

**Karafarin Bank (PJSC)**  
**Consolidated Balance Sheet**  
**At 19 March 2016**

Assets	Note	Restated	19 March 2016
		20 March 2015	IRR million
		IRR million	IRR million
Cash	8	17,121,420	13,665,121
Dues from Other Banks & Credit Institutions	9	118,282	233,392
Granted Facilities & Dues from Non-Governmental People	10	70,194,238	81,587,481
Investment in Shares & Other Securities	11	3,316,555	4,553,792
Other Receivable Accounts	13	1,541,310	2,062,024
Tangible Fixed Assets	14	5,486,421	5,969,037
Intangible Assets	15	4,018,617	4,186,569
Legal Deposit	16	10,334,493	10,027,037
Other Assets	17	1,049,181	2,150,209
<b>Total Assets</b>		<b>113,180,517</b>	<b>124,434,661</b>
Clients' Commitments for Letters of Credit	48-1	2,831,467	4,387,485
Clients' Commitments for Issued Guarantees	48-2	22,097,589	20,069,171
Other Clients' Commitments	48-3	386,493,086	452,079,861
Managed Funds & Similar Items	48-4	402,749	197,394

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

**Karafarin Bank (PJSC)**  
**Consolidated Balance Sheet**  
**At 19 March 2016**

Liabilities, Equity for Owners of Investment Deposits & Shareholders' Equity	Note	Restated	20 March 2016
		20 March 2015	20 March 2016
		IRR million	IRR million
<b>Liabilities:</b>			
Dues to Other Banks & Credit Institutions	18	12,864,480	13,929,521
Clients' Deposits	19	6,232,718	14,520,490
Payable Dividend	20	88,233	79,444
Performance Tax Provision	21	766,689	475,402
Provisions & Other Liabilities	22	1,984,448	2,495,797
Provision for Termination Benefits	23	267,397	327,404
<b>Total Liabilities</b>		<b>22,203,966</b>	<b>31,828,058</b>
<b>Equity for Owners of Investment Deposits:</b>			
Term Investment Deposits	24	75,990,045	76,597,786
Payable Interest on Term Investment Deposits	25	12,108	12,075
Total Equity for Owners of Investment Deposits		76,002,153	76,609,861
<b>Total Liabilities, Equity for Owners of Investment Deposits</b>		<b>98,206,119</b>	<b>108,437,920</b>
<b>Shareholders' Equity:</b>			
Capital	26	8,500,000	8,500,000
Statutory Reserves	27	2,868,329	3,272,676
Other Reserves	28	5,045	5,660
Surplus of Assets Revaluation	29	43,597	43,597
Shareholders' Equity – with No Control	30	151,979	331,741
Retained Earnings		3,405,448	3,843,068
<b>Total Shareholders' Equity</b>		<b>14,974,398</b>	<b>15,996,741</b>
<b>Total Liabilities, Equity for Owners of Investment Deposits &amp; Shareholders' Equity</b>		<b>113,180,517</b>	<b>124,434,661</b>
Bank's Commitments for Letters of Credit	48-1	2,831,467	4,387,485
Bank's Commitments for Issued Guarantees	48-2	22,097,589	20,069,171
Other Bank's Commitments	48-3	386,493,086	452,079,861
Managed Funds & Similar Items	48-4	402,749	197,394

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

**Karafarin Bank (PJSC)**  
**Consolidated Income Statement**  
**For the Year Ended 19 March 2016**

	Note	Restated	
		2014-15	2015-16
		IRR million	IRR million
Income from Granted Facilities & Investment	31	18,820,127	20,839,658
Cost of Deposits' Profit	36	(14,325,492)	(16,132,464)
Net Income from Facilities & Investment		4,494,634	4,707,194
Commission Income	37	681,258	662,126
Commission Expense	38	(63,143)	(53,858)
Net Commission Income		618,115	608,268
Net Investments Profit	32	748,333	224,411
Net Profit of Foreign Currency Transactions	39	192,847	261,204
Total Operating Revenues		941,180	485,615
Other Revenues	40	464,860	331,226
General & Administrative Expenses	41	(1,472,350)	(1,820,830)
Doubtful Debts Expenses	42	(527,648)	(710,473)
Financial Expenses	43	(254,029)	(320,756)
Depreciation Expenses	44	(87,550)	(98,652)
Interest before Considering Group's Quota from Interest of Affiliated Companies		4,177,212	3,181,591
Group's Quota from Interest of Affiliated Companies		68,754	30,321
Profit before Tax		4,245,966	3,211,912
Income Tax	21	(665,476)	(572,058)
Net Profit		3,580,490	2,639,854
Shareholders' Profit – with No Control		7,685	58,845
Earnings per Share (IRR)	50	433	311

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

Since the Comprehensive Income Statement is limited to the profit (loss) of the period and prior years' adjustments, the Comprehensive Income Statement is not presented.

**Karafarin Bank (PJSC)**  
**Statement of Changes in Consolidated Shareholders' Equity**  
**For the Year Ended 19 March 2016**

		2015-16							
Note	Capital	Flowing Capital Increase	Statutory Reserve	Other Reserves	Surplus of Assets Revaluation	Shareholders' Equity with No Control	Retained Profit	Total Shareholders' Equity	IRR million
	8,500,000	0	2,868,329	5,045	43,597	151,979	3,577,554	15,146,503	
	Net Profit						2,639,854	2,639,854	
45	Prior Years' Adjustments						(172,105)	(172,105)	
	Total Profit	8,500,000	2,868,329	5,045	43,597	151,979	6,045,303	17,614,252	
<b>Distribution &amp; Allocation</b>									
27	Statutory Reserve		404,347				(404,347)	0	
28	Other Reserves			614			(614)	0	
	Minority Interest					179,763		179,763	
20	Ratified Dividend						(1,797,273)	(1,797,273)	
	<b>Total</b>	<b>0</b>	<b>404,347</b>	<b>614</b>		<b>179,763</b>	<b>(2,202,235)</b>	<b>(1,617,511)</b>	
	<b>Balance at 19.03.2016</b>	<b>8,500,000</b>	<b>3,272,676</b>	<b>5,660</b>	<b>43,597</b>	<b>331,741</b>	<b>3,843,068</b>	<b>15,996,741</b>	

**Karafarin Bank (PJSC)**  
**Statement of Changes in Consolidated Shareholders' Equity**  
**For the Year Ended 19 March 2016**

		2014-15							
Note	Capital	Flowing Capital Increase	Statutory Reserve	Other Reserves	Surplus of Assets Revaluation	Shareholders' Equity with No Control	Retained Profit	Total Shareholders' Equity	
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	
Balance at 21.03.2014	7,250,000	1,250,000	2,318,434	4,543	43,597	8,833	3,402,670	14,278,077	
Net Profit							3,580,490	3,580,490	
Prior Years' Adjustments	45						(473,254)	(473,254)	
Total Profit	7,250,000	1,250,000	2,318,434	4,543	43,597	8,833	6,509,906	17,385,313	
<b>Capital Increase</b>									
Capital Increase – Registered	1,250,000	(1,250,000)						0	
Distribution & Allocation									
Statutory Reserve	27	549,894					(549,894)	0	
Other Reserves	28		502				(502)	0	
<b>Minority Interest</b>						143,146		143,146	
<b>Ratified Dividend</b>	20						(2,544,061)	(2,544,061)	
<b>Total</b>	1,250,000	(1,250,000)	549,894	502		143,146	(3,104,458)	(2,410,915)	
<b>Balance at 20.03.2015</b>	8,500,000	0	2,868,329	5,045	43,597	151,979	3,405,448	14,974,398	

**Karafarin Bank (PJSC)**  
**Consolidated Cash Flows Statement**  
**For the Year Ended 19 March 2016**

	Note	2014-15	2015-16
		IRR million	IRR million
<b>Operating Activities</b>			
Net Cash Inflow (Outflow) from Operating Activities	46	5,051,658	554,024
<b>Profit Paid for Financing</b>			
Profit Paid for Financial Facilities		(273,042)	(320,756)
Paid Dividend		(2,557,462)	(1,806,063)
Net Cash Outflow from Paid Profit for Financing		(2,830,505)	(2,126,819)
<b>Income Tax</b>			
Income Tax Paid		(870,604)	(848,507)
<b>Investment Activities</b>			
Funds Paid for Acquiring Tangible Fixed Assets		(1,192,761)	(690,261)
Funds Received for Sales of Fixed Tangible Assets		81,739	1,452
Funds Paid for Acquiring Intangible Assets		(140,105)	(102,035)
Net Cash Inflow (Outflow) from Investment Activities		(1,251,128)	(790,843)
<b>Net Cash Inflow (Outflow) before Financing Activities</b>		99,422	(3,212,145)
<b>Financing Activities</b>			
Capital Increase		161,129	0
Obtaining Loans		458,039	146,300
Repayment of Principal Amounts of Loans		(22,977)	(536,548)
Net Cash Inflow (Outflow) from Financing Activities		596,191	(390,248)
Net Increase (Decrease) in Cash		695,613	(3,602,393)
Cash at the Beginning of the Year		16,351,242	17,239,702
Effect of Foreign Exchange Differences		192,847	261,204
Cash at the End of the Year		17,239,702	13,898,513
Non-Cash Transactions	47	1,179,240	703,528

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

**Karafarin Bank (PJSC)**  
**Balance Sheet**  
**At 19 March 2016**

<b>Assets</b>	<b>Note</b>	<b>Restated</b>	<b>19 March 2016</b>
		<b>20 March 2015</b>	
		<b>IRR million</b>	<b>IRR million</b>
Cash	8	16,994,880	13,598,108
Dues from Other Banks & Credit Institutions	9	118,282	233,392
Granted Facilities & Dues from Non-Governmental People	10	69,311,354	81,260,142
Investment in Shares & Other Securities	11	2,373,565	3,890,151
Dues from Affiliated & Subsidiary Companies	12	951,463	664,106
Other Accounts Receivable	13	1,325,192	1,322,827
Tangible Fixed Assets	14	5,634,990	6,057,666
Intangible Assets	15	4,016,545	4,110,794
Legal Deposit	16	10,334,493	10,027,037
Other Assets	17	1,012,295	2,143,022
<b>Total Assets</b>		<b>112,073,059</b>	<b>123,307,245</b>
Clients' Commitments for Letters of Credit	48-1	2,831,467	4,387,485
Clients' Commitments for Issued Guarantees	48-2	22,097,589	20,069,171
Other Clients' Commitments	48-3	386,493,086	452,079,861
Managed Funds & Similar Items	48-4	402,749	197,394

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

**Karafarin Bank (PJSC)**  
**Balance Sheet**  
**At 19 March 2016**

Liabilities, Equity for Owners of Investment Deposits & Shareholders' Equity	Note	Restated	19 March 2016
		20 March 2015	19 March 2016
		IRR million	IRR million
<b>Liabilities:</b>			
Dues to Other Banks & Credit Institutions	18	11,799,513	13,254,802
Clients' Deposits	19	6,232,718	14,520,490
Payable Dividend	20	13,799	12,687
Performance Tax Provision	21	666,812	443,859
Provisions & Other Liabilities	22	2,012,436	2,319,440
Provision for Termination Benefits	23	262,482	320,285
<b>Total Liabilities</b>		<b>20,987,760</b>	<b>30,871,564</b>
<b>Equity for Owners of Investment Deposits:</b>			
Term Investment Deposits	24	76,359,826	76,827,379
Payable Profit of Term Investment Deposits	25	12,108	12,075
Total Equity for Owners of Investment Deposits		76,371,935	76,839,454
<b>Total Liabilities, Equity for Owners of Investment Deposits</b>		<b>97,359,695</b>	<b>107,711,017</b>
<b>Shareholders' Equity:</b>			
Capital	26	8,500,000	8,500,000
Statutory Reserves	27	2,840,984	3,241,164
Surplus of Assets Revaluation	29	43,597	43,597
Retained Earnings		3,328,783	3,811,467
<b>Total Shareholders' Equity</b>		<b>14,713,365</b>	<b>15,596,227</b>
<b>Total Liabilities, Equity for Owners of Investment Deposits &amp; Shareholders' Equity</b>		<b>112,073,059</b>	<b>123,307,245</b>
Bank's Commitments for Letters of Credit	48-1	2,831,467	4,387,485
Bank's Commitments for Issued Guarantees	48-2	22,097,589	20,069,171
Other Bank's Commitments	48-3	386,493,086	452,079,861
Managed Funds & Similar Items	48-4	402,749	197,394

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**Karafarin Bank (PJSC)**  
**Performance Statement of Investment Deposits**  
**For the Year Ended 19 March 2016**

	Note	Restated	
		2015-16	
		2014-15	2015-16
		IRR million	IRR million
<b>Joint Revenues</b>			
Income from Granted Facilities	31	16,554,023	18,704,703
Income from Deposits	31	1,840,294	1,504,181
Net Investments Profit	32	1,121,340	488,544
Total Joint Revenues		19,515,657	20,697,429
Bank's Resources Quota from Joint Revenues	33	3,981,826	3,097,469
Depositors' Quota from Joint Revenues before Deduction of Attorney Fees		15,533,832	17,599,960
Attorney Fees	34	(1,798,683)	(2,116,408)
Depositors' Quota from Joint Revenues		13,735,149	15,483,552
Bonus of Legal Interest of Investment Deposits	33	98,818	101,062
Final Allocated Interest to Investment Deposits		13,830,967	15,584,614
On-account Paid Interest to Investment Deposits	35	(14,368,252)	(16,205,644)
<b>Difference of Payable Interest (Surplus of Paid Interest) to Depositors</b>		<b>(537,285)</b>	<b>(621,030)</b>

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

**Karafarin Bank (PJSC)**  
**Income Statement**  
**For the Year Ended 19 March 2016**

	Note	Restated	
		2015-16	
		2014-15	2015-16
		IRR million	IRR million
Income from Granted Facilities & Investment	31	18,593,587	20,613,168
Cost of Deposits' Profit	36	(14,450,754)	(16,284,585)
Net Income from Facilities & Investment		4,142,834	4,328,583
Commission Income	37	640,964	596,684
Commission Expense	38	(63,143)	(53,858)
Net Commission Income		577,821	542,826
Net Investments Profit	32	1,121,340	488,544
Net Profit of Foreign Currency Transactions	39	192,847	261,204
Total Operating Revenues		1,314,187	749,748
Other Revenues	40	257,749	175,058
General & Administrative Expenses	41	(1,345,410)	(1,694,440)
Doubtful Debts Expenses	42	(520,587)	(707,759)
Financial Expenses	43	(264)	(85,955)
Depreciation Expenses	44	(104,684)	(111,552)
Profit before Tax		4,321,646	3,196,510
Income Tax	21	(619,649)	(528,647)
Net Profit		3,701,997	2,667,863

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

*Since the Comprehensive Income Statement is limited to the profit (loss) of the period and prior years' adjustments, the Comprehensive Income Statement is not presented.*

**Karafarin Bank (PJSC)**  
**Statement of Changes in Shareholders' Equity**  
**For the Year Ended 19 March 2016**

		2015-16					
	Note	Capital	Flowing Capital Increase	Statutory Reserve	Surplus of Assets Revaluation	Retained Profit	Total Shareholders' Equity
		IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
Balance at 21.03.2015		8,500,000	0	2,840,984	43,597	3,501,341	14,885,922
Net Profit						2,667,863	2,667,863
Prior Years' Adjustments	45					(172,558)	(172,558)
Total Profit		8,500,000	0	2,840,984	43,597	5,996,646	17,381,227
<b>Distribution &amp; Allocation</b>							
Statutory Reserve	27			400,179		(400,179)	0
Ratified Dividend	20					(1,785,000)	(1,785,000)
<b>Total</b>		<b>0</b>	<b>0</b>	<b>400,179</b>		<b>(2,185,179)</b>	<b>0</b>
<b>Balance at 19.03.2016</b>		<b>8,500,000</b>	<b>0</b>	<b>3,241,164</b>	<b>43,597</b>	<b>3,811,467</b>	<b>15,596,227</b>

**Karafarin Bank (PJSC)**  
**Statement of Changes in Shareholders' Equity**  
**For the Year Ended 19 March 2016**

		2014-15					
	Note	Capital IRR million	Flowing Capital Increase IRR million	Statutory Reserve IRR million	Surplus of Assets Revaluation IRR million	Retained Profit IRR million	Total Shareholders' Equity IRR million
Balance at 21.03.2014		7,250,000	1,250,000	2,285,685	43,597	3,222,106	14,051,387
Net Profit						3,701,997	3,701,997
Prior Years' Adjustments	45					(490,020)	(490,020)
Total Profit		7,250,000	1,250,000	2,285,685	43,597	6,434,083	17,263,365
<b>Capital Increase</b>							
Capital Increase – Registered		1,250,000	(1,250,000)				0
Distribution & Allocation							
<b>Statutory Reserve</b>	27			555,300		(555,300)	0
<b>Other Reserves</b>	28					0	0
Ratified Dividend	20					(2,550,000)	(2,550,000)
Total		1,250,000	(1,250,000)	555,300		(3,105,300)	(2,550,000)
Balance at 20.03.2015		8,500,000	0	2,840,984	43,597	3,328,783	14,713,365

**Karafarin Bank (PJSC)**  
**Cash Flows Statement**  
**For the Year Ended 19 March 2016**

	Note	2014-15	2015-16
		IRR million	IRR million
<b>Operating Activities</b>			
Net Cash Inflow (Outflow) from Operating Activities	46	5,190,804	(277,281)
<b>Interest Paid for Financing</b>			
Interest Paid for Financial Facilities		(19,278)	(85,955)
Dividend Paid		(2,558,533)	(1,786,111)
Net Cash Outflow from Paid Profit for Financing		(2,577,811)	(1,872,066)
<b>Income Tax</b>			
Income Tax Paid		(802,910)	(736,762)
<b>Investment Activities</b>			
Funds Paid for Acquiring Tangible Fixed Assets		(1,053,707)	(650,682)
Funds Received for Sales of Fixed Tangible Assets		2,832	6,644
Funds Paid for Acquiring Intangible Assets		(137,659)	(39,347)
Funds Received for Sales of Intangible Assets		0	26,628
Net Cash Inflow (Outflow) from Investment Activities		(1,188,534)	(656,757)
<b>Net Cash Inflow (Outflow) before Financing Activities</b>		<b>621,549</b>	<b>(3,542,866)</b>
<b>Financing Activities</b>			
Capital Increase		14,879	0
Net Cash Inflow (Outflow) from Financing Activities		14,879	0
Net Increase (Decrease) in Cash		636,428	(3,542,866)
Cash at the Beginning of the Year		16,283,887	17,113,162
Effect of Foreign Exchange Differences		192,847	261,204
Cash at the End of the Year		17,113,162	13,831,499
Non-Cash Transactions	47	1,179,240	703,528

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

**Karafarin Bank (PJSC)**  
**Notes to the Financial Statements**  
**For the Year Ended 19 March 2016**

## **1. HISTORICAL BACKGROUND OF ACTIVITIES**

### **1.1. Overview**

The Group includes Karafarin Bank (Parent Company) and its subsidiary companies. 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.

### **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 chequebooks and offering all services relating to cheque laws and regulations.
- Carrying out inter-banking operations.
- Granting credit facilities within the legal framework, 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 Rials (IRR).
- Accepting representation in order to collect funds, to pay bills, 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 financial facilities, 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, administrator, attorney and representative of clients in line with the current laws and regulations.

**Karafarin Bank (PJSC)**  
**Notes to the Financial Statements**  
**For the Year Ended 19 March 2016**

- Carrying out investment activities via purchasing of shares, participation bonds, foreign bonds and *Sokuk* 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 tax 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:

	2014-15	2015-16
Branches-Tehran Province	53	58
Branches-Other Provinces	46	47
Branches-Free Zones	2	2
	101	107

**1.4. Employees**

The number of employees at the end of the year is reported as follows:

	2014-15	2015-16
Head Office	556	575
Branches-Tehran Province	533	561
Branches-Other Provinces	534	521
Branches-Free Zones	17	16
Employees of the Service Companies	227	212
	1,867	1,885

**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 no. 7.

**Karafarin Bank (PJSC)**  
**Notes to the Financial Statements**  
**For the Year Ended 19 March 2016**

**3- OPERATIONAL & 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 & 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

**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..

**7- SIGNIFICANT ACCOUNTING POLICIES**

**7-1- Investments**

**7-1-1- Method of Evaluation**

Long-term investments are evaluated at cost less any accumulated value decrease of each investment and current short-term investments are evaluated at market value and other current investments are evaluated at lower of cost or market and net sale value of any of investments.

**7-1-2- Method of Income Recognition**

Investment income in subsidiaries and affiliated companies stocks is recognized at the time of dividend approval by investee's shareholders general assembly (up to financial statements approval) and income of other current and long-term investments is recognised at the time of dividend approval by investee's shareholders general assembly (up to date of balance sheet).

**7-2- Fixed Tangible Assets**

**7-2-1-** Fixed tangible assets are registered in accounts at cost basis. Improvements and major repairs expenses, which cause significant increase in capacity and useful life of fixed assets or improvement in output quality, are considered as capital expenditures and are depreciated during useful life of other related assets. Maintenance and minor repairs expenses, made in order to maintain or improve the expected economic benefits of trade unit to the extent of initial evaluated performance standards of assets, are considered as current expenses upon occurrence and mentioned in profit and loss account.



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**7-2-2-** Depreciation on tangible 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 and Method	Depreciation Method
Buildings	7%	Declining
Installations	7%	Declining
Furniture and Fixtures	10-Year	Straight Line
Computer Equipment	3-Year	Straight Line
Transport Vehicles	25% & 35%	Declining

**7-2-3-** Fixed assets that are acquired and operationalised during any given month over the year will be accounted for and depreciated as of the start of the next calendar month. In cases where a depreciable fixed asset remains unutilised due to, for example, closure of operations or for other reasons, depreciation for idle periods is accounted for at 30% of the rates as outlined in the above table.

**7-3- Intangible Assets**

Intangibles are reflected in financial statements at historical cost of acquisition after deduction of accumulated depreciation and devaluation. Goodwill is not subject to any amortisation. Administrative and operations software are amortised using the straight line method over a 5-year period.

