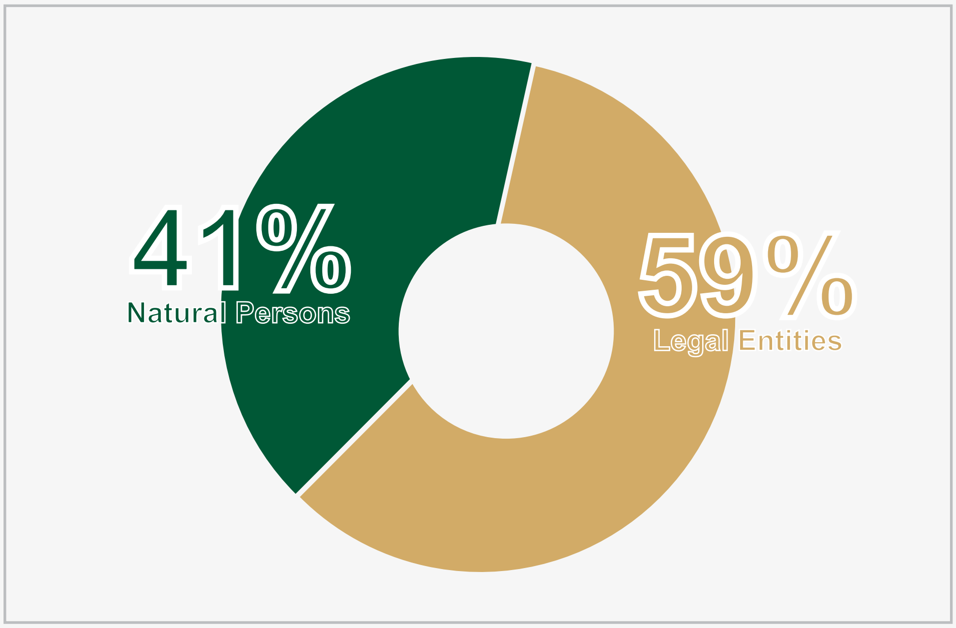
Karafarin Bank has made numerous achievements since its founding and it has been granted several awards and prizes. These distinctions, prizes, and achievements during the recent years are outlined below:

- Being included among top 10 pioneering companies based on the ranking of IMI-100. (2017-18)
- Being awarded the Eighth Financial Management Crystal Prize (2017-18).
- Being awarded the Seventh Financial Management Crystal Prize (2016-17).
- Top rank among all Iranian banks and credit institutes in terms of sales returns, based on the ranking of IMI-100, via the Industrial Management Organisation (2016-17 and 2014-15).
- Second rank among Iran's top TSE listed banks in terms of financial transparency, awarded by the Securities & Exchange Organisation (2015).
- Karafarin Bank has been awarded the Excellence Award Customer Orientation at the nationwide Customer Satisfaction Conference (2015-16 period).
- Karafarin Bank has been granted the top Iranian Bank Customer Orientation Crystal Award at the Third National TOPEX Festival (2015-16).
- Karafarin Bank has been awarded the Employment Creation Golden Award from the Tehran Chamber of Commerce for Industries, Mines & Agriculture at the Second National Employment Creation, National Production & Economic Prosperity Conference (2015-16).
- Karafarin Bank has been granted the International Organisational Success Chain Standard in banking industry from the European Union (2015-16).
- Second rank among Islamic commercial banks by the Banker, in terms of returns (2015).
- Third rank among Iranian banks in terms of profit to capital ratio by the Banker (2015-16 period).

Shareholders Composition

The Karafarin Bank's shareholders composition at the close of the financial period ended 20.03.2018 is shown in the pie chart below:

Shareholders' Composition



Natural persons own almost 3,500 million shares while legal entities hold almost 5,000 million shares.

Specialised Committees

The Bank includes the following specialised committees:

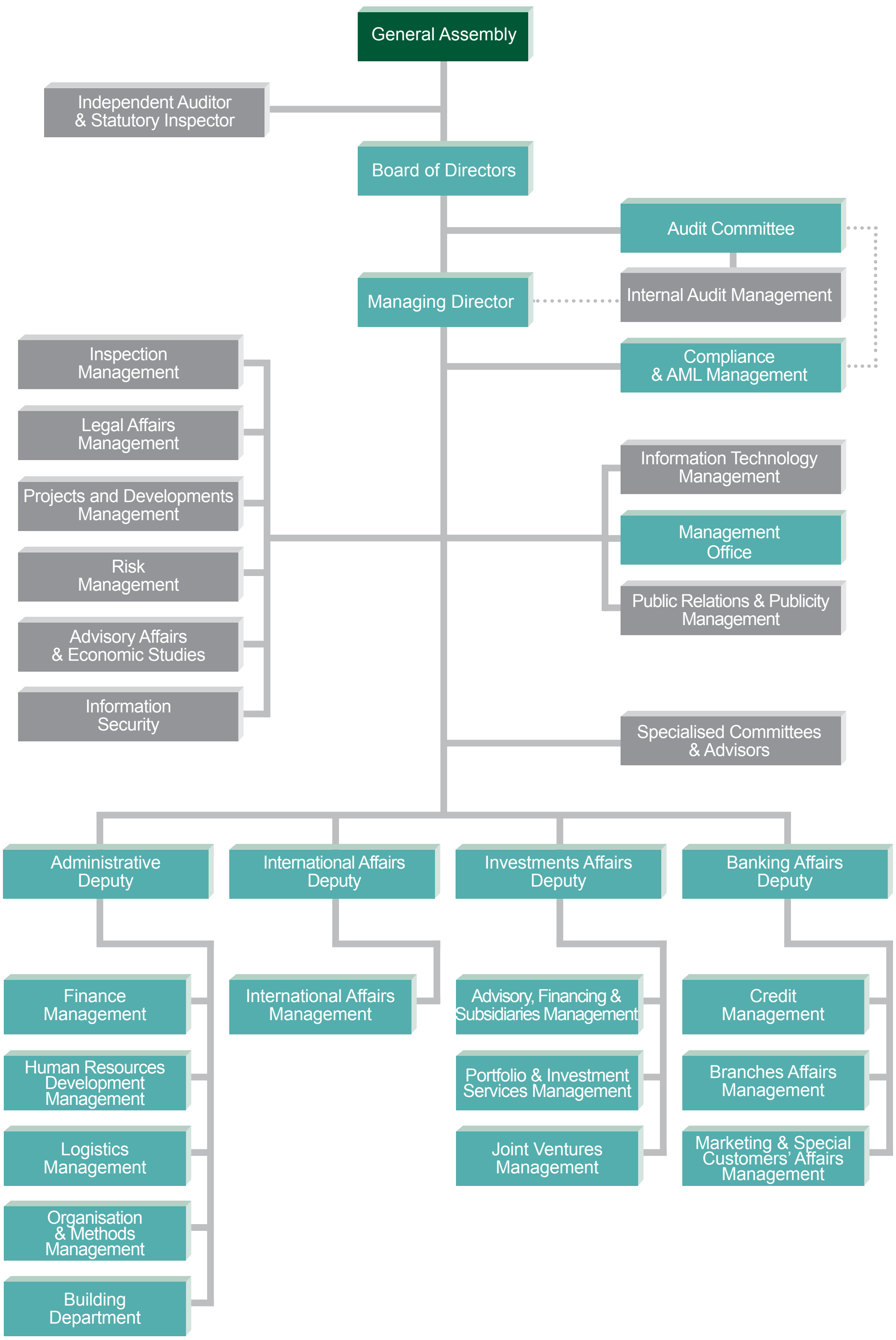
- Data Security Committee
- Marketing & Communications Committee
- Inspection Committee
- Planning Committee
- Nonperforming Loans Committee
- Assets & Liabilities Committee
- Managers' Council Committee
- Information Technology Committee

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

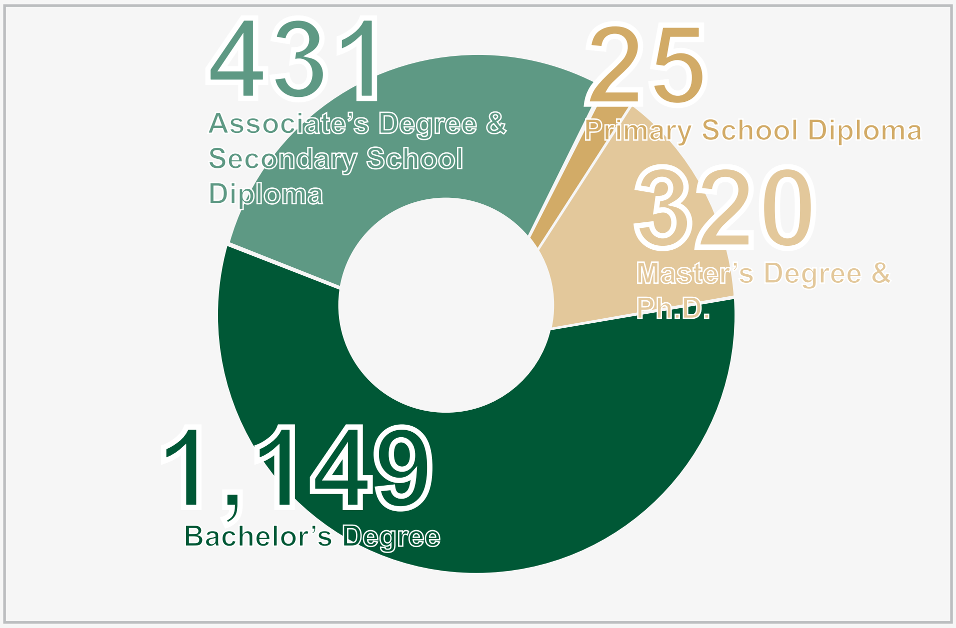


Human Resources

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 (53 personnel recruited during the reporting period).

The following pie chart demonstrates the composition of our human resources based on their academic qualifications. Of the Bank's 1,925 employees, 279 people were involved in service and security units belonging to companies which have been outsourced by the Bank.

Personnel by Academic Qualifications



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. Karafarin Bank's capital increases have been outlined in the following table. At the close of reporting period ended 28.05.2014, the share capital reached IRR8,500 billion (comprising 8,500 million shares at IRR1,000 par value).

Date	Previous Capital (IRR million)	Capital Increase by Percentage	New Capital (IRR million)
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	90.48	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	61.11	7,250,000
28.05.2014	7,250,000	17.24	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)
19.03.2016	230,903,310	688,015	212	212	24,335,500	2,863	8,500,000
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

Future Development Plans

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

- Revising the Bank's strategic plans to remain competitive and to further develop.
- Drafting a comprehensive marketing plan.
- Adjusting and further improving the Bank's organisational structure.
- Further developing e-banking by focusing on internet and Hamrah banking.
- Measuring the performance of the Bank's units.
- Measuring and monitoring operations via EPM system.
- Further improving the Bank's branding.
- Upgrading the Bank's electronic infrastructure and systems, including: SAYAD, CHEKAVEK, SEPAM, NAHAB and SAMAT.
- Upgrading ATMs.
- Launching a more effective system for ATMs.
- Launching a new data centre.
- Further developing and expanding the scope of internet banking services.
- Making the Data Security Operations Centre more immune to cyber threats.
- Automating the processes of Security Monitoring and Control Centre.

CHAPTER 03

PERFORMANCE

OPERATIONAL PERFORMANCE

Branches

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

End of 2016-17 Period	Inaugurated Branches	Merged Branches	End of 2017-18 Period
107	(1)	1	107

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

Information Technology

At Karafarin Bank, we take advantage of latest available technologies to further improve our services and to bolster the data security of our processes. Our Information Technology Department has taken numerous steps in this regard over the reporting period; some of which are stated as follows:

- Creating a new type of collateral for mobile POS.
- Registering foreign nationals' number within the Bank's system.
- Improving the conditions for opening deposit accounts.
- Designing a system printing for a new form relating to electronic payment orders.
- Launching a new system known as CHEKAVEK.
- Introducing the new late payment penalty rate within the Bank's system.
- Introducing a new instruction system for IRR letters of guarantee.
- Creating a system that caters for instalment sales loans which are financed by the National Development Fund.
- Creating a system that caters for new banking commissions.
- Automatically registering data within the foreign currency payment/receipt terminal.
- Activating text messaging, notifying the users on their interest payments into their accounts.
- Calculating interests and penalties for loans.
- Foreign currency invoicing based on free market rates.
- Launching a new service known as FIDA.
- Upgrading the risk management system.
- Launching an online notifying system known as CHABOK.
- Increasing the number of loans, L/Cs, L/Gs, foreign currency payment orders.
- Including account details to the RM of each branch.
- Updating customer information online.
- Enabling the users to view their foreign currency deposit account details.
- Enabling the users to file bills payment reports.
- Enabling the users to check the authenticity of national identification numbers of customers.
- Boosting the speed of our internet banking system.
- Offering online bank statement for special customers.
- Introducing a system that enables joint account holders to make withdrawals independently.
- Enabling the user to freeze their accounts online.
- Offering a notification service to clients.
- Sending reminders to clients prior to expiry of their cards.
- Launching IPG on the Bank's website.
- Reporting on deposits in BI.
- Reporting on the Bank's resources, loans and balance sheet in Business Intelligence.
- Reporting on the Bank's foreign currency situation.
- Launching Blade Systems.
- Launching crisis management cases within the branches.

Furthermore, at Karafarin Bank, we spend a great deal of time and resources in ensuring our data remains safe and secure. Realising the challenges by the speed of technological change and the increasingly sophisticated nature of cyber threats, we constantly take significant steps to reinforce our cyber security efforts. Hence, with cyber security high on our priority lists, we have established the Data Security Department which is responsible for securing the Bank against such cyber threats.

This department carries out periodical penetration testing as an avenue for finding and eliminating vulnerabilities and provides constant training to staff in this regard. Main measures carried out by this department to improve data security includes:

- Designing scenarios to measure cyber threats.
- Introducing scenarios to measure cyber threat in SIEM.
- Managing cyber security incidents (including identifying and encountering incidents).
- Establishing links with specialized centres to combat cyber threats.
- Drafting policies on data security.
- Revising contracts with data security contractors.
- Embarking on a program to raise awareness regarding date security.
- Renovating and upgrading security equipment of Security Department.

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:

1. 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 2,054 (1,232 in the previous year) enquiries of the Financial Information Unit in time.
- Preparing 1,691 (1,561 cases in the previous year) large cash transaction reports (LCTR) on customers who make cash deposits in excess of the permissible limit of IRR150 million.
- Reporting 3 suspicious instances to the Financial Data Unit confidentially.
- Providing the Financial Information Unit with receivers of base services on a monthly basis.
- Submitting information on the attorneys of account holders.
- Reporting transactions relating to the list of suspicious persons of FIU which is constantly updated.
- Providing annual AML reports to the Financial Information Unit.
- 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.
- Notifying CBI's AML policies.

2. Karafarin Bank's Internal Departments

Information Technology Department (Software)

- Monitoring the working of the Bank's AML software including limiting cash payments which exceed the permissible limit, necessity to register the national identity number, etc.
- 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 insurance numbers or foreign nationals' identification numbers are closed, according to the AML Guideline of the CBI.
- Reporting customer activity levels according to the requirements of FIU's guideline. In this regard the activity levels of all customers of the Bank were assessed and the turnover of accounts of those customers which exceeded their scope of activity by ten times, were reported to FIU.
- Assessing the authenticity of documents of foreign nationals who wish to use the Bank's services.

International Department

- Assessing 10 AML questionnaires received from corresponding banks abroad and corresponding them with the regulations and circulars set forth by the CBI.
- Assessing and confirming 35 questioners of corresponding banks.
- Drafting an AML handbook and Farsi and English.
- Taking part in meetings with representatives of foreign banks to clarify and answer to any queries regarding AML measures and policies.

Inspection Unit

- Assessing 111 inspection reports.

Measures Relating to other Internal Departments

- Adjusting and supervising the means of informing customers on money laundering.
- Answering the queries of employees regarding AML and advising on methods of identification and reporting on suspicious cases.
- Monitoring the implementation of AML polices throughout the Bank, ensuring of compliance with instructions of CBI and FIU.
- Introducing the branches and executive units of the Bank via Compliance & AML portal.
- Cooperating with the Inspection Management in carrying out branch inspections. These include issuing inspection checklists.
- Cooperating with the Methods & Organisation Department in preparing internal circulars and instructions and ensuring compliance with CBI circulars.

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 a 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.

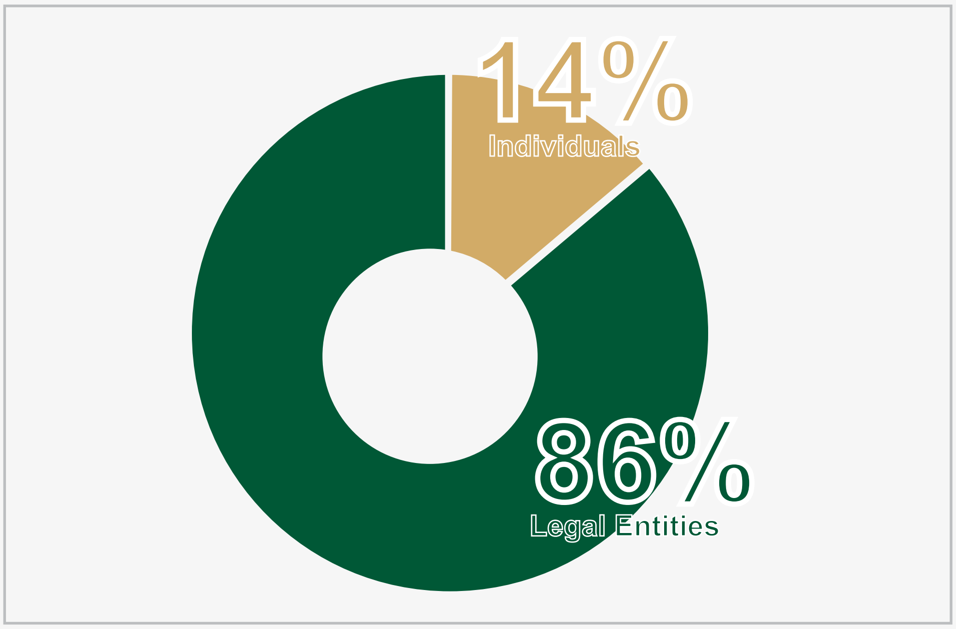
The Risk Management Department of Karafarin Bank operates under the direct supervision of the Bank's CEO. The principal function of the Department is to first identify the key drivers underlying different forms of banking risks and to devise relevant models for measuring and controlling risks across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

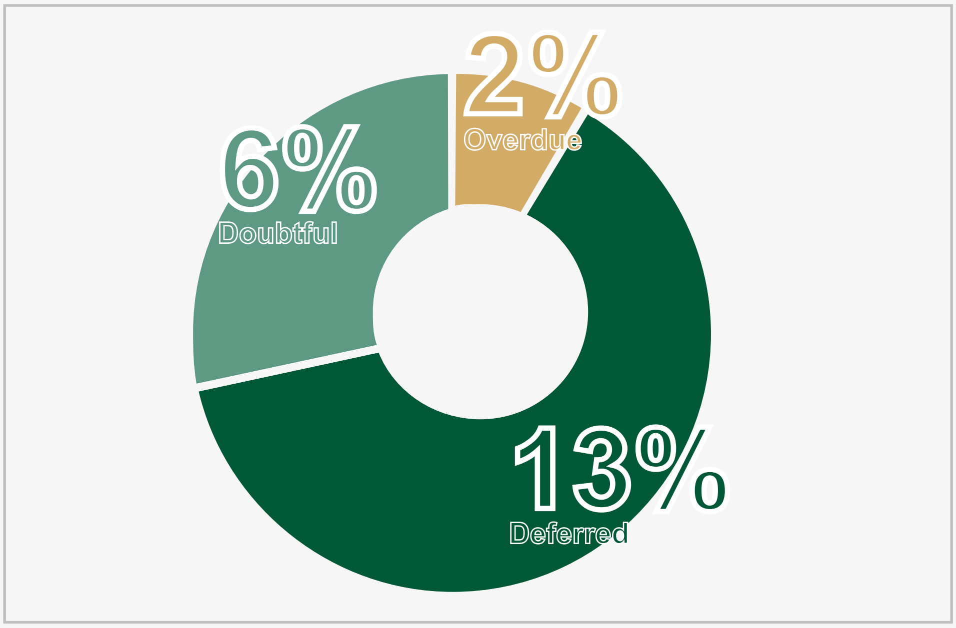
A collateral is the Bank's main source for protection against credit risk. The risk coverage of any collateral will be a function of its current market value and its liquidity. One of the main concerns of the Karafarin Bank in this regard is loss resulting from customer default. Hence, a comparison has 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 42% 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	Low Risk	Credit Risk without Coverage	Credit Risk Percentage without Coverage	Coverage Percentage of Low Risk Collaterals
A+	12,299	9,740	2,559	21	79
A	166,978	120,326	49,266	30	70
A-	1,284,032	838,378	447,429	35	65
B+	4,407,923	2,691,764	2,007,155	46	54
B	16,444,323	9,894,061	9,457,481	58	42
B-	13,068,608	5,504,472	8,682,245	66	34
C+	28,793,193	7,630,899	22,073,092	77	23
C	3,796,226	3,154,060	1,291,837	34	66
D	2,694,990	1,440,108	1,363,430	51	49
E	2,332,150	458,233	1,877,243	80	20
Unrated	5,904,100	4,786,415	1,401,767	24	76
Non-Performing Customers	21,576,492	13,795,287	9,809,517	45	55
Total	**100,481,312**	**50,323,744**	**58,463,020**	**58**	**42**

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 chart demonstrates the breakdown 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 the 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	6	476,264
A-	1	12,590
B+	15	1,964,205
B	97	17,526,879
B-	105	13,143,618
C+	342	33,013,114
C	139	6,825,950
D	85	3,624,596
E	155	4,541,263
Unrated	439	5,248,616
Total	**1,384**	**86,377,096**

Principal Balance

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+	2	12,299
A	85	212,445
A-	355	1,288,654
B+	692	2,590,696
B	912	3,461,713
B-	877	1,427,456
C+	416	584,626
C	466	467,954
D	349	264,597
E	22	9,768
Unrated	3,573	3,784,008
Total	**7,749**	**14,104,216**

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 Basell 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 IRR401 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.

	2017-18		2016-17	
	Probable Change in Market Price	Effect on Profit & Loss	Probable Change in Market Price	Effect on Profit & Loss
	%	Million IRR	%	Million IRR
Investment in Marketable Shares	(-5.81 , 5.86)	51,012	(-4.38 , 4.38)	35,215

- 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

To identify high-operational risk business segments, the Bank follows the procedures and alternative models set forth in Basel II Accord. To ensure precision and reliability in risk measurements under these two methods and to better capture the extent of operational risk exposure, the Bank calculates Capital at Risk (CaR) based on Basic Indicator Approach (BIA), Standard Approach (SA) and Advanced Measurement Approach AMA. The following table shows Karafarin Bank's CaR calculated via these approaches:

Capital Exposed to Operational Risk (Billion IRR)	
Basic Indicator Approach (BIA)	3,269
Standard Approach (SA)	3,798

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. During the year under review, improving methods of calculation and registering indexes were prioritised.

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	11	9	6
Cash & Cash Equivalent to Total Deposits	15	11	8
Net Cash Assets to Total Deposits	4	6	5
Loans to Total Deposits	85	81	83
Loans to 1-Year Deposits & Above	91	85	82
Ratio of Runoff Deposits to Total Deposits	3	3	3

The next table shows Karafarin Bank's liquidity reserves.

	2017-18	2016-17
	Million IRR	
IRR Cash	337,809	387,212
Foreign Currency Cash	640,667	818,864
Sight Deposits at Central Bank (Unlimited)	443,366	508,861
Sight Deposit at Other Banks and Credit Institutes (Unlimited)	6,457,156	13,722,237
Current Investment in Marketable Shares	401,925	740,934
Investments in Other Securities with Fixed Income	2,138,644	1,019,347
Total	**10,419,567**	**17,197,456**

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	160,749,916	66,402,861	51,176,81395	16,257,349	2,240,860
Total Liabilities & Shareholders' Equity	(160,747,138)	(47,631,629)	(4,254,13960)	(80,302,358)	(664,252)
Gap	2,777	18,771,232	46,921,935	(64,045,009)	1,576,608
Accumulated Gap	-	18,771,232	65,693,167	1,648,158	1,224,766
Gap to Core Capital Ratio	-	127%	318%	(434)%	11%
Accumulated Gap to Core Capital Ratio	-	127%	445%	11%	22%

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 80% which conform with 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 10% of its capital. Hence, the Bank's capital buffer has been sufficient to cover both counter cylindrical and capital conservation buffers.

FINANCIAL PERFORMANCE

Our Investments

Financing, Advisory & Companies Affairs Management

Established in 2011-12, 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:

A. Issuance of Participation Bonds, Public and Special Deposit Certificates Sokuk Islamic Bonds, etc.

- Assessing, approving and obtaining a license for issuing one-year named public investment certificates of deposit in the amount of IRR10,000 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 *Sokuk* 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.

B. Accepting & Assessing Industrial, 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:

- 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 IRR747.5 billion has been granted to applicants
- 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.
- 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 2015-16 period with the said fund, Karafarin Bank was authorised to grant IRR loans in the amount of USD280 million and this agreement was exchanged during the reporting period). In this regard, Kourosh Petrochemical Company were granted nearly USD154 million.
- Granting IRR loans from National Development Fund based on projects progress. In this regard, sum of IRR292 billion has been paid to applicants.
- Accepting low rate deposits from the National Development Fund in the amount of IRR500 billion for the purpose of granting facilities towards the working capitals of industrial units. These loans have all been provided on the basis of conditions and regulations of the mentioned fund.
- Signing a contract that enables the Bank to use external resources (credit lines of other countries in the form of finance) towards granting facilities against receiving a commission. Under the terms of this contract, the Bank acts as a fund manager for government ministries, various organisations and companies.

C. 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).

1) 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 (offering average returns of 20.01% in 2017-18), Arman Karafarin Company (with average returns of 20.38% in 2017-18) and Karafarin Index Company (with average returns of 25.93% in 2017-18).

2) Karafarin Insurance Company

The capital of Karafarin Insurance Company currently stands at IRR1,500 billion and Karafarin Bank has a 20% stake in this company. This company operates with the aid of 1,847 agents throughout the country.

3) 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.

4) Karafarin 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.

5) 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.

6) 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.

D. Financing and advisory management:

This management has been established to design and develop financing tools for the Bank and its customers and to raise finance for projects from domestic and foreign sources.

Interest Rates of Investment Deposit Accounts

Description	Interest Rate (%)		Statutory Deposit Rate (%)	
	2017-18	2016-17	2017-18	2016-17
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	13.5 - 14.5	13.5 - 14.5	11.9	11.9
Long-Term 1 to 5 Years	15	15	11.9	11.9
Deposit Certificate	20	18	11.9	11.9

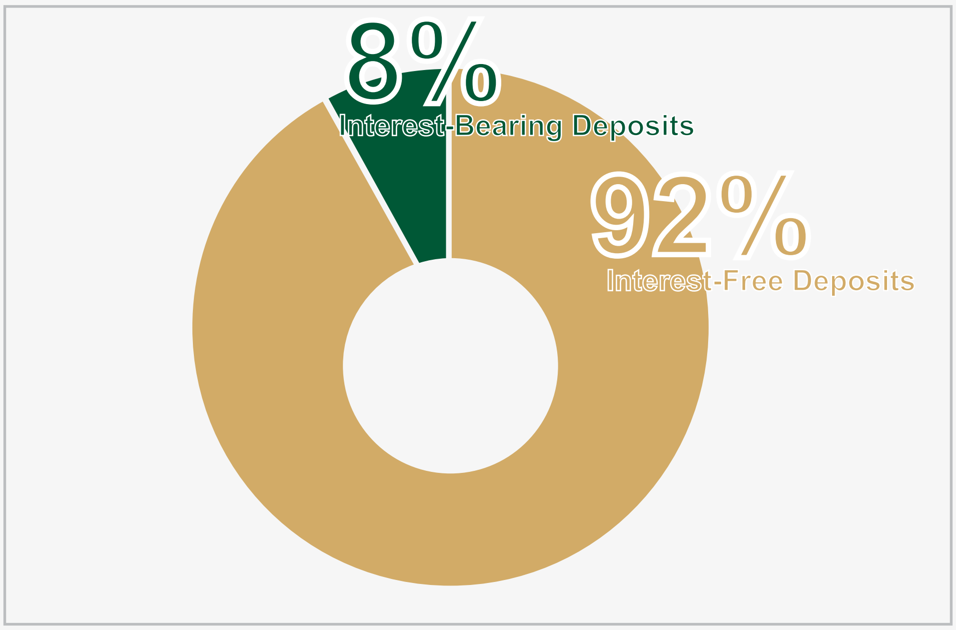
Paid Interest on Investment Deposit Accounts

Description	2017-18 (million IRR)	2016-17 (million IRR)	2015-16 (million IRR)	2017-18 to 2016-17 Change Percentage	2016-17 to 2015-16 Change Percentage
Short-Term	2,869,453	2,676,413	3,923,641	7	(32)
Short-Term Special	10,724	8,268	437,444	30	(98)
Long-Term 1 to 5 Years	14,635,956	10,391,666	9,982,493	41	4
Special Deposit Certificate for Public Investment	432	1,827,476	1,862,067	(100)	(2)
Foreign Currency Deposits	18,886	59,806	78,941	(68)	(24)
Total	**17,535,451**	**14,963,629**	**16,284,585**	**17**	**(8)**

Structural Distribution of Deposits

The following 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 IRR11 thousand billion and interest-free accounts which comprise short-term and long-term investment deposits account amount to IRR129 thousand billion of the Bank's total deposits.

Composition of Deposits



Major Items of Income Statement

(Amounts in million IRR)

	2017-18			2016-17			2015-16		
	Amount	Comparison to Total Revenue-%	Growth to Previous Year-%	Amount	Comparison to Total Revenue-%	Growth to Previous Year-%	Amount	Comparison to Total Revenue-%	Growth to Previous Year-%
Loans Income	18,003,874	81	5	17,152,855	77	(10)	18,994,740	95	14
Investments & Deposits Income	2,392,116	11	51	1,584,258	7	1	1,574,735	8	(19)
Received Commission & Miscellaneous Revenues	1,822,402	8	57	1,163,942	5	(26)	1,565,182	8	(29)
Total Revenues	22,218,392	100	12	19,901,055	100	(10)	22,134,658	100	6
Paid Interest to Depositors	(17,535,451)	(79)	17	(14,963,629	(67)	(8)	(16,284,585)	(82)	13
Cost of Doubtful Debts	(1,450,676)	(7)	0	(1,444,902)	(7)	63	(887,420)	(4)	70
Other Costs	(2,601,900)	(12)	13	(2,293,942)	(10)	13	(2,025,985)	(10)	34
Profit before Tax	630,365	3	(47)	1,198,581	6	(59)	2,936,667	13	(32)
Tax	0	0	(100)	(1,396,654)	0	(82)	(528,647)	(3)	(15)
Profit after Tax	630,365	3	(43)	1,101,927	6	(54)	2,408,020	11	(35)

Comparison of Income Earned from Granted Loans, Deposits & Investment

Description	2017-18 (million IRR)	2016-17 (million IRR)	2015-16 (million IRR)	2017-18 to 2016-17 Change Percentage	2016-17 to 2015-16 Change Percentage
Joint:					
Islamic Contracts Income	14,575,550	13,253,754	15,080,168	10	(12)
Received Recognisance	3,217,512	3,686,138	3,621,896	(13)	2
Investments & Deposits Income	2,377,195	1,565,452	2,093,787	52	(25)
Non-Joint:					
Transactions Income	33,863	109,872	64,071	(69)	71
Received Recognisance	176,948	103,091	228,606	72	(55)
Investments & Deposits Income	14,921	18,806	13,184	(21)	43

EPS Forecast

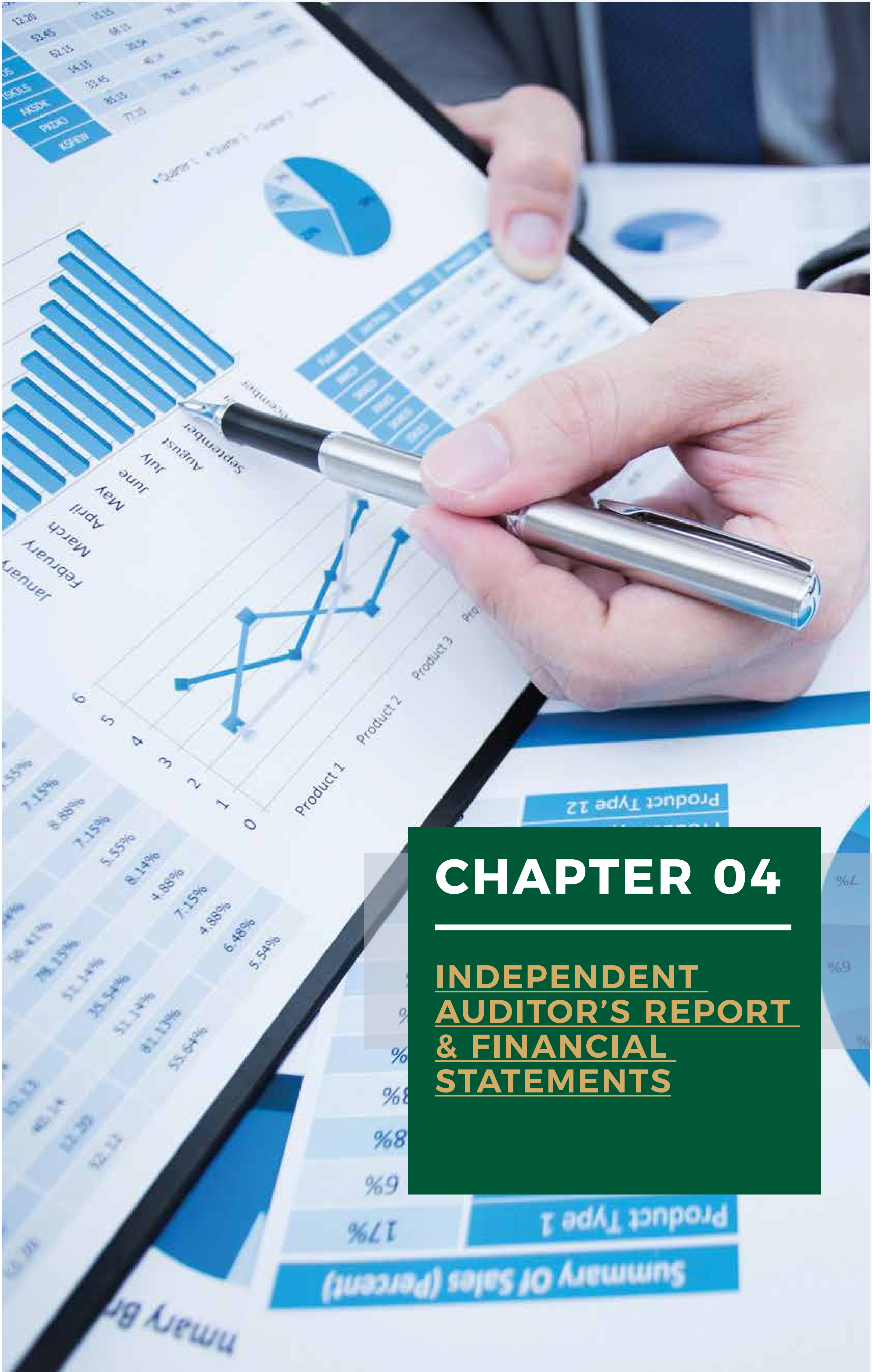
(Amounts in million IRR)

Description	EPS Initial Forecast for 2017-18	Actual Performance of 2017-18	% of Changes
Granted Loans Income	19,300,970	18,003,874	(7)
Investment in Shares of Other Companies Income	534,875	1,029,284	92
Deposits & Participation Bonds Income	988,226	1,362,832	38
Total	**20,824,070**	**20,395,989**	**(2)**
Interest Paid to Investment Deposits	(16,324,832)	(17,535,451)	7
Doubtful Debts Costs	(1,028,133)	(1,450,676)	41
Received Commission & Result of Foreign Currency Transactions	1,202,887	1,412,055	17
Net Operating Revenues	4,673,993	2,821,917	(40)
Miscellaneous Revenues	453,814	410,348	(10)
Financial & Commission Costs	(306,644)	(137,291)	(55)
Administrative & General Costs	(2,529,235)	(2,464,609)	(3)
Profit before Tax	2,291,927	630,365	(72)
Tax	(234,882)	0	(100)
Profit after Tax	2,057,046	630,365	(69)
Net Profit to Total Operating Revenues Ratio	10	3	(69)
No. of Shares - Thousand Shares	8,500,000	8,500,000	0
Profit of Each Share after Tax - IRR	242	74	(69)

Main Items of the Statement of Financial Position

(Amounts in million IRR)

	2017-18			2016-17			2015-16		
	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-%
Cash	15,679,357	10	(4)	16,353,845	10	18	13,829,485	11	(19)
Participation Bonds & Investment	4,289,716	3	22	3,509,428	2	(9)	3,861,011	3	63
Granted Loans	106,017,959	66	13	94,050,786	59	16	81,079,798	66	17
Fixed Assets	10,596,399	7	1	10,522,770	7	3	10,168,460	8	5
Other Assets	24,164,715	15	27	19,087,624	12	35	14,107,150	11	4
Total Assets	**160,748,147**	**100**	**12**	**143,524,453**	**89**	**17**	**123,045,905**	**100**	**10**
Deposits	140,613,194	87	14	123,622,895	77	18	104,614,746	85	11
Other Liabilities	6,639,933	4	15	5,761,903	4	65	3,485,811	3	17
Total Liabilities	**147,253,127**	**92**	**14**	**129,384,798**	**90**	**20**	**108,100,557**	**88**	**11**
Shareholders' Equity:									
Capital	8,500,000	5	0	8,500,000	5	0	8,500,000	7	0
Statutory Reserve	3,594,074	2	3	3,499,519	2	8	3,241,164	3	14
Retained Profit	1,357,350	1	(35)	2,096,540	1	(34)	3,160,587	3	(5)
Surplus Assets Revaluation	43,597	0.03	0	43,597	0.03	(0)	43,597	0	0
Total Shareholders' Equity	**13,495,020**	**8**	**(4.6)**	**14,139,655**	**10**	**(5)**	**14,945,348**	**12**	**2**
Total Liabilities & Shareholders' Equity	**160,748,147**	**100**	**12**	**143,524,453**	**100**	**17**	**123,045,905**	**100**	**10**



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 2018 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 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- The following significant points referring to loans granted to customers and loan income (notes 13.1 and 37 of the financial statements) are stated below:

A) For a portion of balance of non-performing loans which have been extended and classified under current category and another portion of these loans (in view of ongoing litigations) provision of general doubtful claims has been calculated only. This does not comply with provisions of CBI instructions which refers to the calculation of special doubtful claims provision. In view of the above, in case the instructions of CBI and accounting standards are complied, then minimum deficit of doubtful claims in the accounts shall be IRR600 billion. In case the above adjustments are made, the heading of Loans Granted to Customers and the Bank's net profit shall be reduced by the above amount.

