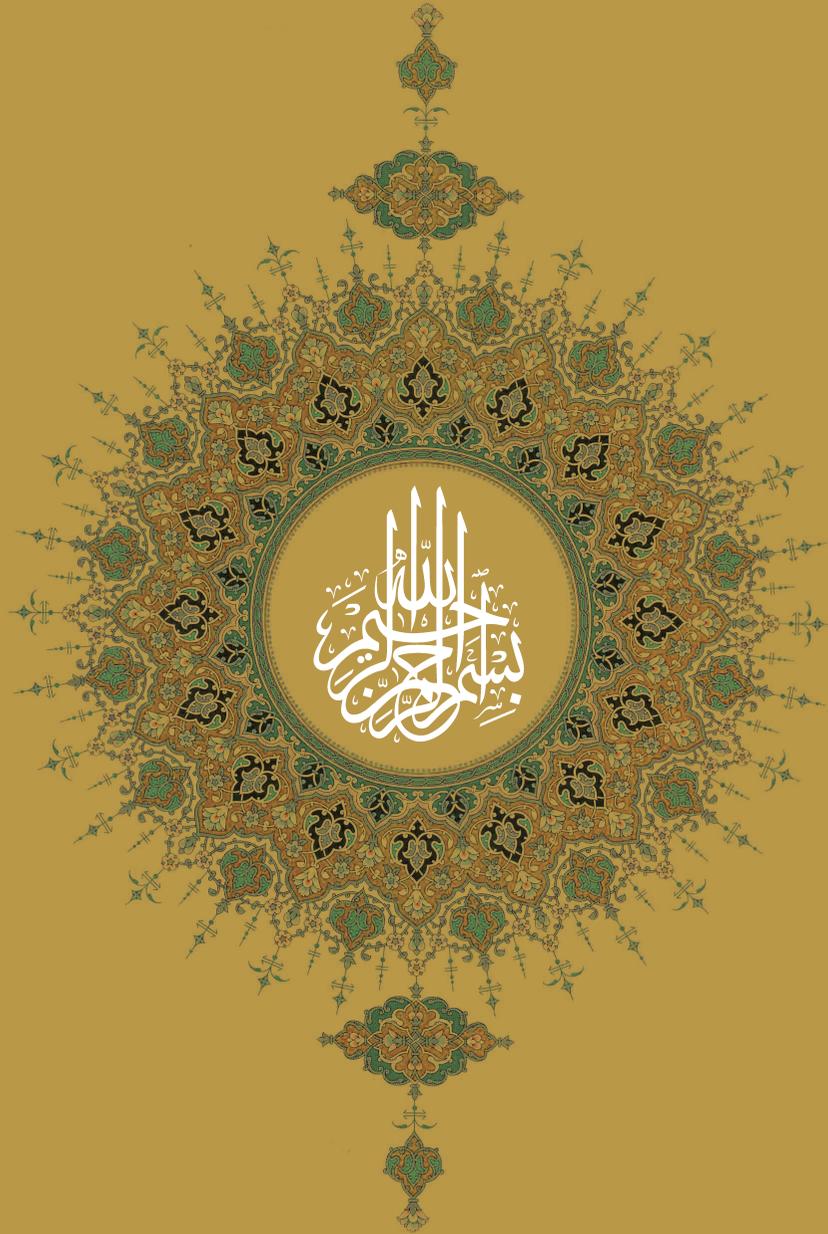




Bank Keshavarzi
Annual Report 2017 – 2018





کشاورزی
BANK KESHAVARZI

بانک
AVARZI



Corporate Outline

Bank Keshavarzi

(Agriculture Bank of Iran)

Date of Establishment:

June 11, 1933

Number of Branches (By Year-end 2016-2017):

1,887

Number of Forex Branches:

50

Number of Employees:

16,148 (By March 20, 2018)

Chairman and Managing Director:

Mr. Rouhollah Khodarahmi (since January 17, 2018)

Board Members (By March 20, 2018):

Mr. Davar Mahikar; Mr. Masoud Sharifat; Mr. Farhad Fanoodi; Mr. Kiamarz Ghasemi Zaniani

Address:

No.247, Patrice Lumumba St., Jalal-al-Ahmad Exp. Way, Tehran 1445994316, I.R.

Iran

P.O. Box 14155-6395

Public Relations & International Cooperation Department:

Tel: (+98 21) 88245010, 84893535

Fax: (+98 21) 88245009

Email: icd@agri-bank.com

Website:

www.bki.ir/en

Financial Highlights

For more than 80 years, Bank Keshavarzi has made great contributions to the development of the agriculture sector. Offering diverse banking and E-banking services through application of state-of-the-art technologies, the bank has been granting the highest amount of credit demanded in the sector.

Balance Sheet Highlights (Billion Rials)¹

Item	2017/18 ¹	2016/17 ²
Assets	961,340	769,732
Liabilities	915,845	735,494
Customers' Deposits	162,890	137,834
Shareholders' Equity	45,495	34,238

Income Statement Highlights

Item	2017/18	2016/17
Interest Income³	78,573	76,802
Non-interest Income	31,230	29,151
Total Operating Income	108,905	105,968
Total Operating Expenses	897,659	(15,719)
Pre-tax Net Profit	(13,221)	(8,059)



1. Rial amounts can be converted to USD at CBI reference rate (http://cbi.ir/ExRates/rates_en.aspx) on the last day of Iranian fiscal year (March 20, 2018).



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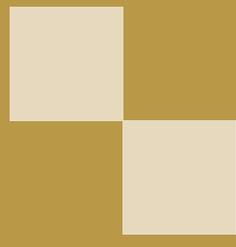
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Board of Directors

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Board of Directors



● **Rouhollah Khodarahmi**
Chairman and Managing Director



● **Davar Mahikar**
Board Member



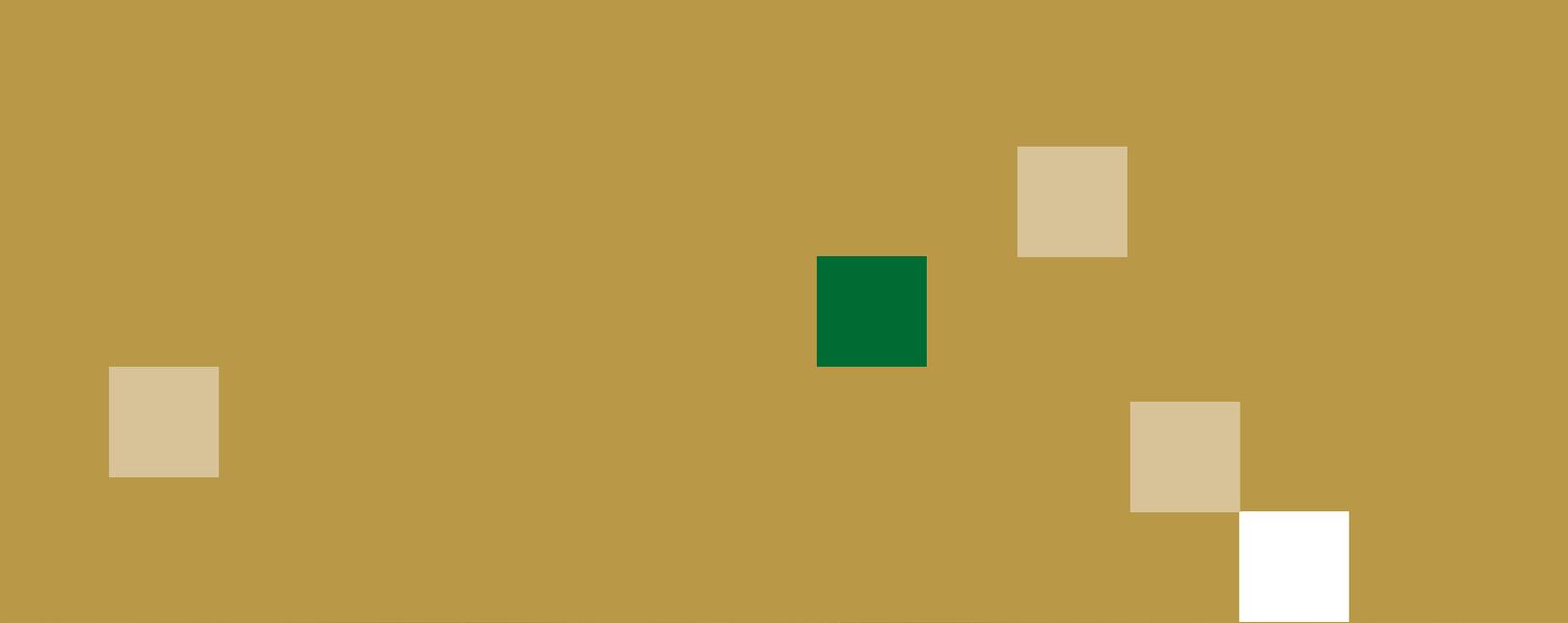
● **Masoud Sharifat**
Board Member



● **Farhad Fanoodi**
Board Member

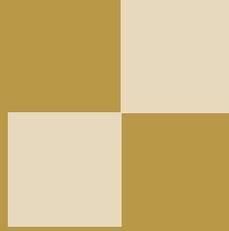


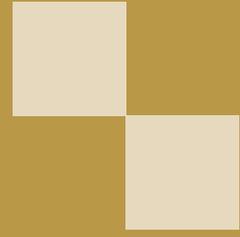
● **Kiamarz Ghasemi Zaniani**
Board Member





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Chairman's Message

Annual Report 2017 – 2018

Chairman's Message





Chairman's Message

Chairman's Message

On behalf of the employees and management, I am greatly honored to submit Bank Keshavarzi's Annual Report to present an accurate reflection of the overall banking operations and essential activities performed successfully by the bank for the year ended on March 20, 2018

Within the report year, our deposit objectives were achieved and even exceeded the set target amount, consequently resulting in double increase of granted facilities balance as compared with that of 2016/17. Significant increase in the bank's basic capital and the balance between the resources and uses are other examples of the bank's successful performance, which made the bank stand out among the other main Iranian banks. Relying on such achievements, we will definitely make more fulfillments and accomplishments in the upcoming years.

To pursue our progress, we have developed special strategies, based on which, and inspired by the national policies and macro programs, the bank's annual plan has been crafted. Accordingly, respectful treatment towards our customers, accompanied with passion and cheerful disposition, will be the key elements of the bank's programs. Improvement of the bank's services and providing farmers and agricultural producers with more wide-ranging support will be other factors to be considered in the bank's programs.

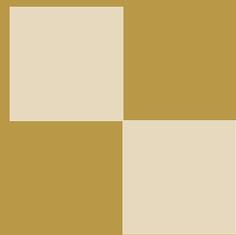
I am quite certain that, with the guidance and patronage received from the Almighty God and backed up with solidarity, good performance, dedication and sincere efforts of all our employees, we will witness more achievements for Bank Keshavarzi in the upcoming year and we will be successful in realizing the bank's programs, implementing the government's priorities, offering benefits to the people and improving our customers' satisfaction.

Rouhollah Khodarahmi
Chairman and Managing Director



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Bank Keshavarzi, at a Glance

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Bank Keshavarzi, at a Glance

Mission

We strive to provide:

The best income and living standards for all our customers, especially those involved with the agriculture sector.

Vision

We deliver:

