



In the Name of God
Ministry of Economic Affairs and Finance
Audit Organization
Report of the Independent Auditor and Legal Inspector to the
Ordinary General Meeting of Shareholders

Bank Mellat
(Public Joint Stock Company)

Report on the financial statements

1. The consolidated financial statements of the **Group and Bank Mellat (PJSC)** including balance sheets on March 20, 2017 and profit and loss statements, comprehensive profit and loss statement and cash flow statements for the fiscal year ended on the said date, together with accompanying Explanatory Notes 1-63 have been audited by this Organization.

Responsibility of the Board of Directors in Respect of Financial Statements

2. The Bank's Board of Directors are responsible for preparation of financial statements according to the accounting standards. Such responsibility includes design, exercise and maintenance of internal controls related to preparation of financial statements, in a manner that such statements are free from material misstatement, whether due to fraud or mistake.

Responsibility of the Auditor and Legal Inspector

3. Our responsibility is to express our opinion on the financial statements based on our audit and in accordance with the auditing standards. This organization is obliged under the said standards to comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidences about the amounts and other information disclosures in the financial statements. The deployed procedures depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or mistake. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is adequate and appropriate to provide a basis for our expressing qualified opinion concerning the consolidated financial statements of the group and the bank.

Additionally, this organization is responsible, while acting as the legal inspector, to report to the Ordinary General Meeting of the shareholders the required cases and also any deviation of bank from the legal requirements set out in the Monetary and Banking Act, Usury-free Banking Operations Act, amendment to the Commercial Law, as well as provisions of the Articles of Association of the Bank.

Bases for Expressing Qualified Opinion

- 4- By virtue of article 34 of the bank staff retirement & invalidity fund's articles of association, the resource shortage of the fund shall be secured by the constituent banks. Based on the actuary assessments, the share of the reported bank in this shortage until March 20, 2017 is determined IRR 34,983 billion. It is worth to note that while the bank objecting the criteria under question in actuary assessments in privatization phase (March 20, 2009) and thereafter, the reported bank has saved IRR 11,899 billion as provisions in the accounts. Given that, it is necessary to calculate sufficient provisions in the accounts. Determining the accounts adjustment scope is, however, subject to the fate of the Bank's objection.
- 5- As detailed in the explanatory notes (9) and (10) in the reported fiscal year, a part of customers' current and non-current liabilities amounting IRR 87,245 billion (preceding year: IRR 82,607 billion) has been restructured based on new terms and conditions and have been transferred to the current debt category. Reviews made on the status of restructured figures indicate failure in collection of total debts at the maturity dates. Additionally, the provisions of Circulars 2823MB, dated February 24, 2007, 91/21270, dated April 19, 2012 and 93/337180, dated March 05, 2015 issued by the Central Bank of Iran concerning breaking down and classification of granted loans and non-return of provisions taken for the restructured loans and considering the required reserve for doubtful loans and receiving valuable collaterals have not been completely complied with. Furthermore, as so reflected in explanatory notes 6-4 and 7-1-2-10 of financial statements, the bank has identified delay payment charges of the NPLs against the previous years and has considered them under the category of the income of the granted facilities. Considering the above said issues and accounting standards, although adjustments are essential in this regard, it is not possible for this organization to determine the exact amount.
- 6- The entry of dues from the government (explanatory note 8 of financial statements), including IRR 9,422 billion (principal IRR 4,845 billion and interest IRR 4,577 billion) are mainly related to the actuary cost prior to privatization of the Bank, credit facilities from ABC Bank, Naghadeh Azar Ghand Co. and other dues for which no documents, indicating that they are guaranteed by the government, has been provided to this Organization; hence, the authenticity of classification of the above-said items as part of the dues from the government is not confirm for this organization. Furthermore, the amount of IRR 2,938 billion for FX rate difference of

issuing date and expiry date of the FX granted facilities of the previous years out of OSF, based on approval of the Cabinet and subsequent amendments subject to article 22 of the executive code of conducts of the article 20 of “the law on removing competitive production obstacles and promoting financial system of the state” and are reflected in the dues from government and interest of the reported fiscal year without fully complying with the said code of conducts. Also as for calculating the deferred interest of the dues from the government for the preceding years, about IRR 26,512 billion (including IRR 9,856 billion for delay payment charges of the reporting fiscal year) has been reflected in the accounts based on transactional contracts interest rates, for which we have been provided with no documents indicating the government accepting such rates.

- 7- During the reported fiscal year, cost price of investments in foreign companies amounting IRR 3,580 billion has transferred from investments headline to the account of dues from Tarh Va Andisheh Behsaz Mellat Co. Moreover, mutual accounts of bank Mellat and the above-said foreign companies are being set off with each other and amount of EUR 25 Million of net claim has been posted in receivable accounts from Tarh Va Andisheh Behsaz Mellat Co., but documents for status of said investments and the said set off are not presented to this organization. It is worth to note, audited financial statements of Tarh Va Andisheh Behsaz Mellat Co. has shown no debit to Bank Mellat. Performed investigations indicate that total assets and liabilities of the said foreign companies shall be transferred to Tarh Va Andisheh Behsaz Mellat Co. and after notification of breaking up and accomplishment the legal formalities and finalizing the liquidation, bank’s investment in above companies shall be terminated. However, by assuming the investment amount as claim from Tarh Va Andisheh Behsaz Mellat Co. the bank has translated the receivable amounts and has identified the amount of IRR 5,166 billion of the profit duo to the translation. Furthermore, headline of investment in stocks and other securities (Explanatory Note 13 of financial statements) includes the amount of IRR 2,087 billion of the cost price of investment in other banks and foreign companies that we are not provided with the required information on above investment status.

Qualified opinion:

In the opinion of this organization, except for the effects reflected in clauses (4) to (7), the above said financial statements fairly represent, in all material respects, financial position of the group and Bank Mellat (Public Joint Stock Co.) as at March 20, 2017 their financial performance and their cash flows for the year ended on the said date in accordance with accounting standards.

Emphasis on a specific Matter

The opinion of this organization is not qualified for the following provisions 9 to 11:

- 9- In accordance with explanatory notes 6-3 and 19 of financial statements, based on the instruction of fulfilling FX commitments bearing No. 60/1015 dated December 07, 2013 of the central bank, the reported Bank by registering FX commitments of reference rate in the central

bank's system claimed allocation of USD 1,070 million from that bank. To this end, the amount of IRR 18,343 billion in previous years and IRR 1,853 billion in the reported fiscal year are identified as FX translation profit that the probability of the future economic benefits and determining of financial effects of above-said FX liabilities on financial statements is subject to resolving the matter with central bank. It is worth to note, in this regard, central bank has withdrawn IRR 2,537 billion (explanatory note 6-4 of financial statements) from current account of bank Mellat by the end of solar year 1390 (March 2012)

- 10- As reflected in explanatory note 25 of financial statements, the bank based on the vote of tax dispute resolving board for 2010 fiscal year about accepting doubtful loans expenses, has reflected tax reserves in respective accounts by assuming admission of such expenses for fiscal years 2013 and 2014 (regardless of issued definite and assessed certificates). It is worth to note that bank has objected the issued definite and assessed certificates for the previous years and the issue is under investigation by dispute resolving council and tax high council. However, we are not provided with evidences indicating issuing of the vote of competent authorities. Furthermore, the performance tax of 2015 that is declared IRR 789 billion by the bank, the amount of IRR 12,452 billion is assessed by tax authorities and performance tax of the reported fiscal year is reflected in accounts based on declared profit. Making sure of the sufficiency of the existing provision is subject to final resolving of the instances with the tax authorities.
- 11- Based on the available information, the detected abused financial funds of the bank during the reported fiscal year is over IRR 85 billion (IRR 602 billion for previous year) and until date of this report, the sum of IRR 19 billion have been collections in this regard.

Report on other Legal and Regulatory Requirements of Bank Mellat (PJSC)
Report on other Responsibilities of Legal Inspector

- 12- Instances of failure in complying with some provisions of the Monetary and Banking Act and circular letters supervising banking operations and binding circular in 2016 have been notified to the Central Bank of Iran through a separate letter No961227 dated July 11 2017 by this Organization.
- 13- Headline of other accounts receivable (explanatory notes 17-3-1 of financial statements) includes IRR 24,815 billion of receivable dividend from investee companies related to previous fiscal years that has not been collected yet.
- 14- FX core banking system subject of article 19, chapter 5 of central bank's policy-supervisory package of 2010 despite of lunching, until date of this report is not established in some previous years pending cases and foreign exchange facilities and, as a result, discrepancy of items in transit have not been timely reconciled. Furthermore, the headline of items in transit (explanatory note 18 of financial statements) including some considerable debtor and creditor unreconciled items which have not been clarified until preparing date of this report.

15- Instances of non-compliance with the legal obligations set out in the amendment of the commercial law and bank's Articles of Associations are as follows:

15-1- Article 106 of the commercial law about registration of annual general meeting minutes in companies' registration office.

15-2- Follow-ups made by the bank for orders assigned at the ordinary general meeting dated September 29, 2016 of the shareholders for clauses 4, 5, 6, 9 and 10 of this report and also collecting debts from Municipality (Tehran and Mashhad) has reached no final result.

15-3- provisions of the bank's articles of association is failed to comply with in some of the following issues:

15-3-1. As explained in explanatory note 30-2-2, the capital adequacy ratio of the bank is 1.7% less than the limit set out in the CBI requirements (equal to 8%) that considering the effects of clauses 4 to 7 of this report, it will be even less than the above figure.

15-3-2. Articles 7 concerning the max 5% permitted ceiling of the direct or indirect ownership of the bank's shares by legal entities (Tamin Atiyeh fund of bank Mellat 6.45%).

15-3-3. Article 11 concerning prohibition of purchasing the bank's shares by subsidiaries on which the Bank has control or influence (Mellat financial group, Behsaz Mosharekathaye Mellat and Behsazan Co. and Mellat market making funds).

15-3-4- Articles 61 and 62 concerning publishing election notice of the board members by the CEO on the widely circulated newspaper 6 months before holding of annual general meeting and sending the specifications of the nominees 3 months before holding annual general meeting to the CBI in order to be approved.

16- Transactions recorded in explanatory note 60-3 as all transactions subject to article 129 of commercial law amendment performed during the reported fiscal year and notified to this organization by the board and are being investigated. About the said transactions, complying with provisions of the above said articles regarding obtaining approval from board members and non-participation of beneficial manager in the voting process has been complied with. Furthermore, we have found no evidence indicating said transactions have not been conducted under appropriate commercial conditions and common order of the bank's operations.

17- We have assessed the board members report concerning the operations and general status of the bank, subject to article (232) of amendment of the commercial law, which was provided to be presented to the shareholders' Ordinary Annual General Meeting. To this end, we have found no material instances indicating discrepancy of the information set out in the said report with the documents presented by the board members.

18- Executive directive of disclosing information of the companies listed on the TSE also the guidelines on internal disciplinary controls of the issuers listed on the Securities and Exchange Organization, set out below, have not been complied with:

18-1- Providing and disclosing information, reports and financial statements in various intervals during the reported year on due dates.

18-2- Completely providing and disclosing of financial statements of the bank in accordance with the sample presented by the Securities and Exchange Organization.

18-3- The shareholders equity to total assets ratio is at least 30 % (in the bank under assessing is 3.8 %).

19- The detailed list of calculations related to the difference of definite and on account profit of investing deposits disclosed in explanatory note 42 of financial statements is investigated in compliance with the provisions of circular no. 126331 dated March 10, 2009 of the CBI and its subsequent amendments. We have found no cases of deviation from provisions of the said circular in this regard. It is worth to note that the bank has secured IRR 10,076 billion of the surplus profit paid to the depositors out of its own spread.

20- In execution of article (33) of the executive guideline of the Anti-Money-Laundering Act by the auditors, we have evaluated whether the provisions of the said act and the relevant by-laws and directives have been complied with based on the checklists notified by the competent authorities and audit standards.

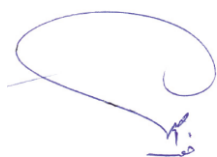
Despite establishment of the anti-money laundering department across the bank's network and adoption of some effective measures in this regard, the provisions of the said act and the applicable directives have not yet been fully implemented in the banking sector.

Date: July 19, 2017

Audit organization

Mr. Mohammad Hossein Khatibzadeh

Mr. Bahram Sadoghianzadeh



Bank Mellat
(Public Joint Stock Company)

Explanatory notes of the consolidated financial statements of the group and bank
For the fiscal Year Ending on March 20, 2017

To: the ordinary annual general meeting of shareholders

Dear Sirs,

Attached please find the consolidated financial statements of the group and bank Mellat for the fiscal year ending on March 20, 2017. Followings are the constituent parts of the financial statements:

A) Consolidated financial statements of the group:

Consolidated balance sheet

Consolidated profit & loss statement

Comprehensive consolidated profit and loss statement

Consolidated cash flow statement

B) Financial statements of the bank:

Balance sheet

Profit & loss statement

Comprehensive Profit & loss statement

Cash flow statement

C) Explanatory notes

Generalities

Accounting convention

Summary of significant accounting policies

Notes to the financial statements & other financial information

Financial statements were prepared on the basis of the accounting standards and the CBI regulations and approved by Board members of the Bank on July 18, 2017.

Board of directors	Position	Executive/non-executive	signature
Hadi Akhlaghi Feizasar	CEO & vice-chairman	executive	Signed
Mohammad Bigdeli	Chairman	executive	Signed
Alireza Lagzaei	Board member & deputy CEO	executive	Signed
Hassan Roosta	Board member	executive	Signed
Hamid Tajik Bagh khavas	Board member	executive	Signed

Bank Mellat
(Public Joint Stock Company)
Consolidated Balance Sheet
As at March 20, 2017

Assets	Note	March 20, 2017 Million Rials	(Restated) March 20, 2016 Million Rials
Cash	5	20,652,857	24,386,224
Dues from the central banks	6	242,135,839	217,618,367
Dues from banks and credit institutions	7	94,826,674	222,109,763
Dues from the government	8	88,695,296	67,470,675
Loans and advances to public sector	9	241,312,210	234,307,718
Loans and advances to other parties	10	954,589,363	830,543,165
Dues for L/Cs and time drafts	11	1,831,354	1,944,822
Participation bonds & the like	12	44,852,234	7,767,541
Investments & partnerships	13	44,329,352	42,216,820
Tangible fixed assets	14	49,341,761	47,862,235
Intangible assets	15	5,987,539	5,554,855
Other accounts and receivables	16	44,156,334	33,569,751
Other assets	17	18,368,290	18,547,272
Total assets		1,851,079,104	1,753,899,210

Contingent liabilities:

Customers' liabilities for L/Cs	57-1	123,881,237	40,166,498
Customers' liabilities for L/Gs	57-2	149,598,062	143,012,052
Customers other liabilities	57-3	405,461,653	310,747,933
Party to managed funds & the like	57-4	132,869,636	131,016,793

Bank Mellat
(Public Joint Stock Company)
Consolidated Balance Sheet
As at March 20, 2017

Liabilities & shareholders' equity	Note	March 20, 2017 Million Rials	(Restated) March 20, 2016 Million Rials
Liabilities:			
Dues to the central bank	19	237,826,213	192,041,794
Dues to banks and credit institutions	20	48,794,988	80,045,814
Sight deposits & the like	21	233,123,979	220,419,292
Saving deposits & the like	22	70,398,588	63,737,213
Time investment deposits	23	893,710,058	862,637,907
Other deposits	24	52,534,340	42,751,302
Payable tax	25	5,209,527	5,048,490
Provisions & other dues	26	168,736,593	139,062,709
Acceptances & endorsements	27	2,561,323	15,445,416
Payable dividend	28	663,431	632,021
Severance provisions	29	21,470,379	20,301,780
Items in transit	18	46,620,820	45,921,411
Total liabilities		1,781,650,241	1,688,045,150
Shareholders' equity:			
Capital	30	50,000,000	40,000,000
Shares of parent company owned by the subsidiaries	31	(2,175,693)	(2,003,243)
Revaluation surplus	32	0	420,484
Legal reserve	33	20,698,197	19,448,933
Other reserves	34	348,883	10,292,565
FX translation difference of foreign branches statements	35	4,259,489	3,419,795
Retained earnings (loss)		(5,871,950)	(7,874,110)
Total shareholders' equity of the parent company		67,258,925	63,704,424
Minority interest	36	2,169,938	2,149,635
Total shareholders' equity		69,428,863	65,854,059
Total liabilities & shareholders' equity		1,851,079,104	1,753,899,210
Liabilities for L/Cs	57-1	123,881,237	40,166,498
Liabilities for L/Gs	57-2	149,598,062	143,012,052
Other liabilities	27-3	405,461,653	310,747,933
Managed funds & the like	57-4	132,869,636	131,016,793

Bank Mellat
(Public Joint Stock Company)
Consolidated Profit & Loss Statement
For the Financial Year ending on March 20, 2017

	Note	2016		(Restated) 2015
		Million Rials	Million Rials	Million Rials
A- Income from joint activities :				
Profit from granted facilities	37	140,165,858		120,924,622
Income from selling goods & services	38	69,269,246		40,896,589
Profit from investments and placements	39	25,622,562		20,570,510
Total joint incomes			235,057,666	182,391,721
Less:				
Cost price of goods sold and services rendered	40	(63,815,615)		(37,935,182)
On-account profit of investment deposits	41	(146,093,403)		(134,839,753)
Depositors' profit share			(209,909,018)	(172,774,935)
Bank's profit share and spread			25,148,648	9,616,786
B- Non-joint Incomes:				
Received profit & delay payment charges	43	23,054,018		22,971,473
Received commission	44	12,267,077		12,248,843
Other incomes	45	14,476,608		24,948,748
Total non-joint income			49,797,703	60,169,064
Bank's total income			74,946,351	69,785,850
C-Expenses:				
Administrative & general expenses	46	(41,124,628)		(40,403,751)
Doubtful loans expenses	47	(4,339,476)		(10,203,397)
Actuary expenses	48	(0)		(2,500,000)
Financial expenses and profit paid to the FX deposits	49	(21,170,783)		(16,029,376)
Other expenses	50	(3,929,691)		(565,505)
Bank's total expenses			(70,564,578)	(69,702,029)
Earnings before tax			4,381,773	83,821
Less: Tax			(1,260,528)	(1,212,963)
Net Profit			3,121,245	(1,129,142)
Minority interest			121,633	120,789
Earnings (Loss) per share-IRR	53		62	(26)
Turnover of consolidated retained earnings (loss) account				
Net Profit			3,121,245	(1,129,142)
Retained earnings at the Beginning of the Year		10,549,686		20,246,158
Yearly adjustments	51	(18,278,554)		(10,277,038)
Adjusted Retained earnings (Loss) at the Beginning of the Year			(7,728,868)	9,969,120
			(4,607,623)	8,839,978
Approved dividend			0	(3,600,000)
Attributable profit			(4,607,623)	5,239,978
Profit allocation				
Legal reserves		(1,249,264)		(2,968,847)
Other reserves-capital adequacy reserve		0		(10,000,000)
			(1,249,264)	(12,968,847)
Retained earnings before deducting minority interest			(5,856,888)	(7,728,869)
Minority interest			(15,063)	(145,241)
Retained earnings (loss) at the end of the year			(5,871,950)	(7,874,110)

Bank Mellat
(Public Joint Stock Company)
Comprehensive Consolidated Cash Flow Statement
March 20, 2017

	Note	2016 <u>Million Rials</u>	2015 <u>Million Rials</u>
Net Profit(loss)		3,121,245	(1,129,142)
Assets revaluation Surplus		(420,484)	-
foreign branches operations FX translation difference	35	<u>839,694</u>	<u>(160,611)</u>
Comprehensive profit (loss) of the fiscal year		3,540,455	(1,289,753)
yearly adjustments	51	<u>(18,278,554)</u>	<u>(10,277,038)</u>
Comprehensive profit recognized from the preceding fiscal year		<u>(14,738,100)</u>	<u>(11,566,791)</u>
Minority interest from comprehensive profit (loss) of fiscal year		<u>(590,671)</u>	<u>622,150</u>

Bank Mellat
(Public Joint Stock Company)
Consolidated Cash Flow Statement
March 20, 2017

(Restated)

	Note	<u>2016</u>		<u>2015</u>
		Million Rials	Million Rials	Million Rials
Operating activities:				
Net cash inflow from operating activities	54		6,865,170	21,361,248
Return on investments & profit paid for financing:				
Paid dividend		<u>(28,975)</u>		<u>(4,733,874)</u>
Net cash outflow for profit paid for financing			(28,975)	(4,733,874)
Income Tax:				
Income tax			(4,761,501)	(9,111,432)
Investment Activities:				
Payments paid to acquire tangible fixed assets		(3,549,152)		<u>(3,873,395)</u>
Received funds for disposing tangible fixed assets		1,081,484		2,206,952
Funds paid for acquiring intangible fixed assets		(902,103)		(2,094,478)
Received funds for disposing intangible assets		<u>199,510</u>		-
Net cash outflow for investment activities			<u>(3,170,262)</u>	<u>(3,760,921)</u>
Net cash in/outflow before financing activities			(1,095,567)	3,755,021
Financing Activities:				
Payments for acquiring Bank's shares by subsidiaries		(113,705)		<u>428,225</u>
loans received(paid) from other banks by the subsidiaries		<u>(42,621)</u>		<u>191,124</u>
Net cash in-(out)flow due to financing activities			<u>(156,326)</u>	<u>619,349</u>
Net increase(decrease) in Cash			(1,251,893)	4,374,370
cash at the beginning of the year			<u>27,243,541</u>	<u>22,869,171</u>
Cash at the end of the year	55		<u>25,991,648</u>	<u>27,243,541</u>
Non-cash transactions	56		<u>1,867,356</u>	<u>5,066,309</u>

Bank Mellat
(Public Joint Stock Company)
Balance Sheet
As at March 20, 2017

Assets	Note	March 20, 2017 Million Rials	(Restated) March 20, 2016 Million Rials
Cash	5	15,746,758	18,790,194
Dues from the central bank	6	242,135,839	223,398,237
Dues from banks and credit institutions	7	89,389,909	218,737,894
Dues from government	8	88,695,296	67,470,675
Loans and advances to the public sector	9	241,312,210	234,307,718
Loans and advances to the other parties	10	966,470,129	848,737,042
Dues for L/Cs and time drafts	11	1,831,354	1,944,822
Participation bonds & the like	12	41,412,413	6,190,745
Investments & partnerships	13	26,048,977	25,383,779
Tangible fixed assets	14	41,770,900	41,731,472
Intangible assets	15	5,575,478	5,103,543
Other accounts and receivables	16	14,376,271	8,085,820
Other assets	17	59,798,308	42,397,005
Total assets		<u>1,834,563,842</u>	<u>1,742,278,946</u>
Customers' liability for L/Cs	57-1	123,881,237	40,166,498
Customers' liability for issued L/Gs	57-2	149,598,062	143,012,052
Customers Other liabilities	57-3	405,461,653	310,747,933
Party to managed funds & the like	57-4	132,869,636	131,016,793

