

IN THE NAME OF GOD



**Annual
Report**
Arzesh
Afarinan
Pasargad
co.2015/16



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MANAGEMENT REPORT

ARZESH AFARINAN PASARGAD CO. ■ Annual Report 2015/16

MESSAGE OF BOARD OF DIRECTORS

Since its foundation in 2006, Arzesh Afarinan Pasargad Group has built a track record of which we are extremely proud. Our revenue has been increased every year since the beginning and reached to \$453 million in 2016. The Company's investments amounts to \$576 million and the net profit of about \$92.5 million was gained by the Group in the year. We have the aim to maximize our shareholders' value through investments in a diversified portfolio including mining, energy, construction, information technology and financial services.

In Energy sector Arzesh Afarinan Pasargad Group has invested in different fields through Pasargad Energy Development Company (PEDC) with 56.7% ownership and capacity of around \$8 billion projects in Oil & Gas, Petrochemical, Power Generation and Chemical products.

In Mining sector Arzesh Afarinan Pasargad Group has invested in value chain of steel from mining to billet through MIDHCO Company with %15.5 ownership which produces iron ore Concentrate Plants, Steel Making Project of 4.2 million tons, plates with 7.5 million tons capacity, Coke making plant with capacity of 800 thousand tons, coal preparation plant of 1.1 million tons per annual capacity and Ferro Siliceous plant with capacity of 12 thousand tons.

In ICT sector Arzesh Afarinan Pasargad Group has invested through FANAP Company with %14.7 ownership which is active in core- banking systems,

mobile virtual network operator (MVNO), Long-Term Evolution (LTE) and Internet Protocol television (IPTV)

In Financial sector Arzesh Afarinan Pasargad Group has an investment seat in one of the largest reinsurance companies in Iran and also the Company has invested in Brokerage, Leasing, Exchange and payment systems.

Arzesh Afarinan Pasargad Group's success is down to the quality of its people. Our management team is committed to all its stakeholders and to implementing best practice standards from both a technical and corporate perspective. Looking to the future, we are targeting profitable value growth of our shares while maintaining our highly competitive position on the portfolio. We are trying to expand our investments internationally and attract foreign investment consistent free cash flow generations which enable us to continue investing in our exciting industries.

We firmly believe creating sustainable value equates to being responsible stewards of the environment, complying with the highest applicable safety standards, making positive economic and social contributions to communities, and engaging openly and transparently with all our stakeholders. It is only by engaging with our communities that we can be successful in the long term.

Mojtaba Kobari
Board Member & CEO



2015/2016 IN BRIEF

In 2015 we set out to focus on those areas that will have the greatest impact and drive long-term value creation for our shareholders.

After tracing the plans, decision making, supervision, management and experts of portfolio section of stock shares and non-stock shares, and after performance of the other activities, a net profit of \$40 million was gained by the group.

In the stock investments, a total value-added profit of \$105 million was earned by the group, of which, \$80 million was resulted from the stock portfolio value-added, \$19 million was resulted from purchase and sale of shares and \$5 million was resulted from the profit arising from investments. In non-stock section, from the total investment value of \$184 million, a profit of \$38 million was recognized, which is sold at the construction section of Bucharest Project at a profit of \$3 million.

Furthermore, in 2015, the company has engaged in various activities at Pasargad Financial Group, some of which are brought to your attention as follows:

Administration of Investee Companies, Market Management of Pars Aryan Investment Company, Market Management of Bonds of Midco, Portfolio Management of Shares for Affiliated Companies and, liquidation and dissolution of some of the group companies.

Beside creation of the new opportunities within the international area, "attending the meetings, gatherings and seminars of foreign investment, continuously, and conducting continuous negotiations in absorbing capital" were taken into consideration in the agenda of the company.

In 2016, we expect to benefit from our diverse plan and portfolio, which is designed to mitigate the impact of volatility in any one region. We expect that Iran economy will experience continued growth as expected after sanctions removal.

Thus, trusting the Almighty and the endeavors of the colleagues, Arzesh Afarinan Pasargad Group was classified among the 100 top-ranking companies by Industrial Management Institute(IMI) based on the quantity of sale of the year 2014-15.