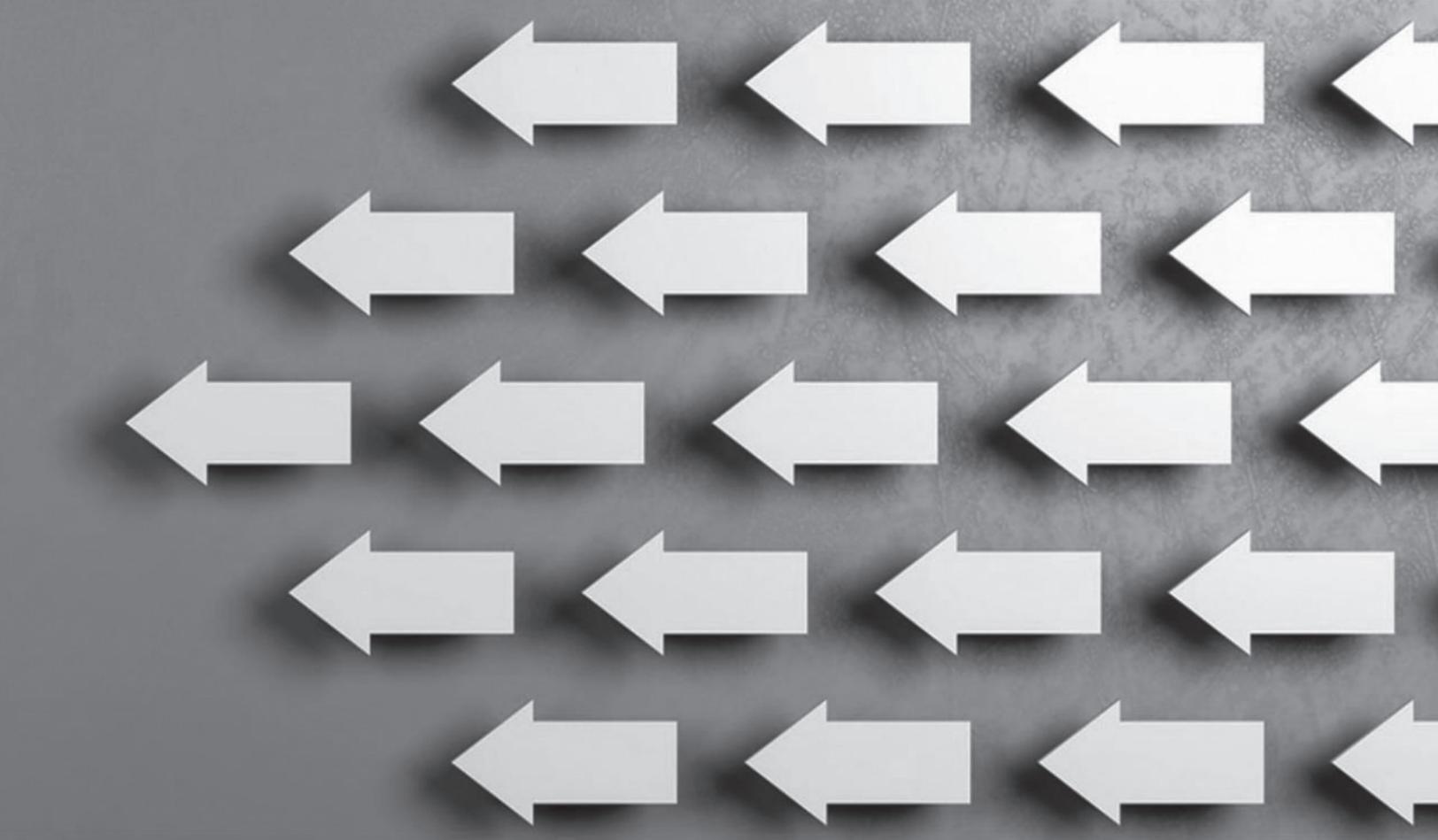
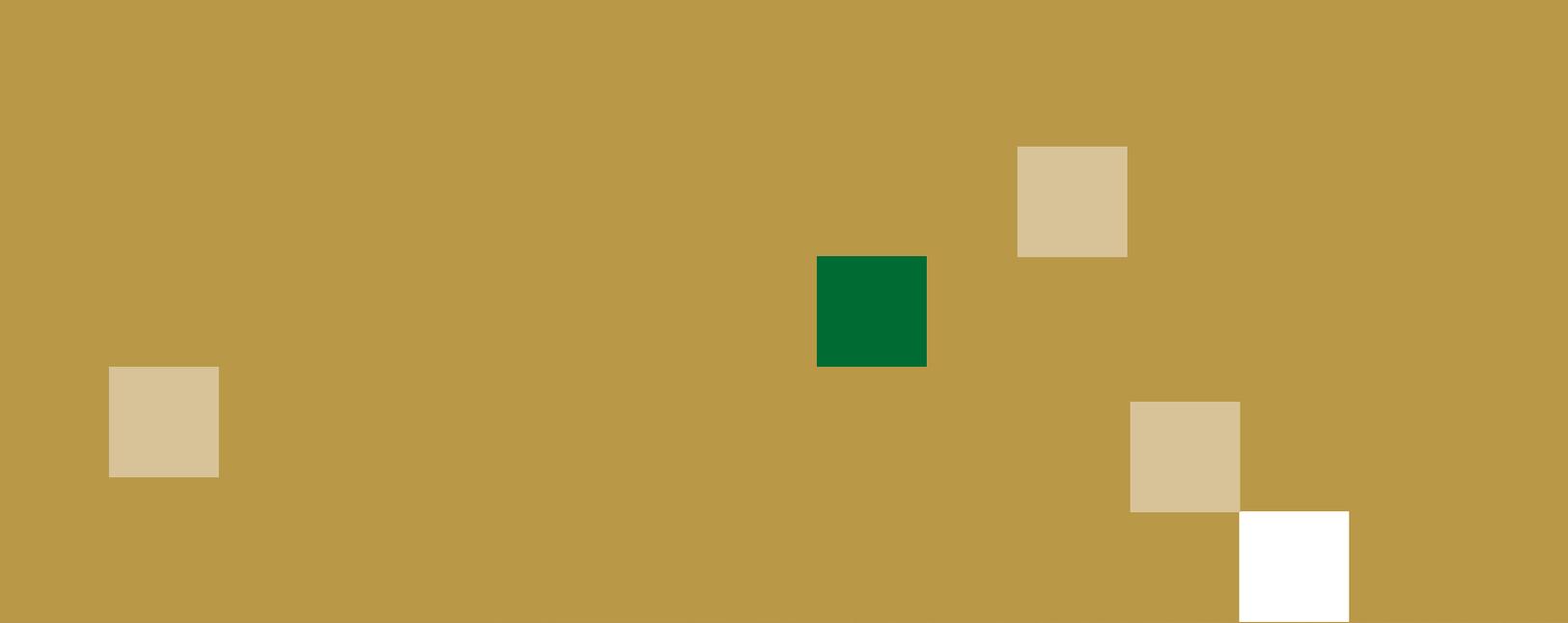
Distinctive Services to Everyone Associated with Us.

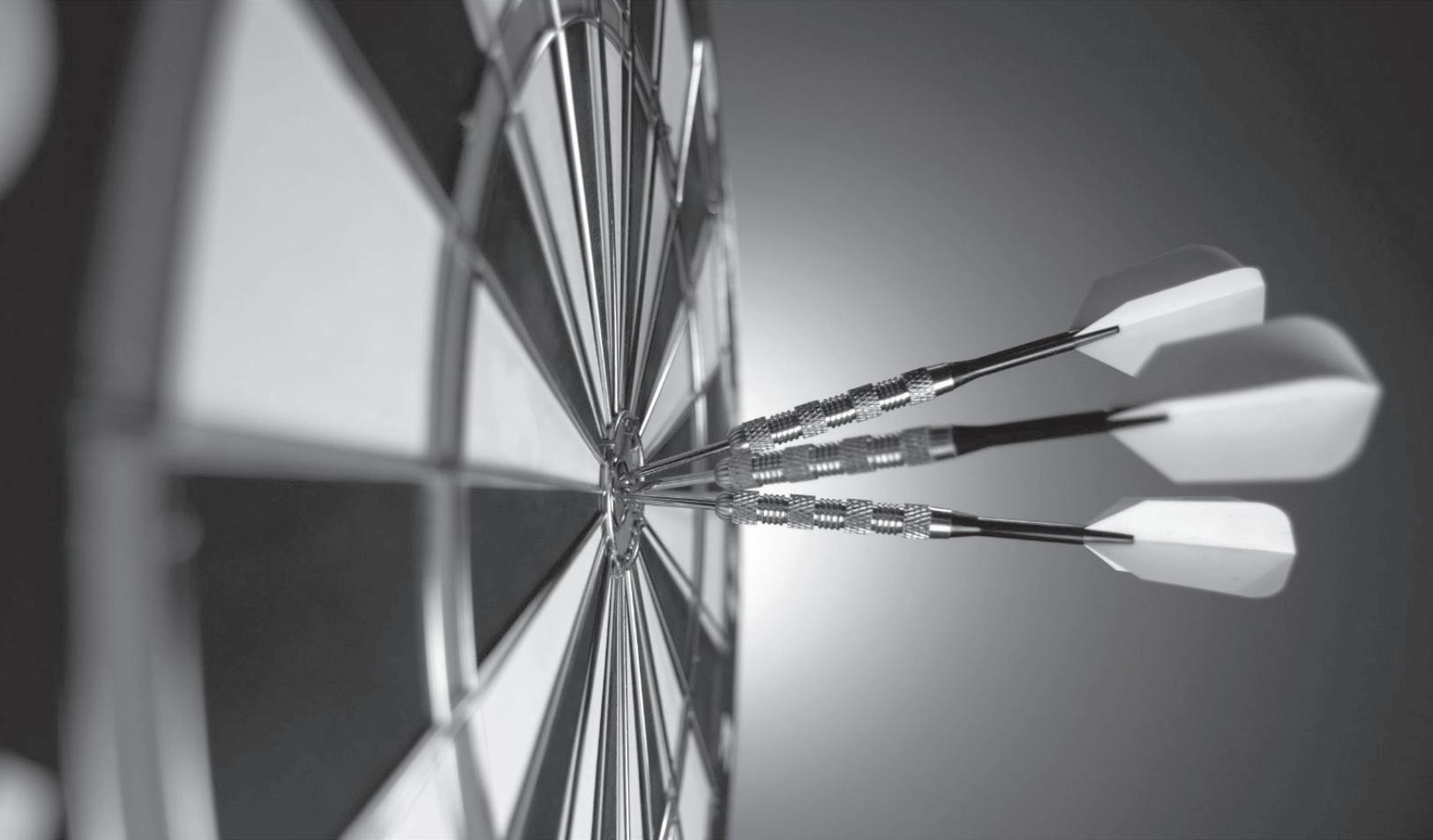
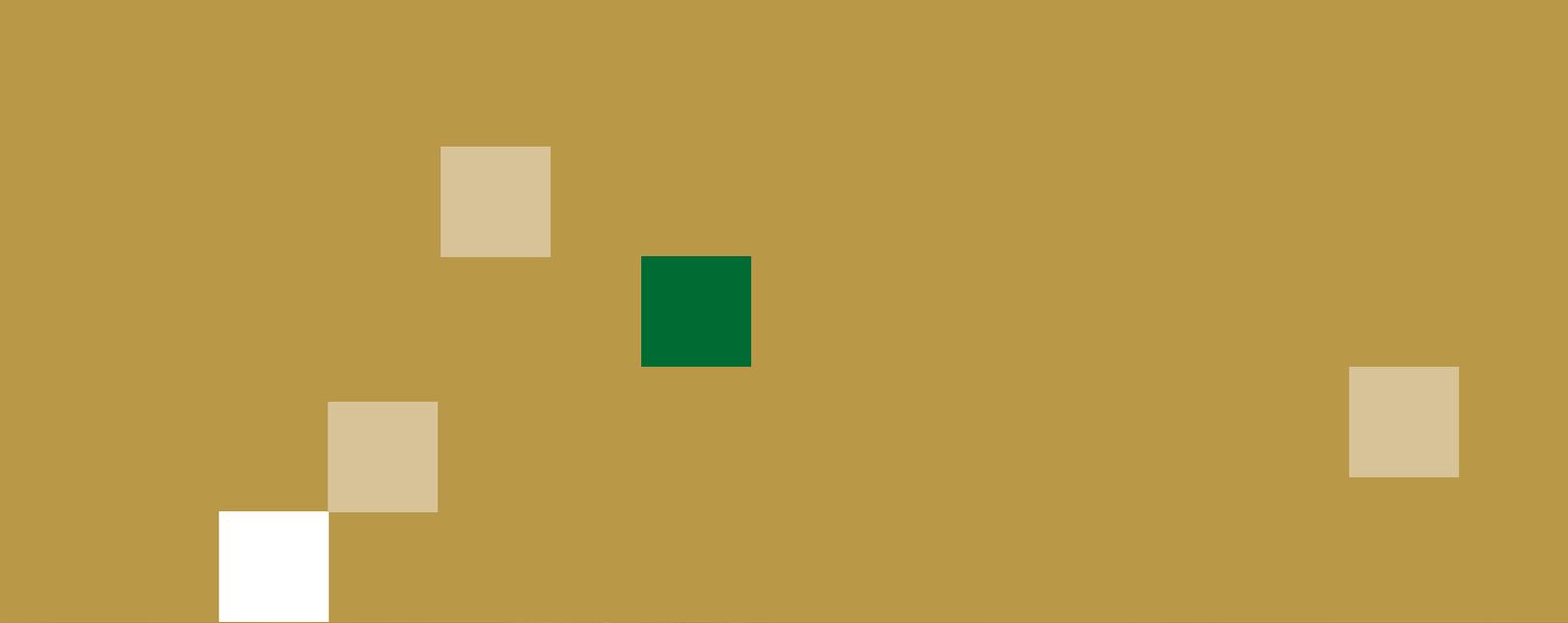
Values

- Respect
- Accountability
- Trustworthiness
- Friendliness

Strategic Goals

- Increase of national wealth-creating power;
- Sustainable finance of public projects and decrease of the government's budget reliance on oil income;
- Active and effective participation in policy-making and legislation process;
- Reinforcement of administrative-financial discipline, health and transparency;
- Promotion of inter-organizational synergy and intra-organizational cooperation;
- Formation and integration of operational and managerial information systems;
- Target-oriented development of organizational and human capital;





Bank Keshavarzi, at a Glance

Objectives Achieved

Chief among the objectives achieved in 2017/18 are as follows:

- Increase of productivity;
- Decrease of money cost;
- Reduction of overdraft from CBI;
- Upgrading of capital adequacy ratio;
- Improvement of financial self-reliance;
- Presentation of financial statements based on IFRS;
- Priority for financing the working capital of production units;
- Reinforcement of systematic (remote) supervision on branches performance;

Awards and Achievements

- Honored as “Most Profitable Bank of Iran’s Economy” in Summit of Iranian Economy Leaders;
- Recognized as “Iran’s Best Bank” for supporting national projects;
- Awarded “Golden Token of Accountability in Offering Banking Services” in the Fourth Joint Meeting on Quality Development of Construction, Transportation, Roads and Urbanization’;
- National Award of “Iran’s Economy Leader in Banking Industry”;
- “Best Public Relations Award” received in the 13th International Symposium of Public Relations;
- “Plaque of Confidence, Honesty and Trustworthiness” received in Banking Industry Conference;
- “Token of Appreciation” received in the National Conference on Customers’ Satisfaction;
- “Plaque of Appreciation for Best National Managers” received in the 5th Forum of Sacred Defense.