B) Contrary to procedures followed in the previous years and as stated in note 6 of the financial statements, late payment penalties income in the amount of IRR650 billion in the reporting financial period has been recognised in the accounts before being classified as doubtful. Hence, due to changes in procedure of recognising income, according to accounting standards, accumulated effects of this should be recorded in the accounts for the period ended March 2016-17. However, due to inaccessibility to required documents, determining possible effects of the above, on the items of financial statements is not possible for this institute.

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 21 and 44 bank accounts, amounting to IRR145 billion and IRR2,646 billion and the balance of accounts receivable and payable (notes 16-2 of the financial statements) in the amount of IRR447 billion, verifications of the Legal Department as well as a number of lawyers of the Bank's counterparts (in reference with the mentioned litigations) and accounts-in-between the National Development Fund have not been received. 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 2017-18 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 the subsidiaries registered abroad and Metanol East Company and Karafarin Insurance Company have not been submitted to us for general assessment. Therefore, it has not been possible for us to determine their impact.

7- 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, and submitting a portion of the explanatory notes (outlining the Bank's risks) 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.

8- The heading of Investments and Other Accounts Receivable (notes 16.2 and 14.2.2.4. of the financial statements) which includes the total sum of IRR124 billion refers to the balance of partnerships, balance of overdue notes and other prior years' claims of the Omid Karafarin Tejarat (subsidiary company) from four cooperatives transferred from 2014-15, is related to purchasing, selling, manufacturing and exporting, which due to the damages claims of these parties regarding the above partnerships, the principal amount of the partnership and claims from the mentioned companies, along with the identified 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 carry out adjustments in the accounts. However, 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- As stated in note 7.10 of the financial statements, foreign currency transactions during the financial period have been recognised based on the reference rate of the CBI and agreed rates and the balance of monetary items on balance sheet date have been recognised on the basis of the CBI reference rate on 11.01.2019 and based on the notification of the Technical Committee of the Audit Organisation which states that foreign currency fluctuations are adjustable has been exchanged on 20.03.2018. In this regard, the sum of IRR123 billion as profit difference has been recognised in note 46 of the financial statements. This procedure that the Bank has followed does not conform with circular 127544/97 dated 10.07.2018 of CBI's Banking Research & Regulations Department which refers to exchanging assets and liabilities is not on a case to case basis and nor reference or agreed rates. In view of the above, as it is not clear which of the above views is final, we cannot express an opinion on possible adjustments on the accounts of 2017-18.

10- Of the items which compose the Bank's prior years' adjustments (note 53.1 of the financial statements) the amount of IRR174 billion is the difference of final tax of the 2014-15 period. In this regard, the mentioned amount should have been (in compliance with accounting standards) recorded under the heading of Prior Years' Corporation Tax in current year's profit and loss account. In case the accounts are adjusted, net profit of the year shall be reduced and accumulated profit at the beginning of the year shall increase in the amount of the mentioned sum.

Qualified Opinion

11- In our opinion, except for the contents of paragraphs 4A, 6A, 7, 9 and 10 and with the exception of possible effects of paragraphs 4B, 5, 6B and 9 the financial statements present fairly, in all material respects, the financial position of Karafarin Bank Group (Public Joint Stock Company) as at 20 March 2018, and its financial performance and cash flows for the year then ended in accordance with Iranian Financial Reporting Standards.

Emphasis of Matter

12- As stated in note 9-3-1 to 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 IRR1,108 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) the result of which has been submitted to the CBI. However, the Bank's follow-ups in determining the fate of funds withdrawn and the penalties were inconclusive by the reporting date.

13- The Bank's and its subsidiaries' corporation tax and VAT status have been expressed in detail in notes 25.1 and 57.3 of the financial statements. In this regard:

A) For corporation taxes of 2015-16 and 2016-17 period, the amounts of IRR594 billion and IRR96 billion have been recorded in the accounts as provision. However, according to the tax assessment notices issued, the amounts of IRR1,089 billion and IRR750 billion have been claimed. The Bank has filed an appeal against this, and the case in 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, VAT of Karafarin Bureau de Change (since it was formed in 2011-12) and Karafarin Leasing (for the 2016-17 period) Company (both subsidiaries) have not been assessed via the tax authorities. And the amount of IRR73 billion has been claimed from Karafarin Leasing Company as VAT for the period beginning from 23.09.2011 until 19.03.2016. Since the amount of IRR36 billion has been paid, the amount of IRR37 billion of dues remain. The Company has filed an appeal against the remaining sum and the case has been referred to the Tax Arbitration Board.

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 IRR272 billion for the 2016-17 period. In view of the above, determining the final amount of dues for the mentioned years is pendent upon assessment and final verdict of the Tax Affairs Organisation.

14- The title deeds of 192 repossessed properties under the heading of other assets and 7 properties registered under the heading of Land, Building and Capital Prepayments (notes 20.3 and 17 of the financial statements) in the amount of IRR3,151 billion, are not registered under the Bank's name and measures for obtaining deeds are underway. In addition, the amount of IRR2,926 billion of repossessed properties (mainly residential properties) have occupants and 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.

15- The balance of accounts receivable which is related to Karafarin Leasing Company, a subsidiary of Karafarin Bank (note 13 of the financial statements) amounting to IRR211 billion as matured claimed (including overdue, non-performing and doubtful claims), taking into account IRR62 billion as penalties for doubtful instalments receivable for over two months, was based on CBI instruction. In this regard, legal actions have been commenced via the Legal Department and Karafarin Amin Etemad Company. However, these measures did not reach a conclusion by the reporting date.

16- Fixed tangible assets (note 17.3 of the financial statements) including a building with a carrying amount of IRR1,498 billion have insurance coverage against possible hazards for up to IRR910 billion. It is necessary to assess the sufficiency insurance coverage.

17- As stated in note 26.2 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. In this regard, necessary provision for membership of 2017-18 has been recorded in the accounts. In addition, initial membership fees for 2014-15 until 2016-17 periods were paid to the Fund within the permissible time span.

Our opinion has not been qualified as a result of paragraphs 12 to 17.

Other Explanatory Notes

18- 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, 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.

19- The 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

20- The Board of Directors bears the responsibility of "Other Information", which includes information in the management's interpretive report.

Our opinion on the financial statements does not include opinion on "Other Information", regarding which, there is no assurance. Our responsibility in reference with the auditing of the financial statements is to review the "Other Information" in order to identify any significant discrepancies between "Other Information" and obtained information in the auditing process or any significant misstatement. We have to report any significant misstatement in "Other Information" should we identify any. In this regard, the above paragraphs 4, 5, 9, 10 and 12 have had impacts 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 interpretive report 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

21- 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:
21-1 Several minutes of the Board of Directors' meetings have not been signed by some of the board members (the names of board members has been stated in the minutes of board meetings). Some board members were absent in four consecutive meetings or six inconsecutive meetings (Article 70 of the Banks Articles of Association and Article 123 of the Commercial Code as amended).

21-2- In view of the fact that previous board members reached the end of their office in 12.06.2014 and that the CBI has announced the end of their eligibility:

A) During the current financial year, board members (natural persons) have been referred to the CBI for approval and once approved, the Extra Ordinary General Assembly meeting on 19.12.2017 was formed and new board members were selected. Subsequently, in minutes of board meetings dated 01.01.2018 and 04.07.2018, the chairman and vice-chairman as well as the managing director of the Bank (without approval of their professional eligibility by the CBI), were selected and the scope of authority of the managing director and authorised signatories were determined. However, this does not comply with the Bank's Articles of Association which states that the above selections and decisions to be made within a week after the meeting of the Ordinary General Assembly. Furthermore, the minutes of board meetings have not been registered at Companies Registration Department.

B) In this regard, the previous managing director resigned on 01.11.2017 and the Bank did not have a managing director (although he had accepted this position in the above board meeting minutes dated 01.01.2018 and 14.07.2018). During this time, the Bank was administered by a supervisor according to the decision of the Board of Directors. The contents of Commercial Code as amended does not cater for this, and according to Article 88 of the Articles of Association, the Board of Directors should have selected another person and referred him/her to the CBI for approval, within a month. Furthermore, the scope of authority of the previous managing director (board meeting dated 26.05.2015) has not been registered at the Companies Registration Department (provisions of articles 60, 64, 72, 83, 88 and 89 of the Articles of Association and Articles 106,124 and 128 of the Commercial Code as amended).

21-3- According to Articles 55, 72 and 92 of the Articles of Association, the Bank did not have an executive board and a chairman by 01.01.2018 (paragraph 21.2 of this report) and a deputy-managing director.

22- 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 fallen by approximately 4% compared to the previous year. The reason for this, in spite of increasing income from loans and depositing during the reporting financial period, is increasing general, administrative costs and cost of money (increasing interest paid to depositors based on agreed rates) regardless of financial effects of paragraphs 4A and 9 of this report.

B) In addition, the heading of Other Assets (note 20.3 of the financial statements) which includes IRR3,213 billion (IRR2,829 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 remained in the bank for a long period of time, the Bank's liquidity declined, disabling the Bank 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.

23- 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 4A of this report. In addition, as referred to in the statement of performance of investment deposits and note 23-1 of the financial statements, the amount of IRR1,087 billion of interest has been granted to depositors as gift (excess interest paid to depositors).

24- The Bank's follow - ups regarding the duties as set forth by the Ordinary General Assembly of the shareholders dated 31.01.2018 as stated in paragraphs 6A, 8 and 18 of this report have not been conclusive.

25- We have examined the transactions in note 63-3 of the financial statements which we have been notified of, via the Board of Directors. These transactions are subject to Article 129 of the Commercial Code of Iran. The aforementioned transactions have not occurred according to the mentioned article, which requires a permit to be obtained from the Board of Directors and the beneficiary board member, to take part in the voting process. The mentioned transactions have mainly taken place under the framework of special relations between group companies.

26- 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 to inspector's report 10 days prior to the date of the general assembly.

Report on Other Regulatory and Lawful Duties of the Auditor

27- The following laws and regulations in reference with the executive guideline of the listed companies on the Tehran Stock Exchange have not been complied:

27-1- The annual audited and unaudited financial statements of the Parent Company and the Group (consolidated) for the 2016-17 period, the unaudited forecast of the Parent Company and the Group (consolidated) based on actual 3 and 6 month performance for the period ended on 21.06.2017 and 22.09.2017, and the audited six-month, mid-term consolidated financial statement of the Group for the period ended 22.09.2017, information on the portfolio of Karafarin Bank Investment Company (subsidiary) for the three-month period ended 22.09.2017 and six-month, mid-term audited financial statements for the period ended 22.09.2017 of the Karafarin Bank Investment Company (subsidiary), have been submitted with a delay.

27-2- The financial statements and audited actual performance forecast for a six-month period ended 22.09.2017, the audited financial statements of Karafarin Amin Etemad Company (subsidiary) and changes in the composition of the Bank's Board of Directors have not been submitted to the Securities & Exchange Organisation.

27-3- The minute of the Ordinary General Assembly of the shareholders for the period ended 20.03.2017 dated 31.01.2018 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 the holding of the General Assembly.

27-4- Based on the Securities & Exchange Organisation's instruction, the shareholders' equity to total assets ratio of listed companies in the primary market should be at least 30%. According to the financial statements of the reporting period, this ratio stands at 8%.

27-5- 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 reporting standards and according to the latest regulations of the Securities & Exchange Organisation.

27-6- 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 with the exception of reports of internal auditors to the Board of Directors, failure of establishing internal audit units in most subsidiaries, failure to identify, assess and evaluate the Bank's commercial risks and some minor internal controls shortages (as explained in paragraph 18 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.

28- Instances of 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, have been reported to the Bank's management separately, according to the CBI instruction.

29- The attached financial statements correspond with the sample financial statements as instructed via the CBI. Following our reviews, with the exception of information regarding capital adequacy based on the instruction of calculating supervisory capital and capital adequacy of credit institutes notified on 08.07.2017 (as stated in note 61.7.3. of the financial statements), we have not encountered any significant instance of discrepancy with the CBI requirements.

30- In execution of Article 33 of Combating Money Laundering Executive Instruction by the auditors, compliance of the said act and its related executive instructions has 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 assessment of expected scale of customer activities, customer categorisation based on possible risks arising from effective indexes and reassessment to ensure the customers remain active, periodical measurement of accounts which are exposed to higher risks and updating customer information, making enquiries and submitting information relating to customer postal code, address and other personal information to the related authorities every six months at least and enforcing the latest changes in that and incomplete archiving of some information, documents electronically, we did not encounter any significant event of breach of the mentioned regulations.

20 July 2018

Hoshiyar Behmand Audit Firm

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

Karafarin Bank (Public Joint Stock)
Consolidated Balance Sheet
As At March 20th, 2018

Assets	Note	20.03.2018 Million IRR	(Restated) 20.03.2017 Million IRR	Liabilities & Shareholders' Equity	Note	20.03.2018 Million IRR	(Restated) 20.03.2017 Million IRR
Assets				**Liabilities**			
Cash	9	7,951,392	15,691,798	Dues to Banks & Other Credit Institutes	21	3,885,293	13,227,073
Dues from Banks & Other Credit Institutes	10	7,800,360	916,670	Customers' Deposits	22	8,018,433	7,634,081
Dues from Government	11	0	0	Dividend Payable	23	45,491	53,300
Granted Loans & Dues from Governmental Authorities	12	0	0	Debt Securities	24	0	0
Granted Loans & Dues from Non-governmental Entities	13	106,362,564	94,595,263	Corporation Tax Provision	25	110,494	303,593
Investment in Shares & Other Securities	14	4,934,341	3,562,571	Provisions & Other Liabilities	26	6,289,265	5,036,053
Dues from Subsidiaries & Associates	15	3,059	0	Provision for Work Termination Benefits	27	513,527	408,360
Other Accounts Receivable	16	1,521,161	1,021,561	**Total Liabilities before Investment Depositors' Rights**		18,862,503	26,662,460
Tangible Fixed Assets	17	6,258,352	6,100,049				
Intangible Assets	18	4,231,524	4,326,136	**Investment Depositors' Rights**	28	128,741,590	102,705,524
Legal Deposit	19	15,305,659	12,442,336	**Total Liabilities**		147,604,092	129,367,984
Other Assets	20	6,920,765	5,094,003	**Shareholders'' Equity:**			
Goodwill	20-4	181,901	184,211	Capital	29	8,500,000	8,500,000
				Capital Increase in Progress	30	0	0
				Shares Premium Reserve	31	0	0
				Legal Reserve	32	3,638,693	3,534,538
				Other Reserves	33	6,624	5,830
				Assets Revaluation Surplus	34	154,759	154,759
				Difference of Foreign Currency Exchange	35	0	0
				Retained Earnings		1,135,892	2,007,071
				Treasury Shares	36	0	0
				Total Equity Attributable to Parent Company's Shareholders		13,435,968	14,202,199
				Non-Controlling Shareholders'' Equity	36-1	431,016	364,416
				Total Shareholders' Equity		13,866,984	14,566,614
Total Assets		161,471,076	143,934,599	**Total Liabilities, Investment Depositors' Rights & Shareholders' Equity**		161,471,076	143,934,599
Customers' Commitments for L/Cs	56-1	6,193,056	7,571,177	Bank's Commitments for L/Cs	56-1	6,193,056	7,571,177
Customers' Commitments for Issued L/Gs	56-2	30,032,043	22,251,290	Bank's Commitments for Issued L/Gs	56-2	30,032,043	22,251,290
Other Customers' Commitments	56-3	21,423,736	1,957,131	Other Bank's Commitments	56-3	21,423,736	1,957,131
Managed Funds Party & Similar Items	56-4	161,285	182,505	Managed Funds & Similar Items	56-4	161,285	182,505

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, 2018

Description	Note	2017-18		(Restated) 2016-17
		Million IRR		Million IRR
Granted Loans & Deposits Income	37	19,609,738		18,115,099
Deposits Interest Expense	43	(17,301,080)		(14,801,799)
Loans & Deposits Net Income			2,308,658	3,313,300
Commission Income	44	887,031		800,006
Commission Expense	45	(99,969)		(78,547)
Net Commission Income			787,063	721,459
Net Sales & Rendered Services Income	45-1	154,412,021		104,646,133
Cost of Sold Goods & Rendered Services	45-1	(154,036,484)		(104,340,133)
			375,537	306,000
Net Investments Profit	38		412,678	434,448
Net Profit from Foreign Currency Transactions	46		565,982	200,357
Other Operating Revenues	47		0	0
Total Operating Revenues			4,449,917	4,975,565
Net Other Income & Expenses	48		521,160	225,382
General * Administrative Expenses	49		(2,457,993)	(2,094,792)
Doubtful Debts Expense	50		(1,451,776)	(1,448,062)
Financing Costs	51		(129,231)	(261,957)
Depreciation Costs	52		(171,059)	(187,501)
Profit before Calculating Group Shares from Associates Profit			761,018	1,208,635
Group Shares from Associates'' Profit			6,049	3,472
Profit before Corporation Tax			767,067	1,212,107
Corporation Tax	25		(113,888)	(168,535)
Net Profit for the Year			653,179	1,043,572
Attributable Profit to:				
Parent Company's Shareholders			643,739	1,070,241
Non-Controlling Shareholders			9,440	(26,669)
			653,179	1,043,572
Base & Diluted EPS (IRR)	58		76	126

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, 2018

Description	Note	2017-18	(Restated) 2016-17
		Million IRR	Million IRR
Net Profit for the Year		653,179	1,043,572
Assets Revaluation surplus	34	154,759	154,759
Forex Difference of Overseas Operations	35	0	0
Comprehensive Profit for the Year		807,938	1,198,331
Prior Years' Adjustments	53	(827,870)	(888,694)
Comprehensive Profit Recognised from Reporting date of Previous Year		(19,931)	309,637
Minority Interest from Comprehensive Profit (Loss)		12,105	(22,848)

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, 2018

		2017-18											
	Note	Capital	Parent Company's Shares Owned by the Subsidiary	Capital Increase in Progress	Shares Premium Reserve	Legal reserve	Other Reserves	Assets Revaluation Surplus	Retained Earnings	Treasury Shares	Total Equity Attributable to Parent Company's Shareholders	No-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 21.03.2017		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									643,739		643,739	9,440	653,179
Prior Years' Adjustments	53								(830,534)		(830,534)	2,665	(827,870)
Consolidated Adjustments									(133,285)		(133,285)	57,160	(76,125)
Other Comprehensive Profit (Loss) after Tax											0		0
Assets Revaluation 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
Total Profit		8,500,000		0	0	3,534,538	5,830	154,759	2,517,525		14,712,653	431,016	15,143,668
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		0
Distribution & Allocation													
Legal Reserve	32					104,155			(104,155)		0	0	0
Other Reserves	33						793		(793)		0		0
Shares Dividend		0							0		0		0
Dividend Approved	23								(1,276,685)		(1,276,685)		(1,276,685)
Total		0	0	0	0	104,155	793		(1,381,633)	0	(1,276,685)	0	(1,276,685)
Balance at 20.03.2018		8,500,000	0	0	0	3,638,693	6,624	154,759	1,135,892	0	13,435,968	431,016	13,866,984

	Note	2016-17											
		Capital	Parent Company's Shares Owned by the Subsidiary	Capital Increase in Progress	Shares Premium Reserve	Legal reserve	Other Reserves	Assets Revaluation Surplus	Retained Earnings	Treasury Shares	Total Equity Attributable to Parent Company's Shareholders	Non-Controlling Shareholders' Equity	Total Shareholders' Equity
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Balance at 21.03.2017		8,500,000	0	0	0	3,272,601	5,660	154,759	3,785,123	0	15,718,143	268,213	15,986,356
Net Profit									1,070,241		1,070,241	(26,669)	1,043,572
Prior Years' Adjustments	53								(892,516)		(892,516)	3,821	(888,694)
Other Comprehensive Profit (Loss) after Tax											0		
Assets Revaluation Surplus	34							0			0		0
Difference of Foreign Currency Exchange											0	0	
Tax of Other Comprehensive Profit								0	0		0	0	0
Total Other Comprehensive Profits								0	0		0	0	0
Changes of Non-controlling Shareholders' Equity in Business Combinations													0
Total Profit		8,500,000		0	0	3,272,601	5,660	154,759	3,962,848		15,895,868	245,365	16,141,233
Capital Increase													
Registered Capital Increase		0		0							0		0
Unregistered Capital Increase				0	0						0	130,882	130,882
Treasury Shares											0		0
Treasury Shares Purchase										0	0		0
Treasury Shares Sales					0				0	0	0		0
Distribution & Allocation													
Legal Reserve	32	0				261,937			(261,982)		(45)	45	0
Other Reserves	33						170		(170)		0		0
Shares Dividend									0		0		0
Dividend Approved	23								(1,693,625)		(1,693,625)	(11,876)	(1,705,501)
Total		0	0	0	0	261,937	170	0	(1,955,777)	0	(1,693,670)	119,051	(1,574,619)
Balance at 20.03.2018		8,500,000	0	0	0	3,534,538	5,830	154,759	2,007,071	0	14,202,199	364,416	14,566,614

Karafarin Bank (Public Joint Stock)
Consolidated Cash Flow Statement
For the Year Ended March 20th, 2018

Description	Note	2017-18		(Restated) 2016-17
		Million IRR		Million IRR
Operating Activities:				
Cash Received for:				
Interest & Late Payment Penalty for Granted Loans*		14,510,914		16,570,327
Commission		887,031		800,006
Interest on Deposits		1,388,875		781,034
Investments Profit		412,678		546,526
Other Operating Revenues		375,537		280,932
Net Other Income & Expenses		478,825		221,464
Cash Paid for:				
Interest on Deposits		(17,301,080)		(14,801,799)
Commission		(99,969)		(78,516)
Financing Costs		(129,231)		(121,891)
Other Operating Revenues		(3,804,602)		(3,020,269)
Corporation Tax		(306,987)		(794,202)
Cash Inflow (Outflow) from Operating Activities before Changes in Assets & Operating Liabilities			(3,588,009)	383,613
Cash Flow from Changes in Assets & Operating Liabilities:				
Net Debts Increase (Decrease):				
Dues to Banks & Other Credit Institutes		(9,341,780)		(1,689,808)
Customers' Deposits		384,352		(6,845,665)
Operating portion of reserves & Other Liabilities		1,253,211		2,443,531
Investment Depositors' Rights		26,036,066		23,646,916
Net Assets Decrease (Increase):				
Dues from Other banks & Credit Institutes		(6,883,689)		(683,278)
Principal Amount of Granted Loans & Dues from Non-governmental Entities		(8,102,031)		(12,988,961)
Investment in Shares & Other Securities		(1,371,770)		761,351
Dues from Subsidiaries & Associates		(3,059)		(177)
Other Accounts Receivable		(499,600)		956,809
Legal Deposit		(2,863,323)		(2,415,299)
Operating Portion of Other Assets		(1,826,762)		(2,950,258)
Goodwill		(8,172)		(57,796)
Net Cash Inflow (Outflow) from Changes in Assets & Operating Liabilities			(3,226,557)	3,556,981
Net Cash Inflow (Outflow) from Operating Activities	54		(6,814,565)	3,940,594

Description	Note	2017-18		(Restated) 2016-17
		Million IRR		Million IRR
Investment Activities:				
Payment for Acquiring Tangible Fixed Assets		(368,213)		(457,072)
Proceeds from Selling Tangible Fixed Assets		106,043		73,411
Payment for Acquiring Intangible Assets		(15,101)		(146,575)
Net Cash Inflow (Outflow) from Investment Activities			(277,272)	(530,235)
Net Cash Inflow (Outflow) before Financing Activities			(7,091,837)	3,410,358
Financing Activities:				
Cash Capital Increase		69,943		130,882
Dividend Paid		(1,284,495)		(1,712,756)
Net Cash Inflow (Outflow) from Financing Activities			(1,214,552)	(1,581,874)
Net Cash Increase (Decrease)			(8,306,389)	1,828,485
Cash at the Beginning of the Year			15,691,798	13,662,956
Effect of Foreign Currency Rate Fluctuation			565,982	200,357
Cash at the End of the Year			7,951,392	15,691,798
Non-cash Transactions	55		557,142	1,444,601

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

Karafarin Bank (Public Joint Stock)
Balance Sheet
As At March 20th, 2018

Assets	Note	20.03.2018	(Restated) 20.03.2017	Liabilities & Shareholders' Equity	Note	20.03.2018	(Restated) 20.03.2017
		Million IRR	Million IRR			Million IRR	Million IRR
Assets				**Liabilities**			
Cash	9	7,878,998	15,437,175	Dues to Banks & Other Credit Institutes	21	3,621,831	12,537,796
Dues from Banks & Other Credit Institutes	10	7,800,360	916,670	Customers' Deposits	22	8,051,389	7,658,727
Dues from Government	11	0	0	Dividend Payable	23	35,235	12,234
Granted Loans & Dues from Governmental Authorities	12	0	0	Debt Securities	24	0	0
Granted Loans & Dues from Non-governmental Entities	13	106,017,959	94,050,786	Corporation Tax Provision	25	0	239,735
Investment in Shares & Other Securities	14	4,289,716	3,509,428	Provisions & Other Liabilities	26	6,099,458	5,109,280
Dues from Subsidiaries & Associates	15	791,728	939,331	Provision for Work Termination Benefits	27	505,241	400,655
Other Accounts Receivable	16	1,320,425	786,603	**Total Liabilities before Investment Depositors' Rights**		18,313,153	25,958,427
Tangible Fixed Assets	17	6,446,794	6,271,913				
Intangible Assets	18	4,149,605	4,250,857	**Investment Depositors' Rights**	28	128,939,973	103,426,372
Legal Deposit	19	15,305,659	12,442,336	**Total Liabilities**		147,253,127	129,384,798
Other Assets	20	6,746,903	4,919,354	**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	3,594,074	3,499,519
				Other Reserves	33	0	0
				Assets Revaluation Surplus	34	43,597	43,597
				Difference of Foreign Currency Exchange	35	0	0
				Retained Earnings		1,357,350	2,096,540
				Treasury Shares	36	0	0
				Total Shareholders' Equity		13,495,020	14,139,655
Total Assets		160,748,147	143,524,453	**Total Liabilities, Investment Depositors' Rights & Shareholders' Equity**		160,748,147	143,524,453
Customers' Commitments for L/Cs	56-1	6,193,056	7,571,177	Bank's Commitments for L/Cs	56-1	6,193,056	7,571,177
Customers' Commitments for Issued L/Gs	56-2	30,032,043	22,251,290	Bank's Commitments for Issued L/Gs	56-2	30,032,043	22,251,290
Other Customers' Commitments	56-3	21,423,736	1,957,131	Other Bank's Commitments	56-3	21,423,736	1,957,131
Managed Funds Party & Similar Items	56-4	161,285	182,505	Managed Funds & Similar Items	56-4	161,285	182,505

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, 2018

Description	Note	2017-18 Million IRR		(Restated) 2016-17 Million IRR
Joint Income				
Granted Loans Income	37	17,793,062		16,939,893
Deposits Income	37	1,213,673		544,787
Investments Net Profit	38	1,029,284		917,261
Total joint Income			20,036,020	18,401,941
Bank's Resources Quota from Joint Income	39		(1,694,688)	(3,384,810)
Depositors' Quota from Joint Income before Commission Fee			18,341,331	15,017,131
Commission Fee	40		(2,046,467)	(1,163,221)
Depositors' Quota from Joint Income			16,294,865	13,853,909
Prize for Legal Deposit of Investment Deposits	39		134,238	103,404
Compensation of Depositors' Free Resources Surplus Expense to Joint Expenditures	41		0	0
Actual Interest Granted to Investment Deposits			16,429,102	13,957,313
On-account Interest Paid to Investment Deposits	42		(17,516,565)	(14,903,823)
Difference of Interest Payable (Surplus of Interest Paid) to Depositors			(1,087,463)	(946,510)

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, 2018

Description	Note	2017-18		(Restated) 2016-17
		Million IRR		Million IRR
Granted Loans & Deposits Income	37	19,366,705		17,819,852
Deposits Interest Expense	43	(17,535,451)		(14,963,629)
Loans & Deposits Net Income			1,831,254	2,856,223
Commission Income	44	847,679		758,336
Commission Expense	45	(99,677)		(78,505)
Net Commission Income			748,002	679,830
Net Investments Profit	38		1,029,284	917,261
Net Profit from Foreign Currency Transactions	46		564,376	200,197
Other Operating Revenues	47		0	0
Total Operating Revenues			4,172,916	4,653,511
Net Other Income & Expenses	48		410,348	205,410
General * Administrative Expenses	49		(2,292,304)	(1,945,253)
Doubtful Debts Expense	50		(1,450,676)	(1,444,902)
Financing Costs	51		(37,614)	(84,170)
Depreciation Costs	52		(172,305)	(186,014)
Profit before Corporation Tax			630,365	1,198,581
Corporation Tax	25		0	(96,654)
Net Profit			630,365	1,101,927

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, 2018

Description	Note	2017-18	(Restated) 2016-17
		Million IRR	Million IRR
Net Profit		630,365	1,101,927
Assets Revaluation surplus	34	43,597	43,597
Forex Difference of Overseas Operations	35	0	0
Comprehensive Profit for the Year		673,961	1,145,524
Prior Years' Adjustments	53	(828,059)	(858,500)
Comprehensive Profit Recognised from Reporting date of Previous Year		(154,098)	287,024

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, 2018

	Note	2017-18									
		Capital	Capital Increase in Progress	Shares Premium Reserve	Legal reserve	Other Reserves	Assets Revaluation Surplus	Forex Difference of Overseas Operations	Retained Earnings	Treasury Shares	Total Shareholders' Equity
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Balance at 21.03.2017		8,500,000	0		3,499,519	0	43,597	0	2,924,599		14,967,714
Net Profit									630,365		630,365
Prior Years' Adjustments	53								(828,059)		(828,059)
Other Comprehensive Profit (Loss) after Tax											
Assets Revaluation Surplus	34						0				0
Difference of Foreign Currency Exchange	35							0			0
Tax of Other Comprehensive Profit							0	0	0		0
Total Other Comprehensive Profits							0	0	0		0
Total Profit		8,500,000	0		3,499,519		43,597	0	2,726,904		14,770,020
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				94,555				(94,555)		0
Other Reserves	33					0			0		0
Shares Dividend		0							0		0
Dividend Approved	23								(1,275,000)		(1,275,000)
Total		0	0		94,555	0			(1,369,555)		(1,275,000)
Balance at 20.03.2018		8,500,000	0		3,594,074	0	43,597	0	1,357,350		13,495,020

	Note	2016-17									
		Capital	Capital Increase in Progress	Shares Premium Reserve	Legal reserve	Other Reserves	Assets Revaluation Surplus	Forex Difference of Overseas Operations	Retained Earnings	Treasury Shares	Total Shareholders' Equity
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Balance at 21.03.2016		8,500,000	0		3,241,164		43,597	0	3,811,467		15,596,227
Net Profit									1,101,927		1,101,927
Prior Years' Adjustments	53								(858,500)		(858,500)
Other Comprehensive Profit (Loss) after Tax											
Assets Revaluation Surplus	34						0				0
Difference of Foreign Currency Exchange								0			
Tax of Other Comprehensive Profit							0	0	0		0
Total Other Comprehensive Profits							0	0	0		0
Total Profit		8,500,000	0		3,241,164		43,597	0	4,054,895		15,839,655
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				258,355				(258,355)		0
Other Reserves	33								0		0
Shares Dividend		0							0		0
Dividend Approved	23								(1,700,000)		(1,700,000)
Total		0	0		258,355				(1,958,355)		(1,700,000)
Balance at 20.03.2017		8,500,000	0		3,499,519		43,597	0	2,096,540		14,139,655

Karafarin Bank (Public Joint Stock)
Cash Flow Statement
For the Year Ended March 20th, 2018

Description	Note	2017-18 Million IRR		(Restated) 2016-17 Million IRR
Operating Activities:				
Cash Received for:				
Interest & Late Payment Penalty for Granted Loans*		14,441,452		16,570,211
Commission		847,679		758,336
Interest on Deposits		1,233,633		600,924
Investments Profit		809,888		1,032,849
Net Other Income & Expenses		361,964		197,986
Cash Paid for:				
Interest on Deposits		(17,535,451)		(14,963,629)
Commission		(99,677)		(78,505)
Financing Costs		(37,614)		(84,170)
Other Operating Revenues		(3,638,395)		(2,868,156)
Corporation Tax		(239,735)		(750,695)
Cash Inflow (Outflow) from Operating Activities before Changes in Assets & Operating Liabilities			(3,856,255)	415,150
Cash Flow from Changes in Assets & Operating Liabilities:				
Net Debts Increase (Decrease):				
Dues to Banks & Other Credit Institutes		(8,915,965)		1,686,560
Customers' Deposits		392,662		(6,866,199)
Operating portion of Reserves & Other Liabilities		990,178		2,620,067
Investment Depositors' Rights		25,513,602		24,183,352
Net Assets Decrease (Increase):				
Dues from Other Banks & Credit Institutes		(6,883,689)		(683,278)
Principal Amount of Granted Loans & Dues from Non-governmental Entities		(8,110,009)		(12,771,822)
Investment in Shares & Other Securities		(780,288)		234,778
Dues from Subsidiaries & Associates		147,603		(275,114)
Other Accounts Receivable		(533,822)		498,360
Legal Deposit		(2,863,323)		(2,415,299)
Operating Portion of Other Assets		(1,827,549)		(2,752,316)
Net Cash Inflow (Outflow) from Changes in Assets & Operating Liabilities	54		(2,870,601)	3,459,089
Net Cash Inflow (Outflow) from Operating Activities			(6,726,855)	3,874,240
Investment Activities:				
Payment for Acquiring Tangible Fixed Assets		(387,980)		(396,445)
Proceeds from Selling Tangible Fixed Assets		97,119		9,836
Payment for Acquiring Intangible Assets		(8,077)		(146,292)
Proceeds for Selling Intangible Assets		155,240		0

Description	Note	2017-18		(Restated) 2016-17
		Million IRR		Million IRR
Net Cash Inflow (Outflow) from Investment Activities			(143,698)	(532,901)
Net Cash Inflow (Outflow) before Financing Activities			(6,870,554)	3,341,339
Financing Activities:				
Dividend Paid		(1,251,999)		(1,700,454)
Net Cash Inflow (Outflow) from Financing Activities			(1,251,999)	(1,700,454)
Net Cash Increase (Decrease)			(8,122,553)	1,640,885
Cash at the Beginning of the Year			15,437,175	13,596,093
Effect of Foreign Currency Rate Fluctuation			564,376	200,197
Cash at the End of the Year			7,878,998	15,437,175
Non-cash Transactions	55		537,300	1,234,586

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, 2018

1. Introducing the Bank

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:

	2017-18		2016-17	
	At the End of the Year	Monthly Average	At the End of the Year	Monthly Average
Branches - Tehran Province	58	58	58	58
Branches - Other Provinces	47	47	47	47
Branches - Free Zones	2	2	2	2
	107	107	107	107

1.4. Employees

The number of employees during the year is reported below:

	2017-18		2016-17	
	At the End of the Year	Monthly Average	At the End of the Year	Monthly Average
Head Office & Supervisions	575	575	575	567
Branches - Tehran Province	561	561	546	555
Branches - Other Provinces	496	487	503	507
Branches - Free Zones	14	14	15	15.25
	1,646	1,637	1,639	1,644
Employees of the Service Companies	279	273	266	265
	1,925	1,910	1,905	1,909

The number of employees of subsidiary companies during the reporting fiscal period was 130 (157 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.