Net profit



Non-stock investments



Stock investments



Out of 100 top ranked companies by Industrial Management Institute (IMI-100)

KEY FIGURES 2015/2016

FINANCIAL HIGHLIGHTS

[1\$ = 30,600 Rials]

consolidated

	2016 \$ m	2015 \$ m
Income		
Revenue	453.1	445.9
Operating profit	206.8	225.9
EBIT	97.4	133.3
Net income	92.5	130.1
Balance Sheet		
Total Assets	1764.3	1356.3
Total Equity	426	410.3
Capital	117.3	117.3
Total liabilities	1338.4	946.1
Investments		
Short-term investments	388.1	294.2
Long-term investments	188.3	79.6
Total investments	576.4	373.8
Investment income	113.9	126.1
Other information		
Employees	1765	
Ratios		
ROA	5.2 %	9.6 %
ROE	21.7 %	31.7 %
Debt ratio	75 %	70 %

IRAN BUSINESS ENVIRONMENT

Iran is the second largest economy in the Middle East and North Africa (MENA) region after Saudi Arabia, with an estimated Gross Domestic Product (GDP) in 2015 of US\$393.7 billion. It also has the second largest population of the region after Egypt, with an estimated 78.8 million people in 2015. Iran's economy is characterized by a large hydrocarbon sector, small scale agriculture and services sectors, and a noticeable state presence in manufacturing and financial services. Iran ranks second in the world in natural gas reserves and fourth in proven crude oil reserves. Economic activity and government revenues still depend to a large extent on oil revenues and therefore remain volatile.

As Stated by World Bank, Iranian authorities have adopted a comprehensive strategy encompassing market-based reforms as reflected in the government's 20-year vision document and the recently issued sixth five-year development plan for the 2016-2021 period. The sixth five-year development plan remains ambitious, comprised of three pillars, namely, the development of a resilient economy, progress in science and technology, and the promotion of cultural excellence. On the economic front, the development plan envisages an annual economic growth rate of 8 percent and considers the implementation of reforms of state-owned enterprises, the financial and banking sector, and the allocation and management of oil revenues among the main priorities of the government during the five-year period.

It is worth mentioning that the Iranian government has implemented a major reform of its subsidy program on key staples such as petroleum products, water, electricity and bread, which has resulted in a moderate improvement in the efficiency of expenditures and economic activities. The overall indirect subsidies, which were estimated to be equivalent to 27 percent of GDP in 2007/2008 (approximately US\$77.2 billion), have been replaced by a direct cash transfer program to Iranian households. Domestic fuel prices have risen in parallel, thereby contributing toward reducing the deficit of the Targeted Subsidies Organization (TSO)



(estimated at -0.3 percent of GDP in 2015). A second phase of subsidy reform is being considered which would involve a more gradual fuel price adjustment than previously envisaged and the greater targeting of cash transfers to low-income households.

The January 2016 lifting of the nuclear-related sanctions will provide more business-oriented environment, real GDP growth is projected to reach 4.2 percent and 4.6 percent in 2016 and 2017, respectively. On the production side, growth will be mainly driven by higher hydrocarbon production. On the expenditure side, consumption, investment and exports are expected to be the main drivers. Notwithstanding the narrowing of the output gap over the coming years, inflation is forecast to remain moderate, by Iran's standard. The lifting of sanctions, and in particular the positive impact this will have on the banking system, will significantly reduce international transaction costs. Strong capital inflows, including FDI and the repatriation of part of the frozen assets, could put upward pressure on the Iranian rial which will help contain imported inflation. Fiscal policy, is projected to be slightly contractionary with the deficit projected to narrow to 1.8 and 1 percent in 2016 and 2017, respectively, mostly on account of improved oil revenues. Iran's current account position is expected to turn into a surplus in 2017, also primarily driven by rising oil exports.

COMPETITIVE STANDING

Arzesh Afarinan Pasargad Groupe is ranked **20** among hundred top investment companies in Iran in 2015-2016 in terms of revenue with sales of \$450 million

Ranked second in terms of increasing revenue with growth of **340%** in 2014-2015

Ranking of Revenue in 2015-2016

Rank	Investment Company	Revenue (\$ in million)
1	Persian Gulf Holding	10,053
2	Parsian Oil & Gas Group	7,948
3	Tamin Oil & Gas Co.	3,803
4	Pars Ariyan Investment	3,546
5	National Development Investment Group	3,193
6	Sina Communication Development	1,897
7	Mehr Eghtesad Iranian Investment	1,469
20	Arzesh Afarinan Pasargad Co.	453

COMPANY PROFILE & VALUES

Introduction

Arzesh Afarinan Pasargad the investment company of Bank Pasargad was established in Jan 2006 and listed as a multi-disciplinary holding under the Tehran Stock Exchange

The initial capital of the company was \$6.6 million which has been increased in several phases and finally reached \$117.3 million

The Total Asset Value is about **\$1.6 billion** showing a steady growth over the past five years

Based on 2015-2016 annual report, The company's investments portfolio amounts to **\$576 million** and the net profit is about \$92.5 million,

We have the aim to maximize our shareholders' value through investments in a diversified portfolio including mining, energy, construction, information technology and financial services.