Bank Mellat (PJSC)
Balance Sheet
As at March 20, 2017

		Mar. 20, 2017	(Restated) Mar. 20, 2016
Liabilities & shareholders' equity		Million Rials	Million Rials
Liabilities:			
Dues to the central bank	19	237,826,213	192,041,794
Dues to banks and credit institutions	20	47,730,749	78,794,275
Sight deposits & the like	21	236,556,020	224,539,824
Saving deposits & the like	22	70,442,087	63,737,998
Long-term investment deposits	23	901,802,325	870,288,480
Other deposits	24	32,695,073	27,916,083
Payable tax	25	4,049,669	4,635,420
Provisions & other dues	26	168,074,255	138,419,505
Acceptances & endorsements	27	2,561,323	15,445,416
Payable dividend	28	43,404	68,011
Severance provisions	29	21,032,585	19,972,585
Items in transit	18	46,620,820	45,921,411
Total liabilities:		1,769,434,523	1,681,780,802
 Shareholders' equity:			
Capital	30	50,000,000	40,000,000
Legal reserves	33	18,326,864	17,612,269
Other reserves	34	75,745	10,067,421
FX translation difference	35	2,233,701	1,583,125
Retained earnings (Loss)		(5,506,989)	(8,764,671)
Total shareholders' equity		65,129,321	60,498,144
Total liabilities & shareholders' equity		1,834,563,842	1,742,278,946
 Contingent liabilities:			
Liabilities for L/Cs	57-1	123,881,237	40,166,498
Liabilities for L/Gs	57-2	149,598,062	143,012,052
Other liabilities	57-3	405,461,653	310,747,933
Managed funds & the like		132,869,636	131,016,793

Bank Mellat (PJSC)
Profit & Loss Statement
For the Financial Year ending on March 20, 2017

		2016		(Restated) 2015
		Million Rials	Million Rials	Million Rials
A- Income from joint activities :				
Profit from granted loans	37	141,839,532		125,886,008
Profit from investments and deposits	39	29,804,577		19,599,843
Total joint incomes			171,644,108	145,485,850
Less:				
On-account profit of investment deposits	41	(147,876,372)		(136,014,670)
Deficit (surplus) of profit paid to depositors		0		(0)
Depositors' profit share			(147,876,372)	(136,014,670)
Bank's profit share and spread			23,767,736	9,471,180
B- Non-Joint Incomes				
Received profit & delay payment charges	43	22,915,648		22,979,079
Received commission	44	12,266,919		12,247,854
Other incomes	45	14,098,066		25,049,503
Total non-joint income			49,280,633	60,276,436
Total income			73,048,369	69,747,616
C-Expenses:				
Administrative & general expenses		(39,956,805)		(39,483,390)
Doubtful loans expenses		(4,031,013)		(10,505,803)
Severance expenses (actuary)		(0)		(2,500,000)
Financial expenses and paid profit to FX deposits		(21,102,304)		(15,588,783)
Other expenses		(3,846,247)		(490,523)
Total expenses			(68,936,370)	(68,568,499)
Earnings before tax			4,112,000	1,179,117
Less: Tax			(129,430)	(789,661)
Net profit			3,982,569	389,457
EPS – IRR	53		80	8

Turnover of retained earnings(loss) account

Net profit		3,982,569	389,457
Retained earnings at the beginning of the year	10,294,517		18,806,786
Yearly adjustments	51	(19,059,187)	(11,921,455)
Adjusted retained earnings at beginning of the year		(8,764,671)	6,885,332
Attributable profit		(4,782,101)	7,274,789
Approved dividend		0	(3,600,000)
Profit allocation:		(4,782,101)	3,674,789
Legal reserves		(724,888)	(2,439,461)
Capital adequacy reserve		0	(10,000,000)
		(724,888)	(12,439,461)
Retained earnings (loss) at the year end		(5,506,989)	(8,764,671)

Bank Mellat
(Public Joint Stock Company)
Comprehensive Profit & Loss Statement

March 20, 2017

	Note	2016	(Restated) 2015
		<u>Million Rials</u>	<u>Million Rials</u>
Net profit		3,982,569	389,457
Foreign currency translation difference of foreign branches	35	650,576	(494,140)
Comprehensive profit(loss) of fiscal year		<u>4,633,145</u>	<u>(104,682)</u>
Yearly adjustments	51	(19,059,187)	(11,921,455)
Comprehensive profit (loss) recognized from the preceding fiscal year's report		<u>(14,426,042)</u>	<u>(12,026,136)</u>

Bank Mellat
(Public Joint Stock Company)
Cash Flow Statement
March 20, 2017

(Restated)

	Note	2016		2015
		Million Rials	Million Rials	Million Rials
Operating activities:				
Net cash inflow from operating activities	54		998,230	29,195,811
Return on investments & profit paid for financing:				
Paid dividend		<u>(24,607)</u>		<u>(3,605,800)</u>
Net cash (outflow) from profit paid for financing			(24,607)	(3,605,800)
Income tax:				
Paid income tax			(3,815,181)	(8,417,436)
Investment activities:				
Funds paid for acquiring tangible fixed assets		(2,152,117)		<u>(4,249,406)</u>
Funds received for disposing tangible fixed assets		571,943		526,222
Funds paid for acquiring intangible assets		(880,250)		(2,083,117)
Funds received for disposing intangible assets		<u>190,224</u>		<u>0</u>
Net cash (outflow) for investment activities			<u>(2,270,200)</u>	<u>(5,806,301)</u>
Net cash in/outflow before financing activities			<u>(5,111,759)</u>	<u>11,366,274</u>
Net increase (decrease) of cash			(5,111,759)	11,366,274
Cash at the beginning of the year			<u>27,845,623</u>	<u>16,479,349</u>
Cash at the end of the year	55		<u><u>22,733,864</u></u>	<u><u>27,845,623</u></u>
Non-cash transactions	56		<u>1,182,464</u>	<u>1,248,505</u>

Bank Mellat

(Public Joint Stock Company)

Explanatory notes of the consolidated financial statements of the group and bank
For the fiscal Year Ending on March 20, 2017

1- History of the bank's activities

1-1 Generalities

The group includes bank Mellat (public joint stock company) and its subsidiaries. By virtue of the resolution of general meeting of banks dated May 19, 1979, bank Mellat established on 22 July, 1980 through merger of: Tehran, Omran, Daryush, Iran international, Farhangian, Iran Insurance, Pars, Foreign Trade, Iran and Arab, Cooperative Credit and Distribution banks, and registered at the companies' registration office under no. 38077, and on the strength of the decision taken at the extraordinary general meeting of banks, held on April 06, 2008 and resolution no. T/68985, dated July 24, 2007, approved by the board of ministers, the legal entity of the bank was converted to "Public Joint Stock" and on February 11, 2009 it was the first public bank listed on the primary market of Tehran securities exchange market, in the section of banks and credit institutions and other public monetary institutes, and 5% of its shares were offered at the stock market to discover the price on February 19, 2009. Currently 17% of its shares is owned by the government, 30% is owned by Provincial Investment Companies, known as Justice (Edalat) shares, and the remainder is owned by the private and non-governmental sectors.

1-2 Major Activities:

According to provisions of Article (2) of the Articles of Association approved in 28 October 2014 and registered on 12 January 2014 in companies registrar office, the bank's activities include engagement in banking operations within the framework of the Iranian monetary and banking rules and regulations and its subsidiaries are mainly engaged in banking, leasing, investment, exchange, design and production of computer software and providing maintenance services for the created software, as detailed in Note (13-4).

1-3 Number of the branches:

The number of Bank's branches are as follows:

Branches	March 20, 2017	March 20, 2016
Branches in Tehran province	287	289
Branches in other provinces	1,288	1,292
Branches in free trade zones	9	9
Foreign branches	4	4
Total	1,588	1,594

1-4- Number of staff:

Average number of permanent and temporary staff during the fiscal year are as follows:

Description	March 20, 2017	March 20, 2016
A) Bank:		
Head office	2,540	2,553
Tehran province branches	4,159	4,142
Branches of other provinces	14,506	14,647
Total	21,205	21,342
B) Subsidiaries:	7,603	7,369
Total	28,808	28,711

2. Accounting convention

2-1. Basis for preparation of financial statements

Consolidated financial statements of the group and Bank Mellat have basically been prepared under historical cost convention, and current values have also been used when necessary.

3. Consolidation bases

3-1. consolidated financial statements were resulted from consolidation of the bank's financial statements and those of subsidiaries subject to consolidation, after deleting in-group transactions and balances and unrealized profit and loss of transactions among them. The subsidiaries have been disclosed in the Note (13-4) and their financial year ends on of March 20th (except Mellat bank Armenia).

3-2. Concerning companies acquired during the year, the results of operations thereof as of the date whose control is effectively transferred to the parent company and concerning disposed subsidiaries, the result of operations are recorded in the consolidated profit and loss statement up to the date of disposal.

3-3. Shares of the parent company acquired by the subsidiaries are recorded at the cost price in the accounts and are reflected as the equity reducer under the entry of "parent company's shares owned by the subsidiaries" in the consolidated balance sheet.

4. Summary of significant accounting policies

4-1. Inventory

Inventory is evaluated at "minimum cost price and net sales value" of each single item. If the cost price is higher than the net sales price, the difference will be recognized as the impaired value in the inventory. Cost price of inventory is determined as follows:

Explanation	Applied methods
Raw materials and packaging	Moving weighted average and FIFO
Goods in progress	Weighted average
Finished goods	Weighted average
Spare parts & accessories	Specific recognition & Moving weighted average
Inventory at reception halls of hotels	FIFO

4-2- Investments:

Evaluation method	Consolidation method	Parent company
Long-term Investments:		
Investment in subsidiaries subject to consolidation	Consolidation	Cost price (Less: accumulated impairment charges)
Investment in affiliates	Equity method	Cost price (Less: accumulated Impairment charges)
Other long-term investments	Cost price (Less: accumulated impairment charges)	Cost price (Less: accumulated Impairment charges)
Current investments:		
Liquid investments	The lower of cost price and net disposing value of all investments	The lower of cost price and net disposing value of all investments
Other current investments	The lower of cost price and net disposing value of each investment	The lower of cost price and net disposing value of each investment
Income Recognition:		
Investment in subsidiaries subject to consolidation	Consolidation	When approving dividend by the general meeting of shareholders of investee company (till approval date of financial statements)
Investment in affiliates	Equity method	When approving dividend by the general meeting of shareholders of investee company (till approval date of financial statements)
Long-term and current investments	When approving dividend by the general meeting of shareholders of investee company (till the balance sheet date)	When approving dividend by the general meeting of shareholders of investee company (till the balance sheet date)

4-3- Tangible fixed assets:

4-3-1- Tangible fixed assets, except for the items set out in the Note 4-3-2, are posted in the accounts based on the cost price. Renovation and major repairs expenditures that cause significant increase in capacity or useful life of the fixed assets or considerable improvement in their yield are considered as capital expenditure and will be depreciated during their remaining useful life. Maintenance expenses and slight repair charges spent for maintenance and repair of expected economic resources of commercial unit from standards of basic assessed operations of assets shall be considered as current expenses and will be recorded in the profit and loss statements of the year when occurred.

4-3-2- In execution of Article (62) of third development plan, the land and building of the bank was recorded in the statements on the basis of revaluated price and for IRR 11,543 billion on March 20th 2005, and the surplus amount of the said revaluation amounting IRR 10,637 billion was recorded in the account of “government’s increased capital in the bank” according to the said regulations.

Further, given the requirements of the Executive Directive – Part (B) of Clause (78) of Iranian budget Act 2011, Bank Mellat revaluated the land and building sites of all of its owned properties and recorded the sum of IRR 13,100 billion out of such revaluation in the capital increase account.

4-3-3- Tangible Fixed Assets’ depreciation is calculated based on expected future economic benefits consumption pattern (including estimated useful life by construction division experts) of the related assets, while considering the depreciation table subject of article 149 of Direct Tax Act approved in July 2015 and subsequent amendments and based on following rates and methods. Rate and depreciation method subject of the said depreciation table has had some changes since March 20, 2016. These changes have not materially affected depreciation expenses of the reported period. It is noted that on the strength of permission driven from Article 19 of executive regulations of depreciation charges subject of article 149 of direct taxes act, building depreciation which is considered in the following table with the rate of 25 years and direct method is estimated with the rate of 25 to 91 years.

Asset	2016		2015	
	Depreciation Rate	Depreciation Method	Depreciation Rate	Depreciation Method
Building and Installations	25 to 91 Years	Direct	7%	Declining
Administrative furniture	6 Years	Direct	10 Years	Direct
Computer equipment	3 Years	Direct	3 Years	Direct
Transportation Vehicles	6 Years	Direct	25%	Declining

4-3-4- Depreciation of fixed assets of the subsidiaries is calculated according to Article (149) of Direct Tax Act and at the rates and methods as follows:

Asset	2016		2015	
	Depreciation Rate	Depreciation Method	Depreciation Rate	Depreciation Method
Building	25 Years	Direct	7,8,10 and 12%	Declining
Installations	10 Years	Direct	10, 12 and 15%	Declining
Administrative furniture	5 Years	Direct	3, 5 and 10 Years	Direct
Computer equipment	3 Years	Direct	3 and 4 Years	Direct
Transportation vehicles	6 Years	Direct	20,25,30, and 35%	Declining

4-4- Goodwill:

In execution of provisions of Article (62) of the Third Development Plan, the goodwill have been recorded in the books on the basis of revaluated prices in 2004. Based on resolution of 1077th Meeting of the Money & Credit Council, no depreciation is calculated since March 20, 2006.

4-5- Consolidated Goodwill:

The accounting procedure of consolidation of the acquired businesses is conducted based on their acquisition method. The surplus of cost price of investment acquisition in the subsidiaries subject to consolidation, and affiliates subject to equity method concerning the group's share out of net fair value of recognizable assets and liabilities thereof at the time of acquisition are recognized as good will and depreciated within 20 years using direct line method. The good will resulted from acquiring affiliated companies are reflected in the book value of the long-term investment in the affiliated companies in the consolidated balance sheet.

4-6- Recognition of income derived from granted facilities, commission and delay payment charges:

With respect to the directive No, 772/MB, dated 18 July, 2005, issued by the Central Bank's department of baking studies & Regulations and on the strength of resolution of the meeting No, 1044, dated 16 July, 2005 of the Money and Credit Council, the bank's incomes have been recognized and calculated on the accrual basis. Meanwhile, based on circular No. 94/25802 dated November 30, 2015 no accrual income has been recognized for doubtful loans category.

Based on the said methods, the recognition method of the Bank's incomes are as detailed below:

Type of Income	Recognition Method
Profit of granted loans	Based on duration and balance of the principal, profit rate approved by the money and credit council and minimum expected or definite profit
Delay payments charges of repayment of loans installments	Based on duration and with regard to the amounts of overdue debt and the rate of delay payment charges set out in maturity date
Commission of issued guarantees	Cash received, recognition of income in proportion to lapse of time
Commission of other banking services	Cash- at the time of rendering services
Commission of interest-free facilities	Based on duration and balance of the principal, profit rate approved by the money and credit council

4-7- Basis for determining depositors' profit share from joint income:

By virtue of the Usury-Free Banking Act, ratified on 30 August,1983, and its bylaws and executive directives and with respect to the directive No. 1799/MB, dated January 08, 2004 issue by the Central Bank of I.R. of Iran, the profit derived from granting loans, investment in stocks and participation bonds that are recognized according to the prevailing accounting convention of the bank, is considered as joint income and the depositors' profit share is determined proportionate to investment net of their deposits in the said operations.

4-8.Foreign currency translation

4-8-1. Internal accounts

According to the Central Bank of I.R. of Iran announcement, foreign currencies have been translated at the official (transactional) rate at the date of balance sheet and non-monetary items which have been recorded at the historical cost price and in FX, have been translated at the prevailing rate of the transaction date. The balance of overdue and doubtful loans have been translated at the transactional rate at the balance sheet date and equivalent provisions have been posted as difference of the FX translation for the overdue loans.

The differences due to settlement with translation of foreign currencies are recognized as income and/or expense in the year they occurred and would be reported in the profit and loss statement.

4-8-2- Accounts due to foreign operations:

Assets and liabilities of the foreign branches are translated at the transactional exchange rate on the date of balance sheet and incomes and expenses thereof are translated at the average exchange rate. All differences on such translations are recognized in the Comprehensive Profit & Loss Statement and are classified in the balance sheet under the shareholders' equity heading. Furthermore, foreign currency translation differences that naturally comprise a part of net investment in foreign operations are recognized in the Comprehensive Profit & Loss Statement and are classified in the balance sheet under the shareholders' equities heading until disposal date of such investment.

4-9 Classification of granted facilities

Bank's granted facilities are classified based on the directive of classification of credit institutions assets, approved by Money and Credit Council, subject of Circular No. 2823/MB, dated February 24, 2007, served by banking studies and regulations department of the CBI, considering the factors of delay payment, customer's financial status and conditions of customer's activity field are assessed and classified in one of the following categories.

1. Outstanding (Max. 2 months passed from the maturity date)
2. Overdue (between 2 to 6 months passed from the maturity date)
3. NPL (between 6 to 18 months passed from the maturity date)
4. Doubtful (over 18 months passed from the maturity date)

4-10. Doubtful loans provisions

According to the directive, approved in the meetings set out in clause (4-10) of Money and Credit Council, doubtful loans provisions are calculated and posted in the accounts as detailed below:

4-10-1. General provisions are calculated equal to 1.5% (it was 2% until 20 March 2006) of the total outstanding facilities since beginning of 1385 (March 21st, 2006), except for the facilities for which specific provisions have been considered.

4-10-2. specific provisions is calculated proportionate to the outstanding overdue categories after deduction of collaterals value according to the said directive as detailed below:

Classification	provisions
Overdue loans	10%
NPLs	20%
Doubtful loans, with respect to customer's solvency	50 to 100%
loans with the principal and interest overdue for 5 years or longer	100 %

4-10-3. By virtue of circular no. 21270/91, dated April 19th, 2012, issued by the Central bank, for the loans for which more than five years has elapsed from the maturity date of principal and interest, the total outstanding loan has been considered as the basis for specific provisions without deducting the collaterals.

4-11. Severance provisions

Severance provisions are reflected in the accounts based on the one month fixed salary and continuous allowances and is calculated and posted for each year of service of the staff.

4-12. Staff leaves repurchase provisions

Concerning the accumulated leave of staff for previous years and current year, the required provision is calculated up to maximum 9 days of salary and allowances per year and reflected in the accounts.

4-13- Severance liabilities

Bank's staff are covered by pension, service and invalidity fund of the banks and their retirement, service and invalidity salaries are being paid out of the said fund. In accordance with Article 29 of the aforesaid fund, banks shall secure the fund's deficit. So, severance liabilities that are calculated based on actuary in 3-year intervals (or in case of occurrence of material changes in the actuary assumptions in the time of change) are determined and the required provisions are reflected in the accounts.

4-14. Dues from the government

Mandatory loans which have been granted based on the guarantee of the Planning and Budget Organization, are classified as dues from the government under the following conditions:

- Loans defaulted because of the loan-taker's failure for repayment, inadequacy of the relevant collaterals, or failure of the Bank's measures in debt collection.
- Overdue loans relating to acquiring capital assets plans.
- Granted loans to the ministries and governmental institutions.
- All the called debts and liabilities for the period when the bank was state-owned are related to pre-privatization.

5- Cash:

	Note	Group		Bank	
		(Restated)		(Restated)	
		March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
		Million Rials	Million Rials	Million Rials	Million Rials
Cash balance- IRR		10,375,305	9,178,997	9,788,506	9,176,963
Cash balance- FX	5-2	10,271,571	15,164,844	5,952,272	9,570,848
Cash in transit- IRR		5,495	18,796	5,495	18,796
Cash in transit- FX		486	23,587	486	23,587
Total		20,652,857	24,386,224	15,746,758	18,790,194

5-1- The cash balance (IRR-FX) in the branches are sufficiently insured against robbery and accidents based on 12-month average of 2016 up to the sum of IRR 17,231 billion.

5-2- The FX balance of the Cash- includes USD 111,533,653, EUR 51,379,206, AED 28,676,420 and other foreign currencies are equal to IRR 181,176 Million.

6- Dues from the central banks

	Note	Group		Bank	
		(Restated)		(Restated)	
		March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
		Million Rials	Million Rials	Million Rials	Million Rials
Legal deposit with the central bank of Iran	6-1	127,304,430	110,953,718	127,304,430	110,953,718
Legal deposit with the central banks of other countries		436,381	236,618	436,381	236,618
Sight deposit at the central bank	6-2	6,752,525	3,084,691	6,752,525	8,864,560
FX liabilities and translation	6-3	38,211,609	36,146,875	38,211,609	36,146,875
Nightly withdrawal from accounts	6-4	2,537,107	2,537,107	2,537,107	2,537,107
Shaparak transactions		50,408,315	41,827,321	50,408,315	41,827,321
Government deposits		14,523,047	18,942,478	14,523,047	18,942,478
Difference of FX rate of partial floating or export transactions		1,390,447	460,341	1,390,447	460,341
Dues for extra profit paid to the facilities received for wheat purchase scheme		523,279	0	523,279	0
Miscellaneous receivables	6-5	48,701	3,429,219	48,701	3,429,219
Total		242,135,839	217,618,367	242,135,839	223,398,237

- 6-1- The legal reserve deposited with the central bank has been calculated in execution of clause (3), Article (14) of Monetary and Banking Law, and based on the rates determined by the Money and Credit Council, and has been approved by the central bank; details of the said legal reserve are as follows:

	Group		Bank	
	March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
	Rate (%)	Million Rials	Rate (%)	Million Rials
Sight deposits	12.59&12.2&12	23,694,610	12	16,656,672
Non-interest-bearing saving deposits and free trade zones	10	4,930,898	10	5,321,026
Short-term & 1-year deposits	12.59&12.2&12	84,035,600	12	70,046,599
2 to 5-year long-term deposits	12.59&12.2&12	11,545,093	12	13,352,843
Guarantee and housing-purchase deposits	12.59&12.2&12	1,064,337	12	943,179
L/Cs Advance payments	12.59&12.2&12	2,033,892	12	4,633,399
Total		127,304,430		110,953,718

- 6-2- Sight deposit with the central bank:

	Group		Bank	
	March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
	Million Rials	Million Rials	Million Rials	Million Rials
Sight deposit with central bank -IRR	0	294,652	0	6,074,521
Sight deposit with central bank -FX	6,548,443	2,575,759	6,548,443	2,575,759
Sight deposit with central banks of other countries	204,082	214,280	204,082	214,280
Total	6,752,525	3,084,691	6,752,525	8,864,560

- 6-3- Pursuant to the circular No. 60/1015, dated December 7, 2013 issued by the CBI concerning bank Mellat's FX liabilities, in consideration of FX L/Cs and drafts, sum of IRR 34,697 billion (USD 1,070 million) for past FX liabilities with the reference rate and IRR 3,515 billion (equal to USD 108,000,000) for the previous FX liabilities with the exchange rate was reflected in the account of dues from the central bank and sum of IRR 18,016 billion was reflected in the account of dues to the said bank (explanatory note 19), consequently, sum of IRR 18,343 Billion profit was recognized in the previous year because of difference of reference and transactional FX rate. Also IRR 1,853 Billion profit has been recognized for this year as said in explanatory note 45.
- 6-4- As per resolution No. 47698T/M/90-34030, dated January 5, 2012, approved by 5-member council of FX reforming task force, the central bank withdrew net sum of IRR 2,537 Billion as the FX rate difference from bank Mellat's account, which has been recorded in the books as dues from the central bank. Meanwhile, the bank is following up to collect the said amount.
- 6-5- Miscellaneous receivables mainly consist of dues from the central bank for payment orders of pharmaceutical companies and contracts of French banks.