Bank Keshavarzi, at a Glance

Code of Ethics

BK's Code of Ethics represents the guiding values of the organization and applies to everyone who is employed by the bank because the bank aspires to the highest standards of ethical behavior in the conduct of its business. The code is to bring discipline and professionalism to the bank's long-term and sustainable performance and to instill ethically sound behavior and accountability among its employees who all believe that they are judged by their conducts and the bank's reputation is fundamental to the bank's success. The code, based on the bank's core values is as follows:

1. Value Creation for the people and customers, as the main capital of the bank, and gain their satisfaction;
2. Dissemination of the culture of respect, accountability, and solving problems of the people and customers, and changing it to a core value in the bank;
3. Punctuality, dutifulness, appearance trimness, abstaining excessive bureaucracy and unnecessary protocols as well as avoiding the people' and customers' waste of time;
4. Attempt to offer the best and the most up-to-date banking services especially through use of modern technology of electronic banking at standard level.

Bank Keshavarzi, at a Glance





Bank Keshavarzi, at a Glance

Anti-Money Laundering and Combating Financing Terrorism

To fulfill the requirements set forth by both the Anti-Money Laundering (AML) Act ratified by the Islamic Council Assembly, the Parliament, in 2008, and the Combating Financing Terrorism (CFT) Act enacted in 2016, together with the regulations and instructions stated by the Central Bank of Iran (CBI), the Anti-Money Laundering and Compliance Department of Bank Keshavarzi has duly taken the necessary measures through a set of steps as follow:

- Receiving, refining, and retaining documents and records of customers.
- Identification of customers (KYC) through reliable national authorities such as civil status registration organization and other similar organizations, and updating their information regularly.
- Preparing policies, instructions, regulations, and circulars in accordance with the latest updates of internal and international laws, and communicating them with the entire provincial directorates and branches across the nation.
- Monitoring natural persons who are having more than one current account and blocking unidentified accounts.
- Identifying and reporting unidentified accounts to FIU.
- Holding training courses on AML / CFT.
- Holding training courses on AML / CFT for affiliated companies of the bank with the aim of preventing the transfer of money laundering risk to the bank.
- Updating and upgrading AML / CFT portal in accordance with CBI and FIU standards.
- Blocking unidentified and anonymous accounts.
- Supervising and conducting enhanced due diligence (EDD) in association with the individuals in the watch list.
- Updating and reviewing customers' data regularly.
- Reviewing the entire forms, which are used by departments of the bank based on rules and regulations.
- Monitoring customers' transactions aimed at preventing deviation from AML / CFT regulations.

Bank Keshavarzi, at a Glance

- Monitoring customers' transactions aimed at identifying and making suspicious operations report.
- Supervising and resolving any possible issues regarding Mehr Gostar system updates.
- Holding training courses on compliance for AML representatives in provincial directorates.
- Conducting categorization of customers and RFP proposals and continuous meetings in line with KYC.
- Providing compliance policy of the bank being approved by the board of directors.
- Pursuing the institutionalization of unique ID numbers for customers (both natural and legal entities) which has been operational for over 96%.
- Institutionalizing the importance of compliance in the bank through making different reports and training courses.
- Completing, supervising, and controlling AML and Wolfsburg questionnaires and the like in correspondence banking.²

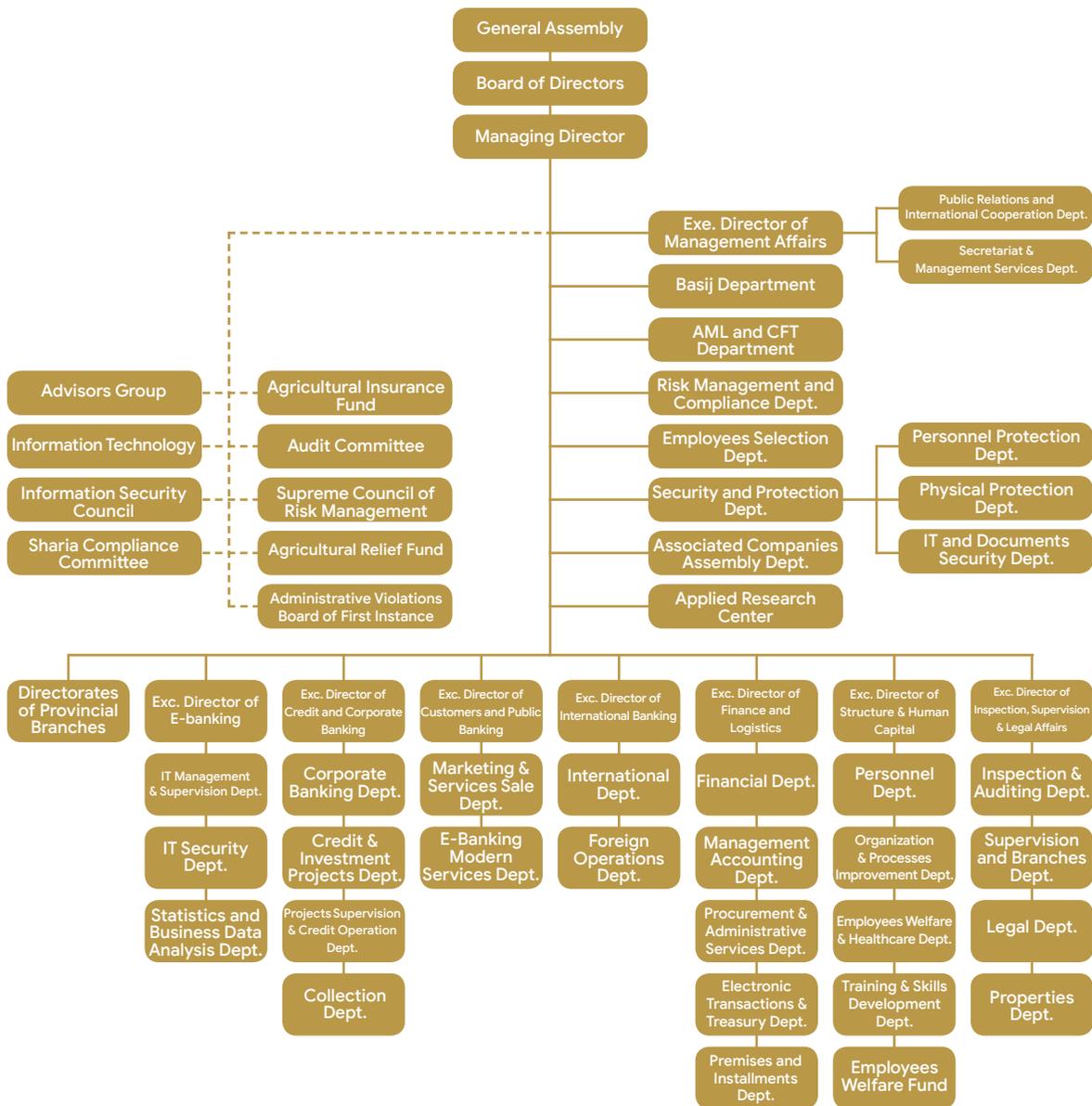


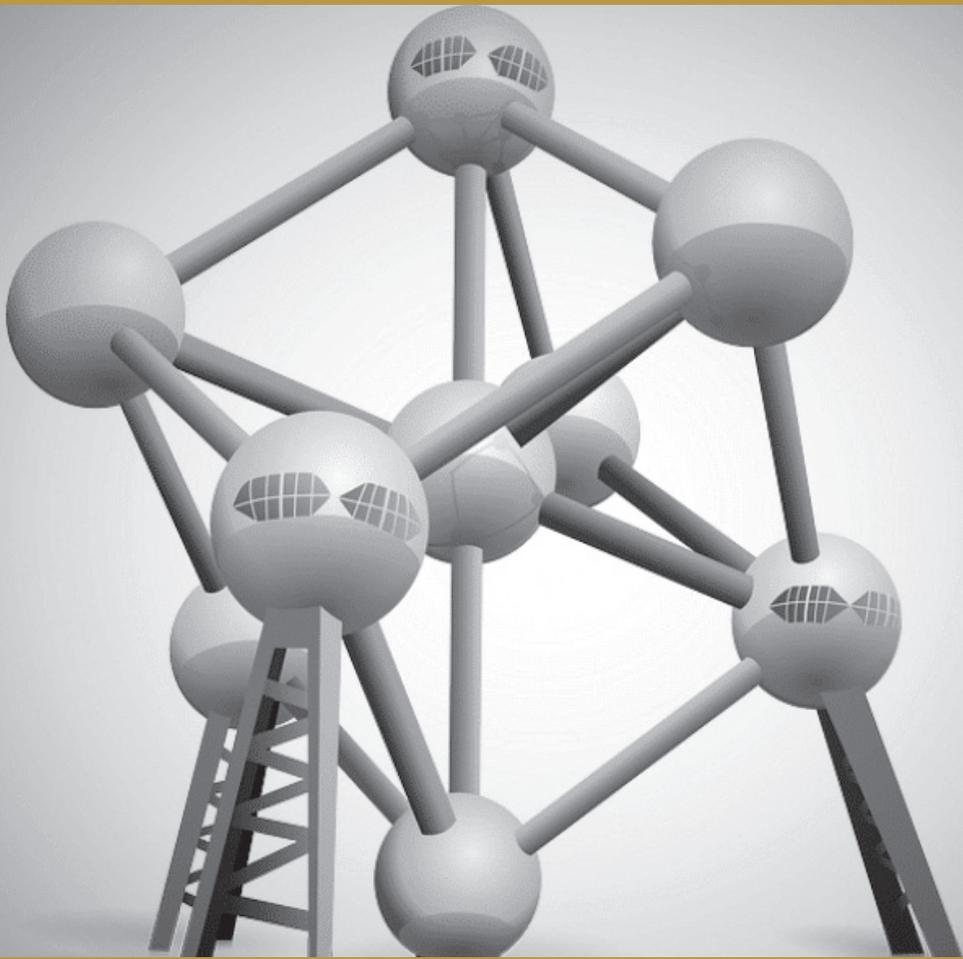
2. More information and AML circulars are available at www.bki.ir/en#139225-aml-and-compliance-division

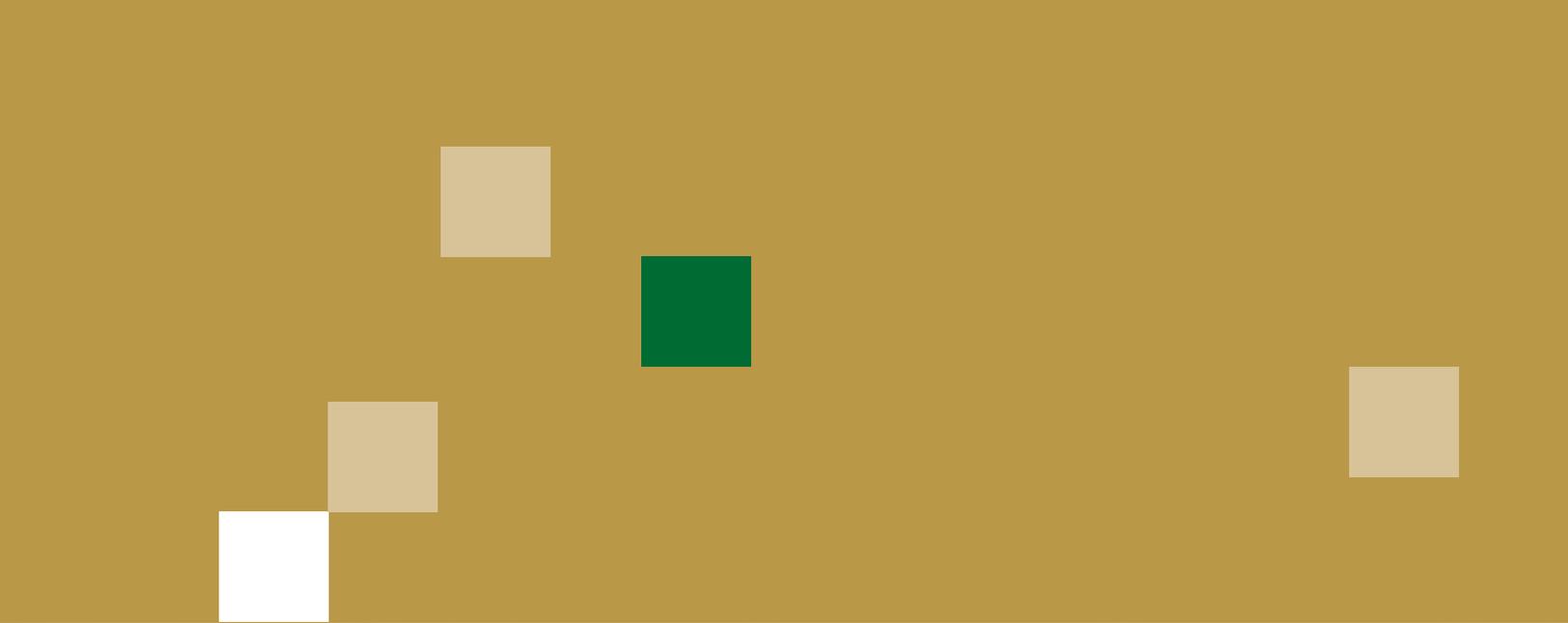


Bank Keshavarzi, at a Glance

Organization Chart







Bank Keshavarzi, at a Glance

Human Resources

Bank Keshavarzi, aimed at realizing its mission and meeting customers' expectations, has been endeavoring to improve the procedures of human resources management including employment, training, remunerations and human relationships.