بانک پاسارگاد
BANK PĀSARGĀD

COMPANY PROFILE & VALUES

Mission & Vision

The main function of the company is to identify opportunities and threats in various investment fields with the aim of maximizing the Pasargad Financial Group's value

Placing among the top 10 investment companies in the country in terms of revenue in the next five years is our vision

Board Members



Ali Soleimani Shayesteh

Chairman



Ali Akbar Amin Tafreshi

Vice Chairman



Mojtaba Kobari

Board Member & CEO



Rasoul Saadi

Board Member



Mojtaba Zavar

Board Member

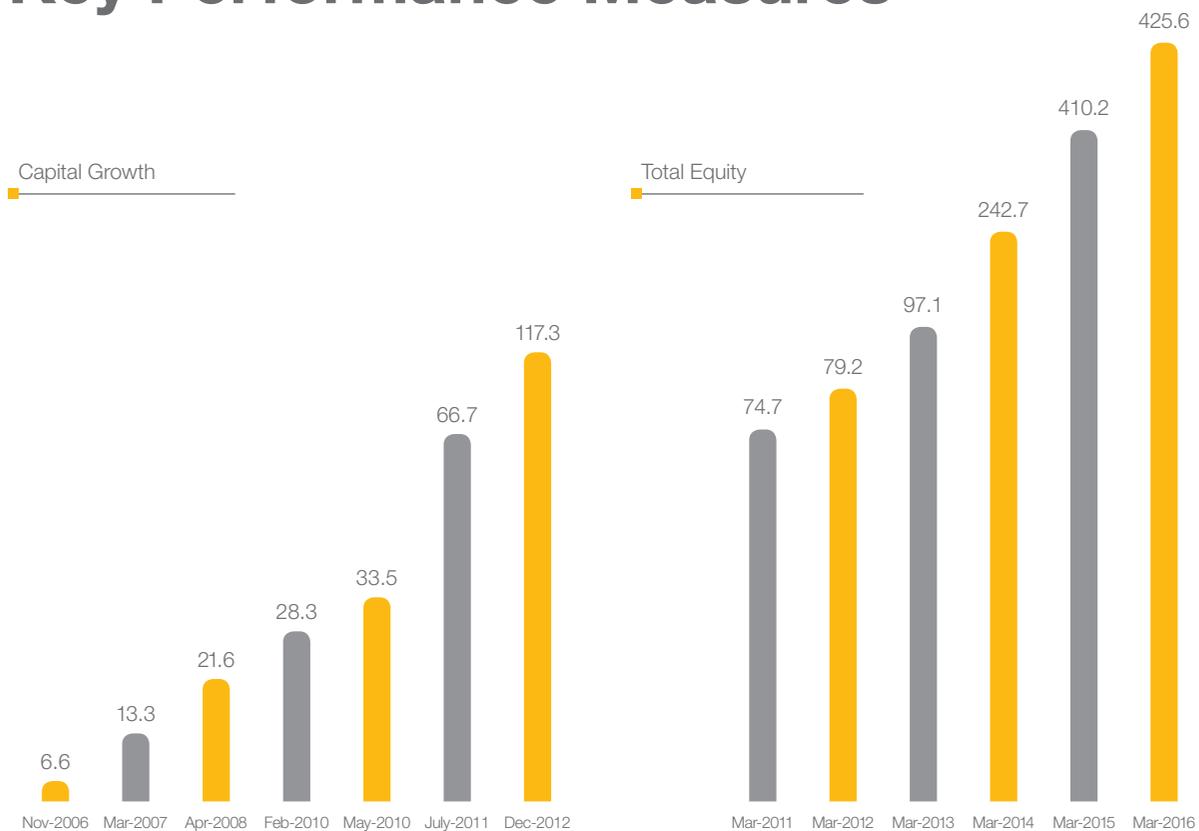


COMPANY PROFILE & VALUES

Major Shareholders

Shareholders	Capital (\$ million)	Share (%)
Bank Pasargad	114.9	98
Others-legal and Public	2.4	2
Total	117.3	100