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**7-4- Income Recognition on Facilities, Commissions & Late Payment Penalties**

According to the ratification of Money & Credit Council meeting no. 1044 dated 16 July 2005, announced through CBI circular number MB/772 dated 18 July 2005, recognition of granted facilities profit is by accrual method. In addition, based on circular number 94/258020 dated 30 November 2015, no accrual income is recognised for doubtful loans. Hence, the method for recognition of the Bank's income is as follows:

Interest, Granted Facilities & Commission	Recognition Method
Interest from Granted Facilities	
Current	Commitment
Overdue	Commitment
Deferred	Commitment
Doubtful	Cash
Penalty	
Current	Cash
Overdue	Cash
Deferred	Cash
Doubtful	Cash
Commission	
Commission of Issued Guarantees	Cash
Commission of Other Banking Services	Cash
Commission of Gharz-al Hassaneh Granted Facilities	Cash

**7-5- Basis for Determination of Depositors' Share of Income from Joint Activities**

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 with respect to CBI circular 94/69643 dated 10 June 2015, joint income, joint facilities/resources and depositors' share from joint income are calculated and the results are reported in investment deposits performance statement.

**7-6- Classification of Financial Facilities**

The Bank evaluates and classifies its financial facilities 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 number MB/2823 of 24 February 2007) and by considering 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 financial facilities.

A) Current Facilities: Financial facilities for which principal and interest have been serviced on the due date or facilities that have been past due for less than 2 months.

B) Past Due Facilities: Financial facilities for which repayment of principal and interest have

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been outstanding and/or facilities which have been non-performing for over 2 but less than 6 months.

C) Non-Performing Facilities: Financial facilities for which repayment of principal and interest has been outstanding and/or facilities which have been non-performing for over 6 but less than 18 months and the customer has not yet made any clear attempt to collect outstanding amounts.

D) Doubtful Facilities: Financial facilities that have been outstanding for over 18 months and for which the customer has not yet made not clear attempt to repay outstanding amounts.

• The Bank's management has made no judgment on the financial statements beyond the above circular.

**7-7- Provision for Doubtful Dues**

Doubtful facilities 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 number 91/21270 of 19 April 2012 of the Office of Banking Studies and Regulation). This approach leads to the following classes of provisions.

1. General provisions at 1.5% of total facilities' balances after deduction of those facilities that are subject to special provisions.

2. Special provisions for the balance of past due, non-performing, and doubtful financial facilities. This is calculated based on the factors as outlined in the following table after accounting for the value of security attributable to each individual facility.

<b>Classification</b>	<b>Factor (%)</b>
Past Due Facilities	10
Deferred Facilities	20
Doubtful Facilities (based on customer-specific assessments of repayment ability)	50 to 100

3. For those facilities which their due date was more than five years ago, a special provision is calculated without considering security.

• The Bank's management has made no judgment on the financial statements beyond the above manual.

**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.

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**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**

All foreign currency monetary items are exchanged on the date of balance sheet at CBI rate and all non-monetary foreign currency items are registered at historical finished cost and are exchanged at the official exchange rate on the date of transaction. The differences resulting from the exchange of foreign currency items are identified as income or expenses and will be reflected in the income statement.

**8. CASH**

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
Cash – IRR	8-1	379,620	480,746	374,721	480,726
Cash – Foreign Currency	8-2	437,881	481,225	437,274	478,504
Demand Deposit Held with Central Bank (not-limited)	8-4	1,370,460	1,414,645	1,370,460	1,414,645
Deposits Held with Other Banks & Credit Institutions (non-limited)	8-5	14,930,644	11,286,339	14,809,610	11,222,217
Stamp Duty		2,698	2,047	2,698	1,897
Gold Coins		118	117	118	117
		17,121,420	13,665,121	16,994,880	13,598,108

**8.1.** Cash is held by the Bank's branches at year end. Insurance coverage for cash against potential risks arising from theft and fire is fully provided by Karafarin Insurance Company.

**8.2.** Foreign currency balance includes 7,922,577 US Dollars, 6,950,926 Euros, 69,598 British Pounds, 4,960 UAE Dirhams and 200 Swiss Francs.

**8.3.** A special audit has been carried out by the Bank's independent auditor and legal inspector during the reporting financial period and following correspondence with the CBI and coordination with associated authorities, which relate to settling the withdrawal of IRR741 billion which took place via the CBI from the account of Karafarin Bank as forex difference during the 2011-12 and 2012-13 periods. Currently, further audits are being carried out on all foreign currency operations for the 2011-12 and 2012-13 financial periods, in order to clarify the measures of the CBI and to be refunded for the aforementioned amount.

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**8.4. Demand deposits held with Central Bank (not limited)**

	<b>Group</b>		<b>Karafarin Bank</b>	
	<b>2014-15</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2015-16</b>
	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>
Demand Deposits Held with Central Bank – IRR (not limited)	322,880	301,312	322,880	301,312
Demand Deposits Held with Central Bank – Foreign Currency (not limited)	1,047,580	1,113,333	1,047,580	1,113,333
	<b>1,370,460</b>	<b>1,414,645</b>	<b>1,370,460</b>	<b>1,414,645</b>

**8.5. Deposits Held with Other Banks & Credit Institutions (not limited)**

	<b>Group</b>		<b>Karafarin Bank</b>	
	<b>2014-15</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2015-16</b>
	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>
Demand Deposits Held with Other Domestic Banks & Credit Institutions – IRR (not limited)	141,177	54,142	140,607	1,709
Demand Deposits Held with Other Domestic Banks & Credit Institutions – Foreign Currency (not limited)	673,144	593,491	662,520	592,706
Term Deposits Held with Other Domestic Banks & Credit Institutions – IRR (not limited)	3,859,840	112,027	3,750,000	101,123
Demand Deposits Held with Foreign Banks – Foreign Currency (not limited)	10,256,483	10,526,679	10,256,483	10,526,679
	<b>14,930,644</b>	<b>11,286,339</b>	<b>14,809,610</b>	<b>11,222,217</b>

**8.6. Balance held at banks with withdrawal limitations (time as well as other limitations) has been classified under the heading of claims from other banks.**

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**9. DUES FROM BANKS AND CREDIT INSTITUTIONS**

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
Dues from the Central Bank	9-2	56,599	148,601	56,599	148,601
Dues from Other Banks & Credit Institutions	9-3	61,683	84,791	61,683	84,791
<b>Total</b>		<b>118,283</b>	<b>233,392</b>	<b>118,283</b>	<b>233,392</b>

**9.1.** Balance held with banks which have no limitation for withdrawal are classified in cash.

**9.2.** Dues from the Central Bank.

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
Other Dues	9-2-1	56,599	148,601	56,599	148,601
		56,599	148,601	56,599	148,601

**9.2.1.** Other dues from Central Bank include *Shaparak* operation transactions at the end of the year.

**9.3.** Dues from Other Banks & Credit Institutions

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
Payment of Issued Cheques of Other Banks		61,683	84,791	61,683	84,791
		61,683	84,791	61,683	84,791

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**10. GRANTED FACILITIES & DUES FROM NON-GOVERNMENTAL ENTITIES**

	Karafarin Bank											
	Group						Karafarin Bank					
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
	Net	Net	Net	Net	Original Balance	Balance of Receivable Profit & Commission	Funds Received for Mozarabeh & Common Account of Joint Partnership	Profit of Future Years	Deferred Profit & Commission	Total	Provision for Doubtful Debts	Net
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
Installment Sales	144,211	485,825	144,211	641,963	53,577	-	(80,967)	(2,382)	612,191	(126,367)	485,825	
Joala (Commissions-Based Services)	153,664	22,869	153,664	280,076	95,017	-	(126,541)	(59)	248,493	(225,624)	22,869	
Ijara Thumma al Bai (Hire Purchase)	903,865	335,655	20,981	26,320	6,587	-	(15,241)	(2,421)	15,245	(6,928)	8,317	
Salaf	103,129	30,146	103,129	46,852	3,839	-	-	-	50,692	(20,545)	30,146	
Mozarabeh	7,172,254	7,593,585	7,172,254	8,417,440	843,651	(1,107,809)	-	-	8,153,281	(559,696)	7,593,585	
Mosharekat-e Madani (Joint Partnership)	58,513,896	70,040,320	58,513,896	70,750,480	4,131,846	(2,577,872)	-	-	72,304,454	(2,264,135)	70,040,320	
Gharz-al Hassaneh	-	5,113	22	5,204	9	-	-	-	5,213	(100)	5,113	
Other Granted Facilities – IRR	1,048,031	1,070,788	1,048,031	1,579,180	-	-	(492,085)	-	1,087,094	(16,306)	1,070,788	
Granted Facilities – Foreign Currency	1,101,274	1,188,955	1,101,274	1,222,114	10,536	-	(12,958)	-	1,219,693	(30,738)	1,188,955	
Debtors for Paid L/Cs	708,159	515,025	708,159	536,461	86	-	-	-	536,547	(21,522)	515,025	
Debtors for Paid Guarantees	345,733	299,200	345,733	344,404	113	-	-	-	344,517	(45,317)	299,200	
	70,194,216	81,587,481	69,311,354	83,850,495	5,145,260	(3,685,681)	(727,792)	(4,861)	84,577,421	(3,317,280)	81,260,142	

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**10.1.** Classification of granted facilities and dues from non-governmental entities according to the Money and Credit Council's Manual (subject of Note 7-6) is outlined below:

Facilities	2015-16				
	Current	Overdue	Deferred	Doubtful	Total
	IRR million	IRR million	IRR million	IRR million	IRR million
Instalment Sales	557,518	-	880	137,141	695,540
Joala (Commissions-Based Services)	126,541	-	-	248,552	375,093
Ijara Thumma al Bai (Hire Purchase)	15,557	-	-	17,349	32,907
Bai' al-Salaf (Forward Contracts)	-	-	-	50,691	50,691
Mozarabeh	7,565,528	170,639	203,184	1,321,739	9,261,090
Mosharekat-e Madani (Joint Partnership)	67,769,641	1,422,625	1,981,394	3,708,667	74,882,328
Gharz-al Hassaneh	5,191	-	-	22	5,213
Other Granted Facilities – IRR	1,579,180	-	-	-	1,579,180
Granted Facilities – Foreign Currency	909,214	-	-	323,435	1,232,650
Debtors for Paid L/Cs	10,785	-	-	525,762	536,547
Debtors for Paid Guarantees	6,241	-	-	338,277	344,518
	<b>78,545,397</b>	<b>1,593,264</b>	<b>2,185,458</b>	<b>6,671,637</b>	<b>88,995,756</b>
Less:					
Profit of Future Years	(727,792)	-	-	-	(727,792)
Differed Profit & Commission	-	-	(4,861)	-	(4,861)
Funds Received for Mozarabeh	(1,107,809)	-	-	-	(1,107,809)
Common Account of Joint Partnership	(2,577,872)	-	-	-	(2,577,872)
Net Granted Facilities before Deduction of Provision for Doubtful Debts	<b>74,131,924</b>	<b>1,593,264</b>	<b>2,180,597</b>	<b>6,671,637</b>	<b>84,577,422</b>
General Provision for Doubtful Debts	(1,111,848)	(22,759)	(13,185)	(21,087)	(1,168,879)
Specific Provision for Doubtful Debts	-	(95,957)	(210,462)	(1,841,981)	(2,148,401)
	<b>73,020,076</b>	<b>1,474,548</b>	<b>1,956,950</b>	<b>4,808,569</b>	<b>81,260,142</b>



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**10.2.** Flow of provision for doubtful debts is as follows:

	2014-15			2015-16		
	General Provision	Specific Provision	Total	General Provision	Specific Provision	Total
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
Balance at the Beginning of the Year	(907,556)	(1,181,377)	(2,088,934)	(1,080,566)	(1,528,954)	(2,609,520)
Provision for Current Year	(173,010)	(347,577)	(520,587)	(88,313)	(619,447)	(707,759)
Balance at the End of the Year	(1,080,566)	(1,528,954)	(2,609,520)	(1,168,879)	(2,148,401)	(3,317,280)

**10.3.** Granted facilities in foreign currency based on paid resources:

	2014-15			2015-16		
	Total	Current	Overdue	Deferred	Doubtful	Total
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
Domestic Resources	923,105	695,373	0	0	323,435	1,018,808
Foreign Currency Provision Account	199,488	203,305	0	0	0	203,305
	1,122,593	898,678	0	0	323,435	1,222,113

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**10.4. Granted facilities and dues from non-governmental entities based on due date and interest rate:**

	2014-15		2015-16					Total
	Total	24% & More	21% to 24%	18% to 21%	15% to 18%	12% to 15%	Less than 12%	
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	
2015-16 & Before	69,308,020	13,144,461	308,044	0	6	95,848	22	13,548,381
2016-17	1,576	33,208,484	33,323,528	2,195	471,722	90	697,386	67,703,406
2017-18	630	804	317	0	0	0	0	1,120
2018-19 & After	1,128	0	0	0	0	0	7,235	7,235
	69,311,354	46,353,749	33,631,888	2,195	471,728	95,938	704,643	81,260,142
20.03.2015		67,375,988	1,180,861	3,391	6	737	750,371	69,311,354

**10.5. Granted facilities and dues from non-governmental entities based on type of collateral:**

	2014-15	2015-16
	IRR million	IRR million
Deposit	8,310,603	44,402,060
Participation Bonds & Shares	704,579	4,992,573
Binding Contracts	55,357,533	27,502,504
Land, Building & Machineries	3,558,310	3,195,976
Cheque & Promissory Note	1,004,040	922,775
Others	376,289	244,253
	69,311,354	81,260,142
Facilities & Unsecured Dues	-	-
	69,311,354	81,260,142

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**10.6. Flow of granted facilities and dues from non-governmental entities:**

	Instalment Sales	Joala	Hire Purchase	Bai' al-Salaf	Mozarabeh	Joint Partnership	Gharz-al-Hassaneh	Other Granted Facilities – IRR	Granted Facilities Foreign Currency	Debtors for Paid L/Cs	Debtors for Paid Guarantees	Total
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
<b>Original of Granted Facilities</b>												
Balance at 20.03.2015	128,413	55,572	13,011	46,995	6,880,757	57,400,890	22	1,063,991	1,122,593	734,455	359,448	67,806,147
Granted during the Year	500,549	101,227	691	213,963	29,128,251	199,289,626	6,038	559,841	214,186	-	1,656,891	231,671,262
Settled during the Year	(70,348)	(3,322)	(5,043)	(214,106)	(28,699,377)	(188,517,907)	(855)	(536,738)	(127,623)	(197,994)	(1,671,934)	(220,045,248)
Balance at 19.03.2016	558,614	153,476	8,658	46,852	7,309,630	68,172,609	5,204	1,087,094	1,209,156	536,461	344,404	79,432,160
<b>Interest of Granted Facilities</b>												
Balance at 20.03.2015	61,297	100,212	8,466	57,927	527,457	3,336,059	-	-	21,515	1,795	-	4,114,727
Increase during the Year	108,919	17,741	10,458	5,357	3,343,844	24,341,252	9	-	161,865	571	113	27,990,128
Settled during the Year	(116,639)	(22,936)	(12,336)	(59,445)	(3,027,650)	(23,545,466)	-	-	(172,843)	(2,280)	-	(26,959,595)
Balance at 19.03.2016	53,577	95,017	6,587	3,839	843,651	4,131,846	9	-	10,536	86	113	5,145,260
<b>Provision for Doubtful Debts</b>												
Balance at 20.03.2015	(45,498)	(2,120)	(496)	(1,793)	(235,960)	(2,223,053)	-	(15,960)	(42,834)	(28,091)	(13,715)	(2,609,520)
Increase during the Year	(80,869)	(23,504)	(6,432)	(18,752)	(323,736)	(41,081)	(100)	(347)	12,096	6,569	(31,602)	(707,759)
Balance at 19.03.2016	(126,367)	(225,624)	(6,928)	(20,545)	(559,696)	(2,264,134)	(100)	(16,306)	(30,738)	(21,522)	(45,317)	(3,317,279)
<b>Net Granted Facilities</b>												
Balance at 20.03.2015	144,211	153,664	20,981	103,129	7,172,254	58,513,896	22	1,048,031	1,101,274	708,159	345,733	69,311,354
Balance at 19.03.2016	485,825	22,869	8,317	30,146	7,593,585	70,040,320	5,113	1,070,788	1,188,955	515,025	299,200	81,260,142

\* Interest of facilities includes profit receivable of granted facilities.

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**10.7. Granted facilities and dues from non-governmental entities based on type of client:**

	2014-15			2015-16		
	Gross Amount	Provision for Doubtful Debts	Net	Gross Amount	Provision for Doubtful Debts	Net
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
Individuals	12,639,474	(488,642)	12,121,247	13,596,541	(753,567)	12,826,668
Legal Clients	57,308,984	(2,091,293)	55,217,691	69,893,787	(2,547,407)	67,346,380
Personnel	1,972,416	(29,586)	1,972,416	1,087,094	(16,306)	1,087,094
	71,920,874	(2,609,520)	69,311,354	84,577,422	(3,317,280)	81,260,142

**11. INVESTMENT IN SHARES & OTHER SECURITIES**

	Note	Group				Karafarin Bank			
		2014-15		2015-16		2014-15		2015-16	
		Total	Total	Current	Long-term	Total	Current	Long-term	Total
		IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
Investment Funds	11-1	26,223	1,390,296	26,223	-	26,223	1,390,296	-	1,390,296
Current Investment in Rapidly Transacted Shares in the Market	11-2	1,890,968	1,528,537	1,777,323	-	1,777,323	1,500,912	-	1,500,912
Investment in Other Shares	11-3	1,214,681	1,415,447	-	414,763	414,763	-	890,710	890,710
Investment in Other Securities	11-4	184,682	219,512	-	155,256	155,256	-	108,234	108,234
		3,316,555	4,553,792	1,803,547	570,019	2,373,565	2,891,208	998,944	3,890,151

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**11.1. Investment funds:**

	<b>Group</b>		<b>Karafarin Bank</b>	
	<b>2014-15</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2015-16</b>
	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>
Karafarin Index Fund	24,999	24,999	24,999	24,999
Investment Fund with Charisma Fixed Income	0	1,364,073	0	1,364,073
Amin Karafarin Fund	1,224	1,224	1,224	1,224
	<b>26,223</b>	<b>1,390,296</b>	<b>26,223</b>	<b>1,390,296</b>

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**11.2. Investment in marketable shares:**

	Group		Karafarin Bank					
	2014-15	2015-16	2014-15			2015-16		
	Cost	Cost	Cost	Net Sales Value	No. of Shares	Percent	Cost	Net Sales Value
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
<b>Shares of TSE Listed Companies</b>								
Persian Gulf Petrochemical Industries Co.	425,708	343,825	425,708	547,494	82,092,998	0.164%	343,825	455,862
Mobin Petrochemical Co.	0	136,335	0	0	42,000,000	0.295%	136,335	167,664
Mapna Group Co.	1,184	77,715	1,184	1,034	10,000,000	0.100%	77,715	95,240
Civil Pension Fund Co.	23,612	22,362	23,612	26,466	19,443,750	0.072%	22,362	28,269
Jam Petrochemical Co.	57,517	57,011	57,517	50,040	6,392,499	0.067%	57,011	59,457
Tejarat Bank	317,551	99,480	317,551	254,450	88,000,000	0.193%	99,480	100,584
Ta'amin Pharmaceutical Investment Co.	3,756	3,756	3,756	3,140	660,000	0.023%	3,756	4,558
Fanavaran Petrochemical Co.	6,091	4,821	6,091	10,401	348,500	0.037%	4,821	5,598
Fajr Petrochemical Co.	0	4,701	0	0	348,000	0.014%	4,701	5,380
Ghadir Investment Co.	33,427	4,487	33,427	41,990	2,011,320	0.004%	4,487	4,674
Behshahr Industries Group Co.	0	279	0	0	207,221	0.161%	279	442
Behshahr Industries Development Co.	7,636	6,640	7,636	5,404	2,764,000	0.039%	6,640	6,758
Pardis Petrochemical Co.	12,355	12,865	12,355	10,660	1,342,275	0.032%	12,865	12,710
Iran Telecommunication Co.	1,083	1,083	1,083	773	300,000	0.001%	1,083	879
Sepahan Oil Co.	9,424	487	9,424	6,155	27,000	0.003%	487	236
National Development Group Investment Co.	3,930	5,231	3,930	5,122	2,427,777	0.015%	5,231	4,189
Ta'amin Oil & Gas Investment Co.	0	4,869	0	0	1,500,000	0.003%	4,869	3,509
Kermanshah Petrochemical Co.	5,467	5,214	5,467	4,156	984,411	0.028%	5,214	3,819
Kharazmi Investment Co.	0	67,697	0	0	50,410,000	0.403%	67,697	66,289
Bandar Abbas Oil Refinery Co.	5,792	2,896	5,792	1,872	200,000	0.001%	2,896	1,098
Esfahan Mobarakeh Steel Co.	7,403	8,992	7,403	5,067	4,283,331	0.006%	8,992	6,014
Tabriz Oil Refinery Co.	5,800	6,000	5,800	1,757	400,000	0.010%	6,000	2,396
Shazand Petrochemical Co.	10,600	10,600	10,600	7,035	1,890,000	0.038%	10,600	6,414
Fars & Khuzestan Cement Co.	8,193	8,193	8,193	4,124	2,100,000	0.047%	8,193	3,940
Mines & Metals Investment Co.	8,624	10,616	8,624	4,926	4,260,614	0.019%	10,616	6,059
Chador Malu Co.	9,445	9,445	9,445	4,728	1,377,144	0.008%	9,445	4,115
Pasargad Bank	18,480	19,964	18,480	13,111	8,904,000	0.018%	19,964	11,504
Parsian Oil & Gas Development Co.	71,703	149,171	71,703	50,773	52,450,785	0.130%	149,171	130,183
Shiraz Petrochemical Co.	64,053	64,436	64,053	44,470	13,581,665	0.266%	64,436	40,854
Khuzestan Steel Co.	89,966	68,318	89,966	65,660	20,694,618	0.143%	68,318	43,916
National Iranian Copper Industries Co.	150,988	110,470	150,988	103,723	40,517,142	0.093%	110,470	70,621
Esfahan Oil Refinery Co.	247,805	128,396	247,805	77,132	24,153,851	0.121%	128,396	76,568
Other Companies Co.	203,327	27,625	89,682	87,246			0	0
<b>Total</b>	<b>1,810,920</b>	<b>1,483,981</b>	<b>1,697,276</b>	<b>1,438,906</b>			<b>1,456,356</b>	<b>1,429,797</b>