7- Dues from other banks & credit institutions:

		Group		Bank	
		March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
		Million Rials	Million Rials	Million Rials	Million Rials
Deposits held with other banks and credit institutions	7-1	57,118,834	118,258,497	59,650,870	115,107,086
Receivable profit for our deposits held with other banks		8,216,885	6,023,875	8,216,885	6,023,875
Non-interest bearing saving deposit		0	200,000	0	200,000
Short-term deposit held with banks		8,144,049	65,270,355	175,248	64,406,337
Public investment certificate of deposit of other banks		1,408,116	10,268,777	1,408,116	10,268,777
Overnight interbank placement	7-2	13,000,000	18,500,000	13,000,000	18,500,000
Payment of checks issued by other banks (unsettled)		83,179	892,862	83,179	892,862
FX Time deposits held with foreign banks		5,738,584	1,607,683	5,738,584	2,251,242
Dues from Bank Maskan	7-3	1,115,232	1,085,920	1,115,232	1,085,920
Loans granted to Bank Mellat for veterans loans scheme		1,794	1,794	1,794	1,794
Total		94,826,674	222,109,763	89,389,909	218,737,894

7-1- Deposits held with the other banks and credit institutions:

	Group		Bank	
	March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
	Million Rials	Million Rials	Million Rials	Million Rials
Sight deposits with other local banks and credit institutions- -IRR	527,938	3,378,722	527,938	455,265
Sight deposits with other local banks and credit institutions- -FX	6,609,473	28,027,317	8,381,621	27,799,363
Sight deposits with foreign banks – FX	49,981,423	86,852,458	50,741,312	86,852,458
	<u>57,118,834</u>	<u>118,258,497</u>	<u>59,650,870</u>	<u>115,107,086</u>

7-1-1- FX sight deposits are held with domestic and foreign banks which are used in domestic and international banking operations. Unreconciled items of the banking account statements concerned with FX deposits held with domestic banks are generally related to the relevant documents kept pending by branches due to lack of FX allocation by the central bank.

7-2- facilities granted to other banks and credit institutions:

Bank's Name	Type of Contract	Interest Rate	Maturity	Pledge	Outstanding balance	
					March 20, 2017	March 20, 2016
bank Tejarat	Overnight interbank loans	18 & 20	2017	No pledge & under CBI supervision	-	5,500,000
Bank Sepah	Interbank loans	25	2016	No pledge & under CBI supervision	7,000,000	7,000,000
bank Keshavarzi	Interbank loans	24	2016	No pledge & under CBI supervision	6,000,000	6,000,000
					13,000,000	18,500,000
Doubtful loans provision					-	-
Total					<u>13,000,000</u>	<u>18,500,000</u>

7-2-1- The amount of IRR 13,000 billion out of the above said amount is related to the funds paid to bank Sepah and bank Keshavarzi for buying wheat that due to non-repayment of it, equaling which a loan with 18% interest has been received from the CBI, (Explanatory Note 18-1 of financial statements for IRR 12,000 billion). It is worth to note that interest rate of facilities paid to the said banks is equal to 25 and 24% respectively.

7-3- The said receivables equaling EUR 32 million is related to, 2 issued letter of credits of bank Maskan in which legal proceedings have not yet led to collection and its fate is subject to opinion of judicial authorities. In this respect, based on the court verdict No. 9609970228200301 dated July 09, 2017 counterclaim of bank Maskan was rejected by the court and considered as null and void.

8- Dues from the government:

Dues from the government are as follows:

		Bank			
		March 20, 2017			March 20, 2016
		Principal	Interest	Balance	Balance
		Million Rials	Million Rials	Million Rials	Million Rials
Dues from the government in HO	8-1	10,071,232	55,731,473	65,802,705	51,753,204
IRR difference of contracts subject to Article 20 of the Law of removing competitive production obstacles		2,938,147	0	2,938,147	0
FX Dues from government for ABC of Bahrain		1,152,797	0	1,152,797	1,075,280
Dues from government at branches and treasury division		12,316,967	44,058,246	56,375,213	43,677,186
Less:		26,479,142	99,789,719	126,268,861	96,505,669
Following years profit of rider loans pledged by the government		0	(36,222,876)	(36,222,876)	(28,007,522)
Balance after deducting following years profit		26,479,142	63,566,844	90,045,986	68,498,147
General provisions for doubtful loans		0	0	(1,350,690)	(1,027,472)
Total Net		26,479,142	63,566,844	88,695,296	67,470,675

8-1- Dues from government in HQ are as follows:

		Bank			
		March 20, 2017			March 20, 2016
		Principal	Interest	Balance	Balance
		Million Rials	Million Rials	Million Rials	Million Rials
Deferred profit of mandatory facilities		0	52,804,546	52,804,546	38,755,259
Deficit of 2006-8 tax provisions pledged by government		0	2,926,928	2,926,928	2,926,928
Flood and earthquake victims - share of Bank Saderat		703	0	703	703
Married couples loans for 1987- share of Bank Saderat		59	0	59	59
Iran's north and northwest earthquake- share of Bank Saderat		8,946	0	8,946	8,946
Relief to flood and earthquake victims-share of Bank Melli		802	0	802	802
Salary to prisoners of war for their captivity period		128,000	0	128,000	128,000
Privatization organization Liabilities		9,932,507	0	9,932,507	9,932,507
Others		214	0	214	0
		10,071,232	55,731,473	65,802,705	51,753,204

8-2- According to the resolution No. 45251/150061 dated 21 September, 2011, of the Council of Ministers, for assigning IRR 5,292 billion of shares, ownership of shares of some companies for IRR 4,331 billion were transferred.

8-3- In execution of clause (24-3) and Part (C) of the Clause (24-3-4) of the Iranian Budget Law for the Year 2012, as per resolution No. 48485T/262656, dated March 18, 2013 of the Council of Ministers, the government's

liabilities to the banks, while taking account of the previously assigned assets of the government via shares, the properties and assets of the government and the its companies were to be settled at the discretion of the Minister of Economic Affairs and Finance, applying the method and pricing procedures approved by the assignment council. Despite conclusion of collective contract No. 90/2/11422 with the Privatization Org. concerning transferring ownership of the shares of some companies, the provisions of the said contract has not been executed. Therefore, out of IRR 12,139 billion of the bank's receivables from the Government, the shares for IRR 2,756 billion has been transferred and IRR 9,383 billion out of assignment of the shares of the preceding years has not been settled and the relevant equity rights have not been vested to the bank; therefore, the receivables and relevant profit are reflected in this heading until the settlement date.

8-4- According to the Resolution No. 48485T/262656, dated March 19, 2013, of the Council of Ministers, out of sum of IRR 9,808 billion, shares amounting IRR 530 billion has been transferred and amount of IRR 9,279 billion of assignable shares of public companies has been allocated to the Bank by Privatization Organization, but ownership has not yet been transferred and the relevant equity rights have not been vested to the bank; therefore, the relevant receivables and profit are reflected under this heading until the settlement date.

8-5- Profit of dues from the government are recognized according to the annual rate of transactional contracts notified by the CBI and based on the assumptions of the audit report as government liabilities in the accounts.

9- Loans and advances to the public sectors:

	March 20, 2017									March 20, 2016
	outstanding principal and following years profit	outstanding profit and commission	outstanding delay payment charges	received fund of profit sharing and joint account of equity partnership	following years profit	defaulted profit and commission	Total	doubtful loans provisions	Net	Net
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
installment Sale	896,829	0	0	0	0	0	896,829	(13,452)	883,376	888,649
profit sharing	1,500,000	0	0	0	0	0	1,500,000	(22,500)	1,477,500	1,447,500
equity partnership	0	0	0	0	0	0	0	0	0	977,461
Facilities granted in FX	169,095,838	30,138,238	2,492,735	0	0	0	201,726,811	(3,025,902)	198,700,908	185,814,295
Debtors for paid L/Cs in IRR	41,783	0	0	0	0	0	41,783	(627)	41,156	41,156
Foreign currency bonds	39,035,262	943,233	52,397	0	0	0	40,030,891	(600,463)	39,430,428	44,329,816
Local currency bonds	790,702	0	0	0	0	0	790,702	(11,861)	778,842	778,842
	<u>211,360,413</u>	<u>31,081,471</u>	<u>2,545,131</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>244,987,015</u>	<u>(3,674,805)</u>	<u>241,312,210</u>	<u>234,307,718</u>

9-1- Classification of granted facilities and receivables from public entities based on the directive approved by Money and Credit Council:

	March 20, 2017				
	Outstanding	Overdue	Deferred	Doubtful	Total
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Installment sale	896,829	0	0	0	896,829
Profit sharing	1,500,000	0	0	0	1,500,000
equity partnership	0	0	0	0	0
Facilities Granted in Foreign currency	201,726,811	0	0	0	201,726,811
Debtors on L/Cs paid in IRR	41,783	0	0	0	41,783
Foreign currency bonds	40,030,891	0	0	0	40,030,891
Local currency bonds	790,702	0	0	0	790,702
	<u>244,987,015</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>244,987,015</u>
Less:					
following years profit	0	0	0	0	0
Outstanding profit and commission	0	0	0	0	0
Funds received for profit sharing	0	0	0	0	0
Joint Account of equity partnership	0	0	0	0	0
Net granted facilities before deducting doubtful loans provision	<u>244,987,015</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>244,987,015</u>
General provision for doubtful loans	<u>(3,674,805)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(3,674,805)</u>
	<u>241,312,210</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>241,312,210</u>

9-2- Doubtful loans provision turnover:

	March 20, 2017			March 20, 2016		
	General Reserve	Special Reserve	Total	General Reserve	Special Reserve	Total
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Balance at the beginning of the year	3,568,138	0	3,568,138	4,792,256	0	4,792,256
Bad debts	0	0	0	0	0	0
Current year's provision	106,667	0	106,667	(1,224,118)	0	(1,224,118)
Balance at the end of the year	<u>3,674,805</u>	<u>0</u>	<u>3,674,805</u>	<u>3,568,138</u>	<u>0</u>	<u>3,568,138</u>

9-3- Facilities granted in foreign currency by sources of fund:

		March 20, 2017				March 20, 2016	
		outstanding	Overdue	Defaulted	Doubtful	Total	Total
		Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Energy Fund	9-3-1	192,934,099	0	0	0	192,934,099	176,602,854
Finance		5,766,810	0	0	0	5,766,810	9,211,441
		<u>198,700,908</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>198,700,908</u>	<u>185,814,295</u>

9-3-1- Total Facilities granted in foreign currency amounts to IRR 165,599 billion (equal to EUR 4,751 billion) out of Energy Fund to the National Iranian Oil Company for IRR 121,416 billion equaling EUR 3,483 Billion and NIORDC for IRR 44,181 billion equaling EUR 1,267.7 respectively. By virtue of Agreement dated March 17, 2014, facilities of National Iranian Oil Company was extended with a grace period of 3 years, provided that EUR 50 Million shall have been monthly collected as the profit of the said facilities and participation bonds; however, the sum of EUR 230 Million of this amount has not been collected until March 20, 2017. Therefore, subsequently, another agreement was concluded between parties based of which IRR 10,000 billion shall have been paid until the end of the Fiscal year (Explanatory Note 12) for settlement of IRR Participation bonds which is yet remaining unsettled. Furthermore, it was agreed that minimum Euro equivalent of USD 50 Million monthly and maximum USD 300 Million quarterly shall have been paid to the bank as the profit of monthly facilities out of which EUR 92 Million has been paid until June 21, 2017 which is EUR 44.5 Million less than that agreed. Meanwhile, EUR 551.8 Million equal to IRR 9,786 billion has been posted in the accounts as National Iranian Oil Company's liability for profit of the grace period until March 20, 2017.

Considering clause N of Note 2 of Budget Act of 2015, facilities granted to the National Iranian Oil Refinery and Distribution Company received a two-year moratorium which by virtue of Clause V of Note 1 of the budget act law of 2017 was extended for another two years. Therefore, during 2016 fiscal year, the said facilities are in grace period and NIORDC has about EUR 245.2 Million equal to IRR 8,548 billion liability as profit of the said grace period. In the meantime, a EUR 600 Million tranche of granted facilities has been paid to Persian Gulf Star Oil Project for which repayment of neither the principal nor the profit has been undertaken by the NIORDC and it is not clear how it is going to be settled.

9-4- Granted facilities and dues from public entities based on maturity date and profit rate:

	March 20, 2017							March 20, 2016
	24% and more	21-24%	18-21%	15-18%	12-15%	Under 12%	Total	Total
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
2016 and onward	41,727,926	-	-	883,376	-	198,700,908	241,312,210	234,307,718
March 20, 2017	41,727,926	-	-	883,376	-	198,700,908	241,312,210	234,307,718
March 20, 2016	47,604,775	-	-	888,649	-	185,814,295	234,307,718	

9-4-1- Granted facilities and dues from public entities by collaterals:

	March 20, 2017	March 20, 2016
	Million Rials	Million Rials
Check and promissory Note	3,180,874	4,163,608
binding contracts and letter of guarantee	238,131,336	230,144,111
	241,312,210	234,307,718
Unsecured loans and advances	0	0
	241,312,210	234,307,718

10- Loans and advances to other parties

	Group		Bank	
	(Restated)		(Restated)	
	March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
	Million Rials	Million Rials	Million Rials	Million Rials
Installment Sale	84,222,187	65,271,027	90,811,915	72,776,186
Reward Contract	16,604,256	16,977,746	16,604,256	21,972,164
Hire Purchase	2,417,930	2,321,867	2,487,971	2,562,223
Forward	1,545,763	544,748	1,545,763	544,748
Profit sharing	26,887,784	34,539,345	26,887,784	34,539,345
Equity partnership	341,787,474	295,922,377	348,365,929	303,066,440
forfeiting	19,378,339	11,995,031	19,378,339	12,053,127
Mark-up loans	133,011,197	129,388,138	133,011,197	129,497,096
Interest-free loan	46,957,144	37,441,100	46,957,144	37,441,100
FX Granted Facilities	218,266,300	178,711,038	218,266,300	178,711,038
Debtors for paid FX LCs	6,315,359	7,135,806	6,315,359	7,135,806
Debtors for paid LGs	2,986,749	2,244,026	2,986,749	2,244,026
Debtors for paid IRR L/Cs	6,746,023	4,347,845	6,746,023	4,347,845
Debtors for local paid L/Cs	1,408,756	377,489	1,408,756	377,489
Facilities granted by foreign branches	95,956	143,481	95,956	143,481
Redeemed Participation bonds	44,600,687	41,324,919	44,600,687	41,324,919
PIB Bank	1,357,458	1,857,182	0	0
	<u>954,589,363</u>	<u>830,543,165</u>	<u>966,470,129</u>	<u>848,737,042</u>

10-1- Loans and advances to the subsidiaries of the group are as follows:

	Group	
	March 20, 2017	March 20, 2016
	Million Rials	Million Rials
Loans and advances to other entities of the bank	966,470,129	848,737,042
Loans and advances to the subsidiaries of the group	(13,238,225)	(20,051,059)
Loans and advances to the Persia International Bank	1,357,458	1,857,182
Total	<u>954,589,363</u>	<u>830,543,165</u>

10-2- loans and advances to private sector:

	March 20, 2017								(Restated) March 20, 2016	
	outstanding principal and profit of the following years	outstanding profit and commission	outstanding delay payment charges	funds received for profit sharing	following years profit	defaulted profit and commission	Total	doubtful loans Reserve	net	Net
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Installment sale	115,301,990	10,062,364	8,298,004	0	(31,021,965)	(997,407)	101,642,986	(10,831,071)	90,811,915	72,776,186
Reward Contract	21,357,378	762,804	283,820	0	(4,460,353)	(685,711)	17,257,937	(653,681)	16,604,256	21,972,164
Hire Purchase	3,553,527	256,509	172,030	0	(896,481)	(292,721)	2,792,864	(304,893)	2,487,971	2,562,233
Forward sale	1,957,046	106,355	773,394	0	0	(94,787)	2,742,008	(1,196,245)	1,545,763	544,748
Profit sharing	26,149,744	1,596,178	2,998,672	(765)	0	0	30,743,829	(3,856,045)	26,887,784	34,539,345
equity partnership	327,027,385	24,595,553	18,176,080	0	(1)	0	369,799,016	(21,433,088)	348,365,929	303,066,439
forfeiting	20,711,450	356,215	65,101	0	(1,402,145)	(848)	19,729,773	(351,434)	19,378,339	12,053,127
Mark-up loans	152,193,634	11,021,140	1,191,828	0	(26,997,250)	(1,707,694)	135,701,658	(2,690,461)	133,011,197	129,497,096
Interest-free loan	48,584,576	204,228	72,468	0	(514)	(90,165)	48,770,591	(1,813,447)	46,957,144	37,441,100
FX granted facilities	204,049,366	22,541,352	4,883,250	0	(1,746,398)	(465,055)	229,262,516	(10,996,216)	218,266,300	178,711,038
			3,121,188							
Debtors for paid FX LCs	18,220,783	347,104	0	0	0	(233,181)	21,455,894	(15,140,535)	6,315,359	7,135,806
Debtors for paid LGs	6,116,338	0	0	0	(15,931)	(154,031)	5,946,375	(2,959,626)	2,986,749	2,244,026
Debtors for paid IRR L/Cs	8,322,118	0	0	0	0	0	8,322,118	(1,576,095)	6,746,023	4,347,845
Debtors for local paid L/Cs	1,608,845	0	0	0	0	(1,869)	1,606,975	(198,219)	1,408,756	377,489
Granted facilities for foreign branches	96,470	0	0	0	0	0	96,470	(514)	95,956	143,481
Redeemed IRR Participation bonds	31,220,861	25	14,059,000	0	0	0	45,279,885	(679,198)	44,600,687	41,324,919
	<u>986,471,509</u>	<u>71,849,829</u>	<u>54,094,833</u>	<u>(765)</u>	<u>(66,541,039)</u>	<u>(4,723,470)</u>	<u>1,041,150,896</u>	<u>(74,680,767)</u>	<u>966,470,129</u>	<u>848,737,041</u>

10-2-1- Granted facilities are comprised of following items:

10-2-1-1- Amount of IRR 147,255 billion (equal to USD 5,452 Million) the balance of granted facilities include payment of facilities to Oil Engineering and Construction Co., Petro-sina Co. totally amounting USD 4,259 Million, Petro-paydar Co. equal to USD 514.4 Million, also Setareh Khalij Fars Oil Co. USD 624.4 Million and Sabaye Kangan Oil and Gas Co. equal to USD 54.5 Million out of resources of National Development Fund for development of South Pars installations. Based on the agency contracts between this Bank and the National Development Fund, totally amounting to USD 10,440 Million, it is set out that to pay the ceiling up to USD 5 billion to be paid to Oil Engineering and Construction Co. and Petro-sina Co. until January 29, 2018, amount of USD 2,000 Million to Petr-opaydar Co. until January 11, 2018, amount of USD 1,940 Million to Setareh Khalij Fars Oil Co. until July 07, 2017, and USD 1500 Million to Sabaye-Kangan Oil and Gas Co. (Syndicate share of Bank Mellat) till September 16, 2018. It is noteworthy that USD equivalent of the contract amounts base shall be complied by equivalent rate of the CBI at the time of payment.

10-2-1-2- Amount of IRR 19,129 billion of the FX receivable profit and commission of granted facilities for 6% receivable profit of granted facilities out of National Development Fund to companies subject to 10-2-1-1 that due to the guaranty made by National Iranian Oil Co. has been posted as liability of the said company. This profit shall be collected in 3-month interval but no amount has been collected yet.

- 10-2-1-3- outstanding of principal of granted facilities amounting IRR 29,649 billion (EUR 904 Million) out of the OSF from which the amount of IRR 5,087 billion (140 EUR Million) granted facilities out of the OSF has not been set off (Note 21). Generally above granted facilities have received moratorium upon request of the applicant and delegation of power made by Central Bank to the credit authorities of the bank on making decision for the manner of settlement of liabilities.
- 10-2-1-4- Out of IRR 3,808 billion of facilities granted to Tehran Municipality and sum of EUR 190million (principal and interest) are for the L/Cs related to Wagon making and Tehran Subway Companies, which are overdue and defaulted; nevertheless, according to the MOU dated April 10, 2012 it was decided that they would be settled out of density duty of construction of the Bank's buildings. Additionally, amount of IRR 3,302 billion was received for L/Cs of Wagon Making Co. and recorded in the heading of advance payment. Nevertheless, sum of IRR 1,200 billion for Wagon Making Co. and sum of IRR 3,355 billion for core facilities has been posted to the accounts.
- 10-2-1-5- Regarding facilities granted in IRR, the amount of IRR 35,000 billion from granted facilities have received moratorium.
- 10-2-1-6- The heading of loans and advances to the private sector (explanatory note 10 of the financial statements) includes IRR 16,000 billion working capital equity partnership loan granted to the Social Security Investment Company in the current year. The initial agreement in order to enhance the level of bilateral cooperation via concentrating resources of the Ministry Of Health And Medical Education, and subsidiaries in the bank for developing suitable platforms and granting loans to the said Ministry. Settlement of principal and interest has not been realized on the maturity date (20 March, 2016); however, it has been extended by payment of interest. Meanwhile, the collateral of the said facilities is Bank Mellat,s shares, held by the Social Security Organization and Saba Taamin Investment company.
- 10-2-1-7- in execution of directive number 94/258020 dated 30/11/2015 of the CBI, a portion of interest for NPLs in IRR (the economic profit of which is likely to return to the bank) has been recognized on accrual basis.