Key Performance Measures



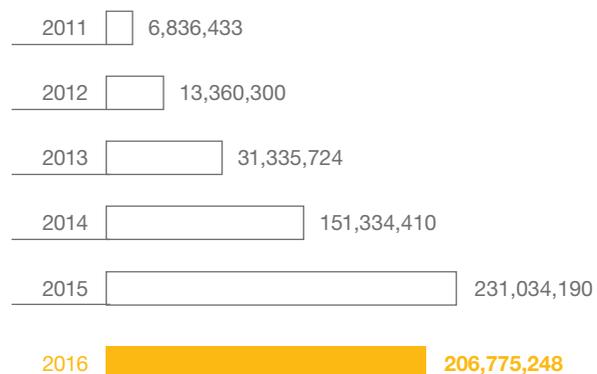
COMPANY PROFILE & VALUES

Key Performance Measures

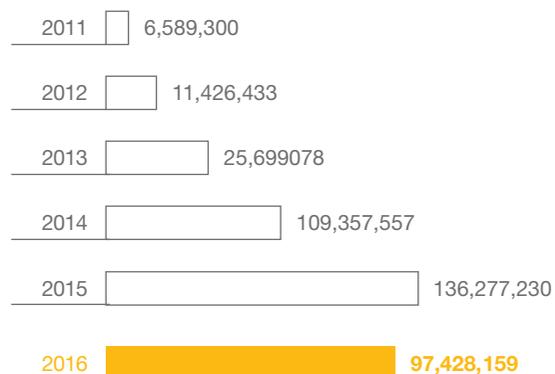
[1\$ = 30,600 Rials]

Performance	20 th March 2016	20 th March 2015	20 th March 2014	20 th March 2013	20 th March 2012	20 th March 2011
Total Revenue (\$)	453,057,800	445,883,342	359,492,778	81,579,810	18,722,748	17,341,225
Operating Income (\$)	206,775,248	225,913,485	151,334,410	31,335,724	13,360,300	6,836,433
Profit Before Tax (\$)	97,428,159	133,256,744	109,357,557	25,699,078	11,426,433	6,589,300
Net Profit (\$)	92,516,319	130,121,580	99,252,050	23,671,759	12,514,575	6,464,040

Operating Income (\$)



Profit before Tax (\$)





COMPANY PROFILE & VALUES

Key Performance Measures as of March 2016



\$92.5m

Net Profit

\$453m

Total Revenue has been increased every year since the beginning

BUSINESS MODEL

Our business model have a diverse integrated portfolio that is focused and adaptable to prevailing conditions. Integration across the group allows us to share functional excellence more efficiently across areas such as safety and operational risk, environmental and social practices, procurement, technology and treasury management.

We believe the best way to achieve sustainable success as a group is to act in the long-term interests of our shareholders, our partners and society. Our activities also generate jobs, investment, infrastructure and revenues for governments and local communities.

We aim to create value for our investors and benefits for the communities and societies where we operate.

Rigorous management of risk helps to protect the people at the front line, the places where we operate and the value we create. We understand that operating in the Middle East region and technically demanding geographies requires particular sensitivity to local environments.

Our objective is to create shareholder value by growing sustainable cash flow over the long term. Our disciplined approach enables us to grow distributions to our shareholders over time. We undertake active portfolio management to concentrate on areas where we can play to our strengths as well as pursuing our strategy by setting clear priorities, actively managing a quality portfolio and employing our distinctive capabilities.



OUR STRATEGY

Our goal is to be a focused investment company that delivers value over volume.

We prioritize value over volume by actively managing a high-value portfolio and investing only where we can apply the distinctive strengths, capabilities and technologies we have built up over decades.

Our disciplined approach enables us to grow distributions to our shareholders over time.

We are pursuing our strategy by setting clear priorities, actively managing a quality portfolio and employing our distinctive capabilities.