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 20th, 2018

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.

7. Summary of Significant Accounting Policies
7.1. Investments

	Group Consolidation	Parent Company
Measurement:		
Long-term Investments:		
Investment in Subsidiaries	Subject to Consolidation	Cost Less Accumulated Impairment of each Investment
Investment in Associates	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 Subsidiaries	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 Associates	Equity Method	On Approval of Profits by the Investee's Shareholders' General Assembly (up to the Approval Date of the Accounts)
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 historical 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 are expensed as incurred and reported as part of the period's profit and loss account.

7.2.2. Depreciation on fixed assets is based on the Depreciation Charts of Section 151 of Direct Taxation Act. The rates and methods applied are as follows:

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

7.2.3. Fixed assets that are acquired and operationalized 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 due to, for example, closure of operations or for other reasons, depreciation for idle periods is accounted for at 30 percent of the rates outlined in the Depreciation Charts of Section 151 of Direct Taxation Act.

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 sale 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. 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, income recognition of the Bank is based on commitment method. In addition, according to circular No.94/258020 dated 30.11.2015, no commitment income has been identified for doubtful loans. Thus, the Bank's income are recognized in the following manner.

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 20th, 2018

Interest, Granted Loans & Commission	Recognition Method
Interest on Granted Loans	
Current	Commitment
Overdue	Commitment
Deferred	Commitment
Doubtful	Commitment
Late Payment Penalty	
Matured	Commitment
Overdue	Commitment
Deferred	Commitment
Doubtful	Cash
Commission	
L/Gs Issued	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 "Banks and 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: are loans for which principal and interest have been paid on the due date or loans that have been past due for less than 2 months.

B) Past Due Loans are loans for which repayment of principal and interest has been outstanding and/or loans have been non-performing for over 2 but less than 6 months.

C) Non-Performing Loans are loans for which repayment of principal and interest has been outstanding and/or loans which have been non-performing for over 6 but less than 18 months.

D) Doubtful Loans are loans that have been outstanding for the over 18 months.

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

7.7. Provisions for doubtful debts
Doubtful loans that are provided for in accordance with the requirements of the "Banks and 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 past due, 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
Monetary items during the year have been exchanged at official and agreed rate with the exchange company on balance sheet date according to forex policies notified by the CBI on 1397/01/21 (10.04.2018) and the subsequent comment on the Technical Committee of the Audit Organisation on 1397/02/10 (30.04.2018) stating that foreign currency fluctuations may be adjusted (as stated in the following table) on balance sheet date and nonmonetary items which have been registered at historical cost (based on currency type) to be exchanged at official rate on date of transaction.

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 20th, 2018

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	Foreign Currency	Exchange Rate	Foreign Currency	Exchange Rate	Foreign Currency	Exchange Rate	Foreign Currency	Exchange Rate
USD	42,000	AED	11,437	CNY	6,671	TRY	10,318	RUB	693
EUR	51,709	CHF	43,880	GBP	59,330	OMR	109,234		
INR	648	JPY	392	KRW	39	QAR	11,539		

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

		Group		Parent Company	
	Note	20.03.2018	20.03.2017	20.03.2018	20.03.2017
		Million IRR	Million IRR	Million IRR	Million IRR
Cash at Hand-IRR	9-1	338,020	387,404	337,809	387,212
Cash at Hand-Foreign Currency	9-2	649,355	825,541	640,667	818,864
Sight Deposit held with CBI (Unrestricted)	9-3	443,366	508,861	443,366	508,861
Deposits held with Other Banks & Credit Institutes (Unrestricted)	9-4	6,520,651	13,969,992	6,457,156	13,722,237
		7,951,392	15,691,798	7,878,998	15,437,175

9.1. IRR and foreign currency cash held with the Bank's branches have 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 USD5,151,774, EUR8,158,496, GBP39,592, AED4,860, JPY30,000 and CHF200. These amounts have been exchanged with the rates stated in note 7.10 of the financial statements.

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 20th, 2018

9.3. Sight deposits held with CBI (unrestricted) related to parent company are as follows:

	Parent Company	
	20.03.2018	20.03.2017
	Million IRR	Million IRR
Sight Deposit held with CBI-IRR (Unrestricted)	417,287	409,818
Sight Deposit held with CBI- Foreign Currency (Unrestricted)	26,079	99,043
	443,366	508,861

9.3.1. A special audit has been conducted by the Bank's independent auditor and legal inspector following correspondence with the CBI and coordination with associated authorities, in order to settle the fate of a withdrawal of IRR741 billion which took place by the CBI from the account of Karafarin Bank as forex difference during the 2011-12 and 2012-13 periods. This audit was based on the information required by the CBI in order to test the authenticity of the Bank's foreign currency operations. Its audit report was submitted following the financial period to the CBI, through a letter from the Bank's management, as means to clarify the measures of the CBI and to be refunded for the aforementioned amount. Penalties for excess withdrawal for 2016-17 period, according to letter of CBI numbered 97/36424 dated 30.04.2018 amounted to IRR1,108,992 million.

9.4. Deposits held with other banks and credit institutes (unrestricted)

		Group		Parent Company	
	Note	20.03.2018	20.03.2017	20.03.2018	20.03.2017
		Million IRR	Million IRR	Million IRR	Million IRR
Sight Deposits held with Other Domestic Banks & Credit Institutes – IRR (Unrestricted)		63,467	61,960	10,200	993
Sight Deposits held with Other Domestic Banks & Credit Institutes – Foreign Currency (Unrestricted)		387,807	377,137	387,807	377,137
Term Deposits held with Other Domestic Banks & Credit Institutes – IRR (Unrestricted)		81,561	250,670	77,757	66,730
Sight Deposits held with Foreign Banks – Foreign Currency (Unrestricted)	9-4-1	5,987,817	13,280,224	5,981,393	13,277,377
		6,520,651	13,969,992	6,457,156	13,722,237

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 20th, 2018

9.4.1. Sight deposits held with foreign banks (foreign currency and unrestricted) related to the parent company are as follows:

Bank	Foreign Currency Amount	Parent Company	
		20.03.2018	20.03.2017
EUROPAISCH-IRANISCHE HANDELSBANK AG-EIH Bank in Germany	EUR39,039,744	2,018,706	587,281
Bank of Kunlun in China	CNY205,782,285 & EUR1,291,390	1,439,550	1,388,975
Banque de Commerce et de Placement (BCP) in Geneva	EUR19,272,016 & CHF638,173	1,024,540	1,098,064
Woori Bank in Seoul	KRW7,958,879,701	313,858	746,392
Bank Melli Iran Branch in Hamburg	EUR3,892,784	201,292	34,064
Bank of GANSU Co. LTD in China	CNY8,443,948 & EUR143,299	63,739	1,181
Halk Bank in Turkey	TRY3,138,290 & EUR2,583,936	165,994	1,022,972
UCO Bank in India	INR239,971,154	155,501	208,141
BANCA POPOLARE DI SONDRIO in Italy	EUR2,128,540	110,065	78,334
Bank Melli Iran Branch in Dubai	AED8,152,139	93,236	2,098,132
MIR BUSINESS BANK in Russia	EUR1,174,543 & RUB57,495	60,774	0
INDUSTRIAL BANK in Seoul, South Korea	KRW1,443,219,898	56,913	66,849
OBERBANK AG in Austria	EUR655,285	33,884	23,268
Mizuho Bank in Japan	JPY76,416,208	29,963	5,023,433
Other Banks (including 27 Banks)		213,377	900,292
		5,981,393	13,277,377

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

10. Dues from Banks and Credit Institutes

Dues from banks and credit institutes which are fully related to the parent company are as follows:

	Note	Parent Company	
		20.03.2018	20.03.2017
		Million IRR	Million IRR
Dues from CBI	10-2	223,039	190,664
Dues from Other Banks & Credit Institutes	10-3	7,577,321	726,007
		7,800,360	916,670

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 20th, 2018

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

10.2. Dues from CBI

		Parent Company	
	Note	20.03.2018	20.03.2017
		Million IRR	Million IRR
Other Dues	10-2-1	223,039	190,664
		223,039	190,664

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 institutes

		Parent Company	
	Note	20.03.2018	20.03.2017
		Million IRR	Million IRR
Term Deposits held with Other Domestic Banks & Credit Institutes-IRR (Unrestricted)	10-3-2	7,150,000	250,000
Loans Granted to Other Banks & Credit Institutes	10-3-1	0	0
Cheques Payment issued by Other Banks		427,321	476,007
		7,577,321	726,007

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

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

Bank/Credit Institute	Foreign Currency	Contract Type	Interest Rate	Maturity Date	Security	Loans Balance		
						20.03.2018		20.03.2017
						Foreign Currency Amount	Million IRR	Million IRR
IRR Loans:								
Day	IRR	Overnight	18.5%	25.03.2018	-	-	300,000	0
Tourism	IRR	Overnight	18.5%	25.03.2018	-	-	800,000	0
Ghavvamin	IRR	Overnight	18.5%	25.03.2018	-	-	600,000	0
Iran Zamin	IRR	Overnight	18.5%	25.03.2018	-	-	600,000	0
Kosar	IRR	Overnight	18.5%	25.03.2018	-	-	800,000	0
Parsian	IRR	Overnight	18.5%	25.03.2018	-	-	750,000	0
Melal	IRR	Overnight	18.5%	25.03.2018	-	-	400,000	50,000
Post Bank	IRR	Overnight	18.5%	25.03.2018	-	-	1,000,000	0
Keshavarzi	IRR	Overnight	18.5%	25.03.2018	-	-	500,000	0
Refah	IRR	Overnight	18.5%	25.03.2018	-	-	500,000	0
Ansar	IRR	Overnight	18.5%	25.03.2018	-	-	700,000	100,000
Tejarat	IRR	Overnight	18.5%	25.03.2018	-	-	200,000	0
Sina	IRR	Overnight	18.5%	25.03.2017	-	-	-	100,000
							7,150,000	250,000

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							
	20.03.2018							20.03.2017
	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
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Provisional Facilities Omitted 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

12. Granted Loans and Dues from Governmental Authorities

	Group & Parent Company									
	20.03.2018									20.03.2017
	Principal Amount & Interest Balance of Future Years & Deferred Interest	Balance of Interest & Commission Receivable	Balance of Late Payment Penalty Receivable	Funds Received from Mozarebeh & Joint Account of Equity Participation	Future Years' Interest	Deferred Interest & Commission	Total	Provision for Doubtful Debts	Net	Net
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Installment Sales	0	0	0		0	0	0	0	0	0
Joaleh	0	0	0		0	0	0	0	0	0
Hore 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 IRR Granted Loans	0	0	0		0	0	0	0	0	0
Foreign Currency Granted Loans	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									
	20.03.2018									20.03.2017
	Principal Amount & Interest Balance of Future Years & Deferred Interest	Balance of Interest & Commission Receivable	Balance of Late Payment Penalty Receivable	Funds Received from Mozarebeh & Joint Account of Equity Participation	Future Years' Interest	Deferred Interest & Commission	Total	Provision for Doubtful Debts	Net	Net
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Installment Sales	5,809,741	156,305	1,034	0	(401,815)	(12,919)	5,552,346	(212,146)	5,340,200	259,415
Joaleh	154,033	95,517	0	0	(809)	0	248,741	(179,961)	68,780	10,697
Hire Purchase	323,127	6,002	1	0	(24,100)	0	305,030	(29,486)	275,543	453,334
Salaf	5,549	3,985	0	0	0	0	9,534	(6,195)	3,338	6,087
Mozarebeh	6,060,975	670,035	12,915	(317,818)	0	0	6,426,106	(784,159)	5,641,947	6,671,644
Equity Participation	90,237,674	7,653,206	636,268	(1,954,622)	0	0	96,572,526	(4,715,035)	91,857,491	83,808,707
Estesna	14,667	0	0	0	0	0	14,667	(220)	14,447	14,447
Gharz-al Hassaneh (Interest Free)	98,493	0	0	0	0	0	98,493	(1,500)	96,992	10,090
Other Granted IRR Loans	2,171,000	0	0	0	(813,143)	0	1,357,857	(20,362)	1,337,496	1,066,035
Foreign Currency Granted Loans	1,013,271	47,504	0	0	0	(17,817)	1,042,957	(252,476)	790,481	1,352,142
Debtors for Paid L/Cs	470,329	395	0	0	0	0	470,725	(84,720)	386,005	626,904
Debtors for Paid L/Gs	623,221	2,020	0	0	0	0	625,241	(75,396)	549,845	315,763
	106,982,080	8,634,967	650,217	(2,272,440)	(1,239,866)	(30,736)	112,724,222	(6,361,658)	106,362,564	94,595,263

Karafarin Bank (Public Joint Stock)
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	Parent Company									
	20.03.2018									20.03.2017
	Principal Amount & Interest Balance of Future Years & Deferred Interest	Balance of Interest & Commission Receivable	Balance of Late Payment Penalty Receivable	Funds Received from Mozarebeh & Joint Account of Equity Participation	Future Years' Interest	Deferred Interest & Commission	Total	Provision for Doubtful Debts	Net	Net
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Installment Sales	5,658,203	156,305	1,034		(376,911)	(12,919)	5,425,711	(212,146)	5,213,565	161,079
Joaleh	154,033	95,517	0		(809)	0	248,741	(179,961)	68,780	10,697
Hire Purchase	86,199	6,002	1		(24,100)	0	68,102	(10,110)	57,992	7,601
Salaf	5,549	3,985	0		0	0	9,534	(6,195)	3,338	6,087
Mozarebeh	6,060,975	670,035	12,915	(317,818)	0	0	6,426,106	(784,159)	5,641,947	6,671,644
Equity Participation	90,237,674	7,653,206	636,268	(1,954,622)	0	0	96,572,526	(4,715,035)	91,857,491	83,808,707
Estesna	14,667	0	0		0	0	14,667	(220)	14,447	14,447
Gharz-al Hassaneh (Interest Free)	98,493	0	0		0	0	98,493	(1,500)	96,992	10,090
Other Granted IRR Loans	2,170,581	0	0		(813,143)	0	1,357,438	(20,362)	1,337,077	1,065,626
Foreign Currency Granted Loans	1,013,271	47,504	0	0	0	(17,817)	1,042,957	(252,476)	790,481	1,352,142
Debtors for Paid L/Cs	470,329	395	0		0	0	470,725	(84,720)	386,005	626,904
Debtors for Paid L/Gs	623,221	2,020	0		0	0	625,241	(75,396)	549,845	315,763
	106,593,194	8,634,967	650,217	(2,272,440)	(1,214,962)	(30,736)	112,360,240	(6,342,281)	106,017,959	94,050,786

Karafarin Bank (Public Joint Stock)
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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				
	20.03.2018				
	Current	Overdue	Deferred	Doubtful	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Installment Sales	5,654,264	0	34,052	127,226	5,815,541
Joaleh	3,042	0	0	246,508	249,550
Hire Purchase	80,134	47	0	12,021	92,202
Salaf	0	0	0	9,534	9,534
Mozarebeh	4,811,290	163,016	431,229	1,338,389	6,743,925
Equity Participation	72,331,596	2,485,872	15,537,046	8,172,634	98,527,148
Estesna	14,667	0	0	0	14,667
Gharz-al Hassaneh (Interest Free)	98,315	69	95	13	98,493
Other Granted IRR Loans	2,170,581	0	0	0	2,170,581
Foreign Currency Loans	136,413	0	269,694	654,667	1,060,774
Debtors or Paid L/Cs	25,290	0	0	445,434	470,725
Debtors for Paid L/Gs	200,655	0	0	424,586	625,241
	85,526,246	2,649,004	16,272,116	11,431,012	115,878,379
Less:					
Future years' Interest	(1,214,962)	0	0	0	(1,214,962)
Deferred Interest & Commission	0	0	(30,736)	0	(30,736)
Proceeds for *Mozarebeh*	(317,818)	0	0	0	(317,818)
Joint Account of Equity Participation	(1,954,622)	0	0	0	(1,954,622)
Granted Net Loans before Deduction of Provision for Doubtful Debts	82,038,844	2,649,004	16,241,380	11,431,012	112,360,240
General Provision for Doubtful Debts	(1,216,747)	(30,926)	(118,109)	(33,361)	(1,399,143)
Specific Provision for Doubtful Debts	0	(14,224)	(720,892)	(4,208,023)	(4,943,138)
Balance at 20.03.2018	80,822,097	2,603,855	15,402,380	7,189,628	106,017,959
Balance at 20.03.2017	83,671,416	2,025,362	2,772,366	5,581,641	94,050,786

* It is noteworthy that a part of loans have been collected by Legal Affairs and Credit Unit after balance sheet date and up to preparing this note. The remainder (insignificant amounts) has been settled through an agreement with customers and via receiving real estates and shares of listed companies which have been transferred to the Bank.

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

	Parent Company					
	2017-18			2016-17		
	General Provision	Specific Provision	Total	General Provision	Specific Provision	Total
Balance at the Beginning of the Year	(1,352,097)	(3,561,131)	(4,913,227)	(1,168,879)	(2,327,282)	(3,496,161)
Provision for Current Year	(47,046)	(1,382,007)	(1,429,054)	(183,218)	(1,233,849)	(1,417,067)
Balance at the End of the Year	(1,399,143)	(4,943,138)	(6,342,281)	(1,352,097)	(3,561,131)	(4,913,227)

13.3. Foreign currency granted loans based on financiers

	Parent Company					
	20.03.2018					20.03.2017
	Current	Overdue	Deferred	Doubtful	Total	Total
Domestic Financiers	136,413	0	0	463,579	599,992	371,743
National Development Fund	0	0	0	191,088	191,088	151,962
CBI	0	0	269,694	0	269,694	1,025,124
	136,413	0	269,694	654,667	1,060,774	1,548,828

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

	Parent Company							
	20.03.2018							20.03.2017
	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
2017-18 & Before	8,677,905	1,184,618	22,793,951	6	132,994	1,096,617	33,886,091	17,904,084
2018-19	27,772	798	73,592,425	825,287	0	68,927	74,515,209	78,944,252
2019-20	0	0	1,934,274	0	0	1,531	1,935,806	130,085
2020-21	0	497	245,462	0	0	12,446	258,405	1,969,983
2021-22 & After	0	41,074	83,177	198,240	0	1,442,238	1,764,729	15,609
	8,705,677	1,226,987	98,649,289	1,023,533	132,994	2,621,759	112,360,240	98,964,013
20.03.2017	9,301,778	2,435,303	87,097,003	5,013	112,550	12,367	98,964,013	

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

	Parent Company	
	20.03.2018	**20.03.2017**
	Million IRR	**Million IRR**
Deposits	3,088,779	2,304,032
Participation bonds & Other Debt Securities	274,673	62,096
Shares Listed in Stock & Securities Organisation	27,219,798	23,005,588
Binding Contracts	68,146,937	66,995,531
Machinery	1,150	2,222
Land & building	3,170,439	2,655,911
Cheque & Promissory Note	7,826,080	3,550,316
Others	2,391,583	367,960
	112,119,440	98,943,658
Unsecured Loans & Claims	240,800	20,356
	112,360,240	98,964,013

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

	Parent Company												
	Installment Sales	Joaleh	Hire Purchase	Salaf	Mozarebeh	Equity Participation	Estesna	Gharz-al Hassaneh	Other Granted IRR Loans	Foreign Currency Loans	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
Principal Amount of Granted Loans:													
Balance at 20.03.2017	242,184	62,877	9,587	5,549	6,633,716	82,495,268	14,667	10,252	1,139,523	1,511,566	684,325	377,884	93,187,398
Increase during the Year	7,027,402	97,342	82,518	0	21,521,225	253,230,456	0	100,853	360,660	5,734,167	198,552	2,925,416	291,278,590
Collected during the Year	(2,001,213)	(6,995)	(30,006)	0	(22,093,966)	(245,488,050)	0	(12,612)	(142,745)	(6,250,279)	(412,547)	(2,680,079)	(279,118,492)
Balance at 20.03.2018	5,268,373	153,224	62,099	5,549	6,060,975	90,237,674	14,667	98,493	1,357,438	995,453	470,329	623,221	105,347,496
Minor Amount Granted Loans:													
Balance at 20.03.2017	53,149	96,451	6,473	3,985	703,919	4,890,838	0	0	0	20,788	600	413	5,776,616
Increased during the Year	850,827	1,955	13,584	0	899,045	14,305,301	0	0	0	30,869	133	1,608	16,103,322
Collected during the Year	(746,638)	(2,890)	(14,054)	0	(920,015)	(10,906,666)	0	0	0	(4,153)	(337)	0	(12,594,753)
Balance at 20.03.2018	157,338	95,517	6,003	3,985	682,949	8,289,474	0	0	0	47,504	395	2,020	9,285,185
Provision for Doubtful Debts													
Balance at 20.03.2017	(133,527)	(148,632)	(8,459)	(3,447)	(609,769)	(3,617,858)	(220)	(177)	(73,897)	(196,686)	(58,021)	(62,534)	(4,913,227)
Increase during the Year	(78,619)	(31,329)	(1,651)	(2,748)	(174,390)	(1,097,177)	0	(1,323)	53,535	(55,790)	(26,699)	(12,862)	(1,429,054)
Bad Debt during the Year	0	0	0	0	0	0	0	0	0	0	0	0	0
Balance at 20.03.2018	(212,146)	(179,961)	(10,110)	(6,195)	(784,159)	(4,715,035)	(220)	(1,500)	(20,362)	(252,476)	(84,720)	(75,396)	(6,342,281)
Proceeds from *Mozarebeh*					(317,818)								(317,818)
Joint Account of Equity Participation						(1,954,622)							(1,954,622)
Net Granted Loans													
Balance at 20.03.2017	161,806	10,696	7,601	6,087	6,727,866	83,768,248	14,447	10,075	1,065,626	1,335,668	626,904	315,763	94,050,786
Balance at 20.03.2018	5,213,565	68,780	57,992	3,338	5,641,947	91,857,491	14,447	96,992	1,337,077	790,481	386,005	549,845	106,017,959

* 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	Estesna	Gharz-al Hassaneh	Other IRR Granted Loans	Foreign Currency Loans	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
Interest Receivable of Granted Loans													
Balance at 20.03.2017	41,294	25,944	6,196	382	237,188	2,550,321	0	0	0	3,819	0	0	2,865,146
Increased during the Year	853,172	(6,996)	10,004	0	833,733	11,486,638	0	0	0	4,540	0	0	13,181,091
Collected during the Year	(741,617)	(697)	(11,490)	0	(882,221)	(10,724,861)	0	0	0	(3,590)	0	0	(12,364,476)
Balance at 20.03.2018	152,850	18,251	4,710	382	188,700	3,312,098	0	0	0	4,769	0	0	3,681,761
Late Payment Penalty Receivable of Granted Loans													
Balance at 20.03.2017	11,855	70,507	276	3,602	466,731	2,340,517	0	0	0	16,969	600	413	2,911,470
Increased during the Year	13,506	14,164	7,525	0	750,521	5,320,029	0	0	0	26,186	1,142	7,587	6,140,661
Collected during the Year	(20,873)	(7,406)	(6,509)	0	(723,002)	(2,683,171)	0	0	0	(420)	(1,347)	(5,979)	(3,448,707)
Balance at 20.03.2018	4,489	77,265	1,292	3,602	494,250	4,977,375	0	0	0	42,735	395	2,020	5,603,424
Minor Amount of Granted Loans													
Balance at 20.03.2017	53,149	96,451	6,473	3,985	703,919	4,890,838	0	0	0	20,788	600	413	5,776,616
Balance at 20.03.2018	157,338	95,517	6,003	3,985	682,949	8,289,474	0	0	0	47,504	395	2,020	9,285,186

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

	Parent Company					
	20.03.2018			20.03.2017		
	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	15,566,239	(913,133)	14,653,105	15,072,242	(823,141)	14,249,101
Legal Customers	95,436,563	(5,408,786)	90,027,777	82,165,803	(4,064,197)	78,101,606
Employees	1,357,438	(20,362)	1,337,077	1,725,968	(25,890)	1,700,079
	112,360,240	(6,342,281)	106,017,959	98,964,013	(4,913,227)	94,050,786

13.8. Loans granted to subsidiaries are as follows:

	20.03.218					20.03.2017
	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	0	0	0	0	0	0
Other Related Parties	0	0	0	0	0	0
		0	0	0	0	0

14. Investment in Shares and Other Securities

		Group					
		20.03.2018			20.03.2017		
	Note	Current	Non-Performing	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	412,372	0	412,372	751,980	0	751,980
Investment in Other Shares	14-2	0	1,181,156	1,181,156	0	1,293,013	1,293,013
Investment in Other Securities	14-3	3,340,812	0	3,340,812	1,517,578	0	1,517,578
		3,753,185	1,181,156	4,934,341	2,269,557	1,293,013	3,562,571

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		Parent Company					
		20.03.2018			20.03.2017		
	Note	Current	Non-Performing	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	401,925	0	401,925	740,934	0	740,934
Investment in Other Shares	14-2	0	1,749,147	1,749,147	0	1,749,147	1,749,147
Investment in Other Securities	14-3	2,138,644	0	2,138,644	1,019,347	0	1,019,347
		2,540,569	1,749,147	4,289,716	1,760,281	1,749,147	3,509,428

14.1. Investment in rapidly marketable shares is as follows:

14.1.1. Current investment in rapidly marketable shares

	Group				Parent Company				
	20.03.2018	20.03.2017			20.03.2018			20.03.2017	
	Cost	Cost	Source	No. of Shares	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 in Stocks & Securities Organisation									
Persian Gulf Petrochemical	263,698	335,956	Purchase	63,589,469	0.1272	263,698	340,331	335,956	343,133
Bank Tejarat	84,203	92,378	Purchase	74,657,000	0.1634	84,203	44,570	92,378	54,965
Mobin Petrochemical	29,215	102,779	Purchase	9,000,000	0.0631	29,215	41,256	102,779	133,236
Shiraz Petrochemical	4,845	64,436	Purchase	1,100,000	0.0216	4,845	2,797	64,436	33,234
Bank Pasargad	19,964	19,964	Purchase	8,904,000	0.0177	19,964	8,895	19,964	8,895
Pardis Petrochemical	0	9,990	Purchase			0	0	9,990	8,461
Fars & Khouzestan Cement	0	8,718	Purchase			0	0	8,718	4,011
Isfahan Oil Refinery	0	11,598	Purchase			0	0	11,598	5,126
Behshahr Industries Development	0	6,640	Purchase			0	0	6,640	5,299
Tamin Petrochemical Oil & Gas	0	4,869	Purchase			0	0	4,869	2,817
Ghadir Investment	0	4,277	Purchase			0	0	4,277	3,109
Fajr Investment	0	4,701	Purchase			0	0	4,701	5,507
Bandar Abbas Oil Refinery	0	2,896	Purchase			0	0	2,896	1,000
Tose'e Melli Group Investment	0	5,231	Purchase			0	0	5,231	4,817
Esfahan Mobarakeh Steel	0	8,334	Purchase			0	0	8,334	5,495
Others	20,828	179,351	Purchase			0	0	156,745	108,253
Total	422,753	862,119				401,925	437,849	839,513	727,357
Shares of Companies Listed in Fara Bourse (Over-the-Counter Market):									
Bahman Diesel	0	5,606	Purchase			0	0	5,606	5,339
Esfahan Steel	0	11,352	Purchase			0	0	11,352	8,238
	0	16,959				0	0	16,959	13,577
	422,753	879,077				401,925	437,849	856,471	740,934
Investment Impairment Provision	(10,381)	(127,098)				0	0	(115,537)	0
	412,372	751,980				401,925	437,849	740,934	740,934

14.1.2. Long-term investment in rapidly marketable shares
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
Bank has no current investment in other shares.

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14.2.2. Long-term investment in other shares

	Note	Group				Parent Company						
		20.03.2018		20.03.2017		20.03.2018					20.03.2017	
		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
Stocks & Securities Organisation		1,500	1,500	1,500	1,500	Purchase	12,499,998	1	1,500	1,500	1,500	1,500
Karafarin Insurance Co.		473,338	473,338	474,065	474,065	Establishment	349,955,866	20	162,165	162,165	162,165	162,165
Iran Investment Co.		8,750	8,750	8,750	8,750	Purchase	8,750,000	0.18	8,750	8,750	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	7,000,000	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.	14-2-2-1	0	0	0	0	Establishment	981,690,000	67.15	981,690	981,690	490,845	490,845
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.	14-2-2-1	0	0	0	0	Establishment	399,999,984	100	400,000	400,000	100,000	100,000
Kardan Co.	14-2-2-2	0	0	0	0	Establishment	0	0	0	0	0	0
Mofid Economic Group		192,642	192,642	192,312	192,312		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	14-2-2-3	412,010	412,010	523,470	523,470		0	0	0	0	0	0
Investment in Participations	14-2-2-4	87,051	87,051	87,051	87,051		0	0	0	0	0	0
		1,181,156	1,181,156	1,293,013	1,293,013				1,749,147	1,749,147	958,302	958,302
Prepayment of Long-term Investment:												
Karafarin Bank Investment	14-2-2-1	0	0	0	0				0	0	490,845	490,845
Karafarin Leasing	14-2-2-1	0	0	0	0				0	0	300,000	300,000
		1,181,156	1,181,156	1,293,013	1,293,013				1,749,147	1,749,147	1,749,147	1,749,147

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14.2.2.1. Increasing cost of investments in these companies is due to increasing capital of the mentioned subsidiaries. These capital increases were registered at the Companies Registration Department during the current year whilst transfer from capital prepayments occurred in the previous year.

14.2.2.2. During 2017-18, based on the decision of the Board of Directors cost of investment and claims from the mentioned company amounting to AED23,222 million in the UAE have been transferred to prior years' adjustment account (note 53.1 of the financial statements).

14.2.2.3. The mentioned amount of IRR255,251 million is from a building construction project in process relating to Velenjak Projects of Karafarin Investment Company. The surplus amount of IRR29,694 million in Velenjak Project is related to the project's construction permit amounting to IRR13,533 million and the fees of supervisors of the Engineering Organisation amounting to IRR1,528 million and the amount of IRR9,500 million to the Social Security Organisation and the amount of IRR2,500 million for research, design and architecture of the structure and installations and the amount of IRR156,758 million of the building construction projects, is related to properties of Karafarin Investment Company which are ready for sale. 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. In order to sell the mentioned properties, although measures such as advertising in banners and requesting estate agents to put the properties up for sale have been carried out, these properties have not been sold as yet. This is due to poor property market conditions. In addition, one unit in Babol Town was sold by the date of preparation of the financial statements.

14.2.2.4. 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 and exports with Amin Group Company.