10-3- according to the resolution of the Money and Credit Council (subject of explanatory note 4-9) classification of the loans and advances to private sector are as follows:

	March 20, 2017					March 20, 2016
	Outstanding	Overdue	Deferred	Doubtful loan	Total	Total
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Installment sale	112,420,770	575,486	2,470,394	18,195,709	133,662,358	110,323,474
Reward Contract	20,995,500	24,797	75,915	1,307,789	22,404,001	28,364,137
Hire purchase	3,350,050	21,630	213,005	497,381	3,982,066	4,058,517
Forward Sale	1,326,124	6,114	8	1,604,548	2,836,795	2,121,528
Profit sharing	20,830,822	1,283,113	2,846,376	5,784,284	30,744,594	39,222,703
Equity partnership	306,317,755	25,292,394	4,755,570	33,433,300	369,799,018	330,751,763
Forfeiting	20,548,711	107,365	476,690	0	21,132,766	13,983,609
Market-up loan	157,865,535	1,879,959	2,414,126	2,246,982	164,406,602	160,327,399
Interest-free Loan	46,971,511	297,124	513,883	1,078,752	48,861,271	39,224,643
FX granted facilities	225,813,034	118,783	763,924	4,778,227	231,473,968	193,549,352
Debtors for paid FX L/Cs	0	0	0	21,689,075	21,689,075	18,677,327
Debtors for paid LGs	2,326,462	0	0	3,789,876	6,116,338	6,838,981
Debtors for paid IRR L/Cs	6,109,827	0	0	2,212,291	8,322,118	5,633,147
Debtors for paid local L/Cs	1,249,903	0	0	358,942	1,608,845	2,080,550
Granted facilities to foreign branches	34,238	0	62,232	0	96,470	144,443
Redeemed Participation bonds	45,279,885	0	0	0	45,279,885	41,954,233
	<u>971,240,127</u>	<u>29,606,766</u>	<u>14,592,122</u>	<u>96,977,156</u>	<u>1,112,416,171</u>	<u>997,255,804</u>
Less:						
Profit of the following years	(66,541,039)	0	0	0	(66,541,039)	(63,370,974)
Deferred profit and commission	0	0	0	(4,723,470)	(4,723,470)	(13,454,455)
Received funds for profit sharing	(765)	0	0	0	(765)	(14,247)
Net granted facilities before deducting doubtful loans provision	<u>904,698,323</u>	<u>29,606,766</u>	<u>14,592,122</u>	<u>92,253,685</u>	<u>1,041,150,896</u>	<u>920,416,129</u>
General provision of doubtful loans	(13,480,818)	0	0	0	(13,480,818)	(12,510,856)
Specific provision of doubtful loans	0	(2,77,623)	(2,077,557)	(56,344,770)	(61,199,949)	(59,168,231)
	<u>891,217,505</u>	<u>26,829,143</u>	<u>12,514,566</u>	<u>35,908,916</u>	<u>966,470,129</u>	<u>848,727,041</u>

10-4- Loans and advances to the private sector by customers:

	March 20, 2017			March 20, 2016		
	Gross	Doubtful loans provision	Net	Gross	Doubtful loans provision	Net
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Real entity customers	357,618,694	(26,585,088)	331,033,607	348,867,063	(28,249,355)	320,617,708
Legal entity customers	637,735,187	(47,408,724)	590,326,463	528,332,425	(42,781,483)	485,550,942
Staff	45,797,015	(686,955)	45,110,059	43,216,641	(648,250)	42,568,392
	<u>1,041,150,896</u>	<u>(74,680,767)</u>	<u>966,470,129</u>	<u>920,416,129</u>	<u>(71,679,087)</u>	<u>848,737,041</u>

10-4-1- Loans to the staff are in the form of reward contracts for IRR 7,925 billion, Installment sales for IRR 18,758 billion and mark-up loans for IRR 1,787 billion, and interest-free loans for IRR 17,327 billion.

10-5- Loans to the subsidiary companies:

	March 20, 2017				March 20, 2016
	Current	Overdue	Doubtful loans provision	Total	Total
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Tamin sarmayeh bank Mellat	0	0	0	0	10,625
Tadbigaran behsaz mellat	14,697	0	(220)	14,477	22,959
Tehran-saveh free. way co.	0	0	0	0	39,814
Behsazan mellat Co.	360,669	0	(5,410)	355,259	59,908
Ma insurance co.	3,040	0	(46)	2,994	34,205
Rahabari sanayeh behsaz Co.	55,344	0	(830)	54,514	42,051
Bank Mellat construction Co.	5,072,754	0	(76,091)	4,996,662	11,230,431
Behsaz commercial services development Co.	2,062,332	0	(30,935)	2,031,397	2,124,241
Mellat lesing Co.	1,637,163	0	(24,557)	1,612,605	1,432,023
Tarh va andisheh behsaz mellat	0	0	0	0	6,017
Mellat financial group	3,246,855	0	(48,703)	3,198,152	4,228,518
Behsaz mosharekathay-e-mellat Co.	843,146	0	(12,647)	830,499	197,740
Fannavaran houshmand behsaz farda group	0	0	(0)	0	513,343
Others (5-1)	143,821	0	2,156	141,665	109,183
	<u>13,439,821</u>	<u>0</u>	<u>(201,596)</u>	<u>13,238,225</u>	<u>20,051,059</u>

10-5-1- This includes Bank Mellat broker, Zirsakht Khadamat Amn Tarakoneshi and Irdak companies.

11- Dues for L/Cs and time drafts

Dues for L/Cs and time drafts (fully belonging to the Bank) are as follows:

	Bank	
	March 20, 2017	March 20, 2016
	Million Rials	Million Rials
Dues for L/Cs and time drafts	1,859,243	1,974,439
Less:		
General provision of doubtful loans	<u>(27,889)</u>	<u>(29,617)</u>
	<u>1,831,354</u>	<u>1,944,822</u>

12- Participation bonds and the like

Above heading includes balance of Participation bonds and securities as explained below:

		Group		Bank	
		(Restated)		(Restated)	
		March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
		Million Rials	Million Rials	Million Rials	Million Rials
FX Securities		697,020	946,787	1,669,363	946,787
Participation bonds of Public Sector	12-1	35,755,680	1,644,164	35,755,680	1,644,164
Participation bonds of Private Sector		6,354,367	3,616,626	1,942,203	2,039,830
Government securities		709,713	1,501,891	709,713	1,501,891
Private sector Securities		1,335,454	58,073	1,335,454	58,073
		<u>44,852,234</u>	<u>7,767,541</u>	<u>41,412,413</u>	<u>6,190,745</u>

12-1- Purchasing mark-up b of the Ministry of Cooperation, Labor and Social Welfare and Ministry of Agriculture-Jahad accounts for increase in the said securities.

13- Investments & partnerships

	Note	Group			
		March 20, 2017			March 20, 2016
		Current	Long-term	Total	Total
		Million Rials	Million Rials	Million Rials	Million Rials
Investment in liquid shares	13-1	6,836,726	0	6,836,726	10,086,091
Investment in other shares	13-3	0	24,219,285	24,219,285	19,647,786
Investment in real estates	13-2	0	13,273,341	13,273,341	12,482,943
		<u>6,836,726</u>	<u>37,492,626</u>	<u>44,329,352</u>	<u>42,216,820</u>

	Note	Bank			
		March 20, 2017			March 20, 2016
		Current	Long-term	Total	Total
		Million Rials	Million Rials	Million Rials	Million Rials
Investment in other shares	13-3	0	26,048,977	26,048,977	25,383,779
		<u>0</u>	<u>26,048,977</u>	<u>26,048,977</u>	<u>25,383,779</u>

13-1- Current investment in liquid shares of the market: the group's investment in the shares of listed companies is generally related to investment of Mellat Financial Group in the listed companies.

	March 20, 2017				March 20, 2016	
	<u>No. of Shares</u>	<u>Net disposal value</u>	<u>Cost price</u>	<u>Cumulative depreciation</u>	<u>Book Value</u>	<u>Book Value</u>
	Shares	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Iranian petrochemical investment group	262,423,341	265,572	556,496	0	556,496	556,183
Isfahan refinery and oil Co.	766,000,000	2,049,051	1,278,856	0	1,278,856	1,037,846
Ertebatat sayar Co.	714,019	26,133	19,138	0	19,138	949,541
Pardis petrochemical Co.	6,013,378	562,077	55,476	0	55,476	677,013
Bank Saderat Iran	240,000,000	241,804	223,105	0	223,105	222,196
National Iranian copper industries Co.	241,172,711	484,033	584,920	0	584,920	553,086
Jam Petrochemical Co.	1,718,968	16,580	17,229	0	17,229	220,774
Iran Telecommunications Co.	129,533,090	299,480	352,507	0	352,507	338,780
Other		3,561,244	3,748,999	0	3,748,999	5,530,672
Total		<u>7,505,974</u>	<u>6,836,726</u>	<u>0</u>	<u>6,836,726</u>	<u>10,086,091</u>

13-2- Group's Investment in real estates:

	Group	
	March 20, 2017	March 20, 2016
	Million Rials	Million Rials
Shahin Shahr Land	164,317	164,317
Tabriz Land	45,508	45,508
Kerep Naz Building	5,344	5,678
3 land lots in Kelarabad	1,291	1,291
Sattarkhan Residential	668,763	439,570
Latmal Kan Trade Complex	3,211,428	2,757,010
Shahab Trade Complex	1,741,959	1,970,740
Auto Bank Project	4,764,689	4,305,422
Elahiyeh Project	1,762,926	1,625,917
Jamshidiyeh Project	907,116	905,009
Shamsabad Project	0	236,753
General expenses of MAAD Co.	0	25,730
	<u>13,273,341</u>	<u>12,482,943</u>

13-3- Investment in other companies in bank and group break down:

	Group				
	March 20, 2017				March 20, 2016
	No. of Shares	Cost price	Cumulative depreciation	Book Value	Book Value
Shares	Million Rials	Million Rials	Million Rials	Million Rials	
Bandarabbas oil refinery		4,071,194	0	4,071,194	0
Iranian petrochemical investment group		556,496	0	556,496	0
Pardis petrochemical Co.		621,537	0	621,537	0
Jahrom power plant		2,327,370	(408)	2,326,962	2,326,962
Stock exchange market mutual fund		1,399,548	102,616	1,296,932	1,197,230
Mellat market making investment fund		336,998	0	336,998	100,390
Mehr Iran Gharz-ol-hasaneh bank	2,325,000,000	2,325,000	0	2,325,000	1,092,542
Gol gohar Co.		296,444,702	0	1,122,598	1,073,981
Ore mine development Co.		537,784,079	(43,734)	1,015,840	911,323
Chadormalo mining and industrial Co.		163,538,525	(25,446)	573,992	882,772
Persian gulf petrochemical industries Co.		110,000,000	0	766,230	740,784
Ray Investment Co.		0	0	0	625,000
Eghtesad Mofid Group	12,000,000	564,519	0	564,519	520,000
Bafgh Mineral Complex Iron And Steel Industry Co.	600,530,400	1,419,999	0	1,419,999	922,412
Warrant of Bafgh Mineral Complex Iron And Steel Industry Co.		177,400	0	177,400	0
Alborz Insurance Co.		7	0	7	1,162,567
Asia Insurance Co.		2	0	2	680,373
Fars Export Industries Development Co.	40,334,644	432,419	0	432,419	449,779
Warrant of Fars Export Industries Development-		122,137	0	122,137	0
Kaveh shargh steel Co.	209,999,999	262,289	0	262,289	228,372
Tamin Sarmayeh Amin Co.		200,000	0	200,000	173,778
Warrant of Tamin Sarmayeh Amin -		100,000	0	100,000	0
Noor Credit Institution		0	0	0	149,500
Bank Ayandeh		80,224	0	80,224	0
Amin Mellat Investment Fund		0	0	0	50,714
Northwest Investment Fund of land and residential building		10,721	0	10,721	0
EIH Bank	81,508,952	1,059,064	0	1,059,064	1,059,064
Fee Bank		1,028,400	0	1,028,400	1,028,400
SHAPARAK Co.	148,016,000	94,192	0	94,192	94,192
ITFC		47,785	0	47,785	47,785
Bank's Foreign Investments		38,148	0	38,148	3,618,998
Other		3,578,878	(10,680)	3,568,199	510,868
Total		24,402,169	(182,884)	24,219,285	19,647,786

	Bank				
	March 20, 2017				March 20, 2016
	No. of Shares	Cost price	Cumulative depreciation	Book Value	Book Value
Shares	Million Rials	Million Rials	Million Rials	Million Rials	
Mellat Financial Group	11,999,995,550	17,323,351	0	17,323,351	16,090,893
Behsaz Mosharekathayeh Mellat	1,449,652,000	1,694,434	0	1,694,434	1,444,434
Fannavaran Behsaz Farda Group	549,780,000	970,239	0	970,239	470,239
PIB Bank	60,000,000	677,880	0	677,880	677,880
Mellat Bank Yerevan	6,850,000,000	1,475,807	0	1,475,807	601,165
EIH Bank	81,508,952	1,059,064	0	1,059,064	1,059,064
FEE Bank		1,028,400	0	1,028,400	1,028,400
Mellat market making investment fund	2,500	1,025,000	0	1,025,000	0
MA Insurance Co.	100,000,000	100,000	0	100,000	100,000
SHAPARAK Co.	148,016,000	94,192	0	94,192	94,192
ITFC		47,785	0	47,785	47,785
Bank's Foreign Investments		38,148	0	38,148	3,618,998
Other		525,357	(10,680)	514,677	150,729
Total		26,059,657	(10,680)	26,048,977	25,383,779

13-3-1- Considering immateriality and lack of timely access to the Financial Statements of affiliated companies, we discarded disclosure of investment in equity method.

13-4- Particulars of the subsidiaries are as follows:

Company	location	Stake %		Main Activity
		Group	Bank	
A) BANKS:				
Persia International Bank (PIB)	ENGLAND	60	60	Banking
Mellat Bank Yerevan	ARMENIA	100	100	Banking
B) Behsaz Mosharekatha Group:				
Behsaz Mosharekathay-e- Mellat Co.	IRAN	100	100	Investment
Almaseh Saz Co.	IRAN	92.93	-	production of cutting tools
Behsaman Mellat Co.	IRAN	100	-	Supplying manpower
Behris Isfahan Co.	IRAN	99.62	-	Thread production
Kerep NAZ Co.	IRAN	100	-	Textile
Irdak Co.	IRAN	99	-	Construction Contraction
Bank Mellat Construction Co.	IRAN	100	-	Construction Services
Bank Mellat printing Co.	IRAN	100	-	Printing Services
Rahbari Sanaye Behsaz Co.	IRAN	100	-	Commercial Services
Jahan Behsaz Mofarrah Co.	IRAN	100	-	Hoteling
Tehran-Saveh Free Way Co.	IRAN	55	-	Building & operating freeway
Maad Marketing And Selling Development Co.	IRAN	100	-	Management of bank's surplus real estates
C) Fannavarani Hooshmand Behsazan Farda Groupe:				
Fannavarani Hooshmand Behsazan Farda Group	IRAN	100	100	Software design & production.
Behsazan Mellat Co.	IRAN	100	-	Software design & production.
Beh Pardakht Mellat Co.	IRAN	100	-	Software design & production.
Yas Arghavani Engineering System Co.	IRAN	100	-	Software design & production.
Yas Arghavani Engineering Industry Co.	IRAN	100	-	Software design & production.
Shaghayegh Software Engineering Co.	IRAN	100	-	Software design & production.
Infrastructural safe transactional services Co.	IRAN	100	-	Installing and lunching equipment
D) Mellat Financial Group:				
Mellat Financial Group	IRAN	100	100	Investment
Behsaz Mellat Insurance Services Co.	IRAN	100	-	Insurance services
MA Insurance Co.	IRAN	17	10	Insurance services
Tadbirgaran Behsaz Mellat Co.	IRAN	100	-	Credit scoring and valuation
Tarh Va Andisheh Behsaz Mellat Co.	IRAN	100	-	Debt collection
Behsaz Commercial Services development Co.	IRAN	100	-	General trading and partnership
Mellat leasing Co.	IRAN	90	-	Leasing
Bank Mellat capital securing Co.	IRAN	100	-	Financing
Bank Mellat brokerage Co.	IRAN	100	-	stocks brokerage services
Toseh Moein Mellat Co.	IRAN	100	-	Investment
Mellat exchange office Co.	IRAN	100	-	Exchange services
Arzesh Afarin Atlas Co.	IRAN	100	-	Commissioning and commercial operations
Petro Faravaran Atlas Co.	IRAN	100	-	Commercial Services
Nosaz Construction And Services Co.	IRAN	99	-	Construction Services
Vavan home And Construction Co.	IRAN	100	-	Construction- Civil
Kavosh research township	IRAN	70	-	Civil engineering, Research and Service
Pooshesh Mellat Insurance Services Co.	IRAN	100	-	Accepting agency ship of MA Insurance and rendering insurance services
Nogam Oil And Gas Co.	IRAN	100	-	Oil and gas activities

13-5- Particulars of group affiliated companies:

Company	Location	Stake %		Main Activity
		Group	Bank	
Refah Chain Store	IRAN	10	-	Retailing
Tamin Sarmayeh Amin	IRAN	10	-	Financing
Bafgh Mining Iron And Steel Industries Complex (Project)	IRAN	40	-	Mineral materials extraction
EIH bank	GERMANY	26.31	26.31	Banking

14- Tangible Fixed Assets:

	Bank									Group	
	Land	Building	Installations	Vehicles	furniture	Computer Equip.	Assets in process	Orders and Capital prepayments	Capital Items inventory	Total	Total
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
<u>Cost Price- Revaluated</u>											
<u>Balance on March 21, 2015</u>	20,277,235	13,221,992	0	209,834	3,530,884	4,920,545	7,124,472	507,689	831,986	50,624,637	56,711,781
Increased during the year	0	5,790	0	0	206,690	0	3,175,538	19,132	842,256	4,249,406	5,478,833
Increase (decrease) due to revaluation	0	0	0	0	0	0	0	0	0	(0)	0
Disposed	(76,049)	(75,097)	0	(272)	(246,328)	(667,612)	0	0	0	(1,065,358)	(1,093,682)
Conveyances and other changes	170,384	1,379,991	0	29,327	900,371	(1,712,709)	(1,964,711)	(45,578)	(1,283,410)	(2,526,334)	163,846
<u>Balance on March 20, 2016</u>	20,371,570	14,532,675	0	238,890	4,391,617	2,540,224	8,335,299	481,244	290,832	51,282,351	61,260,778
Increase during fiscal year	0	0	0	0	(0)	0	2,043,195	261,447	605,297	2,909,939	3,549,152
Increase (decrease) due to revaluation	0	0	0	0	(0)	0	0	0	0	0	0
Disposed	(42,035)	(280,244)	0	(20,450)	(32,114)	(21,143)	0	0	0	(395,987)	(501,570)
Conveyances and other changes	(173,268)	1,726,288	0	338	(135,527)	(480,743)	(1,572,836)	(378,338)	(507,853)	(550,453)	(1,088,707)
<u>Balance on March 20, 2017</u>	20,156,266	15,978,720	0	218,777	4,223,976	2,999,824	8,805,658	364,353	488,276	53,245,850	63,219,653
<u>Accumulated depreciation and devaluation</u>											
<u>Balance on March 21, 2015</u>	0	4,151,072	0	113,862	2,484,373	1,894,603				8,643,910	9,548,021
Depreciation and devaluation during fiscal Year	0	395,631	0	22,982	624,726	1,093,249				2,136,588	1,445,094
Disposed	0	(17,225)	0	(267)	(40,219)	(541,423)				(599,133)	(611,107)
Conveyances and other changes	0	(2,388)	0	0	1,741	(629,840)				(630,487)	3,016,535
<u>Balance on March 20, 2016</u>	0	4,527,091	0	136,577	3,070,621	1,816,589				9,550,879	13,398,543
Depreciation and devaluation during fiscal Year	0	669,087	0	36,230	626,835	476,061				1,808,213	2,787,390
Disposed	0	(47,593)	0	(17,904)	(17,839)	(8,184)				(91,510)	(101,243)
Conveyances and other changes	0	207,268	0	0	(0)	0				207,368	(2,206,798)
<u>Balance on March 20, 2017</u>	0	5,355,954	0	154,903	3,679,627	2,284,466				11,474,949	13,877,892
<u>Book Value</u>											
<u>On March 21, 2015</u>	20,277,235	9,070,920	0	95,973	1,046,511	3,025,942	7,124,472	507,689	831,986	41,980,727	47,163,760
<u>On March 19, 2016</u>	20,371,570	10,005,584	0	102,213	1,320,996	723,635	8,335,299	481,244	390,832	41,731,472	47,862,235
<u>On March 20, 2017</u>	20,156,266	10,622,766	0	63,874	554,349	715,358	8,805,658	364,353	488,276	41,770,900	49,341,761

14-1- Fixed assets have been revaluated as detailed in the Explanatory Note 4-3-2.

14-2-Bank's assets and foreclosed properties, goodwill and rentals are insured up to the value of IRR 32,991billion.

14-3-About 965 items of properties have been forcibly occupied by unauthorized entities, or subject to municipality plans, or have problems with title deeds and 200 other ones do not have title deed for which the bank is following up to obtain related title deeds.

14-4- Accumulated depreciation of scrap movable assets are written off upon disposal and/or conveyance.

14-5- Assets in progress are mainly comprised of projects in process, construction and repair of branches management buildings and bank's branches across the country including branches management building of region 5 Branches, Salsabil Hotel, branches management building of the east Azarbaijane, Fars, Golestan and Jeihoon Crisis Management Site.

14-6- The Bank's properties are insured according to the standing property value, and with regard to the fact that building site is not under threat of insured risks; the buildings and immovable are adequately insured.

14-7- Changes in the depreciation trend for the subject matter of Explanatory Note 4-3-3 has led to IRR 53 billion increase in the depreciation expenses of the reported fiscal year compared to the previously applied method.