AAP has taken decisive action in order to reduce risk, strengthen our balance sheet and increase the efficiency of our core investments. We will seek to deliver significantly improved and sustainable returns by focusing on areas of competitive advantage and

exiting businesses where appropriate returns are no longer achievable. Underpinning these actions is a continuing focus on cost. In a prolonged low-growth macroeconomic environment, cost will be the strategic battleground for us. We remain committed to a material reduction in cost over time, enabled in part by technology, regardless of the income environment.

Our Transform programme was launched in 2012 to deliver our strategy of reshaping AAP to generate sustainable returns and to meet the needs of all our stakeholders.

We have put in place structured plans to de-risk, and make AAPG more sustainable for the long-term. On our journey to become 'Go-To' we must continue to adapt AAPG for the future, ensuring that we do not return to short-term bias as we carry through our plans.



OUR STRATEGY



A proactive approach:

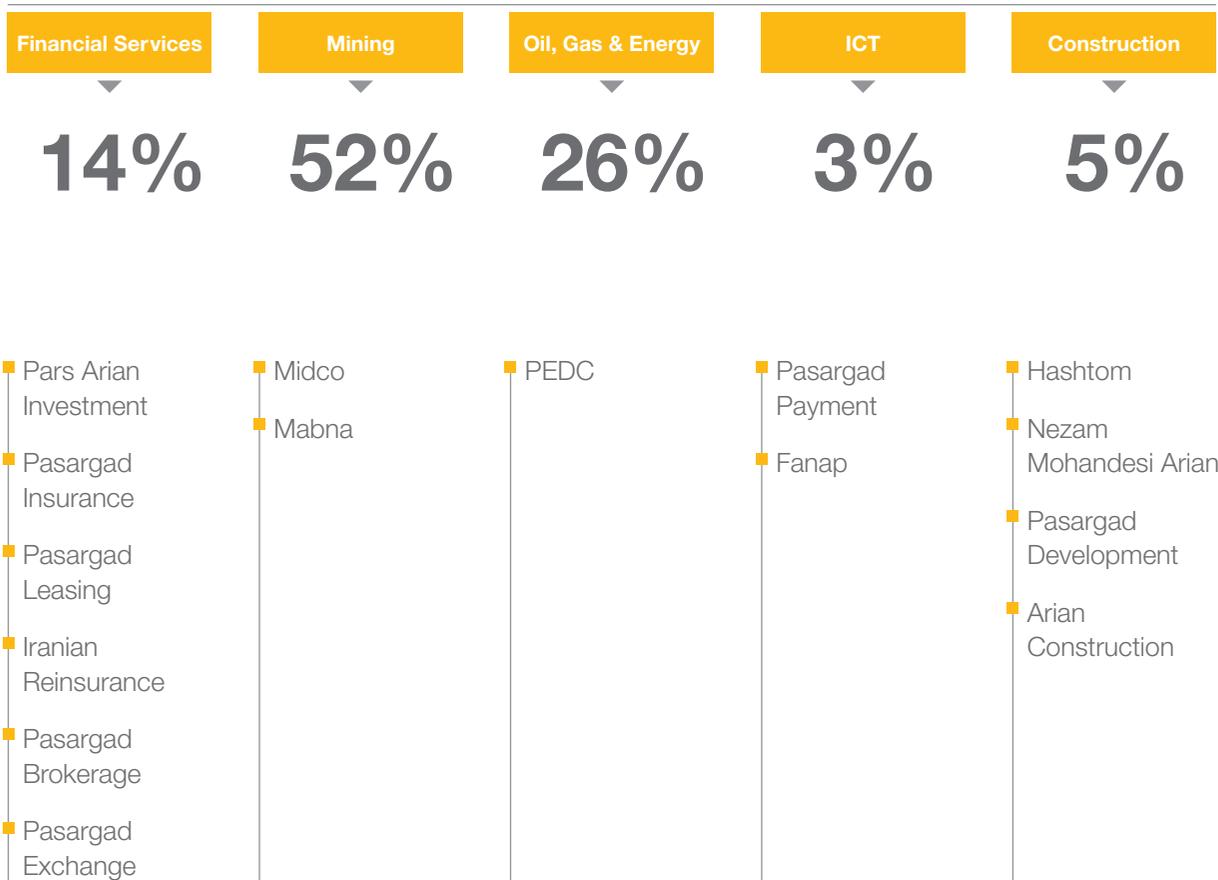
Identify core activities

Invest in them for growth

Free up resources

We continually take action to archive our goal deliver value to our shareholders

INVESTMENT STRUCTURE





INVESTMENTS

[1\$ = 30,600 Rials]