14.2.2.5. Details of the Group's subsidiaries and associates are as follows:

	Location	Investment Percent		Main Activities
		Group	Parent Company	
Associates:				
Karafarin Insurance Co.	Tehran	20.02	20	Issuing Various Insurance Policies
Subsidiaries:				
Karafarin Bank Investment Co.	Tehran	67.15	67.147	Investment in Shares of Companies & Institutes
Karafarin Leasing Co.	Tehran	100	100	Cash & Installment Sales, Hire Purchase
Karafarin Bank Brokerage Co.	Tehran	100	100	Trading Shares
Karafarin Foreign Exchange Co.	Tehran	100	99.98	Foreign Currency, Payment Order, Coins, Gold & Silver Sales & Purchase
Abnieh Gostar Karafarin Co.	Tehran	83.24	49	Implementing Construction Projects including Renovation & Repair
Omid Karafarin Commercial Development Co.	Tehran	50.36	0	Carrying Out All Permissible Commercial Activities
Amin Etemad Karafarin Co.	Tehran	67.15	0	Collecting Bank and Group Companies Claims
Asr Amin Karafarin Co.	Tehran	100	0	Offering Insurance Services
Kourosh Petrochemical Industries Development Co.	Tehran	62.29	0	Supplying & Distributing Chemicals & Petroleum By-Products
Methanol Setareh Shargh Co.	Chabahr	67.13	0	Investing & Engaging in Partnership of Launching Industrial Projects

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14.3. Investment in other securities is as follows:

Issuer	Source	Bond	Interest Rate	Group		Parent Company	
				20.03.2018	20.03.2017	20.03.2018	20.03.2017
			%	Million IRR	Million IRR	Million IRR	Million IRR
Government & Governmental Companies							
Islamic Treasury Notes	Purchase	Islamic Treasury	-	52,342	246,032	52,342	197,164
Islamic *Morabeheh* Bonds	Purchase	Morabeheh	20	600,000	624,000	600,000	624,000
Sukuk Bonds Rented by Social Security Organisation (*Shasta* 991)	Purchase	Rent Sukuk	20	800,000	0	800,000	0
Governmental Participation Bonds 6 (*Eshad* 6)	Purchase	Participation Bonds	21	24,518	0	24,518	0
Other Companies & Investment Funds:							
Karafarin Brokerage Investment Fund	Purchase	Extraordinary Investment Unit	20	28,500	169,286	28,500	28,500
Arman Karafarin Investment Fund	Purchase	Extraordinary Investment Unit	20	18,500	320,085	18,500	18,500
Amin Mellat Investment Fund	Purchase	Ordinary Investment Unit	20	750,318	0	400,126	0
Charisma Fixed Income Investment Fund	Purchase	Ordinary Investment Unit	20	824,821	0	189,660	0
Karafarin Index Common Investment Fund	Purchase	Extraordinary Investment Unit	20	223,461	9,000	9,000	9,000
Karafarin Index Common Investment Fund	Purchase	Ordinary Investment Unit	20	18,353	18,322	15,999	15,999
Amin Karafarin Common Investment Fund	Purchase	Ordinary Investment Unit	20	0	5,892	0	1,224
Gole Gohar Participation Bonds	Purchase	Participation	20	0	48,337	0	48,337
Sukuk Bonds of Bana Gostar Karaneh	Purchase	*Sukuk*	21	0	76,623	0	76,623
				3,340,812	1,517,578	2,138,644	1,019,347

15. Dues from Subsidiaries and Associates

	Group				Parent Company			
	20.03.2018			20.03.2017	20.03.2018			20.03.2017
	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 Subsidiaries	0	0	0	0	774,671	0	774,671	939,331
Dues from Associates	3,059	0	3,059	0	17,057	0	17,057	0
	3,059	0	3,059	0	791,728	0	791,728	939,331

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

Subsidiaries /Associates	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	0	27,263	0	44,381	0	71,643
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 Bureau de Exchange	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	(26,015)	66,110	0	751,633	0	791,728
Net Profit (Loss) of Transactions	0								

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Subsidiaries /Associates	20.03.2017								
	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	0	0	0	0	0
Karafarin Bank Investment Co.	0	0	0	0	27,197	0	44,381	0	71,577
Karafarin Leasing Co.	0	0	0	0	0	0	20,830	0	20,830
Karafarin Bank Brokerage Co.	0	0	0	(8)	48,554	0	60,000	0	108,546
Karafarin Bureau de Exchange	0	0	0	0	287,183	0	399,920	0	687,103
Abnieh Gostar Karafarin Construction Co.	0	0	0	(9,284)	54,210	0	4,829	0	49,756
Omid Karafarin Trading Development Co.	0	0	0	0	0	0	0	0	0
Amin Etemad Karafarin Co.	0	0	0	(1,429)	642	0	0	0	(787)
Asr Amin Karafarin Co.	0	0	0	(100)	129	0	2,277	0	2,306
Kardan Co. (note 14.2.2.2.)	0	0	0	0	0	0	0	0	0
	0	0	0	(10,821)	417,915	0	532,237	0	939,331
Net Profit (Loss) of Transactions	0								

15.1.1. During the reporting period, the Bank had no profit and loss resulting from transactions with subsidiaries and associates.

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

	20.12.2018				
	Current	Overdue	Differed	Doubtful	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Dues from Subsidiaries	774,671	0	0	0	774,671
Dues from Associates	17,057	0	0	0	17,057
Net Dues from Subsidiaries & Associates before Deduction of Provision for Doubtful Debts	791,728	0	0	0	791,728
General Provision for Doubtful Debts	0	0	0	0	0
Special Provision for Doubtful Debts		0	0	0	0
Balance at 20.03.2018	791,728	0	0	0	791,728
Balance at 20.03.2017	939,331	0	0	0	939,331

16. Other Accounts Receivable

	Note	Group		Parent Company			
		20.03.2018	20.03.2017	20.03.2018			20.03.2017
		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	70,419	99,395	69,991	0	69,991	91,771
Realised Profit of Investment Funds		247,208	90,507	219,706	0	219,706	90,507
Temporary Debtors	16-2	1,203,534	831,659	1,030,728	0	1,030,728	604,325
		1,521,161	1,021,561	1,320,425	0	1,320,425	786,603

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

	Group		Group	
	20.03.2018	20.03.2017	20.03.2018	20.03.2017
	Million IRR	Million IRR	Million IRR	Million IRR
Companies Listed in TSE & OTC Market				
Persian Gulf Petrochemical Industries	30,471	24,628	30,471	24,628
Mobin Petrochemical Co.	24,666	0	24,666	0
Shiraz Petrochemical	5,558	11,205	5,558	11,205
Mapna Group	2,500	2,500	2,500	2,500
Civil Pension Fund Investment	1,822	2,566	1,822	2,566
Khouzestan Steel	1,819	3,411	1,819	3,411
Pardakht Card Electronic Network	1,122	0	1,122	0
Bahman Diesel	861	0	861	0
Esfahan Mobarakeh Steel	390	0	390	0
Tamin Petroleum & Petrochemical Investment	190	0	190	0
Fars & Khouzestan Cement	184	0	184	0
Ta'amin Petrochemical	150	627	150	627
Telecommunication Company of Iran	131	0	131	0
Kermanshah Petrochemical Industries	80	0	80	0
Behshahr Industries Group Investment	37	0	37	0
Total	69,980	44,937	69,980	44,937
Sahand Rubber Industries	10	10	10	10
Sina Tile	2	2	2	2
Kharazmi Investment	0	12,855	0	12,855
Jam Petrochemical	0	9,589	0	9,589
Parsian Oil & Gas Development	0	9,253	0	9,253
Iran Investment- Non-TSE	0	7,000	0	7,000
Pardis Petrochemical	0	1,471	0	1,471
Bank Pasargad	0	1,425	0	1,425
Tose'e Melli Group Investment	0	1,335	0	1,335
Maroun Petrochemical	0	1,097	0	1,097
Others	428	10,422	0	2,798
	70,419	99,395	69,991	91,771

16.2. Balance of temporary debtors is as follows:

	Group		Parent Company	
	20.03.2018	20.03.2017	20.03.2018	20.03.2017
	Million IRR	Million IRR	Million IRR	Million IRR
Items related to loans				
Litigation & Collection Expenses	233,067	58,148	233,067	58,148
Biosun Pharmed Co.	108,485	0	108,485	0
	341,552	58,148	341,552	58,148
Items Unrelated to Loans				
Foreign Currency Temporarry Debtors	224,131	253,366	224,131	253,366
Rey Daneh Co.	160,741	160,741	160,741	160,741
Alborz Bulk Pharmaceutical Manufacturer Co.	157,074	1,827	157,074	1,827
Exir Pharmaceutical Co.	21,529	0	21,529	0
Ayandeh Bank Employees' Future Prosperity - Nazi Abad Real Estate Buyer (note 18.1.)	19,775	0	19,775	0
Interest Receivable o Deposits held at Other Banks	7,403	0	7,403	0
Others	271,329	357,578	98,523	130,244
	861,982	773,511	689,176	546,177
	1,203,534	831,659	1,030,728	604,325

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

	20.03.2018				
	Current	Overdue	Deferred	Doubtful	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Temporary Debtors	1,030,728	0	0	0	1,030,728
Dividend Receivable	69,991	0	0	0	69,991
Realised Interest of Equity Participations	219,706	0	0	0	219,706
Other Net Accounts Receivable before Deduction of Provisions for Doubtful Debts	1,320,425	0	0	0	1,320,425
General Provision for Doubtful Debts	0	0	0	0	0
Specific Provision for Doubtful Debts		0	0	0	0
Balance at 20.03.2018	1,320,425	0	0	0	1,320,425
Balance at 20.03.2017	786,603	0	0	0	786,603

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17. Tangible Fixed Assets

	Group						
	Land	Building	Motor Vehicle	Fixtures, Installations & Equipment	Assets under Construction	Capital Prepayments	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Cost:							
Balance at 20.03.2016	2,641,589	899,196	8,422	567,622	1,440,621	746,704	6,304,154
Increased during the Year	97,617	12,972	2,974	77,314	331,548	119,771	642,196
Sold	0	(3,831)	(830)	(3,042)	0	(63,082)	(70,785)
Transfers & Other Changes	183,128	150,807	7,085	0	(167,882)	(358,262)	(185,124)
Balance at 20.03.2017	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
Assets Sales & Disposal	(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
Accumulated Depreciations:							
Balance at 20.03.2016	0	159,014	5,450	260,264			424,728
Depreciation for Year	0	23,725	1,516	145,179			170,420
Sold	0	(1,710)	(358)	(2,689)			(4,756)
Balance at 20.03.2017	0	181,029	6,608	402,754	0	0	590,391
Depreciation for the Year	0	76,348	2,416	73,486			152,251
Assets Sales & Disposal	0	(6,887)	(416)	(26,700)			(34,002)
Transfers & Other Changes	0	0	0	0			0
Balance at 20.03.2018	0	250,490	8,609	449,541	0	0	708,640
Carrying Amounts:							
At 20.03.2016	2,641,589	740,182	2,972	307,358	1,440,621	746,704	5,879,426
At 20.03.2017	2,922,333	878,115	11,044	239,139	1,604,287	445,130	6,100,049
At 20.03.2018	2,886,552	1,630,528	11,637	233,920	1,043,516	452,199	6,258,352

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	Parent Company						
	Land	Building	Motor Vehicle	Fixtures, Installations & Equipment	Assets under Construction	Capital Prepayments	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Cost:							
Balance at 20.03.2016	2,896,064	876,150	6,553	549,767	1,426,856	804,438	6,559,828
Increased during the Year	27,574	12,972	2,892	76,527	323,911	117,714	561,590
Sold	0	(3,831)	0	(2,940)	0	0	(6,771)
Transfers & Other Changes	183,128	150,807	7,085	0	(147,903)	(358,262)	(165,145)
Balance at 20.03.2017	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
Assets Sales & Disposal	(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
Accumulated Depreciations:							
Balance at 20.03.2016	0	246,747	4,479	250,936			502,162
Depreciation for Year	0	37,134	1,300	141,352			179,786
Sold	0	(1,710)	0	(2,649)			(4,358)
Balance at 20.03.2017	0	282,171	5,779	389,639	0	0	677,589
Depreciation for the Year	0	91,141	2,075	71,147			164,364
Assets Sales & Disposal	0	(6,887)	(416)	(26,700)			(34,002)
Transfers & Other Changes	0	0	0	0			0
Balance at 20.03.2018	0	366,426	7,439	434,086	0	0	807,951
Carrying Amounts:							
At 20.03.2016	2,896,064	629,403	2,074	298,831	1,426,856	804,438	6,057,666
At 20.03.2017	3,106,766	753,927	10,751	233,714	1,602,864	563,890	6,271,913
At 20.03.2018	3,070,984	1,498,029	8,911	230,334	1,065,521	573,015	6,446,794

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

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

Items	20.03.2018		20.03.2017	
	Cost	Revaluation	Cost	Revaluation
	Million IRR	Million IRR	Million IRR	Million IRR
Land	699,991	1,186,385	699,991	1,186,385
	699,991	1,186,385	699,991	1,186,385

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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 IRR1,210,469 million. It is noteworthy that motor vehicles have casualty and collision insurance.

17.4. Land and building decreased is due to selling Nazi Abad real estate during the year stated in note 18.1.

17.5. Building transfer is related to the real estates transferred from assets under construction heading. Additions of assets under construction are mainly for branch renovations. In addition, additions of capital prepayments are for Saeidi, Andarzgoo, Fereshte (Koohyar) and Kerman, Karaj Road (Gam Shoe), etc. branches.

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

		20.03.2018	
	Million IRR	Million IRR	Million IRR
Immovable Assets	4,935,439		
Less:			
Tangible Fixed Assets Revaluation Surplus	(486,395)		
Accumulated Depreciation of Immovable Assets	(366,426)		
Balance of Net Immovable Assets		4,082,619	
Bank's Immovable Assets under Purchase & Utilisation		1,065,521	
Capital Prepayments for Real Estates		573,015	
Over 2-Year Collaterals Possessed		1,503,267	
Movable Assets	680,769		
Less:			
Provision for Movable Assets Depreciation	(441,525)		
Balance of Net Movable Assets		239,244	
Intangible Assets	4,211,882		
Intangible Fixed Assets Revaluation Surplus	(1,557,202)		
Accumulated Amortisation of Intangible Assets	(62,277)		
Net Intangible Fixed Assets		2,592,403	
Capital Items in Warehouse (Capital Inventory)		13,830	
Deposits Paid for Renting Tangible Fixed Assets		139,328	
Net Fixed Assets			10,209,227
Shareholders' Equity after Deduction of Retained Earnings & Uncertain Profit			10,094,074
Net Fixed Assets Ratio to Shareholders' Equity after Deduction of Retained Earnings & Uncertain Profit			101%

17.6. Due to implementation shortcomings of the previous circulars and inability to correspond the banks with the provisions of the previous circular (a 30% ratio) the 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	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 20.03.2016	4,091,909	64,279	58,492	23,475	4,238,155	4,076,369	60,643	23,098	4,160,110
Increased during the Year	0	91	0	859	950	0	0	668	668
Transfers & Other Changes	142,506	3,118	0	0	145,624	142,506	3,118	0	145,624
Balance at 20.03.2017	4,234,415	67,488	58,492	24,334	4,384,730	4,218,876	63,761	23,766	4,306,403
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
Assets Sales & Disposal	(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
Accumulated Depreciation:									
Balance at 20.03.2016	0	51,586			51,586	0	49,317		49,317
Depreciation for the Year	0	7,008			7,008	0	6,229		6,229
Balance at 20.03.2017	0	58,594	0	0	58,594	0	55,545	0	55,545
Balance at 21.03.2017	0	58,594	0	0	58,594	0	55,545	0	55,545
Depreciation for the Year	0	8,327			8,327	0	7,942		7,942
Assets Sales & Disposal	0	(1,210)			(1,210)	0	(1,210)		(1,210)
Balance at 20.03.2018	0	65,710	0	0	65,710	0	62,277	0	62,277
Carrying Amount:									
At 20.03.2016	4,091,909	12,693	58,492	23,475	4,186,569	4,076,369	11,327	23,098	4,110,794
At 20.03.2017	4,234,415	8,894	58,492	24,334	4,326,136	4,218,876	8,216	23,766	4,250,857
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

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18.1. Declining goodwill relating to the sale of Nazi Abad branch (including land and building) to Ayandeh Bank Tamin Atieh Karkonan Company based on an agreement and the report of the official experts of the judiciary amounting to IRR197,750 million of which, 90% of the agreed selling amount has been settled and the remainder shall be settled upon transfer of the title deed on 1397/06/04 (26.08.2018).

18.2. Revaluated goodwill carrying amount based on cost is as follows:

	20.03.2018		20.03.2017	
	Cost	Revaluation	Cost	Revaluation
	Million IRR	Million IRR	Million IRR	Million IRR
Goodwill	1,263,420	2,820,623	1,263,420	2,820,623
	1,263,420	2,820,623	1,263,420	2,820,623

19. Legal Deposit

Legal deposit which is fully related to the parent company is as follows:

	Parent Company	
	20.03.2018	20.03.2017
	Million IRR	Million IRR
Legal Deposit- Deposits held at Mainland Branches (IRR)	15,098,251	12,249,643
Legal Deposit- Deposits held at Free Zones Branches (IRR)	207,408	192,693
	15,305,659	12,442,336

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

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20. Other Assets

	Note	Group		Parent Company	
		20.03.2018	20.03.2017	20.03.2018	20.03.2017
		Million IRR	Million IRR	Million IRR	Million IRR
Net Customers' Due for Term L/Cs	20-1	3,298,946	1,879,075	3,298,946	1,879,075
Inactive Real Estates	20-2	0	0	0	0
Collaterals Possessed	20-3	3,213,437	2,835,999	3,213,437	2,829,129
Deposit for Rented Buildings		139,753	152,613	139,328	138,957
Inventory of Fixtures Movable Assets		13,830	22,962	13,830	22,962
Prepayments		202,439	94,017	60,145	33,651
Consumables Inventory		10,133	4,827	10,133	4,827
Press Inventory		2,398	3,651	2,398	3,651
Token Balance		1,165	1,190	1,165	1,190
Items in Transition	20-4	0	0	0	0
Gold Coins		3,251	3,289	3,251	3,289
Stamp Duty		2,588	1,804	2,588	1,804
Cheque Printing Right		1,683	817	1,683	817
Others		31,142	93,758	0	0
		6,920,765	5,094,003	6,746,903	4,919,354

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	20.03.2017
	Million IRR	Million IRR
Customers Debt for Term L/Cs (IRR)	65,656	173,379
Customers Debt for Term L/Cs (Foreign Currency)	4,224,663	2,507,395
	4,290,319	2,680,774
Less:		
Advances Received for Term L/Cs (IRR)	(12,613)	(34,407)
Advances Received for Term L/Cs (Foreign Currency)	(928,522)	(738,676)
General Provision for Doubtful Debts	(50,238)	(28,615)
	3,298,946	1,879,075

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

	Note	Parent Company	
		2017-18	2016-17
		Million IRR	Million IRR
Balance at Beginning of the Year		28,615	780
Bad Debt		0	0
Provision for Current Year	50	21,622	27,836
Balance at the End of the Year		50,238	28,615

20.2. The Bank lacks inactive real estates.

20.3. Collateral possessed
Composition of the parent company's collateral repossessed is as follows:

Type	2016-17	Possessed during the Year	Sold during the Year	2017-18
	Million IRR	Million IRR	Million IRR	Million IRR
Movable:				
Equipment	930	0	0	930
Motor Vehicle	0	280	(280)	0
	930	280	(280)	930
Immovable:				
Residential	1,763,789	408,153	(140,335)	2,031,607
Commercial/Administrative	224,775	118,671	(2,293)	341,153
Residential/Commercial / Office	558,785	210	(2,104)	556,891
Garden	8,278	0	(5,400)	2,878
Residential / Commercial	120,754	5,970	(2,580)	124,144
Residential / Commercial / Office	151,818	4,016	0	155,834
	2,828,199	537,020	(152,712)	3,212,507
	2,829,129	537,300	(152,992)	3,213,437
Accumulated Impairment	0			0
	2,829,129			3,213,437
Profit (Loss) from Sales	37,474			84,519

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

Type	Parent Company	
	2017-18	2016-17
	Million IRR	Million IRR
Less than 1 Year from Possession Date	1,169,984	1,229,592
1 to 2 Years from Possession Date	540,186	922,287
Over 2 Years from Possession Date	1,503,267	677,250
	3,213,437	2,829,129

20.3.2. Proceed (Loss) generated from selling collaterals possessed 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.

20.3.4. The Bank lacks items in transition at the end of the year. If items in transition are creditor, they are presented under other liabilities heading.

20.4. Goodwill

	Group	
	2017-18	2016-17
	Million IRR	Million IRR
Cost at the Beginning of the Year	201,468	143,672
Goodwill Acquired during the Year	8,172	57,796
Cost at the End of the Year	209,640	201,468
Accumulated Amortisation at the Beginning of the Year	(17,257)	(7,184)
Amortisation for the Year	(10,482)	(10,073)
Accumulated Amortisation at the End of the Year	(27,739)	(17,257)
Carrying Amount	181,901	184,211

20.4.1. 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).

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21. Dues to Banks and Other Credit Institutes

	Note	Group		Parent Company	
		20.03.2018	2016-17	20.03.2018	2016-17
		Million IRR	Million IRR	Million IRR	Million IRR
CBI:					
Deposit-IRR		0	0	0	0
Sight Deposits-Foreign Currency		667,655	9,318,015	667,655	9,318,015
Term Deposits-Foreign Currency		517,090	776,398	517,090	776,398
Due for Purchasing Foreign Currency		550,143	1,021,105	550,143	1,021,105
Due for Legal Deposit		56,382	469,226	56,382	469,226
Dues to Foreign Currency Accounts		0	0	0	0
Loans Received-IRR	21-1	0	0	0	0
Loans Received-Foreign Currency	21-2	104,063	78,144	104,063	78,144
Loans Received from CBI-from Loans for Pharmaceutical Products	21-6	0	0	0	0
Others		0	0	0	0
		1,895,333	11,662,888	1,895,333	11,662,888
Domestic Banks & Credit Institutes					
Sight Deposits-IRR		0	0	0	0
Sight Deposits-Foreign Currency		84,815	116,309	84,815	116,309
Cheques Issued by the Bank Paid by Other Banks		1,113,575	596,412	1,113,575	596,412
Loans Received-IRR	21-3	263,462	689,277	0	0
Loans Received-Foreign Currency	21-4	0	0	0	0
Others		527,739	161,883	527,739	161,883
		1,989,590	1,563,882	1,726,128	874,605
Overseas Banks:					
Sight Deposits-IRR		0	0	0	0
Sight Deposits-Foreign Currency		370	304	370	304
Loans Received-Foreign Currency	21-5	0	0	0	0
Due in Current Account (Account Overdraft)		0	0	0	0
Others		0	0	0	0
		370	304	370	304
		3,885,293	13,227,073	3,621,831	12,537,796

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

21.2. Loans received from CBI includes 31 loans bearing a 3% interest from foreign currency reserve.

21.3. IRR loans obtained are related to loans received by Karafarin Leasing Company from Bank Day bearing an 18% interest and maturity date on 24.05.2018.

21.4. The Bank has not received foreign currency loans from domestic banks and credit institutes.

21.5. The Bank has not received foreign currency loans from overseas banks.

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

	Foreign Currency Type	Foreign Currency Amount	Million IRR
Loans Received from CBI-Loans for Pharmaceutical Products			(1,355,154)
Loans Paid for Pharmaceutical Products in Form of Equity Participation			
Mahidasht Kermanshah Vegetable Oil Agro Industry Co.	EUR	18,203,606	841,899
Kar & Andisheh Co.	EUR	5,694,932	263,385
Cobel Darou Co.	EUR	4,339,918	200,717
Barsian Darou Co.	EUR	776,960	35,934
Farabi Pharmaceutical Co.	EUR	285,836	13,220
			1,355,154
			0

22. Customers' Deposits

	Note	Group		Parent Company	
		20.03.2018	20.03.2017	20.03.2018	20.03.2017
		Million IRR	Million IRR	Million IRR	Million IRR
Individuals:					
Sight Deposits & Similar Items	22-1	870,652	743,476	870,652	768,118
Saving Deposits & Similar Items	22-2	205,528	130,975	205,528	130,975
Other Deposits & Advances Received	22-3	145,530	88,709	145,530	88,709
		1,221,710	963,160	1,221,710	987,802
Legal Customers:					
Sight Deposits & Similar Items	22-1	1,619,489	1,667,488	1,652,445	1,667,492
Saving Deposits & Similar Items	22-2	1,349,647	462,865	1,349,647	462,865
Other Deposits & Advances Received	22-3	3,827,587	4,540,569	3,827,587	4,540,569
		6,796,723	6,670,921	6,829,679	6,670,925
		8,018,433	7,634,081	8,051,389	7,658,727

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

	Group		Parent Company	
	20.03.2018	20.03.2017	20.03.2018	20.03.2017
	Million IRR	Million IRR	Million IRR	Million IRR
Current Gharz-al Hassaneh Deposits-IRR	2,331,638	2,288,666	2,364,594	2,313,312
Current Gharz-al Hassaneh Deposits-Foreign Currency	158,504	122,298	158,504	122,298
	2,490,142	2,410,964	2,523,098	2,435,610

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

	Group & Parent Company	
	20.03.2018	20.03.2018
	Million IRR	Million IRR
Saving Gharz-al Hassaneh Deposits-IRR	21,741	12,398
Saving Gharz-al Hassaneh Deposits-Foreign Currency	1,533,434	581,442
	1,555,174	593,840

22.3. Other deposits and advances received

	Group & Parent Company	
	20.03.2018	20.03.2017
	Million IRR	Million IRR
L/Gs Cash Deposits-IRR	2,049,583	1,766,012
L/Gs Cash Deposits-Foreign Currency	193,808	192,113
L/Cs Advances Received-IRR	62,641	57,250
L/Cs Advances Received- Foreign Currency	1,607,089	2,583,880
Others (4,564 Items)	59,995	30,022
	3,973,117	4,629,278

23. Dividend Payable
Turnover of dividend payable to the parent company is as follows:

	Parent Company					
	DPS	Dividend Approved	Balance at 20.03.2017	Dividend Paid during 2017-18 Period	Capital Increase from Claims	Balance at 20.03.2018
	IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Balance of Dividend Payable Balance from Previous Years		8,242,500	10,546	(145)		10,400
Year Ended 20.03.2014	210	1,785,000	866	(65)	0	801
Year Ended 20.03.2015	200	1,700,000	822	(80)	0	743
Year Ended19.03.2016	150	1,275,000	0	(1,251,709)	0	23,291
Total			12,234	(1,251,999)	0	35,235

Group's dividend payable account is as follows:

	20.03.2018	20.03.2017
	Million IRR	Million IRR
Group's dividend payable is as follows:		
Parent Company		
Balance of Dividend Payment from Prior Years	10,400	8,220
Year Ended 20.03.2014	0	2,325
Year Ended 20.03.2015	801	866
Year Ended 19.03.2016	743	822
Year Ended 20.03.2017	23,291	0
	35,235	12,234
Group:		
Subsidiaries Owned by Minorities	10,257	41,066
	45,491	53,300

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 20.03.2018	Balance at the End of the Year 20.03.2017
				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	
	2017-18	2016-17	2017-18	2016-17
	Million IRR	Million IRR	Million IRR	Million IRR
Balance at Beginning of the Year	129,312	475,402	65,455	443,859
Corporation Tax Provision for the Year	113,888	168,535	0	96,654
Corporation Tax Adjustment of Previous Years	174,280	453,858	174,280	449,918
Paid during the Year	(306,987)	(763,003)	(239,735)	(719,496)
	110,494	334,792	0	270,934
Capital Prepayments	0	(31,199)	0	(31,199)
Balance at the End of the Year	110,494	303,593	0	239,735

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25.1. Bank's corporation tax for years before 2014-15 has been finalised and paid. A summary of tax payable for 2014-15 to 2017-18 is as follows:

(Amounts in Million IRR)

Fiscal Year	20.03.2018							2016-17	Recognition Method & Assessment Stage
	Declared Profit (Loss)	Taxable Income	Tax					Provision Balance	
			Declared	Recognised	Finalised	Paid	Provision Balance		
2014-15	4,321,646	3,098,244	619,649	911,552	871,595	697,531	0	174,280	Tax High Council
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	96,654	Notice of Tax Assessment Issued & Appeal
2017-18	630,365	0	0				0	0	In Process of Submitting Tax Assessment
							0	270,934	
Tax Prepayments							0	(31,199)	
							0	239,735	

25.2. The Bank has filed lawsuits at the Administrative Court of Justice for the years 2004-05, 2009-10, 2010-11, and 2012-13 until 2014-15.

25.3. Performance for the years 2015-16 and 2016-17 have been recorded and provisions have been made in the accounts based on tax exemptions. For the mentioned years tax assessment notices have been issued, against which, the Bank has filed an appeal. Furthermore, due to tax exemptions, the Bank has no taxable income for the 2017-18 period.

25.4. A tax bill (clauses B and P of article 17 of Eliminating Shortcomings of Competitive Production Act of 2015-16) in the amount of IRR272,288 million has been issued for 2016-17 year. The Bank has filed an appeal against this bill and the case is currently ongoing.

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26. Provisions and Other Liabilities

	Note	Group		Parent Company	
		20.03.2018	20.03.2017	20.03.2018	20.03.2017
		Million IRR	Million IRR	Million IRR	Million IRR
Loans Received from National Development Fund	26-1	334,408	401,484	334,408	401,484
Bank's Dues for Term L/Cs-IRR		83,849	173,379	83,849	173,379
Bank's Dues for Term L/Cs- Foreign Currency		4,286,418	2,590,866	4,286,418	2,590,866
Provision of Incurred Costs which Have Been Paid For		142,923	154,823	116,073	132,394
Deposits Guarantee Fund Provision	26-2	89,798	68,599	89,798	68,599
Social Security Organisation		102,334	74,803	89,440	63,942
Contractors' Retention		68,092	59,440	48,723	38,472
Customers Foreign Currency Order		206,011	164,385	206,011	164,385
Creditors of Gift Card		305,621	252,058	305,621	252,058
Creditors of Voucher Card		5,834	123,853	5,834	123,853
Domestic Creditors of Prepayment Card		7,609	94,312	7,609	94,312
Advances Received for Real Estates Sales		11,414	0	11,414	0
Other Liabilities		644,952	878,050	514,258	1,005,534
		6,289,265	5,036,053	6,099,458	5,109,280

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

	20.03.2018	20.03.2017
	Million IRR	Million IRR
Loans Received from National Development Fund	708,472	708,472
Loans Paid to Customers from National Development Fund	(374,064)	(306,988)
	334,408	401,484

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

Amount Received	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	07.03.2018	07.12.2022	20	16	36,446
500,000	IRR	10.06.2015	19.09.2017	18.06.2022	20	19	235,288
50,000	IRR	24.12.2014	27.02.2017	30.11.2021	20	19	56,390
8,472	IRR	29.11.2016	27.02.2017	30.11.2021	20	19	6,284
708,472							334,408

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26.2. 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

		Group		Parent Company	
	Note	2017-18	2016-17	2017-18	2016-17
		Million IRR	Million IRR	Million IRR	Million IRR
Balance at the Beginning of the Year		408,360	317,965	400,655	310,846
Paid during the Year		(18,805)	(15,590)	(14,176)	(11,380)
Reserve Provided during the Year	27-1	123,971	105,985	118,762	101,189
Balance at the End of the Year		513,527	408,360	505,241	400,655

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

28. Investment Depositors' Equity

		Group		Parent Company	
	Note	2017-18	2016-17	2017-18	2016-17
		Million IRR	Million IRR	Million IRR	Million IRR
Term Investment Deposits					
Long-term Investment Deposits	28-1	88,325,544	62,379,987	88,340,594	62,385,037
Short-term Investment Deposits	28-1	40,352,285	40,080,006	40,535,619	40,795,804
Specific Short-term Investment Deposits	28-1	51,673	83,132	51,673	83,132
Investment Deposits Received from Banks & Credit Institutes	28-1	12	150,324	12	150,324
		128,729,515	102,693,449	128,927,898	103,414,297
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 Institutes	28-2	0	0	0	0
		12,075	12,075	12,075	12,075
		128,741,590	102,705,524	128,939,973	103,426,372

28.1. Term investment deposits based on IRR and foreign currency

	Parent Company					
	20.03.2018			20.03.2017		
	IRR	Foreign currency	Total	IRR	Foreign Currency	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Ordinary Short-term Investment Deposits	40,484,532	51,099	40,535,631	40,902,681	43,446	40,946,127
Specific Short-term Investment Deposits						
Within 3 Months	1,795	0	1,795	3,410	0	3,410
Over 3 Months to 6 Months	7,157	0	7,157	14,447	0	14,447
Over 6 Months to 1 Year	42,722	0	42,722	65,276	0	65,276
Long-term Investment Deposits						
Ordinary Deposit Certificate	216	0	216	36,046	0	36,046
1 Year	85,779,169	79,305	85,858,474	57,350,742	66,880	57,417,623
2 Years	0	0	0	74,228	0	74,228
3 Years	0	0	0	8,205	0	8,205
4 Years	158	0	158	13,801	0	13,801
5 Years	2,481,745	0	2,481,745	4,835,134	0	4,835,134
	128,797,494	130,405	128,927,898	103,303,970	110,327	103,414,297

* 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

	20.03.2018							20.03.2017
	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	212	222	7,487
2018-19	56,462	75,533,351	4,557,883	7,999,245	0	79,305	88,226,246	59,280,191
2019-20	12,803	58,253	0	0	0	0	71,056	2,979,406
2020-21	43,001	0	0	0	0	0	43,001	74,883
2021-21 & After	70	0	0	0	0	0	70	43,071
	112,335	75,591,603	4,557,893	7,999,245	0	79,517	88,340,594	62,385,037
20.03.2017	259,433	38,079,137	21,736,065	2,236,139	0	74,263	62,385,037	

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28.1.2. Turnover of IRR investment deposits

	Balance at 20.03.2017	Deposits Attracted during the Year	Deposits Repayment	Balance at 20.03.2018
	Million IRR	Million IRR	Million IRR	Million IRR
Ordinary Deposit Certificate	36,046	41,219,443	(1,687,186)	39,568,303
1-Year	57,350,742	105,279,720	(116,419,381)	46,211,082
2-Year	74,228	0	(74,228)	0
3-Year	8,205	0	(8,205)	0
4-Year	13,801	0	(13,643)	158
5-Year	4,835,134	0	(2,353,389)	2,481,745
Short-term Deposits	40,752,357	850,008,649	(850,276,487)	40,484,520
Special Short-term Deposits	83,132	0	(31,459)	51,673
Investment Deposits Received from Banks & Credit Institutes	150,324	10,700,022	(10,850,333)	12
	103,303,970	1,007,207,834	(981,714,311)	128,797,494

28.1.3. Turnover of foreign currency investment deposits

	Balance at 20.03.2017	Deposits Attracted during the Year	Deposits Repayment	Balance at 20.03.2018	Balance at 20.03.2018	Balance at 20.03.2017
	Foreign Currency Amount	Foreign Currency Amount	Foreign Currency Amount	Foreign Currency Amount	IRR Equivalent Million IRR	IRR Equivalent Million IRR
Long-term Deposits						
USD	794,463	27,677	(86,527)	735,613	31,177	25,967
EUR	1,098,740	2,561	(227,206)	874,095	45,609	38,815
AED	173,000	606	(606)	173,000	1,997	1,527
GBP	14,210	17	(11,127)	3,100	186	571
Ordinary & Special Short-term Deposits						
USD	501,858	55,474	(102,791)	454,541	19,264	16,367
EUR	773,300	864	(158,964)	615,200	32,101	26,950
GBP	3,200	4	(2,004)	1,200	72	129
Investment Deposits Received form Banks & Credit Institutes						
AED	0	0	0	0	0	0
					130,405	110,327

28.1.4. Composition of investment depositors is as follows:

	Parent Company			
	20.03.2018		20.03.2017	
	Number	Amount	Number	Amount
	Depositor	Million IRR	Depositor	Million IRR
IRR Deposits				
Natural Persons	7,058	34,446,481	7,077	35,380,510
Legal Entities	377,342	94,351,001	354,364	67,773,136
Investment Deposits Received form Banks & Credit Institutes	1	12	4	150,324
	384,401	128,797,493	361,445	103,303,970
Foreign Currency Deposits				
Natural Persons	4	15,319	7	21,560
Legal Entities	109	115,086	135	88,766
Investment Deposits Received form Banks & Credit Institutes	0	0	0	0
	113	130,405	142	110,327
	384,514	128,927,898	361,587	103,414,297

28.2. Interest payable to term investment deposits

	Balance at 20.03.2017	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	2,811,497	0	(2,811,497)	12,075
Special Short-term Deposits	0	10,724	0	(10,724)	0
1-Year	0	13,879,126	0	(13,879,126)	0
2-Year	0	4,253	0	(4,253)	0
3-Year	0	187	0	(187)	0
4-Year	0	1,234	0	(1,234)	0
5-Year	0	751,155	0	(751,155)	0
Deposits Certificate	0	432	0	(432)	0
Investment Deposits Received from Banks	0	57,956	0	(57,956)	0
Foreign Currency Deposits	0	18,886	0	(18,886)	0
	12,075	17,535,451	0	(17,535,451)	12,075

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29. Capital

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

Capital Increase Date	% of Capital Increase	Capital Increase Amount	New Capital	Capital Increase Source
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	Revaluation Surplus & Retained Earnings
28.05.2014	17%	1,250,000	8,500,000	Claims & Cash Contribution

29.1. Shareholders' composition on balance sheet date is as follows:

	20.03.2017		20.03.2018	
	No. of Shares	% of Shares	No. of Shares	% of Shares
1% & Above				
Legal Entities				
Saba Tamin Investment Co. (Public Joint Stock)	757,817,641	8.9%	757,817,641	8.9%
Karafarin Insurance Co.	644,054,981	7.6%	644,054,981	7.6%
Negin Ganjineh Iranian Co. (Private Joint Stock)	424,999,998	5.0%	424,999,998	5.0%
Mehrafarinan Doran Co. (Private Joint Stock)	424,999,998	5.0%	424,999,998	5.0%
Idea Gostar Dourandish Co.	424,999,998	5.0%	424,999,998	5.0%
Tose'e Eghtesad Farda Co.	424,999,998	5.0%	424,999,998	5.0%
Tadbir Investment Co.	424,931,033	5.0%	424,931,033	5.0%
Modabber Kesht Toos Agricultural Co.	298,520,693	3.5%	298,520,693	3.5%
Tose'e Eghtesad Ayandesazan Co.	212,167,093	2.5%	212,167,093	2.5%
Sarzamin Pahnavar Mehr Co.	134,874,452	1.6%	134,874,452	1.6%
Karo Andishe Jonoub Co.	106,250,423	1.3%	106,250,423	1.3%
Omid Welfare & Future Prosperity Institute	94,626,283	1.1%	94,626,283	1.1%
Parsian bank Financial Group Co.	89,703,946	1.1%	89,703,946	1.1%
Asphalt Tous Saham Co.	85,232,617	1.0%	85,232,617	1.0%
	4,548,178,154	53.5%	4,548,179,154	53.5%
Natural Persons (10 Shareholders)	2,061,946,556	24.3%	2,156,263,273	25.4%
Others (Below 1%)				
Natural Persons (106 Shareholders)	492,104,652	5.8%	440,830,339	5.2%
Legal Entities (6,473 Shareholders)	1,397,770,638	16.4%	1,354,727,234	15.9%
	8,500,000,000	100%	8,500,000,000	100%

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30. Capital Increase in Process

There was no capital increase in process in Bank and its subsidiaries.