14-8- The net fixed assets ratio of the Bank is calculated based on Circular No. 94/62147 dated June 01, 2015 of the CBI as follows:

	2016	(Restated) 2015
	Million Rials	Million Rials
Fixed Assets	53,245,850	51,282,351
Less:		
Net surplus of revaluation for Years 2004 & 2011	(19,775,878)	(20,069,195)
Depreciation provision of movable and immovable assets	(11,474,949)	(9,550,879)
Net fixed assets	<u>21,995,022</u>	<u>21,662,277</u>
Add:		
Intangible assets	5,575,478	5,103,543
Leased capital items	104,088	85,383
Over-two-year foreclosed collaterals	14,168,087	13,445,817
Ready for sale Assets	1,352,506	1,374,126
Total	<u>43,195,181</u>	<u>41,671,147</u>
Shareholders' equity	65,129,321	60,498,144
Less:		
Net surplus of revaluation of Years 2004 & 2011	(19,775,878)	(20,069,195)
Retained earnings	0	0
Total	<u>45,353,443</u>	<u>40,428,949</u>
Ratio (%)	<u>95.24</u>	<u>103.07</u>

15- Intangible Assets:

	Group		Bank	
	March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
	Million Rials	Million Rials	Million Rials	Million Rials
Goodwill	1,113,369	1,104,849	1,006,454	997,933
Royalty for using public services	237,426	536,401	229,852	230,433
Computer Software	6,013,380	4,897,231	5,715,809	4,858,803
	7,364,175	6,538,481	6,952,115	6,087,169
Less: accumulated depreciation	(1,376,636)	(983,626)	(1,376,637)	(983,626)
	<u>5,987,539</u>	<u>5,554,855</u>	<u>5,575,478</u>	<u>5,103,543</u>

15-1-Table of the balance and turnover of cost price and accumulated depreciation of each of the intangible assets are as follows:

	Bank			
	Goodwill	Software	Royalty	Total
	Million Rials	Million Rials	Million Rials	Million Rials
<u>Cost Price</u>				
Balance on March 21, 2015	1,210,213	2,134,836	71,175	3,416,224
Increase during the Fiscal year		2,723,967		2,723,967
Disposed	(5,128)	0	(47,894)	(53,022)
Conveyance and other changes	(207,152)	0	207,152	0
Balance on March 20, 2016	<u>997,933</u>	<u>4,858,803</u>	<u>230,433</u>	<u>6,087,169</u>
Balance on March 21, 2016	997,933	4,858,803	230,433	6,087,169
Increase during fiscal year	36,016	858,386	9,740	904,142
Disposed	(4,983)	0	(10,321)	(15,304)
Conveyance and other changes	(22,512)	(1,380)	0	(23,892)
Balance on March 20, 2016	<u>1,006,454</u>	<u>5,715,809</u>	<u>229,852</u>	<u>6,952,115</u>
<u>accumulated depreciation and accumulated devaluation</u>				
Balance on March 21, 2015	0	395,797		395,797
Depreciation of the year	0	587,829		587,829
Disposed	0			
Conveyance and other changes	0			
Balance on March 20, 2016	<u>0</u>	<u>983,626</u>		<u>983,626</u>
Balance on March 21, 2016	0	983,626		983,626
Depreciation of the year	0	393,011		393,011
Disposed	0	0		0
Conveyance and other changes	0	0		0
Balance on March 20, 2017	<u>0</u>	<u>1,376,637</u>	<u>0</u>	<u>1,376,637</u>

Book Value :

On March 21, 2015	1,210,213	1,739,039	71,175	3,020,427
On March 20, 2016	0	983,626	230,433	5,103,543
On March 20, 2017	1,006,454	4,339,172	229,852	5,575,478

16- Other Accounts & Receivable:

	Note	Group		Bank	
		March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
		Million Rials	Million Rials	Million Rials	Million Rials
Receivable Accounts of the group's companies		29,780,064	25,463,679	0	0
Receivable dividend	16-5	444	212,920	444	212,920
On account paid to counterparties of the HQ	16-2	1,888,001	3,045,576	1,888,001	3,045,576
Securities and Funds Settlement Central Repository Co.	16-3	5,497,705	0	5,497,705	0
Receivables from the staff		2,508,049	1,888,089	2,508,049	1,888,089
Rental		304,888	274,056	304,888	274,506
Mehr financial and credit institution	16-1	875,691	749,001	875,691	749,001
Receivable profit for mark-up securities of Ministry of Cooperation, Labor and Social Welfare		1,023,562	0	1,023,562	0
advance payment to bank's counterpart companies		25,341	21,655	25,341	21,655
FX sundry debtors of the foreign branches		817,740	712,707	817,740	712,707
FX credit cards	16-4	605,330	583,977	605,330	583,977
Legal charges of specific cases		420,163	367,523	420,163	367,523
Other items		628,285	373,561	628,286	353,000
Provision for NPLs	16-6	(218,928)	(123,443)	(218,928)	(123,134)
		<u>44,156,334</u>	<u>33,569,751</u>	<u>14,376,271</u>	<u>8,085,820</u>

16-1- For using Shetab services of bank Mellat by Mehr Financial and Credit Institution's customers.

16-2- Amounts paid to Bank's contractual counterparts mainly consist of IRR 850 billion to Maad Market making Co. for disposing surplus and foreclosed properties, IRR 367 billion for charges incurred in the course of disposing properties and projects of construction division and IRR 351 billion of advance payment to contractual counterparts of the logistic division.

16-3- Dues from the said company is related to the funds paid for financing guaranteed purchase of wheat through parallel forward bonds.

16-4- For dues from Tember Bank of Turkey, properties amounting TRY 14.6 Million and one promissory note for EUR 40 Million (totally 162.6 TRY Million) collected that a part of promissory notes amount belongs to one of the Bank's correspondents in the said country. Currently, a contract has been concluded with the attorney to follow up the matter and cash the promissory note and required procedures are under process.

16-5- Balance of the receivable dividend excluding profit of subsidiaries and affiliated companies is as follows:

	Group		Bank	
	March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
	Million Rials	Million Rials	Million Rials	Million Rials
Companies listed in the primary and secondary markets				
Day Insurance	84	84	84	84
Iranit Co.	25	25	25	25
Gazluleh Co.	36	36	36	36
National Iranian Copper Industries Co.	0	199,365	0	199,365
Mellat Investment Co.	195	13,097	195	13,097
	<u>340</u>	<u>212,607</u>	<u>340</u>	<u>212,607</u>
Other Companies:				
Refah chain store – affiliated	104	104	104	104
Other	0	209	0	209
	<u>104</u>	<u>313</u>	<u>104</u>	<u>313</u>
	<u>444</u>	<u>212,920</u>	<u>444</u>	<u>212,920</u>

16-6- All figures recorded in the above explanatory note have been classified as current assets and doubtful loans general provisions have been posted for them.

17-Other Assets:

		Group		Bank	
		March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
		Million Rials	Million Rials	Million Rials	Million Rials
Dues from subsidiaries and affiliated companies	17-3	206,545	769,022	42,596,111	26,136,351
Foreclosed properties	17-1	14,833,285	14,311,923	14,833,285	14,311,923
Renovation of the bank's rented buildings		104,088	107,423	104,088	107,423
Gold and silver		172,259	96,924	172,259	96,924
Tax stamp		26,197	24,194	26,197	24,194
Inventory		713,862	346,062	713,862	346,062
Ready for sale Assets	17-2	2,046,581	1,477,972	1,352,506	1,374,126
Other assets of the group's companies		265,473	1,413,751	0	0
		<u>18,368,290</u>	<u>18,547,272</u>	<u>59,798,308</u>	<u>42,397,005</u>

17-1- Foreclosed properties

Composition of the outstanding foreclosed properties are as follows:

Nature	March 20, 2016	Foreclosed during the	Disposed during the	March 20, 2017
	Million Rials	year	year	Million Rials
		Million Rials	Million Rials	
Movable				
Furniture	10,726	5,012	0	15,738
Equipment	1,721,098	78,119	0	1,799,217
Transportation vehicles	508	5,057	0	5,565
Shares	6,457,743	0	119,435	6,338,308
	<u>8,190,075</u>	<u>88,188</u>	<u>119,435</u>	<u>8,158,828</u>
	<u>6,468,469</u>	<u>5,012</u>	<u>119,435</u>	<u>16,317,655</u>
Immovable				
Residential	2,535,810	0	41,666	2,494,144
Commercial	577,638	349,555	0	927,192
Factory	2,167,415	642,053	0	2,809,468
Land	840,985	102,668	0	943,653
	<u>6,121,848</u>	<u>1,094,275</u>	<u>41,666</u>	<u>7,174,457</u>
	<u>14,311,923</u>	<u>1,182,463</u>	<u>161,101</u>	<u>15,333,285</u>
accumulated devaluation	0			(500,000)
Total	<u>14,311,923</u>			<u>14,833,285</u>
Disposal profit (loss)	<u>204,486</u>			<u>416,655</u>

17-1-1- Total number of foreclosed properties stand at 1671 cases that 892 of them are located in provinces and 68 cases in Tehran and free zones occupied by other parties.

17-1-2- In accordance with minutes of the extraordinary general meeting dated July 11, 2016 of National Iranian Copper Industries Co., 15.2% capital injection of the said company out of receivables was agreed and was registered in the bank's books.

17-2- Ready for sale assets are classified based on approvals number 3247/18 dated March 03, 2014 and 3274/74 dated July 07, 2014 of the Bank's board which has published several times in wide-circulated newspapers.

17-3- Dues from the subsidiaries and affiliated companies:

		Group		Bank	
		March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
		Million Rials	Million Rials	Million Rials	Million Rials
Dues from subsidiaries	17-3-1	0	0	43,222,547	25,367,330
Dues from affiliated companies	17-3-1	206,545	769,022	22,236	1,167,037
Doubtful loans provision		(0)	(0)	(648,672)	(398,016)
Net		206,545	769,022	42,596,111	26,136,351

17-3-1- the balance of dues from the subsidiaries and affiliated companies based on the nature of the bilateral transactions which is related to bank Mellat are as follows

Subsidiary/Affiliated company	March 20, 2017						
	Disposing assets and investments	On account received	On account Paid	interest-free loans	Receivable dividend	Payable dividend	Total
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Subsidiary:							
Financial Group			0		22,625,385		22,625,385
Behsaz Mosharekathay-e- Mellat			66,282		2,558,309		2,624,591
Behsazan Mellat Co.			500,000		0		500,000
Mellat leasing Co.			0		0		0
Behsazan Farda Co.			0		4,042,485		4,042,485
Ma Insurance Co.			0		202,178		202,178
Tarh-0-Andisheh Behsez Melat	9,437,908				3,790,000		13,227,908
Total of subsidiary	0	0	566,282	0	33,218,356	0	43,222,547
Affiliated company:							
Mehr Iran Gharz-ol-hasaneh bank	0	0	1,348	0	20,888	0	22,236
Total of affiliated	0	0	1,348	0	20,888	0	22,236

March 20, 2016

Subsidiary/Affiliated company	Buying services	On account received	On account paid	interest-free loans	Receivable dividend	Payable dividend	Total
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Subsidiary:							
Financial Group Co.					16,646,992		16,646,992
Behsaz Mosharekathay-e- Melat					1,794,146		1,794,146
Behsazan Mellat Co.			543,750		1,629,266		2,173,016
Behsazan Farda Co.					1,296,976		1,296,976
Tar-o-Andisheh Behsez Melat					3,400,000		3,400,000
other				0	56,200		56,200
Total of subsidiaries	0	0	543,750	0	24,823,580	0	25,367,330
Affiliated company:							
Mehr Iran Gharz-ol-hasaneh bank			1,167,038	0	0		1,167,038
Total of affiliated company	0	0	1,167,038	0	0	0	1,167,038

18- Items in transit:

Description	Note	March 20, 2017	March 20, 2016	Description	Note	March 20, 2017	March 20, 2016
		Debtor	Debtor			Creditor	Creditor
		Million Rials	Million Rials			Million Rials	Million Rials
Head office/ IRR		459,615,529	470,811,848	Head office /IRR		484,765,560	534,255,459
Head office / FX		236,171,305	223,761,982	Head office /FX		239,486,012	219,088,950
Branches/ IRR		13,084	0	Branches/IRR		0	1
Branches/ FX		0	0	Branches/ FX		0	0
local debtors/ IRR	18-1	297,262,586	201,759,980	Local debtors/ IRR	18-2	271,406,982	153,176,362
local debtors/ FX		1,885,236	45,319,944	Local debtors/ FX	18-1-1	45,314,105	79,646,461
FX Capital paid to foreign branches		1,466,201	1,435,559	Foreign branches capital		1,466,201	1,795,559
Surplus resources		60,358,735	36,416,781	Surplus resources		60,371,295	36,420,644
Legal deposit of free zone branches		6,166,244	3,087,940	Legal deposit of free zone branches		6,822,445	3,115,469
IRR equivalent of FX transactions account		299,153,867	325,016,678	FX position		101,030,693	132,620,119
FX position		101,030,693	132,620,119	IRR equivalent of FX transactions account		299,153,867	325,016,678
Sight FX deposit held by foreign branches		6,523,278	4,953,398	Sight deposits of H/O		5,363,739	4,757,667
FX sight deposit of foreign branches held with each other		14,679	13,335	FX sight deposit of branches abroad held with each other		272	246
FX time deposit held with C branches		0	211,680	FX time deposit account of foreign branches		0	215,522
Dues from head office		3,584,084	3,627,980	FX time deposits in H/O		2,218,533	2,138,076
Capital paid to the free zone branches		21,815	21,815	Capital of the free zone branches		21,815	21,815
Foreign branches FX sight deposit with H/O		0	0	Foreign branches FX sight deposit with H/O		2,466,636	2,067,861
Foreign branches FX time deposit with H/O		0	0	Foreign branches FX time deposit with H/O		0	643,560
		<u>1,473,267,336</u>	<u>1,449,059,039</u>			<u>1,519,888,157</u>	<u>1,494,980,449</u>
Items in Transit		<u>46,620,820</u>	<u>45,921,411</u>			<u>0</u>	<u>0</u>
		<u><u>1,519,888,157</u></u>	<u><u>1,494,980,449</u></u>			<u><u>1,519,888,157</u></u>	<u><u>1,494,980,449</u></u>

Balance of local debtors and creditors:

18-1- Local Debtors in IRR

Description	Note	March 20, 2017	March 20, 2016
		Million Rials	Million Rials
Paid to SATNA for departments		4,990,323	10,448,854
SHAPARAK		556	1,274
PAYA TTs system		1,096	1,283
Amounts withdrawn from H/O accounts		31,674,153	3,700,138
SHETAB	18-3	214,139,558	142,575,197
Previous FX commitments	18-1-1	38,211,609	36,146,875
Other Items		8,245,291	8,886,358
Total		<u>297,262,586</u>	<u>201,759,980</u>

18-2- IRR Local Creditors:

Description	Note	March 20, 2017	March 20, 2016
		Million Rials	Million Rials
SHETAB	18-3	254,213,603	130,219,668
Clearing House		71	9,158
Funds credited to Jam Account		3,610,641	8,376,009
Subsidy of SMEs		1,783	2,214
SHAPARAK		3,352,898	3,070,167
SATNA		861,601	427,428
Other Items		9,366,385	11,071,719
		<u>271,406,982</u>	<u>153,176,362</u>

18-1-1- headings of IRR local debtors and FX local creditors are intermediary headings between branches and international division for IRR 37,571 billion relating to the previous FX obligations subject to Circular No. 60/1015.

18-3- for the above note, the contents of Letter No. MB/1225 dated Feb. 06, 2002 of Department of Supervising Banks and Credit Institutions - studies and banking regulations department of the CBI, concerning instructions on issuing and posting accounting vouchers of FX operations have being complied with.

18-4- the majority of the head office-IRR/ head office-FX figures and local debtors and creditors subject of explanatory sub-notes 18-1 and 18-2 is related to the process of credit and withdrawal from SHETAB, SATNA, clearing, SHAPARAK, etc. Systems with branches and divisions that are settled within a few days.

19- Dues to the Central Bank:

		Group		Bank	
		March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
		Million Rials	Million Rials	Million Rials	Million Rials
Sight deposit- FX		1,612,641	1,514,360	1,612,641	1,514,360
Time deposits- FX	19-1	134,493,150	137,268,018	134,493,150	137,268,018
Dues for the previous FX liabilities (Circular No. 60/1015 of the Central Bank of I.R.R)	6-3	18,016,015	17,804,386	18,016,015	17,804,386
Dues for over draft in the current account		10,894,331	0	10,894,331	0
Dues for exchange rate difference		35,921	35,980	35,921	35,980
Current IRR deposit of public institutions (as the CBI agent)		19,848,796	17,834,973	19,848,796	17,834,973
Facilities received from CBI- in IRR	19-2	47,644,845	12,800,000	47,644,845	12,800,000
Facilities received from CBI- in FX	19-3	5,086,849	4,722,340	5,086,849	4,722,340
Others		193,665	61,737	193,665	61,737
		<u>237,826,213</u>	<u>192,041,794</u>	<u>237,826,213</u>	<u>192,041,794</u>

19-1- Profit of the CBI's FX time deposit for the energy fund equaling EUR 462.2 million is accrued to the said deposit for which profit is calculated.

19-2- Facilities received in IRR from the CBI includes 2 facilities for buying wheat plan with the profit rate of 25% and mark-up bonds of the Ministry of Cooperation.

19-3- Facilities received in FX from the CBI include 8 granted facilities out of the OSF out of which facilities has been paid to the private entities in previous years. The profit share of the OSF from such facilities is 40% including both profit and delay payment charges, which is deposited to the CBI account after collecting installments regardless of the maturity date.

20-Dues to Banks and Credit Institutions

	Group		Bank		
	March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016	
	Million Rials	Million Rials	Million Rials	Million Rials	
Local Banks and Credit Institutions:					
Sight Deposits – IRR	918,995	799,658	918,995	799,658	
Time Deposits – IRR	17,547,513	57,271,789	17,547,513	57,271,789	
Sight Deposits – FX	4,725,079	6,756,913	4,725,079	6,756,913	
Time Deposits – FX	6,099,743	9,213,793	6,099,743	9,213,793	
Facilities received– IRR	20-1	15,050,000	90,000	15,050,000	90,000
Profit paid to overnight received facilities		22,598	120,951	22,598	120,951
		<u>44,362,928</u>	<u>74,253,104</u>	<u>44,363,928</u>	<u>74,253,104</u>
Foreign Banks:					
FX Sight Deposit		1,481,244	1,512,411	417,004	260,872
FX Time Deposits		2,944,359	4,235,588	2,944,359	4,235,588
Facilities received from foreign banks		5,458	44,711	5,458	44,711
		<u>4,431,060</u>	<u>5,792,710</u>	<u>3,366,821</u>	<u>4,541,170</u>
		<u>48,794,988</u>	<u>80,045,814</u>	<u>47,730,749</u>	<u>78,794,275</u>

20-1- Facilities received from banks include 6 items with 17-20% profit rate.

21- Sight deposits and the like

	Note	Group		Bank	
		March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
		Million Rials	Million Rials	Million Rials	Million Rials
Interest free current deposits - IRR		167,403,411	127,005,486	169,130,762	127,136,981
Interest free current deposits – FX		28,800,679	42,549,382	28,864,820	42,813,593
Various types of bank checks sold	21-1	6,268,616	12,410,021	6,268,616	12,410,021
Payable profit for long term investment deposits	21-3	13,225,260	13,995,905	13,225,260	13,995,905
Equity partnership		5,977,116	5,784,177	5,977,116	5,784,177
Payable profit and commissions		49,555	46,848	49,555	46,868
POs issued at the bank’s counters – IRR		576,628	378,295	576,628	378,295
POs issued at the bank’s counters – FX		0	165	0	165
Unused managed funds		78,435	91,807	78,435	91,807
Sundry creditors - IRR		5,466,463	6,877,575	7,107,012	10,602,655
Sundry creditors –FX	21-2	4,445,068	10,470,004	4,445,068	10,469,749
Unclaimed balance – IRR		800,967	773,017	800,967	773,017
Unclaimed balance – FX		31,780	36,589	31,780	36,589
		<u>233,123,979</u>	<u>220,419,292</u>	<u>236,556,020</u>	<u>224,539,824</u>

21-1 Various types of bank checks sold is related to the intra-city checks issued by branch, encrypted checks of other branches and intra-bank checks of other banks which are issued on the request of the customer and are settled within maximum 24 hours.

21-2 Balance of this heading is generally for the aborted FX payment orders of the customers.

21-3 Payable profit for long term investment deposits:

	Balance on March 20, 2016	On Account Profit during the year	Difference of definite and On Account profit	Profit during the year	Balance on March 20, 2017
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Ordinary & special short term deposits	31,018	69,212,342	0	69,242,346	1,015
Long term deposits:					
One-year deposits	10,195	46,452,854	0	46,452,854	10,195
Two-year deposits	0	3,011,875	0	3,011,875	0
Three -year deposits	0	928,444	0	928,444	0
Four-year deposits	0	219,683	0	219,683	0
Five-year deposits	12,408,781	20,614,752	0	21,136,798	11,886,735
Certificate of deposit	172,053	7,436,421	0	7,579,394	29,080
FX deposits	1,373,858	8,544,255	0	8,619,878	1,298,235
	<u>13,995,905</u>	<u>156,420,627</u>	<u>0</u>	<u>157,191,272</u>	<u>13,225,260</u>

22- Saving Deposits and the like

	Group		Bank	
	March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
	Million Rials	Million Rials	Million Rials	Million Rials
Interest free saving deposits - IRR	64,073,820	57,920,853	64,117,319	57,920,851
Interest free saving deposits – FX	6,257,832	5,806,935	6,257,832	5,807,722
Unused special Interest free deposits	66,937	9,425	66,937	9,425
	70,398,588	63,737,213	70,442,087	63,737,998

23- Time Investment Deposits

	Note	Group		Bank	
		March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
		Million Rials	Million Rials	Million Rials	Million Rials
Long term investment deposits –IRR	23-3	371,064,840	363,362,287	375,465,642	367,460,407
Short term investment deposits –IRR		429,870,658	423,124,274	433,347,718	426,675,727
Special short term investment deposits- IRR		37,986,288	5,052,890	38,200,692	5,053,890
Public servants saving deposits (employees' Share)		1,303,238	1,123,158	1,303,238	1,123,158
Public servants saving deposits (Government's share)		1,287,676	1,116,089	1,287,676	1,116,089
Total deposits in IRR	23-1	841,512,701	793,778,698	849,604,967	801,429,271
FX time deposits		52,181,950	68,800,183	52,181,950	68,800,183
Time deposits of foreign branches		15,408	59,026	15,408	59,026
Total	23-2	893,710,058	862,637,907	901,802,325	870,288,480

23-1 IRR Investment Deposits Turnover:

	Bank			
	Balance on March 20, 2016	Deposits absorbed during the year	Repayment of the deposits	Balance on March 20, 2017
	Million Rials	Million Rials	Million Rials	Million Rials
Long term deposits				
Certificate of deposit	37,834,872	91,937,746	121,454,276	8,318,342
One-year deposits	212,954,630	562,566,297	498,805,171	276,715,756
Two-year deposits	18,265,936	6,621,647	13,390,368	11,497,215
Three -year deposits	5,057,963	3,725,495	5,077,872	3,705,585
Four-year deposits	1,142,063	1,009,459	1,229,056	922,465
Five-year deposits	94,444,192	65,135,133	82,682,132	76,897,193
Short term deposits	426,675,727	15,024,343,405	15,017,671,413	433,347,718
Special short term deposits	5,053,890	41,478,323	8,331,521	38,200,692
	801,429,272	15,796,817,504	15,748,641,808	849,604,967

23-2 Time investment deposits in IRR and FX break down

	Bank					
	March 20, 2017			March 20, 2016		
	IRR	FX	Total	IRR	FX	Total
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Short term investment deposits	433,347,718	521,711	433,869,429	426,675,727	415,766	427,091,493
Special short term investment deposits:						
Three-Month	34,237,264	2,247,848	36,485,112	1,047,270	3,520,138	4,567,408
Six-Month	3,728,637	1,220,533	4,949,170	3,677,334	15,717,045	19,394,378
Nine-Month	234,791	452,155	686,946	329,286	464,971	794,257
Long term investment deposits:						
Certificate of deposit	8,138,342	0	8,318,342	37,834,872	0	37,834,872
One-year Deposits	276,715,756	47,755,111	324,470,867	212,954,629	48,741,289	261,695,918
Two-year Deposits	11,497,215	0	11,497,215	18,265,936	0	18,265,936
Three -year Deposits	3,705,585	0	3,705,585	5,057,963	0	5,057,963
Four-year Deposits	922,465	0	922,465	1,142,063	0	1,142,063
Five-year Deposits	76,897,193	0	76,897,193	94,444,192	0	94,444,192
	<u>849,604,967</u>	<u>52,197,358</u>	<u>901,802,325</u>	<u>801,429,271</u>	<u>68,859,208</u>	<u>870,288,480</u>

23-3-IRR time investment deposits include IRR 20,909 billion as individuals deposit for Umra Hajj pilgrimages.