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	Group		Karafarin Bank					
	2014-15	2015-16	2014-15			2015-16		
	Cost	Cost	Cost	Net Sales Value	No. of Shares	Percent	Cost	Net Sales Value
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
<b>Shares of Listed Companies in Over-the-Counter Market</b>								
Maroun Petrochemical Co.	29,396	3,754	29,396	50,769	199,500	0.005%	3,754	6,910
Sobhan Oncology Pharmaceutical Co.	0	175	0	0	60,000	0.02%	175	222
Rail Pardaz Seir Co.	0	35	0	0	32,000	0.002%	35	35
Tehran Oil Refinery Co.	4,559	4,912	4,559	1,596	653,378	0.008%	4,912	3,108
Zagros Petrochemical Co.	30,956	24,327	30,956	17,826	965,805	0.04%	24,327	9,682
Esfahan Steel Co.	15,136	11,352	15,136	6,420	3,000,000	0.038%	11,352	7,329
	80,048	44,556	80,048	76,611			44,556	19,957
<b>Total</b>	<b>1,890,968</b>	<b>1,528,537</b>	<b>1,777,323</b>	<b>1,515,517</b>			<b>1,500,912</b>	<b>1,449,754</b>

**11.3. Long-term investments in other shares:**

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
Investment in Shares of Other Companies	11-3-1	737,319	943,451	414,763	890,710
Investment in Construction Projects		477,362	471,997	0	0
		1,214,681	1,415,447	414,763	890,710

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**11.3.1. Investment in shares of other companies.**

	Group						Karafarin Bank					
	2014-15		2015-16		2014-15		2015-16		No. of Shares	% of Investment	Cost	Net Book Value
	Cost	Net Book Value	Cost	Net Book Value	Cost	Net Book Value	Cost	Net Book Value				
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	Percent	IRR million	IRR million	
Karafarin Bank Investment Co.	0	0	0	0	97,969	97,969	490,845,000	53.93%	490,845	490,845		
Karafarin Leasing Co.	0	0	0	0	100,000	100,000	99,999,996	100%	100,000	100,000		
Karafarin Bank Brokerage Co.	0	0	0	0	50,000	50,000	49,999,996	100%	50,000	50,000		
Karafarin Insurance Co.	338,291	338,291	429,155	429,155	109,132	109,132	299,962,174	19.997%	162,165	162,165		
Karafarin Bureau de Change	0	0	0	0	19,996	19,996	39,992,000	99.98%	39,992	39,992		
Abnieh Gostar Construction Co.	2,602	2,602	2,350	2,350	4,900	4,900	4,899,999	49%	4,900	4,900		
Iran Investment Co.	1,750	1,750	8,750	8,750	1,750	1,750	8,750,000	0.88%	8,750	8,750		
Tehran Stock Exchange.	1,500	1,500	1,500	1,500	1,500	1,500	10,999,999	0.73%	1,500	1,500		
Market outside TSE	1,500	1,500	1,500	1,500	1,000	1,000	4,000,000	1.3%	1,000	1,000		
Iran Credit Ranking Consulting Co.	450	450	450	450	450	450	45,000	0.05%	450	450		
Shaparak Electronic Payment Card Network Co.	700	700	700	700	700	700	1,100,000	0%	700	700		
Omid Karafarin Trading Development Co.	19,131	19,131	17,278	17,278	0	0	0	0%	0	0		
Amin E'temad Karafarin Co.	1,786	1,786	1,613	1,613	0	0	0	0%	0	0		
Mofid Economic Group	115,080	115,080	191,130	191,130	0	0	0	0%	0	0		
Kardan Co.	27,366	27,366	30,408	30,408	27,366	27,366	0	0%	30,408	30,408		
Kourosh Petrochemical Industries Development Co.	227,163	227,163	258,617	258,617	0	0	0	0%	0	0		
	737,319	737,319	943,451	943,451	414,763	414,763	1,010,594,164		890,710	890,710		



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**11.4. Investment in other securities:**

	Type of Securities	Interest Rate Percent	Group		Karafarin Bank	
			2014-15	2015-16	2014-15	2015-16
			IRR million	IRR million	IRR million	IRR million
Joint Investment Fund of Karafarin Brokerage with Fixed Income	Participation	20	79,767	126,622	63,517	28,500
Arman Karafarin Investment Fund with Fixed Income	Participation	20	36,676	31,656	23,500	18,500
Islamic Treasury Documents – Fifth Phase	Participation	-	0	54,174	0	54,174
Gole Gohar Participation Bonds	Participation	20	68,239	7,060	68,239	7,060
			184,682	219,512	155,256	108,234

**12. DUES FROM AFFILIATED & SUBSIDIARY COMPANIES**

	2014-15		2015-16	
	Net	Due Balance	Provision for Doubtful Debts	Net
	IRR million	IRR million	IRR million	IRR million
Dues from Subsidiary Companies	951,463	663,506	0	663,506
Dues from Affiliated Companies	0	600	0	600
	951,463	664,106	0	664,106

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**12.1. Balance of dues from affiliated and subsidiary companies based on transactions:**

Affiliated / Subsidiary Company	2015-16								
	Sales of Assets & Investments	Purchase of Assets & Investments	Purchase of Services	On- accounts Received	On- accounts Paid	Gharz-al- Hassaneh	Receivable Dividend	Paid Dividend	Total
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
Karafarin Insurance Co.	0	0	0	600	0	0	0	0	600
Karafarin Bank Investment Co.	0	0	0	0	0	0	44,086	0	44,086
Karafarin Leasing Co.	0	0	0	50,000	0	0	193,406	0	243,406
Karafarin Bank Brokerage Co.	0	0	0	36,232	0	0	89,000	0	125,232
Karafarin Bureau de Change	6,957	0	0	0	0	0	199,960	0	206,917
Abnieh Gostar Karafarin Construction Co.	0	0	0	38,273	0	0	2,619	0	40,892
Amin Etemad Karafarin Co.	0	0	0	600	0	0	0	0	600
Asr Amin Karafarin Co.	0	0	0	95	0	0	2,277	0	2,372
	6,957	0	0	125,800	0	0	531,349	0	664,106
Net Profit (Loss) of Transactions	13,344								



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**12.1.1.** Profit and loss of transactions with affiliated and subsidiary companies declared in Note 40.

**13. OTHER RECEIVABLE ACCOUNTS**

	Note	Group		Karafarin Bank			
		2014-15	2015-16	2014-15	2015-16		
		Net	Net	Net	Dues Balance	Provision for Doubtful Debts	Net
		IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
Temporary Debtors	13-2	1,281,509	1,827,409	1,091,080	1,128,364	0	1,128,364
Prepayments		142,442	138,244	116,753	101,318	0	101,318
Receivable Dividend	13-1	116,685	95,936	116,685	92,709	0	92,709
Realised Profit of Participation Bonds		674	435	674	435	0	435
		1,541,310	2,062,024	1,325,192	1,322,827	0	1,322,827

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

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
<b>TSE &amp; Over-the-Counter Market Companies:</b>				
Persian Gulf Petrochemical Industries Co.	58,881	20,842	58,881	20,842
Khouzestan Steel Co.	14,469	17,991	14,469	17,991
Parsian Oil & Gas Development Co.	5,353	12,336	5,353	12,336
Jam Petrochemical Co.	6,755	9,953	6,755	9,953
Shiraz Petrochemical Co.	0	9,507	0	9,507
Civil Pension Fund Investment Co.	9,157	6,481	9,157	6,481
National Iranian Copper Industries Co.	0	3,241	0	3,241
Ghadir Investment Co.	8,512	2,976	8,512	2,976
Pardis Petrochemical Co.	908	1,987	908	1,987
Iran Investment – Non-TSE	8,750	1,750	8,750	1,750
Mines & Metals Development Investment Co.	809	1,381	809	1,381
Stock Exchange	0	900	0	900
Chador Malu Mining& Industrial Co.	0	895	0	895
Ta'amin Pharmaceutical Investment Co.	375	528	375	528
Fars & Khouzestan Cement Co.	0	525	0	525
Behshahr Industries Development Co.	151	320	151	320
National Development Group Investment Co.	0	231	0	231
Cement Industries Development Investment Co.	0	208	0	208
Tehran Oil Refinery Co.	0	135	0	135
Iran Telecommunication Co.	0	120	0	120
Islamic Republic of Iran Shipping Lines	44	105	44	105
Other Companies	2,520	3,525	2,520	298
	<b>116,685</b>	<b>95,936</b>	<b>116,685</b>	<b>92,709</b>

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**13.2.** Balance of temporary debtors is as follows:

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
<b>Items related to Facilities:</b>				
Judiciary & Dues Settlement Expenses	27,422	11,499	27,422	11,499
	27,422	11,499	27,422	11,499
<b>Items not related to Facilities:</b>				
Foreign Currency Temporary Debtors	870,709	939,617	870,709	939,617
Brokerage	8,829	839	8,829	839
Receivable Profit of Granted Facilities to Banks	4,434	0	4,434	0
Others	370,114	875,454	179,686	176,409
	1,254,087	1,815,910	1,063,658	1,116,865
	1,281,509	1,827,409	1,091,080	1,128,364

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**14. FIXED TANGIBLE ASSETS**

	Group						
	Land	Building	Motor Vehicles	Furniture	Assets under Completion	Capital Orders & Prepayments	Total
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
<b>Cost Price</b>							
Balance at 21.03.2014	2,455,967	744,430	7,342	438,728	784,838	456,321	4,887,626
Increase during the Year	20,812	6,212	1,939	75,689	738,793	349,314	1,192,761
Sold	0	(78,855)	(158)	(9,427)	0	0	(88,439)
Transfers & Other Changes	29,414	109,573	0	0	(123,719)	(177,370)	(162,103)
Balance at 20.03.2015	2,506,193	781,361	9,124	504,991	1,399,911	628,265	5,829,845
Increase during the Year	124,796	0	0	65,370	203,377	296,717	690,261
Sold	0	0	(702)	(5,664)	0	0	(6,365)
Transfers & Other Changes	10,599	117,835	0	2,925	(70,280)	(178,278)	(117,199)
Balance at 19.03.2016	2,641,589	899,196	8,422	567,622	1,533,009	746,704	6,396,542
<b>Accumulated Depreciation &amp; Retained Value Decrease</b>							
Balance at 21.03.2014	0	123,104	4,171	147,486			274,761
Depreciation of the Year	0	15,474	936	59,141			75,551
Sold	0	0	(80)	(6,809)			(6,888)
Balance at 20.03.2015	0	138,578	5,027	199,818			343,424
Depreciation of the Year	0	23,213	1,016	64,421			88,650
Sold	0	0	(576)	(3,993)			(4,569)
Balance at 19.03.2016	0	161,791	5,467	260,246			427,505
<b>Book Value</b>							
At 21.03.2014	2,455,967	621,326	3,172	291,242	784,838	456,321	4,612,864
At 20.03.2015	2,506,193	642,783	4,096	305,172	1,399,911	628,265	5,486,421
At 19.03.2016	2,641,589	737,405	2,955	307,376	1,533,009	746,704	5,969,037

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	Karafarin Bank						
	Land	Building	Motor Vehicles	Furniture	Assets under Completion	Capital Orders & Prepayments	Total
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
<b>Cost Price</b>							
Balance at 21.03.2014	2,835,239	646,390	5,998	425,329	784,838	456,321	5,154,114
Increase during the Year	20,812	6,212	1,109	72,679	603,619	349,276	1,053,707
Sold	0	0	(158)	(9,296)	0	0	(9,454)
Transfers & Other Changes	29,414	109,573	0	0	(123,719)	(177,370)	(162,103)
Balance at 20.03.2015	2,885,465	762,175	6,949	488,712	1,264,737	628,226	6,036,265
Increase during the Year	0	0	0	63,832	232,399	354,451	650,682
Sold	0	(3,861)	(396)	(5,664)	0	0	(9,920)
Transfers & Other Changes	10,599	117,835	0	2,886	(70,280)	(178,239)	(117,199)
Balance at 19.03.2016	2,896,064	876,150	6,553	549,767	1,426,856	804,438	6,559,828
<b>Accumulated Depreciation &amp; Retained Value Decrease</b>							
Balance at 21.03.2014	0	167,060	3,631	142,666			313,357
Depreciation of the Year	0	37,159	585	57,152			94,896
Sold	0	0	(80)	(6,899)			(6,978)
Balance at 20.03.2015	0	204,219	4,137	192,919			401,275
Depreciation of the Year	0	43,369	695	62,010			106,074
Sold	0	(841)	(353)	(3,993)			(5,187)
Balance at 19.03.2016	0	246,747	4,479	250,936			502,162
<b>Book Value</b>							
At 21.03.2014	2,835,239	479,330	2,367	282,663	784,838	456,321	4,840,757
At 20.03.2015	2,885,465	557,956	2,812	295,793	1,264,737	628,226	5,634,990
At 19.03.2016	2,896,064	629,403	2,074	298,831	1,426,856	804,438	6,057,666



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**14.1.** Book value of revaluated lands based using cost price method is as follows:

	2014-15		2015-16	
	Based on Cost Price	Based on Revaluation	Based on Cost Price	Based on Revaluation
	IRR million	IRR million	IRR million	IRR million
Land	2,399,070	2,885,465	2,409,670	2,896,064
	2,399,070	2,885,465	2,409,670	2,896,064

**14.2.** Fixed tangible assets of the Bank has insurance coverage against probable hazards from fire, flood and earthquake up to IRR1,243,036 million.

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**15. INTANGIBLE ASSETS**

	Group					Karafarin Bank			
	Business Place Goodwill	Software	PHD Project Technical Know-how	Royalty of Using General Services	Total	Business Place Goodwill	Software	Royalty of Using General Services	Total
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
<b>Cost Price</b>									
Balance at 21.03.2014	3,736,682	52,174	0	13,276	3,802,132	3,736,682	49,896	13,126	3,799,704
Increase during the Year	255,175	353	0	5,371	260,899	255,175	140	5,364	260,679
Balance at 20.03.2015	3,991,857	52,527	0	18,647	4,063,031	3,991,857	50,036	18,490	4,060,383
Balance at 21.03.2015	3,991,857	52,527	0	18,647	4,063,031	3,991,857	50,036	18,490	4,060,383
Increase during the Year	100,052	11,752	58,492	4,828	175,124	100,052	10,607	4,607	115,266
Sold	0	0	0	0	0	(15,539)	0	0	(15,539)
Balance at 19.03.2016	4,091,909	64,278	58,492	23,475	4,238,154	4,076,369	60,643	23,098	4,160,110
<b>Accumulated Depreciation &amp; Retained Value Decrease</b>									
Balance at 21.03.2014	0	34,810			34,810	0	34,051		34,051
Depreciation of the Year	0	9,604			9,604	0	9,787		9,787
Balance at 20.03.2015	0	44,414	0	0	44,414	0	43,838	0	43,838
Balance at 21.03.2015	0	45,258			45,258	0	43,838		43,838
Depreciation of the Year	0	6,328			6,328	0	5,478		5,478
Balance at 19.03.2016	0	51,586	0	0	51,586	0	49,317	0	49,317
<b>Book Value</b>									
At 21.03.2014	3,736,682	17,364	0	13,276	3,767,322	3,736,682	15,845	13,126	3,765,653
At 20.03.2015	3,991,857	8,113	0	18,647	4,018,617	3,991,857	6,197	18,490	4,016,545
At 19.03.2016	4,091,909	12,693	58,492	23,475	4,186,569	4,076,369	11,327	23,098	4,110,794

**Karafarin Bank (PJSC)**  
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**15.1.** Book value of revaluated business place goodwill based on cost price method is as follows:

	2014-15		2015-16	
	Based on Cost Price	Based on Revaluation	Based on Cost Price	Based on Revaluation
	IRR million	IRR million	IRR million	IRR million
Business Location Goodwill	2,434,655	3,991,857	2,519,168	4,076,369
	2,434,655	3,991,857	2,519,168	4,076,369

**16. STATUTORY DEPOSIT**

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
Statutory Deposit – Branches Deposits in Mainland		10,244,469	9,915,366	10,244,469	9,915,366
Statutory Deposit – Branches Deposits in Free Zones		90,024	111,671	90,024	111,671
		10,334,493	10,027,037	10,334,493	10,027,037

**16.1.** In compliance with the requirements as set forth by Clause 3 of Article 14 of Monetary & Banking Act and based on the set rates via the Money & Credit Council, statutory deposit held at CBI has been calculated and approved via the CBI.

**Karafarin Bank (PJSC)**  
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**17. OTHER ASSETS**

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
Debtors for Term Foreign Currency L/Cs & Bills		116,866	51,983	116,866	51,983
Deposit for Rented Buildings		133,178	120,790	133,178	120,790
Repossessed Collaterals	17-1	729,495	1,913,589	723,476	1,907,569
Issuance Right for Cheques		1,573	902	1,573	902
Inventory of Movable Properties of Furniture		25,828	30,917	25,828	30,917
Inventory of Consumables		4,664	24,365	4,664	24,365
Inventory of Prints		5,014	4,969	5,014	4,969
Inventory of Password Machines		1,360	1,527	1,360	1,527
Others (Smart Cards)		31,203	1,167	337	0
		1,049,181	2,150,209	1,012,295	2,143,022

**Karafarin Bank (PJSC)**  
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**17.1. Repossessions**

	2014-15	Acquired during the Year	Sold / Abandoned during the Year	2015-16
	IRR million	IRR million	IRR million	IRR million
<b>Movable</b>				
Equipment	430	900	(400)	930
Goods	103	0	(6)	98
Motor Vehicles	1,400	0	0	1,400
	<u>1,933</u>	<u>900</u>	<u>(406)</u>	<u>2,428</u>
<b>Immovable</b>				
Residential	642,431	928,109	(19,942)	1,550,599
Commercial/Office	45,921	2,093	0	48,014
Land	33,190	273,338	0	306,528
	<u>721,542</u>	<u>1,203,540</u>	<u>(19,942)</u>	<u>1,905,141</u>
	<u>723,476</u>	<u>1,204,440</u>	<u>(20,347)</u>	<u>1,907,569</u>
Retained Value Decrease	0			0
	<u>723,476</u>			<u>1,907,569</u>
Profit (Loss) from Sales	<u>35,105</u>			<u>11,296</u>

**17.1.1.** Profit (loss) from sales of repossessed collaterals has been reflected in profit (loss) statements and disclosed in Note 40.

**Karafarin Bank (PJSC)**  
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**18. DUES TO BANKS & OTHER CREDIT INSTITUTES**

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
<b>Central Bank of Iran</b>					
Foreign Currency Demand Deposits		7,261,630	7,113,349	7,261,630	7,113,349
Foreign Currency Term Deposits		1,321,610	1,485,426	1,321,610	1,485,426
Debt for Purchasing Foreign Currency		1,097,936	1,083,479	1,097,936	1,083,479
Facilities Received from Central Bank – From Foreign Currency Reserve	18-1	108,946	130,874	108,946	130,874
		<b>9,790,121</b>	<b>9,813,128</b>	<b>9,790,121</b>	<b>9,813,128</b>
<b>Domestic Banks &amp; Credit Institutes</b>					
Issued Bills of Other Banks		520,178	573,910	520,178	573,910
Demand Deposit of Banks held with Us		0	112,542	0	112,542
Foreign Currency Term Deposit of Banks held with Us		1,250,186	1,403,306	1,250,186	1,403,306
Facilities Received from Banks	18-2	1,064,967	1,674,719	0	1,000,000
Domestic Creditors – Checks Clearing		83,972	170,573	83,972	170,573
Others		155,056	181,342	155,056	181,342
		<b>3,074,359</b>	<b>4,116,393</b>	<b>2,009,392</b>	<b>3,441,674</b>
		<b>12,864,480</b>	<b>13,929,521</b>	<b>11,799,513</b>	<b>13,254,802</b>

**18.1.** Foreign currency financial facilities obtained from the CBI include 7 facilities with interest rates ranging from 2.9% to 5.6%.

**18.2.** Financial facilities in Iranian Rials include one facility obtained from the Export Development Bank of Iran with an 18.5% interest rate.

**Karafarin Bank (PJSC)**  
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**19. CLIENTS' DEPOSITS**

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
<b>Individual Clients</b>					
Demand & Similar Deposits	19-1	769,608	1,835,262	769,608	1,835,262
Savings & Similar Deposits	19-2	146,403	118,016	146,403	118,016
Other Deposits & Advances Received	19-3	58,651	68,442	58,651	68,442
		974,662	2,021,719	974,662	2,021,719
<b>Companies</b>					
Demand & Similar Deposits	19-1	1,225,958	8,290,556	1,225,958	8,290,556
Savings & Similar Deposits	19-2	243,655	230,850	243,655	230,850
Other Deposits & Advances Received	19-3	3,788,442	3,977,365	3,788,442	3,977,365
		5,258,056	12,498,771	5,258,056	12,498,771
		6,232,718	14,520,490	6,232,718	14,520,490

**19.1. Demand & similar deposits**

	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Current Gharz-al Hassaneh Deposits – IRR	1,738,096	10,024,177	1,738,096	10,024,177
Current Gharz-al Hassaneh Deposits – Foreign Currency	257,470	101,641	257,470	101,641
	1,995,566	10,125,818	1,995,566	10,125,818

**Karafarin Bank (PJSC)**  
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**19.2. Savings & similar deposits**

	<b>2014-15</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2015-16</b>
	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>
Saving Gharz-al Hassaneh Deposits – IRR	16,492	13,278	16,492	13,278
Saving Gharz-al Hassaneh Deposits – Foreign Currency	373,567	335,588	373,567	335,588
	<b>390,058</b>	<b>348,866</b>	<b>390,058</b>	<b>348,866</b>

**19.3. Other deposits & advances received**

	<b>2014-15</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2015-16</b>
	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>
Cash Deposit of Guarantees – IRR	1,875,669	1,619,729	1,875,669	1,619,729
Cash Deposit of Guarantees – Foreign Currency	113,826	158,851	113,826	158,851
Advances Received of L/Cs – IRR	13,891	23,000	13,891	23,000
Advances Received of L/Cs – Foreign Currency	1,831,446	2,229,406	1,831,446	2,229,406
Others (include 3,808 items)	12,262	14,820	12,262	14,820
Total	<b>3,847,094</b>	<b>4,045,806</b>	<b>3,847,094</b>	<b>4,045,806</b>

**20. DIVIDEND PAYABLE**

	<b>Group</b>		<b>Karafarin Bank</b>	
	<b>2014-15</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2015-16</b>
	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>
Balance at the beginning of the Year	91,635	88,233	22,332	13,799
Paid during the Year	(2,557,462)	(1,806,063)	(2,558,533)	(1,786,111)
Ratified Dividend	2,554,061	1,797,273	2,550,000	1,785,000
	<b>88,233</b>	<b>79,444</b>	<b>13,799</b>	<b>12,687</b>



**Karafarin Bank (PJSC)**  
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	<b>Karafarin Bank</b>					
	<b>Cash Profit of each Share</b>	<b>Ratified Dividend</b>	<b>Balance at 20.03.2015</b>	<b>Dividend Paid during the Year</b>	<b>Capital Increase</b>	<b>Balance at 19.03.2016</b>
	IRR	IRR million	IRR million	IRR million	IRR million	IRR million
Balance of Dividend Payable from Previous Years		8,242,500	10,253	(1,251)	2,490,111	9,003
Year Ended 20.03.2014	300	2,550,000	3,545	(910)	0	2,635
Year Ended 20.03.2015	210	1,785,000	0	(1,783,950)	0	1,050
<b>Total</b>			<b>13,799</b>	<b>(1,786,111)</b>	<b>2,490,111</b>	<b>12,687</b>

**21. PROVISION FOR CORPORATE TAX**

	<b>Group</b>		<b>Karafarin Bank</b>	
	<b>2014-15</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2015-16</b>
	IRR million	IRR million	IRR million	IRR million
Balance at the beginning of the Year	809,678	766,689	750,809	666,812
Corporate Tax Provision of the Year	665,476	572,058	619,649	528,647
Paid during the Year	(708,464)	(863,345)	(703,646)	(751,601)
<b>Balance at the End of the Year</b>	<b>766,689</b>	<b>475,402</b>	<b>666,812</b>	<b>443,859</b>

**Karafarin Bank (PJSC)**  
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**21.1.** Income tax of the Bank for all years before 2012-13 has been finalized and settled. Summary of payable tax situation for years 2012-13 to 2015-16 is as follows:

	2015-16										IRR million	
	2014-15		Declared		Income Liability		Tax		Paid			Recognition
	Balance of Provision	Declared Profit (Loss)	Declared	Recognized	Final	Income Liability to Tax	Declared	Recognized	Final	Paid	Balance of Provision	Method
2012-13	100,219	3,177,000	382,453	911,742	535,809	1,912,266	502,672	0	0	0	0	Surveying Books
2013-14	16,895	3,971,082	589,948	722,825	765,400	2,949,742	721,727	0	0	0	0	Surveying Books
2014-15	619,649	4,321,646	619,649	911,552	0	3,098,244	619,649	0	0	619,649	0	Not Surveyed
2015-16	0	3,196,510	528,647	0	0	2,643,235	528,647	0	0	0	528,647	Not Surveyed
	736,762										528,647	
Tax Prepayment	(69,950)										(84,788)	
	666,812										443,859	

**Karafarin Bank (PJSC)**  
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**21.2.** Legal actions which are being processed via the Taxation High Council and the Administrative Tribunal are currently underway as means of administration of justice to retrieve the Bank's rights in cases relating to 2003-04 and 2012-13 periods.