31. Share Premium Reserve

There was no share premium in Bank and its subsidiaries.

32. Legal Reserve

	Group		Parent Company	
	2017-18	2016-17	2017-18	2016-17
	Million IRR	Million IRR	Million IRR	Million IRR
Balance at Beginning of the Year	3,534,538	3,272,601	3,499,519	3,241,164
Transfer from Allocable Profit	104,155	261,937	94,555	258,355
Balance at the End of the Year	3,638,693	3,534,538	3,594,074	3,499,519

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	
	2017-18	2016-17	2017-18	2016-17
	Million IRR	Million IRR	Million IRR	Million IRR
Balance at Beginning of the Year	5,830	5,660	0	0
Transfer from Allocable Profit	793	170	0	0
Balance at the End of the Year	6,624	5,830	0	0

34. Assets Revaluation Surplus

	Group		Parent Company	
	20.03.2018	20.03.2017	20.03.2018	20.03.2017
	Million IRR	Million IRR	Million IRR	Million IRR
Assets Revaluation Surplus	154,759	154,759	43,597	43,597
	154,759	154,759	43,597	43,597

Assets revaluation surplus of the Group related to the parent company and assets revaluation surplus of the Associated Company (Karafarin Insurance) is recognised by equity method in the consolidated financial statements.

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Assets revaluation surplus in the parent company is as follows:

Date	20.03.2018			20.03.2017
	Assets Revaluation Surplus	Capital Increase	Balance of Assets Revaluation Surplus	Balance of Assets Revaluation 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 of Foreign Currency Exchange

	Group & Parent Company	
	20.03.2018	20.03.2017
	Million IRR	Million IRR
Forex Difference of 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
	0	0		
	0	0	0	0
	0	0	0	0
Balance at Beginning of the Year	0	0	0	
Balance at End of the Year	0	0	0	

36.1. Non-controlling shareholders' equity

	Group	
	20.03.2018	20.03.2017
	Million IRR	Million IRR
Capital	499,262	438,352
Capital Increase Fund	69,943	130,882
Legal Reserve	9,395	12,622
Retained Loss	(147,584)	(217,440)
	431,016	364,416

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37. Granted Loans and Deposits Income

	Note	Group					
		2017-18			2016-17		
		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	17,793,062	271,100	18,064,162	16,939,893	328,099	17,267,992
Deposits Income	37-2	1,347,911	197,664	1,545,575	648,191	198,916	847,107
Granted Loans & Deposits Total Income		19,140,973	468,765	19,609,738	17,588,084	527,015	18,115,099

	Note	Parent Company					
		2017-18			2016-17		
		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	17,793,062	210,812	18,003,874	16,939,893	212,963	17,152,855
Deposits Income	37-2	1,347,911	14,921	1,362,832	648,191	18,806	666,997
Granted Loans & Deposits Total Income		19,140,973	225,732	19,366,705	17,588,084	231,769	17,819,852

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37.1. Granted loans income

	Group									
	2017-18					2016-17				
	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	148,318	49,716	198,034	0	198,034	46,821	75,935	122,757	0	0
Joaleh	837	186	1,024	0	1,024	2,861	494	3,355	0	3,355
Hire Purchase	6,718	41,182	47,900	0	47,900	3,103	64,110	0	0	0
Mozarebeh	1,086,589	0	1,086,589	0	1,086,589	1,058,510	0	1,058,510	0	1,058,510
Equity Participation	13,333,087	0	13,333,087	2,756	13,335,844	12,142,459	0	12,142,459	84,353	12,226,812
Recognisance	3,216,990	0	3,216,990	128,187	3,345,177	3,686,138	0	3,686,138	78,597	3,764,735
Recognisance of L/C Debtors	523	0	523	27,243	27,766	0	1,608	1,608	0	1,608
Recognisance of Paid L/G Debtors	0	21,518	21,518	0	21,518	0	22,886	22,886	0	22,886
Others	0	103	103	136	240	0	0	0	116	116
	17,793,062	112,706	17,905,768	158,394	18,064,162	16,939,893	165,033	17,104,926	163,066	17,267,992

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	Parent Company									
	2017-18					2016-17				
	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	148,318	30,713	179,031	0	179,031	46,821	25,025	71,846	0	71,846
Joaleh	837	186	1,024	0	1,024	2,861	494	3,355	0	3,355
Hire Purchase	6,718	0	6,718	0	6,718	3,103	0	3,103	0	3,103
Mozarebeh	1,086,589	0	1,086,589	0	1,086,589	1,058,510	0	1,058,510	0	1,058,510
Equity Participation	13,333,087	0	13,333,087	2,756	13,335,844	12,142,459	0	12,142,459	84,353	12,226,812
Salaf (Forward Sales)	0	0	0	0	0	0	0	0	0	0
Debt Discounting	0	0	0	72	72	0	0	0	0	0
Morabeheh	0	0	0	0	0	0	0	0	0	0
Estesna	0	0	0	0	0	0	0	0	0	0
Recognisance	3,216,990	0	3,216,990	128,187	3,345,177	3,686,138	0	3,686,138	78,597	3,764,735
Recognisance of L/C Debtors	523	0	523	27,243	27,766	0	1,608	1,608	0	1,608
Recognisance of Paid L/G Debtors	0	21,518	21,518	0	21,518	0	22,886	22,886	0	22,886
Others	0	0	0	136	136	0	0	0	0	0
	17,793,062	52,418	17,845,480	158,394	18,003,874	16,939,893	50,013	16,989,905	162,950	17,152,855

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37.2. Deposits income

	Group									
	2017-18					2016-17				
	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)	134,238	4,275	138,512	-	138,512	103,404	9,386	112,790	-	112,790
Interest on Term Deposits held with Banks	1,076,168	50,290	1,126,458	-	1,126,458	391,530	40,660	432,190	-	432,190
Interest on Participation Bonds, *Sukuk* & Deposit Certificate	137,505	143,100	280,605	-	280,605	153,257	148,870	302,128	-	302,128
	1,347,911	197,664	1,545,575	-	1,545,575	648,191	198,916	847,107	-	847,107

	Parent Company									
	2017-18					2016-17				
	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)	134,238	4,275	138,512	-	138,512	103,404	9,386	112,790	-	112,790
Interest on Term Deposits held with Banks	1,076,168	10,646	1,086,814	-	1,086,814	391,530	9,420	400,950	-	400,950
Interest on Participation Bonds, *Sukuk* & Deposit Certificate	137,505	-	137,505	-	137,505	153,257	-	153,257		153,257
	1,347,911	14,921	1,362,832	-	1,362,832	648,191	18,806	666,997	-	666,997

38. Net investments profit (loss)

	Note	Group		Parent Company					
		2017-18	2016-17	2017-18			2016-17		
		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	261,642	309,568	878,500	-	878,500	799,929	-	799,929
Proceed (Loss) Generated from Selling Companies' Shares & Investment Funds	38-2	34,319	240,418	35,247	-	35,247	232,869	-	232,869
Total Investments Realised Profit		295,961	549,986	913,747	-	913,747	1,032,798	-	1,032,798
Investments Value Increase (Decrease) Proceed (Loss)									
Net Profit (Loss) of Investments Value Increase (Decrease)	38-3	116,717	(115,537)	115,537	-	115,537	(115,537)	-	(115,537)
Investments Net Profit		412,678	434,448	1,029,284	-	1,029,284	917,261	-	917,261

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

	Group		Parent Company	
	2017-18	2016-17	2017-18	2016-17
	Million IRR	Million IRR	Million IRR	Million IRR
Karafarin Bank Investment Co.	-	-	-	295
Karafarin Leasing Co.	-	-	20,000	20,830
Karafarin Foreign Currency Exchange Co.	-	-	499,900	399,920
Karafarin bank Brokerage Co.	-	-	80,000	60,000
Abnieh Gostar Co.	-	-	5,418	4,829
Karafarin Insurance Co.	-	-	13,998	4,199
Long-term Investments Dividend	-	-	619,316	490,073
Companies Listed in TSE:				
Persian Gulf Petrochemical Industries Co.	30,471	24,628	30,471	24,628
Mobin Petrochemical Co.	24,666	25,200	24,666	25,200
Khouzestan Steel Co.	1,819	3,411	1,819	3,411
Shazand Petrochemical Co.	1,134	1,823	1,134	1,823
Tose'e Melli Group Investment Co.	1,022	1,335	1,022	1,335
Bahman Diesel Co.	861	0	861	0
Fajr Petrochemical Co.	679	348	679	348
Jam Petrochemical Co.	485	9,589	485	9,589
Behshahr Industries Development Co.	456	553	456	553
Esfahan Mobarakeh Steel Co.	390	214	390	214
Esfahan Oil Refinery Co.	350	4,831	350	4,831
Kermanshah Petrochemical Co.	336	591	336	591
Tamin Pharmaceutical Investment Co.	190	0	190	0
Fars & Khouzestan Cement Co.	184	210	184	210
Tamin Petroleum & Petrochemical Investment Co. (TAPPICO)	150	240	150	240
Telecommunication Company of Iran	131	135	131	135
Bandar Abbas Oil Refinery Co.	130	40	130	40
Mines & Metal Development Co.	112	639	112	639
Behshahr Iran Industries Group Investment Co.	37	41	37	41
Shiraz Petrochemical Co.	13	1,698	13	1,698
Tabriz Oil Refinery Co.	4	1	4	1
Kharazmi Investment Co.	0	12,855	0	12,855
Parsian Oil & Gas Development Co.	0	9,253	0	9,253
National Iranian Copper Industries Co.	0	8,103	0	8,103
Others	2,459	13,023	0	13,311
	66,078	118,761	63,619	119,049
Non-TSE Companies:				
Iran Investment Co.	0	7,000	0	7,000
Shapark Electronic Payment Card Network	1,836	0	1,836	0
Securities & Exchange Organisation	625	1,100	625	1,100
Iran Fara Bourse (Overt-the-Counter Market)	1,400	800	1,400	800
Iran Credit Scoring Co.	765	450	765	450
	4,626	9,350	4,626	9,350
Dividends of Short-term Investments	70,704	128,111	68,245	128,399
Amin Mellat Investment Fund	43,125	77,794	43,125	77,794
Karafarin Common Investment Fund	33,203	703	33,203	703
Arman Karafarin Investment Fund	44,816	78,311	44,816	78,311
Karafarin Investment Index Fund	28,596	23,145	28,596	23,145
Karizma Investment Fund	15,212	0	15,212	0
Amin Yekom Investment Fund	25,986	1,504	25,986	1,504
Profit of Investment Funds Units	190,938	181,457	190,938	181,457
Companies' & Investment Funds' Dividend	261,642	309,568	878,500	799,929

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

	Parent Company				
	2017-18				2016-17
	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)					
Mobin Petrochemical Co.	22,662,602	93,644	73,565	20,079	7,838
Persian Gulf Petrochemical Co.	16,600,561	82,277	72,258	10,020	643
Shahid Bahoonar Copper Co.	78,517	299	131	168	0
Fajr Petrochemical Co.	904,800	4,847	4,701	145	0
Tamin Pharmaceutical Investment Co.	722,300	4,239	4,180	59	(25)
Bahman Group	400,000	837	833	4	0
Gole Gohar Co.	100,000	209	225	(16)	0
Behshahr Industries Group	248,665	274	321	(47)	0
Parsian Rail Transportation Co.	69,166	366	534	(168)	0
Jam Petrochemical Co.	389,078	3,171	3,470	(299)	3,406
National Iranian Copper Industries Co.	470,000	870	1,174	(304)	(25,088)
Parsian Rail Transportation Co. Preferential Right	103,749	376	697	(320)	0
Behshahr Industries Development Co- Preferential Right	483,826	248	577	(329)	0
Mines & Metal Development Investment Co. Preferential Rights	386,119	99	472	(373)	0
Bahman Diesel Co.	1,434,779	5,222	5,606	(384)	0
Telecommunication Company of Iran	392,382	746	1,146	(400)	0
Esfahan Steel Co.	12,650,817	10,832	11,352	(520)	0
Mapna Co.	2,256,200	16,889	17,534	(645)	(2,137)
Tose'e Melli Group Investment Co.	2,427,777	4,538	5,231	(693)	0
Esfahan Mobarakeh Steel Co.	3,900,000	7,354	8,334	(980)	(124)
Tamin Petroleum & Petrochemical Investment Co. (TAPPICO)	1,500,000	2,246	3,298	(1,052)	0
Ghadir Investment Co.	2,780,763	3,056	4,299	(1,243)	(44)
Tamin Petroleum & Petrochemical Investment Co. (TAPPICO)- Preferential Right	1,310,344	296	1,571	(1,275)	0
Civil Pension Fund Investment	3,553,475	5,210	6,539	(1,329)	93
Bandar Abbas Oil Refinery Co.	200,000	1,407	2,896	(1,489)	0
Tehran Oil Refinery Co.	1,306,755	3,082	4,912	(1,830)	0
Khouzestan Steel Co.	7,116,974	23,831	25,694	(1,863)	(3,553)
Shazand Petrochemical Co-Preferential Right	1,134,000	1,038	3,469	(2,431)	0
Behshahr Industries Development Co.	2,764,000	3,512	6,063	(2,551)	0
Kermanshah Petrochemical Co.	1,049,846	2,565	5,413	(2,848)	0
Mines & Metal Development Investment Co.	3,531,654	4,886	7,851	(2,965)	(758)

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	Parent Company				
	2017-18				2016-17
	No. of Shares	Net Sales Value	Carrying Amount	Profit (Loss)	Profit (Loss)
		Million IRR	Million IRR	Million IRR	Million IRR
Pardis Petrochemical Co.	1,042,275	6,688	9,990	(3,302)	0
Shazand Petrochemical Co.	1,890,000	3,847	7,672	(3,825)	0
Tabriz Oil Refinery Co.	400,000	2,133	6,000	(3,867)	0
Bank Tejarat	7,014,910	4,167	8,175	(4,008)	(2,444)
Esfahan Oil Refinery Co.	1,916,291	6,611	11,598	(4,987)	(58,893)
Fars & Khouzestan Cement Co.	2,625,000	2,681	8,718	(6,036)	0
Chadormalu Mining & Industrial Co.	2,272,287	3,740	10,340	(6,600)	0
Parsian Oi & Gas Development Co.	3,856,609	6,644	14,650	(8,006)	(41,804)
Kharazmi Investment Co.	25,052,241	20,340	33,644	(13,303)	(14,265)
Shiraz Petrochemical Co.	12,481,665	28,802	59,591	(30,789)	0
Others		0	0	0	(5,948)
		374,121	454,724	(80,603)	(143,103)
Profit Earned from Selling Investment Funds-IRR (Joint)					
Amin Mellat Investment Fund		149,775	149,199	576	3,586
Karafarin Common Investment Fund		480,176	478,106	2,070	60,333
Arman Karafarin Investment Fund		728,710	720,527	8,183	26,034
Amin Karafarin Investment Fund		3,607	2,862	744	2,749
Karizma Investment Fund		1,723,938	1,622,155	101,783	281,101
Amin Yekom Investment Fund		492,009	489,516	2,493	2,170
		3,578,215	3,462,365	115,850	375,972
		3,952,336	3,917,089	35,247	232,869

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

	Parent Company				
	2017-18				2016-17
	Shares Number/ Investment Unit	Carrying Amount	Net Sales Value	Profit (loss)	Profit (loss)
		Million IRR	Million IRR	Million IRR	Million IRR
Net Profit (Loss) of Investments Value Increase (Decrease)-IRR (Joint)					
Persian Gulf Petrochemical Co.	63,589,469	263,698	340,331	76,633	7,177
Mobin Petrochemical Co.	9,000,000	29,215	41,256	12,041	30,457
Bank Pasargad	8,904,000	19,964	8,895	(11,069)	(11,069)
Shiraz Petrochemical Co.	1,100,000	4,845	2,797	(2,048)	(31,202)
Bank Tejarat	74,657,000	84,203	44,570	(39,633)	(37,413)
Fajr Petrochemical Co.	-	0	0	0	806
Esfahan Mobarakeh Steel Co.	-	0	0	0	(2,839)
Bahman Diesel Co.	-	0	0	0	(268)
Tose'e Melli Group Investment Co.	-	0	0	0	(414)
Ghadir Investment Co.	-	0	0	0	(1,168)

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	Parent Company				
	2017-18				2016-17
	Shares Number/ Investment Unit	Carrying Amount	Net Sales Value	Profit (loss)	Profit (loss)
		Million IRR	Million IRR	Million IRR	Million IRR
Bandar Abbas Oil Refinery Co.	-	0	0	0	(1,896)
Behshahr Industries Development Co.	-	0	0	0	(1,342)
Tamin Petroleum & Petrochemical Investment Co.	-	0	0	0	(2,052)
Pardis Petrochemical Co.	-	0	0	0	(1,529)
Esfahan Oil Refinery Co.	-	0	0	0	(6,472)
Fars & Khouzestan Cement Co.	-	0	0	0	(4,707)
Jam Petrochemical Co.	-	0	0	0	283
Tamin Pharmaceutical Investment Co.	-	0	0	0	191
Shahid Bahonar Copper Co.	-	0	0	0	98
Gole Gohar Mining & Industrial Co.	-	0	0	0	22
Telecommunication Company of Iran-Preferential Right	-	0	0	0	11
Behshahr Industries Development Co.	-	0	0	0	(4)
Bahman Group	-	0	0	0	(122)
Parsian Rail Transportation Development Co.	-	0	0	0	(193)
National Iranian Copper Industries Co.	-	0	0	0	(231)
Telecommunication Company of Iran-Preferential Right	-	0	0	0	(321)
Mapna Co.	-	0	0	0	(382)
Civil Pension Fund Investment	-	0	0	0	(1,102)
Tehran Oil Refinery Co.	-	0	0	0	(1,797)
Kermanshah Petrochemical Industries Co.	-	0	0	0	(2,262)
Khouzestan Steel Co.	-	0	0	0	(2,340)
Esfahan Steel Co.	-	0	0	0	(3,114)
Mines & Metal Development Investment Co.	-	0	0	0	(3,676)
Tabriz Oil Refinery Co.	-	0	0	0	(4,193)
Shazand Petrochemical CO.	-	0	0	0	(5,126)
Chadormalu Mining & Industrial Co.	-	0	0	0	(6,129)
Parsian Oil & Gas Development Co.	-	0	0	0	(7,716)
Kharazmi Investment Co.	-	0	0	0	(13,502)
		401,925	437,849		(115,537)
Provision Reversal of Investments Value Increase (Decrease) (note 14.1.)		115,537			0
Profit (Loss) of Investments Value Increase (Decrease)		115,537			(115,537)

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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
	%	Million IRR	Million IRR
20.03.2018	8.46%	20,036,020	1,694,688
20.03.2017	18.39%	18,401,941	3,384,810

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

Description	2017-18		2016-17	Comment
	Million IRR		Million IRR	
Joint Sources Average (39.2.1.)		111,777,723	95,027,171	52-Week Average
Average of Investment Deposits Balance (39.2.2.)	115,695,242		87,661,506	52-Week Average
Less: Legal Deposit of Investment Deposits	(13,371,911)		(10,113,412)	52-Week Average
Free Sources of Investment Deposits		102,323,331	77,548,095	
Bank's Sources Quota from Joint Expenditures (Free Sources Surplus of Investment Deposits)		9,454,391	17,479,076	

39.2.1. Average joint expenditures

	2017-18	2016-17
	Amount (Average)	Amount (Average)
	Million IRR	Million IRR
Net Expenditures Related to Loans	101,537,133	87,422,070
Net Expenditures Related to Participation Bonds	1,984,450	2,031,868
Net Expenditures Related to Deposits held with Other Banks	5,818,252	1,947,081
Net Expenditures Related to Investments	2,437,886	3,626,152
Total Expenditures Related to Joint Operations	111,777,723	95,027,171

39.2.2. Investment deposits average

Investment Deposits	2017-18 Amount (Average) Million IRR	2016-17 Amount (Average) Million IRR
Ordinary Short-term Deposits	39,220,842	24,292,277
Special Short-term Deposits	76,505	58,351
1-Year	72,438,364	55,872,315
2-Year	20,423	143,439
3-Year	782	14,868
4-Year	6,773	15,035
5-Year	3,607,399	6,785,209
Investment Deposits Received from Banks & Credit Institutes	324,154	480,012
Investment Deposits Average	115,695,242	87,661,506

39.3. Prize for investment deposits legal deposits is as follows:

Description	2017-18 Million IRR	2016-17 Million IRR
Average of Investment Deposits Legal Deposits	13,371,911	10,113,412
Prize for Legal Deposit	134,238	103,404

40. Commission Fee

According to Board of Directors' minute dated 13.03.2017, Bank's commission fee for the 2017-18 equals 2% of net investment deposits sources.
Commission Fee = Commission Fee Rate × Depositors' Free Sources Average
2,046,467 = 2% × 102,323,331

40.1. Commission fee declared

	Commission Fee Declared		Commission Fee in Effect	
	Rate-%	Amount-Million IRR	Rate-%	Amount-Million IRR
Ordinary Short-term Deposits	2	693,457	2	693,457
Special Short-term Deposits	2	1,358	2	1,358
Ordinary Deposit Certificate	2	0	2	0
1-Year	2	1,280,836	2	1,280,836
2-Year	2	361	2	361
3-Year	2	14	2	14
4-Year	2	120	2	120
5-Year	2	63,838	2	63,838
Investment Deposits Received from Banks & Credit Institutes	2	6,483	2	6,483
		2,046,467		2,046,467

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	
	2017-18	2016-17
	Million IRR	Million IRR
Short-term	2,811,497	2,592,308
3-Month Special Short-term Deposit	396	608
4-Month Special Deposit	568	1,605
6-Month Special Short-term Deposit	773	1,654
9-Month Short-term Deposit	8,986	4,400
11-Month Special Deposit	0	0
Special Short-term	10,724	8,268
Long-Term Deposits		
1-Year	13,879,126	8,938,628
2-Year	4,253	28,740
3-Year	187	3,018
4-Year	1,234	3,240
5-Year	751,155	1,418,041
Deposit Certificate	432	1,827,476
Interest Paid to Deposits Received from Banks	57,956	84,106
	17,516,565	14,903,823

43. Deposits Interest Expense

		Group		Parent Company	
	Note	2017-18	2016-17	2017-18	2016-17
		Million IRR	Million IRR	Million IRR	Million IRR
Interest on IRR Investment Deposits	43-1	17,282,195	14,741,993	17,516,565	14,903,823
Interest on Foreign Currency Deposits		18,886	59,806	18,886	59,806
		17,301,080	14,801,799	17,535,451	14,963,629

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

	Parent Company	
	2017-18	2016-17
	Million IRR	Million IRR
On-account Interest Paid to Investment Deposits (Note 42)	17,516,565	14,903,823
Add (Less): Difference of Interest Payable to Depositors (Surplus of Interest Paid to Depositors)-	(1,087,463)	(946,510)
Actual Profit Paid to Investment Deposits	16,429,102	13,957,313
Add: Interest Granted to Depositors as Gift (Equivalent to Interest Surplus Paid to Depositors)	1,087,463	946,510
Interest on IRR Investment Deposits	17,516,565	14,903,823

44. Commission Income

	Note	Group		Parent Company	
		2017-18	2016-17	2017-18	2016-17
		Million IRR	Million IRR	Million IRR	Million IRR
Net Commission of Gharz-al Hassaneh Operations	44-1	1,877	321	1,877	321
L/Gs Issued		459,359	382,783	459,359	382,783
Foreign Currency Operations		253,335	247,334	253,335	247,334
Managed Funds		669	712	669	712
Other Services		171,791	168,857	132,439	127,186
		887,031	800,006	847,679	758,336

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

	Parent Company	
	2017-18	2016-17
	Million IRR	Million IRR
Commission Received from Granted Gharz-al Hassaneh Loans	1,877	321
Net Commission of Gharz-al Hassaneh Operation	1,877	321

45. Commission Expense

	Group		Parent Company	
	2017-18	2016-17	2017-18	2016-17
	Million IRR	Million IRR	Million IRR	Million IRR
Commission for *Shetab* Project	13,456	12,297	13,456	12,297
Commission Paid for Card Services	74,809	60,326	74,809	60,326
Commission Paid for *Shetab* Joint Fund	346	1,130	346	1,130
Commission Paid to Broker-Foreign Currency	10,758	4,338	10,758	4,338
Others	601	456	309	414
	99,969	78,547	99,677	78,505

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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:

	2017-18				2016-17
	Sales Price	Rendered Services Income	Cost	Profit (Loss)	Profit (Loss)
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Karafarin Foreign Exchange Co.	154,304,229	36,817	(153,972,641)	368,405	271,834
Karafarin Leasing Co.	0	52,935	(47,530)	5,406	15,632
Karafarin Bank Investment Co.	18,039	0	(16,313)	1,727	18,534
	154,322,269	89,752	(154,036,484)	375,537	306,000

46. Net Profit of Foreign Currency Transactions

	Group		Parent Company	
	2017-18	2016-17	2017-18	2016-17
	Million IRR	Million IRR	Million IRR	Million IRR
Profit of Foreign Currency Purchase & Sale	205,107	111,963	205,107	111,963
Profit of Foreign Currency Exchanges	360,875	88,394	359,268	88,233
	565,982	200,357	564,376	200,197

47. Other Operating Revenues

	Group & Parent Company	
	2017-18	2016-17
	Million IRR	Million IRR
Profit (Loss) of Overseas Branches	0	0
Others	0	0
	0	0

48. Other Net Incomes and Expenses

	Note	Group		Parent Company	
		2017-18	2016-17	2017-18	2016-17
		Million IRR	Million IRR	Million IRR	Million IRR
Penalty for Canceling Deposits before Maturity Date		153,766	21,730	153,766	21,730
Professional Services Fees		107,439	110,223	107,439	110,223
Profit (Loss) Obtained from Sales of Tangible & Intangible Fixed Assets	48-1	48,383	7,382	48,383	7,423
Income Obtained from Sales of Repossessed Properties	20-2-3	84,519	37,474	84,519	37,474
Others		127,052	48,572	16,240	28,558
		521,160	225,382	410,348	205,410

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

	Note	Parent Company				
		2017-18				2016-17
		Cost	Carrying Amount	Sales Amount	Profit (Loss)	Profit (Loss)
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Land	18-1	35,782	35,782			0
Building	18-1	18,595	11,708	197,750	48,874	6,566
Goodwill	18-1	101,387	101,387			0
		155,763	148,876	197,750	48,874	6,566
Furniture & Fixtures (Sales & Dispose)		27,943	1,244	347	(897)	857
Motor Vehicle		418	3	410	407	0
Software		1,210	0	0	0	0
		184,125	150,123	198,506	48,383	7,423

49. Administrative and General Expenses

	Note	Group		Parent Company	
		2017-18	2016-17	2017-18	2016-17
		Million IRR	Million IRR	Million IRR	Million IRR
Personnel's Expenses	49-1	1,591,548	1,414,970	1,494,762	1,316,854
Administrative Expenses	49-2	866,445	679,822	797,542	628,399
		2,457,993	2,094,792	2,292,304	1,945,253

49.1. Personnel's expenses are as follows:

	Group		Parent Company	
	2017-18	2016-17	2017-18	2016-17
	Million IRR	Million IRR	Million IRR	Million IRR
Salary & Benefits	1,260,289	1,129,661	1,182,376	1,049,114
Insurance Premium on Employer	187,134	163,793	177,962	155,934
Employees' Work Termination & Retirement Benefits	135,120	110,798	130,342	105,801
Travel & Mission Allowance	5,500	6,287	4,081	4,794
Others	3,505	4,432	0	1,210
	1,591,548	1,414,970	1,494,762	1,316,854

49.2. Administrative expenses are as follows:

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	Note	Group		Parent Company	
		2017-18	2016-17	2017-18	2016-17
		Million IRR	Million IRR	Million IRR	Million IRR
Mechanised Systems Expense		196,639	128,261	195,405	124,730
Consultation & Services Purchase Fee		144,324	130,151	125,736	124,987
Repair & Maintenance of Tangible Fixed Assets		78,878	62,286	75,210	59,846
Utilities		72,323	64,685	70,523	61,998
Rent		53,670	51,110	49,379	47,645
Membership fee for Deposits Guarantee Fund	26-2	110,600	68,925	110,600	68,925
Consumables		40,692	39,006	37,827	36,922
Publication, Advertisement & Marketing		7,930	13,617	7,144	13,222
Training Expense		5,828	3,418	5,828	3,418
Cash & Assets Insurance Expense		6,846	6,136	2,458	2,443
VAT Expense		34,575	28,715	34,575	28,606
Business Tax Expense		25,089	9,963	17,768	9,963
Abroad & Domestic Travel Expense		15,455	10,127	15,455	10,127
Voucher Card Expense		14,064	0	14,064	0
Formalities		6,407	13,058	5,992	12,597
Board of Directors' Bonus	49-2-1	10,749	8,973	4,500	4,500
Board of Directors' Attendance Fees		3,900	2,854	792	648
Others		38,477	38,537	24,288	17,823
		866,445	679,822	797,542	628,399

49.2.1. According to ordinary general meeting assembly dated 31.01.2018, Board of Directors' bonus was IRR4,500 million and was paid to legal entities of board of directors and the managing director.