24- Other deposits and advance payments

	Group		Bank	
	March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
	Million Rials	Million Rials	Million Rials	Million Rials
Cash Deposits for Letters of Guarantee –IRR	8,753,484	8,559,951	9,004,732	8,559,951
Cash Deposits for Letters of Guarantee– FX	2,437,169	2,692,738	2,437,169	2,692,738
Advance payment for Letters of Credit–IRR	3,082,256	557,661	3,082,256	326,122
Advance payment for Letters of Credit– FX	17,482,961	16,029,526	17,482,961	16,105,733
Advance payment for local Letters of Credit	683,338	230,222	683,338	230,222
Other Advance payments	1,067,950	993,332	4,618	1,317
Long term accounts and payables	19,027,182	13,687,872	0	0
Total	<u>52,534,340</u>	<u>42,751,302</u>	<u>32,695,073</u>	<u>27,916,083</u>

25-payable tax

Turnover of the tax reserve:

	Group		Bank	
	March 20, 2017	"Restated" March 20, 2016	March 20, 2017	"Restated" March 20, 2016
	Million Rials	Million Rials	Million Rials	Million Rials
Balance at the beginning of the year	5,048,490	5,327,390	4,635,420	3,143,635
Tax reserve for operations of the year	1,242,828	1,212,963	129,430	789,661
Preceding years tax reserve	9,218,867	11,740,524	8,502,985	13,022,544
Tax Adjustments	0	0	(0)	(0)
Settled during the year	(4,761,501)	(9,111,432)	(3,815,181)	(8,417,436)
Tax paid on account	(5,539,158)	(4,120,955)	(5,402,984)	(3,902,984)
Balance at the end of the year	<u>5,209,527</u>	<u>5,048,490</u>	<u>4,049,669</u>	<u>4,635,420</u>

25-1: Summary of tax status of the bank for performance of the years 2010 to March 20, 2017 are as follows:

Fiscal Year	Declared Profit (loss)	Taxable Income	Tax				Reserve Balance March 20, 2017	Reserve Balance March 20, 2016	Assessment Method
			Declared	assessed	definite	Paid			
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	
2010	8,037,969	6,422,225	1,284,445	4,193,967	2,791,348	2,791,348	0	0	definite
2011	7,528,606	2,310,207	519,797	5,658,041	4,376,363	4,376,363	0	0	definite
2012	16,050,972	3,475,859	1,344,908	7,109,493	5,050,696	5,050,696	0	0	definite
2013	17,894,159	4,477,227	1,101,780	6,820,072	6,691,066	5,949,862	0	2,400,000	definite
2014	19,177,596	1,560,332	874,140	8,047,681	0	3,313,066	3,657,667	2,348,744	Assessment
2015	13,179,119	0	789,661	12,452,772	0	0	5,665,556	3,789,660	Declared
2016	4,112,000	0	129,430	0	0	0	129,430	0	---
Total	85,980,420	18,245,850	6,044,161	44,282,027	18,909,473	21,481,335	9,452,654	8,538,404	
Less: tax paid on account							(5,402,984)	(3,902,984)	
Total							4,049,669	4,635,419	

25-2: With regard to the settlement of tax balance liabilities until March 20, 2010, the relevant settlement slip for March 20, 2010 was received.

25-3: On the strength of initial final tax performance for fiscal year ended on March 20, 2011, bearing No. 2946323, dated March 08, 2014, the amount of IRR 2,791 billion has been totally paid; nevertheless, according to the Tax dispute settlement board opinion, the definite tax equivalent was reissued and the case was filed with the administrative court of justice duo to the tax office protest. It is noteworthy that according to the opinion of the tax dispute settlement board on acceptance of doubtful loans expenses in 2010, the case was referred to the tax supreme council, and the bank, based on this verdict, assuming acceptance of the doubtful loans expenses for the years 2011 to 2014, has posted provisions in the accounts.

25-4: On the strength of definite tax performance notice for 2011 fiscal year, bearing No. 7955191, dated September 15, 2014, IRR 4,376 billion has been claimed from the Bank, which was totally paid out; nevertheless, the Bank has objected to the issued opinion, and has complained to the Minister of Economic Affairs and Finance in line with Article 251 of Direct Tax Act and administrative as well as the court of justice.

25-5: On the strength of definite tax performance notice for the 2012 fiscal year, bearing No. 21655466, dated February 20, 2014, the amount of IRR 5,051 billion was demanded from the Bank, in execution of legal regulations, the Bank has objected the issue and is following up the case with the tax dispute board.

25-6: On the strength of definite tax performance notice for the 2013 fiscal year, bearing No. 29203690, dated August 30, 2016, the amount of IRR 6,691 billion was demanded from the Bank, in execution of legal regulations, the Bank has objected the issue and is following up the case with the tax dispute board.

25-7: On the strength of definite tax performance notice for the 2014 fiscal year, bearing No. 21393797, dated February 13, 2016, the amount of IRR 8,048 billion has been claimed from the Bank, against which the Bank has objected in execution of legal regulations and is following up the case with the tax dispute board.

25-8: On the strength of definite tax performance notice for the 2015 fiscal year, bearing No. 30676859, dated January 17, 2017, the amount of IRR 12,452 billion has been claimed from the Bank, against which the Bank has objected in execution of legal regulations and is following up the case with the tax dispute board.

26-provisios and other dues:

	Note	Group		Bank	
		March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
		Million Rials	Million Rials	Million Rials	Million Rials
loans Received from the NDF	26-1	159,201,972	119,747,615	159,201,972	119,747,615
Provisions for personnel expenses		202,668	569,401	202,668	569,401
Provisions for administrative expenses		231,210	208,556	231,210	208,556
Provisions for bonuses of the non-interest-bearing savings deposits		470,871	1,076,308	470,871	1,076,308
withholding tax		112,147	104,556	112,147	104,556
Provisions for deposits guarantee fund	26-2	1,622,209	822,209	1,622,209	822,209
Provisions for repurchasing leaves		3,095,143	3,095,143	3,095,143	3,095,143
Other provisions and dues		3,800,374	13,438,922	3,138,036	12,795,718
		<u>168,736,593</u>	<u>139,062,709</u>	<u>168,074,255</u>	<u>138,419,505</u>

26-1: Outstanding loans received from the NDF on date of balance sheet are as follows:

loan amount	Currency	Maturity date	Profit Rate (%)	Outstanding balance		partnership period Profit		Total
				Foreign currency	Million Rials	Foreign currency	Million Rials	Million Rials
National Development Fund	USD	From 2013 up to now under repayment	6	677,531,756	21,965,580	76,438,290	2,478,129	24,443,709
National Development Fund	INR	From 2013 up to now under repayment	6	10,799,111,111	5,356,359	2,058,408,598	1,020,971	6,377,330
National Development Fund	EUR	From 2013 up to now under repayment	6	2,973,693,337	103,636,186	167,107,683	5,823,870	109,460,056
National Development Fund	CNY	From 2013 up to now under repayment	6	3,550,841,372	16,696,056	473,164,884	2,224,821	18,920,877
					<u>147,654,181</u>		<u>11,547,791</u>	<u>159,201,972</u>

26-2: in execution of Article 7 and Clause 1 of Article 9 of code of conduct the amount and manner of receiving membership fee for the deposits guarantee fund, as set out in the resolution no. H4837T/100998, dated July 24, 2013, approved by the Council of Ministers, the amount of IRR 1,057 billion, has been paid and amount of IRR 1,623 billion has been posted to the accounts. Further, according to the note 2 of clause 9 of the said code of conduct, the deposits reserve guarantee fund is required to determine the membership fee of the financial institutions of which the bank has not been notified up to now.

27-Acceptances and Endorsements:

	Group		Bank	
	March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
	Million Rials	Million Rials	Million Rials	Million Rials
Bank's dues for accepting deferred FX L/Cs and time drafts	202,446	1,607,873	202,446	0
Facilities received for financed letters of credit	1,079,755	13,837,543	1,079,755	13,837,543
Facilities received for financed letters of credit	1,279,122	0	1,279,122	1,607,873
	<u>2,561,323</u>	<u>15,445,416</u>	<u>2,561,323</u>	<u>15,445,416</u>

28- Payable Dividend:

	Note	Group	
		March 20, 2017	March 20, 2016
		Million Rials	Million Rials
Payable dividend of the parent company	28-1	43,404	68,011
Payable dividend of the subsidiaries		620,027	564,010
		<u>663,431</u>	<u>632,021</u>

28-1: Payable dividend of the parent company is as follows:

	EPS	Approved dividend	Balance on March 20, 2016	Dividend paid during 2016	Capital injection out of dues	Balance on March 20, 2017
	IRR	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Previous Years		17,360,100	13,437	897	0	12,540
Fiscal year ended on March 20, 2014	330	13,200,000	20,517	1,389	0	19,128
Fiscal year ended on March 20, 2015	90	3,600,000	34,057	22,321	0	11,736
Fiscal year ended to March 20, 2016	0	0	0	0	0	0
Total		<u>36,160,100</u>	<u>68,011</u>	<u>24,607</u>	<u>0</u>	<u>43,404</u>

29- Severance provisions and staff retirement obligations:

(Restated)

	Group					
	March 20, 2017			March 20, 2016		
	Staff severance provision	Provision for staff retirement obligations	Total	Staff severance provision	Provision for staff retirement obligations	Total
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Balance at the beginning of year	8,401,858	11,899,922	20,301,780	6,408,739	9,399,922	15,808,661
Paid during the year	(1,141,335)	--	(1,141,335)	(368,198)	--	(368,198)
Secured reserve during the year	2,130,239	179,696	2,309,935	2,361,317	2,500,000	4,861,317
Balance at the end of year	<u>9,390,762</u>	<u>12,079,618</u>	<u>21,470,379</u>	<u>8,401,858</u>	<u>11,899,922</u>	<u>20,301,780</u>

(Restated)

	Bank					
	March 20, 2017			March 20, 2016		
	Staffs' Severance provisions	Provision for retirement obligations	Total	Staffs' Severance provisions	Provision for retirement obligations	Total
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Balance at the beginning of the year	8,072,663	11,899,922	19,972,585	6,172,663	9,399,922	15,572,585
Paid during the year	(610,239)	0	(610,239)	(320,317)	0	(320,317)
Secured provision during the year	1,670,239	0	1,670,239	2,220,317	2,500,000	4,720,317
Balance at the end of the year	<u>9,132,663</u>	<u>11,899,922</u>	<u>21,032,585</u>	<u>8,072,663</u>	<u>11,899,922</u>	<u>19,972,585</u>

29-1: The actuary provision has been calculated based on one-fifteenth of the unpaid obligations to the banks' retirement fund and has been reflected in the accounts. In this regard, the bank has reflected IRR 11,900 billion provision in the accounts due to its own share from the actuary obligations of retirement fund up to March 20, 2017.

30- Capital

The Bank's capital at the very beginning of establishment was IRR 33,500 million (including 33,500,000 shares, each at par value of IRR 1,000), which has increased to IRR 50,000,000 million (including IRR 50,000 million shares each at par value IRR 1,000) through the following steps:

Capital injection Registration Date	Capital injection percent	Capital injection amount	Amount of the new capital	Capital injection source
	%	Million Rials	Million Rials	
Sept. 01, 1993	1,706	571,500	605,000	Reevaluation of the fixed assets
Sept. 01, 2001	104.8	634,000	1,239,000	Special bonds, subject of article 93 of the 3 rd development plan act
Aug 10, 2005	957.3	11,861,000	13,100,000	Reevaluation of the fixed assets and translation of FX assets and liabilities
April 26, 2011	22.1	2,900,000	16,000,000	cash injection
June 24, 2012	25	4,000,000	20,000,000	Retained earnings
Sept. 23, 2012	65	13,100,000	33,100,000	Reevaluating of the fixed assets
Feb. 15, 2014	20.8	6,900,000	40,000,000	Retained earning
Oct. 19, 2016	25	10,000,000	50,000,000	Reserves

30-1: Composition of shareholders at the balance sheet date is as follows:

	March 20, 2017		March 20, 2016	
	# Shares	Stake %	# Shares	Stake %
One percent and above:				
Government of the Islamic Republic of Iran	8,499,999,996	17	6,800,000,000	17
Social Security Organization	1,904,782,481	3.81	1,523,825,986	3.81
Saba Tamin Investment Co. (PJSC)	3,655,116,073	7.31	3,884,272,273	9.71
Future Security Fund of Bank Mellat staff	3,224,703,139	6.45	2,579,762,512	6.45
Mellat Financial Group	1,776,315,640	3.55	1,353,802,496	3.38
Mehr 78 Support Services (PLC)	683,923,757	1.37	663,239,006	1.66
Moein Atieh Khahan Cooperative Co.	1,450,719,028	2.90	1,160,575,223	2.90
Trans-Iran distribution Co.	720,912,912	1.44	576,730,331	1.44
Mellat market-making fund	1,059,298,005	2.12	0	--
Mehr Ayandegan Financial Development Group	699,002,000	1.40	0	--
Shirin Asal Co.	604,246,528	1.21	483,397,223	1.21
Oil Pension Fund Investment Co.	605,790,346	1.21	484,632,277	1.21
National Iranian Investment Co. (PJSC)	570,657,471	1.14	450,079,625	1.13
Terhran province Edalat Shares Provincial Investment Co.	1,525,595,446	3.05	1,525,595,446	3.81
Khorasan Razavi Edalat Shares Provincial Investment Co.	1,217,728,923	2.44	1,217,728,923	3.04
Fars Edalat Shares Provincial Investment Co.	1,032,597,703	2.07	1,032,597,703	2.58
Isfahan Edalat Shares Provincial Investment Co.	941,458,365	1.89	941,458,365	2.35
Khuzestan Edalat Shares Provincial Investment Co.	921,606,612	1.84	921,606,612	2.30
East Azerbaijan Edalat Shares Provincial Investment Co.	777,907,910	1.56	777,907,910	1.94
Mazandaran Edalat Shares Provincial Investment Co.	725,746,772	1.45	725,746,772	1.81
Kerman Edalat Shares Provincial Investment Co.	707,520,623	1.42	707,520,623	1.77
Guilan Edalat Shares Provincial Investment Co.	654,789,078	1.31	654,789,078	1.64
West Azerbaijan Edalat Shares Provincial Investment Co.	567,032,348	1.13	567,032,348	1.42
Sistan & Balouchestan Edalat Shares Provincial Investment Co.	547,327,808	1.09	547,327,808	1.37
Other Provincial Investment Co. with share less than one percent	5,380,688,142	10.75	2,380,688,209	5.95
Other Shareholders (with share less than one percent)	9,544,532,894	19.09	8,039,683,251	20.10
	<u>50,000,000,000</u>	<u>100</u>	<u>40,000,000,000</u>	<u>100</u>

Number of Shareholders:

	March 20, 2017		March 20, 2016	
	Number	Stake Percent	Number	Stake Percent
Legal Entities	405	90.25	539	89.99
Natural Entities	50,764	9.75	54,958	10.01
	<u>51,169</u>	<u>100.00</u>	<u>55,497</u>	<u>100.00</u>

30-2: Capital of the bank has increased for IRR 10,000 billion - out of other reserves on 19 Oct. 2016 based on approval of extraordinary general meeting dated July 20, 2016 and permissions received from the CBI and Securities and Exchange Organization and was registered in company registrar office on the same date.

30-2: Capital Management:

30-2-1 Core capital

	March 20, 2017	March 20, 2016
	Million Rials	Million Rials
(Restated)		
A) Tier one capital:		
Paid-in capital	30,224,122	19,930,805
Legal reserve	18,326,864	17,612,269
Other reserves	2,309,446	11,650,546
Retained earnings	(5,506,989)	(8,764,671)
Tier one capital	45,353,442	40,428,949
B) Tier two capital:		
General provision of doubtful loans	15,614,050	15,076,545
Fixed assets revaluation surplus	19,775,878	20,069,195
Tier two capital	35,389,928	35,145,740
Less: Surplus of Tier two capital to tier one capital	0	0
Core capital before deductions	80,743,370	75,574,689
C) Deductions from core capital:		
Investment in other banks and credit institutions	(2,087,464)	(2,087,464)
Core capital	78,655,906	73,487,225

30-2-2: Capital adequacy ratio:

	March 20, 2017	March 20, 2016
	Million Rials	Million Rials
(Restated)		
Core capital	78,655,906	73,487,225
Total risk-weighted assets and liabilities	1,249,123,975	1,206,123,582
Capital adequacy ratio:	6.30%	6.09%

30-2-3: Capital Allocation:

Description	March 20, 2017			March 20, 2016		
	Assets and Commitments	Risk Coefficient	Assets and Commitments Adjusted based in risk	Assets and Commitments	Risk Coefficient	Assets and Commitments Adjusted in Risk
	Million Rials	Percent	Million Rials	Million Rials	Percent	Million Rials
Cash	15,913,036	0 %	0	18,844,735	0 %	0
Legal deposit	135,050,835	0 %	0	114,278,276	0 %	0
Funds in transit	5,981	20 %	1,196	42,383	20 %	8,477
Dues from the central bank	39,649,202	0 %	0	39,999,047	0 %	0
Dues from banks and other credit institutions	47,605,013	20 %	9,521,003	183,434,669	20 %	36,868,934
Dues from government	88,977,759	0 %	0	68,498,147	0 %	0
Government bonds	36,465,393	0 %	0	3,146,055	0 %	0
Investment in shares and private bonds	28,908,533	100 %	28,908,533	27,886,633	100 %	27,886,633
Loans and facilities in hire purchase and housing facilities	96,671,834	50 %	48,335,917	95,318,756	50 %	47,659,378
public and private loans guaranteed by the government	171,534,200		0	171,626,648		0
Other loans and advances	519,045,204	100 %	519,045,204	490,970,045	100 %	49,970,045
Net fixed assets and goodwill	64,207,049	100 %	64,207,049	62,656,428	100 %	62,656,428
Other assets	320,869,233	100 %	320,869,233	344,586,378	100 %	344,586,378
Other liabilities (subject to %100 conversion coefficient)	180,122,959	100 %	180,122,959	134,003,425	100 %	134,003,425
Liabilities for issued L/G's (subject to 50% conversion coefficient)	101,173,411	100 %	50,586,705	92,335,591	100 %	46,167,795
Underwriting private sector's bonds (subject to 50% conversion coefficient)	733,750	50 %	183,438	14,125,181	50 %	3,531,295
Liabilities for issued L/G's (subject to 20% conversion coefficient)	48,424,652	100 %	9,684,930	50,676,461	100 %	10,135,292
Liabilities for interbank facilities (subject to 20% conversion coefficient)	11,830	20 %	473	11,830	20 %	473
Liabilities for issued L/C's (subject to 20% conversion coefficient)	88,286,682	100 %	17,657,336	9,155,141	100 %	1,831,028
Total risk-weighted assets and liabilities			1,249,123,975			1,206,123,582

31- Shares of parent company owned by subsidiaries

	March 20, 2017		March 20, 2016
	Number of Share	Cost Price	Cost Price
	Million Rials	Million Rials	Million Rials
Mellat Financial Group Co.	1,776,315,640	2,175,635	2,003,187
Behsaz Mosharekathaye Mellat Co.	38,154	30	27
Behsazan Co.	28,882	29	29
TOTAL	1,776,382,676	2,175,693	2,003,243

32- Revaluation surplus

	Group	
	March 20, 2017	March 20, 2016
	Million Rials	Million Rials
Fixed assets revaluation surplus	0	420,484
	<u>0</u>	<u>420,484</u>

33- Legal Reserve

	Group		Bank	
	March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
	Million Rials	Million Rials	Million Rials	Million Rials
Balance at beginning of the year	19,448,933	16,581,028	17,612,269	15,157,725
Transferred from attributable Profit	1,259,557	2,852,822	724,888	2,439,461
Foreign branches adjustments	(10,293)	15,083	(10,293)	15,083
Balance at the end of the year	<u>20,698,197</u>	<u>19,448,933</u>	<u>18,326,864</u>	<u>17,612,269</u>

33-1: According to provisions of clause A of article 33 of monetary and banking act and article 108 of bank's Articles of Association, 20 percent of net profit of each year is considered as legal reserve after deducting loss incurred in the previous years. it is mandatory to retain the legal reserve until the said reserve be equal to bank's capital and more than that is optional.

34- Other reserves

	Group		Bank	
	March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
	Million Rials	Million Rials	Million Rials	Million Rials
Balance at beginning of the year	10,292,565	202,293	10,067,421	82,504
Increase (Decrease)	56,318	90,272	8,324	(15,083)
Transferred from attributable Profit	0	10,000,000	0	10,000,000
Transferred to Capital	(10,000,000)	0	(10,000,000)	0
Balance at the end of year	<u>348,883</u>	<u>10,292,565</u>	<u>75,745</u>	<u>10,067,421</u>

35- FX translation difference

	Group		Bank	
	March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
	Million Rials	Million Rials	Million Rials	Million Rials
FX translation difference of the foreign Operations				
FX translation in England	1,470,833	1,415,955		
FX translation in Armenia	554,955	420,715		
FX translation in Turkey	359,034	254,464	357,392	254,464
FX translation in South Korea	1,874,667	1,328,661	1,876,309	1,328,661
	<u>4,259,489</u>	<u>3,419,795</u>	<u>2,233,701</u>	<u>1,583,125</u>

36- Minority interest:

	Group	
	March 20, 2017	March 20, 2016
	Million Rials	Million Rials
Capital	1,097,579	981,807
Reserves	76,741	78,617
Accumulated difference of FX translation	980,555	943,970
Retained earnings (loss)	15,063	145,241
	<u>2,169,938</u>	<u>2,149,635</u>

37- Profit from granted facilities:

	Group		"Restated" Bank	
	Year 2016	Year 2015	Year 2016	Year 2015
	Million Rials	Million Rials	Million Rials	Million Rials
Installment sale	8,445,652	5,078,319	8,135,571	6,741,143
Equity partnership	37,867,255	38,913,900	37,867,255	18,484,662
Reward contract	1,097,565	1,513,190	1,097,565	38,913,900
Hire purchase	374,978	344,137	374,978	1,513,190
Profit sharing	2,574,058	4,656,433	2,574,058	344,137
Governmental rider Facilities	96,359	165,295	96,359	4,656,433
Profit of dues from Government	14,096,412	12,144,471	14,096,412	165,295
forfeiting	3,149,700	1,699,171	3,149,700	12,144,471
Mark-up loans	21,804,757	18,484,661	21,804,757	1,699,171
forward	5,392	53	5,392	53
Delay payment charges of IRR facilities 37-1	50,653,730	37,924,992	52,637,485	41,223,554
	<u>140,165,858</u>	<u>120,924,622</u>	<u>141,839,532</u>	<u>125,886,008</u>

37-1: Income from delay payment charges of IRR facilities is related to delay payment charges of participation bonds, and delay payment charges of the facilities.