Table 1: Breakdown of Employees Stationed at Headquarters and Branches

Year	2017-2018		2016-2017	
	No.	%	No.	%
Headquarters	3,057	18	3,182	18.6
Branches	13,073	82	13,927	81.4
Total	16,130	100	17,109	100

Some of the human resources strategies, adopted in BK, are as follows:

- Employ highly educated man power based on the needs of the bank;
- Identify and develop talented man power capabilities;
- Establish a training system based on jobs specification and employees qualification;
- Regular update of the employees' knowledge and expertise;
- Develop special programs to promote branches employees' skills and knowledge;
- Launch a job rotation system for the branch employees;
- Establish an incentive system based on performance to provide the employees with required motivation;
- Improve physical and mental health of the employees;

The employees' working experiences, in addition to specialized knowledge and sense of devotion, have always been appreciated in BK approaches and programs.

Table 2: Breakdown of Employees' Academic Degrees

Level	2017-2018		2016-2017	
	No.	%	No.	%
Under High School Degrees	81	0.5	138	0.8
High School Diplomas	2,276	14.1	2,979	17.4
Associate Degrees	1,051	6.5	1,328	7.8
Bachelor's Degree	9,166	56.8	9,766	57.1
Master's Degree	3,485	21.6	2,830	16.5
PhD Degrees	71	0.4	68	0.4
Total	16,130	100	17,109	100



Bank Keshavarzi, at a Glance

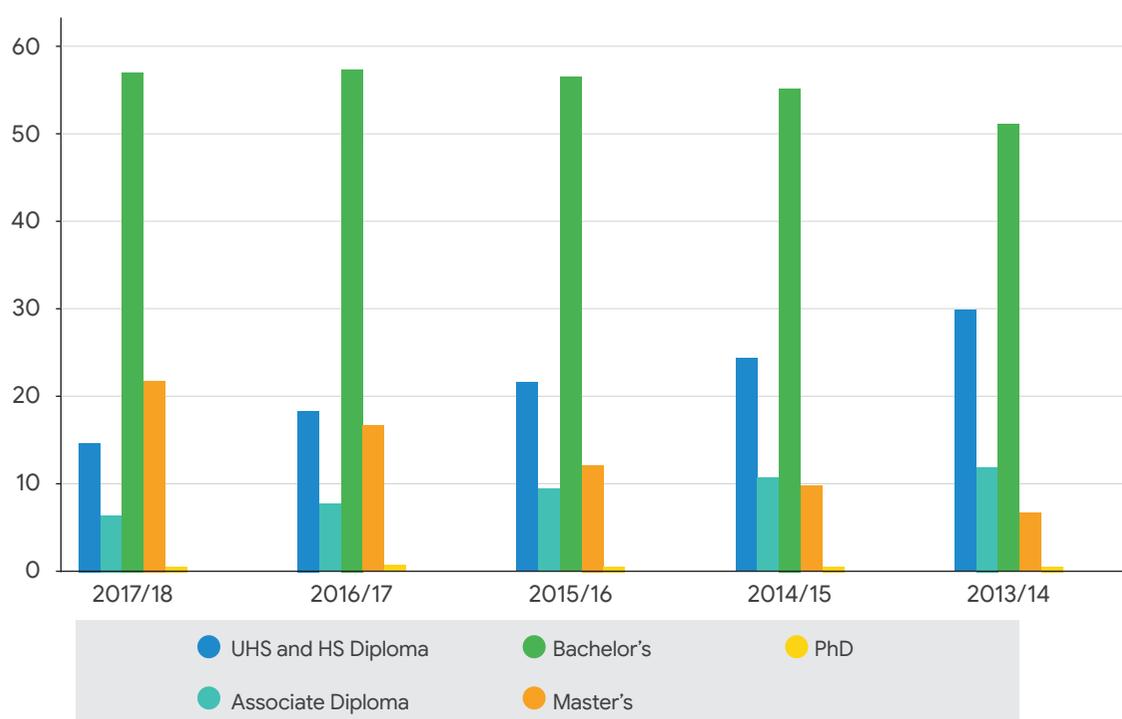
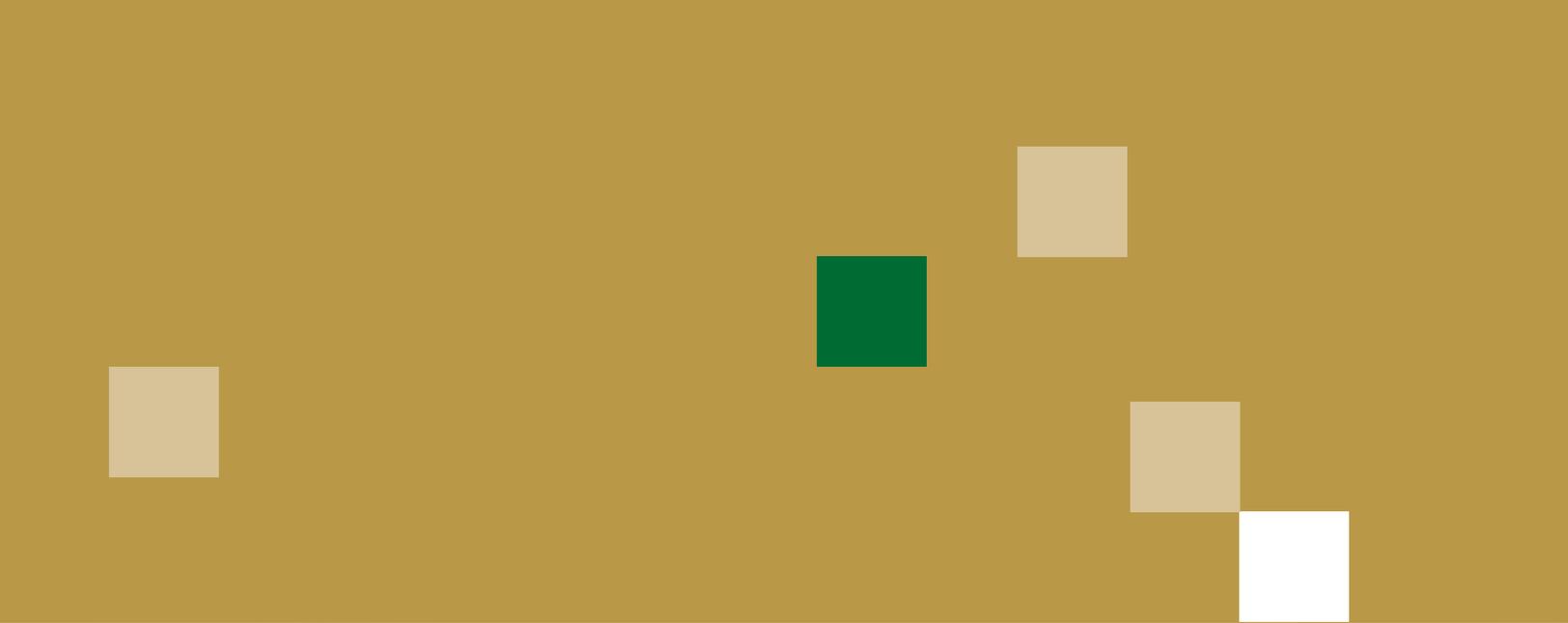


Table 3: Training Performance

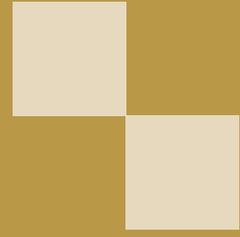
Items	2017-2018	2016-2017	Changes %
Total Training Hours	448,865	491,358	-9
Total No. of Employees	16,130	17,109	-5
No. of Trained Employees	53,907	39,276	37
Training per Capita (Hours)	27.8	28.8	-3
Training per Capita (Days)	4.6	4.8	-3
Training per Capita (Courses)	3	2	50
Training Equity	0.89	0.71	25





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Bank Keshavarzi Performance

Annual Report 2017 – 2018





Bank Keshavarzi Performance

Operational Performance

Study of the bank's performance in resources mobilization by March 20, 2018 (end of the Persian fiscal year) indicates a 38.3 percent growth in the total deposits as compared with that of the year before. The breakdown of deposits in table 4 displays that such a growth mainly resulted from increase in long-term investment deposits and different types of certificates of deposits, while short-term investment deposits faced a 29 percent decline. Within the report year, making the best use of communication and information technologies, human resources' skills, diversity in banking services and products, hard-working employees with organizational commitment and optimal management, Bank Keshavarzi has been successful in resources mobilization as compared with the bank's performance in the preceding year.

The study of deposits shares out of total deposits by the end of 2017/18 indicates that cheap deposits (including sight, savings and short-term ones) consist 39.5 percent of the total deposits. In 2017/18, long-term deposits and certificates of deposits consisted 55.3 percent of the total deposits.

Table 4: Breakdown of BK Deposits in 2017/18 (Billion IRR)

Deposit	2017-2018	2016-2017	Changes %	Share out of Total (%)
Sight Deposits	81,163	72,560	12	10.8
Savings Deposits (Qard-al-Hassanah)	43,135	34,914	24	5.7
Short-term Investment Deposits	172,962	245,086	-29	23
Long-term Investment Deposits	214,553	140,307	53	28.6
General and Specified Certificates of Deposits	200,589	19,748	916	26.7
Other Deposits and Advanced Payments	38,593	30,360	27	5.1
Total Deposits	750,995	542,975	38	100

Bank Keshavarzi Performance

Contribution to Agriculture Sector

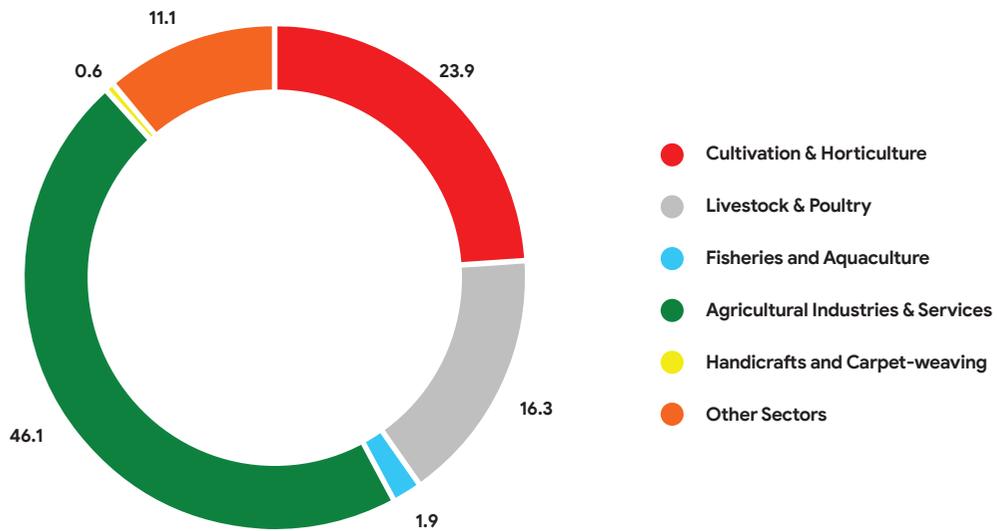
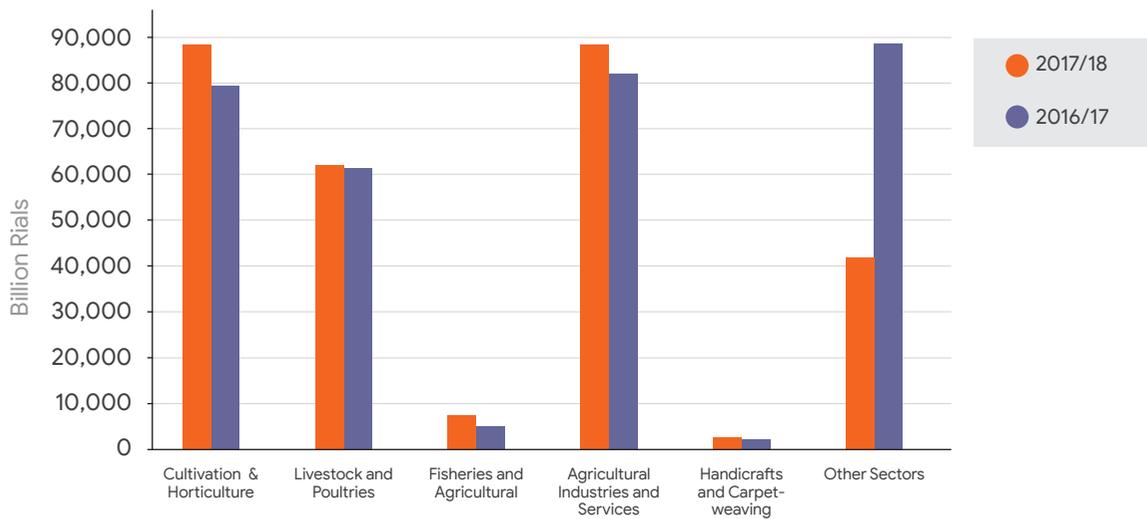
Agricultural development and self-sufficiency have always been placed at the top of the government's policies and it is believed that the agriculture should be the main axis of economic activities. Accordingly, Bank Keshavarzi, as the only specialized and agricultural bank of the country, managed to raise required funds to meet the customers' financial and credit needs. In 2017/18, the bank successfully facilitated the growth of GDP and enrichment of the agriculture sector through creating mobility in the sector by granting more credit facilities to individuals and businesses. Within the report year, the bank provided different agriculture sub-sectors with Rls. 388,356 billion of credit facilities, indicating a 16.3 percent growth, as compared with that of the previous year.