**22. PROVISIONS & OTHER LIABILITIES**

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
Facilities Received from National Development Fund	22-1	18,000	610,013	18,000	610,013
Debts of the Bank for Term L/Cs		159,471	85,137	159,471	85,137
Provision for Allocated & Unpaid Expenses		252,476	276,395	237,154	255,865
Social Security Organisation		55,303	68,278	47,348	58,520
Cash Deposit of Matured Guarantees		6,490	5,231	6,490	5,231
Retention Deposit of Contractors		37,200	42,234	37,200	42,234
Debt of Clients for L/Cs		175,858	81,349	98,984	81,349
Foreign Exchange Bill of Clients		531,200	211,182	531,200	211,182
Other Liabilities		748,451	1,115,978	876,589	969,909
		<u>1,984,448</u>	<u>2,495,797</u>	<u>2,012,436</u>	<u>2,319,440</u>

**22.1.** Facilities received from National Development Fund at the date of balance sheet are as follows:

Received Amount	Type of Foreign Currency	Received Date	Final Due Date	No. of Installments	Interest Rate	* Balance of Facilities
IRR million					Percent	IRR million
<b>IRR Facilities</b>						
150,000	IRR	07.06.2015	07.12.2022	20	16	90,486
500,000	IRR	20.06.2015	18.06.2022	20	19	497,811
50,000	IRR	24.12.2014	30.11.2021	20	19	21,716

\* Balance of facilities includes principal amounts and interest on facilities.

**Karafarin Bank (PJSC)**  
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**23. PROVISION FOR EMPLOYEE WORK TERMINATION BENEFITS**

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
Balance at the beginning of the Year		187,673	267,397	183,720	262,482
Paid during the Year		(8,605)	(12,506)	(7,398)	(10,198)
Provided Provision during the Year	23-1	88,329	72,513	86,160	68,001
Balance at the End of the Year		267,397	327,404	262,482	320,285

**23.1.** Provision for personnel service years buyback is calculated based on one month salary of the latest year for each year of service.

**24. TERM INVESTMENT DEPOSITS**

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
Long-Term Investment Deposits	24-1	47,306,736	62,757,204	47,306,736	62,757,204
Short-Term Investment Deposits	24-1	20,477,186	13,801,638	20,846,968	14,031,230
Short-Term Special Investment Deposits	24-1	8,206,122	38,944	8,206,122	38,944
		75,990,045	76,597,786	76,359,826	76,827,379

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**24.1.** Growth in one-year deposits is due to ban in deposits for more than one year according to circular number 96593/93 dated 02.07.2014. The balance of deposits for more than one year is related to prior years.

	Karafarin Bank					
	2014-15			2015-16		
	IRR	Forex	Total	IRR	Forex	Total
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
Short-Term Investment Deposits	20,790,143	56,824	20,846,968	13,986,947	44,283	14,031,230
<b>Short-Term Special Investment Deposits</b>						
3-month	8,066,644	0	8,066,644	6,328	0	6,328
4-month	101,636	0	101,636	15,884	0	15,884
6-month	35,917	0	35,917	13,412	0	13,412
9-month	1,925	0	1,925	3,320	0	3,320
<b>Long-Term Investment Deposits</b>						
Deposit Guarantee	8,210,418	0	8,210,418	10,046,745	0	10,046,745
1-year	28,668,751	107,165	28,775,916	44,509,241	77,225	44,586,466
2-year	351,486	0	351,486	207,320	0	207,320
3-year	21,543	0	21,543	18,805	0	18,805
4-year	19,633	0	19,633	15,564	0	15,564
5-year	9,927,740	0	9,927,740	7,882,304	0	7,882,304
	76,195,837	163,989	76,359,826	76,705,870	121,508	76,827,379

\* Payment refers to amounts paid to the Ministry of Economy & Financial Affairs.

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**24.2.** Long-Term investment deposits based on maturity date and interest rate.

	2014-15		2015-16					Total
	Total	More than 22%	19% to 22%	16% to 19%	13% to 16%	10% to 13%	10% & Less	
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	
Matured	20,901,858	0	0	10	0	0	1,247	1,257
2015-16	46,899,509	0	0	0	0	0	13,997,435	13,997,435
2016-17	2,086,603	62,961	50,046,636	5,494,370	535,618	10	121,508	56,261,103
2017-18	1,590,793	146,753	1,281,567	8,067	0	0	0	1,436,388
2018-19	3,610,750	61,854	3,163,174	391	0	0	0	3,225,419
2019-20 & after	1,270,314	73,680	1,799,557	32,540	0	0	0	1,905,777
	<b>76,359,826</b>	<b>345,249</b>	<b>56,290,934</b>	<b>5,535,378</b>	<b>535,618</b>	<b>10</b>	<b>14,120,190</b>	<b>76,827,379</b>
20.03.2015		3,479,038	50,346,695	9,627,498	17,003	10	12,889,583	76,359,826

**24.3.** Flow of IRR investment deposits.

	Balance at 20.03.2015	Absorbed Deposits during the Year	Repayment of Deposits	Balance at 19.03.2016
	IRR million	IRR million	IRR million	IRR million
<b>Long-Term Deposits</b>				
Deposit Certificates	8,210,418	30,258,229	(28,421,903)	10,046,745
1-year	28,775,916	52,963,993	(37,153,443)	44,586,466
2-year	351,486	61,030	(205,195)	207,320
3-year	21,543	3,824	(6,562)	18,805
4-year	19,633	4,682	(8,751)	15,564
5-year	9,927,740	2,037,088	(4,082,524)	7,882,304
Short-Term Deposits	20,846,968	712,325,166	(719,140,903)	14,031,230
Special Short-Term Deposits	8,206,122	515,619	(8,682,797)	38,944
	<b>76,359,826</b>	<b>798,169,631</b>	<b>(797,702,079)</b>	<b>76,827,379</b>

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**25. PAYABLE INTEREST OF TERM INVESTMENT DEPOSITS**

	<b>Balance at 20.03.2015</b>	<b>On-account Interest during the Year</b>	<b>Difference in Final &amp; On-account Profit</b>	<b>Interest during the Year</b>	<b>Balance at 19.03.2016</b>
	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>
Short-Term Deposits	12,108	3,831,004	0	(3,831,037)	12,075
Special Short-Term Deposits	0	437,444	0	(437,444)	0
1-year Deposits	0	8,067,714	0	(8,067,714)	0
2-year Deposits	0	54,658	0	(54,658)	0
3-year Deposits	0	4,019	0	(4,019)	0
4-year Deposits	0	2,431	0	(2,431)	0
5-year Deposits	0	1,853,671	0	(1,853,671)	0
Deposit Guarantee	0	1,862,067	0	(1,862,067)	0
Paid Interest to Received Deposits from Banks	0	92,637	0	(92,637)	0
	<b>12,108</b>	<b>16,205,644</b>	<b>0</b>	<b>(16,205,677)</b>	<b>12,075</b>

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**26. CAPITAL**

The Bank's capital on the date of establishment was IRR30,000 million (comprising 30,000,000 shares with a face value of IRR1,000 per share). The Bank subsequently increased its capital level at various stages as outlined below; the capital was increased to IRR8,500 billion (comprising 8,500,000,000 million shares with a face value of IRR1,000 each).

<b>Date</b>	<b>Increase in % Capital</b>	<b>Additional Capital (IRR million)</b>	<b>Capital Level (IRR million)</b>	<b>Source of Additional Capital</b>
02.08.2001	233	30,000	100,000	Claims & cash contributions
22.12.2001	100	100,000	200,000	Claims & cash contributions
13.11.2004	75	150,000	350,000	Claims & cash contributions
26.09.2005	100	350,000	700,000	Claims & cash contributions
19.12.2007	50	350,000	1,050,000	Claims & cash contributions
22.12.2008	90	950,000	2,000,000	Claims & cash contributions
03.10.2010	50	1,000,000	3,000,000	Claims & cash contributions
11.09.2011	50	1,500,000	4,500,000	Claims & cash contributions
22.09.2012	61	2,750,000	7,250,000	Revaluation surplus & retained profit
28.05.2014	17	1,250,000	8,500,000	Claims & cash contributions



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**26.1.** Composition of shareholders at the date of balance sheet is as follows:

	2014-15		2015-16	
	No. of Shares	Ownership %	No. of Shares	Ownership %
<b>Over 1%:</b>				
Saba Ta'amin Investment Co. (Public Joint Stock)	750,806,695	8.8%	757,707,641	8.9%
Karafarin Insurance Co.	644,054,981	7.6%	644,054,981	7.6%
Tose'e Eghtesad Farda Co. (Private Joint Stock)	424,999,998	5.0%	424,999,998	5.0%
Ideh Gostar Dour Andish Co. (Private Joint Stock)	424,999,998	5.0%	424,999,998	5.0%
Negin Ganjineh Iranian Co. (Private Joint Stock)	424,999,998	5.0%	424,999,998	5.0%
Mehr Afarinan Doran Co. (Private Joint Stock)	424,999,998	5.0%	424,999,998	5.0%
Tadbir Investment Co. (Private Joint Stock)	424,931,033	5.0%	424,931,033	5.0%
Modabber Kesht Tous Agricultural Co. (Private Joint Stock)	298,520,693	3.5%	298,520,693	3.5%
Ayandeh Sazan Economic Development Co. (Private Joint Stock)	212,167,093	2.5%	212,167,093	2.5%
South Kar va Andisheh Co. (Ltd.)	106,250,423	1.3%	106,250,423	1.3%
Refah va Ta'amin Atieh Omid Inst.	94,626,283	1.1%	94,626,283	1.1%
Parsian Bank Financial Group Co. (Private Joint Stock)	89,703,946	1.1%	89,703,946	1.1%
Tous Asphalt Co.	85,232,617	1.0%	85,232,617	1.0%
	<b>4,406,283,756</b>	<b>51.8%</b>	<b>4,413,194,702</b>	<b>51.9%</b>
<b>Others (Less than 1%):</b>				
<b>Individuals</b>	1,874,077,374	22.0%	2,144,400,821	25.2%
Legal Entities (164 Shareholders)	436,859,505	5.1%	491,646,678	5.8%
Individuals (7,135 Shareholders)	1,782,779,365	21.0%	1,450,757,799	17.1%
	<b>8,500,000,000</b>	<b>100%</b>	<b>8,500,000,000</b>	<b>100%</b>

**Karafarin Bank (PJSC)**  
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**27. STATUTORY RESERVES**

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Balance at the Beginning of the Year	2,318,434	2,868,329	2,285,685	2,840,984
Transfer from Allocable Profit	549,894	404,347	555,300	400,179
Balance at the End of the Year	2,868,329	3,272,676	2,840,984	3,241,164

**27.1.** According to Clause A of Article 33 of Monetary & Banking Act and Article 108 of the Bank's Articles of Association, 15% of net interest for each year is considered as legal reserves following 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.

**28. OTHER RESERVES**

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Balance at the Beginning of the Year	4,543	5,045	0	0
Transfer from Allocable Profit	502	614	0	0
Balance at the End of the Year	5,045	5,660	0	0

**29. ASSET REVALUATION SURPLUS**

Date	2014-15		2015-16	
	Balance of Asset Revaluation	Asset Revaluation Amount	Capital Increase	Balance of Asset Revaluation
	IRR million	IRR million	IRR million	IRR million
10.03.2012	43,597	2,043,597	(2,000,000)	43,597
19.03.2016	43,597	2,043,597	(2,000,000)	43,597

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**30. SHAREHOLDERS' EQUITY WITH NO CONTROL**

	<b>Group</b>	
	<b>2014-15</b>	<b>2015-16</b>
	<b>IRR million</b>	<b>IRR million</b>
Capital	138,049	498,060
Capital Increase Funds	146,250	0
Statutory Reserve	13,624	12,577
Retained Profit (Loss)	59,159	5,642
Unrealised Profit from Sales of Group Fixed Assets	(205,104)	(184,537)
	<b>151,979</b>	<b>331,741</b>

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**31. INCOME FROM GRANTED FACILITIES & DEPOSITS**

		<b>Group</b>					
		<b>2014-15</b>			<b>2015-16</b>		
	<b>Note</b>	<b>Joint</b>	<b>Non-Joint</b>	<b>Total</b>	<b>Joint</b>	<b>Non-Joint</b>	<b>Total</b>
		<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>
Income from Granted Facilities	31-1	16,554,023	311,148	16,865,171	18,704,703	483,358	19,188,061
Income from Deposits	31-2	1,950,430	4,526	1,954,956	1,645,000	6,597	1,651,597
<b>Total Income from Granted Facilities &amp; Deposits</b>		<b>18,504,453</b>	<b>315,674</b>	<b>18,820,127</b>	<b>20,349,703</b>	<b>489,955</b>	<b>20,839,658</b>

		<b>Karafarin Bank</b>					
		<b>2014-15</b>			<b>2015-16</b>		
	<b>Note</b>	<b>Joint</b>	<b>Non-Joint</b>	<b>Total</b>	<b>Joint</b>	<b>Non-Joint</b>	<b>Total</b>
		<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>
Income from Granted Facilities	31-1	16,554,023	98,927	16,652,950	18,704,703	296,625	19,001,328
Income from Deposits	31-2	1,936,112	4,526	1,940,638	1,605,243	6,597	1,611,840
<b>Total Income from Granted Facilities &amp; Deposits</b>		<b>18,490,135</b>	<b>103,453</b>	<b>18,593,587</b>	<b>20,309,947</b>	<b>303,222</b>	<b>20,613,168</b>

**Karafarin Bank (PJSC)**  
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**31.1. Income from granted facilities**

	Group									
	2014-15					2015-16				
	IRR		Foreign Currency (Non-Joint)		Total	IRR		Foreign Currency (Non-Joint)		Total
Joint	Non-Joint	IRR million	Total	IRR million	Non-Joint	Total	IRR million	Non-Joint	Total	IRR million
IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
Installment Sales	54,004	55,177	109,181	12,314	121,496	16,322	58,265	74,587	-	74,587
Joala	1,978	-	1,978	-	1,978	5,266	1,041	6,307	-	6,307
Hire Purchase	3,603	157,043	160,646	-	160,646	-	149,386	149,386	-	149,386
Mozarabeh	1,525,948	-	1,525,948	-	1,525,948	1,619,369	-	1,619,369	-	1,619,369
Joint Partnership	12,605,714	-	12,605,714	32,249	12,637,963	13,328,271	-	13,328,271	48,699	13,376,970
Bai' al-Salaf	4,804	-	4,804	-	4,804	62,677	-	62,677	-	62,677
Recognition	2,314,710	-	2,314,710	29,141	2,343,851	3,624,535	176,979	3,801,514	48,987	3,850,501
Others	43,262	-	43,262	25,223	68,485	48,263	-	48,263	-	48,263
	16,554,023	212,221	16,766,244	98,927	16,865,171	18,704,703	385,671	19,090,375	97,686	19,188,061

**Karafarin Bank (PJSC)**  
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	Karafarin Bank									
	2014-15					2015-16				
	IRR		Foreign Currency (Non-Joint)		Total	IRR		Foreign (Non-Joint)		Total
Joint	Non-Joint	IRR million	IRR million	IRR million	Joint	Non-Joint	IRR million	IRR million	IRR million	IRR million
Installment Sales	54,004	-	54,004	12,314	66,318	16,322	20,918	37,240	-	37,240
Joala	1,978	-	1,978	-	1,978	5,266	1,041	6,307	-	6,307
Hire Purchase	3,603	-	3,603	-	3,603	-	-	-	-	-
Mozarabeh	1,525,948	-	1,525,948	-	1,525,948	1,619,369	-	1,619,369	-	1,619,369
Joint Partnership	12,605,714	-	12,605,714	32,249	12,637,963	13,328,271	-	13,328,271	48,699	13,376,970
Bai' al-Salaf	4,804	-	4,804	-	4,804	62,677	-	62,677	-	62,677
Recognition	2,314,710	-	2,314,710	29,141	2,343,851	3,624,535	176,979	3,801,514	48,987	3,850,501
Others	43,262	-	43,262	25,223	68,485	48,263	-	48,263	-	48,263
	16,554,023	-	16,554,023	98,927	16,652,950	18,704,703	198,938	18,903,641	97,686	19,001,328

**Karafarin Bank (PJSC)**  
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**31.2. Income from deposits.**

	Group										
	2014-15					2015-16					
	IRR		Foreign Currency (Non-Joint)		Total	IRR		Foreign Currency (Non-Joint)		Total	
	Joint	Non-Joint	IRR million	Total	IRR million	IRR million	Joint	Non-Joint	IRR million	Total	
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	
Bonus of the Statutory Reserve (Quota of Depositors & Bank)	95,818	4,526	100,344	0	100,344	101,062	101,062	6,597	107,659	0	107,659
Interest on Term Deposits Held with Banks	1,790,593	0	1,790,593	0	1,790,593	1,479,207	1,479,207	0	1,479,207	0	1,479,207
Interest on Participation Bonds, Coins & Deposit Guarantee	64,020	0	64,020	0	64,020	64,731	64,731	0	64,731	0	64,731
	1,950,430	4,526	1,954,956	0	1,954,956	1,645,000	1,645,000	6,597	1,651,597	0	1,651,597
	<b>Karafarin Bank</b>										
	2014-15					2015-16					
	IRR		Foreign Currency (Non-Joint)		Total	IRR		Foreign Currency (Non-Joint)		Total	
	Joint	Non-Joint	IRR million	Total	IRR million	IRR million	Joint	Non-Joint	IRR million	Total	
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	
Bonus of the Statutory Reserve (Quota of Depositors & Bank)	95,818	4,526	100,344	0	100,344	101,062	101,062	6,597	107,659	0	107,659
Interest on Term Deposits Held with Banks	1,776,274	0	1,776,274	0	1,776,274	1,439,450	1,439,450	0	1,439,450	0	1,439,450
Interest on Participation Bonds, Coins & Deposit Guarantee	64,020	0	64,020	0	64,020	64,731	64,731	0	64,731	0	64,731
	1,936,112	4,526	1,940,638	0	1,940,638	1,650,243	1,650,243	6,597	1,611,840	0	1,611,840

**Karafarin Bank (PJSC)**  
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**32. NET PROFIT (LOSS) OF INVESTMENTS**

	Karafarin Bank		Karafarin Bank					
	2014-15	2015-16	2014-15	2015-16				
	Total	Total	Foreign Currency (Non-Joint)	Total				
	IRR million	IRR million	IRR million	IRR million				
	IRR (Joint)	IRR (Joint)	IRR (Joint)	IRR (Joint)				
	Total	Total	Total	Total				
	IRR million	IRR million	IRR million	IRR million				
<b>Realised Profit (Loss) of Investments</b>								
Dividend of Companies	32-1	387,476	167,586	760,483	-	760,483	431,719	431,719
Profit (Loss) from Sales of Shares of Companies	32-2	360,857	56,826	360,857	-	360,857	56,826	56,826
<b>Total Realized Profit (Loss) of Investments</b>		748,333	224,411	1,121,340	-	1,121,340	488,544	488,544
<b>Profit (Loss) Value Increase (Decrease) of Investments</b>								
Net Profit (Loss) Value Increase (Decrease) of Investments		-	-	-	-	-	-	-
<b>Net Profit (Loss) of Investments</b>		748,333	224,411	1,121,340	-	1,121,340	488,544	488,544



**Karafarin Bank (PJSC)**  
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**32.1. Dividend of companies describes as follows:**