38- Income from selling goods & services

	Group	
	Year 2016	Year 2015
	Million Rials	Million Rials
FX sold by Mellat exchange Co.	42,690,993	16,078,842
Selling goods	4,814,822	9,029,423
Income from providing services	21,763,431	15,526,196
Other	0	262,128
	<u>69,269,246</u>	<u>40,896,589</u>

39- Profit from investments and depositing:

	Group		Bank	
	Year 2016	Year 2015	Year 2016	Year 2015
	Million Rials	Million Rials	Million Rials	Million Rials
profit of subsidiaries subject to consolidation	0	0	8,743,849	4,053,251
Profit from investments in companies' shares	5,258,188	2,785,922	908,111	1,873,957
	<u>5,258,188</u>	<u>2,785,922</u>	<u>9,651,960</u>	<u>5,927,208</u>
Profit of investment deposits, bonds, legal deposits and other	18,306,237	16,546,257	18,094,480	12,434,304
Profit (loss) due to capital gain (loss) from investments in companies' share	(123)	(664)	(123)	(664)
Profit of certificates of deposit purchased from other banks	2,058,260	1,238,995	2,058,260	1,238,995
Net profit from investment in companies' shares	<u>25,622,562</u>	<u>20,570,510</u>	<u>29,804,577</u>	<u>19,599,843</u>

39-1: Profit of subsidiaries is as follows:

	Bank	
	Year 2016	Year 2015
	Million Rials	Million Rials
Mellat Financial Group Co.	5,999,998	2,736,000
Behsaz Mosharekathaye Mellat Co.	799,808	690,000
Fanavaran Hooshmad Behsazan Farda Group Co.	1,944,043	627,251
	<u>8,743,849</u>	<u>4,053,251</u>

39-2: Bank's income for Profit of investment deposits and participation bonds is as follows:

	Bank	
	Year 2016	Year 2015
	Million Rials	Million Rials
Profit from investments:		
Profit from legal deposit (punctuality bonus)	1,208,104	999,735
Profit from placements with other banks	14,847,247	10,929,440
Total profit from placements	16,055,352	11,929,175
Profit from investments in participation bonds	2,039,128	505,129
	<u>18,094,480</u>	<u>12,434,304</u>

40: Cost price of the goods sold and services rendered:

	Group	
	Year 2016	Year 2015
	Million Rials	Million Rials
Consumables	502,682	692,077
Direct salary	2,295,366	1,810,049
Production overhead	1,944,155	1,250,956
unabsorbed costs in production	(27,005)	(14,510)
Total production costs	4,715,198	3,738,572
Decrease (Increase) in inventory of goods in progress	(329,564)	(156,580)
Wastage	(456)	(1,345)
Cost price of production	4,385,178	3,580,647
Purchase of finished goods	3,318,295	4,948,949
Decrease (Increase) in inventory of the produced goods	183,449	87,769
Cost price of goods sold	7,886,922	8,617,365
Cost price of services rendered	17,041,041	13,952,825
Cost price of FX sold	38,887,652	15,364,992
	63,815,615	37,935,182

41- On account profit of investment deposits:

Description	Group		Bank	
	Year 2016	Year 2015	Year 2016	Year 2015
	Million Rials	Million Rials	Million Rials	Million Rials
Short-term deposits' profit	66,495,985	41,773,614	66,495,985	60,411,278
Special short term deposits' profit	2,731,741	2,068,156	2,716,357	2,068,156
Long-term deposits' profit:				
One-year	46,438,621	55,869,949	46,452,854	37,230,817
Two-year	3,011,875	5,264,610	3,011,875	5,264,610
Three-year	928,444	1,455,730	928,444	1,455,730
Four-year	219,683	259,021	219,683	259,021
Five-year	18,830,633	21,555,974	20,614,752	22,732,359
Profit of one-year public certificates of deposit	7,436,421	6,592,699	7,436,421	6,592,699
	146,093,403	134,839,753	147,876,372	136,014,670

41-1: Growth in profit paid to deposits is mainly due to growth in deposits and absorbing deposit at different rates.

41-2: On-account profit of investment deposits are as follows:

Description	Bank	
	Year 2016 (%)	Year 2015 (%)
Short term deposits and house purchase	10	10
Three-month short term deposit	14.5	17.5
Six- month short term deposit	14.7	17.7
Nine- month short term deposit	14.9	17.7
One-year	15	17.9
Two-year	-	18
Three-year	-	18
Four-year	-	18
Five-year	-	18
Investment certificate of deposit	15.5	18

42: Difference of definite and on-account profit of investment deposits:

The difference of definite & on-account profit of time investment deposits of customers has been calculated in accordance with circular No, 126331 dated March 09, 2009 and notification No. MB/22243 dated April 26, 2009, issued by the Central Bank of Iran, as follows:

Description	Year 2016		"Restated" Year 2015
	Million Rials	Million Rials	Million Rials
Average funds allocation out of joint resources:			
Granted loans	741,801,255		611,023,036
Investments	102,930,127		73,258,756
Participation bonds	7,725,902		2,380,132
		852,457,284	686,661,924
Less: average of depositors' net resources			
Average short term deposits	479,819,016		378,782,135
Average special short term deposits	9,845,244		5,086,573
Average one-year deposits	292,401,593		206,929,615
Average two-year deposits	14,029,658		21,641,457
Average three-year deposits	4,325,854		5,753,578
Average four-year deposits	1,033,957		1,219,919
Average five-year deposits	91,641,704		98,526,486
Average of other banks investment deposits	0		0
Total average investment deposits	893,097,026		717,939,763
Average legal deposit for investment deposits	(88,907,366)		(76,375,196)
depositors' net resources		804,189,660	641,564,567
Bank's resources		48,267,624	45,097,357
Depositors' profit share from joint incomes			
Joint incomes:			
Profit of granted loans	141,839,532		125,886,008
Profit from investments and placements (except legal deposit)	26,557,345		18,094,979
Profit from investment in participation bonds	2,039,128		505,129
Total joint profit		170,436,004	144,486,116
Depositors' profit share		160,785,619	134,996,813
Bonus for legal deposit of investment deposits		1,139,699	999,465
Profit of Depositors		161,925,318	135,996,278
Received spread		(14,048,946)	0
Profit payable to depositors		147,876,372	135,996,278
On account profit paid to depositors during the year	41	(147,876,372)	(136,014,670)
Deficit (surplus) of profit paid to depositors		0	(18,390)

42-1: The spread has been calculated at 1.75% of the average investment deposits after deduction of legal deposit. Also, the approved spread of the bank for 2016 is maximum 3 percent.

43- Profit and delay payment charges for non-joint incomes:

Description	Group		Bank	
	Year 2016	Year 2015	Year 2016	Year 2015
	Million Rials	Million Rials	Million Rials	Million Rials
Profit (foreign branches)	313,679	252,545	313,679	252,546
Delay payment charges out of other loans	1,520,734	2,126,449	1,520,734	2,134,055
Profit and delay payment charges out of FX loans granted to private sector	139,493	348,343	139,493	348,343
Profit out of FX loans granted to public sector	17,667,684	16,040,660	17,667,684	16,040,660
Profit out of FX investments and placements	181,151	399,093	72,121	399,093
FX participation bonds	3,201,938	3,804,381	3,201,938	3,804,381
Other	29,339	1	0	1
	<u>23,054,018</u>	<u>22,971,472</u>	<u>22,915,648</u>	<u>22,979,079</u>

44- Received Commission

Received commission includes the following items:

Description	Group		Bank	
	Year 2016	Year 2015	Year 2016	Year 2015
	Million Rials	Million Rials	Million Rials	Million Rials
Commissions for:				
Issued LCs	2,516,880	117,139	2,516,880	117,139
Issued LGs	2,834,508	2,055,164	2,835,048	2,055,187
Received bills	257,336	242,836	257,336	242,836
Bank remittances (Shetab)	2,091,562	2,054,541	2,091,562	2,054,541
Interest-free facilities	1,159,883	1,050,749	1,159,883	1,050,749
Foreign branches	0	73	1,411	73
State-owned accounts	110,853	119,141	110,853	119,141
Current accounts (bounced checks)	185,506	99,707	185,506	99,707
Insurance services	170,980	185,791	170,980	185,791
IRR and FX remittances	320,856	485,021	320,856	485,022
Adverse effect of the bounced checks	67,941	45,688	67,941	45,688
Assessing projects	268,733	35,680	268,733	35,680
Preparing credit information report	17,194	20,813	17,194	20,813
Credit card subscription (44-1)	187,994	4,202,921	187,993	4,202,921
Securities sale agency ship	1,001,387	73	1,001,387	73
SMS Services to private banking customers	347,475	242,703	347,475	242,703
Other banking services	727,989	1,290,703	725,881	1,289,792
	<u>12,267,077</u>	<u>12,248,843</u>	<u>12,266,919</u>	<u>12,247,854</u>

44-1: The commission of yearly subscription of Mark-up credit card and profit of the Mark-up loans has been reflected in Note (37) (profit from granted facilities).

45- Other non-joint incomes

Description	Group		Bank	
	Year 2016	Year 2015	Year 2016	Year 2015
	Million Rials	Million Rials	Million Rials	Million Rials
Result of local FX transactions	103,405	804,902	103,405	804,902
Result of (foreign branches) FX transactions	65,154	33,514	65,154	33,514
Result of FX accounts translations	12,348,612	21,611,342	12,348,612	21,513,661
Miscellaneous Incomes (45-1)	1,919,347	2,491,259	1,540,804	2,689,696
Miscellaneous Incomes(foreign branches)	40,090	7,731	40,090	7,731
	14,476,608	24,948,748	14,098,066	25,049,503

45-1 miscellaneous incomes are as follows:

Description	Group		Bank	
	Year 2016	Year 2015	Year 2016	Year 2015
	Million Rials	Million Rials	Million Rials	Million Rials
Post, telegraph and telephone	14,620	2,649	14,620	2,649
Profit from disposing fixed and scrapped assets	453,917	1,030,740	386,481	1,012,164
Income from rentals	61,446	33,426	30,609	33,427
Issuing cards	195,672	173,244	195,672	173,244
Assessing and evaluating assets	180,659	303,674	180,659	303,674
Other	1,013,033	947,526	732,763	1,164,537
	1,919,347	2,491,259	1,540,804	2,689,695

46: Administrative and general expenses

Description	Note	Group		Bank	
		Year 2016	Year 2015	Year 2016	Year 2015
		Million Rials	Million Rials	Million Rials	Million Rials
Staff expense	46-1	26,317,591	27,305,032	25,213,539	26,351,652
Other administrative expenses	46-2	14,807,037	13,098,719	14,743,267	13,131,738
		41,124,628	40,403,751	39,956,805	39,483,390

46-1: Staff expenses are comprised of the following items:

Description	Group		Bank	
	Year 2016	Year 2015	Year 2016	Year 2015
	Million Rials	Million Rials	Million Rials	Million Rials
Salaries and wages	4,582,102	3,936,760	3,656,115	3,178,594
Overtime allowance	3,042,648	3,068,490	3,042,648	3,068,490
Cash deficit allowance (clerk allowance)	61,675	62,849	61,675	62,849
Allowance for balance sheet and new year bonus	1,000,011	2,018,073	1,000,011	2,018,073
Other allowances	3,032,459	2,926,566	2,971,941	2,926,566
Welfare, groceries and health allowance	2,261,666	1,851,272	2,249,299	1,851,272
Saving and retirement	3,472,090	2,871,077	3,472,090	2,871,077
Staff retirement expenses	1,928,704	1,572,056	1,914,465	1,572,056
New year's bonus	569,437	515,232	543,606	515,233
Severance bonus	1,122,738	2,268,002	1,070,239	2,220,316

Efficiency scheme	5,051,599	4,150,692	5,038,988	4,003,163
Leaves purchase expenses	115,558	1,982,820	115,558	1,982,820
Foreign branches staff expenses	76,904	81,143	76,904	81,143
	<u>26,317,591</u>	<u>27,305,032</u>	<u>25,213,539</u>	<u>26,351,652</u>

46-2: Administrative expenses are as follows:

Description	Group		Bank	
	Year 2016	Year 2015	Year 2016	Year 2015
	Million Rials	Million Rials	Million Rials	Million Rials
Health care and treatment	2,190,930	1,811,285	2,190,930	1,812,204
Outsourcing services	1,297,454	845,868	1,720,809	1,545,868
Software & Banking Systems logistic Expenses	1,383,786	1,077,148	1,356,914	1,077,148
Advertisement expenses	1,171,762	1,076,173	1,171,762	1,076,173
Maintenance expenses	570,814	380,052	570,814	380,052
Training Expenses	296,400	178,207	296,400	178,207
Other contractual services	142,179	13,545	168,318	32,764
Consumables and accessories	731,319	844,977	716,879	818,114
Communications and telecommunication	1,422,097	1,206,607	1,407,623	1,206,607
Rentals and duties	446,289	407,858	421,263	395,431
Water, power and fuel	422,473	400,136	410,620	372,283
Traveling and mission	224,627	203,292	181,169	170,962
Calculating machines	350,046	243,455	350,046	243,456
Depreciation expenses	2,560,680	2,443,064	2,193,491	2,134,323
Expenses for deposits guarantee fund membership fee	800,000	0	800,000	0
Other items	679,476	1,918,623	719,844	1,639,716
Administrative expenses of foreign branches	116,704	48,429	66,384	48,429
	<u>14,807,037</u>	<u>13,098,719</u>	<u>14,743,267</u>	<u>13,131,738</u>

46-2-1: the main figures in the other contractual services are related to advertisement expenses and other contracts of contractual services.

47: Doubtful loans expenses:

Description	Note	"Restated"		"Restated"	
		Group		Bank	
		Year 2016	Year 2015	Year 2016	Year 2015
		Million Rials	Million Rials	Million Rials	Million Rials
Specific expenses of doubtful loans	47-1	2,191,553	7,915,942	2,286,444	8,309,432
General expenses of doubtful loans	47-2	2,147,923	2,287,455	1,744,569	2,196,371
		<u>4,339,476</u>	<u>10,203,397</u>	<u>4,031,013</u>	<u>10,505,803</u>

47-1: Specific provisions for doubtful loans of the bank have been calculated as follows:

Description	Year 2016				"Restated"
	overdue	defaulted	Doubtful loans	Total	Year 2015
	Million Rials	Million Rials	Million Rials	Million Rials	Million Rials
Balance of Granted Facilities on March 20, 2016	29,606,766	14,592,122	92,253,685	136,452,574	118,124,114
Less: Collaterals value by applying coefficients:					
Deposit, properties, real estates, machinery & ...	(1,830,538)	(4,204,338)	(11,466,968)	(15,710,583)	(21,540,721)
	<u>27,776,228</u>	<u>10,387,784</u>	<u>80,786,717</u>	<u>120,741,991</u>	<u>96,853,393</u>
Basic coefficient for calculating specific provision	10 %	20%	50 -100 %		
specific doubtful loans provision	2,777,623	2,077,557	56,344,770	61,199,949	59,168,231
Bad debts/adjustments of foreign branches			254,726	254,726	2,222
Balance of Specific doubtful loans provision at the beginning of the year	(2,677,270)	(1,911,753)	(54,579,209)	(59,168,231)	(50,861,021)
Specific doubtful loans expenses during the current year	<u>100,353</u>	<u>165,804</u>	<u>2,020,287</u>	<u>2,286,444</u>	<u>8,309,432</u>

47-2: Doubtful loans general expenses have been calculated as follows:

Description	Year 2016	Year 2015
	Million Rials	Million Rials
Balance of granted facilities on March 20, 2017	1,429,906,006	1,295,272,941
Less:		
Balance of granted facilities for which specific provision has been posted	<u>(136,452,574)</u>	<u>(118,124,114)</u>
Balance used as the basis for calculation of general provision	1,293,453,432	1,177,148,827
Base coefficient for calculating general provision (1.5 %)	19,401,801	17,657,232
Balance of general doubtful loans provision at the beginning of the year	<u>17,657,232</u>	<u>15,460,862</u>
Doubtful loans general expenses	<u>1,744,569</u>	<u>2,196,371</u>

48: Actuary Expenses

The liabilities for staff retirement allowances based on actuary calculations are as follows:

Description	"Restated"		"Restated"	
	Group		Bank	
	2016	2015	2016	2015
	Million Rials	Million Rials	Million Rials	Million Rials
Staff retirement allowance expenses (actuary)	0	2,500,000	0	2,500,000

49: Financial expenses:

The financial expenses are as follows:

Description	Group		Bank	
	2016	2015	2016	2015
	Million Rials	Million Rials	Million Rials	Million Rials
Expenses for facilities received from the CBI	4,252,037	5,823,400	4,183,559	5,390,704
Expenses for banking services commission	8,374,491	3,415,228	8,374,491	3,407,331
Total financial expenses	12,626,528	9,238,628	12,558,050	8,798,035
Profit paid to FX deposits	8,544,255	6,790,748	8,544,255	6,790,748
Total financial expense and FX deposits profit	21,170,783	16,029,376	21,102,304	15,588,783

50: Other expenses:

Description	Group		Bank	
	2016	2015	2016	2015
	Million Rials	Million Rials	Million Rials	Million Rials
Yearly tax expenses	3,100,000	0	3,100,000	0
Non-interest-bearing accounts bonuses	329,691	565,505	246,247	490,523
Expense for impaired acquired shares	500,000	0	500,000	0
Total	3,929,691	565,505	3,846,247	490,523

50-1: By virtue of article 2 of the code of conduct for granting bonuses to non-interest bearing saving deposits approved in the 534th session of Money and Credit Council dated August 05, 1984, the maximum amount to be spent for granting bonuses to non-interest bearing saving depositors would be assigned by the Money and Credit Council.

51: Yearly Adjustments:

The yearly adjustments are as follows:

Description	Group		Bank	
	2016	2015	2016	2015
	Million Rials	Million Rials	Million Rials	Million Rials
Foreign branches adjustments	(477,951)	(580,218)	(477,951)	(580,218)
Actuary expenses	(4,000,000)	(1,500,000)	(4,000,000)	(1,500,000)
For adjusting fixed assets revaluation	(20,215)	(20,215)	(20,215)	(20,215)
Yearly adjustments of doubtful loans expenses	(9,500,000)	(1,760,000)	(9,500,000)	(1,760,000)
Reversal delay payment charges of companies' dividend	(1,696,177)	(1,696,177)	(1,696,177)	(1,696,177)
Dividend difference of Fanavaran Hooshmand Group Co.	(146,222)	(146,222)	(146,222)	(146,222)
Tax expenses	(3,000,000)	(6,000,000)	(3,000,000)	(6,000,000)
POS Commission	(218,622)	(218,622)	(218,622)	(218,622)
Adjustments due to consolidation	780,633	1,644,417	0	0
	(18,278,554)	(10,277,038)	(19,059,187)	(11,921,455)

51-1: In order for better provision of the financial statements, the comparative figures of yearly adjustments and other classificatory adjustments of financial statements of the banks have been restated as follows:

	Note	Bank					
		Balance before adjustments of 2015	Classificatory adjustments		Yearly adjustments		Adjusted balance of 2015
		Debit (credit)	Debit	Credit	Debit	Credit	Debit (credit)
		Million Rials	Debit	Credit	Debit	Credit	Million Rials
Dues from the CBI	6	200,545,841	22,852,396	0	0	0	223,398,237
Dues from banks and credit institutions	7	217,801,509	1,085,920	149,535	0	0	218,737,894
Loans and advances to public sector	9	264,506,213	0	30,198,495	0	0	234,307,718
Loans and advances to other parties	10	811,469,128	46,767,914	0	0	9,500,000	848,737,042
Debtors for LCs and FX time drafts	11	15,290,903	0	13,346,081	0	0	1,944,822
Participation bonds and the like	12	9,630,418	0	3,439,673	0	0	6,190,745
Tangible fixed assets	14	41,751,687	0	0	0	20,215	41,731,472
Other assets	17	96,833,735	0	44,030,561	0	2,320,350	58,568,644
Dues to CBI	19	(170,231,439)	0	21,810,355	0	0	(192,041,794)
Dues to banks and credit institutions	20	(80,678,012)	1,883,738	0	0	0	(78,794,274)
Sight deposits	21	(257,337,335)	33,016,133	0	0	218,622	(224,539,824)
Payable tax	25	(1,448,750)	0	186,670	0	3,000,000	(4,635,420)
Provisions and other liabilities	26	(156,330,811)	22,958,507	5,047,201	0	0	(138,419,505)
Bank's liability for accepting FX deferred LCs and time drafts	27	(15,523,759)	78,3430	0	0	0	(15,445,416)
Staff severance allowances	29	(8,472,663)	0	7,499,922	0	4,000,000	(19,972,585)
Items in transit	18	(42,986,951)	6,133,121	9,067,581	0	0	(45,921,411)
Retained earnings (loss)		(10,294,517)	0		19,059,187		8,764,670
			134,776,072	134,776,072	19,059,187	19,059,187	

52: Retained earnings at the end of the year:

Legal mandates:

52-1: With due regard to the fact that there is no attributable profit (according to article 239 of amendment of commercial law, net profit after applying the retained earnings (loss) at the beginning of the year and legal reserve and other reserves of the year), no dividend has been considered.