Table 5: Comparison of BK Credit Facilities Provided to Agriculture Sub-sectors in 2017/18 and 2016/17

Item	2017-2018	2016-2017	Changes %	Share out of Total (%)
Cultivation and Horticulture	92,959	80,771	15.1	23.9
Livestock and Poultry	63,464	62,512	1.5	16.3
Fisheries and Aquaculture	7,540	4,937	52.7	1.9
Agricultural Industries and Services	178,984	83,974	113.1	46.1
Handicrafts and Carpet-weaving	2,358	2,071	13.9	0.6
Other Sectors	43,051	99,530	-56.7	11.1
Total	388,356	333,795	16.3	100



Bank Keshavarzi Performance



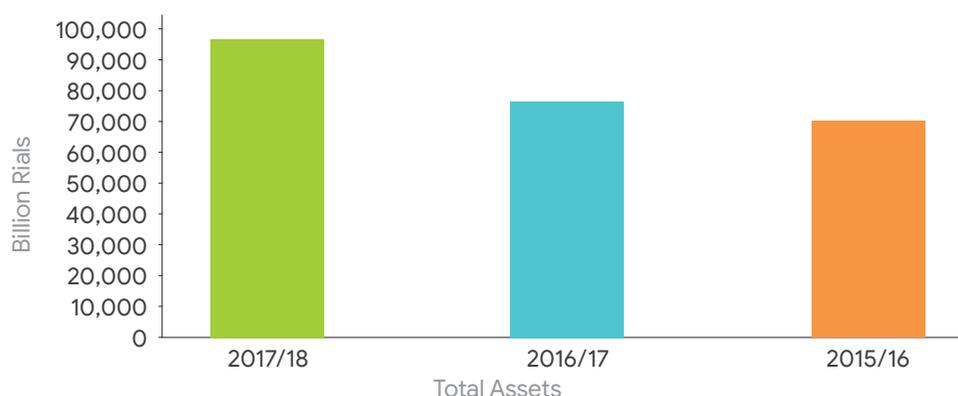
Breakdown of BK Credit Facilities Provided to Agriculture Sub-sectors in 2017/18

Bank Keshavarzi Performance

Financial Performance

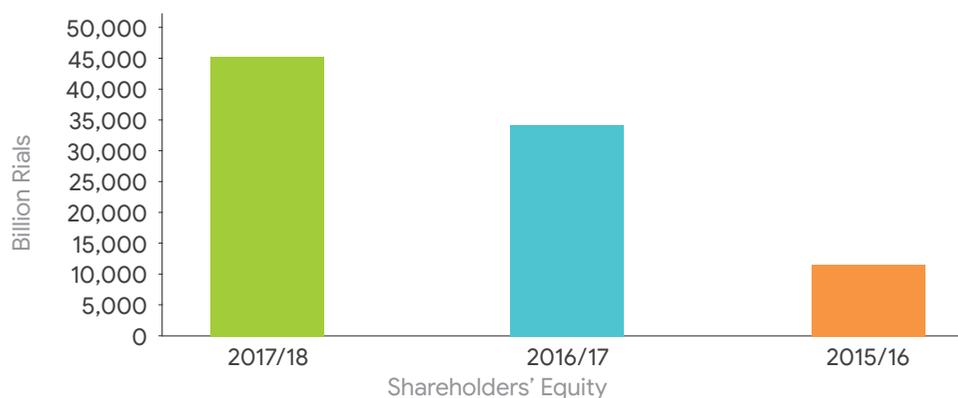
Total Assets³

By the end of 2017/18, BK's total assets rose from Rls. 769,732 billion in 2016/17 to Rls. 961,340 billion,⁴ showing a 24.89 percent growth.



Shareholders' Equity

Shareholders' equity of the bank, with a 32.88 percent rise, amounted to Rls. 45,495 billion by the end of 2017/18 from Rls. 34,238 billion in the preceding year.



3. All comparative figures in financial statements have been restated to present a true and fair view of the bank's financial status. Thus, there may be cases of mismatch with figures presented in the preceding year annual report (2016/17).

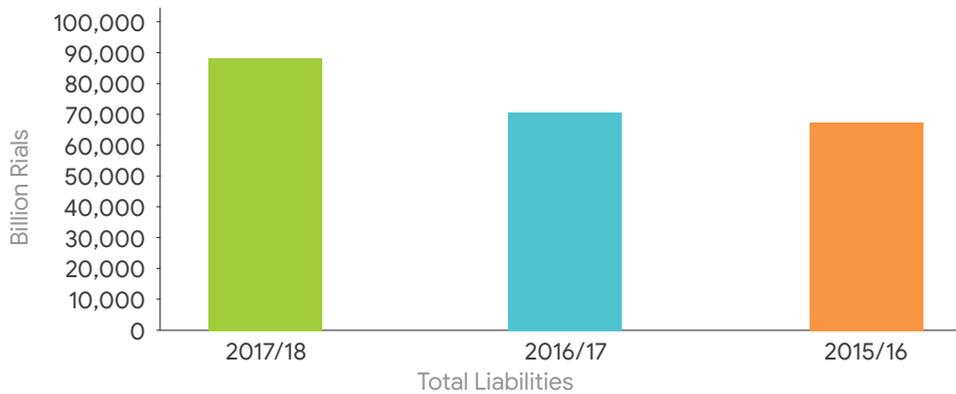
4. Rial amounts can be converted to USD at CBI reference rate (http://cbi.ir/ExRates/rates_en.aspx) on the last day of Iranian fiscal year (March 20, 2017).



Bank Keshavarzi Performance

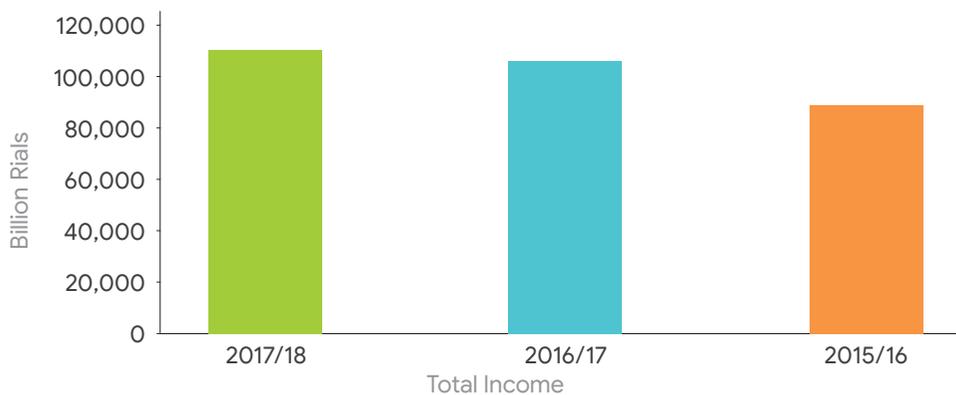
Total Liabilities

BK's liabilities increased by 24.52 percent from Rls. 735,494 billion in 2016/17 to Rls. 915,845 billion by the end of 2017/18.



Total Income

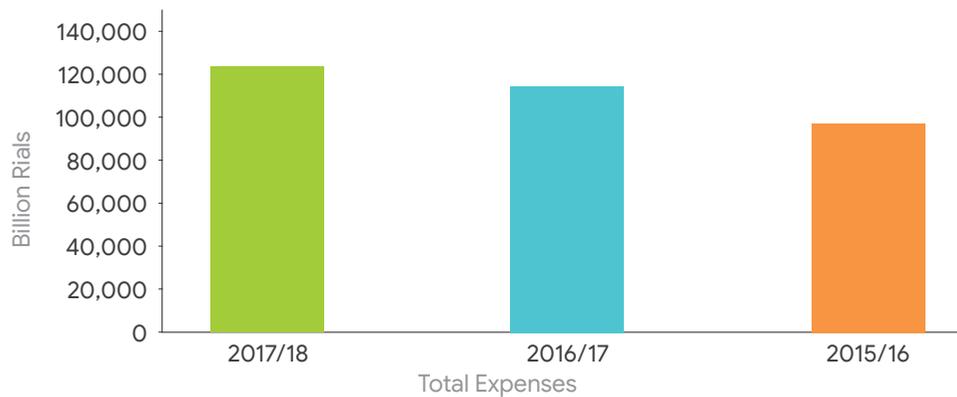
BK's total income grew from Rls. 105,359 billion in 2016/17 to Rls. 108,793 billion in 2017/18, indicating a 3.26 percent growth.



Bank Keshavarzi Performance

Total Expenses

BK's total expenses rose by 10.67 percent increasing from Rls. 113,418 billion in 2016/17 to Rls. 122,014 billion in 2017/18.



As regards the above-mentioned improvements, the key ratios represent BK's financial health and strength. The Return on Investment ratio (1.12 percent) does display higher efficiency in utilizing resources and assets. Moreover, the 4.73 percent Equity to Assets ratio demonstrates a steady and sound structure in the financial statements of the bank.



Bank Keshavarzi Performance

E-banking

In recent years, the accelerated growth of information technology and development of communication network have opened a new horizon before financial markets and sectors. The emergence of new channels and methods of processing and data transfer as well as establishing great information bases have promoted the efficiency and productivity, facilitated communication and reduced operational costs in financial institutions, and as a major cause of gaining superiority in the arena of competitive and financial markets has evolved the overview of financial sector. Thus, a strategic focus on electronic banking is not only a choice but also a necessity, which leads to a distinction in the quality of banking services, in addition to reducing operational costs.

Accordingly, BK, by taking the lead, did make a grand revolution in the banking system and has run an integrated core banking (Mehr Gostar), in which the overall operations of depositing (checking, savings, time deposits,...), branch accounts (debits, credits, etc.), securities (partnership bonds, etc.) clearing, money orders, credit facilities, and the like are performed in branches.

Managing the above operations, the system has the ability to manage Customer Information System (CIS), parameters, lodger, liquidity, FOREX markets, documentary credits, ATMs channels, POSs, Pinpads, SMS banking, etc.

The system includes variety of functions and specifications, few of which are: Banking transactions 24/7 through communications channels such as internet, telephone banking, mobile phone banking, etc.); Foreign currency services in all FX branches; Internet banking; Telephone banking and Mobile Phone banking.

Bank Keshavarzi Performance

Table 6: E-banking Performance in 2017/18

Item	2017-2018	2016-2017	Changes %
No. of Active Internet Payment Gateways	557	145	284
No. of Transactions by Internet Payment Gateways	107,103,244	1,868,811	5,631
No. of Mobile Banking Users	1,683,258	1,241,020	35
No. of Transactions by Mobile Banking	20,944,444	4,892,455	328
No. of Internet Banking Users	231,508	184,700	25
No. of Transactions by Internet Banking	6,213,875	5,175,838	20
No. of Internet Payment of Loans Installments	12,462,124	11,228,194	11
No. of Payment Orders	540,583	430,653	25
No. of POSs	377,769	350,151	8
No. of ATMs	3,007	2,930	2
No. of Transactions by ATMs	340,570,634	346,514,956	-1.7
Percentage of Active ATMs	96.59	96.14	0.4
No. of Kiosks and Cashless Machines	278	236	17
No. of Issued Banking Cards	5,731,237	3,816,107	50
No. of Credit Cards	13,563	7,054	92





Bank Keshavarzi Performance

International Banking

In order to diversify banking services and meet the international banking needs of entities and individuals involved in both commercial and agricultural sectors, Bank Keshavarzi has put enormous efforts into developing international banking services. The bank is among leading Iranian banks, which provides its customers with all different international banking services including import- export letters of credit, payment orders, collections, guarantees, etc. Other foreign currency services and facilities of the bank include:

- Financing production and entrepreneurship projects;
- Financing reconstruction and renovation projects of the textile industries in collaboration with the Ministry of Mines and Industries and Organization for Investment Economic and Technical Assistance of Iran;
- Financing tourism industry and other investment projects in the service sector;
- Promoting Iranian agricultural and other non-oil exports;
- Supporting trade centers in export markets of neighboring countries;
- Executing investment projects in free trade industrial and special economic zones;
- Financing import of food and medicine as a priority.
- Utilizing credit lines including finance and refinance credit lines as well as employing Bank resources to start and complete development projects of the country.
- Allocation of facility lines to foreign traders of Iranian goods to encourage export from Iran and creation of mutual goods-exchange market through the internal resources like the National Development Fund or Buyer's Credit.
- Offering technical consultancy services to customers in fields of productive investment as well as international banking operations.