	Group						Karafarin Bank		
	2014-15		2015-16		2014-15		2015-16		
	Total	IRR million	Total	IRR (Joint)	Total	IRR (Joint)	Total	IRR (Joint)	Foreign Currency (Non-Joint)
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
Karafarin Bank Investment Co.	0	0	44,086	0	44,086	0	0	0	0
Karafarin Leasing Co.	0	0	50,000	0	50,000	31,000	0	0	31,000
Karafarin Bureau de Change	0	0	279,944	0	279,944	199,960	0	0	199,960
Karafarin Bank Brokerage Co.	0	0	30,000	0	30,000	35,000	0	0	35,000
Abnieh Gostar Co.	0	0	4,900	0	4,900	2,619	0	0	2,619
Karafarin Insurance Co.	63,112	7,199	63,112	0	63,112	7,199	0	0	7,199
<b>Dividend of Long-Term Investments</b>	<b>63,112</b>	<b>7,199</b>	<b>472,042</b>	<b>472,042</b>	<b>472,042</b>	<b>275,778</b>	<b>0</b>	<b>0</b>	<b>275,778</b>
Parsian Oil & Gas Development Group	13,853	26,420	13,853	0	13,853	26,420	0	0	26,420
Persian Gulf Petrochemical Industries Co.	58,881	20,842	58,881	0	58,881	20,842	0	0	20,842
Khouzestan Steel Co.	25,630	17,991	25,630	0	25,630	17,991	0	0	17,991
Esfahan Oil Refinery	35,166	13,598	35,166	0	35,166	13,598	0	0	13,598
Maroun Petrochemical Co.	15,431	10,950	15,431	0	15,431	10,950	0	0	10,950
Jam Petrochemical Co.	9,972	9,953	9,972	0	9,972	9,953	0	0	9,953
Shiraz Petrochemical Co.	8,702	9,507	8,702	0	8,702	9,507	0	0	9,507
Civil Pension Fund Investment Co.	9,157	6,481	9,157	0	9,157	6,481	0	0	6,481

**Karafarin Bank (PJSC)**  
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	Group						Karafarin Bank		
	2014-15		2015-16		2014-15		2015-16		
	Total	IRR million	Total	IRR million	IRR (Joint)	IRR million	Total	IRR (Joint)	Foreign Currency (Non-joint)
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
Zagros Petrochemical Co.	5,073	4,477	5,073	5,073	4,477	4,477	0	4,477	0
Ghadir Investment Co.	3,424	4,230	3,424	3,424	4,230	4,230	0	4,230	0
National Iranian Copper Industries Co.	17,296	3,241	17,296	17,296	3,241	3,241	0	3,241	0
Tejarat Bank	48,230	2,781	48,230	48,230	2,781	2,781	0	2,781	0
Shomal Excavation Co.	2,539	2,265	2,539	2,539	2,265	2,265	0	2,265	0
Pardis Petrochemical Co.	908	1,987	908	908	1,987	1,987	0	1,987	0
Fanavaran Petrochemical Co.	3,302	1,778	3,302	3,302	1,778	1,778	0	1,778	0
Behshahr Industries Development	1,824	1,775	1,824	1,824	1,775	1,775	0	1,775	0
National Development Group Investment	1,011	1,648	1,011	1,011	1,648	1,648	0	1,648	0
Pasargad Bank	1,696	1,484	1,696	1,696	1,484	1,484	0	1,484	0
Esfahan Mobarakeh Steel Co.	1,254	1,480	1,254	1,254	1,480	1,480	0	1,480	0
Mines & Metals Investment Co.	809	1,381	809	809	1,381	1,381	0	1,381	0
Shazand Petrochemical Co.	2,250	1,350	2,250	2,250	1,350	1,350	0	1,350	0
Sepahan Oil Co.	840	1,310	840	840	1,310	1,310	0	1,310	0
Iran Mobile Telecommunication Co.	0	1,278	0	0	1,278	1,278	0	1,278	0
Other Companies	57,112	17,728	20,082	21,189	7,736	7,736	0	7,736	0
Dividend of Short-Term Investments	324,364	165,933	287,334	288,441	155,940	155,940	0	155,940	0
Dividend of Companies	387,476	173,132	759,376	760,483	431,719	431,719	0	431,719	0

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32.2. Profit (loss) from sales of shares of companies is as follows:

	2014-15				
	Profit (Loss)	Profit (Loss)	No. of Shares	Sales	Cost Price
	IRR million	IRR million	Shares	IRR million	IRR million
<b>Profit (Loss) from Sales of Companies' Shares – IRR (Joint)</b>					
Persian Gulf Petrochemical Industries Co.	42,345	94,293	17,609,005	181,454	139,109
Charisma Investment Fund Co.	30,989	0	921,000	1,246,382	1,215,392
Maroun Petrochemical Co.	21,360	7,050	1,355,662	47,001	25,642
MAPNA Co.	18,484	(46)	16,421,516	146,121	127,637
Tejarat Bank	14,357	2,009	193,471,208	232,429	218,071
Islamic Treasury Documents First Phase	5,995	0	184,879	184,879	178,884
Ghadir Investment Co.	5,943	18,833	15,064,653	37,930	31,987
Mobin Petrochemical Co.	5,746	0	9,100,000	35,269	29,523
Gole Gohar Participation Co.	5,119	0	73,426	79,139	74,020
Shomal Excavation Co.	2,755	251	3,080,000	13,741	10,986
Mobile Telecommunication Co.	2,627	0	924,594	15,111	12,484
Islamic Republic of Iran Shipping Lines	1,696	0	721,142	4,254	2,558
Pars Rent Participation Co.	1,088	0	50,000	52,366	49,802
MAPNA Co.	857	0	24,700	25,575	24,718
Fanavaran Petrochemical Co.	500	943	91,789	1,770	1,270
Civil Pension Fund	445	730	427,061	1,695	1,250
Persia Oil & Gas Participation	418	0	13,500	14,065	13,648
Behshahr Industries Group	253	0	690,737	1,183	930
Damavand Electricity Production Co.	170	0	26,500	2,140	1,970

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	2014-15				
	Profit (Loss)	Profit (Loss)	No. of Shares	Sales	Cost Price
	IRR million	IRR million	Shares	IRR million	IRR million
Amin Pharmaceutical Co.	152	0	287,016	819	667
Jam Petrochemical Co.	136	0	259,351	2,449	2,313
Hormozgan Steel Co.	122	0	455,000	671	549
Rightel Rent	118	0	26,500	26,637	26,519
MAPNA Assaluyeh Electricity Production Co.	100	0	90,000	1,042	942
Kharazmi Investment Co.	64	0	574,288	789	725
Iranian Petrochemical Co.	59	0	209,817	542	483
Pars Switch Co.	51	0	83,427	360	309
Industry & Mine Investment Co.	50	0	491,352	602	551
National Development Group Investment Co.	36	0	100,000	151	115
Khouzestan Cement Co.	(0)	0	4,000	18	18
Kimidarou Co.	(1)	0	15,000	97	99
Omid Rent Participation Co.	(5)	0	50,000	7,000	7,005
Sina Ceramic Tile Co.	(8)	0	7,384	29	37
Butane Industrial Co.	(10)	0	120,177	306	316
Kordestan Cement Co.	(62)	69	50,000	64	126
Kermanshah Petrochemical Co.	(70)	0	184,411	768	838
Cement Industries Development Co.	(134)	0	1,040,000	1,312	1,447
Tehran Cement Co.	(142)	25	94,499	188	329
Kordestan Cement Co.	(243)	69	200,000	261	504
Iran Chemical Industries Co.	(212)	0	900,000	4,267	4,479
Esfahan Mobarakeh Steel Co.	(261)	0	700,000	917	1,178
Oroumieh Cement Co.	(361)	(225)	80,000	310	672

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	2014-15				
	Profit (Loss)	Profit (Loss)	No. of Shares	Sales	Cost Price
	IRR million	IRR million	Shares	IRR million	IRR million
Mines & Metals Development Investment Co.	(530)	0	804,326	1,118	1,648
Behshahr Industries Development Co.	(580)	(433)	1,796,600	2,730	3,310
Esfahan Steel Co.	(654)	0	1,000,000	3,130	3,784
Bandar Abbas Oil	(1,573)	0	200,000	1,323	2,896
Darab Cement Co.	(1,694)	0	1,559,997	1,818	3,512
Zagros Petrochemical Co.	(4,074)	0	265,324	2,689	6,764
Sepahan Oil Co.	(4,561)	0	846,607	6,975	11,536
Khouzestan Steel Co.	(8,776)	0	7,605,556	13,065	21,840
National Copper Industries Co.	(18,659)	0	14,860,752	21,859	40,518
Esfahan Oil Refinery Co.	(62,661)	0	22,734,733	56,748	119,409
Karafarin Bank Investment Co.	0	228,036	-	0	0
Other Companies	0	9,251	-	0	0
	56,826	360,857	317,897,489	2,483,498	2,425,197

**Karafarin Bank (PJSC)**  
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### 33. BANK'S RESOURCES QUOTA FROM JOINT REVENUES

Bank's resources quota from joint revenues calculated in the following manner:

#### 33.1. Bank's resources quota from joint revenues.

Bank's Resources Ratio to Total Consumption (33-2)	Joint Revenues	Bank's Resources Quota from Joint Revenues
Percent	IRR million	IRR million
15.0%	20,697,429	3,097,469

#### 33.2. Distribution of joint resources and consumptions between depositors and the Bank

Description	2014-15	2015-16	Details
	IRR million	IRR million	
Average Joint Consumptions (32-2-1)	78,443,559	82,962,692	Average of 52 Weeks
Average Balance of Investment Deposits (32-2-2)	71,947,305	80,426,132	Average of 52 Weeks
Less: Statutory Deposit of Investment Deposits	(9,508,770)	(9,879,204)	Average of 52 Weeks
Free Resources of Investment Deposits	62,438,535	70,546,928	
Bank's Resources Quota from Joint Consumptions (Surplus of Free Resources of Investment Deposits)	16,005,024	12,415,763	

**Karafarin Bank (PJSC)**  
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**33.2.1. Average joint consumptions.**

Joint Consumptions Items	2014-15 Amount (Average)	2015-16 Amount (Average)
	IRR million	IRR million
Net Consumptions Related to Facilities	69,590,849	73,882,823
Net Consumptions Related to Participation Bonds	176,248	285,673
Net Consumptions Related to Deposits held with Other Banks	6,380,751	5,367,601
Net Consumptions Related to Investments	2,295,711	3,426,594
Net Consumptions Related to Joint Operations	78,443,559	82,962,692

**33.2.2. Average investment deposits.**

Joint Consumptions Items	2014-15 Amount (Average)	2015-16 Amount (Average)
	IRR million	IRR million
1-year	25,017,456	46,324,269
2-year	2,582,136	273,789
3-year	23,866	19,883
4-year	23,793	18,096
5-year	13,111,546	8,848,575
Short-Term Deposits	21,596,986	22,633,667
Special Short-Term Deposits	9,518,960	1,869,610
Received Deposits from Banks	72,563	438,242
Average Investment Deposits	71,947,305	80,426,132

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**33.3.** Bonus of statutory deposit of investment deposits is as follows:

	2014-15	2015-16
	IRR million	IRR million
Average Statutory Deposit of Investment Deposits	9,508,770	9,879,204
Bonus of Statutory Deposit (with the rate of 1% of Average Resources)	95,818	101,062

**34. ATTORNEY FEE**

Based on the minute dated 05.10.2015, the Bank's attorney fees for the 2015-16 financial period are the equivalent of 3% of the investment deposits.

Average Free Resources of Depositors	× Attorney Fee Rate	= Attorney Fee Amount
70,546,928	× 3%	= 2,116,408

**34.1.** Declared attorney fee.

	Declared Attorney Fee		Applied Attorney Fee
	Minimum	Maximum	
Rate – Percent	3	3	3
Amount – IRR million	2,116,408	2,116,408	2,116,408



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**35. ON-ACCOUNT INTEREST PAID TO INVESTMENT DEPOSITS**

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Short-Term	3,479,294	3,678,883	3,604,555	3,831,004
Special Short-Term	2,137,785	437,444	2,137,785	437,444
Long-Term Deposits				
1-year	4,977,763	8,067,714	4,977,763	8,067,714
2-year	125,248	54,658	125,248	54,658
3-year	4,509	4,019	4,509	4,019
4-year	4,893	2,431	4,893	2,431
5-year	2,728,508	1,853,671	2,728,508	1,853,671
Deposit Certificate	765,976	1,862,067	765,976	1,862,067
Interest Paid to Received Deposits from Banks	19,013	92,637	19,013	92,637
	14,242,990	16,053,523	14,368,252	16,205,644

**36. INTEREST ON DEPOSITS EXPENSES**

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
Interest on Investment Deposits – IRR	36-1	14,242,990	16,053,523	14,368,252	16,205,644
Interest on Foreign Currency Deposits		82,502	78,941	82,502	78,941
		14,325,492	16,132,464	14,450,754	16,284,585

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36-1- Reconciliation statement of on account interest paid for investment deposits (IRR) with investment deposits interest expenses:

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
On Account Interest Paid for Investment Deposits (Note 35)	14,242,990	16,053,523	14,368,252	16,205,644
Plus (Less) Interest Difference Payable to Depositors (Interest Surplus Paid to Depositors) Cited from Investment Deposits Performance Statement	(537,285)	(621,030)	(537,285)	(621,030)
Actual Accrued Interest to Investment Deposits	13,705,706	15,432,493	13,830,967	15,584,614
Plus Interest Granted to Depositors (Equal to Surplus Interest Paid to Depositors)	537,285	621,030	537,285	621,030
IRR Investment Deposits Interest	14,242,990	16,053,523	14,368,252	16,205,644

**37- COMMISSION INCOME**

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
Net Gharz-al Hassaneh Operations Commission	37-1	0	103	0	103
Issuance of Letters of Guarantee		406,379	338,448	406,379	338,448
Foreign Currency Operations		156,077	140,934	156,077	140,934
Managed Funds		822	822	822	822
Other Services		117,979	181,820	77,685	116,378
		681,258	662,126	640,964	596,684

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37-1- Net Gharz-al Hassaneh operations commission is as follows:

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Commission Received from Gharz-al Hassaneh Facilities	0	103	0	103
Net Gharz-al Hassaneh Operations Commission	0	103	0	103

**38- COMMISSION EXPENSES**

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
SHETAB Project Commission	6,443	8,911	6,443	8,911
Clearing House Commission	2,309	907	2,309	907
Commission Paid for Card Services	28,531	36,475	28,531	36,475
Commission Paid for SHETAB Joint Fund	5,988	5,211	5,988	5,211
Commission Paid to the Correspondent-Foreign Currency	2,883	2,019	2,883	2,019
Commission Paid for L/C-Foreign Currency	16,315	0	16,315	0
Others	674	335	674	334
	63,143	53,858	63,143	53,858

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**39- NET PROFIT (LOSS) of FOREIGN CURRENCY TRANSACTIONS**

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Profit (Loss) of Forex	42,873	75,293	42,873	75,293
Profit (Loss) of Forex	149,974	185,911	149,974	185,911
	192,847	261,204	192,847	261,204

**40- OTHER INCOME**

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
Penalty for Canceling Deposits		116,998	35,846	116,998	35,846
Professional Services Fees		97,838	102,358	97,838	102,358
Profit (Loss) from Tangible & Intangible Fixed Assets Sale	40-1	187	(344)	187	13,000
Income from Owned Properties Sale		35,105	11,296	35,105	11,296
Foreign Currency Sale		126,273	144,305	0	0
Others		88,460	37,765	7,622	12,559
		464,860	331,226	257,749	175,058

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40-1- Profit from sale of fixed assets is as follows:

	<b>Karafarin Bank</b>				
	<b>2014-15</b>		<b>2015-16</b>		
	<b>Profit (Loss)</b>	<b>Cost</b>	<b>Book Value</b>	<b>Sale Amount</b>	<b>Profit (Loss)</b>
	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>
Building	0	3,861	3,020	5,175	2,155
Furniture	118	5,664	1,670	990	(680)
Vehicle	70	396	43	479	436
Goodwill	0	15,539	15,539	26,628	11,089
	187	25,460	20,273	33,273	13,000

40-2- Profit from the sale of tangible and intangible fixed assets is related to the sale of Kooh-e Noor estate to Karafarin Bureau de Change.

**41- GENERAL & ADMINISTRATIVE EXPENSES**

	<b>Note</b>	<b>Group</b>		<b>Karafarin Bank</b>	
		<b>2014-15</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2015-16</b>
		<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>
Staff Expenses	41-1	939,871	1,187,603	866,640	1,093,448
Administrative Expenses	41-2	532,479	633,227	478,771	600,992
		1,472,350	1,820,830	1,345,410	1,694,440

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41-1- Staff expenses are detailed as follows:

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Salary & Benefits	735,809	969,882	681,143	893,913
Premium on Employer	94,904	127,897	88,760	120,198
Staff Work Termination & Retirement	94,202	78,931	89,309	72,264
Travel & Mission Allowance	9,092	8,041	6,288	6,028
Others	5,864	2,853	1,140	1,045
	<b>939,871</b>	<b>1,187,603</b>	<b>866,640</b>	<b>1,093,448</b>

41-2- Administrative expenses are detailed as follows:

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Mechanized Systems Expenses	92,398	111,996	90,195	109,850
Auditing Fee and Consultation Fee	109,305	100,249	97,083	104,186
Tangible Fixed Assets Repair & Maintenance	49,314	76,722	46,393	72,315
Utilities	48,771	67,487	46,212	64,822
Rent	55,760	49,789	52,000	50,579
Deposits Guarantee Fund Membership Fee	0	45,850	0	45,850
Supplies	35,679	38,277	33,394	35,965
Publication & Advertisements	24,715	19,336	24,121	18,464
Training Expenses	4,807	5,544	4,807	5,544
Assets and Cash Insurance Expenses	4,685	4,369	1,763	1,675
Reports & Official Forms Publication Expenses	216	268	152	188
Board of Directors Attendance Fee	2,197	3,442	650	693
Others	104,632	109,897	82,000	90,861
	<b>532,479</b>	<b>633,227</b>	<b>478,771</b>	<b>600,992</b>

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**42- DOUBTFUL DEBTS EXPENSES**

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
Specific Doubtful Debts Expenses	42-1	422,629	619,447	347,577	619,447
General Doubtful Debts Expenses	42-2	105,019	91,027	173,010	88,313
		527,648	710,473	520,587	707,759

42-1- Specific doubtful debts provisions are calculated as follows:

	2014-15		2015-16		
	Total	Overdue	Outstanding	Doubtful	Total
	IRR million	IRR million	IRR million	IRR million	IRR million
Balance at 19/03/2016	8,570,740	1,593,264	2,180,597	6,671,637	10,445,498
Less Securities Value with Coefficient in Effect					
Investment & Savings Deposits	(20,600)	(39,421)	(44,605)	(19,651)	(103,678)
Properties	(5,098,427)	(76,670)	(1,083,676)	(3,106,093)	(5,410,539)
Listed Companies Shares	(26,625)	(517,601)	0	(3,621)	(521,222)
	(5,145,652)	(633,693)	(1,128,282)	(3,129,366)	(6,035,440)
Specific Provision Calculation Basis Balance	3,425,088	959,571	1,052,314	3,542,271	5,554,157
Specific Provision Calculation Basis Coefficient-Percent		10%	20%	50% - 100%	
Specific Doubtful Debts Provision	1,528,954	95,957	210,463	1,841,981	2,148,401

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42-2- Specific doubtful debts expenses at the year ended 19/03/2016 are calculated as follows:

	<b>Amount</b>
	<b>IRR million</b>
Granted Facilities Balance as at 19/03/2016	84,577,422
<b>Less</b>	
Granted Facilities Balance for Which Specific Provision is taken	(6,652,169)
General Provision Calculation Basis Balance	77,925,252
General Provision Calculation Basis Coefficient-Percent	1.5
Specific Doubtful Debts Provision as at 19/03/2016	(1,168,879)
Specific Doubtful Debts Provision as at 19/03/2015	(1,080,566)
General Doubtful Debts Expenses	88,313

#### 43- FINANCING EXPENSES

	<b>Group</b>		<b>Karafarin Bank</b>	
	<b>2014-15</b>	<b>2015-16</b>	<b>2014-15</b>	<b>2015-16</b>
	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>	<b>IRR million</b>
Cost of Facilities Received from Other Banks & Credit Institutes	253,764	234,801	0	0
Cost of Facilities Received from the CBI	0	85,182	0	85,182
Late Payment Penalty Paid	264	773	264	773
	254,028	320,756	264	85,955



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**44- DEPRECIATION EXPENSES**

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Tangible Fixed Assets Depreciation	75,551	88,650	94,727	106,305
Intangible Assets Depreciation	12,000	10,002	9,957	5,246
	87,551	98,652	104,684	111,551

**45- PRIOR YEARS' ADJUSTMENTS**

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
Errors Adjustments	45-1	(473,254)	(172,105)	(490,020)	(172,558)
		(473,254)	(172,105)	(490,020)	(172,558)

45-1- Errors adjustments are as follows:

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Corporate Tax Provision A for 2014-2015 and 2015-2016	(488,842)	(109,231)	(485,520)	(109,231)
Prior Years Deferred Expenses	15,588	(62,874)	(4,500)	(63,327)
	(473,254)	(172,105)	(490,020)	(172,558)

45-2- In order to obtain a better view of financial status and operation results, all the comparative items in comparative financial statements have been adjusted and restated. For this reason, comparative items do not, in some cases, match with financial statements presented in the previous fiscal year.