50. Expense of Doubtful Debts

	Note	Group		Parent Company	
		2017-18	2016-17	2017-18	2016-17
		Million IRR	Million IRR	Million IRR	Million IRR
Specific Doubtful Debts Expenses of Granted Loans & Dues	50-1	1,383,107	1,233,849	1,382,007	1,233,849
General Doubtful Debts Expenses of Granted Loans & Dues	50-2	68,669	214,213	68,669	211,053
		1,451,776	1,448,062	1,450,676	1,444,902

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

	Parent Company					
	2017-18					2016-17
	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-preforming Loans at the End of the Year						
Governmental Authorities (Note 12.1.)	0	0	0	0	0	0
Non-governmental Entities (Note 13.1.)	2,649,004	16,241,380	7,811,356	3,619,656	30,321,397	14,018,413
Balance of Other Accounts Receivable at the End of the Year						
Dues from Associates & Subsidiaries (Note 15.2.)	0	0	0	0	0	0
Other Accounts Receivable (Note 16.3.)	0	0	0	0	0	0
	2,649,004	16,241,380	7,811,356	3,619,656	30,321,397	14,018,413
Less: Collaterals Value with Coefficient in Effect						
Saving & Investment Deposits	(2,878)	(75,412)	(69,430)	0	(147,719)	(153,668)
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 in Securities & Exchange Organisation	(203,909)	(5,088,139)	(323,383)	0	(5,615,432)	(6,234,594)
Real Estates	(2,299,980)	(7,473,372)	(3,461,025)	0	(13,234,377)	(1,269,541)
Machineries	0	0	0	0	0	0
	(2,506,767)	(12,636,923)	(3,853,838)	0	(18,997,528)	(7,657,803)
Basis Balance for Calculating Specific Provision	142,237	3,604,458	3,957,519	3,619,656	11,323,869	6,360,610
Basis Coefficient for Calculating Specific Provision-%	10%	20%	50%	50- 100%		
Provision for Specific Doubtful Debts	14,224	720,892	1,978,759	2,229,264	4,943,138	3,561,131
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	(34,077)	(90,709)	(1,676,304)	(1,760,041)	(3,561,131)	(2,327,282)
Add: Bad Debt during the Year	0	0	0	0	0	0
Specific Provision for Doubtful Debts of Loans & Commitments	(19,853)	630,183	302,455	469,223	1,382,007	1,233,849

50.2. General expense of granted loans and dues of the parent company is as follows:

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	Parent Company	
	2017-18	2016-17
	Million IRR	Million IRR
Balance of dues from 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.)	112,360,240	98,964,013
Balance of Temporary Debtors for Related to Loans (Note 16.2.)	0	0
Balance of Commitments for Term L/Cs (Note 20.1.)	3,349,184	1,907,691
Dues from Associates & Subsidiaries (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	(19,084,051)	(8,824,242)
Basis Balance for Calculating General Provision	96,625,374	92,047,462
Basis Coefficient for Calculating General Provision-%	1.5	1.5
General Provision for Granted Loans & Dues	1,449,381	1,380,712
Less: Balance of General Provision for Granted Loans & Dues at the End of the Previous Year	(1,380,712)	(1,169,659)
Add: Bad Debt during the Year	0	0
General Expense of Granted Loans & Dues	68,669	211,053

51. Financing Expenses

	Group		Parent Company	
	2017-18	2016-17	2017-18	2016-17
	Million IRR	Million IRR	Million IRR	Million IRR
Interest of Loans Received from CBI	31,356	83,999	31,356	83,999
Interest of Loans Received from Other banks & Credit Institutes	91,617	177,787	0	0
Recognisance Paid	6,258	171	6,258	171
	129,231	261,957	37,614	84,170

52. Depreciation Expense

	Group		Parent Company	
	2017-18	2016-17	2017-18	2016-17
	Million IRR	Million IRR	Million IRR	Million IRR
Depreciation of Tangible Fixed Assets	152,251	170,420	164,364	179,786
Amortisation of Intangible Assets	8,327	7,008	7,942	6,229
Goodwill Amortisation	10,482	10,073	0	0
	171,059	187,501	172,305	186,014

53. Prior Years' Adjustments

	Note	Group		Parent Company	
		2017-18	2016-17	2017-18	2016-17
		Million IRR	Million IRR	Million IRR	Million IRR
Errors Adjustments	53-1	827,870	888,694	828,059	858,500
		827,870	888,694	828,059	858,500

53.1. Adjusting errors include the following items

	Group		Parent Company	
	2017-18	2016-17	2017-18	2016-17
	Million IRR	Million IRR	Million IRR	Million IRR
Corporation Tax Reserve for 2012 to 2015 Periods	162,846	453,858	174,280	449,918
Expense of Doubtful Debts Reserve	434,000	178,881	434,000	178,881
Reserve for Current Investments Impairment of 2016-17 Period	115,537	0	115,537	0
Deferred Expenses of Previous Years	15,915	147,286	10,118	126,479
Case Legal Expenses	46,902	0	46,902	0
2% Commission for Wheat Morabeheh	24,000	0	24,000	0
Settling Kardan Company's Debtors	23,222	23,222	23,222	23,222
Expense of Membership Fee in Deposits Guarantee Fund for 2014-15 Period	0	80,000	0	80,000
Investment in Construction Projects	5,448	5,448	0	0
	827,870	888,694	828,059	858,500

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 reclassification of comparative items

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

Description	Balance of 2016-17 Period based on Financial Statements of Previous Year	Restating		Reclassification		Balance of 2016-17 based on Financial Statements of Current Year
		Debtor	Creditor	Debtor	Creditor	
		Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Granted Loans & Dues from Non-governmental Entities	95,027,453	1,810	434,000			94,595,263
Investment in Shares & Other Securities	3,524,882		120,985	159,942	1,268	3,562,571
Dues from Associates & Subsidiaries	29,917		23,222		6,695	0
Other Accounts Receivable	1,047,927		26,366			1,021,561
Other Assets	5,253,945				159,942	5,094,003
Customers' Deposits	7,629,645				4,436	7,634,081
Provision for Corporation Tax	140,746	11,434	174,280			303,593
Provisions & Other Liabilities	4,986,192		62,260	12,399		5,036,053
Prior Years' Adjustments	669,830	218,865				888,694
Granted Loans & Deposits Income	18,072,790	72,712			115,020	18,115,099
Net Investments Profit	549,986	115,537				434,448
Commission Expense	78,516			31		78,547
Net Sales & Rendered Services Income	104,761,161			115,028		104,646,133
Cost of Sold Goods & Rendered Services	(104,480,229)				140,096	(104,340,133)
Net Other Income & Expenses	225,374				8	225,382
Tax Expense	179,969		11,434			168,535
Expense of Doubtful Debts	1,015,872	434,000	1,810			1,448,062
Financing Expenses	121,891			140,065		261,957
		854,358	854,358	427,465	427,465	

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

Description	Balance of 2016-17 Period based on Financial Statements of Previous Year		Reestation		Reclassification	Balance of 2016-17 based on Financial Statements of Current Year
	Creditor	Debtor	Creditor	Debtor		
	Million IRR	Million IRR	Million IRR	Million IRR		
Granted Loans & Dues from Non-governmental Entities	94,482,976	1,810	434,000			94,050,786
Investment in Shares & Other Securities	3,626,233		115,537		1,268	3,509,428
Dues from Associates & Subsidiaries	969,248		23,222		6,695	939,331
Other Accounts Receivable	810,603		24,000			786,603
Customers' Deposits	7,654,292				4,436	7,658,727
Provision for Corporation Tax	65,455		174,280			239,735
Provisions & Other Liabilities	5,062,849		58,830	12,399		5,109,280
Prior Years' Adjustments	650,879	207,620				858,500
Granted Loans & Deposits Income	17,892,564	72,712				17,819,852
Net Investments Profit	1,032,798	115,537				917,261
Expense of Doubtful Debts	1,012,712	434,000	1,810			1,444,902
		831,679	831,679	12,399	12,399	

54. Profit Reconciliation Statement before Corporation Tax

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	Group		Parent Company	
	2017-18	2016-17	2017-18	2016-17
	Million IRR	Million IRR	Million IRR	Million IRR
Net Profit	653,179	1,043,572	630,365	1,101,927
Depreciation Expense	171,059	187,501	172,305	186,014
Net Increase (Decrease) in Provision for Work Termination Benefits	105,167	90,395	104,585	89,809
Net Increase (Decrease) in Financial Expenses Payable	0	0	0	0
Net Increase (Decrease) in Corporation Tax Payable	(193,099)	(625,667)	(239,735)	(654,041)
Profit & Loss of Selling Fixed Tangible & Intangible Assets	(48,383)	(7,382)	(48,383)	(7,423)
Net Loss (Profit) Resulted from Foreign Exchange of Cash	(565,982)	(200,357)	(564,376)	(200,197)
	121,940	488,062	54,762	516,090
Net Increase (Decrease) in Operating Liabilities				
Dues to Banks & Credit Institutes	(9,341,780)	1,689,808	(8,915,965)	1,686,560
Customers' Deposits	384,352	(6,845,665)	392,662	(6,866,199)
Operation Portion for Provisions & Other Liabilities	1,253,211	2,490,433	990,178	2,666,968
Investment Depositors' Equity	26,036,066	23,646,916	25,513,602	24,183,352
	18,331,849	20,981,492	17,980,477	21,670,682
Net Decrease (Increase) in Operating Assets				
Dues from Other Banks & Credit Institutes	(6,883,689)	(683,278)	(6,883,689)	(683,278)
Granted Loans & Dues from Non-governmental Entities	(12,349,280)	(13,186,316)	(12,558,326)	(14,203,763)
Investment in Shares & Other Securities	(1,371,770)	876,888	(780,288)	350,316
Dues from Associates & Subsidiaries	(3,059)	(177)	147,603	(276,002)
Other Accounts Receivable	(499,600)	887,277	(533,822)	433,226
Legal Deposit	(2,863,323)	(2,415,299)	(2,863,323)	(2,415,299)
Operating Portion of Other Assets	(1,289,462)	(2,950,258)	(1,290,249)	(1,517,731)
Goodwill	(8,172)	(57,796)	0	0
	(25,268,355)	(17,528,959)	(24,762,094)	(18,312,531)
Net Cash Inflow (Outflow) from Operating Activities	(6,814,565)	3,940,594	(6,726,855)	3,874,240

55. Non-cash Transactions

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

	Group		Parent Company	
	2017-18	2016-17	2017-18	2016-17
	Million IRR	Million IRR	Million IRR	Million IRR
Assets Repossession against Granted Loans	537,300	1,234,586	537,300	1,234,586
Purchasing Office Apartment to Deed Transfer	0	7,245	0	0
Capital Increase from Shareholders' Matured Claims	0	193,406	0	0
Financing Expense Increase against Payables Increase	9,986	7,501	0	0
Clearance of Dividend Payable with Accounts Receivable	9,856	1,863	0	0
	557,142	1,444,601	537,300	1,234,586

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

Asset Repossessed	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	954,696	(408,153)	0	546,543
Commercial/ Residential	Unrelated Customer	6,292	(5,970)	0	321
Land	Unrelated Customer	319	(210)	0	109
Commercial/Office	Unrelated Customer	205,790	(118,671)	0	87,119
Garden	Unrelated Customer	0	0	0	0
Commercial/Office/ Residential	Unrelated Customer	5,101	(4,016)	0	1,085
Goods	Unrelated Customer	0	0	0	0
Motor Vehicle	Unrelated Customer	951	(280)	0	671
		1,173,149	(537,300)	0	635,849

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56. Off - Balance Sheet Items

56.1. Commitments for L/Cs

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

Parent Company & Group													
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	107	63,310,083	2,206,420	247	216,302,251	11,184,773	289	224,920,755	11,630,427	1,067,281	65	54,691,580	2,828,047
JPY	17	572,425,822	164,698	38	1,428,031,663	559,931	39	1,640,435,377	643,215	59,750	0	360,022,108	141,165
CHF	5	32,321,765	1,049,843	10	34,077,239	1,495,309	12	58,716,250	2,576,469	368,436	3	7,682,754	337,119
KRW	20	9,220,413,314	264,626	69	25,611,867,585	1,010,004	76	28,381,080,919	1,119,208	98,981	13	6,451,199,980	254,403
OMR	2	11,019,319	927,650	1	54,888	5,996	3	11,074,207	1,209,680	276,034	-	-	(0)
INR	34	628,161,544	311,568	80	707,655,034	458,560	91	1,157,266,506	749,909	95,481	23	178,550,072	115,700
CNY	56	202,336,377	951,386	141	541,429,850	3,611,879	158	563,147,103	3,756,754	398,400	39	180,619,124	1,204,910
TRY	3	943,149	8,436	21	18,523,374	191,124	10	8,341,044	86,063	1,295	14	11,125,479	114,793
			5,884,628			18,517,576			21,771,725	2,365,658			4,996,137
Term													
EUR	12	2,522,469	87,911	62	47,281,100	2,444,858	49	45,108,206	2,332,500	42,524	25	4,695,362	242,792
CNY	35	207,965,877	977,856	119	499,960,994	3,335,240	124	605,649,435	4,040,287	409,485	30	102,277,436	682,293
KRW	4	2,474,852,375	71,028	27	17,840,808,230	703,552	25	17,233,299,640	679,595	26,568	6	3,082,360,965	121,553
INR	5	389,394,535	193,140	24	183,543,984	118,937	22	534,468,524	346,336	59,188	7	38,469,995	24,929
JPY	3	74,827,598	21,529	6	294,473,452	115,463	8	343,486,890	134,681	7,811	1	25,814,160	10,122
TRY	1	368,634	3,297	1	203,610	2,101	1	450,078	4,644	506	1	122,166	1,261
			1,354,761			6,720,151			7,538,043	546,081			1,082,949

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

Credit	Parent Company & Group							
	Balance at the Beginning of the Year		Opened during 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	7	331,788	22	475,668	19	693,486	10	113,970
Term	0	0	0	0	0	0	0	0
Total		331,788		475,668		693,486		113,970

56.2. Bank's commitments for L/Gs issued

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

	20.03.2018		20.03.2017	
	Foreign Currency Amount	IRR Equivalent Million IRR	Foreign Currency Amount	IRR Equivalent Million IRR
EUR	50,832,797	2,628,513	63,611,631	2,216,929
USD	1,748,325	73,430	1,928,410	62,519
CNY	12,412,372	82,803	12,412,372	58,363
AED	1,277,500	14,611	-	0
		2,799,356		2,337,811

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

	Parent Company & Group	
	20.03.2018	20.03.2017
	Million IRR	Million IRR
Commitments for L/Gs Issued	27,232,687	19,913,479

56.3. Other Bank's commitments are as follows:

	Parent Company & Group	
	20.03.2018	20.03.2017
	Million IRR	Million IRR
Commitments to Guarantee Participation Bonds & Other Similar Securities (Investment Funds)	17,843,740	0
Unsecured Commitments	1,515,138	784,331
Commitments for Bank's Transactions Contracts	998,453	399,714
Commitments Tose'e Melli Fund	679,434	440,000
Bank's Commitments to ECO	386,971	333,086
	21,423,736	1,957,131

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56.4. Managed funds and similar items are as follows:

	Parent Company & Group	
	20.03.2018	20.03.2017
	Million IRR	Million IRR
Granted Loans from Managed Funds	161,844	182,505
	161,844	182,505

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

	Parent Company & Group	
	20.03.2018	20.03.2017
	Million IRR	Million IRR
Deposits	4,799,936	4,408,788
Land & Building	1,900,615	1,132,959
Cheque & Promissory notes	26,345,813	22,011,935
Others	3,178,735	2,268,785
	36,225,099	29,822,467
Unsecured Commitments	0	0
	36,225,099	29,822,467

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	80,514
	80,514

57.2. The Bank's withholding tax for the 2015-16 period and income tax for the 2016-17 period has been finalized. Income taxes for 2017-18 period have not been assessed by the Tax Affairs Organisation. In addition, the Social Security Organisation cases until the end of 2010-11 period have been finalised. The Social Security Organisation's authorities have not reviewed the cases for the 2016-17 and the results have not 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 225 of Commercial Code) is related to Social Security Organisation's claims from 2016-17 and corporation and income taxes of 2016-17 and 2017-18, the scale of which shall be made clear after assessments of Social Security and Tax Affairs Organisations.

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Karafarin Leasing Company:
Contingent liabilities are due to corporation and income taxes of 2016-17 and 2017-18 periods and VAT for 2016-17 and 2017-18 years as well as 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. In addition, a VAT bill has been issued in the amount of IRR72 billion for the period between 1390/07/01 (23.09.2011) until 1394/12/29 (19.03.2016), against which the Company has filed an appeal. The case has been referred to the Tax Arbitration Board. It is noteworthy that the Company has paid the Tax Affairs Organisation IRR36 billion in cash. The seasonal transactions of the Company (article 169 of Direct Taxation Act) have not been assessed.

Karafarin Amin Etemad Company:
Notice of tax assessment for corporation tax of the 2013-14 period has been issued and fully paid. The amount of IRR426 million has been paid as corporation tax for the 2014-15 tax year and the paid bill has been submitted to the Tax Affairs Organisation and the remaining IRR293 million has been paid in cash. As for the 2014-15 period, a confirmed tax bill has been paid and submitted to the Tax Affairs Organisation by the date of preparing this note. Tax assessment notice for corporation tax of the 2015-16 in the amount of IRR7,312 million has been issued but the Company has filed an appeal against the tax assessment note for this period and the case is currently under review. Corporation tax for the 2016-17 has not yet been reviewed in the Company.

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 defense 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 1395 period and has submitted its bill numbered S/96/15543 dated 1396/11/09 (29.01.2018) 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 Exchange Company:
Corporation tax for the 2016-17 tax year has been finalized and fully settled. Corporation tax for the 2017-18 period has been recorded in the accounts based on declared amounts and exemptions. This company has not been assessed for VAT and by the Social Security Organisation since 2011-12 and there are contingent liabilities in reference with corporation, withholding and income taxes for the 2017-18 tax year. The scale of liabilities shall be determined after assessment of tax authorities.

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Karafarin Asr Amin Company:
Due to tax exemptions, there are no taxable income for 2016-17 and 2017-18 tax years and no tax has been calculated in this regard. 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 announce 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 are available, should be exchanged with the final taxes of the 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 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 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

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

	Group	
	2017-18	2016-17
	Million IRR	Million IRR
Net Profit after Minority Interest Deduction-Million IRR	643,739	1,070,241
Weighted-Average of General Shares	8,500,000,000	8,500,000,000
Basic & Diluted Earnings per Shares-IRR	76	126

59. Post-Balance Sheet Date Events

There were no significant post-balance sheet events until approve date of financial statements which need disclosure.

60. Bad Debts

Bad debts based on claims are as follows:

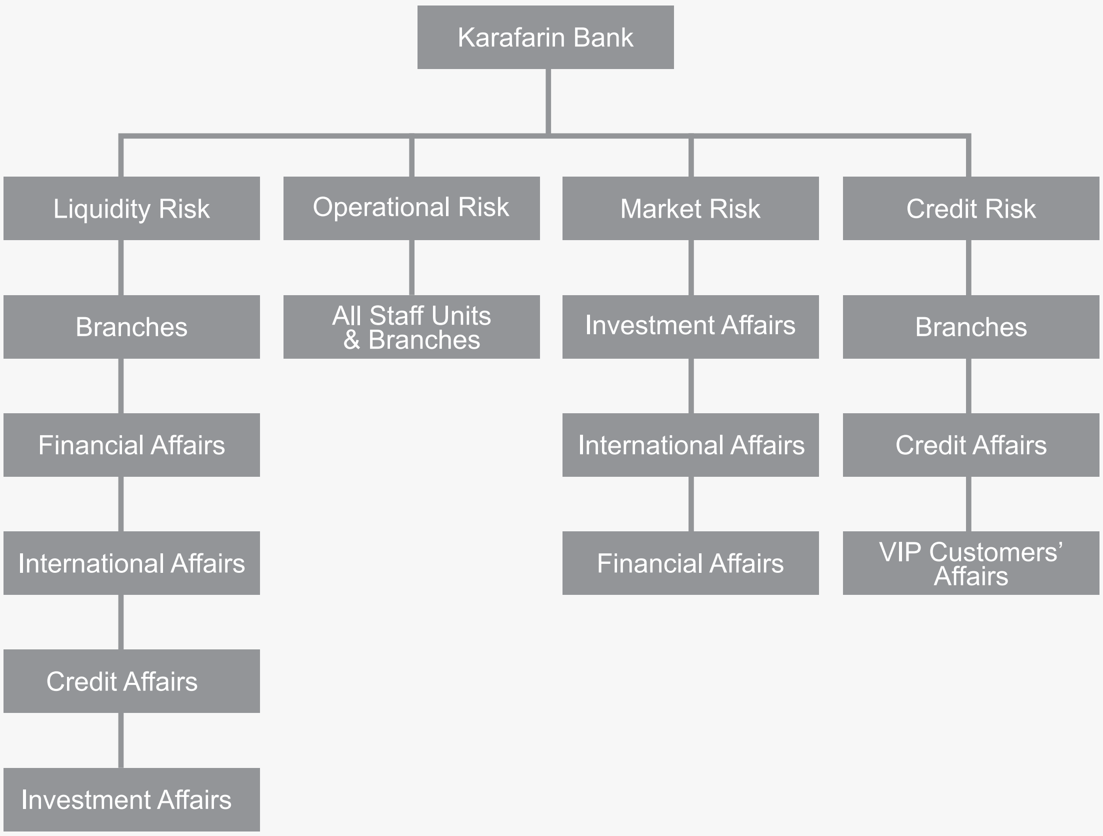
	Loans	Other Claims	Total
	Million IRR	Million IRR	Million IRR
Bad Debts at the Beginning of the Year	0	0	0
Bad Debts during the Year	0	0	0
Bad Debts Collected during the Year	0	0	0
Bad Debts at the End of the Year	0	0	0

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 each of which is exposed to.



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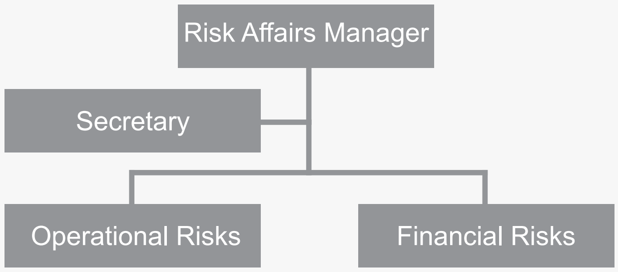
61.2. Risk management structure



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 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:

01. Credit applicants' annual rating
02. Assessing branches performance at internal rating system information registry
03. Investigating & updating information on internal rating system
04. Evaluating internal rating system and upgrading it
05. Investigating and comparing customers' rates with respect to customers' credit performance and securities
06. Investigating customers' credit information registration in Afarin system from risk point of view
07. Investigating adequacy of securities registered for credit applicants
08. Investigating and upgrading value of credit applicants' real estates as collateral
09. 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 related to 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 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 IRR Billion)

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 for credit risk reduction is reception of security with regard 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 property (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.

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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 separate 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. Bank 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 L/Gs & L/Cs	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
1st Degree-Low Risk	8,800,381	7,443,510	2,431,557	3,290,436	9,415,236	402,927
2nd Degree-Medium Risk	67,609,281	66,084,864	1,753,992	69,592	16,338,803	16,486,418
3rd Degree-High Risk	26,603,631	16,114,589	104,167	150,669	1,002,600	3,556,554
No Rating	8,473,883	8,148,669	0	0	9,468,459	9,376,567
4th Rating-About to be Categorised as Bad Debts	873,064	740,191	0	0	0	0
Total Gross Amount	112,360,240	98,531,823	4,289,716	3,510,696	36,225,099	29,822,467
Impairment Provision	(6,342,281)	(4,481,037)	0	0	0	0
Net Carrying Amount	106,017,959	94,050,786	4,289,716	3,510,696	36,225,099	29,822,467

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

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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/Cs & L/Gs	
	2017-18	2016-17	2017-18	2016-17
	Million IRR	Million IRR	Million IRR	Million IRR
Current	82,038,844	89,522,696	36,225,099	29,822,467
Overdue	2,649,004	1,574,906	0	0
Deferred	16,927,380	2,385,983	0	0
Doubtful	10,745,012	5,480,428	0	0
Total Gross Amount	112,360,240	98,964,013	36,225,099	29,822,467
Impairment Provision	(6,342,281)	(4,913,227)	0	0
Net Carrying Amount	106,017,959	94,050,786	36,225,099	29,822,467

61.3.7.3. Credit quality of participation bonds and similar items

Credit Quality Analysis		
	2017-18	2016-17
	Million IRR	Million IRR
Governmental Bonds & Treasury Notes		
Islamic Treasury Notes	52,342	197,164
Islamic Morabeheh Bonds	600,000	624,000
Sukuk Bonds Rented by Social Security Organisation (Shasta 99)	800,000	0
Governmental Participation Bonds 6 (Ashad 6)	24,518	0
Non-governmental Company Bonds		
Karafarin Brokerage Investment Fund	28,500	1,224
Arman Karafarin Investment Fund	18,500	48,337
Amin Mellat Investment Fund	400,126	76,623
Charisma Fixed Income Investment Fund	189,660	18,500
Karafarin Shakhes Common Investment Fund	9,000	28,500
Karafarin Shakhes Common Investment Fund	15,999	24,999
Bana Gostar Karane *Sukuk* Bonds	0	0
	2,138,644	1,019,347

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61.3.7.4. Type and amount of securities obtained from credit customers

Securities	2017-18 Million IRR	2016-17 Million IRR
Loans Granted to Customers		
Listed Bonds	28,544,765	23,577,294
Unlisted Bonds	0	50,621
Deposit- IRR	3,847,726	2,534,903
Deposit- Foreign Currency	13,469	10,124
Immovable Properties Mortgaged by the Bank	18,175,508	19,140,292
Participation Bonds	297,102	50,000
Machineries	558	1,884
Collected Cheque & Additional Cheque as Collateral	95,032,460	82,733,718
Promissory Note	23,452,903	23,877,300
Indispensable Contract	99,918,263	86,490,018
Investment Fund	321,979	784,663
Others	109,494	292,302
	269,714,227	239,543,120

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	2017-18 Million IRR	2016-17 Million IRR
Loans Granted to Individuals		
Below 50%	323,872	33,023
51% - 70%	25,077	71,427
71% – 90%	59,426	70,878
91% - 100%	276,490	324,175
Above 100%	14,932,486	15,517,483
Loans Granted to Legal Customers	0	
Lower than 50%	504,838	192,367
51% - 70%	492,616	0
71% - 90%	1,627,150	990,399
91% - 100%	3,519,010	2,047,850
Higher than 100%	84,256,994	74,803,184
	106,017,959	94,050,786

* Calculations are based on the updated mortgage value of securities considering the liquidity coefficients stated in the Assets Classification & Provisioning Circular.

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61.3.8. Credit risk concentration

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

	Granted Loans		Investments		Commitments for L/Gs & L/Cs	
	20.03.2018	2016-17	20.03.2018	2016-17	20.03.2018	2016-17
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Carrying Amount	106,017,959	94,050,786	4,289,716	856,471	36,225,099	29,777,679
Loans/ Commitments based on Economic Sectors						
Industry & Mine	51,243,822	39,736,515	297,758	615,597	7,203,492	6,677,173
Housing	13,524,326	13,242,931	0	0	9,166,259	8,847,950
Commercial	14,372,129	13,591,593	0	0	2,238,522	2,233,039
Services	11,402,410	7,305,724	986,590	18,059	8,012,570	3,298,979
Agriculture	1,614,684	1,692,427	0	0	1,713,666	69,707
Non-profit & General Activities	44,573	3,875,653	0	0	436	35,139
Financial Intermediaries & Banks	13,269,750	13,784,135	3,005,368	2,877,040	133,578	108,221
No Economic Sector	546,264	821,808	0	0	7,756,576	8,552,258
	106,017,959	94,050,786	4,289,716	3,510,696	36,225,099	29,822,466
Loans/ Commitments based on Location						
Domestic	106,017,959	94,050,786	4,289,716	3,510,696	36,225,099	29,822,466
Overseas	0	0	0	0	0	0
	106,017,959	94,050,786	4,289,716	3,510,696	36,225,099	29,822,466

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

Description	2017-18 Million IRR	2016-17 Million IRR
Loans:		
Building	13,323,540	13,064,975
Manufacturing Chemical Materials & Products	11,174,816	9,408,125
Financial Intermediation except for Insurance	9,099,495	9,619,133
Motor Vehicle Production	6,542,415	6,501,763
Base Metals Production	7,394,720	7,271,254
Service Activities	5,744,150	4,652,021
Wholesale except for Motor Vehicle	6,018,539	6,369,417
Peripheral Activities of Financial Intermediation	4,064,866	4,103,669
Health & Social Work	3,215,595	3,304,352
Food & Beverage Industry	6,015,338	4,626,657
Manufacturing Other Non-metal Mineral Products	2,723,522	2,707,008
Activities related to Real Estates	3,307,261	2,093,855
Manufacturing Other Machineries & Equipment	3,824,460	2,688,125
Rubber & Plastic Products	2,561,277	2,099,004
Oil Refinery & Nuclear Fuel Production	858,304	579,541
Retail except for Motor Vehicle	1,338,664	2,034,768
Land Transportation through Pipelines	83,758	348,522
Agriculture, Hunting & Related Activities	1,250,637	1,325,515
Others	17,476,601	11,253,082
Investments:		
Base Metals	-	38,104
Chemical & Petrochemical Industries & Petroleum Products	268,543	418,546
Metal Mines Exploitation	-	9,105
Energy	29,215	138,743
Contract Work	-	18,059
Cement, Lime & Plaster	-	4,011
Banks & Credit Institutes	104,167	63,860
Financial Intermediation	3,887,791	2,820,268
Oil & Gas Exploitation Except Exploration	-	-
Automotive & Parts Manufacturing	-	-
Commitments:		
Building	9,153,330	8,845,008
Other Service Activities	1,526,470	1,483,338
Power, Gas & Water Provision	2,566,510	2,417,953
Other Business Activities	577,253	609,491
Textile Production	350,788	365,025
Computer & Related Activities	1,059,021	898,372
Food & Beverage Industry	784,587	329,560
Other Machineries & Equipment	791,719	722,572
Retails Except for Vehicles	56,268	88,639
Wholesale Except for Motor Vehicles	286,876	539,023
Manufacturing Other Non-metal Minerals	169,700	225,273
Oil & Natural Gas Exploitation	144,083	178,169
Base Metal Production	276,211	431,494
Motor Vehicle Production	596,206	548,252
Manufacturing Chemical Materials & Products	350,912	260,699
Manufacturing Other Machineries & Equipment	415,436	351,270
Post & Telecommunications	105,143	115,104
Land Transport through Pipelines	6,102,496	1,449,391
Others	10,912,089	9,963,832
Total	146,532,774	127,383,948

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

Description Amount Million IRR		Granted Loans during the Year		Loans Balance at the End of the Year	
		Ratio to Total	Amount	Ratio to Total	
		Million IRR	Million IRR	Million IRR	
Exchange Contract	Individuals	188,603	0.07%	1,720,105	1.53%
	Legal Customers	6,625,165	2.34%	1,206,902	1.07%
Participatory Contracts	Individuals	45,416,357	16.06%	15,249,744	13.57%
	Legal Customers	230,644,872	81.54%	94,183,489	83.82%
		282,874,997		112,360,240	

61.3.9. Non-performing loans management method

With respect to the Bank's major credit policies towards non-performing loans loss and risk reduction and in line with circulars and instructions related to CBI, major parts of securities taken for loans are properties and assets which are economically valuable and easily traded. Non-performing loans are dealt with by legal unit and specialised independent companies related to legal administrative groups to settle according to bank interests .It seems that lifting sanctions has helped to improve economic status of loan takers and reduce non-performing loans across banking system.

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61.3.9.1. Turnover of non-performing loan

	2017-18				2016-17			
	Principal Amount	interest	Recognisance	Total	Principal Amount	interest	Recognisance	Total
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Non-Performing Loans Balance at the Beginning of the Year	12,318,201	1,700,211	0	14,018,413	8,928,243	1,517,255	0	10,445,498
Transferred to non-Performing during the Year	28,600,612	2,398,479	154,831	31,153,923	13,680,617	1,818,593	0	15,499,210
Non-Performing Loans Settled during the Year								
Cash Collected	(3,014,601)	(128,909)	(1,334,685)	(4,478,195)	(1,195,227)	(1,635,636)	0	(2,830,863)
Collected by Assets Repossession	(129,641)	(9,575)	(168,567)	(307,783)	(1,234,037)	0	0	(1,234,037)
Settled through new Loans	(10,064,961)	0	0	(10,064,961)	(7,861,394)	0	0	(7,861,394)
Non-Performing Loans Balance at the End of the Year	27,709,611	3,960,207	(1,348,421)	30,321,397	12,318,201	1,700,211	0	14,018,413

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-current Claims	
	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Partial Distribution of Non-Performing Loans						
Industry & Mine	5,268,880	4,149,416	(1,850,747)	(1,258,183)	3,418,133	2,891,233
Building	4,754,178	4,350,492	(521,302)	(284,211)	4,232,876	4,066,281
Commercial	3,066,404	1,411,083	(497,598)	(758,228)	2,568,806	652,855
Services	1,502,941	1,261,133	(629,855)	(373,130)	873,086	888,003
Agriculture	876,282	1,153,366	(164,862)	(121,978)	711,420	1,031,388
General & Non-profit Activities	1,616	221,958	(747)	(23,793)	869	198,165
Financial Intermediation	5,887,587	559,250	(101,466)	(464,951)	5,786,121	526,489
No Economic Sector	8,963,509	911,714	(1,176,560)	(276,657)	7,786,949	635,057
Total	30,321,397	14,018,413	(4,943,138)	(3,561,131)	25,378,259	10,889,472

61.3.9.3. Repossessed assets balance

	2017-18	2016-17
	Million IRR	Million IRR
Movable Properties	930	930
Immovable Properties:		
Residential	2,031,607	1,763,789
Commercial/ Office	341,153	224,775
Factory	0	0
Land	556,891	558,785
Garden	2,878	8,278
Residential/ Commercial	124,144	120,754
Residential/ Commercial/ Office	155,834	151,818
	3,213,437	2,829,129

61.3.10. Capital required for credit risk cover

Capital required for covering credit risk of Bank's assets amounts IRR10,137,744 million. The related calculations are presented in 61.3.10.1.

61.3.10.1. Calculation of capital required for credit risk cover

The table presents capital for covering credit risk with objective of reaching 8% capital adequacy (Allocated capital = 8% × Risk).

Basel I	2017-18			
Assets	Assets & Commitments	Risk Coefficient	Risk Level	Capital Allocated
	Million IRR	%	Million IRR	Million IRR
Dues from Other Banks & Other Credit Institutes	7,800,360	20	1,560,072	124,806
Non-governmental Participation Bonds	661,785	100	661,785	52,943
Investment in Shares	2,151,072	100	2,151,072	172,086
Dues from Subsidiaries & Associates	791,728	100	791,728	63,338
Other Accounts Receivable	1,320,425	100	1,320,425	105,634
Hire Purchase & Housing Loans	762,871	50	381,435	30,515
Other Granted Loans & Claims	105,255,089	100	105,255,089	8,420,407
Other Assets	6,746,903	100	6,746,903	539,752
Commitments for Issued L/Gs (Subject to 20% Conversion Factor)	5,572,987	100	5,572,987	445,839
Commitments for Issued L/Gs (Liable to 50% Conversion Factor)	18,646	100	18,646	1,492
Commitments for Issued L/Cs (Liable to 50% Conversion Factor)	2,261,663	100	2,261,663	180,933
Total	133,343,528		126,721,805	10,137,744

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The following table presents capital required for credit risk with an objective to reach 8% capital adequacy based on Basel II and Standard Model.

Basel II	2017-18			
Assets Type	Assets & Commitments	Risk Coefficient	Risk Level	Allocated Capital based on Basel II
	Million IRR	%	Million IRR	Million IRR
Non-governmental Participation Bonds	661,785	20	132,357	10,589
Dues from Banks & Institutes	7,800,360	20	1,560,072	124,806
L/Gs & Commitments (Subject to 20% & 50% Adjustment Factor)	7,853,296	100	7,853,296	628,264
Risk in Case of Legal Default	48,658,947	100	48,658,947	3,892,716
Risk in Case of Real Default (Over IRR5,000 million Loans)	2,425,875	100	2,425,875	194,070
Risk in Case of Real Default (Below IRR5,000 million Loans)	2,402,377	75	1,801,783	144,143
Non-Performing Loans Less Securities & Specific Provision	7,197,900	150	10,796,850	863,748
Total	77,000,540		73,229,180	5,858,334

61.4. Liquidity risk

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

61.4.1. Definition

Liquidity risk is the Bank's probable 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 profit 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 high managers periodically which is carried out with cooperation of Financial Management and with help of Bank's information systems.

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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 high 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 bylaw.

Risk High Committee provides the Bank's Board of Directors with the reports prepared by risk unit periodically. Bylaws 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 3 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 knows 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 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, 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.