Name Of Company	Current Share Value (\$ million)	Ownership %
PEDC	509.7	56.7
Midhco	321.3	15.5
Pars Aryan Investment	101.7	13.7
Mabna Khavarmiane	91.6	19
Sakhteman Hashtom	17.1	82
Fanap	14	14.7
Pasargad Insurance	10.2	5
Pasargad Payment Services	9.1	37
Iranian Reinsurance Co.	5.9	5.1
Pasargad Property Development Co.	4.2	42.2
Nezam Mohandesi Arian	2.5	27.3
Machinery & Equipment Leasing	1.6	51
Pasargad Brokerage	0.55	14
Pasargad Leasing Co.	0.22	1.5
Pasargad Exchange	0.16	2.5
Total	1,103	11.48

ENERGY INVESTMENTS



Arzesh Afarinan Pasargad Company invests in the energy sector through Pasargad Energy Development Company (PEDC) with %56.7 ownership.

PEDC was formed and registered in April 2008 with the objective of participating in the national and international energy markets in general and the development of Iran's energy sector in particular.

PEDC's core businesses include hydrocarbon sector, power generation and renewable energy in which the fundamental of activities is approaching sustainable development with an emphasis on the environment.

Oil and Gas

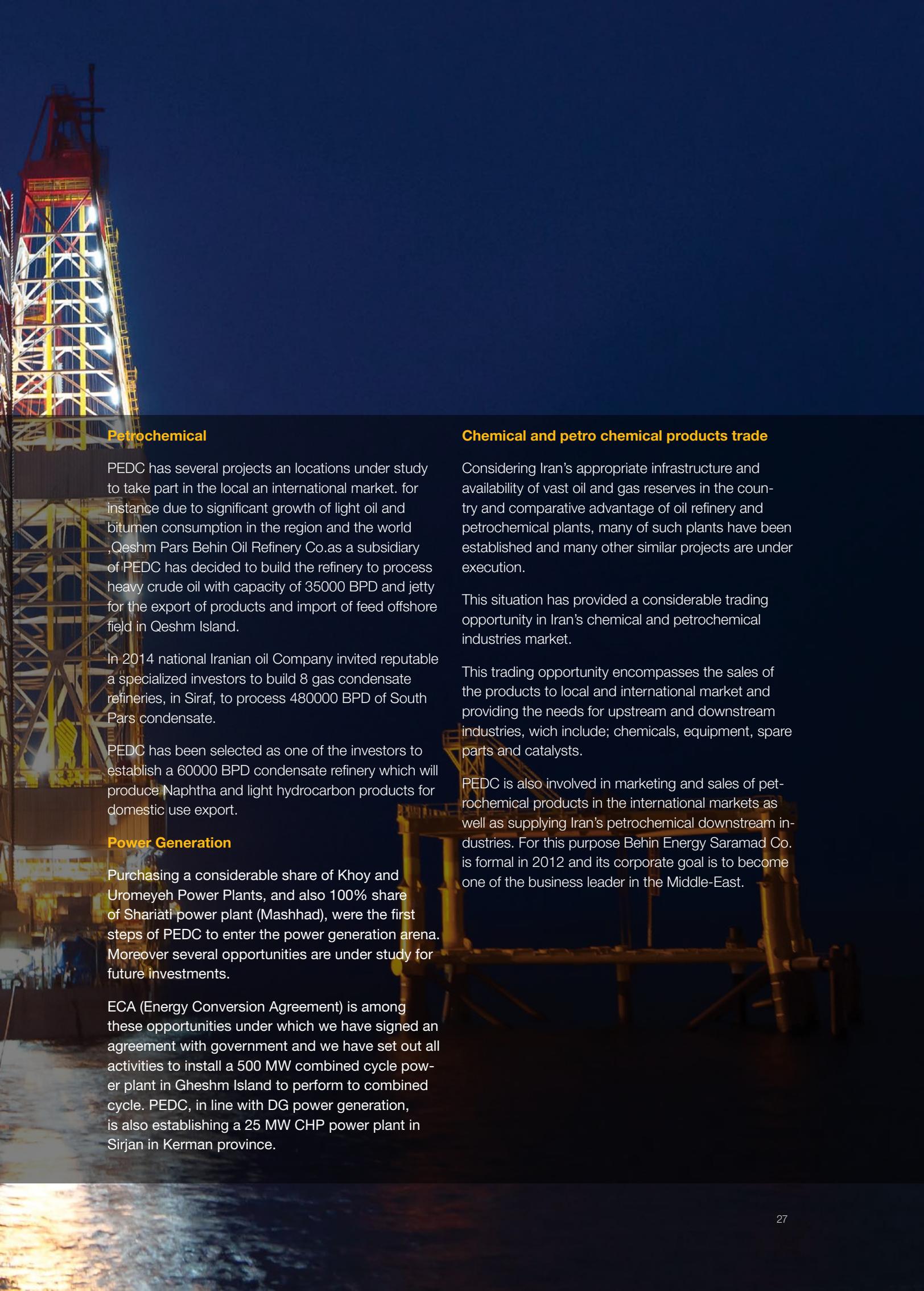
The petroleum, oil and gas, industry is the largest industry in today's world. It includes upstream, exploration and exploitation, and downstream, oil and gas refineries, petroleum product based activities, petrochemicals and related industries as well as shipping and pipe lines. In PEDC, these are individually and separately approached.