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**46- PROFIT BEFORE TAX RECONCILIATION STATEMENT**

Profit before tax reconciliation statement with net cash inflow resulted from operational activities is as follows:

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Profit (Loss) before Tax	4,245,966	3,211,912	4,321,646	3,196,510
Depreciation Expenses	87,550	98,652	104,684	111,552
Net Increase (Decrease) in Work Termination Benefits Provision	79,724	60,007	78,762	57,803
Profit (Loss) from the Sale of Tangible Fixed Assets & Intangible Assets	(187)	344	(187)	(13,000)
Financial Expenses	273,042	320,756	19,278	85,955
Net (Profit) Loss from F/X Cash Conversion	(192,847)	(261,204)	(192,847)	(261,204)
	4,493,248	3,430,467	4,331,335	3,177,616
<b>Net Increase (Decrease) in Operating Liabilities</b>				
Debt to Banks & Other Credit Institutions	(105,578)	1,455,289	(105,578)	1,455,289
Customers' Deposits	794,258	8,287,773	794,258	8,287,773
Operating Portion of Provisions & Other Liabilities	(743,236)	691,111	(667,189)	307,004
Long-Term Investment Deposits	10,708,367	607,741	10,899,703	467,552
Interest Payable to Long-Term Investment Deposits	(149,904)	(33)	(149,904)	(33)
	10,503,905	11,041,880	10,771,289	10,517,584

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	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
<b>Net Increase (Decrease) in Operating Assets</b>				
Granted Facilities Claims from Non-State-Owned Entities	(11,067,677)	(12,096,771)	(11,031,683)	(12,652,316)
Investment in Stocks and Other Securities	1,179,478	(1,237,237)	1,525,861	(1,516,586)
Claims from Subsidiaries and Affiliated Companies	0	0	104,779	287,356
Other Receivables	931,253	(535,552)	494,305	(12,473)
Statutory Deposit	(1,007,210)	456,307	(1,007,210)	307,456
Operating Portion of Other Assets	18,662	(307,456)	2,128	(385,919)
	(9,945,495)	(13,918,323)	(9,911,820)	(13,972,481)
Net Inflow (Outflow) of Cash from Operating Activities	5,051,658	554,024	5,190,804	(277,281)

**47- NON-CASH TRANSACTIONS**

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Repossessions against Granted Facilities	1,179,240	703,528	1,179,240	703,528
	1,179,240	703,528	1,179,240	703,528

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**48- OFF-BALANCE SHEET ITEMS**

48-1- L/C obligations

48-1-1- Bank's obligations for foreign currency L/Cs are as follows:

Currency Type	Number	Balance at the Beginning of Year			Opened During the Year			Settled (Canceled) During the Year			Rate Fluctuation During the Period			Balance at the End of Year		
		Foreign Currency Amount	IRR Equivalent	IRR million	Foreign Currency Amount	Number	IRR Equivalent	IRR million	Foreign Currency Amount	Number	IRR Equivalent	IRR million	Foreign Currency Amount	Number	IRR Equivalent	IRR million
Sight																
EUR	198	17,884,516	539,325	1,811,104	24	51,403,407	1,732,396	66,216	226	20,163,506	684,249					
EUR- Transactional	4	344,660	10,394	0	2	344,546	11,689	1,300	2	114	4					
JPY	37	388,092,758	90,220	105,068	2	535,505,348	136,953	8,939	63	249,912,920	67,274					
CHF	11	2,457,709	69,357	2,628,142	3	38,418,478	1,187,018	8,029	25	49,090,272	1,518,509					
KRW	91	2,328,067,400	58,358	410,007	6	15,559,202,214	398,771	2,239	143	2,788,430,035	71,833					
OMR	0	-	0	624,441	0	0	0	0	3	7,950,000	624,441					
INR	170	905,512,009	406,575	838,713	14	2,271,411,242	1,033,519	3,831	245	475,937,653	215,600					
CNY	180	240,524,843	1,086,932	2,463,930	25	584,340,608	2,740,336	41,242	312	182,979,131	851,768					
CNY- Transactional	5	52,028	235	0	5	52,028	245	9	-	0	0					
TRY	17	51,968,859	565,369	132,602	10	61,100,169	612,730	(46,717)	26	3,651,276	38,525					
			2,826,764	9,014,006			7,853,657	85,089			4,072,202					
Deferred Payment																
EUR	66	5,422	163	0	66	5,422	182	18	0	0	0					
CNY	1	342,879	1,549	318,101	1	7,066,498	32,910	62	26	61,611,736	286,803					
AED	15	337,391	2,572	0	15	337,391	2,752	181	0	0	0					
KRW	4	16,669,511	418	12,892	5	517,120,553	13,317	7	0	0	0					
INR	0	-	0	55,666	0	60,013,065	27,186	0	13	62,870,690	28,480					
			4,702	386,660			76,347	268			315,283					

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48-1-2- The Bank's obligations for IRR L/Cs are as follows:

Description	2014-15	2015-16
	IRR million	IRR million
Balance at the Beginning of Year	8,709	0
Opened During the Year	0	10,217
Settled (Canceled) During the Year	(8,709)	(10,217)
Balance at the End of Year	0	0

48-2- L/G obligations

48-2-1- The Bank's obligations for foreign currency L/Gs are as follows:

	2014-15		2015-16	
	F/X Amount	IRR Equivalent	F/X Amount	IRR Equivalent
EUR	49,923,185	1,505,484	53,116,341	1,802,503
USD	1,059,287	29,654	1,016,794	30,748
CNY	-	-	12,412,372	57,780
		1,535,137		1,891,030

48-2-2- Bank's obligations for IRR L/Gs are as follows:

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Obligations for Issued L/Gs	20,562,451	18,178,140	20,562,451	18,178,140

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48-3- The Bank's other obligations are as follows:

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Securities for Granted Facilities (Promissory Notes-Deposits)	232,474,995	251,139,837	232,474,995	251,139,837
Securities for Immovable Properties Held by Bank	32,047,601	34,745,542	32,047,601	34,745,542
Shares & Securities Held by Bank	30,531,901	41,538,713	30,531,901	41,538,713
Hire Purchase Properties	115,242	80,614	115,242	80,614
Others	91,323,347	124,575,155	91,323,347	124,575,155
	<b>386,493,086</b>	<b>452,079,861</b>	<b>386,493,086</b>	<b>452,079,861</b>

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48-4- Managed funds and similar items are as follows:

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Facilities Granted from Managed Funds	402,749	197,394	402,749	197,394
	402,749	197,394	402,749	197,394

49- Capital commitments and contingent liabilities

49-1- Capital commitments resulted from contracts concluded and approved at balance sheet date are as follows:

	IRR million
Building Branches	111,513
Purchasing Vehicle	2,142
	113,655

49-2- The Bank has no contingent liabilities on balance sheet date.

**50- EARNINGS PER SHARE**

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	
	Fiscal year ended 19 March 2015	Fiscal year ended 19 March 2016
Net Profit-IRR million	3,580,490	2,639,854
Weighted Average of General Shares Number	8,277,397,260	8,500,000,000
Diluted Earnings per Share- IRR	433	311

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**51- POST-BALANCE SHEET EVENTS**

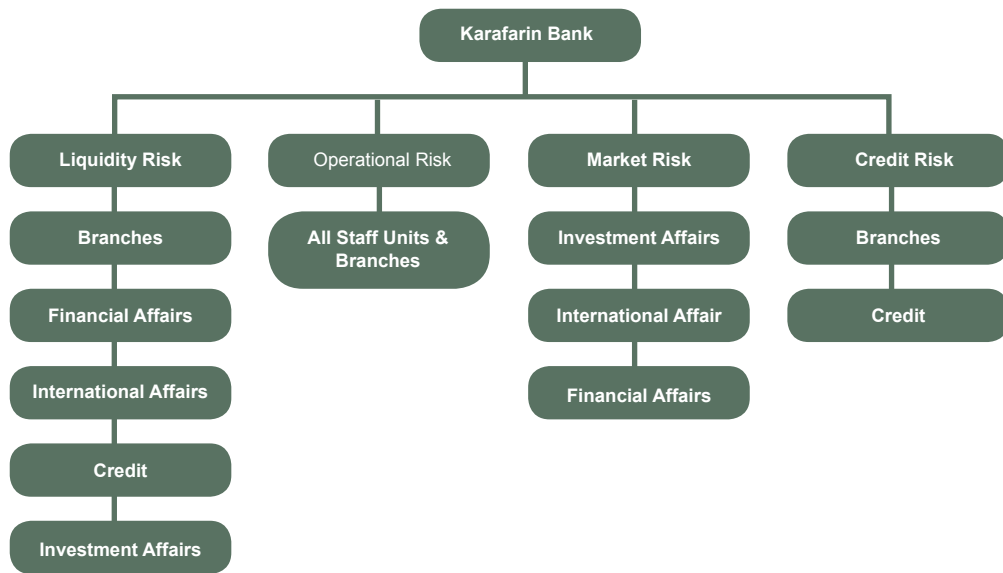
There were no significant post-balance sheet events until approval date of financial statements which need disclosure.

**52- BANK'S RISKS**

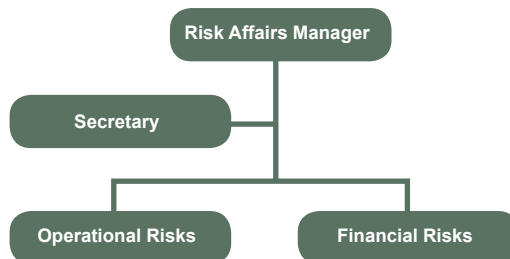
The Bank is exposed to the following risks:

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

52-1- The following diagram represents the relationship between different business areas and main risks each of which is exposed to.



**52-2- Risk management structure**





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52-3- Credit risk

52-3-1- Definition

Credit risk is any loss resulted from inability of a borrower in paying back the facilities and meeting obligations. In other words, any potential loss arising from failing to partially or wholly meet commitments from receiving credit services by the counter-party (due to unwillingness, financial inability, barriers on the way of settlement...). Since the major part of Karafarin Bank's assets includes facilities granted to customers, credit risk is the most important challenge that may affect the bank.

52-3-2- Credit policies

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

- 1-Facility applicants' annual rating
- 2-Assessing branches performance at internal rating system information registry
- 3-Investigating & updating information on internal rating system
- 4-Evaluating internal rating system and upgrading it
- 5-Investigating and comparing customers' rates with respect to customers' credit performance and securities
- 6-Investigating facility applicants customers' credit information registration in Afarin system from risk point of view
- 7-Investigating adequacy of securities registered for facility applicants
- 8-Investigating and upgrading value of facility applicants mortgage bond
- 9-Monitoring & reporting facility applicants customers' large exposures
- 10-Monitoring & reporting on facilities 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 facilities repayment with respect to securities quality
- 16-Calculating capital adequacy required for credit risk based on Basel II
- 17-Calculating related to credit facilities & commitments provisioning

52-3-3- Credit risk management executive units

Scope of implementing above policies especially branches, credit affairs management, credit information department, debt collection department, credit committees and other credit pillars.

52-3-4- Scope of authority for different levels of organisation to approve facilities & commitments

Karafarin Bank 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

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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 facilities & 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 facilities 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 facilities (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.

Type of Proposal/ Decision-Making Authority	IRR billion					
	Credit Committee		Credit High Committee		Board of Directors	
	Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
IRR Facilities	Branch legal 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 legal limit	40	40	100	100	Up to prescribed limit by CBI

#### 52-3-5- Credit risk reduction methods

One way for credit risk reduction, among others, is reception of security with regard to its risk and liquidation amount. In view of risk degree, securities are divided into three categories:

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- 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 facilities 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.

**52-3-6- 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 Unit is responsible for reviewing suggestions provided by branches, reviewing customer rate, managing the branch credit limits and credit opening.
- 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 facilities 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.

**52-3-7- Credit quality analysis**

Bank assets quality including facilities and commitments and investments, type and amount and adequacy of received securities (granted facilities balance ratio to securities' updated value – LTV) is displayed in tables 52-3-7-1 to 52-3-7-4 from credit risk point of view.

**52-3-7-1- Granted facilities and commitments and investments credit quality analysis based on the Bank's internal credit rating.**

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52-3-7-1- Granted facilities and commitments and investments quality analysis based on the Bank's internal rating:

	Facilities Granted to Banks		Facilities Granted to Customers		Investments		Commitments for Guarantees & L/Cs	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
1 <sup>st</sup> Degree-Low Risk	0	0	11,966,073	9,956,078	1,811,350	3,530,857	4,442,638	572,063
2 <sup>nd</sup> Degree-Medium Risk	0	0	41,856,678	54,862,964	466,777	126,434	11,357,709	14,434,368
3 <sup>rd</sup> Degree-High Risk	0	0	5,031,065	10,758,377	163,677	294,094	910,787	3,123,416
No Ratings	0	0	11,214,973	7,077,752	0	0	8,217,921	6,326,808
4 <sup>th</sup> Degree-About to Be Categorized as Bad Debt	0	0	1,852,085	1,922,251	0	0	0	0
<b>Total Gross Amount</b>	<b>0</b>	<b>0</b>	<b>71,920,847</b>	<b>84,577,422</b>	<b>2,441,804</b>	<b>3,951,385</b>	<b>24,929,055</b>	<b>24,456,655</b>
Value Decrease Provision	0	0	(2,609,520)	(3,317,280)	0	0	0	0
<b>Net Book Value</b>	<b>0</b>	<b>0</b>	<b>69,311,354</b>	<b>81,260,142</b>	<b>2,441,804</b>	<b>3,951,384</b>	<b>24,929,055</b>	<b>24,456,655</b>

- Investments include all kinds of securities with ownership
- Rights characteristic such as all kinds of stocks
- To analyze credit quality of customers, facilities balance at each unit and the rate obtained from the internal rating system are taken into consideration and ratings are classified as follows:

1<sup>st</sup> Degree: Customers with A Rate and staff facilities

2<sup>nd</sup> Degree: Customers with B & C Rates, Settled L/Gs and L/Cs

3<sup>rd</sup> Degree: Customers with E & D Rates and customers with outstanding & doubtful debts

No Rating: Customers who received facilities against deposits and old customers

4<sup>th</sup> Degree: Customers with over-5-year doubtful debts

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52-3-7-2- Granted facilities and commitments and investments credit quality analysis based on assets levels:

	Facilities Granted to Banks		Facilities Granted to Customers		Commitments for Guarantees & L/Cs	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
Current	0	0	63,824,508	73,638,542	24,929,055	24,456,655
Overdue	0	0	910,548	1,595,078	0	0
Outstanding	0	0	2,503,330	2,426,685	0	0
Doubtful	0	0	4,682,488	6,917,117	0	0
Total Gross Amount	0	0	71,920,874	84,577,422	24,929,055	24,456,655
Value Decrease Provision	0	0	(2,609,520)	(3,317,280)	0	0
Net Book Value	0	0	69,311,354	81,260,142	24,929,055	24,456,655

52-3-7-3- Quality of participation bonds and similar items:

**Credit Quality Analysis**

	2014-15	2015-16
	IRR million	IRR million
<b>Governmental Bonds &amp; Treasury Bills</b>		
Islamic Treasury Bill-5 <sup>th</sup> Stage	0	54,174
<b>Non-Governmental Company Bonds</b>		
Karafarin Mutual Fund with Fixed Income	63,517	28,500
Arman Karafarin Mutual Fund with Fixed Income	23,500	18,500
Gol Gohar Participation Bonds	68,239	7,060
	155,256	108,234

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## 52-3-7-4- Securities obtained from credit customers

Securities	2014-15	2015-16
	IRR million	IRR million
<b>Facilities Granted to Individuals</b>		
Short-Term Stocks	407,063	776,287
IRR Deposits	6,111,384	5,590,054
Foreign Currency Deposits	26,834	20,217
Immovable Properties Mortgaged by the Bank	12,506,081	12,982,190
Rented Immovable Properties	1,452	1,452
Machineries	1,170	1,170
Guarantees	17,024,678	18,466,176
Collected Cheques & Additional Pledged Cheques	3,486,938	3,400,820
Promissory Notes	12,702,164	14,263,943
Indispensable Contract	351,762	937,783
Investment Fund	345,256	259,005
	52,964,781	56,699,097
<b>Facilities Granted to Legal Customers</b>		
Short-Term Stocks	26,355,604	38,981,899
Unlisted Stocks	646,820	542,420
IRR Deposits	1,169,640	6,593,632
Foreign Currency Deposits	3,433	31,675
Immovable Properties Mortgaged by the Bank	18,137,475	20,295,362
Rented Immovable Properties	68,118	0
Machineries	28,281	61,818
Guarantees	130,571,563	162,188,733
Collected Cheques & Additional Pledged Cheques	62,623,913	61,395,471
Promissory Note	55,078,400	77,909,721
Indispensable Contract	79,599	47,631
Investment Fund	11,051,996	160,887
	305,814,842	368,209,250

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52-3-7-5- Facilities balance based on ratio of facilities balance (less provisions) to liquidated value of securities.

Description	2014-15	2015-16
	IRR million	IRR million
<b>Facilities Granted to Individuals</b>		
Lower than 50%	60,499	298,583
51-70	97,883	95,265
71-90	1,474,743	477,400
91-100	220,189	1,156,971
Higher than 100%	9,916,000	11,744,490
<b>Facilities Granted to Legal Customers</b>		
Lower than 50%	154,783	232,009
51-70	561,501	891,948
71-90	8,360,457	5,770,744
91-100	374,807	2,277,026
Higher than 100%	48,090,492	58,315,706
	69,311,354	81,260,142

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

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52-3-8- Credit risk concentration

52-3-8-1- Composition of facilities granted and investments in various economic sectors and their domestic and overseas concentration.

	Facilities Granted			Investments			Commitments for Guarantees & L/Cs		
	2014-15 IRR million	2015-16 IRR million	2014-15 IRR million	2014-15 IRR million	2015-16 IRR million	2014-15 IRR million	2014-15 IRR million	2015-16 IRR million	
Book Value	69,311,354	81,560,145	1,510,141	1,510,141	1,320,298	24,929,054	24,929,054	24,456,655	
<b>Facilities/Commitments Based on Economic Units</b>									
Mine & Industry	17,367,415	34,067,481	1,059,436	1,059,436	1,067,163	5,413,060	5,413,060	4,820,136	
Housing	8,807,882	12,617,614	0	0	0	7,558,559	7,558,559	8,366,641	
Commercial	13,359,492	10,834,490	0	0	0	1,750,128	1,750,128	2,009,566	
Services	22,872,652	7,839,050	0	0	95,240	2,366,691	2,366,691	2,484,305	
Agriculture	621,160	1,826,548	0	0	0	91,989	91,989	90,432	
Non-Profit & General Activity	1,788,640	1,628,667	0	0	0	14,427	14,427	23,218	
Financial Intermediaries & Banks	2,352,396	11,003,118	1,314,129	1,314,129	2,727,748	105,078	105,078	89,345	
None-Economic Sector	2,141,717	1,443,174	0	0	0	7,629,121	7,629,121	6,573,012	
	69,311,354	81,260,142	2,373,565	2,373,565	3,890,151	24,929,054	24,929,054	24,456,655	
<b>Facilities/Commitments Based on Location</b>									
Domestic	69,311,354	81,260,142	2,373,565	2,373,565	3,890,151	24,929,054	24,929,054	24,456,655	
Overseas	0	0	0	0	0	0	0	0	
	69,311,354	81,260,142	2,373,565	2,373,565	3,890,151	24,929,054	24,929,054	24,456,655	



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52-3-8-1-1- Composition of facilities granted, commitments and investments in various industries is as follows:

Description	2014-15	2015-16
	IRR million	IRR million
<b>Facilities</b>		
Buildings	8,915,719	12,317,611
Manufacturing Chemical Materials & Products	3,753,157	7,542,374
Financial Intermediation Except for Insurance	1,612,645	6,613,517
Motor Vehicle Production	2,521,550	6,666,141
Base Metals Production	3,296,994	6,246,632
<b>Service Activities</b>		
Wholesale Except for Motor Vehicles	1,735,133	4,965,205
Financial Intermediation Peripheral Activities	764,831	3,980,966
Health & Social Work	1,375,335	2,443,675
Food & Beverage Industries	651,307	2,537,781
Manufacturing Other Non-Metal Mineral Products	579,982	2,361,558
Activities Related to Real Estates	16,761	1,992,092
Manufacturing Other Machineries & Equipment	972,408	2,088,089
Rubber & Plastic Products	320,085	2,007,063
Oil Refinery & Nuclear Fuel Production	-	1,666,591
Retails Except Motor Vehicles	1,359,986	1,827,299
Land Transportation through Pipelines	23,182	927,699
Agriculture, Hunting and Related Activities	460,630	1,776,812
Others	18,614,286	8,247,422
<b>Investments</b>		
Base Metals	65,660	44,373
Chemical, Petrochemical Industries and Petroleum Products	871,806	778,093
Metal Mines Exploration	105,146	73,323
Energy	-	171,374
Contract Work	-	95,240
Cement, Lime & Plaster	3,195	-
Banks & Credit Institutes	250,863	102,944

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Description	2014-15	2015-16
	IRR million	IRR million
Financial Intermediation	1,063,265	2,624,804
Oil & Gas Exploration Except Discovery	13,629	-
<b>Commitments</b>		
Buildings	7,558,559	8,366,641
Other Service Activities	1,998,857	2,053,618
Power, Gas and Water Provision	968,693	1,011,932
Other Business Activities	564,688	763,192
Textile Production	463,594	602,369
Computers and Related Activities	469,007	465,429
Food & Beverages Industries	396,268	407,082
Other Machineries & Equipment	252,017	384,264
Retails Except Vehicles	112,212	383,342
Wholesale Except Vehicles	403,135	347,003
Manufacturing Other Non-Metal Minerals	319,704	318,255
Crude Oil & Gas Exploration	368,587	316,815
Main Metals Production	214,574	303,100
Motor Vehicle Production	1,302,839	291,837
Manufacturing Chemicals & Products	337,252	283,686
Manufacturing Other Machineries & Equipment	274,685	275,660
Post & Telecommunications	131,684	131,551
Land Transportation through Pipelines	167,271	114,193
Others	8,625,431	7,636,684
<b>Total</b>	<b>96,613,973</b>	<b>109,606,948</b>

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52-3-8-2- Distribution of facilities based on participatory contracts, exchange contracts and customer types.

		Facilities Granted during the Period		Facilities Balance at the end of Period	
		Amount	Ratio to Total	Amount	Ratio to Total
		IRR million	Percent	IRR million	Percent
Exchange Contracts	Individuals	7,085	0.00	499,113	0.61
	Legal Customers	500,000	0.23	698,129	0.86
Participatory Contracts	Individuals	38,015,841	17.30	13,216,386	16.26
	Legal Customers	181,242,704	82.47	66,846,513	82.26
		219,765,630		81,260,142	

52-3-9- Non-current facilities management method

With respect to the Bank's major credit policies towards non-current facilities loss and risk reduction and in line with circulars and instructions related to CBI, major parts of securities taken for facilities are properties and assets which are economically valuable and easily traded. Non-current facilities 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-current facilities across banking system.

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## 52-3-9-1- Non-current facilities turnover

Description	2014-15	2015-16
	IRR million	IRR million
Non-Current Facilities Balance at the Beginning of the Year	8,234,893	8,570,740
Transferred to Non-Current During the Year	10,877,399	17,211,951
<b>Non-Current Facilities Settled During the Year</b>		
Cash Collected	(1,776,257)	(1,941,754)
Collected through Repossession	(703,528)	(1,179,640)
Settled through New Facilities	(8,061,767)	(12,215,799)
Non-Current Facilities Balance at the End of the Year	8,570,740	10,445,498

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52-3-9-2- Distribution of non-current facilities based on economic sectors

	Non-Current Balance of Granted Facilities		Doubtful Debts Specific Provision		Net Non-Current Facilities and Commitments	
	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
<b>Partial Distribution of Non-Current Facilities</b>						
Mine & Industry	2,845,203	4,913,333	(542,572)	(890,991)	2,302,631	4,022,341
Building	2,015,091	2,248,184	(107,837)	(163,976)	1,907,254	2,084,208
Commercial	967,168	981,211	(163,632)	(218,717)	803,536	762,495
Services	454,218	539,941	(214,096)	(351,726)	240,122	188,215
Agriculture	739,006	756,332	(165,562)	(268,356)	573,443	487,976
Non-Profit & General Activity	56,669	96,492	(14,503)	(22,476)	42,166	74,017
Financial Intermediation	624,450	296,862	(28,977)	(18,448)	595,472	278,414
No Economic Unit	868,937	621,855	(291,776)	(213,711)	577,161	408,144
<b>Total</b>	<b>8,570,740</b>	<b>10,454,211</b>	<b>(1,528,954)</b>	<b>(2,148,401)</b>	<b>7,041,785</b>	<b>8,305,810</b>

52-3-9-3- Repossessed assets balance

Description	2014-15	2015-16
	IRR million	IRR million
Movable Properties	1,933	2,428
Residential Estates	642,431	1,550,599
Office/Commercial Estates	45,921	48,014
Land	33,190	306,528
	<b>723,476</b>	<b>1,907,569</b>

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## 52-3-10- Capital required for covering credit risk

Capital required for covering credit risk of the Bank's assets is IRR 7,428,489 million. The related calculations are presented in table 52-3-10-1.