Bank Keshavarzi's nominated branches, providing international banking services, are authorized to exchange CBI negotiable currencies against IRR to cover the needs of Iranian importers who are eligible to import commodities under the regulations laid down by the central bank of Iran. Moreover, the International

Bank Keshavarzi Performance

Division issues letters of guarantee and counter guarantees including performance bonds, advance payment guarantee, retention money guarantee, guarantee for international tender (tender bond)

In line with the mission of the bank to promote the agriculture sector, while helping the economic development of the country in commercial and international fields, Bank Keshavarzi is diligently working on the expansion of a practical and reliable correspondent network. That is, Bank Keshavarzi is currently facilitating the business among international and Iranian economic activists and traders through more than 112 correspondent banks in more than 57 countries in different currencies including but not limited to EUR, JPY, CHF, KRW, CNY, RUB, INR, THB, and OMR.

Moreover, the bank seeks presence in the international forums in order to upgrade its position. It participates (or holds) regional as well as international meetings, conferences, seminars; enjoys registration both in the recognized international institutions (such as Bankers' Almanac) and regional, commercial as well as specialized organizations and institutions (such as APRACA, ADFIMI, IFSB, CICA and NENARACA).



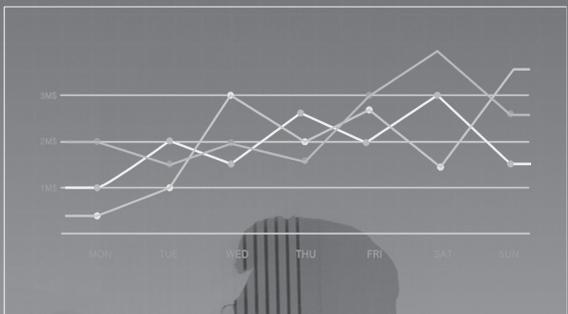


Bank Keshavarzi Performance

Operational Figures

Bank Keshavarzi has a total of 1836 branches and has presently expanded its branches, offering International Banking Services, up to 50; out of which 15 are located in Tehran, the capital city, and 35 in the other provinces. In order to provide International-banking services in line with KYC and AML rules and regulations, the bank proceeds to update international knowledge of its employees through holding seminars and educational courses, as well as regular periodical observations.

It is worth mentioning that in 2017-2018, the total volume of Import operations amounted to USD 4,266 million and total balance of term deposits as at 20/03/2018 is as follows; Lending: USD 80 million, Borrowing: USD 139 million, while the total amount of customer accounts is calculated to be USD 66 million. Within March 20, 2017 to March 20, 2018, the Dealing Room made 2508 FX deals in total; the amount of which reached USD 3,660 million. This figure comprises of below items: (1) 2348 deals amounting to USD 2861 million made against IRR and (2) 160 deals (mainly cross-currency exchange deals) amounting to USD 799 million whereby foreign currencies were bought and sold against each other.





Bank Keshavarzi Performance

International Cooperation

Aimed at exchanging technical expertise, keeping abreast of the latest financial and banking developments, elevating the bank's global status, and promoting its prominent presence in international events to display BK's capabilities and potentialities, the bank has been focusing on strengthening of mutual ties with international communities by obtaining official membership in the following associations:



Asia Pacific Rural and Agricultural Credit Association (APRACA)⁵



Confederation Internationale Du Credit Agricole (CICA)



Islamic Financial Services Board (IFSB)



Association of National Development Finance Institutions in Member Countries of Islamic Development Bank (ADFIMI)⁶



Near East and North Africa Regional Agricultural Credit Association (NENARACA)

The bank is also executing some joint international projects in collaboration with international organizations.

5. As a member of Executive Committee

6. As a member of Management Committee

Bank Keshavarzi Performance

IDB Group

Bank Keshavarzi, owning shares of stock in some international corporations, has established close interaction and cooperation with many international organizations. The bank is the one of the major shareholders of **Islamic Cooperation Bank for Investment (I.C. Bank)**⁷, established on April 1, 2007 through joint investment of BK and other shareholders. Having branches in Tehran, Baghdad, Najaf, Karbala, Kazemine, Soleimanie, Basra, Erbil, ... IC Bank offers almost all banking services such as savings, checking, short-term and long-term accounts; granting financial facilities through Islamic contracts; Forex services; DCs and L/Gs services; etc. BK also holds shares in:

- Islamic Development Bank (IDB)
- Islamic Corporation for the Development of the Private Sector (ICD)
- International Islamic Trade Finance Corporation (ITFC)



7. www.icb-fi.com



Bank Keshavarzi Performance

Corporate Social Responsibility

Among the major components of the bank's social responsibilities and attainments, the following Schemes and programs are presented as illustrations of community mobilization, women's economic empowerment, application of new technology for environmental protection, efficiency in production, improving the economic activities of rural population and poverty-alleviation:

- Schemes to support women-headed households;
- Schemes to create employment opportunities aimed at supporting rural girls empowerment, preventing their emigration from rural areas to cities, and promoting their social positions.;
- Schemes, developed exclusively for Iranian women, providing them with accessibility to required banking services;
- Schemes to create employment for all those individuals and entrepreneurs involved with activities in rural areas;
- Plans to support newly-released prisoners to provide them with new jobs opportunities;
- Children and Youth Bank, aimed at promoting banking and savings attitude among Children and teenagers and familiarizing them with modern banking services and operations;
- University Graduates Employment Scheme to furnished agriculture graduates with special credit facilities aimed at creating employment opportunities;
- Financing green projects to achieve sustainable development and environment protection, including water resources, soil, air, forests, rangelands, and other natural resources;
- Holding and Sponsoring Sporting Activities Sporting Activities aimed at realization of agricultural objectives dissemination of sporting culture among the young generation in general and young population in rural areas.

Bank Keshavarzi Performance

Bank Keshavarzi Main Subsidiaries

The main subsidiary and affiliated companies of bank Keshavarzi are as follows:

Hi-tech Solutions Company⁸

Novin Keshavarz Hi-tech Solutions was established in 2008 aimed at offering variety of IT-based services and solutions, in compliance with Islamic Banking principles, to the Iranian banking system. Some of the Hi-tech solutions of the company include:

- Core Banking Solutions
- Customer Relationship Management
- Decision Support System (DSS)
- Online Supervision System
- Loan Process Management System
- Data Center Management
- Network Design and Development

Agricultural Insurance Fund (AIF)⁹

The Agricultural Insurance Fund was established in 1984 to protect farmers and livestock breeders against natural disasters such as draught, earthquakes, frostbites, flooding, hailstorms, torrential rain, and landslides, and to enhance agricultural products and production yields in order to reach self-sufficiency in one of the vital sectors of economy. AIF provides insurance coverage, as a sustainability tool to help mitigate the effects of negative events with impacts on agricultural production and revenues. It encourages farmers to adopt progressive farming practices, high value in-puts and higher technology in agriculture to help stabilize farm incomes, particularly in disaster years. Some of the agricultural products insured by the fund are as follows:

8. <http://www.htsc.ir>

9. <http://www.sbkiran.ir>



Bank Keshavarzi Performance

Some Agricultural Products under AIF Insurance Coverage

Activities	Insured Agricultural Products
Annual Crops	Wheat (Irrigated/rain-fed), Barely, Rice, Peas, Lentils, Beans, Sugar Beet, Potatoes, Corn, Sunflower, Soy beans, Onions, Tobacco, Cantaloupe, Melon, Watermelon, Peanuts, Sesame, Strawberries, ...
Perennial Crops	Saffron, Tea, Figs, Pistachio, Almond, Walnuts, Tangerines, Lemons, Apples, Grapes, Oranges, Pears, , Dates, Ornamental Flowers, ...
Livestock	Dairy Cattle, Honey Bees, Silkworms, Camels, Buffalos, ...
Poultry	Broiler and Layer Chickens, Ostriches, Turkeys, ...
Aquaculture	Cold/Warm-water Fish, Shrimps,...
Pastures and Forestry	Lands Improvement Projects, Watersheds Construction, Spruce Trees, ...

Agricultural Lands Development Company (Land Bank)¹⁰

Land Bank was founded in 1992 to conduct a part of deposits directly to agricultural development activities. Establishment and development of land; performing detailed designs for optimum exploitation; preparing executive plans for land rehabilitation and modernization; construction of livestock farms, fishery and shrimp farming complexes; and support of processing and complementary industries are among the main responsibilities of the bank. Since 2006 and subject to an agreement with the Ministry of Agriculture, Land Bank has been involved with locating those agriculturally potential pieces of land, which have then been leased or allocated to the bank for various purposes including development and rehabilitation of land, construction of greenhouses, and construction of livestock farms.

Bank Keshavarzi Brokerage Company¹¹

Bank Keshavarzi Securities Company (BKSC), established as a Private Joint Stock in 1993, is one of the top highest brokerage firms (among top 3) that provides a wide range of financial services in Iran.

As BKSC belongs to Agriculture Bank of Iran, it has been successful in financing different agricultural projects. In 2015/16, the company did the biggest finance for

10. www.land-bank.ir

11. www.agribourse.com

Bank Keshavarzi Performance

agricultural sector in Iran by issuing USD750 Million of Salam and USD300 Million of Murabaha Sukuk in the capital market. BKSC is a member of TSE (Tehran Stock Exchange), IME (Iran Mercantile Exchange), IRENEX (Iran Energy Exchange) and OTC (Fara bourse) of Iran and have always been among the high ranked traders of futures, petrochemicals and metals in IME.

Mehr Exchange Company¹²

Mehr Exchange Company officially started its operations in 2004 aimed at preventing money-laundering, valuing customers' rights and balancing the forex market. The company is engaged in foreign currencies exchange, spot transactions, bills of exchange, gold and silver coins, and any kind of foreign exchange operations under CBI monetary and credit policies and regulations.

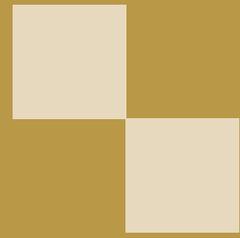


12. www.mehrexchange.com



www.bki.ir





Financial Statements¹³

Annual Report 2017 – 2018



¹³ The Financial statements have been translated from the statutory financial statements prepared in accordance with generally accepted accounting principles applicable to enterprises established in the Islamic Republic of Iran. In the event of any difference in interpreting the financial statements, the Farsi version shall prevail.



Financial Statements

Excerpt of Auditors' Report

Independent Auditors' Report to the General Assembly of Banks and BK's Shareholders:

Bank Keshavarzi financial statements, including Balance Sheet as at 20 March 2018, Investment Deposits Statement, Cash Flow Statement, Income statement, Comprehensive Income Statement, Statement of Changes in Shareholders' Equity and Explanatory Notes for the fiscal year ending on the afore-said date, have been audited by State Audit Organization (SAO).

Board of Directors' Responsibility

Subject to the accounting standards set out therein, the bank's Board of Directors shall be responsible for preparation, fair presentation and the design, implementation and maintenance of internal controls relevant to the financial statements so that they would be free of any material misstatements, whether due to fraud or errors.

Auditors' Responsibility

Our responsibility is to audit the financial statements in accordance with applicable laws and auditing standards. We, the auditors, shall also be responsible to express an independent opinion on the afore-said financial statements based on the performed audit and to report cases of non-compliance with the legal requirements of the Amended Commercial Code, Banking and Monetary laws, Usury-free Banking Operations Law and the Banks' Articles of Association.

We hereby report our opinion as to whether the financial statements provide a true and fair view and whether the financial statements have been properly prepared in accordance with the above-mentioned legal references. In addition, we report if, in our opinion, the bank does not keep proper accounting records, if we are not provided with all information we require to conduct the audit, or in case the information regarding any transaction is not disclosed.

We planned and performed our audit to obtain all the information and explanations, which we consider necessary in order to provide us with sufficient evidences to give reasonable assurance that the financial statements to be audited are free from any significant distortion,



Financial Statements

material misstatement, irregularity or error. The audit included random checks of evidences and documents supporting the figures in the financial statements. It also encompassed evaluation of accounting policies and conventions used, assessments made by the board of directors and inspection of the overall accounts presented. SAO believes that the performed audit produced a reasonable base of opinion on the financial statements. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

In our opinion:

- The report does not contain any material misstatement that would render the financials misleading.
- The Financial Statements fairly present in all material respects the financial condition and results of operations, in accordance with the Amended Commercial Code, Banking and Monetary laws, Usury-free Banking Operations Law and the Banks' Articles of Association.
- The financial statements have been properly prepared in accordance with the above-mentioned laws, regulation and standards.
- We have examined the Board of Directors' report, prepared for presentation to the General Assembly. In the course of audit, we have not noticed any material difference between the content of said report and the documents provided by the Board of Directors.
- The report on compliance of BK's operations with approved budget for the year ending March 19, 2016 has been audited and examined by SAO. No significant discrepancy has been detected regarding the compliance of the Board of Directors' Report with the approved budget and the presented financial records.
- We have not found any evidence for non-compliance of the transactions with prevailing business procedures in operations of the Bank.
- Bank Keshavarzi AML program has been found to be in compliance with the national and international AML laws, regulations and standards.

The assistance provided by BK's employees and management during the conduct of our audit is highly appreciated.