- Upstream

The scope includes subsurface studies, drilling, trunk lines, design, construction and installation of surface facilities, production and field maintenance activities. PEDC is interested in all types of contractual arrangements; leasing, PSAs, Service Contracts (Buy Back or otherwise), EPCFs, BOTs and BOOs.

in the field of drilling services, PEDC established in 2010 Petro Dania Kish Company (PDK) to render certain drilling technical service to the oil industry. PDK has purchased all machineries and equipment from reputable European and Canadian manufacturers and has provided services to reputable oil contractors such as PETROPARS, OIEC, NIDC and others. PetroKariz Company has also been incorporated for Directional Drilling services and has rendered some of its services from early 2015 and continues to expand.

PEDC has finalized a contract for purchasing two drilling jack up rigs specially designed for operating in the Persian Gulf. The first Jack up rig was delivered in early 2013 and became operational in South Pars gas field. The Second jack up rig will be delivered in first half of the year 2016 and will be employed in oil and gas development projects.



Petrochemical

PEDC has several projects and locations under study to take part in the local and international market. For instance due to significant growth of light oil and bitumen consumption in the region and the world, Qeshm Pars Behin Oil Refinery Co. as a subsidiary of PEDC has decided to build the refinery to process heavy crude oil with capacity of 35000 BPD and jetty for the export of products and import of feed offshore field in Qeshm Island.

In 2014 national Iranian oil Company invited reputable and specialized investors to build 8 gas condensate refineries, in Siraf, to process 480000 BPD of South Pars condensate.

PEDC has been selected as one of the investors to establish a 60000 BPD condensate refinery which will produce Naphtha and light hydrocarbon products for domestic use export.

Power Generation

Purchasing a considerable share of Khoy and Uromeyeh Power Plants, and also 100% share of Shariati power plant (Mashhad), were the first steps of PEDC to enter the power generation arena. Moreover several opportunities are under study for future investments.

ECA (Energy Conversion Agreement) is among these opportunities under which we have signed an agreement with government and we have set out all activities to install a 500 MW combined cycle power plant in Gheshm Island to perform to combined cycle. PEDC, in line with DG power generation, is also establishing a 25 MW CHP power plant in Sirjan in Kerman province.

Chemical and petro chemical products trade

Considering Iran's appropriate infrastructure and availability of vast oil and gas reserves in the country and comparative advantage of oil refinery and petrochemical plants, many of such plants have been established and many other similar projects are under execution.

This situation has provided a considerable trading opportunity in Iran's chemical and petrochemical industries market.

This trading opportunity encompasses the sales of the products to local and international market and providing the needs for upstream and downstream industries, which include; chemicals, equipment, spare parts and catalysts.

PEDC is also involved in marketing and sales of petrochemical products in the international markets as well as supplying Iran's petrochemical downstream industries. For this purpose Behin Energy Saramad Co. is formed in 2012 and its corporate goal is to become one of the business leader in the Middle-East.