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61.4.5.1. Liquidity reserves

The composition of bank's cash reserves is as follows:

	2017-18	2016-17
	Million IRR	Million IRR
Cash - IRR	337,809	387,212
Cash – Foreign Currency	640,667	818,864
Sight Deposit Held with CBI (Unrestricted)	443,366	508,861
Deposits Held with Other Banks & Credit Institutes (Unrestricted)	6,457,156	13,722,237
Current Investment in Marketable Shares	401,925	740,934
Investment in Other Securities	2,138,644	1,019,347
	10,419,567	17,197,456

61.4.5.2. Liquidity ratios

	At the Beginning of the Year	Average of the Period	Maximum during the Period	Minimum during the Period	End of the Period
	%	%	%	%	%
Cash & Cash Equivalent to Total Assets*	11	9	14	6	6
Cash & Cash Equivalent to Total Deposits	15	11	19	7	8
Net Cash Assets to Total Deposits**	4	6	15	1	5
Loans to Total Deposits	85	81	85	77	83
Loans Granted to 1-Year Deposits & Above	91	85	90	81	82
Escaped Deposits to Total Deposits***	3	3	3	3	3

* 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, published bonds, other borrowings and commitments that will be matured by next month.

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

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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:

	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	7,878,998	7,878,998	0	0	0	0	0
Dues from Banks & Other Credit Institutes	7,800,360	7,800,360	0	0	0	0	0
Granted Loans & Dues from Non-governmental Entities	106,017,959	41,267,022	47,071,169	5,576,578	4,511,638	1,595,297	5,996,255
Investment in Shares & Other Securities	4,289,716	0	0	2,540,569	1,749,147	0	0
Dues from Subsidiaries & Associates	791,728	0	0	791,728	0	0	0
Other Accounts Receivable	1,320,425	0	0	0	0	0	1,320,425
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	6,746,903	0	0	0	0	0	6,746,903
	160,748,147	57,164,741	48,046,024	12,495,612	12,175,699	1,609,191	29,256,879
Liabilities:							
Dues to Banks & Other Credit Institutes	(3,621,831)	(3,621,831)	0	0	0	0	0
Customers' Deposits	(8,051,389)	(177,089)	(519,878)	(660,629)	(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
Reserves & Other Liabilities	(6,099,458)	(2,130,477)	(2,129,714)	(18,530)	0	0	(1,820,737)
Provision for Work Termination Benefits	(505,241)	0	0	0	0	0	(505,241)
Investment Depositors' Equity	(128,939,973)	(1,662,466)	(7,692,625)	(29,555,241)	(49,307,856)	(114,126)	(40,607,660)
Total Liabilities	(147,253,127)	(7,591,862)	(10,342,217)	(30,269,634)	(49,829,206)	(117,047)	(49,103,159)
Total Shareholders' Equity	(13,495,020)						(13,495,020)
Total Liabilities & Shareholders' Equity	(160,748,147)	(7,591,862)	(10,342,217)	(30,269,634)	(49,829,206)	(117,047)	(62,598,179)
Gap	0	49,572,878	37,703,807	(17,774,022)	(37,653,508)	1,492,144	(33,341,300)
Retained Gap		49,572,878	87,276,685	69,502,663	31,849,156	33,341,300	0
Gap Ratio to Core Capital		336%	256%	-121%	-255%	10%	-226%
Retained Gap Ratio to Core Capital		336%	592%	471%	216%	226%	0%
Retained Gap Ratio to Effective Core Capital		333%	586%	467%	214%	224%	0%

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	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	15,437,175	15,437,175	0	0	0	0	0
Dues from Banks & Other Credit Institutes	916,670	916,670	0	0	0	0	0
Granted Loans & Dues from Non-governmental Entities	94,050,786	5,887,431	549,603	7,649,341	75,429,076	0	4,535,334
Investment in Shares & Other Securities	3,509,428	0	0	740,934	0	0	2,768,494
Dues from Subsidiaries & Associates	939,331	0	0	939,331	0	0	0
Other Accounts Receivable	786,603	0	0	0	0	0	786,603
Tangible Fixed Assets	6,271,913	0	0	0	0	0	6,271,913
Intangible Assets	4,250,857	0	0	0	0	0	4,250,857
Legal Deposit	12,442,336	147,838	733,077	6,853,212	404,248	0	4,303,960
Other Assets	4,919,354	0	0	0	0	0	4,919,354
	143,524,453	22,389,115	1,282,680	16,182,819	75,833,325	0	27,836,515
Liabilities:							
Dues to Banks & Other Credit Institutes	(12,537,796)	(12,537,796)	0	0	0	0	0
Customers' Deposits	(7,658,727)	(703,740)	0	0	0	0	(6,954,988)
Dividend Payable	(12,234)	0	0	0	0	0	(12,234)
Corporation Tax Reserve	(239,735)	0	0	(239,735)	0	0	0
Reserves & Other Liabilities	(5,109,280)	(3,109,124)	0	0	0	0	(2,000,156)
Provision for Work Termination Benefits	(400,655)	0	0	0	0	0	(400,655)
Investment Depositors' Equity	(103,426,372)	(1,595,038)	(5,616,850)	(52,509,465)	(3,097,359)	0	(40,607,660)
Total Liabilities	(129,384,798)	(17,945,697)	(5,616,850)	(52,749,200)	(3,097,359)	0	(49,975,692)
Total Shareholders' Equity	(14,139,655)						(14,139,655)
Total Liabilities & Shareholders' Equity	(143,524,453)	(17,945,697)	(5,616,850)	(52,749,200)	(3,097,359)	0	(64,115,347)
Gap	0	4,443,418	(4,334,170)	(36,566,381)	72,735,965	0	(36,278,832)
Retained Gap		4,443,418	109,248	(36,457,133)	36,278,832	36,278,832	0
Gap Ratio to Core Capital		30%	-29%	-248%	493%	0%	-246%
Retained Gap Ratio to Core Capital		30%	1%	-247%	246%	246%	0%
Retained Gap Ratio to Effective Core Capital		30%	1%	-245%	244%	244%	0%

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61.4.5.4. Financial liabilities contractual maturity analysis

61.4.5.4.1. The following table presents the financial liability maturity based on the maturity stated in the contract:

	2017-18						
	Carrying Amount	Below 1 Month	1 to 3 Months	From 3 Months to 1 Year	From 1 Year to 5 Years	Over 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 Institutes	(3,621,831)	0	0	0	0	0	(3,621,831)
Customers' Deposits	(8,051,389)	0	0	0	0	0	(8,051,389)
Dividend Payable	(35,235)	0	0	0	0	0	(35,235)
Investment Depositors' Equity	(128,939,973)	(1,662,466)	(7,692,625)	(29,555,241)	(49,307,856)	(114,126)	(40,607,660)
Total	(140,648,428)	(1,662,466)	(7,692,625)	(29,555,241)	(49,307,856)	(114,126)	(52,316,115)

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	2016-17						
	Carrying Amount	Below 1 Month	1 to 3 Months	From 3 Months to 1 Year	From 1 Year to 5 Years	Over 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 Institutes	(12,537,796)	0	0	0	0	0	(12,537,796)
Customers' Deposits	(7,658,727)	0	0	0	0	0	(7,658,727)
Dividend Payable	(12,234)	0	0	0	0	0	(12,234)
Investment Depositors' Equity	(103,426,372)	(1,595,038)	(5,616,850)	(52,509,465)	(3,097,359)	0	(41,069,958)
Total	(123,635,128)	(1,595,038)	(5,616,850)	(52,509,465)	(3,097,359)	0	(61,278,715)

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

	2017-18					
	Below 1 Month	1 to 3 Months	From 3 Months to 1 Year	From 1 Year to 5 Years	Over 5 Years	Without Specified Maturity Date
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Liabilities:						
Dues to Banks & Credit Institutes	1,217,798	0	517,090	104,063	0	0
Deposits of Customers	1,691,937	0	1,800,897	0	0	0
Investment Depositors' Equity	0	0	0	79,305	0	0
Total	2,909,735	0	2,317,987	183,368	0	0

	2016-17					
	Below 1 Month	1 to 3 Months	From 3 Months to 1 Year	From 1 Year to 5 Years	Over 5 Years	Without Specified Maturity Date
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Liabilities:						
Dues to Banks & Credit Institutes	10,339,120	0	776,398	78,144	0	0
Deposits of Customers	703,740	0	2,775,994	0	0	0
Investment Depositors' Equity	0	0	0	66,880	0	0
Total	11,042,859	0	3,552,392	145,024	0	0

61.4.6. Preparation to counteract crisis (Cash Adequacy Stress Test)
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 analyzed. 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.

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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 is provided in the following table:

Investment Type	2017-18		2016-17	
	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	(-5.81,5.86)	51,012	(-4.38,4.38)	35,215
Other Investments (Stating Title)	0	0	0	0

61.5.5. Exposed to risk value of foreign currency rate analysis

	USD	EUR	GBP	AED	CHF	SEK	CNY	KRW	JPY	TRY	INR	OMR	QAR	RUB
Cash	5,151,774	8,158,496	39,592	4,860	200	0	0	0	30,000	0	0	0	0	0
Dues from Banks & Other Credit Institutes	2,148,347	77,950,126	527,404	9,753,884	713,187	0	221,102,189	9,421,466,707	189,959,088	3,138,290	244,868,431	2,182	146,751	891,732
Other Accounts Receivable	0	11,495	0	0	0	0	7,762	0	0	0	0	0	0	0
Other Assets	7,978,085	187,237,775	990	2,139,812	7,693,670	0	520,041,898	14,747,894,283	449,353,006	11,304,656	348,009,960	100	0	0
Total Foreign Currency Assets	15,278,207	273,357,892	567,986	11,898,555	8,407,057	0	741,151,850	24,169,360,990	639,342,094	14,442,945	592,878,392	2,282	146,751	891,732
Dues to Banks & Other Credit Institutes	(5,936,455)	(19,883,896)	0	(4,022,482)	0	0	(49,861,618)	(7,387,823,658)	0	0	0	0	0	0
Customers' Deposits	(2,660,673)	(31,577,252)	(47,307)	(2,386,691)	(590)	0	(6,888,683)	(26,600,135)	(1,386,493)	(8,666)	0	0	0	0
Provisions & Other Liabilities	(2,517,335)	(208,246,413)	(257)	(3,877,478)	(8,028,254)	0	(678,115,605)	(15,204,418,402)	(472,200,475)	(12,055,689)	(541,648,242)	(21)	0	0
Investment Depositors' Rights	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Foreign Currency Liabilities	(11,114,463)	(259,707,560)	(47,564)	(10,286,651)	(8,028,844)	0	(734,865,906)	(22,618,842,195)	(473,586,968)	(12,064,355)	(541,648,242)	(21)	0	0
Net Assets (Liabilities) on 20.03.2018	4,163,744	13,650,331	520,422	1,611,904	378,213	0	6,285,944	1,550,518,795	165,755,126	2,378,591	51,230,149	2,261	146,751	891,732
IRR Equivalent of Foreign Currency Open Position	174,877	711,617	30,877	18,435	16,596	0	41,934	60,470	64,976	24,542	33,197	247	1,693	618
% of Foreign Currency Open Position to Core Capital	1.2%	4.8%	0.2%	0.1%	0.1%	0%	0.3%	0.4%	0.4%	0.2%	0.2%	0%	0.01%	0%
Net Foreign Currency Assets (Liabilities) at 20.03.2017	8,541,732	8,151,940	599,566	(1,426,084)	(1,152)	0	28,294,112	1,468,863,913	283,433,089	4,145,952	43,987,846	2,273	2,646,751	797,767
Commitments for Opened L/Cs	0	59,386,942	0	0	7,682,754	0	282,896,560	9,533,560,945	385,836,268	11,247,645	217,020,067	0	0	0
Commitments for Issued L/Gs	1,748,325	50,832,797	0	1,277,500	0	0	12,412,372	0	0	0	0	0	0	0
Commitments for Amounts Received from CBI & ECO Bank (Loans)	0	36,215,956	0	0	0	0	0	0	0	0	0	0	0	0

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With respect to Historical Simulation Method and Standard Model and resulting change percent in foreign currency rate, value at risk for investment in shares and other investments with market price are presented in the following table:

Foreign Currency	20.03.2018		20.03.2017	
	Potential Change in Market Price	Effect on Profit & Loss	Potential Change in Market Price	Effect on Profit & Loss
	%	Million IRR	%	Million IRR
USD	(0.11,0.11-)	17,263	(5.6,5.6-)	15,443
EUR	(0.66,0.66-)	419,746	(3.1,3.1-)	2,609
GBP	(0.82,0.82-)	22,403	(2.89,2.89-)	696
AED	(0.11,0.11-)	1,853	(2.45,2.45-)	762
JPY	(0.73,0.73-)	43,103	(3.06,3.06-)	1,571
CHF	(0.67,0.67-)	10,016	(1.01,1.01-)	24
CNY	(0.35,0.35-)	13,075	(2.32,2.32-)	2,789
OMR	(0.11,0.11-)	24	(1.01,1.01-)	306
INR	(0.41,0.41-)	12,159	(2.18,2.18-)	432
TRY	(1.1,1.1-)	25,141	(4.97,4.97-)	1,951

61.5.6. Capital required for covering market risk

Measurement Unit	Shares Risk		Foreign Currency Risk		Total Capital Provision for Market Risk
	Value at Risk	Required Capital Provision	Value at Risk	Required Capital Provision	
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Historical Simulation Model	51,012	153,036	564,738	1,694,214	1,847,250
Standard Model	* 8% × (Opportunity Average)	78,725	* 8% × (Opportunity Sales or Buy)	408,209	486,934

* Other methods used by the Bank include Monte Carlo Simulation.

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

	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	Non-Sensitive to Rate
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Assets:							
Cash	7,878,998	0	0	0	0	0	7,878,998
Dues from Banks & Other Credit Institutes	7,800,360	0	0	0	0	0	7,800,360
Granted Loans & Dues from Non-governmental Entities	106,017,959	41,267,022	47,071,169	5,576,578	4,511,638	1,595,297	5,996,255
Investment in Shares & Other Securities	4,289,716	0	0	2,540,569	0	0	1,749,147
Dues from Subsidiaries & Associates	791,728	0	0	791,728	0	0	-
Other Accounts Receivable	1,320,425	0	0	0	0	0	1,320,425
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	6,746,903	0	0	0	0	0	6,746,903
Total Assets	160,748,147	41,485,384	48,046,024	12,495,612	10,426,552	1,609,191.401	46,685,384
Liabilities:							
Dues to Banks & Other Credit Institutes	(3,621,831)	(3,621,831)	0	0	0	0	0
Customers' Deposits	(8,051,389)	0	0	0	0	0	(8,051,389)
Dividend Payable	(35,235)	0	0	0	0	0	(35,235)
Corporation Tax Reserve	0	0	0	0	0	0	0
Provisions & Other Liabilities	(6,099,458)	0	0	0	0	0	(6,099,458)
Provision for Work Termination Benefits	(505,241)	0	0	0	0	0	(505,241)
Investment Depositors' Rights	(128,939,973)	(1,662,466)	(7,692,625)	(29,555,241)	(49,307,856)	(114,126)	(40,607,660)
Total Liabilities	(147,253,127)	(5,284,297)	(7,692,625)	(29,555,241)	(49,307,856)	(114,126)	(55,298,982)
Total Shareholders' Equity	(13,495,020)						(13,495,020)
Total Liabilities & Shareholders' Equity	(160,748,147)	(5,284,297)	(7,692,625)	(29,555,241)	(49,307,856)	(114,126)	(68,794,002)
Gap		36,201,087	40,353,399	(17,059,628)	(38,881,304)	1,495,065	(22,108,618)
Retained Gap		36,201,087	76,554,486	59,494,857	20,613,553	22,108,618	0

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	2016-17						
	Carrying Amount	Below 1 Month	1 Month to 3 Months	3 Months to 1 Year	1 Year to 5 Years	Above 5 Years	Non-Sensitive to Rate
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Assets:							
Cash	15,437,175	15,437,175	0	0	0	0	0
Dues from Banks & Other Credit Institutes	916,670	916,670	0	0	0	0	0
Granted Loans & Dues from Non-governmental Entities	94,050,786	5,887,431	549,603	7,649,341	75,429,076	0	4,535,334
Investment in Shares & Other Securities	3,509,428	0	0	740,934	0	0	2,768,494
Dues from Subsidiaries & Associates	939,331	0	0	0	0	0	939,331
Other Accounts Receivable	786,603	0	0	0	0	0	786,603
Tangible Fixed Assets	6,271,913	0	0	0	0	0	6,271,913
Intangible Assets	4,250,857	0	0	0	0	0	4,250,857
Legal Deposit	12,442,336	147,838	733,077	6,853,212	404,248	0	4,303,960
Other Assets	4,919,354	0	0	0	0	0	4,919,354
	143,524,453	22,389,115	1,282,679.9	15,243,487.65	75,833,325	0	28,775,846.3
Liabilities:							
Dues to Banks & Other Credit Institutes	(12,537,796)	0	0	0	0	0	(12,537,796)
Customers' Deposits	(7,658,727)	0	0	0	0	0	(7,658,727)
Dividend Payable	(12,234)	0	0	0	0	0	(12,234)
Corporation Tax Reserve	(239,735)	0	0	0	0	0	(239,735)
Provisions & Other Liabilities	(5,109,280)	0	0	0	0	0	(5,109,280)
Provision for Work Termination Benefits	(400,655)	0	0	0	0	0	(400,655)
Investment Depositors' Rights	(103,426,372)	(1,595,038)	(5,616,850)	(52,509,465)	(3,097,359)	0	(40,607,660)
Total Liabilities	(129,384,798)	(1,595,038)	(5,616,850)	(52,509,465)	(3,097,359)	0	(66,566,086)
Total Shareholders' Equity	(14,139,655)						(14,139,655)
Total Liabilities & Shareholders' Equity	(143,524,453)	(1,595,038)	(5,616,850)	(52,509,465)	(3,097,359)	0	(80,705,741)
Gap		20,794,077	(4,334,170)	(37,265,977)	(72,735,965)	0	(51,929,895)
Retained Gap		20,794,077	16,459,907	(20,806,070)	51,929,895	51,929,895	0

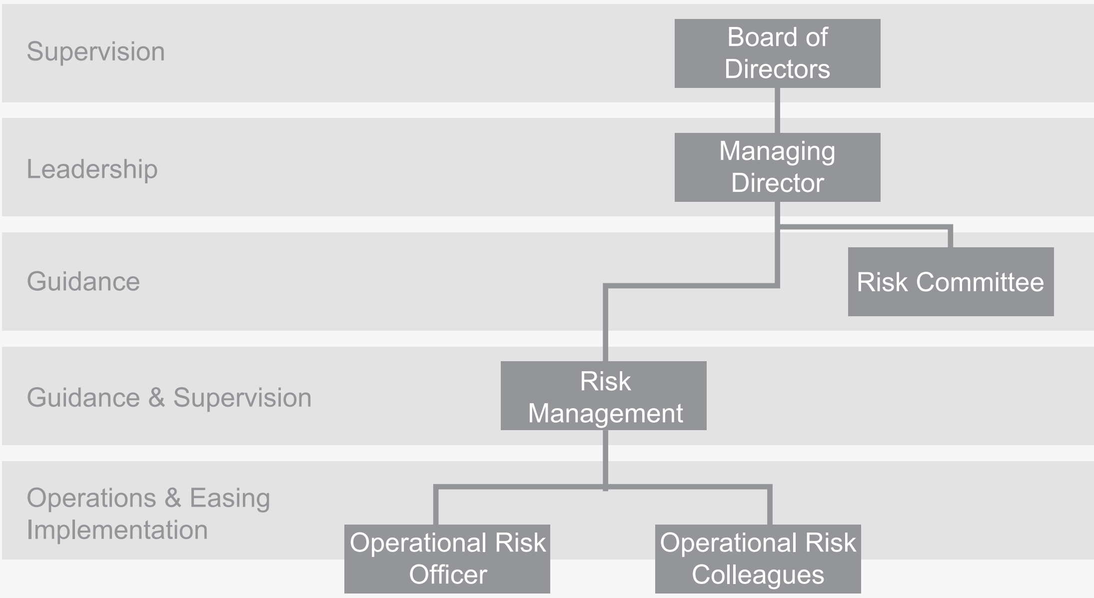
61.6. Operational risk

61.6.1. Definition

Karafarin Bank defines the operating risk according 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 analyzing 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 recognized 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 Unit	Capital Exposed to Operational Risk
Base Index	3,268,924
Standard Index	3,797,989
Advance Index	-

61.7. Capital management

61.7.1. Base capital

Bank's charter capital in the fiscal year ended 20.03.2018 amounts IRR14,746,399 million.

Description	2017-18	2016-17
	Million IRR	Million IRR
A- Core Capital		
Capital Less Capital Financed from Revaluation Surplus	6,500,000	6,500,000
Legal Reserve	3,594,074	3,499,519
Retained Earnings	1,357,350	2,924,599
	11,451,423	12,924,118
B- Complementary Capital		
General Provision for Claims & Investments	1,399,143	1,352,096
Revaluation Surplus of Fixed Assets	2,000,000	2,000,000
	3,399,143	3,352,096
Less: Complementary Capital Excess to Core Capital	0	0
Complementary Capital	3,399,143	3,352,096
Base Capital before Deduction	14,850,566	16,276,214
C- Deduction from Charter Capital		
Investment in Banks & Credit Institutes	(104,167)	(112,342)
	(104,167)	(112,342)
Base Capital	14,746,399	16,163,872
Effective Base Capital	14,897,566	14,897,566

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The Bank's effective base capital for calculating discretionary ratios is IRR14,897,566 million up to approval date of financial statements.

The Bank's new base capital will be confirmed based on financial statements approved by the General Assembly and effecting any potential changes or deductions such as distributing dividends among shareholders by the CBI.

61.7.2. Capital allocation

The Bank's total risk-weighted assets is IRR148,809,982 million at the end of the fiscal year ended 20.03.2018.

Description	2017-18			2016-17		
	Assets & Commitments	Risk Coefficient	Risk- adjusted Assets & Commitments	Assets & Commitments	Risk Coefficient	Risk- adjusted Assets & Commitments
	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR	Million IRR
Cash	7,878,998	0	0	15,437,175	0	0
Legal Deposit	15,305,659	0	0	12,442,336	0	0
Dues from CBI	223,039	0	0	190,664	0	0
Dues from Banks & Other Credit Institutes	7,577,321	20	1,515,464	726,007	20	145,201
Governmental Participation Bonds	652,342	0	0	821,164	0	0
Non-governmental Participation Bonds	661,785	100	661,785	198,183	100	198,183
investment in Shares	2,975,590	100	2,975,590	2,490,081	100	2,490,081
Accounts Receivable	2,112,153	100	2,112,153	1,725,934	100	1,725,934
Hire Purchase & Housing Loans	762,871	50	381,435	985,064	50	492,532
Other Paid Loans & Claims	105,255,089	100	105,255,089	93,065,722	100	93,065,722
Net Fixed Assets & Goodwill	10,596,399	100	10,596,399	10,522,770	100	10,522,770
Other Assets	6,746,903	100	6,746,903	4,919,354	100	4,919,354
Commitments for Issued L/Gs (Subject to 20% -conversion Factor)	5,572,987	100	5,572,987	4,056,718	100	4,056,718
Commitments for Issued L/Gs (Subject to 50% -conversion Factor)	18,646	100	18,646	7,006	100	7,006
Commitments for Issued L/Cs (Subject to 50%- conversion Factor)	2,261,663	100	2,261,663	2,465,023	100	2,465,023
Other Commitments (Contracts Subject to 50%- conversion Factor)	10,711,868	100	10,711,868	978,566	100	978,566
Total Risk-weighted Assets & Commitments			148,809,982			121,067,090

61.7.3. Capital adequacy ratio

Capital adequacy ratio is 9.91% at the end of the fiscal year ended 20.03.2018.

	2017-18	2016-17
	Million IRR	Million IRR
Base Capital	14,746,399	16,163,872
Total Risk-Weighted Assets & Commitments	148,809,982	121,067,090
Capital Adequacy Ratio (%)	9.91%	13.35%

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 8.4% at the end of the fiscal year 20.03.2018.

	2017-18	2016-17
	Million IRR	Million IRR
Total Shareholders' Equity	13,495,020	14,139,655
Total Assets	160,748,147	143,524,453
Degree of Leverage	8.4%	9.9%

62. Operational Units

62.1. Basis for dividing units

In this section, the Bank express its basis in unit reporting including different sections of business such as retail banking, corporate banking and so on.

62.2. Information regarding reportable operational units

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
Granted Loans & Deposits Income	19,208,311	0	158,394	0	0	19,366,705
Deposits Interest Expense	(17,516,565)	0	(18,886)	0	0	(17,535,451)
Loans & Deposits Net Income	1,691,746	0	139,509	0	0	1,831,254
Commission Income	847,679	0	0	0	0	847,679
Commission Expense	(99,677)	0	0	0	0	(99,677)
Net Commission Income	748,002	0	0	0	0	748,002

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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
Net Investments Profit (Loss)	1,029,284	0	0	0	0	1,029,284
Net Foreign Currency Transactions Profit (Loss)	0	0	564,376	0	0	564,376
Other Operating Revenues	0	0		0	410,348	410,348
Direct Expenses Attributable to Operating Section	(1,450,676)	0		0	0	(1,450,676)
Each Section Profit (Loss) before Unattributable General Expenses	2,018,356	0	703,884	0	410,348	3,132,588
General Expenses Unattributable to Sections						(2,502,223)
Profit before Tax						630,365

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

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

	2017-18		
	Iran	Other Countries	Total
	Million IRR	Million IRR	Million IRR
Assets:	7,878,998	0	7,878,998
Cash	7,800,360	0	7,800,360
Dues from banks & Other Credit Institutes	106,017,959	0	106,017,959
Granted Loans & Dues from Non-governmental Entities	4,289,716	0	4,289,716
Investment in Shares & Other Securities	791,728	0	791,728
Dues from Subsidiaries & Associates	1,320,425	0	1,320,425
Other Accounts Receivable	15,305,659	0	15,305,659
Legal Deposit	6,446,794	0	6,446,794
Tangible Fixed Assets	4,149,605	0	4,149,605
Intangible Assets	6,746,903	0	6,746,903
Other Assets	160,748,147	0	160,748,147
Total			
Liabilities:			
Dues to Banks & Other Credit Institutes	(3,621,831)	0	(3,621,831)
Customers' Deposits	(8,051,389)	0	(8,051,389)
Investment Depositors' Rights	(128,939,973)	0	(128,939,973)
Total	(140,613,194)	0	(140,613,194)
Incomes	24,797,649	0	24,797,649

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	2016-17		
	Iran	Other Countries	Total
	Million IRR	Million IRR	Million IRR
Assets:			
Cash	15,437,175	0	15,437,175
Dues from Banks & Other Credit Institutes	916,670	0	916,670
Granted Loans & Dues from Non-governmental Entities	94,050,786	0	94,050,786
Investment in Shares & Other Securities	3,509,428	0	3,509,428
Dues from Subsidiaries & Associates	939,331	0	939,331
Other Accounts Receivable	786,603	0	786,603
Legal Deposit	12,442,336	0	12,442,336
Tangible Fixed Assets	6,271,913	0	6,271,913
Intangible Assets	4,250,857	0	4,250,857
Other Assets	4,919,354	0	4,919,354
Total	143,524,453	0	143,524,453
Liabilities:			
Dues to Banks & Other Credit Institutes	(12,537,796)	0	(12,537,796)
Customers' Deposits	(7,658,727)	0	(7,658,727)
Investment Depositors' Rights	(103,426,372)	0	(103,426,372)
Total	(123,622,895)	0	(123,622,895)
Incomes	23,437,108	0	23,437,108

63. Transactions with Related Parties

63.1. Changes in major shareholders (over 1%)
During the 2017-18 fiscal year, major shareholders (over 1%) have had no changes.

63.2. Transactions with managers
Managers include the bank's managing director, board of directors and executive board members.

During the 2017-18 fiscal year managers have had no dealings 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 Relation	2017-18					
			Transaction	Subject to Article 129?	Pricing Method	Flow Transaction Amount	Gross Transaction Profit (Loss)	Claim Balance (Debt)
Karafarin Foreign Exchnage Co.	Karafarin Insurance Co.	The Same Category Company	Purchasing Goods & Services	No		517	0	0
Asr Amin Karafarin Co.	Karafarin Insurance Co.	Associated Company	Issuing Insurance Policy Income	No		-	0	0
Karafarin Brokerage Co.	Karafarin Common Investment Fund	Managed Fund		No		2,879	0	8,944
	Arman Karafarin Investment Fund	Managed Fund		No		3,052	0	11,820
	Karafarin Index Investment Fund	Managed Fund		No		138	0	549
	Amin Karafarin Investment Fund	Managed Fund & Liquidity Guarantee		No		74	0	0
Amin Etemad Karafarin Co.	Rayan Saipa Leasing Co.	Common Board member	Selling Services	Yes		690	0	0

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63.3. Transactions with related parties during the 2017-18 are as follows:

(Amounts in million IRR)

Description	Related Party	Type of Relation	2017-18					
			Transaction	Subject to Article 129	Pricing Method	Flow Transaction Amount	Gross Transaction Profit (Loss)	Claim Balance (Debt)
Subsidiaries	Karafarin Bank Brokerage Co.	Subsidiary	Shares Trading	Yes	Transactions Tariff at Stock Exchange		1,966	140,003
			L/G Commission Income		According to Banking Tariff		206	
			L/G Issuance		According to Credit Commission Instructions	1,150		
	Karafarin Foreign Exchange Co.	Subsidiary & Common Board Member	Foreign Currency & Services Sales	Yes	According to Banking Tariff	123,886,431		312,848
			Lease Deposit		According to Market Customs	400		
			Commission Paid		According to Banking Tariff	36,409		
	Karafarin Leasing Co.	Subsidiary	Services Purchase	Yes	According to Banking Tariff		10,386	20,829
	Amin Etemad Karafarin Co.	Subsidiary & Common Board Member	Commission form Shares Trading	No	Transactions Tariff at Stock Exchange			7,666
			Non-current Debts Collection (Services Purchase)		According to Contract			
	Abnieh Gostar Karafarin Co.	Subsidiary & Common Board Member	L/G Commission Income	Yes	According to Banking Tariff		9	17,982
			L/G Issuance		According to Credit Commission Instructions	1,904		
			Branches Construction & Renovation		Cost Plus Commission			
	Karafarin Bank Investment Co.	Subsidiary & Common Board Member	Goods & Services Sales	Yes	According to Market Customs	49,934		71,643
	Asr Amin Karafarin Co.	Subsidiary & Common Board Member	Dividend	No	According to Instruction			89
Associates	Karafarin Insurance Co.	Subsidiary	L/G Commission Income	No	According to Banking Tariff		62	17,057
			L/G Issuance		According to Credit Commission Instructions	37,381		
Other Related Parties	Lorestan Sugar Lump Co.	Under the Joint Influence	Granted Loans	Yes	According to Credit Commission Instructions	57,500	4,505	0
	Mr. Abdolmahmoud Zarrabi	Bank's Shareholder	Granted Loans	Yes	According to Banking Tariff	140,174	6,074	37,902
	Kar & Andisheh Engineers Co.	Bank's Shareholder	Granted Loans	Yes	According to Credit Commission Instructions	2,574,367	74,392	1,855,116
			L/G Commission Income		According to Instruction		1	
			L/G Issuance		According to Banking Tariff	101,050		
	Iran & Shargh Co.	Common Board Member	Granted Loans	Yes	According to Credit Commission Instructions	1,299,800	51,296	319,954
	Kar & Andisheh International Co.	Under the Joint Influence	L/G Commission Income	Yes	According to Credit Commission Instructions		1	0
			L/G Issuance		According to Credit Commission Instructions	1,780		
			Granted Loans		According to Credit Commission Instructions			
	Jouyab No Consulting Engineers Co.	Under the Joint Influence	L/G Issuance	Yes	According to Credit Commission Instructions	10,187		13,587
			L/G Commission Income		According to Banking Tariff	294	-	

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63.4. All related parties who had transaction with the Bank during the reporting period.

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.