September 15, 2018
State Audit Organization



Financial Statements

Consolidated Balance Sheet

as at March 20, 2018

	Note	March 20, 2018 mil. IRR ⁴	(Unaudited) March 20, 2017 mil. IRR
ASSETS			
Cash	9	37,014,492	45,480,253
Due From Banks and Other Credit Institutions	10	10,911,698	5,963,608
Due From Government	11	149,065,894	108,846,280
Credit Granted and Due from Public Sector	12	39,263	542,984
Credit Granted and Due from Non-public Sector	13	579,679,495	466,873,736
Investment in Stocks and Other Securities	14	23,284,522	20,144,125
Due from Subsidiaries and Associates	15	1,796,224	1,311,245
Other Receivable Accounts	16	40,025,009	23,352,839
Tangible Fixed Assets	17	16,499,216	16,092,827
Intangible Assets	18	735,445	621,077
Required Reserve	19	65,419,783	45,815,668
Other Assets	20	34,904,912	29,654,268
Total Assets		959,375,953	764,698,910
LIABILITIES & SHAREHOLDERS' EQUITY			
LIABILITIES			
Due to Banks and Credit Institutions	21	80,723,227	58,832,174
Customers' Deposits	22	162,166,305	136,423,181
Payable Dividends	23	189,392	24,793
Debt Securities	24	76	76
Income Tax Provision	25	2,530,909	332,735
Provisions and Other Liabilities	26	80,269,769	135,873,314
Provision for Employment Termination Benefits and Retirement Obligations	27	13,585,886	8,764,179
Total		339,465,564	340,250,452
Customers' Investment Deposits	28	586,850,342	405,084,087
Total Liabilities		926,315,906	745,334,539
SHAREHOLDERS' EQUITY			
Capital	29	91,020,884	61,020,884
Capital Increase In-process	30	3,397,388	2,908,902
Stocks Premium Reserve	31	0	0
Legal Reserve	32	948,644	900,331
Other Reserves	33	982,414	953,514
Assets Revaluation Surplus	34	0	0
Foreign Currency Translation Differences	35	830,148	784,406
Retained Earnings (Loss)		(67,454,097)	(49,057,275)
Treasury Stocks	36	0	0
Total Main Shareholders' Equity		29,725,380	17,510,762
Non-controlling Shareholders' Equity		3,334,666	1,853,609
Total Shareholders' Equity		33,060,047	19,364,371
Total Liabilities & Shareholders' Equity		959,375,953	764,698,910

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Consolidated Income Statement

For the Fiscal Year Ended on March 20, 2018

	Note	March 20, 2018 mil. IRR	(Unaudited) March 20, 2017 mil. IRR
Income from Financial Facilities Granted, Deposits and Debt Securities	37	78,755,667	77,337,785
Cost of Deposits Interest	43	(75,638,794)	(62,227,748)
Net Income from Financial Facilities and Deposits		3,116,873	15,110,037
Bank Charges Income	44	29,228,079	25,885,898
Bank Charges Cost	45	(5,645,896)	(4,579,557)
Net Bank Charges Income		23,582,183	21,306,341
Net Profit (Loss) of Investment	38	117,305	491,028
Net Profit (Loss) of Foreign Exchange and Transactions	46	(808,818)	471,164
Other Operating Income	47	0	0
Total Operating Income		26,007,543	37,378,570
Net Other Income and Expenses	48	3,571,687	2,189,401
Administrative and General Expenses	49	(29,195,269)	(26,509,833)
Cost of Doubtful Debts Impairment	50	(4,211,872)	(7,862,105)
Financial Expenses	51	(7,143,976)	(12,641,290)
Depreciation Cost	52	(770,135)	(679,799)
Profit before Accounting Group's Share from Associates' Profit		(11,742,022)	(8,125,056)
Group's Share from Associates' Profit		924,489	654,365
Pre-Income Tax Profit (Loss)		(10,817,533)	(7,470,691)
Less:			
Income Tax - Current Year	25	(406,737)	(265,879)
Income Tax - Prior Years		(6,056,945)	(1,243,932)
Net Profit (Loss)		(17,281,215)	(8,980,502)
Net Profit (Loss) Attributable to:			
Main Shareholders (Owners of the Parent)		(17,876,632)	(9,299,433)
Non-controlling Shareholders		595,416	318,930
		(17,281,215)	(8,980,502)
EPS (IRR)	58	(237)	(460)
Basic EPS (IRR)		(237)	(460)
Diluted EPS (IRR)		0	0



Financial Statements

Consolidated Statement of Comprehensive Income

For the Fiscal Year Ended on March 20, 2018

	Note	(Unaudited)	
		March 20, 2018	March 20, 2017
		Mil. IRR	Mil. IRR
Net Profit (Loss)		(17,281,215)	(8,980,502)
Assets Revaluation Surplus	34	0	0
Foreign Operations – Foreign Currency Translation Differences	35	45,742	76,240
Comprehensive Profit (Loss) of Fiscal Year		(17,235,473)	(8,904,262)
Yearly Adjustments	53	(15,838,027)	(7,970,116)
Recognized Comprehensive Loss as of Reporting Date of Prior Year		(33,073,500)	(16,874,378)
Non-controlling Shareholders' Share from Comprehensive Profit (Loss)		595,416	318,930
Year-end Comprehensive Profit and Loss		(32,478,083)	(16,555,448)

Consolidated Statement of Changes in Shareholders' Equity

For the Fiscal Year Ended on March 20, 2018 (million IRR)

2017-2018

	Note	Capital	Capital Increase In-process	Stocks Premium Reserve	Legal Reserve	Other Reserves	Assets Revaluation Surplus	Foreign Operations - FC Translation Differences	Retained Loss	Treasury Stock	Non-controlling Shareholders' Equity	Total Shareholders' Equity
Balance as of March 21, 2017		61,020,884	2,908,902	0	900,331	953,514	0	784,406	(33,219,246)	0	1,853,609	35,202,400
Net Profit									(17,876,632)		595,416	(17,281,215)
Yearly Adjustments	53								(15,838,027)			(15,838,027)
Other Comprehensive Income (Loss) - After Tax												0
Assets Revaluation Surplus	34						0					0
Foreign Currency Translation Differences	35						45,742					45,742
Tax of Other Comprehensive Income							0	0	0			0
Total Other Comprehensive Income		0	0	0	0	0	45,742	0	0	0	0	45,742
Total Comprehensive Income		0	0	0	0	0	45,742	(33,714,659)	0	0	595,416	(33,073,501)
Loss									(843,907)		843,907	0
Changes of Non-controlling Shareholders' Equity												781,445
Other Changes in Retained Loss												781,445
Capital Increase												0
Registered Capital Increase	30	30,000,000	488,486								354	30,488,840
Unregistered Capital Increase	30		0	0								0
Treasury Stock												0
Purchase of Treasury Stock	36									0	0	0
Disposal of Treasury Stock	36			0						0	0	0
Distribution and Allocation												0
Legal Reserve	32				48,313	0			(90,793)		41,380	(1,100)
Other Reserves	33					28,900			(28,900)			0
Dividends												0
Approved Dividends	23								(338,037)			(338,037)
50% of Profit Paid to Government									0			0
0.5% of Declared Profit subject to Housing Act									0			0
Total		30,000,000	488,486	0	48,313	28,900	0	0	(520,192)	0	885,641	30,931,148
Balance as of March 20, 2018		91,020,884	3,397,388	0	948,644	982,414	0	830,148	(67,454,097)	0	3,334,666	33,060,047

To Be Continued

Financial Statements



Financial Statements

Consolidated Statement of Changes in Shareholders' Equity

For the Fiscal Year Ended on March 20, 2017 (million IRR)

2016-2017

	Capital	Capital Increase In-process	Stocks Premium Reserve	Legal Reserve	Other Reserves	Assets Revaluation Surplus	Foreign Operations - FC Translation Differences	Retained Loss	Treasury Stock	Non-controlling Shareholders' Equity	Total Shareholders' Equity
Balance as of March 20, 2016	18,020,884	7,364,790	0	796,214	628,514	0	708,166	(31,028,442)	0	1,392,320	(2,117,554)
Net Profit								(9,299,433)		318,930	(8,980,502)
Yearly Adjustments	53							(7,970,116)			(7,970,116)
Other Comprehensive Income (Loss) - After Tax											0
Assets Revaluation Surplus	34										0
Foreign Currency Translation Differences	35					76,240					76,240
Tax of Other Comprehensive Income											0
Total Other Comprehensive Income	0	0	0	0	0	0	76,240	0	0	0	76,240
Total Comprehensive Income	0	0	0	0	0	0	76,240	(17,269,549)	0	318,930	(16,874,378)
Loss								(94,153)		94,153	0
Changes of Non-controlling Shareholders' Equity											0
Other Changes in Retained Loss								31,255			31,255
Capital Increase	30	43,000,000						(9)			(9)
Registered Capital Increase											43,000,000
Unregistered Capital Increase	30	(4,455,888)								25,357	(4,430,531)
Treasury Stock											0
Purchase of Treasury Stock	36										0
Disposal of Treasury Stock	36										0
Distribution and Allocation											0
Legal Reserve	32			104,117				(126,975)		22,858	0
Other Reserves	33				325,000			(325,000)			0
Dividends											0
Approved Dividends 50% of Profit Paid to Government	23							(97,912)			(97,912)
0.5% of Declared Profit subject to Housing Act								(145,050)			(145,050)
0.5% of Declared Profit								(1,450)			(1,450)
Total	43,000,000	(4,455,888)	0	104,117	325,000	0	0	(759,285)	0	142,359	38,356,303
Balance as of March 20, 2017	61,020,884	2,908,902	0	900,331	953,514	0	784,406	(49,057,275)	0	1,853,609	19,364,371

Financial Statements

Consolidated Cash Flow Statement

For the Fiscal Year Ended on March 20, 2018

	Note	March 20, 2018 mil. IRR	(Unaudited) March 20, 2017 mil. IRR
Operating Activities			
Cash Received for:			
Profit and Penalties of Financial Facilities Granted		77,714,025	76,314,349
Profit of Debt Securities		1,041,642	1,023,436
Bank Charges Fee		29,228,079	25,885,898
Deposits Profit		0	0
Investments Profit		272,426	491,048
Other Operating Income		0	0
Foreign Currency Exchange and Transactions		242,024	114,140
Other Income		4,368,437	2,820,296
Cash Paid for:			
Deposits Interest		(75,638,794)	(62,227,748)
Bank Charges Fee		(5,645,896)	(4,579,557)
Financial Cost		(1,798,225)	(1,167,731)
Other Operating Costs		(24,528,684)	(23,277,864)
Income Tax		(6,463,682)	(1,509,811)
Cash Inflow (Outflow) from Operating Activities before Changes in Operating Assets and Liabilities		(1,208,647)	(13,886,456)
Cash Flow from Changes in Operating Assets and Liabilities			
Net Increase (Decrease) in Liabilities:			
Due to Banks and Other Credit Institutions		(15,858,698)	(99,656,730)
Customers' Deposits		25,743,124	42,853,582
Debt Securities		0	0
Income Tax Provision		2,198,174	(1,197,482)
Operating Portion of Provisions and other Liabilities		(24,334,362)	4,772,368
Investment Deposits Owners		181,766,255	83,625,424
Net Assets Impairment (Appreciation):			
Due from Banks and Other Credit Institutions		(4,948,089)	(4,885,039)
Principal of Due from Government		(40,219,614)	2,800,106
Principal of Financial Facilities Granted and Due from Public Persons		503,721	129,614
Principal of Financial Facilities Granted and Due from Non-public Persons		(117,017,631)	(45,062,838)
Investment in Stocks and Other Securities		(3,094,655)	(10,721,394)
Due from Subsidiaries and Associates		(484,979)	(1,049,464)
Other Accounts Receivable		(16,672,170)	(13,873,598)
Required Reserve		(19,604,115)	(10,227,800)
Operating Portion of Other Assets		(5,250,644)	8,832,172
Cash Flow from Changes in Operating Assets and Liabilities		(37,273,683)	(43,661,081)
Net Cash Inflow (Outflow) before Operating Activities	54	(38,482,330)	(29,774,625)
Net Cash Inflow (Outflow) from Operating Activities			
Investing Activities			
Payments for Acquisition of Fixed Tangible Assets		(1,176,524)	(1,403,868)
Proceeds from Disposal of Fixed Tangible Assets		127,739	23,470
Payments for Acquisition of Intangible Assets		(114,366)	(120,512)
Proceeds from Disposal of Intangible Assets		0	0
Payments for Acquisition of Non-operating Properties and Real-estates		0	0
Proceeds from Disposal of Non-operating Properties and Real-estates		0	0
Net Cash Inflow (Outflow) from Investing Activities		(1,163,151)	(1,500,910)
Net Cash Inflow (Outflow) before Financing Activities		(39,645,481)	(31,275,535)
Financing Activities			
Increase of Cash Capital		0	37,700,000
Treasury Stocks Trading		0	0
Proceeds from Stocks Premium		0	0
Dividends Paid to Minority Shareholders		(173,438)	(113,077)
Financial Facilities Received		76,218,600	16,553,000
Repayment of Financial Facilities Principal		(43,814,600)	(29,473,283)
Net Cash Inflow from Financing Activities		32,230,562	24,666,640
Net (Decrease) in Cash Funds		(7,414,919)	(6,608,895)
Cash at the Beginning of the Year		45,480,253	51,732,124
Effects of Exchange Rate Changes on Cash		(1,050,842)	357,024
Cash at the End of the Year		37,014,492	45,480,253
Non-cash Transactions		189,074,232	145,710,076