## 52-3-10-1- Calculation of capital required for covering credit risk

The table presents capital for covering credit risk with an objective to reach 8% capital adequacy. (risk\*8%= allocated capital)

<b>Basel I</b>		<b>2015-16</b>		
<b>Asset Type</b>	<b>Assets &amp; Commitments</b>	<b>Risk Coefficient</b>	<b>Risk Level</b>	<b>Capital Allocated</b>
	<b>IRR million</b>	<b>Percent</b>	<b>IRR million</b>	<b>IRR million</b>
Claims from Other Banks & Credit Institutes	84,791	20	16,958	1,357
Non-Governmental Participation Bond	54,060	100	54,060	4,325
Investment in Stocks	3,781,918	100	3,781,918	302,553
Receivable Accounts	1,986,933	100	1,986,933	158,955
Hire Purchase Facilities & Housing Facilities	985,064	50	492,532	39,403
Other Granted Facilities & Claims	80,275,077	100	80,275,077	6,422,006
Other Assets	2,143,022	100	2,143,022	171,442
Commitments for Issued L/Gs (liable to 20% conversion factor)	3,644,464	100	3,644,464	291,557
Commitments for Issued L/Gs (liable to 50% conversion factor)	34,135	100	34,135	2,731
Commitments for Issued L/Cs (liable to 20% conversion factor)	427,016	100	427,016	34,161
<b>Total</b>	<b>93,416,480</b>		<b>92,856,115</b>	<b>7,428,489</b>

This table presents the capital required for Credit Risk with an objective to reach 8% capital adequacy based on **Basel II Standard** and **Standard Model**.

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Basel II	2015-16			
Asset Type	Assets & Commitments	Risk Coefficient	Risk Level	Allocated Capital
	IRR million	Percent	IRR million	IRR million
Non-Governmental Participation Bonds	54,060	20	10,812	865
Claims from Banks & Institutions	84,791	20	16,958	1,357
L/Gs & Commitments (with Conversion Factor 20% & 50%)	4,517,361	100	4,517,361	361,389
Risk in Case of Legal Default	37,777,667	100	37,777,667	3,022,213
Risk in Case of Real Default (over IRR5,000 million loans)	1,338,522	100	1,338,522	107,082
Risk in Case of Real Default (below IRR5,000 million loans)	2,221,870	75	1,666,403	133,312
Non-Current Facilities less Securities & Special Provision)	2,493,912	150	3,740,868	299,269
<b>Total</b>	<b>48,629,724</b>		<b>49,096,898</b>	<b>3,927,752</b>

#### 52-4- 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.

##### 52-4-1- 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.

##### 52-4-2- Liquidity risk management policies

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

##### 52-4-3- 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 information systems.

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

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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.

High Risk 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.

**52-4-4- 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. Therefore, 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 .

**52-4-5- 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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52-4-5-1- Cash reserves

The Bank's cash reserves are as follows:

Description	2014-15	2015-16
	IRR million	IRR million
Cash – IRR	374,721	480,726
Cash – Foreign Currency	437,274	478,504
Sight L/C with CBI (unrestricted)	1,370,459	1,414,646
Deposits with Other Banks & Credit Institutions (unrestricted)	14,809,610	11,222,217
Stamp Duty	2,698	1,897
Gold Coins	118	117
Current Investment in Short-Term Stocks in the Market	1,777,323	1,500,912
Investment in Other Securities	155,256	108,234
	18,927,459	15,207,253

52-4-5-2- Cash ratios

	Beginning of Year	Period Average	End of Period
Cash and Cash Equivalent Assets to Total Assets	15%	13%	11%
Cash and Quasi-Cash Assets to Total Deposits	19%	18%	15%
Facilities to Total Deposits	84%	82%	89%
Facilities to One-Year and Over Deposits	90%	98%	106%
Escape Deposits to Total Deposits*	8%	11%	16%

- Cash and quasi-cash include cash, participation bond and the like which have active cash transaction market.

- Escape deposits include deposits with no contractual maturity such as current and Gharz-al Hassanah savings deposits.

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52-4-5-3- Assets and liabilities maturity analysis

The following table represents the Bank's financial assets and liabilities maturities based on the dates that they are likely to be claimed or settled:  
**2015-2016**

	Book Value	Between 1 and 3 Months			1 to 5 Years	Over 5 Years	Without Specified Maturity Date
		Below One Month	Between 3 Months and 1 Year	IRR million			
Assets	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
Cash	13,598,108	13,598,108	0	0	0	0	0
Claims from Banks & Other Credit Institutions	233,392	233,392	0	0	0	0	0
Granted Facilities & Claims from Non-Governmental Persons	81,260,142	25,449,046	37,734,957	7,615,254	6,480	194	10,454,211
Investment in Stocks & Other Securities	3,890,151	0	0	2,891,208	0	0	998,944
Claims from Subsidiaries & Affiliated Companies	664,106	0	0	664,106	0	0	0
Other Receivable Accounts	1,322,827	0	0	0	0	0	1,322,827
Fixed Tangible Assets	6,057,666	0	0	0	0	0	6,057,666
Intangible Assets	4,110,794	0	0	0	0	0	4,110,794
Statutory Deposit	10,027,037	112,147	914,820	6,319,293	855,100	0	1,825,677
Other Assets	2,143,022	0	0	0	0	0	2,143,022
	123,307,245	39,392,692	38,649,777	17,489,861	861,580	194	26,913,141
<b>Liabilities</b>							
Debt to Banks & Other Credit Institutions	(13,254,802)	(1,000,000)	0	0	0	0	(12,254,802)
Customers' Deposits	(14,520,490)	0	0	0	0	0	(14,520,490)
Payable Dividend	(12,687)	0	0	0	0	0	(12,687)
Corporate Tax Provision	(443,859)	0	0	(443,859)	0	0	0
Provisions & Other Liabilities	(2,319,440)	0	0	0	0	0	(2,319,440)
Work Termination Benefits Provision	(320,285)	0	0	0	0	0	(320,285)
Long-Term Investment Deposits	(76,827,379)	(859,270)	(7,009,373)	(48,418,565)	(6,551,792)	0	(13,988,379)
Long-Term Investment Deposits Payable Interest	(12,075)	0	0	0	0	0	(12,075)
Total Liabilities	(107,711,017)	(1,859,270)	(7,009,373)	(48,862,423)	(6,551,792)	0	(43,428,159)
Total Equity	(15,596,227)						(15,596,227)
Total Equity & Liabilities	(123,307,245)	(1,859,270)	(7,009,373)	(48,862,423)	(6,551,792)	0	(59,024,386)
Gap	0	37,533,422	31,640,404	(31,372,563)	(5,690,212)	194	(32,111,246)
Accumulated Gap		37,533,422	69,173,826	37,801,264	32,111,052	32,111,246	0
Ratio of Gap to Base Capital		272%	(229)%	227%	(41)%	0%	(233)%
Ratio of Accumulated Gap to Base Capital		272%	501%	274%	233%	233%	0%

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2014-15

	Book Value IRR million	Below One Month		Between 1 and 3 Months		Between 3 Months and 1 Year		1 to 5 Years		Over 5 Years		Without Specified Maturity Date	
		IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
<b>Assets</b>													
Cash	16,994,880		16,994,880	0	0	0	0	0	0	0	0	0	0
Claims from Banks & Other Credit Institutes	118,282		118,282	0	0	0	0	0	0	0	0	0	0
Granted Facilities & Claims from Non-Governmental Persons	69,311,354		16,309,318	36,121,383	8,306,687	3,032	194	8,570,740					
Investment in Stocks & Other Securities	2,373,565		0	0	1,803,547	0	0	570,019					
Claims from Subsidiaries & Affiliated Companies	951,463		0	0	951,463	0	0	0					
Other Receivable Accounts	1,325,192		0	0	0	0	0	1,325,192					
Fixed Tangible Assets	5,634,990		0	0	0	0	0	5,634,990					
Intangible Assets	4,016,545		0	0	0	0	0	4,016,545					
Statutory Deposit	10,334,493		1,219,701	1,315,956	4,786,720	198,343	0	2,813,773					
Other Assets	1,012,295							1,012,295					
	112,073,059		34,642,181	37,437,339	15,848,417	201,375	194	23,943,553					
<b>Liabilities</b>													
Debt to Banks & Other Credit Institutes	(11,799,513)		(1,000,000)	0	0	0	0	(10,799,513)					
Customers' Deposits	(6,232,718)		0	0	0	0	0	(6,232,718)					
Payable Dividend	(13,799)		0	0	0	0	0	(13,799)					
Corporatate Tax Provision	(666,812)		0	0	(666,812)	0	0	0					
Provisions & Other Liabilities	(2,012,436)		0	0	0	0	0	(2,012,436)					
Work Termination Benefits Provision	(262,482)		0	0	0	0	0	(262,482)					
Long-Term Investment Deposits	(76,359,826)		(9,012,162)	(9,723,377)	(35,368,270)	(1,465,525)	0	(20,790,493)					
Long-Term Investment Deposits of Payable Interest	(12,108)		0	0	0	0	0	(12,108)					
Total Liabilities	(97,359,695)		(10,012,162)	(9,723,377)	(36,035,082)	(1,465,525)	0	(40,123,549)					
Total Equity	(14,713,365)							(14,713,365)					
Total Equity & Liabilities	(112,073,059)		(10,012,162)	(9,723,377)	(36,035,082)	(1,465,525)	0	(54,836,914)					
Gap	(0)		24,630,020	27,713,961	(20,186,665)	(1,264,149)	194	(30,893,361)					
Accumulated Gap			24,630,020	52,343,981	32,157,316	30,893,167	30,893,361	0					
Ratio of Gap to Base Capital			179%	201%	(146%)	(9%)	0%	(224%)					
Ratio of Accumulated Gap to Base Capital			179%	379%	233%	224%	224%	0%					

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## 52-4-5-4- Financial liabilities contractual maturity analysis

52-4-5-4-1- The following table represents the Bank's financial liabilities maturities based on maturity mentioned in the contract.

2015-16							
Book Value	Below One Month	Between 1 and 3 Months	Between 3 Months and 1 Year	1 to 5 Years	Over 5 Years	Without Specified Maturity Date	
IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
<b>Liabilities</b>							
Debt to Banks & Other Credit Institutions	(13,254,802)	(1,000,000)	0	0	0	0	(12,254,802)
Customers' Deposits	(14,520,490)	0	0	0	0	0	(14,520,490)
Payable Dividend	(12,687)	0	0	0	0	0	(12,687)
Long-Term Investment Deposits	(76,827,379)	(859,270)	(7,009,373)	(48,418,565)	(6,551,792)	0	(13,988,379)
Payable Deposits of Long-Term Investment	(12,075)	0	0	0	0	0	(12,075)
<b>Total</b>	<b>(104,627,433)</b>	<b>(1,859,270)</b>	<b>(7,009,373)</b>	<b>(48,418,565)</b>	<b>(6,551,792)</b>	<b>0</b>	<b>(40,788,434)</b>

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2014-15							
Book Value	Below One Month	Between 1 and 3 Months	Between 3 Months and 1 Year	1 to 5 Years	Over 5 Years	Without Specified Maturity	
IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	
<b>Liabilities</b>							
Debt to Banks & Other Credit Institutions	(11,799,513)	(1,000,000)	0	0	0	0	(10,799,513)
Customers' Deposits	(6,232,718)	0	0	0	0	0	(6,232,718)
Payable Dividend	(13,799)	0	0	0	0	0	(13,799)
Long-Term Investment Deposits	(76,359,826)	(9,012,162)	(9,723,377)	(35,368,270)	(1,465,525)	0	(20,790,493)
Payable Deposits of Long-Term Investment	(12,108)	0	0	0	0	0	(12,108)
<b>Total</b>	(94,417,964)	(10,012,162)	(9,723,377)	(35,368,270)	(1,465,525)	0	(37,848,631)

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52-4-5-4-2- The following table represents the Bank's foreign currency financial liabilities maturities based on maturity mentioned in the contract.

2015-16						
	Below One Month	Between 1 and 3 Months	Between 3 Months and 1 Year	1 to 5 Years	Over 5 Years	Without Specified Maturity
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
<b>Liabilities</b>						
Debt to Banks & Other Credit Institutions	(7,225,631)	0	0	0	0	0
Customers' Deposits	(439,274)	(23,671)	(95,792)	0	0	0
Long-Term Investment Deposits	(494,623)	(2,316,896)	(77,214)	0	0	0
Payable Deposits of Long-Term Investment	(948)	(5,745)	(4)	0	0	0
<b>Total</b>	<b>(8,160,476)</b>	<b>(2,346,313)</b>	<b>(173,010)</b>	<b>0</b>	<b>0</b>	<b>0</b>
2014-15						
	Below One Month	Between 1 and 3 Months	Between 3 Months and 1 Year	1 to 5 Years	Over 5 Years	Without Specified Maturity
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
<b>Liabilities</b>						
Debt to Banks & Other Credit Institutes	(7,408,050)	0	0	0	0	0
Customers' Deposits	(487,437)	(28,060)	(133,108)	0	0	0
Long-Term Investment Deposits	(451,242)	(2,048,433)	(68,545)	0	0	0
Payable Deposits of Long-Term Investment	(407)	(5,068)	(4)	0	0	0
<b>Total</b>	<b>(8,347,137)</b>	<b>(2,081,561)</b>	<b>(201,657)</b>	<b>0</b>	<b>0</b>	<b>0</b>

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52-4-6- Plan to counter 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 four 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 organizations 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, facilities 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 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. The performed calculations for LCR in Karafarin Bank indicate that the amount of LCR was about 80% in 2015 which seems suitable concerning the due deadline for adapting liquidity.

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.

Fourth level: Using Bayesian economic model, the stress test, domesticated for bank, reviews the effects of economic shocks on the Bank's credit basket, and ultimately profit and loss and capital adequacy. As an effective variant in the considered period, the results of effects related to F/X rate changes on the Bank's capital adequacy ratio in different scenarios reduce with regard to random equation written for capital and converting all kinds of outstanding debts to

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doubtful debts in the worst situation of the Bank's capital adequacy but Karafarin Bank can continue its activity in this condition.

Besides, model used in the pessimistic state in Karafarin Bank in the related period, considering shocks such as reduction of economic growth rate, falling to -1% and reduction in growth rate of money base, falling to 5%, show that the expenses growth is higher in comparison with the Bank's income but Karafarin Bank's profitability is predicted to keep positive.

#### 52-5- Market risk

##### 52-5-1- Definition

Market risk is loss possibility resulting from value reduction 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 F/X 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.

##### 52-5-2- Executive units of market risk management

Market risk evaluation in Karafarin Bank is divided as follows:

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

**F/X Rate Risk:** the risk arising from F/X rate fluctuations and its effects on foreign currency assets and liabilities value in IRR. F/X rate risk arises from a long- or short-term open position in a foreign currency.

##### 52-5-3- Market risk measurement method

Two methods of Monte Carlo and history simulation are used to manage Karafarin Bank's market risk.



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52-5-4- Analysis of the value at risk of investing in stocks and other investments with market. Having taken into account the historical simulation method for probable change percentage at market value, the value at risk for investing in stocks is provided in the following table:

Type of Investment	2014-15		2015-16	
	Probable Change at Market Value	Effect on Profit & Loss	Probable Change at Market Value	Effect on Profit & Loss
Investing in Short-Term Stocks	(-5.97,5.97)	78,539	(-3.81,3.81)	52,177
Other Investments (stating title)	-	0	-	0

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52-5-5- Exposed to risk value of F/X rate analysis.

	USD	EUR	GBP	AED	CHF	SEK	KRW	JPY	CNY	TRY	INR	OMR	QAR	RUB
Cash	239,579	235,880	2,999	41	6	-	-	-	-	-	-	-	-	-
Claims from Banks & Other Credit Institutes	1,049,738	1,853,916	26,113	1,750,570	1,051,097	241	458,403	76,946	4,880,812	313,216	61,045	688,264	21,981	375
Granted Facilities & Claims from Non-Governmental Persons	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment in Stocks & Other Securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Receivable Accounts	169,473	275,944	-	475,968	170	-	22,208	12,762	-	48,730	19,460	-	-	-
Fixed Tangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	211,680	745,139	-	-	-	-	-	66,513	-	-	-	-	-	-
<b>Total Foreign Currency Assets</b>	<b>1,670,470</b>	<b>3,110,878</b>	<b>29,112</b>	<b>2,226,579</b>	<b>1,051,273</b>	<b>241</b>	<b>480,612</b>	<b>156,221</b>	<b>4,880,812</b>	<b>361,946</b>	<b>80,506</b>	<b>688,264</b>	<b>21,981</b>	<b>375</b>
Debt to Banks & Other Credit Institutions	(63,273)	(315,116)	0	(2,062,720)	(108,823)	0	0	0	(4,675,699)	0	0	0	0	0
Customers' Deposits	(110,698)	(389,496)	(3,379)	(40,155)	(18)	0	(11,652)	(3,093)	(156)	(91)	0	0	0	0
Payable Dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Provisions & Other Liabilities	(85,335)	(610,304)	(1)	(20,764)	(932,400)	0	(239,763)	(118,919)	(80,366)	(295,927)	(74,630)	(624,441)	0	0



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With respect to Historical Simulation Method & Standard Model and resulting potential change percent in F/X rate, value at risk for stock investment and other investment with market price are presented in the following table.

Foreign Currency	2014-15		2015-16	
	Potential Change in Market Price	Effect on Profit & Loss	Potential Change in Market Price	Effect on Profit & Loss
	Percent	IRR million	Percent	IRR million
USD	(-0.02,0.02)	282	(-0.05,0.05)	641
EUR	(-4.02,4.02)	35,615	(-4.7,4.7)	27,097
GBP	(-4.17,4.17)	1,076	(-3.39,3.39)	839
AED	(-0.08,0.08)	995	(-0.01,0.01)	1,020
JPY	(-4.26,4.26)	4,495	(-3.97,3.97)	5,089
CHF	(-4.08,4.08)	19,591	(-4.41,4.41)	20,129
CNY	(-1.944,1.944)	3,783	(-1.00,1.00)	1,425
OMR	(-0.38,0.38)	247	(-0.38,0.38)	0
INR	(-2.932,2.392)	89	(-2.94,2.94)	1,501
TRY	(-6.28,6.28)	4,778	(-6.28,6.28)	2,245

52-5-6- Capital required for covering market risk

Method of Measurement	Stock Risk		F/X Risk		Total Capital Provision for Market Risk
	Value at Risk	Required Capital Provision	Value at Risk	Required Capital Provision	
	IRR million	IRR million	IRR million	IRR million	
Historical Simulation Model	66,927	200,781	70,950	212,850	413,631
Standard Model	8%*(Opportunity Average)	138,699	8%*(Opportunity Sell or Buy)	214,531	353,230

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

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52-5-7- Analysis of asset & liabilities gap sensitive to interest rate

2015-16							
	Book Value	Below One Month	Between 1 and 3 Months	Between 3 Months and 1 Year	1 to 5 Years	Over 5 Years	Non-Sensitive to Rate
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
<b>Assets</b>							
Cash	13,598,108	13,598,108	0	0	0	0	0
Claims from Banks & Other Credit Institutions	233,392	233,392	0	0	0	0	0
Granted Facilities & Claims from Non-Governmental Entities	81,260,142	25,449,046	37,734,957	7,615,254	6,480	194	10,454,211
Investment in Stocks & Other Securities	3,890,151	0	0	2,891,208	0	0	998,944
Claims from Subsidiaries & Affiliated Companies	664,106	0	0	0	0	0	664,106
Other Receivable Accounts	1,322,827	0	0	0	0	0	1,322,827
Fixed Tangible Assets	6,057,666	0	0	0	0	0	6,057,666
Intangible Assets	4,110,794	0	0	0	0	0	4,110,794
Statutory Deposit	10,027,037	112,147	914,820	6,319,293	855,100	0	1,825,677
Other Assets	2,143,022	0	0	0	0	0	2,143,022
	<b>123,307,245</b>	<b>39,392,692</b>	<b>38,649,777</b>	<b>16,825,755</b>	<b>861,580</b>	<b>194</b>	<b>27,577,247</b>
<b>Liabilities</b>							
Debt to Banks & Other Credit Institutions	(13,254,802)	(1,000,000)	0	0	0	0	(12,254,802)
Customers' Deposits	(14,520,490)	0	0	0	0	0	(14,520,490)
Payable Dividend	(12,687)	0	0	0	0	0	(12,687)
Corporate Tax Provision	(443,859)	0	0	0	0	0	(443,859)
Provisions & Other Liabilities	(2,319,440)	0	0	0	0	0	(2,319,440)
Work Termination Benefits Provision	(320,285)	0	0	0	0	0	(320,285)
Long-Term Investment Deposits	(76,827,379)	(859,270)	(7,009,373)	(48,418,565)	(6,551,792)	0	(13,988,379)

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	Book Value	Below One Month	Between 1 and 3 Months	Between 3 Months and 1 Year	1 to 5 Years	Over 5 Years	Non-Sensitive to Rate
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
Payable Deposits of Long-Term Investment	(12,075)	0	0	0	0	0	(12,075)
<b>Total Liabilities</b>	<b>(107,711,017)</b>	<b>(1,859,270)</b>	<b>(7,009,373)</b>	<b>(48,418,565)</b>	<b>(6,551,792)</b>	<b>0</b>	<b>(43,872,018)</b>
<b>Total Equity</b>	<b>(15,596,227)</b>						<b>(15,596,227)</b>
<b>Total Equity &amp; Liabilities</b>	<b>(123,307,245)</b>	<b>(1,859,270)</b>	<b>(7,009,373)</b>	<b>(48,418,565)</b>	<b>(6,551,792)</b>	<b>0</b>	<b>(59,468,245)</b>
Gap		37,533,422	31,640,404	(31,592,810)	(5,690,212)	194	(31,890,998)
Accumulated Gap		37,533,422	69,173,826	37,581,016	31,890,804	31,890,998	0