53-Earnings per share

	Bank	
	March 20, 2017	"Restated" March 20, 2016
	Million Rials	Million Rials
Profit before tax	4,112,000	1,179,117
Tax effect	(129,430)	(789,661)
Profit after tax deduction	3,982,569	389,456
Earnings per share - IRR	80	8

	Group	
	March 20, 2017	"Restated" March 20, 2016
	Million Rials	Million Rials
Profit before tax	4,211,018	86,376
Tax effect	(1,211,406)	(1,336,307)
Profit (loss) after tax deduction	2,999,612	(1,249,931)
Earnings (loss) per share - IRR	62	(26)

	Group	
	March 20, 2017	"Restated" March 20, 2016
	Million Rials	Million Rials
Weighted average of ordinary shares	50,000	50,000
Shares of parent company owned by subsidiaries	(1,777)	(1,306)
Weighted average of ordinary shares	48,223	48,694

	Bank	
	March 20, 2017	"Restated" March 20, 2016
	Million Rials	Million Rials
Weighted average of ordinary shares	50,000	50,000
Shares of parent company owned by subsidiaries	0	0
Weighted average of ordinary shares	50,000	50,000

54: Reconciliation statement of earnings before deduction of income tax:

Reconciliation statement of earnings before deduction of income tax with net cash in-flow from operating activities is as follows:

	Group		Bank	
	March 20, 2017	"Restated" March 20, 2016	March 20, 2017	"Restated" March 20, 2016
	Million Rials	Million Rials	Million Rials	Million Rials
Earnings before deducting income tax	4,381,773	83,821	4,112,000	1,179,117
Depreciation expenses of tangible and intangible fixed assets	2,560,680	2,443,064	2,193,491	2,134,323
Profit for disposing tangible and intangible fixed assets	(534,575)	(1,030,740)	(386,481)	(807,679)
	6,407,878	1,496,145	5,919,009	2,505,761
Net increase (decrease) of operating liabilities				
Dues to the central bank	45,784,419	25,878,184	45,784,419	25,878,184
Dues to banks and credit institutions	(31,250,826)	25,822,033	(31,063,526)	25,822,033
Sight deposits and the like	12,704,688	53,167,546	12,016,196	52,196,171
Saving deposits and the like	6,661,375	6,905,443	6,704,089	6,906,163
Other deposits	9,783,038	4,188,368	4,778,990	(4,245,419)
Provisions and other liabilities	29,673,884	75,581,874	29,654,749	5,533,676
Dues to endorsed deferred FX LCs and time drafts	(12,884,093)	(6,466,324)	(12,884,093)	69,885,033
Time investment deposits	31,072,151	239,990,817	31,513,845	245,456,960
Staff severance allowance	1,168,599	2,394,056	1,060,000	2,300,000
Items in transit	699,409	3,718,371	699,409	3,718,371
Total	93,412,646	431,180,368	88,264,079	433,451,172
Net increase (decrease) of operating assets				
Dues from the CBI	(24,517,472)	(43,060,867)	(16,625,567)	(41,797,680)
Dues from the banks and credit institutions	127,283,090	(112,965,990)	129,304,273	(112,981,217)
Dues from the government	(21,224,621)	(23,644,613)	(21,224,621)	(14,257,957)
Loans and advances to public sector	(7,004,492)	(51,401,542)	(7,004,492)	(46,593,542)
Loans and advances to other parties	(124,046,198)	(172,437,937)	(118,915,551)	(165,570,496)
Debtors for deferred FX LCs and time drafts	113,469	(4,745,348)	113,469	8,573,912
Participation bonds and the like	(37,084,693)	6,369,329	(35,221,668)	(2,725,276)
Investment in shares and other securities	(2,112,532)	(381,971)	(665,198)	(524,108)
Other Assets	(4,361,904)	(9,046,326)	(22,945,503)	(30,884,758)
Total	(92,955,354)	(411,315,265)	(93,184,858)	(406,761,122)
Net cash inflow from operating activities	6,865,170	21,361,248	998,230	29,195,811

55: Net Increase (Decrease) in cash:

Net Increase (Decrease) in cash reflected in the cash flow statement is as follows:

Description	Group			Bank		
	March 20, 2017	March 20, 2016	Changes during 2016	March 20, 2017	March 20, 2016	Changes during 2016
Cash	20,652,857	24,386,224	(3,733,368)	15,746,758	18,790,194	(3,043,435)
Current account held with CBI	6,548,443	8,650,280	(2,101,837)	6,548,443	8,650,280	(2,101,837)
Current account held with the central banks of the foreign branches hosting countries	204,082	214,280	(10,198)	204,082	214,280	(10,198)
Our Balance with the local banks after clearing	344,977	283,361	61,616	344,977	283,361	61,616
Balance of local banks held with us after clearing	(110,395)	(92,492)	(17,903)	(110,395)	(92,492)	(17,903)
Cash balance at the end of the year	<u>25,991,648</u>	<u>27,243,541</u>	<u>(5,801,691)</u>	<u>22,733,864</u>	<u>27,845,623</u>	<u>(5,111,759)</u>

56: Non-cash Transactions:

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

Description	Note	Group		Bank	
		Year 2016	Year 2015	Year 2016	Year 2015
		Million Rials	Million Rials	Million Rials	Million Rials
Foreclosing collaterals pledged against granted loans	56-1	1,182,463	1,248,505	1,182,464	1,248,505
Mellat financial group		161,600	52,291	--	--
Behsaz Mosharekatha Co.		----	1,734,388	--	--
Fanavaran hooshmand behsazan		523,293	2,031,125	--	--
Farda group Co.					
		<u>1,867,356</u>	<u>5,066,309</u>	<u>1,182,464</u>	<u>1,248,505</u>

56:-1 during the reported fiscal year the following assets have been foreclosed by the bank:

Nature of foreclosed assets	Nature of the client's relationship	Value of the foreclosed asset
		Million Rials
Residential property	Unrelated customer	0
Commercial/ administrative property	Unrelated customer	349,555
Shares	Unrelated customer	0
Factory and equipment	Unrelated customer	642,053
Furniture	Unrelated customer	5,012
Equipment	Unrelated customer	78,119
Vehicles	Unrelated customer	5,057
Land	Unrelated customer	102,668
		<u>1,182,464</u>

57: Off-balance sheet items:

57-1 Bank's liabilities for FX LCs are as follows:

	Note	Group		Bank	
		March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
		Million Rials	Million Rials	Million Rials	Million Rials
Bank's liabilities for FX LCs	57-1-1	116,088,975	37,520,156	116,088,975	37,520,156
Branches liabilities for LCs issued at the counters of foreign branches		3,359	3,280	3,359	3,280
Bank's liabilities for locally issued LCs	57-1-2	7,788,903	2,643,062	7,788,903	2,643,062
		<u>123,881,237</u>	<u>40,166,498</u>	<u>123,881,237</u>	<u>40,166,498</u>

57-1-1: Statement of bank's liabilities for FX LCs are as follows:

Type of currency	Balance at the beginning of year		Balance at the end of Year	
	FX amount	IRR equivalent Million Rials	FX amount	IRR equivalent Million Rials
<u>Sight:</u>				
USD	9,802,040	296,414	8,341,793	270,441
EUR	904,112,334	30,681,052	1,514,530,815	52,782,913
TRY	270,592	2,855	8,304,915	74,287
KRW	24,272,439,218	625,282	41,075,520,948	1,178,867
JPY	3,156,572,788	849,718	10,164,839,386	2,924,628
AED	10,137,061	83,469	10,137,061	89,480
Other currencies		4,981,366		58,768,358
Total		<u>37,520,156</u>		<u>116,088,975</u>

57-1-2:

Bank's liabilities for IRR local LCs:

	March 20, 2017	March 20, 2016
	Million Rials	Million Rials
Balance at the beginning of the year	2,643,062	6,183,788
Issued during the year	-----	---
Remitted (cancelation) during the year	5,145,841	(3,540,725)
Balance at the end of year	<u>7,788,903</u>	<u>2,643,062</u>

57-2: Bank's liabilities for issued letter of guarantees

57-2-1: Bank's liabilities for IRR issued LGs:

	Group		Bank	
	March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
	Million Rials	Million Rials	Million Rials	Million Rials
Liabilities for FX LGs	45,207,724	45,295,133	45,207,724	45,295,133
Liabilities for IRR LGs	104,390,338	97,716,918	104,390,338	97,716,918
Liabilities for all issued LGs	<u>149,598,062</u>	<u>143,012,052</u>	<u>149,598,062</u>	<u>143,012,052</u>

57-2-2: statement of the bank's liabilities for FX LGs are as follows:

	Bank			
	March 20, 2017		March 20, 2016	
	FX amount	IRR Equivalent	FX amount	IRR Equivalent
EUR	988,648,530	34,455,390	1,188,000,021	35,825,329
AED	125,936,210	1,111,639	101,242,203	771,668
USD	245,115,882	8,634,277	296,529,719	8,301,053
SEK	7,849,575	28,800	7,849,575	25,331
Other currencies	0	977,618	0	371,753
Total liabilities for issued FX LGs		<u>45,207,724</u>		<u>45,295,133</u>

57-3: Other bank's liabilities are as follows:

	Group		Bank	
	March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
	Million Rials	Million Rials	Million Rials	Million Rials
Liabilities for the contract concluded with the Management & Planning Organization	1,883,912	1,757,233	1,883,912	1,757,233
Liabilities for contracts concluded in FX	1,745,847	12,165	1,745,847	12,165
Liabilities for contracts concluded for private sector transactions	177,964,093	130,145,037	177,964,093	130,415,037
Liabilities for restructured contracts	0	2,519	0	2,519
Liabilities for guaranteeing participation bonds	733,750	24,125,181	733,750	24,125,181
Liabilities for credit cards	1,808,035	3,235,798	1,808,035	3,235,798
Liabilities for the FX amounts received out of the NDF	221,326,016	151,200,000	221,326,016	151,200,000
	<u>405,461,653</u>	<u>310,747,933</u>	<u>405,461,653</u>	<u>310,747,933</u>

57-4: Managed funds and the like are as follows:

	Group		Bank	
	March 20, 2017	March 20, 2016	March 20, 2017	March 20, 2016
	Million Rials	Million Rials	Million Rials	Million Rials
Loans granted out of managed funds	2,119,230	2,241,776	2,119,230	2,241,776
Unused managed funds	67,395	87,191	67,395	87,191
Loans granted out of inter-bank funds	11,830	11,830	11,830	11,830
Loans granted out of special non-interest bearing deposits	350,830	350,070	350,830	350,070
Managed FX funds	130,320,350	128,325,925	130,320,350	128,325,925
	<u>132,869,636</u>	<u>131,016,793</u>	<u>132,869,636</u>	<u>131,016,793</u>

58- Post balance sheet date Events

No material event has occurred after the date of balance sheet.

59- Capital liabilities, contingent liabilities and contingent assets:

59-1: capital liabilities due to the concluded and approved contracts on date of balance sheet are as follows:

	Group		Bank	
	2016	2015	2016	2015
	Million Rials	Million Rials	Million Rials	Million Rials
Expenses of establishing fruit and vegetables market in Shahin Shahr –Esfahan	14,089	0	0	0
Hotel in holy Mashhad (Mellat Grand Hotel)	0	0	0	100,000
Eil Goli in East Azerbaijan	0	0	0	120,000
	<u>14,089</u>	<u>0</u>	<u>0</u>	<u>220,000</u>

59-2: Contingent liabilities on date of balance sheet are as follows:

	Relevant Company	March 20,
		2017
		Million Rials
Our guaranteed documents with others	Mellat Financial Group	600,331
Trustee shares of bank Mellat belonging to Pars fund	Mellat Financial Group	551,515
LG in favor of Mercantile Exchange Company	Mellat Financial Group	6,000
LG in favor of Securities and exchange organization	Mellat Financial Group	10,100
Future commodities contract	Mellat Financial Group	1,000
Liability for withholding tax, salary and added value of the previous years of Railway Transportation Co.	Mellat Financial Group	35,329
Endorsement of the documents of Azin Tejarat Arman contract	Mellat Financial Group	4,744,810
Other	Mellat Financial Group	208,379
Guaranteed documents of Yas-e- arghavani company held with contractors	Fanavaran Hooshmad Behsazan Farda Group Co.	854,419
Checks for guaranteeing liabilities and contracts	Fanavaran Hooshmad Behsazan Farda Group Co.	276,070
Guaranteed documents held with other parties	Fanavaran Hooshmad Behsazan Farda Group Co.	3,328
The other parties checks held with us	Fanavaran Hooshmad Behsazan Farda Group Co.	11,556

The other parties' promissory notes held with us	Behsaz Mosharekathaye Mellat	4,700
Our Guaranteed documents held with other parties	Behsaz Mosharekathaye Mellat	26,022
Check held with Social Security Organization	Behsaz Mosharekathaye Mellat	204
Our checks held with the tax authority	Behsaz Mosharekathaye Mellat	220
Our letters of guarantee held with other parties	Behsaz Mosharekathaye Mellat	500
Tax liabilities and value added tax	Behsaz Mosharekathaye Mellat	11,510
Guaranteed documents held with other parties	Behsaz Mosharekathaye Mellat	1,107,698
Advance payment guarantee	Behsaz Mosharekathaye Mellat	978
performance bank guarantee	Behsaz Mosharekathaye Mellat	1,068
Total		<u>8,455,737</u>

60-Transactions with affiliated Entities:

60-1 Changes in the major shareholders (more than one percent)

During the fiscal year ended to March 20, 2017, the Mellat Market making fund by purchasing 1,059,298,005 shares and Mehr-e-Ayandegan Financial Development Group by purchasing 699,002,000 shares joined the cluster of shareholders with more than one percent of shares.

60-2 Transaction with Managers:

During the fiscal year ended to March 20, 2017 no transaction has been done with managers (CEO, board members and the bank's executive board).

60-3 Transactions with affiliated entities during the reported year:

Amount to Million Rials

Description	Name of Affiliated entity	Nature of affiliation	Subject to Art. 129	Purchasing goods or services	Selling goods or services	Payable accounts	Receivable accounts	Purchase	Sale	Granted/ Received	Payable dividend	Buying shares	On account amount paid	Receiving installments
Subsidiary	Mellat financial group Co.	Group	√										100,000	
Main and Final Commercial Unit	Beh pardakht Co.	Group			3,117									
	Zirsakht Co.	Group			257,892									
	Behsazan Co.	Group			1,135,152									
	Yas-e- arghavani industries Co.	Group			76,143									
	Shaghayegh software engineering Co.	Group			121,750									
	Yas-e- arghavani system Co.	Group			266,674									
	Mellat exchange office Co.	Group			589,497									
	Tmin-e-sarmayeh Co.	Group			49,607									
	MAD Co.	Group			75,895									
	Chap Co.	Group			532,348									
	Behsaman Co.	Group			337,187									
	Tarh-e- andisheh Co.	Group			520,937									
	Tarh-e- andisheh Co.	Group			12,449,858									
Affiliated Companies	Darya sazan Bahman Co.	Affiliated		2,850										
	Adonis Co.	Affiliated		1,146				40,143						
	Atieh Khahan common investment Co.	Affiliated		19				71						
	Novin investment bank brokerage.	Affiliated							342					
	Andoukhteh Mellat investment fund	Affiliated			6,727									
	Mellat market making specialized investment Fund	Affiliated			6,309									
	Atieh Mellat investment fund	Affiliated			2,363									
	Ooj Mellat investment fund	Affiliated			936									
	Iran mercantile exchange	Affiliated			100									
	Alborz insurance Co.	Affiliated			48,790									

60-4-Final account balance of affiliated persons:

Amount to Million Rials

Description	Name of affiliated entity	Nature of affiliation	Receivable accounts	Payable accounts	Dividend	Granted/ Received	Buying shares	EPS	Facilities	Receiving installments	2016	2015
Main and Final Commercial Unit	Beh Pardakht Co.	Subsidiary	2,191,194	14,114							2,205,308	
	Zir Sakht Co.	Subsidiary	69,965	57,980							127,945	
	Behsazan Co.	Subsidiary	650,474	284,684				1,629,266	360,669		2,925,093	59,908
	Yas-e-Arghavani Industries Co.	Subsidiary	7,895	16,957							24,852	
	Shaghayegh Software Engineering Co.	Subsidiary	15,000	16,384							0	
	Yas-e- arghavani system Co.	Subsidiary	12,413	62,415							74,828	
	Mellat exchange office	Subsidiary									0	
	Capital securing Co.	Subsidiary	21,649	2,313				50,000			73,962	
	MAD Co.	Subsidiary	12,253	579							12,832	
	Chap Co.	Subsidiary	73,561	84,571							158,132	
	Behsaman Co.	Subsidiary	130	33,946							34,076	
	Tadbirgaran Co.	Subsidiary									14,697	22,959
	Ma Insurances Co.	Subsidiary								14,697	3,040	34,205
	Rahbari sanaye behsaz Co.	Subsidiary	12,086	21,597						3,040	89,027	42,051
	Bank Mellat Constructional Co.	Subsidiary								55,344	5,072,754	11,230,431
	Behsaz commercial services development Co.	Subsidiary								2,062,232	2,062,332	2,124,241
	Mellat leasing Co.	Subsidiary								1,637,163	1,637,163	1,432,023
	Mellat financial group Co.	Subsidiary								3,246,855	3,246,855	4,228,518
	Behsaz Mosharekathaye Mellat	Subsidiary							1,794,146	843,146	2,637,292	197,740
	Bank Mellat capital securing co.	Subsidiary									0	10,625
Tehran –Saveh freeway Co.	Subsidiary									0	39,814	
Tarh & andisheh behsaz mellat Co.	Subsidiary	12,449,858	599,520							13,049,378	6,017	
Fanavaran hooshmad behsaz	Subsidiary									0	513,343	

	farda group Co.											
Affiliated Companies	Darya sazan Bahman Co.	Affiliated	4,302								4,302	
	Adonis Co.	Affiliated	2,342	443-							1,899	
	Atieh khahan joint investment Co.	Affiliated		1,385-	23,880-						(25,265)	
	Bank-e- ghavamin (Kish Branch)	Affiliated									0	(20,450)
	Capital securing brokerage Co.	Affiliated	24								24	24
	Andoukhteh Mellat investment fund	Affiliated		290-							(290)	15,629
	Mellat Market making Specialized Investment Fund	Affiliated	204,503								204,503	
	Atieh mellat investment fund	Affiliated		69-							(69)	883
	Arj-e-mellat investment fund	Affiliated	80								80	
	Iran mercantile exchange Co.	Affiliated									0	
	Alborz Insurance Co.	Affiliated									0	
	Kheradmandan saber asr cooperative Co.	Affiliated	18,973								18,973	0

61- FX Position:

Monetary FX Assets and liabilities and Local FX obligations are as follows:

	USD	EUR	KRW	TRY	JPY	AED	SEK	DKK	Other currencies (Million Rials)	March 20, 2017 Net FX Open position (Million Rials)	March 20, 2016 Net Open position (Million Rials)
Cash	111,523,653	51,379,206	---	---	---	28,676,420	--	--	181,176	5,840,841	9,427,268
Dues from the CBI	81,657,556	532,655,107	212,069,986,494	33,082,209	2,317,419,604	1,699,387,845	0	0	1,510,375	44,770,869	33,924,525
dues from other banks & credit institutions	81,279,674	1,239,746,071	137,200,304,862	16,979,488	6,123,570,842	144,231,795	2,439,000	5,806	7,439,218	60,414,121	113,736,275
dues from Government	35,558,190	0	0	0	0	0	0	0	0	1,152,797	1,075,280
Granted loans	1,348,440,804	10,722,728,352	161,193,480,061	32,146,164	2,073,185,321	4,475,646,897	0	0	29,182,901	470,075,716	417,928,372
Participation bonds	0	47,900,000	0	0	0	0	0	0	0	1,669,363	946,787

Debtors for time FX LCs /private	0	45,107,585	4115,778,131	374,941	0	646,472	0	0	160,015	1,859,243	1,974,439
Other assets	3,809,002,436	14,562,348,416	738,329,666,100	398,959,901	29,782,235,590	8,650,526,562	631,521	61,457,482	42,993,362	783,962,224	751,834,107
Total FX assets	5,467,472,313	27,202,864,736	1,252,809,215,647	481,542,703	40,296,401,357	14,999,105,992	3,070,521	61,463,287	81,467,047	1,369,745,172	1,320,857,053
dues to Central Bank	39,408,230	3,998,304,067	0	0	0	37,735,504	0	0	0	140,955,601	143,504,718
dues to other banks and credit institutions	39,563,836	142,122,835	0	770	337,136,300	933,028,875	100,000	1,200	1,168,453	15,413,262	22,182,390
Liability of the bank for acceptances & endorsements	22,789,930	44,087,376	4,115,778,131	374,941	0	509,000			160,015	2,561,323	15,445,416
Received deposits	568,916,846	2,912,871,484	27,362,379,111	2,726,633	2,441,402,622	567,849,855	2,013,925	17	5,949,650	132,442,349	281,024,528
Received facilities	677,531,756	2,973,849,951	0	0	0	0	0	0	22,052,415	147,659,639	123,530,631
Other liabilities	3,813,990,202	13,542,188,536	915,963,342,121	354,191,234	31,806,022,626	10,027,467,210	23,200,479	2,469	44,396,643	767,173,819	580,863,613
Total FX liabilities	5,152,200,789	23,613,424,250	947,441,499,363	357,293,678	34,584,561,549	11,566,590,443	25,314,404	3,685	73,727,177	1,206,205,993	1,176,551,297
FX position	<u>315,271,524</u>	<u>3,589,440,486</u>	<u>305,367,716,284</u>	<u>124,249,025</u>	<u>5,711,839,8008</u>	<u>3,432,515,548</u>	<u>(22,243,883)</u>	<u>61,459,602</u>	<u>7,739,870</u>	<u>163,539,179</u>	<u>154,305,756</u>
						0					
FX loans granted out of managed funds	0	3,731,591,781	0	0	0	0	0	57,780,725	0	130,320,350	0
obligations of the Management and Planning Organization for loans out of OSF	58,109,548	0	0	0	0	0	0	0	0	1,883,912	1,757,233
obligations of National Development Fund for paying facilities/ FX	6,826,835,776	0	0	0	0	10,137,061	0	0	0	221,326,016	151,200,000
Customers obligations for issued L/Cs	8,341,793	1,514,530,815	41,075,520,948	8,304,915	10,164,839,386	125,926,210	0	0	58,768,358	116,088,975	37,520,156
Customers obligations for issued LGs and acceptance	196,420,866	852,206,708	0	0	0	0	0	0	962,194	28,769,836	39,506,571
Customers obligations for FX counter guarantees	48,695,016	136,441,822	0	0	0	0	7,849,575	0	15,423	6,394,297	5,496,755
Customers obligations for contracts concluded in FX	0	50,094,608	0	0	0	0	0	0	0	1,745,847	12,165

61-1 “Other” in the assets and liabilities section is mainly related to the account of branches in FX.

61-2 the Bank has always complied with the provisions of Clause (2) of directive on supervising regulations and controlling FX position, subject of circular No. 1345MB, dated March 18, 2002, issued by the CBI, indicating authorized limit of FX open position at maximum 10% for each foreign currency and for the aggregate foreign currencies at 30% of the base capital. Nevertheless, for some reasons, including setting off the bank’s FX liabilities to the Oil Stabilization Fund with the dues from the government and impossibility of entering into transactions with the other international banks due to imposed sanctions and limitations on the CBI, the Bank in some juncture was unable to comply with the limits in conversion of some foreign currencies into one another.