Legal Duties	Amount
	Million IRR
Sharing at Least 10% of Net Profit of 2017-18 as per Article 90 of Commercial Code as Amended	63,036
Board of Directors' Proposal	
Dividend Suggested by Board of Directors	63,036

65. Performance Statement of IRR Saving Gharz-Al Hassaneh Operations

65.1. Balance of Gharz-al Hassaneh resources and expenditures

		2017-18		2016-17
		Million IRR		Million IRR
Saving Gharz-al Hassaneh Resources:				
Saving Gharz-al Hassaneh Deposits-IRR	22-2	21,741		12,398
Total Gharz-al Hassaneh Resources			21,741	12,398
Gharz-al Hassaneh Expenditures:				
Granted Loans & Dues from Non-governmental Entities (before Provision)				
Ordinary Loans		(98,397)		(10,087)
Total Granted Loans & Dues from Non-governmental Entities	13	(98,397)		(10,087)
Total Gharz-al Hassaneh Expenditures			(98,397)	(10,087)
Legal Deposit of Saving Gharz-al Hassaneh Resources			(2,174)	(1,240)
Liquidity Provision for Saving Gharz-al Hassaneh Deposits (5%)			(1,087)	(620)
Resources Surplus (Deficit) to Gharz-al Hassaneh Expenditures			(79,918)	451

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

65.2. Net Gharz-al Hassaneh operations commission

	Parent Company	
	2017-18	2016-17
	Million IRR	Million IRR
Commission Received from Granted Gharz-al Hassaneh Loans	1,877	321
Prize Expenses for Gharz-al Hassaneh Deposits	0	0
Net Gharz-al Hassaneh Operations Commission (Note 44.1)	1,877	321

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

	Parent Company	
	2017-18	2016-17
	Million IRR	Million IRR
Marriage	98,315	10,054
Others	82	33
	98,397	10,087

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

	Parent Company	
	2017-18	2016-17
	Million IRR	Million IRR
Individuals	98,397	10,087
Legal Customers-Cooperative	0	0
Legal Customers-Others	0	0
	98,397	10,087

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66. Information on Related Parties' Loans and Commitments

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

(Amounts in Million IRR)

Item No.	Natural Person/Legal Entity	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										
1	Iran & Shargh Co.						*				100,000	101,874	-	101,874	Equity Participation	3	0	18	03.02.2016	-	-	-	-	101,874
											89,600	89,953	-	89,953	Equity Participation	3	0	18	04.02.2016	-	-	-	-	89,953
											128,000	128,126	-	128,126	Equity Participation	3	0	18		-	-	-	-	128,126
Total											317,600	319,954	-	319,954						-	-	-	-	319,954
2	Kar & Andisheh International Co.						*				-	-	-	-	L/G	0	0	0	0	841	84	757	151	151
											-	-	-	-	L/G	0	0	0	0	280	280	-	-	-
Total											-	-	-	-					0	1,121	364	757	151	151
3	Kar & Andisheh Engineering Co.						*				125,000	129,870	-	129,870	Equity Participation	3	0	18	16.12.2015	-	-	-	-	129,870
											45,000	46,620	-	46,620	Equity Participation	3	0	18	16.12.2015	-	-	-	-	46,620
											50,000	50,419	-	50,419	Equity Participation	3	0	18	17.12.2015	-	-	-	-	50,419
											20,000	20,128	-	20,128	Equity Participation	3	0	18	18.12.2015	-	-	-	-	20,128
											70,000	70,345	-	70,345	Equity Participation	3	0	18	19.12.2015	-	-	-	-	70,345
											40,000	40,059	-	40,059	Equity Participation	3	0	18	20.12.2015	-	-	-	-	40,059
											-	-	-	-	L/C	0	0	0		39,982	-	39,982	7,996	7,996
											-	-	-	-	L/C	0	0	0		263,385	-	263,385	52,677	52,677
											-	-	-	-	L/C	0	0	0		329	33	296	59	59
											-	-	-	-	L/C	0	0	0		60,768	592	60,176	12,035	12,035
											-	-	-	-	L/C	0	0	0		13,004	-	13,004	2,601	2,601
											-	-	-	-	L/G	0	0	0		889	89	800	160	160
											-	-	-	-	L/G	0	0	0		374	37	337	67	67
											-	-	-	-	L/G	0	0	0		17	2	15	3	3
											-	-	-	-	L/G	0	0	0		23	2	21	4	4
											-	-	-	-	L/G	0	0	0		1,435	143	1,291	258	258
											-	-	-	-	L/G	0	0	0		7,174	717	6,457	1,291	1,291

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 20th, 2018

Item No.	Natural Person/Legal Entity	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										
3	Kar & Andisheh Engineering Co.										-	-	-	-	L/G	0	0	0		7,054	705	6,349	1,270	1,270
											-	-	-	-	L/G	0	0	0		1,435	143	1,291	258	258
											-	-	-	-	L/G	0	0	0		30	3	27	5	5
											-	-	-	-	L/G	0	0	0		3,549	355	3,194	639	639
											-	-	-	-	L/G	0	0	0		3,400	340	3,060	612	612
											-	-	-	-	L/G	0	0	0		2,600	260	2,340	468	468
											-	-	-	-	L/G	0	0	0		26,000	2,600	23,400	4,680	4,680
											-	-	-	-	L/G	0	0	0		9,720	972	8,748	1,750	1,750
											-	-	-	-	L/G	0	0	0		900	90	810	162	162
											-	-	-	-	L/G	0	0	0		3,602	360	3,242	648	648
											-	-	-	-	L/G	0	0	0		810	81	729	146	146
											-	-	-	-	L/G	0	0	0		540	54	486	97	97
											-	-	-	-	L/G	0	0	0		7,000	700	6,300	1,260	1,260
											-	-	-	-	L/G	0	0	0		500	10	490	98	98
											-	-	-	-	L/G	0	0	0		31	3	28	6	6
											-	-	-	-	L/G	0	0	0		200	4	196	39	39
											-	-	-	-	L/G	0	0	0		2,580	52	2,528	506	506
											-	-	-	-	L/G	0	0	0		304	61	243	49	49
											-	-	-	-	L/G	0	0	0		342	34	308	62	62
											-	-	-	-	L/G	0	0	0		6,000	600	5,400	1,080	1,080
											-	-	-	-	L/G	0	0	0		7,500	750	6,750	1,350	1,350
											-	-	-	-	L/G	0	0	0		7,088	709	6,379	1,276	1,276
											-	-	-	-	L/G	0	0	0		2,000	200	1,800	360	360
											-	-	-	-	L/G	0	0	0		2,500	250	2,250	450	450
											-	-	-	-	L/G	0	0	0		15,700	1,570	14,130	2,826	2,826
											-	-	-	-	L/G	0	0	0		1,231	25	1,207	241	241
											-	-	-	-	L/G	0	0	0		3,200	64	3,136	627	627
											-	-	-	-	L/G	0	0	0		668	67	601	120	120
											-	-	-	-	L/G	0	0	0		80	8	72	14	14
Total											350,000	357,442	-	357,442						503,944	12,686	491,258	98,252	455,693

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 20th, 2018

Item No.	Natural Person/Legal Entity	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	
4	Lorestan Sugar Lump Co.						*						0	0						-	-	-	-	-
5	Karafarin Insurance Co.								*		0	0	0	0	L/G	0	0	0	0	500	-	500	100	100
											0	0	0	0	L/G	0	0	0	0	2,500	-	2,500	500	500
											0	0	0	0	L/G	0	0	0	0	200	-	200	40	40
											0	0	0	0	L/G	0	0	0	0	302	-	302	60	60
											0	0	0	0	L/G	0	0	0	0	60	-	60	12	12
											0	0	0	0	L/G	0	0	0	0	500	-	500	100	100
											0	0	0	0	L/G	0	0	0	0	500	-	500	100	100
											0	0	0	0	L/G	0	0	0	0	50	-	50	10	10
											0	0	0	0	L/G	0	0	0	0	1,500	-	1,500	300	300
															L/G					400	-	400	80	80
											0	0	0	0	L/G	0	0	0	0	500	-	500	100	100
											0	0	0	0	L/G	0	0	0	0	100	-	100	20	20
Total											0	0	0	0						7,112	-	7,112	1,422	1,422
6	Karafarin Bank Leasing Co.								*		0	0		0		0	0	0	0	-	-	-	-	-
7	Karafarin Brokerage Co.								*						L/G					2,162	216	1,946	389	389
															L/G					6,000	600	5,400	1,080	1,080
															L/G					1,000	100	900	180	180
															L/G					1,000	100	900	180	180
															L/G					150	150	-	-	-
Total.											0	0	0	0						10,312	1,166	9,146	1,829	1,829
8	Karafarin Foreign Exchange Co.								*			2,003	-	2,003	Temporary Debtors	0	0	0	0	-	-	-	-	2,003
9	Karafarin Bank Investment Co.								*			27,264	-	27,264	Temporary Debtors	0	0	0	0	-	-	-	-	27,264
10	Abnieh Gostar Karafarin Co.								*		0	-	-	-	L/G					1,904	190	1,713	343	343
											0	338	-	338	Temporary Debtors	0	0	0	0	-	-	-	-	338
Total											0	338	-	338						1,904	190	1,713	343	681

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 20th, 2018

Item No.	Natural Person/Legal Entity	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										
11	Asr Amin Karafarin Co.									*	0	148	-	148	Temporary Debtors	0	0	0	0	-	-	-	-	148
12	Jouyab No Consulting Engineers Co.						*				0	-	-	-	L/G	0	0	0	0	1,200	120	1,080	216	216
											0	-	-	-	L/G	0	0	0	0	636	64	572	114	114
											0	-	-	-	L/G	0	0	0	0	97	10	87	17	17
											0	-	-	-	L/G	0	0	0	0	2,000	200	1,800	360	360
											0	-	-	-	L/G	0	0	0	0	130	13	117	23	23
											0	-	-	-	L/G	0	0	0	0	236	24	213	43	43
											0	-	-	-	L/G	0	0	0	0	160	16	144	29	29
											0	-	-	-	L/G	0	0	0	0	589	59	530	106	106
											0	-	-	-	L/G	0	0	0	0	14	1	13	3	3
											0	-	-	-	L/G	0	0	0	0	35	4	32	6	6
											0	-	-	-	L/G	0	0	0	0	100	10	90	18	18
											0	-	-	-	L/G	0	0	0	0	500	50	450	90	90
											0	-	-	-	L/G	0	0	0	0	89	9	80	16	16
											0	-	-	-	L/G	0	0	0	0	30	3	27	5	5
											0	-	-	-	L/G	0	0	0	0	99	10	89	18	18
											0	-	-	-	L/G	0	0	0	0	69	7	62	12	12
											0	-	-	-	L/G	0	0	0	0	45	5	41	8	8
											0	-	-	-	L/G	0	0	0	0	443	44	398	80	80
											0	-	-	-	L/G	0	0	0	0	345	35	311	62	62
											0	-	-	-	L/G	0	0	0	0	500	100	400	80	80
											0	-	-	-	L/G	0	0	0	0	594	59	535	107	107
											0	-	-	-	L/G	0	0	0	0	140	14	126	25	25
											0	-	-	-	L/G	0	0	0	0	40	4	36	7	7
											0	-	-	-	L/G	0	0	0	0	50	5	45	9	9
											0	-	-	-	L/G	0	0	0	0	150	15	135	27	27
											0	-	-	-	L/G	0	0	0	0	48	5	43	9	9
											0	-	-	-	L/G	0	0	0	0	1,177	118	1,059	212	212
											0	-	-	-	L/G	0	0	0	0	924	92	832	166	166
											0	-	-	-	L/G	0	0	0	0	2,000	200	1,800	360	360
Total											0	-	-	-						13,614	1,411	12,202	2,440	2,440
Total											667,600	707,149	-	707,149	0	0	0	0	0	538,006	15,818	522,187	104,437	811,586

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 20th, 2018

67. Information on Large Loans and Commitments

Information on major 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							Security		Board of Directors' Approval	
				Loans		Commitments		Shares Cost (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit) 5=1+2+3+4	Type	Value	Number	Date
				Net Current (1)	Non-Performing (2)	Gross	Net (3)							
1	Iran Khodro	Ownership	Iran Khodro Co.	320,514	0				27.01.2018	3,190,933	Promissory Note, Cheque, Additional Security, Short-term Deposit Held with Us, Shares of Listed Companies, Internal Binding Contracts	7,308,455		
2				629,315	0				06.03.2018					
3				2,241,105	0				19.03.2018					
		Total		3,190,933	0	0	0	0	0	3,190,933		7,308,455		
4		Ownership	Iran Khodro Diesel Co.	428,542	0				19.02.2018	2,466,725	Promissory Note, Cheque, Additional Security, Short-term Deposit Held with Us, Shares of Listed Companies, Internal Binding Contracts	8,528,148	507.94.1803	13.08.2015
5				204,901	0				19.03.2018					
6				24,290										
7				824,971										
8				826,622										
9				33,465										
10				548										
11						235	200							
12						1,077	916							
13						48,959	44,688							
14						366	16							
15						30,309	21,217							
16						3,576	2,860		07.03.2007					
17						1,976	1,581		17.07.2007					
18						8,200	7,380		07.03.2007					
19						49,476	44,528		17.07.2007					
		Total		2,343,340	0	144,173	123,385	0		2,466,725	0	8,528,148		
20		Ownership	Automobile Axis Manufacturing Co.			888	0			0	Promissory Note, Cheque, Additional Security, Internal Binding Contracts	292,402		
21		Ownership	Iran Khodro Spare Parts Supply & Distribution Co.	278,021	0				16.11.2017	633,690	Promissory Note, Cheque, Additional Security, Internal Binding Contracts	1,951,845		
22				226,662	0				16.11.2017					
23				129,007	0				14.01.2018				713,140	29.06.2014
		Total		633,690	0	0	0	0		633,690	0	1,951,845		

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 20th, 2018

Item No.	Beneficiary Unit	Type of Relations	Customer	Balance of Large Loans & Commitments							Security		Board of Directors' Approval	
				Loans		Commitments		Shares Cost (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit) 5=1+2+3+4	Type	Value	Number	Date
				Net Current (1)	Non-Performing (2)	Gross	Net (3)							
24	Iran Khodro	Ownership	Nirou Moharrekeh Industrial Co.	64,326	0				05.12.2017	64,326	Promissory Note, Cheque, Additional Security, Internal Binding Contracts	185,000	507.16118	20.01.2015
25		Ownership	Gavah Co.	68,365	0				22.02.2018	68,407	Cheque, Additional Security, Immovable Properties Mortgaged by the Bank, Internal Binding Contracts	238,084	507.94.993	24.06.2015
26						52	41		-					
		Total		68,365	0	52	41	0		68,407	0	238,084		
27		Ownership	Iran Khodro Parts Supplying Engineering Co.			3,268	2,941			48,883	Cheque, Additional Security, Immovable Properties Mortgaged by the Bank, Internal Binding Contracts	0	507.16929	10.03.2015
28						24,738	22,264							
29						3,000	2,700							
30						10,000	7,000							
31						4,715	3,772							
32						10,610	8,488							
33						2,021	1,718							
34						524	0							
		Total		0	0	58,876	48,883	0		48,883	0	0		
	Total Iran Khodro Group			3,109,721	0	203,988	172,309	0	0	3,282,031	0	11,195,479		
35	Saipa Group	Ownership	Saipa Co.	622,614	0				23.12.2017	1,795,881	Cheque, Additional Security, Internal Binding Contracts	3,703,042	507.94.2017	01.09.2015
36				1,173,267	0				23.12.2017					
		Total		1,795,881	0	0	0	0		1,795,881		3,703,042		

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 20th, 2018

Item No.	Beneficiary Unit	Type of Relations	Customer	Balance of Large Loans & Commitments							Security		Board of Directors' Approval	
				Loans		Commitments		Shares Cost (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit)	Type	Value	Number	Date
				Net Current (1)	Non-Performing (2)	Gross	Net (3)			5=1+2+3+4				
37				166,799	0				12.03.2018					
38				24,418	0				22.01.2018					
39		Ownership	Behshahr Tehran Industrial Group Building	38,684	0				15.01.2018	345,225	Cheque, Additional Security, Shares of Listed Companies, Internal Binding Contracts	1,934,918		
40				50,838	0				14.02.2018					
41				32,789	0				29.01.2018					
42				31,697	0									
		Total		345,225	0	0	0	0		345,225	0	1,934,918		
43				243,196	0				21.02.2018					
44				46,282	0				10.02.2018					
45		Ownership	Behpak Industrial Co.	243,077	0				22.02.2018	781,077	Promissory Note, Cheque, Additional Security, Internal Binding Contracts	2,250,856		
46				248,522	0									
47						Gross Coefficient	Net Coefficient							
		Total		781,077	0	0	0	0		781,077	0	2,250,856		
48				614,795	0				29.01.2018					
49				85,345	0				24.12.2017					
50				391,829	0				19.12.2017					
51	Behshahr Industrial Group					235	200							
52						1,077	916							
53						1,400	1,260							
54						100	98							
55						6	6							
56		Ownership	Margarin Co.			40	39			1,099,168	Promissory Note, Cheque, Additional Security, Shares of Listed Companies, Internal Binding Contracts	8,872,475		
57						516	506							
58						61	49							
59						68	62							
60						1,200	1,080							
61						1,500	1,350							
62						1,418	1,276							
63						400	360							
		Total		1,091,968	0	8,021	7,200	0		1,099,168	0	8,872,475		
64				152,589	0				13.02.2018					
65		Ownership		203,452	0	0	0	0	13.02.2018	356,041	Cheque, Additional Security, Shares of Listed Companies, Internal Binding Contracts	1,424,532	507.94.2123	01.09.2015
		Total		356,041	0	0	0	0		356,041	0	1,424,532		
	Total Behshahr Industrial Group			2,574,311	0	8,021	7,200	0	0	2,581,511	0	14,482,781		

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
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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: Gross	Commitments: Net (3)	Shares Cost (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
66	Building Investment Companies Group	Ownership	Youth Housing Construction Co.	0	165,242				03.12.2016	213,297	Cheque, Additional Security, Gharz-al Hassaneh Deposit Held with Us, Shares of Listed Companies, Internal Binding Contracts	717,194	507.15091	13.11.2013
67				0	48,055				03.12.2016					
		Total		0	213,297	0	0	0		213,297	0	717,194		
68		Ownership	Iran Building Investment Co.	0	129,560				03.12.2016	571,762	Cheque, Additional Security, Shares of Listed Companies, Internal Binding Contracts	1,425,570	10277	04.12.2013
69				0	442,202				03.12.2016					
		Total		0	571,762	0	0	0		571,762	0	1,425,570		
70		Ownership	Stratus Holding Co.	0	250,763				25.11.2015	1,219,337	Promissory Note, Cheque, Additional Security, Shares of Listed Companies, Internal Binding Contracts	3,251,958	9658	19.10.2013
71				0	25,549				08.03.2016					
72				0	122,413				25.11.2015					
73				0	50,212				25.11.2015					
74				0	113,406				04.11.2015					
75				0	90,582				08.03.2016					
76				0	127,744				08.03.2016					
77				0	26,931				25.11.2015					
78				0	411,737				08.03.2016					
		Total		0	1,219,337	0	0	0		1,219,337	0	3,251,958		
79		Ownership	Novin Housing Construction Co.	0	260,413				21.12.2016	338,127	Cheque, Additional Security, Shares of Listed Companies, Internal Binding Contracts	1,181,972	507.15677	20.09.2014
80				0	77,714				21.12.2016					
		Total		0	338,127	0	0	0		338,127	0	1,181,972		
81		Ownership	Novin Building Investment Co.	0	60,670				01.02.2017	60,670	Cheque, Additional Security, Shares of Listed Companies, Internal Binding Contracts	234,612	507.94.1884	19.08.2015
82		Ownership	Pars Shahr Technical Trading Co.	0	78,324				30.11.2015	251,026	Promissory Note, Cheque, Additional Security, Shares of Listed Companies, Internal Binding Contracts	617,013	10276	04.12.2013
83				0	157,037				04.11.2015					
84				0	15,665				30.11.2015					
		Total		0	251,026	0	0	0		251,026	0	617,013		
85		Ownership	Tehran Construction & Renovation Co.	0	99,493				21.12.2016	436,945	Cheque, Additional Security, Shares of Listed Companies, Internal Binding Contracts	1,271,541	9744	26.10.2013
86				0	337,452				21.12.2016					
		Total		0	436,945	0	0	0		436,945	0	1,271,541		
	Total Construction Companies Group			0	3,091,165	0	0	0	0	3,091,165	0	8,699,859		

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 20th, 2018

Item No.	Beneficiary Unit	Type of Relations	Customer	Balance of Large Loans & Commitments							Security		Board of Directors' Approval	
				Loans		Commitments		Shares Cost (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit) 5=1+2+3+4	Type	Value	Number	Date
				Net Current (1)	Non-Performing (2)	Gross	Net (3)							
87	Mr. Saatchi Company Group	Ownership	Iran Trading Co.	0	986,183				06.11.2016	986,183	Promissory Note, Cheque, Additional Security, Long-term & Gharz-al Hassaneh Deposit held with Us Immovable Propertied Mortgaged by the Bank, Internal Binding Contract	2,888,691	10643	28.12.2013
88		Ownership	Iran Zabt Co.	0	155,351	0	0		06.11.2016	155,351	Promissory Note, Cheque, Additional Security, Immovable Propertied Mortgaged by the Bank, Internal Binding Contract	410,660	9556	09.10.2013
89		Ownership	Sun Electronic Shahir Co.	0	645,448				06.11.2016	645,448	Promissory Note, Cheque, Additional Security, Gharz-al Hassaneh Deposit held with Us, Immovable Properties Mortgaged by the Bank, Internal Binding Contract	1,758,404	9538	09.10.2013
	Total Mr. Saatchi Company Group			0	1,786,982	0	0	0		1,786,982	0	5,057,755		

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
For the Year Ended March 20th, 2018

Item No.	Beneficiary Unit	Type of Relations	Customer	Balance of Large Loans & Commitments: Loans: Net Current (1)	Loans: Non-Performing (2)	Commitments: Gross	Commitments: Net (3)	Shares Cost (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
90	Tadbir Economic Development Group	Ownership	Tadbir Industry & Mining Development Co.	407,496	0				10.02.2018	1,325,394	Promissory Note, Cheque, Additional Security, Ordinary Long-term Deposit Certificate held with Us, Shares of Listed Companies, Internal Binding Contrcats	2,831,723	7149	14.03.2013
91				0	411,220				28.08.2017					
92				0	115,142				28.08.2017					
93				101,874	0				10.02.2018					
94				57,869	0				10.02.2018					
95				231,475	0				10.02.2018					
96						109	98		-					
97						245	220		-					
		Total		798,714	526,362	354	318	0		1,325,394	0	2,831,723		
98		Ownership	Iran & Shargh Co.	89,953	0				12.03.2018	319,954	Cheque, Additional Security, Shares of Listed Companies, Internal Binding Cntracts	1,380,173	507.16579	18.02.2015
99				128,126	0				18.03.2018					
100				101,874	0				10.02.2018					
		Total		319,954	0	0	0	0		319,954	0	1,380,173		
101		Ownership	Alborz Bulk Pharmaceutical Manufacturing Co.	25,904	0				12.03.2018	270,063	Promissory Note, Additional Security, Short-term Deposit Held with Us	913,596	507.94.2715	14.10.2015
102				244,159	0				12.03.2018				507.94.2716	14.10.2015
		Total		270,063	0	0	0	0	0	270,063	0	913,596		
103		Ownership	Sobhan Oncology Pharmaceutical Co.	279,018	0				14.11.2017	1,545,137	Promissory Note, Cheque, Additional Security, Shares of Listed Companies, Internal Binding Contracts	6,212,655	507.94.2127	01.09.2015
104				358,737	0				14.11.2017					
105				203,186	0				12.11.2017					
106				25,776	0				18.02.2018					
107				345,252	0				11.01.2018					
108				63,938	0				06.03.2018					
109				51,552	0				18.02.2018				507.94.167	15.04.2015
110				77,327	0				18.02.2018					
111				38,664	0				18.02.2018					
112				19,182	0				06.03.2018					
113				17,800	0				25.05.2017					
114				63,938	0				06.03.2018					
115						372	335							
116						481	433							
		Total		1,544,370	0	853	767	0		1,545,137	0	6,212,655		

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
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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 Cost (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit)	Type	Value	Number	Date
				Net Current (1)	Non-Performing (2)	Gross	Net (3)			5=1+2+3+4				
117	Tadbir Economic Development Group	Ownership	KBC Co.			23,238	20,915		-	20,915	Promissory Note, Additional Security, Short-term Deposit Held with Us, Internal Binding Contract	3,874,604		
118		Ownership	Jahan Ara Arvand Steel Co.	12,781	0				17.06.2017	1,362,904	Cheque, Additional Security, Long-term Deposit Held with Us, Shares of Listed Companies, Internal Binding Contracts	3,595,528		
119				641,708	0				08.01.2018					
120				147,932	0				13.03.2017					
121				150,089	0				06.02.2017					
122				21,626	0				13.05.2017					
123				3,598	0				17.05.2017					
124				4,979	0				13.06.2017					
125				71,654	0				27.05.2017					
126				4,228	0				27.08.2017					
127				78,975	0				03.07.2017					
128				151,815	0				09.01.2017					
129				44,980	0				02.09.2017					
130				28,538	0				06.06.2017					
		Total		1,362,904	0	0	0	0	0	1,362,904	0	3,595,528		
131		Ownership	Royal Shakhteman Arya Co.	164,177	0				20.12.2017	533,576	Promissory Note, Cheque, Additional Security, Internal Binding Contrcat	1,367,400	507.94.1580	29.07.2015
132				369,398	0				20.12.2017					
		Total		533,576	0	0	0	0	0	533,576	0	1,367,400		
133		Ownership	Sobhan Pharmaceutical Co.	17,571	0				15.04.2017	17,571		164,450		
134		Ownership	Iran Pharmaceutical Co.	88,924	0				15.04.2017	88,924	Cheque, Additional Security, Internal Binding Contract	259,260		
135		Ownership	Biosun Pharmed Co.	205,523	0				15.04.2017	256,904		3,627,235		
136		Ownership		51,381	0				15.04.2017					
		Total		256,904	0	0	0	0	0	256,904	0	3,627,235		
137		Ownership	Tadbir Energy Development Group	385,515	0				15.04.2017	385,515		1,265,416		
138		Ownership	Tose'e Etemad Mobin Co.	0	881,157				18.03.2017	4,775,705	Cheque, Additional Security, Internal binding Contract	13,443,728		
139		Ownership		0	3,894,547				18.03.2017					
		Total		0	4,775,705	0	0	0	0	4,775,705	0	13,443,728		
	Total Tadbir Economic Development Group			5,578,494	5,302,066	24,445	22,000	0	0	10,902,561	0	38,935,768		

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 Cost (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit)	Type	Value	Number	Date
				Net Current (1)	Non-Performing (2)	Gross	Net (3)			5=1+2+3+4				
140	Ghadir Group	Ownership	Ghadir Investment Group	1,862,137	0			0	09.01.2018	1,862,137	Cheque, Additional Security, Shares of Listed Companies, Internal Binding Contracts	6,005,422	507.94.253	21.04.2015
141			Kharazmi Building Development Co.	735,866	0				18.07.2017	735,866	Cheque, Additional Security, Gharz-al Hassaneh Deposit held with Us, Internal Binding Contracts	1,600,724		
142			Kharazmi Investment Co.	318,048	0			0	12.02.2018	318,048	Cheque, Additional Security, Gharz-al Hassaneh Deposit held with Us, Shares of Listed Companies, Internal Binding Contracts	2,253,458		
	Total Ghadir Group			2,916,051	0	0	0	0	0	2,916,051	0	9,859,603		
143		Ownership	South Kaveh Steel Co.	241,539	0				07.03.2018	1,668,126	Promissory Note, Cheque, Additional Security, Shares of Listed Companies, Internal Binding Contracts	5,359,012		
144				1,426,588	0									
	Total			1,668,126	0	0	0	0		1,668,126	0	5,359,012		
145		Ownership	Chadormalu Mining & Industrial Co.	1,279,512	0			0	31.12.2017	2,822,416	Cheque, Additional Security, Internal Binding Contracts, Shares of Listed & Non-listed Companies	9,584,955		
146				1,542,904	0				21.01.2018					
	Total			2,822,416	0	0	0	0		2,822,416	0	9,584,955		

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
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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 Cost (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit) 5=1+2+3+4	Type	Value	Number	Date
				Net Current (1)	Non-Performing (2)	Gross	Net (3)							
147		Ownership	Social Security Investment Co.	2,479,671	0				29.01.2018	2,479,671	Cheque, Additional Security, Short-term Deposit held with Us, Shares of Listed Companies, Internal Binding Contracts	7,669,975	507.94.2008	27.08.2015
148			Aboureihan Pharmaceutical Co.	38,646	0				07.03.2018	38,646		183,900		
149				42,973	0				06.01.2018					
150				148,494	0				19.02.2018					
151				70,355	0				12.12.2017					
152				56,064	0				05.02.2018					
153				125,369	0				23.01.2018					
154				13,472	0				14.05.2017					
155		Ownership	Razak Laboratories Co.	71,812	0				04.03.2018	898,358	Cheque, Additional Security	1,882,090		
156				75,185	0				24.01.2018					
157				7,034	0				05.03.2018					
158				69,019	0				21.01.2018					
159				25,123	0				10.03.2018					
160				88,348	0				09.01.2018					
161				105,108	0				27.01.2018					
			Total	898,358	0	0	0	0	0	898,358	0	1,882,090		
162	Social Security Group			135,454	0				26.02.2018					
163				100,964	0				26.02.2018					
164				135,586	0				24.02.2018					
165			Darou Pakhsh Plants Co. (Public Joint Stock)	83,949	0				02.11.2017	872,185	Payment order, Promissory Note, Additional Security	1,940,323		
166		Ownership		70,054					30.10.2017					
167				120,957	0				14.03.2018					
168				0	212,743									
169					12,477									
			Total	646,965	225,220	0	0	0	0	872,185	0	1,940,323		
170				114,148	0				19.12.2017					
171				63,312	0				29.11.2017					
172				255,666	0				10.12.217					
173				61,006	0				14.02.2018					
174				164,489	0				09.01.2018					
175			Farabi Pharmaceutical Co.	31,025	0				25.12.2017		Cheque, Additional Security, Internal Binding Contracts, Payment Order			
176		Ownership		116,694	0				31.12.2017	939,389		2,241,660		
177				49,704	0				07.01.2018					
178				60,888	0				18.02.2018					
179				18,515	0				21.01.2018					
180						2,644	2,644							
181						1,295	1,295							
182						4	3							
			Total	935,447	0	3,943	3,942	0	0	939,389	0	2,241,660		

Item No.	Beneficiary Unit	Type of Relations	Customer	Balance of Large Loans & Commitments: Loans: Net Current (1)	Loans: Non-Performing (2)	Commitments: Gross	Commitments: Net (3)	Shares Cost (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
183				0	14,106				10.07.2017					
184				0	14,282				12.06.2017					
185				0	14,218				22.06.2017					
186				0	13,924				07.08.2017					
187				0	14,105				10.07.2017					
188				13,364	0				02.11.2017					
189				13,364	0				02.11.2017					
190				13,364	0				02.11.2017					
191				0	14,218				22.06.2017					
192				13,364	0				02.11.2017					
193				13,364	0				02.11.2017					
194				13,364	0				02.11.2017					
195				0	13,499				12.10.2017					
196				13,364	0				02.11.2017					
197				0	14,306				08.06.2017		Cheque, Additional Security, Internal Binding Contracts			
198				0	14,105				10.07.2017					
199				0	14,103				10.07.2017					
200				0	13,821				23.08.2017					
201				0	14,218				22.06.2017					
202				0	14,218				22.06.2017					
203	Social Security Group	Ownership	Zahravi Pharmaceutical Co.	0	14,103				10.07.2017					
204				0	14,282				12.06.2017	1,949,859		5,678,143		
205				0	13,924				07.08.2017					
206				0	14,306				08.06.2017					
207				0	13,924				07.08.2017					
208				0	14,282				13.06.2017					
209				0	13,821				23.08.2017					
210				0	14,306				08.06.2017					
211				0	14,306				08.05.2017					
212				0	14,282				12.05.2017					
213				0	14,306				08.05.2017					
214				13,364	0				02.11.2017					
215				0	14,282				12.05.2017					
216				0	14,106				10.07.2017					
217				0	14,106				10.07.2017					
218				0	13,924				07.08.2017					
219				13,364	0				02.11.2017					
220				13,364	0				02.11.2017					
221				0	14,141				04.07.2017					
222				0	14,283				12.06.2017					
223				0	14,106				10.07.2017					

Karafarin Bank (Public Joint Stock)
Notes to the Financial Statements
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Item No.	Beneficiary Unit	Type of Relations	Customer	Balance of Large Loans & Commitments							Security		Board of Directors' Approval	
				Loans		Commitments								
				Net Current (1)	Non-Performing (2)	Gross	Net (3)	Shares Cost (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit) 5=1+2+3+4	Type	Value	Number	Date
224	Social Security Group	Ownership	Zahravi Pharmaceutical Co.	13,364	0				02.11.2017					
225				0	14,103				10.07.2017					
226				0	14,283				12.06.2017					
227				0	14,200				25.06.2017					
228				0	13,834				21.08.2017					
229				0	14,218				22.06.2017					
230				13,364	0				02.11.2017					
231				0	14,106				10.07.2017					
232				0	14,105				10.07.2017					
233				13,364	0				02.11.2017					
234				0	14,141				04.07.2017					
235				0	14,283				12.06.2017					
236				0	14,282				12.06.2017					
237				0	14,105				10.07.2017					
238				0	13,815				24.08.2017					
239				0	14,105				10.07.2017					
240				0	14,282				12.06.2017					
241				0	14,067				16.07.2017					
242				0	14,282				12.06.2017					
243				0	14,283				12.06.2017					
244				0	14,067				16.07.2017					
245				0	14,105				10.07.2017					
246				0	14,283				12.06.2017					
247				0	14,067				16.07.2017					
248				0	14,106				10.07.2017					
249				0	14,283				12.06.2017					
250				0	14,309				08.06.2017					
251				0	14,511				08.05.2017					
252				0	14,509				08.05.2017					
253				0	14,283				12.06.2017					
254				0	14,200				25.06.2017					
255				0	14,306				08.06.2017					
256				0	13,815				24.08.2017					
257				0	14,103				10.07.2017					
258				0	14,103				10.07.2017					
259				0	14,105				10.07.2017					
260				0	14,283				12.06.2017					
261				0	14,105				10.07.2017					
262				0	14,103				10.07.2017					
263				0	14,106				10.07.2017					
264				0	14,306				08.06.2017					
265				0	14,306				08.06.2017					

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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 Cost (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit)	Type	Value	Number	Date
				Net Current (1)	Non-Performing (2)	Gross	Net (3)			5=1+2+3+4				
266				0	14,509				08.05.2017					
267				0	14,103				10.07.2017					
268				0	14,105				10.07.2017					
269				0	14,103				10.07.2017					
270				12,562	0				10.03.2018					
271				0	14,067				16.07.2017					
272				12,562	0				10.03.2018					
273				0	14,067				16.07.2017					
274				0	14,282				13.06.2017					
275				0	14,106				10.07.2017					
276				0	14,200				25.06.2017					
277				0	13,924				07.08.2017					
278				0	13,499				12.10.2017					
279				0	14,103				10.07.2017					
280				0	14,509				08.05.2017					
281				12,562	0				10.03.2018					
282				0	14,141				04.07.2017					
283				0	14,105				10.07.2017					
284				0	14,103				10.07.2017					
285				0	13,834				21.08.2017					
286	Social Security Group	Ownership	Zahravi Pharmaceutical Co.	12,562	0				10.03.2018					
287				0	14,283				12.06.2017					
288				0	14,106				10.07.2017					
289				0	14,141				04.07.2017					
290				0	13,834				21.08.2017					
291				0	13,499				12.10.2017					
292				0	14,509				08.05.2017					
293				0	13,499				12.10.2017					
294				0	14,306				08.06.2017					
295				12,599	0				04.03.2018					
296				12,599	0				04.03.2018					
297				0	13,834				21.08.2017					
298				0	13,499				12.10.2017					
299				0	14,200				25.06.2017					
300				0	13,499				12.10.2017					
301				0	14,283				12.06.2017					
302				0	14,106				10.07.2017					
303					108,588									
304					161,106									
305						4,856	4,856							
			Total	249,173	1,695,829	4,856	4,856	0	0	1,949,859	0	5,678,143		

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 Cost (4)	Grant Date	Total Loans & Commitments Plus Shares Cost Price (Beneficiary Unit) 5=1+2+3+4	Type	Value	Number	Date
				Net Current (1)	Non-Performing (2)	Gross	Net (3)							
306	Social Security Group	Ownership	Exir Drug Distribution Co.	64,757	0					64,757	Cheque, Additional Security, Internal Binding Contracts	126,500		
307		Ownership	Darou Pakhsh Commercial Development Co.	0	224,017					224,017	Cheque, Additional Security, Internal Binding Contracts	522,720		
308		Ownership	Darou Pakhsh Raw Material Manufacturing Co.	102,170						102,170	Cheque, Additional Security, Internal Binding Contracts	355,215		
309		Ownership	Esfahan Mobarakeh Steel Co. (Public Joint Stock)	2,911,246	0				26.02.2018	2,911,246	Cheque, Additional Security, Internal Binding Contracts	6,539,750		
			Total Social Security Group	8,326,434	2,145,066	8,799	8,798	0	0	10,480,298	0	27,140,277		
310	Karafarin Bank Investment Funds	Ownership	Arman Investment Co.			8,933,198	4,466,599							
311		Ownership	Common Investment Co.			8,807,289	4,403,645			8,921,870		0		
312		Ownership	Index Investment Co.			103,252	51,626							
			Total Karafarin Bank Investment Funds	0	0	17,843,740	8,921,870			8,921,870	0	0		
Total				31,982,368	12,325,279	18,352,829	9,380,369	0	0	53,688,016	0	141,326,986		

(Amounts in Million IRR)

Bank's Base Capital during the Reporting Period	14,897,566
Reporting Threshold of Large Loans & Commitments and Credit Institutes (10% of the Base Capital & Above)	1,489,757
Reporting Threshold of Large Loans & Commitments of Overseas Bank's Branches (3% of Total Branch Assets)	0
Organisation Sector Related to Bylaw	Credit Management