**2014-15**

	Book Value	Below One Month	Between 1 and 3 Months	Between 3 Months and 1 Year	1 to 5 Years	Over 5 Years	Non-Sensitive to Rate
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
<b>Assets</b>							
Cash	16,994,880	16,994,880	0	0	0	0	0
Claims from Banks & Other Credit Institutes	118,282	118,282	0	0	0	0	0
Granted Facilities & Claims from Non-State-Owned Entities	69,311,354	16,309,318	36,121,383	8,306,687	3,032	194	8,570,740
Investment in Stocks & Other Securities	2,373,565	0	0	1,803,547	0	0	570,019
Claims from Subsidiaries & Affiliated Companies	951,463	0	0	0	0	0	951,463
Other Receivable Accounts	1,325,192	0	0	0	0	0	1,325,192
Fixed Tangible Assets	5,634,990	0	0	0	0	0	5,634,990
Intangible Assets	4,016,545	0	0	0	0	0	4,016,545
Statutory Deposit	10,334,493	1,219,701	1,315,956	4,786,720	198,343	0	2,813,773
Other Assets	1,012,295	0	0	0	0	0	1,012,295
	<b>112,073,059</b>	<b>34,642,181</b>	<b>37,437,339</b>	<b>14,896,954</b>	<b>201,375</b>	<b>194</b>	<b>24,895,016</b>

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	Book Value	Below One Month	Between 1 and 3 Months	Between 3 Months and 1 Year	1 to 5 Years	Over 5 Years	Non-Sensitive to Rate
	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million	IRR million
<b>Liabilities</b>							
Debt to Banks & Other Credit Institutes	(11,799,513)	0	0	0	0	0	(11,799,513)
Customers' Deposits	(6,232,718)	0	0	0	0	0	(6,232,718)
Payable Dividend	(13,799)	0	0	0	0	0	(13,799)
Corporate Tax Provision	(666,812)	0	0	0	0	0	(666,812)
Provisions & Other Liabilities	(2,012,436)	0	0	0	0	0	(2,012,436)
Work Termination Benefits Provision	(262,482)	0	0	0	0	0	(262,482)
Long-Term Investment Deposits	(76,359,826)	(9,012,162)	(9,723,377)	(35,368,270)	(1,465,525)	0	(20,790,493)
Payable Deposits of Long-Term Investment	(12,108)	0	0	0	0	0	(12,108)
<b>Total Liabilities</b>	<b>(97,359,695)</b>	<b>(9,012,162)</b>	<b>(9,723,377)</b>	<b>(35,368,270)</b>	<b>(1,465,525)</b>	<b>0</b>	<b>(41,790,362)</b>
<b>Total Equity</b>	<b>(14,713,365)</b>						<b>(14,713,365)</b>
<b>Total Equity &amp; Liabilities</b>	<b>(112,073,059)</b>	<b>(9,012,162)</b>	<b>(9,723,377)</b>	<b>(35,368,270)</b>	<b>(1,465,525)</b>	<b>0</b>	<b>(56,503,726)</b>
Gap		25,630,020	27,713,961	(20,471,315)	(1,264,149)	194	(31,608,710)
Accumulated Gap		25,630,020	53,343,981	32,872,666	31,608,516	31,608,710	(0)

**52-6- Operational risk.**

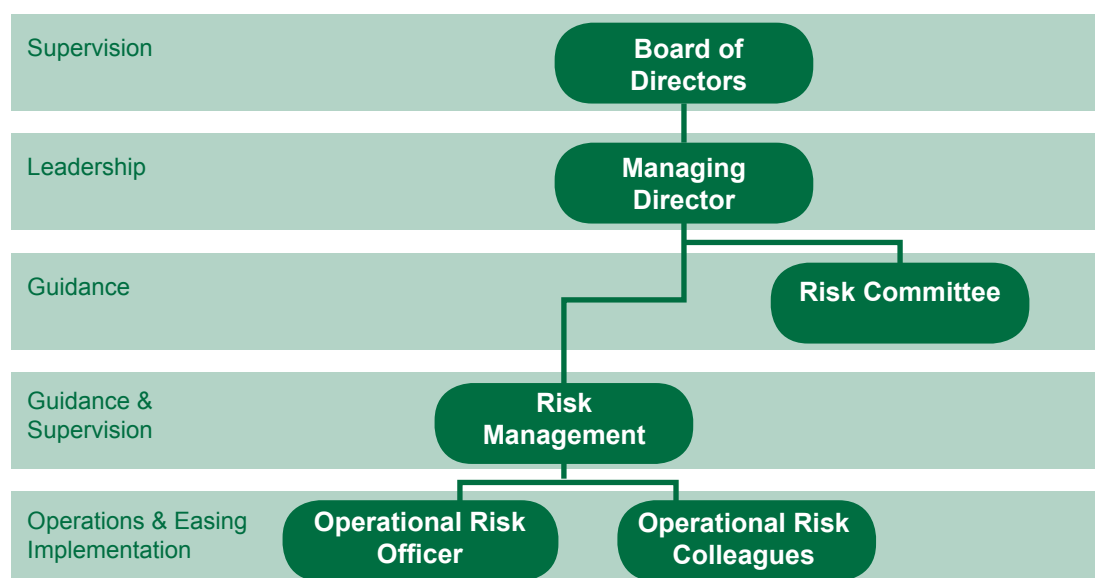
**52-6-1- Definition.**

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

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52-6-2- Executive units of Operational Risk Management.

Appropriate organisational structure for implementation and supervision on daily good performance and duties related to operating risk 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.

52-6-3- 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.



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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.

**52-6-4- Preparations to counter 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.

**52-6-5- 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.

**52-6-6- Operating 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.

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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.

**52-6-7- Required capital for covering operational risk**

The Bank's capital at risk, based on its method in measuring operational risk is stated in the following table.

Measurement Method	Capital Exposed to Operating Risk
	IRR million
Base Index Method	3,214,377
Standard Method	3,694,794
Advanced Method	1,478,613

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52-7- Capital management

52-7-1- Charter capital

Karafarin Bank's charter capital is IRR 16,602,065 million at the end of fiscal year ended 19 March 2016.

Description	2014-15	2015-16
	IRR million	IRR million
<b>A) Main Capital</b>		
Capital Less Capital Provided from Revaluation Surplus	6,500,000	6,500,000
Statutory Reserve	2,840,984	3,241,164
Accumulated Profit (Loss)	1,711,841	3,811,467
	11,052,826	13,552,631
<b>B) Complementary Capital</b>		
General Provision of Claims & Investments	1,080,566	1,168,879
Revaluation Surplus of Fixed Assets	2,000,000	2,000,000
	3,080,566	3,168,879
Less Complementary Capital Excess to Main Capital	0	0
<b>Complementary Capital</b>	3,080,566	3,168,879
<b>Charter Capital before Deduction</b>	14,133,392	16,721,510
<b>C) Deduction from Charter Capital</b>		
Investment in Other Banks & Credit Institutions	(336,032)	(119,444)
	(336,032)	(119,444)
<b>Charter Capital</b>	13,797,360	16,602,065

The Bank's charter capital influential for calculating discretionary ratios is IRR 13,797,360 million up to approval of financial statements.

The Bank's new charter 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.

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## 52-7-2- Capital allocation

The Bank's total risk-weighted assets are IRR 103,024,575 million at the end of fiscal year ended 19 March 2016.

Description	2014-15			2015-16		
	Assets & Commitments	Risk Coefficient	Risk-Adjusted Assets & Commitments	Assets & Commitments	Risk Coefficient	Risk-Adjusted Assets & Commitments
	IRR million	Percent	IRR million	IRR million	Percent	IRR million
Cash	16,994,880	0	0	13,598,108	0	0
Statutory Deposit	10,334,493	0	0	10,027,037	0	0
Claims from CBI	56,599	0	0	148,601	0	0
Claims from Banks & Other Credit Institutions	61,684	20	12,337	84,791	20	16,958
Governmental Participation Bond	0	0	0	54,174	0	0
Non-Governmental Participation Bond	155,256	100	155,256	54,060	100	54,060
Investment in Stocks	2,218,310	100	2,218,310	3,781,918	100	3,781,918
Receivable Accounts	2,276,655	100	2,276,655	1,986,933	100	1,986,933
Loans & Hire Purchase Facilities and Housing Facilities	1,656,383	50	828,192	985,064	50	492,532
Other Loans & Granted Facilities and Claims	67,654,971	100	67,654,971	80,275,077	100	80,275,077
Net Fixed Assets & Goodwill	9,651,535	100	9,651,535	10,168,460	100	10,168,460
Other Assets	1,012,295	100	1,012,295	2,143,022	100	2,143,022
Commitments for Issued L/Gs (liable to conversion factor 20%)	3,983,805	100	3,983,805	3,644,464	100	3,644,464
Commitments for Issued L/Gs (liable to conversion factor 50%)	107,148	100	107,148	34,135	100	34,135
Commitments for Issued L/Cs (liable to conversion factor 20%)	197,226	100	197,226	427,016	100	427,016
<b>Total Risk-Weighted Assets &amp; Commitments</b>			88,097,728			103,024,575

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**52-7-3- Capital adequacy ratio**

The Bank's capital adequacy ratio was 16.11% at the end of fiscal year ended 19 March 2016.

	<b>2014-15</b>	<b>2015-16</b>
	<b>IRR million</b>	<b>IRR million</b>
Charter Capital	13,797,360	16,602,065
Total Risk-Weighted Assets & Commitments	88,097,728	103,024,575
Capital Adequacy Ratio (percent)	15.66%	16.11%

**52-7-4- Degree of leverage**

Degree of leverage is ratio of total assets of a bank to equities. The Bank's degree of leverage is 7.91 times at the end of fiscal year ended 19 March 2016.

	<b>2014-15</b>	<b>2015-16</b>
	<b>IRR million</b>	<b>IRR million</b>
Total Assets	112,073,059	123,307,245
Total Equities	14,713,365	15,596,227
Degree of Leverage	7.62	7.91

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**53- OPERATIONAL UNITS**

## 53-1- Basis for dividing units

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

## 53-2- Information regarding reportable operational sectors

Information related to any of reportable sectors is presented in the following table. The section's profit before tax is used as performance criteria.

Description	Retail Banking	Corporate Banking	Total
	IRR million	IRR million	IRR million
Granted Facilities Income & Deposits	20,613,168	0	20,613,168
Deposits Interest Expenses	(16,284,585)	0	(16,284,585)
Net Facilities & Deposit Income	4,328,583	0	4,328,583
Commission Income	596,684	0	596,684
Commission Expenses	(53,858)	0	(53,858)
Net Commission Income	542,826	0	542,826
Net Investments Profit (Loss)	488,544	0	488,544
Net F/X Transactions Profit (Loss)	261,204	0	261,204
Other Operational Income	175,058	0	175,058
Direct Expenses Attributable to Operational Unit	(707,759)	0	(727,759)
Each Unit Profit (Loss) before Unattributed General Expenses	217,047	0	217,047
Unattributed General Expenses to Units			(1,891,946)
Profit before Tax			3,196,510

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53-3- Geographical Concentration of Main Items in Assets, Liabilities and Income  
While offering geographical information, assets' main items on location and liabilities and income are reported based on residence of bank counterpart in geographical areas.

	2015-16		
	Iran	Other Countries	Total
<b>Assets</b>			
Cash	13,598,108	0	13,598,108
Claims from Banks & Other Credit Institutes	233,392	0	233,392
Granted Facilities & Claims from Non-Governmental Persons	81,260,142	0	81,260,142
Investment in Stocks & Other Securities	3,890,151	0	3,890,151
Claims from Subsidiaries & Affiliated Companies	664,106	0	664,106
Other Receivable Accounts	1,322,827	0	1,322,827
Statutory Deposit	10,027,037	0	10,027,037
Fixed Tangible Assets	6,057,666	0	6,057,666
Intangible Assets	4,110,794	0	4,110,794
Other Assets	2,143,022	0	2,143,022
<b>Total</b>	<b>123,307,245</b>	<b>0</b>	<b>123,307,245</b>
<b>Liabilities</b>			
Debt to Banks & Other Credit Institutes	(13,254,802)	0	(13,254,802)
Customers' Deposits	(14,520,490)	0	(14,520,490)
Long-Term Investment Deposits	(86,827,379)	0	(86,827,379)
Long-Term Investment Deposits Profit Payable	(12,075)	0	(12,075)
<b>Total</b>	<b>(104,614,746)</b>	<b>0</b>	<b>(104,614,746)</b>
<b>Income</b>	<b>22,134,658</b>	<b>0</b>	<b>22,134,658</b>

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	2014-15		
	Iran	Other Countries	Total
<b>Assets</b>			
Cash	16,994,880	0	16,994,880
Claims from Banks & Other Credit Institutions	118,282	0	118,282
Granted Facilities & Claims from Non-Governmental Persons	69,311,354	0	69,311,354
Investment in Stocks & Other Securities	2,373,565	0	2,373,565
Claims from Subsidiaries & Affiliated Companies	951,463	0	951,463
Other Receivable Accounts	1,325,192	0	1,325,192
Statutory Deposit	10,334,493	0	10,334,493
Fixed Tangible Assets	5,634,990	0	5,634,990
Intangible Assets	4,016,545	0	4,016,545
Other Assets	1,012,295	0	1,012,295
<b>Total</b>	<b>112,073,059</b>	<b>0</b>	<b>112,073,059</b>
<b>Liabilities</b>			
Debt to Banks & Other Credit Institutions	(11,799,513)	0	(11,799,513)
Customers' Deposits	(6,232,718)	0	(6,232,718)
Long-Term Investment Deposits	(76,359,826)	0	(76,359,826)
Long-Term Investment Deposits Profit Payable	(12,108)	0	(12,108)
<b>Total</b>	<b>(94,404,166)</b>	<b>0</b>	<b>(94,404,166)</b>
<b>Income</b>	<b>20,806,488</b>	<b>0</b>	<b>20,806,488</b>

**54- TRANSACTIONS WITH RELATED PARTIES****54-1- Changes in major shareholders (over 1 percent)**

During fiscal year ended 19 March 2016, no change has occurred in shareholders of over 1 percent.

54-2- During 2015-2016, managers have had no dealings with Group companies.



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54-3- Transactions with Affiliated persons during 2015-2016 are as follows:

Description	Affiliated Person	Type of Affiliation	Transaction	Is it subject to Article 129 of Commercial Code?	Pricing Method	Transaction Amount	Gross Profit (Loss)	Claim Balance (Debt)	IRR million
Cohort/Under Single Control Companies	Karafarin Bank Agency Co.	Subsidiary	Stock Trade Commission		Dealing Tariff at Stock Exchange	4,346	4,346		
			Income from L/G Commission	-	According to Banking Tariffs	216	216		125,232
			Issuing L/G		According to Credit Commission Instructions	30,247	0		
	Karafarin Exchange	Subsidiary & Joint Member of Board of Directors	Buying Foreign Currency		According to Banking Tariffs	15,668	0		
			Selling Foreign Currency & Services		According to Banking Tariffs	23,518,220	0		
			Rent Deposit		According to Market Customs	10,000	0		
			Paid Commission	✓	According to Banking Tariffs	30,485	0		206,917
			Building Purchase		According to Market Customs	31,803	0		
			Buying Foreign Currency		According to Banking Tariffs	15,669	0		
			Income from L/G Commission		According to Banking Tariffs	9	0		
Amin Etemad Karafarin Co.	Subsidiary & Joint Member of Board of Directors	Non-Current Debts Collection	✓	According to Contract	7,817	0		600	
Karafarin Leasing Co.	Subsidiary	Granted Facilities	✓	According to Credit Commission Instructions	100,000	0		243,406	
Abniyeh Gostar Karafarin Co.	Subsidiary & Joint Member of Board of Directors	Building & Reconstruction of Branches	✓	Cost plus Commission	38,272	0		40,892	
Karafarin Bank Investment Co.	Subsidiary & Joint Member of Board of Directors	Selling Goods & Services	✓	According to Market Customs	147,419	0		44,086	
Asr Amin Karafarin Co.	Subsidiary & Joint Member of Board of Directors	Services Purchase		According to Banking Tariffs	2,262	0			
		Dividend		According to Instructions	0	0		2,372	

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Description	Affiliated Person	Type of Affiliation	Transaction	Is it subject to Article 129 of Commercial Code?	Pricing Method	Transaction Amount	Gross Profit (Loss)	Claim Balance (Debt)
Affiliated Commercial Units	Karafarin Insurance Co.	Subsidiary	Income from L/G Commission		According to Banking Tariffs	36	36	
			Issuing L/G	-	According to Credit Commission Instructions	70,655	0	600
			Expenses of Renting Buildings for Branches		According to Market Customs	1,465	0	
	Ghande Lorestan	Under Common Influence	Granted Facilities		According to Credit Commission Instructions	279,899	27,372	92,624
			Granted Facilities	-	According to Credit Commission Instructions	94,484	5,815	25,737
			Income from L/G Commission		According to Banking Tariffs	8	8	0
	Abdolmohmoud Zarrabi	Bank Shareholder	Issuing L/G		According to Credit Commission Instructions	3,968	0	0
			Granted Facilities		According to Credit Commission Instructions	682,113	42,496	443,104
			Opening L/Cs		According to Credit Commission Instructions	212,357	0	0
	Kar-O-Andisheh Engineers Co.	Bank Shareholder	Income from L/G Commission		According to Banking Tariffs	962	962	0
			Issuing L/G		According to Instructions	219,067	0	45,742
			Income from L/G Commission		According to Banking Tariffs	18	18	0
	Tadbir Mine & Industry Development	Joint Member of Board of Directors	Issuing L/G	✓	According to Credit Commission Instructions	8,403	0	1,591
			Granted Facilities		According to Credit Commission Instructions	3,522,783	235,094	1,171,399
			Opening L/Cs		According to Credit Commission Instructions	649,831	43,251	219,064
	Alborz Balak Pharmaceutical Products Manufacturing Co.	Under Common Influence	Granted Facilities	-	According to Credit Commission Instructions	42,081	0	0

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Description	Affiliated Person	Type of Affiliation	Transaction	Is it subject to article 129 Commercial Code?	Pricing Method	Transaction Amount	Gross Profit (Loss)	Claim balance (Debt)
	Sobhan Oncology Pharmaceutical Company	Under Common Influence	Granted Facilities	-	According to Credit Commission Instructions	2,231,000	138,456	704,141
			Granted Facilities		According to Credit Commission Instructions	878,215	123,466	9,986
	KBC Co.	Under Common Influence	Issuing L/G	-	According to Credit Commission Instructions	15,713	0	0
			Income from L/G Commission		According to Banking Tariffs	56	0	0
			Opening L/Cs		According to Credit Commission Instructions	131,941	0	0
Other Affiliated Persons	Iran & East Co.	Joint Member of Board of Directors	Granted Facilities	✓	According to Credit Commission Instructions	384,750	23,764	81,082
	Royal Sakhteman Aria Co.	Under Common Influence	Granted Facilities	-	According to Credit Commission Instructions	661,094	83,575	409,099
	Jahan Ara Arvand Steel	Under Common Influence	Granted Facilities		According to Credit Commission Instructions	67,800	3,883	70,228
			Income from L/G Commission		According to Banking Tariffs	3	3	0
	International Kar-O-Andisheh Co.	Under Common Influence	Issuing L/G	-	According to Credit Commission Instructions	2,608	0	0
	Asphalt Toos Co. (Joint Venture)	Bank Shareholder	Issuing L/G		According to Credit Commission Instructions	34,989	0	0
			Income from L/G Commission		According to Banking Tariffs	50	50	

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54-4- All the affiliated persons have had dealings with the Bank during the year.

55- Accumulated profit at the end of year

End of the year accumulated profit allocation is subject to Shareholders' Ordinary General Assembly approval:

	<b>Amount</b>
	<b>IRR million</b>
Statutory Duties	
Sharing at least 10% of 2015-2016 Net Profit according to article 90 of the Commercial Code as amended	266,786

56- Savings Gharz-al Hassaneh Operations Performance Statement

56-1- Gharz-a Hassaneh Resources & Facilities Balance Status

<b>Savings Gharz-al Hassaneh Resources</b>			
		<b>2014-15</b>	<b>2015-16</b>
		<b>IRR million</b>	<b>IRR million</b>
Savings Gharz-al Hassaneh Deposits-IRR	19-2	16,492	13,278
<b>Total Gharz-al Hassaneh Resources</b>		16,492	13,278
<b>Gharz-al Hassaneh Facilities</b>			
<b>Granted Facilities &amp; Claims from Non-Governmental Persons (Before Provision)</b>			
Ordinary Facilities		(61)	(5,258)
<b>Total Granted Facilities &amp; Claims from Non-Governmental Persons</b>	10	(61)	(5,258)
<b>Total Gharz-al Hassaneh Facilities</b>		(61)	(5,258)
Savings Gharz-al Hassaneh Resources Statutory Deposit		(1,649)	(1,328)
Savings Gharz-al Hassaneh Deposits Liquidity Provision (5%)		(825)	(664)
<b>Gharz-al Hassaneh Resources to Facilities Surplus (Deficit)</b>		13,957	6,028

**Karafarin Bank (PJSC)**  
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56-2- Net Gharz-al Hassaneh operations commission

	Note	Group		Karafarin Bank	
		2014-15	2015-16	2014-15	2015-16
		IRR million	IRR million	IRR million	IRR million
Commission Received from Gharz-al Hassaneh Granted Facilities		0	103	0	103
Gharz-al Hassaneh Deposits Mobilization Prizes Expenses		0	0	0	0
Net Gharz-al Hassaneh Operations Commission	37-1	0	103	0	103

56-3- Gharz-al Hassaneh granted facilities classification based on type of facilities

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Marriage	49	5,234	49	5,234
Others	13	24	13	24
	61	5,258	61	5,258

56-4- Gharz-al Hassaneh granted facilities classification based on customer type

	Group		Karafarin Bank	
	2014-15	2015-16	2014-15	2015-16
	IRR million	IRR million	IRR million	IRR million
Individuals	61	5,258	61	5,258
Legal Persons - Cooperative	0	0	0	0
Legal Persons- Others	0	0	0	0
	61	5,258	61	5,258