Financial Statements

Balance Sheet

as at March 20, 2018

	Note	March 20, 2018 mil. IRR ⁶	(Restated) ⁵ March 20, 2017 mil. IRR
ASSETS			
Cash	9	36,100,456	44,939,574
Due From Banks and Other Credit Institutions	10	10,911,698	5,963,608
Due From Government	11	149,065,894	108,846,280
Credit Granted and Due from Public Sector	12	39,263	542,984
Credit Granted and Due from Non-public Sector	13	592,235,595	479,734,977
Investment in Stocks and Other Securities	14	16,192,537	13,808,491
Due from Subsidiaries and Associates	15	24,139,789	20,244,932
Other Receivable Accounts	16	29,492,990	17,934,119
Tangible Fixed Assets	17	11,242,525	10,720,920
Intangible Assets	18	645,236	528,572
Required Reserve	19	65,419,783	45,815,668
Other Assets	20	25,854,707	20,651,524
Total Assets		961,340,473	769,731,649
LIABILITIES & SHAREHOLDERS' EQUITY			
LIABILITIES			
Due to Banks and Credit Institutions	21	77,940,135	56,049,803
Customers' Deposits	22	162,890,473	137,834,331
Payable Dividends	23	0	0
Debt Securities	24	76	76
Income Tax Provision	25	2,009,836	42,739
Provisions and Other Liabilities	26	71,766,698	128,083,731
Provision for Employment Termination Benefits and Retirement Obligations	27	13,133,377	8,342,383
Total		327,740,595	330,353,063
Customers' Investment Deposits	28	588,104,589	405,140,711
Total Liabilities		915,845,184	735,493,774
SHAREHOLDERS' EQUITY			
Capital	29	91,020,884	61,020,884
Capital Increase In-process	30	3,397,388	2,908,902
Stocks Premium Reserve	31	0	0
Legal Reserve	32	770,317	770,317
Other Reserves	33	0	0
Surplus of Assets Revaluation	34	0	0
Foreign Currency Translation Differences	35	0	0
Retained Loss		(49,693,300)	(30,462,228)
Treasury Stocks	36	0	0
Total Shareholders' Equity		45,495,289	34,237,875
Total Liabilities & Shareholders' Equity		961,340,473	769,731,649

Financial Statements

Investment Deposits Statement

For the Fiscal Year Ended on March 20, 2018

	Note	March 20, 2018 Mil. IRR	(Restated) March 20, 2017 Mil. IRR
Operating Income			
Income from Financial Facilities	37	78,236,401	76,442,412
Income from Deposits and Debt Securities	37	25	119,684
Net Investment Profit (Loss)	38	181,500	238,711
Total Operating Income		78,417,926	76,800,807
Bank Resources' Share from Operating Income	39	(19,384,293)	(30,551,550)
Depositors' Share from Operating Income before Commission		59,033,633	46,249,257
Commission	40	(4,346,868)	(3,234,439)
Depositors' Share from Operating Income		54,686,765	43,014,818
Prize for Legal Reserve of Investment Deposits	39	448,414	331,880
Compensation for the Surplus Cost of Depositors' Free Resources to Operating Uses	41	0	0
Finalized Profit Belonging to Investment Deposits		55,135,179	43,346,698
On-account Profit Paid to Investment Deposits	42	(75,741,073)	(62,277,894)
Difference of Profit Payable (Paid Profit Surplus) to Depositors		(20,605,894)	(18,931,196)

Income Statement

For the Fiscal Year Ended on March 20, 2018

	Note	March 20, 2018 mil. IRR	(Restated) March 20, 2017 mil. IRR
Income from Financial Facilities Granted, Deposits and Debt Securities	37	79,536,769	78,180,948
Cost of Deposits Interest	43	(75,811,595)	(62,395,113)
Net Income from Financial Facilities and Deposits		3,725,174	15,785,835
Bank Charges Income	44	29,228,079	26,598,139
Bank Charges Cost	45	(5,645,896)	(4,579,557)
Net Bank Charges Income		23,582,183	22,018,582
Net Profit (Loss) of Investment	38	181,500	238,711
Net Profit (Loss) of Foreign Exchange and Transactions	46	(1,050,842)	357,024
Other Operating Income	47	0	0
Total Operating Income		26,438,015	38,400,152
Net Other Income and Expenses	48	897,659	(15,719)
Administrative and General Expenses	49	(29,198,514)	(25,846,706)
Cost of Doubtful Debts Impairment	50	(4,201,137)	(7,788,000)
Financial Expenses	51	(6,480,668)	(12,218,690)
Depreciation Cost	52	(676,235)	(590,305)
Pre-Income Tax Profit (Loss)		(13,220,880)	(8,059,268)
Less: Income Tax		0	0
Current Year		0	0
Prior Years	25	(6,010,192)	(1,240,737)
Net Profit (Loss)		(19,231,072)	(9,300,005)
Earnings (Loss) per Share (IRR)	58	(263)	(476)
Basic Earnings (Loss) per Share (IRR)	58	(263)	(476)
Diluted Earnings (Loss) per Share (IRR)		0	0



Financial Statements

Statement of Comprehensive Income

For the Fiscal Year Ended on March 20, 2018

		(Restated)	
	Note	March 20, 2018	March 20, 2017
		Mil. IRR	Mil. IRR
Net Profit (Loss)		(19,231,072)	(9,300,005)
Assets Revaluation Surplus	34	0	0
Foreign Operations – Foreign Currency Translation Differences	35	0	0
Comprehensive Profit (Loss) of Fiscal Year		(19,231,072)	(9,300,005)
Yearly Adjustments	53	(15,796,228)	(7,826,907)
Recognized Comprehensive Loss as of Reporting Date of Prior Year		(35,027,300)	(17,126,912)

Financial Statements

Statement of Changes in Shareholders' Equity

For the Fiscal Year Ended on March 20, 2018 (million IRR)

2017-2018

Note	Capital	Capital Increase In-process	Stocks Premium Reserve	Legal Reserve	Other Reserves	Assets Revaluation Surplus	Foreign Operations - FC Translation Differences	Retained Loss	Treasury Stock	Total Shareholders' Equity
Balance as of March 21, 2017	61,020,884	2,908,902	0	770,317	0	0	0	(14,666,000)	0	50,034,103
Net Profit								(19,231,072)		(19,231,072)
Yearly Adjustments	53							(15,796,228)		(15,796,228)
Other Comprehensive Income (Loss) - After Tax										0
Assets Revaluation Surplus	34									0
Foreign Currency Translation Differences	35									0
Tax of Other Comprehensive Income										0
Total Other	0	0	0	0	0	0	0	0	0	0
Comprehensive Income	0	0	0	0	0	0	0	0	0	0
Comprehensive Loss	0	0	0	0	0	0	0	(35,027,300)	0	(35,027,300)
Capital Increase										
Registered Capital Increase	30	30,000,000								30,000,000
Unregistered Capital Increase	30	488,486								488,486
Treasury Stock										0
Purchase of Treasury Stock	36									0
Disposal of Treasury Stock	36									0
Distribution and Allocation										0
Legal Reserve	32									0
Other Reserves	33									0
Dividends										0
Approved Dividends	23									0
50% of Profit Paid to Government										0
0.5% of Declared Profit subject to Housing Act										0
Total		30,000,000	488,486	0	0	0	0	0	0	30,488,486
Balance as of March 20, 2018		91,020,884	3,397,388	0	770,317	0	0	(49,693,300)	0	45,495,289

To Be Continued ...



Financial Statements

Statement of Changes in Shareholders' Equity

For the Fiscal Year Ended on March 20, 2017 (million IRR)

	2016-2017							(Restated)		
Note	Capital	Capital Increase In-process	Stocks Premium Reserve	Legal Reserve	Other Reserves	Assets Revaluation Surplus	Foreign Operations - FC Translation Differences	Retained Loss	Treasury Stock	Total Shareholders' Equity
Balance as of March 20, 2016	18,020,884	7,364,790	0	726,802	54,775	0	0	(13,145,301)	0	(13,021,950)
Net Profit								(9,300,005)		(9,300,005)
Yearly Adjustments	53							(7,826,907)		(7,826,907)
Other Comprehensive Income (Loss) - After Tax										0
Assets Revaluation Surplus	34					0				0
Foreign Currency Translation Differences	35				(54,775)		0			(54,775)
Tax of Other Comprehensive Income										0
Total Other Comprehensive Income		0	0	0	(54,775)	0	0	0	0	(54,775)
Total Comprehensive Income		0	0	0	(54,775)	0	0	0	0	(54,775)
Total Comprehensive Loss		0	0	0	(54,775)	0	0	(17,126,912)	0	(17,181,687)
Capital Increase										
Registered Capital Increase	30	43,000,000	0							43,000,000
Unregistered Capital Increase	30	(4,455,888)	0							(4,455,888)
Treasury Stock										
Purchase of Treasury Stock	36								0	0
Disposal of Treasury Stock	36								0	0
Distribution and Allocation										
Legal Reserve	32			43,515				(43,515)		0
Other Reserves	33				0					0
Dividends		0								0
Approved Dividends	23									0
50% of Profit Paid to Government		0						(145,050)		(145,050)
0.5% of Declared Profit subject to Housing Act								(1,450)		(1,450)
Total		43,000,000	(4,455,888)	0	43,515	0	0	(190,015)	0	38,397,612
Balance as of March 20, 2017		61,020,884	2,908,902	0	770,317	0	0	(30,462,228)	0	34,237,875

Financial Statements

Cash Flow Statement

For the Fiscal Year Ended on March 20, 2018

	Note	March 20, 2018 mil. IRR	(Restated) March 20, 2017 mil. IRR
Operating Activities			
Cash Received for:			
Profit and Penalties of Financial Facilities Granted		78,870,686	59,630,844
Profit of Debt Securities		666,083	687,494
Bank Charges Fee		29,228,079	4,676,641
Deposits Profit		0	0
Investments Profit		336,612	239,836
Other Operating Income		0	0
Other Income		869,870	(26,993)
Cash Paid for:			
Deposits Interest		(75,811,595)	(62,395,113)
Bank Charges Fee		(5,645,896)	(4,579,557)
Financial Cost		(1,798,225)	(1,167,731)
Other Operating Costs		(24,562,632)	(22,679,521)
Income Tax		1,967,097	4,758,195
Cash Inflow (Outflow) from Operating Activities before Changes in Operating Assets and Liabilities		4,120,079	(20,855,905)
Cash Flow from Changes in Operating Assets and Liabilities:			
Net Increase (Decrease) in Liabilities:			
Due to Banks and Other Credit Institutions		(9,909,667)	(87,887,239)
Customers' Deposits		25,056,141	43,158,323
Debt Securities		0	0
Operating Portion of Provisions and other Liabilities		(36,521,184)	3,115,081
Investment Deposits Owners		182,963,878	83,660,493
Net Assets Impairment (Appreciation):			
Due from Banks and Other Credit Institutions		(4,948,090)	(4,878,132)
Principal of Due from Government		(40,219,614)	10,803,321
Principal of Financial Facilities Granted and Due from Public Persons		503,721	129,614
Principal of Financial Facilities Granted and Due from Non-public Persons		(116,701,754)	(35,128,176)
Investment in Stocks and Other Securities		(2,384,046)	(11,674,709)
Due from Subsidiaries and Associates		(3,894,857)	(2,690,189)
Other Accounts Receivable		(11,558,871)	(5,601,113)
Required Reserve		(19,604,115)	(10,227,800)
Operating Portion of Other Assets		(5,203,182)	9,423,445
Cash Flow from Changes in Operating Assets and Liabilities		(42,421,640)	(7,797,081)
Net Cash Inflow (Outflow) before Operating Activities	54	(38,301,561)	(28,652,986)
Investing Activities			
Payments for Acquisition of Fixed Tangible Assets		(1,197,840)	(1,105,313)
Proceeds from Disposal of Fixed Tangible Assets		27,789	11,274
Payments for Acquisition of Intangible Assets		(116,664)	(112,802)
Proceeds from Disposal of Intangible Assets		0	0
Payments for Acquisition of Non-operating Properties and Real-estates		0	0
Proceeds from Disposal of Non-operating Properties and Real-estates		0	0
Net Cash Inflow (Outflow) from Investing Activities		(1,286,715)	(1,206,841)
Net Cash Inflow (Outflow) before Financing Activities		(39,588,276)	(29,859,827)
Financing Activities			
Increase of Cash Capital		0	37,700,000
Treasury Stocks Trading		0	0
Proceeds from Stocks Premium		0	0
Dividends Paid		0	0
Financial Facilities Received		31,800,000	0
Repayment of Financial Facilities Principal		0	(14,218,283)
Net Cash Inflow from Financing Activities		31,800,000	23,481,717
Net (Decrease) in Cash Funds		(7,788,276)	(6,378,110)
Cash at the Beginning of the Year		44,939,574	50,960,660
Effects of Exchange Rate Changes on Cash		(1,050,842)	357,024
Cash at the End of the Year		<u>36,100,456</u>	<u>44,939,574</u>
Non-cash Transactions		189,074,232	145,710,076