ENERGY PROJECTS

Investment	Ownership %	Investment (\$m)	Finance		Project Start Point
			Equity	Debt	
Parsian Petrochemical Complex	100	2,763	30%	70%	2015
Iraq Pipeline	100	1,624	0%	100%	2016
Sina Urea & Ammoniac Petrochemical	100	770	30%	70%	2015
Zanjan Petrochemical	95	669	30%	70%	2015
Urumie Powerplant Development (Tadbir)	38	665	10%	90%	2015
Farj Kerman Petrochemical	67	656	30%	70%	2015
Butan Petrochemical	100	600	30%	70%	2015
Qeshm Powerplant	100	387	30%	70%	2015
Siraf Refinery (Condensate)	90	381	20%	80%	2015
3rd Dirling Rig	100	180	25%	75%	2016

Investment	Ownership %	Investment (\$m)	Finance		Project Start Point
			Equity	Debt	
Qeshm Refinery (Heavy Oil)	100	129	25%	75%	2015
Oil & Gas Trade Development	100	88	37%	63%	2015
Qeshm Pier Shipment	100	71	30%	70%	2015
Technical Drilling Services	100	21	100%	0%	2015
Sirjan Power Development	70	15	15%	85%	2015
Total Investment		9,019			
PEDC Total Investment		8,311			12,507
Loans		6,364			
IRR		41.09%			

MINING INVESTMENTS



Arzesh Afarinan Pasargad Company invests in the mining sector through (MIDHCO) Company with %15.5 ownership.

Middle East Mines Industries Development Holding Company (MIDHCO) - Public Joint stock, with the support of Pasargad Financial Group and more than 6,000 shareholders was established in the year 2007 with a registered asset of 1,000 billion Rials and in 2011 was accepted to the OTC Market. Today the numbers of shareholders have exceeded 11000 people.

MIDHCO, relying on expert and senior managers with long experience in mining and industry, through strategy planning, programming and designing several major projects in mining and mineral industries, has the objective of reaching to the production rate of 4.2 million tons per year in steel making industries, 50 thousand tons of copper cathodes per year and an investment of about 50000 billion Rials.

In the first phase, two iron ore Concentrate Plants with the capacity of 4 million tons each have been exploited in cities of Sirjan and Zarand. Direct Reduction Steel Making Project of one million tons, Coke making plant with capacity of 800 thousand tons, coal preparation plant of 1.1 million tons per annual capacity and Ferro Siliceous plant with capacity of 12 thousand tons are coming into operation in 2012.

The 14 subsidiary companies of MIDHCO are active in Iran and abroad, creating synergy in the Holding Company.

1. ZISCO
2. SISCO
3. BISCO
4. IBCCO
5. MEMSECO
6. MEMRADCO
7. PCPCO
8. MIEPCO
9. FESICO
10. MANAGC
11. MESCO
12. MESBROKER
13. GMI
14. WMI

Besides the companies which are designed for implementing copper and steel industries projects, are responsible for providing specialized services.



ICT INVESTMENTS



Arzesh Afarinan Pasargad Company invests in the ICT sector through FANAP Company with %14.7 ownership.

FANAP is playing a leading role in the development and delivery of valuable projects for the growth and expansion of ICT industry in the Middle-East for several years. FANAP has acquired major market share of the region and has set its sight on the international markets for the future. Fanap has the experience of successfully delivering complex projects and aim to excel in the international market.

- FANAP ICT Co. is owned by the Pasargad Financial Group (PFG), the strongest private financial and investment corporate group in Iran. FANAP ICT was established by a small band of experienced engineers within PFG who aspired to elevate the domestic FinTech industry to support and lead global innovation
- FANAP's customer service attitude and timely problem resolution and the following customer satisfaction led to the Pasargad Finance & Investing Co. to develop rapidly in financial and communications technology industries, therefore providing the opportunity for FANAP ICT to become one of the largest holdings in the country
- A mobile virtual network operator (MVNO), or mobile other licensed operator (MOLO), is a wireless communications services provider that does not own the wireless network infrastructure over which the MVNO provides services to its customers. An MVNO enters into a business agreement with a mobile network operator to obtain bulk access to network services at wholesale rates, then sets retail prices independently
- Long-Term Evolution (LTE) is a standard for high-speed wireless communication for mobile phones and data terminals. It is based on the GSM/EDGE and UMTS/HSPA network technologies, increasing the capacity and speed using a different radio interface together with core network improvements
- Internet Protocol television (IPTV) is a system through which television services are delivered using the Internet protocol suite over a packet-switched network such as a LAN or the Internet, instead of being delivered through traditional terrestrial, satellite signal, and cable television formats.



FANAP PROJECTS

[Numbers in \$, 1\$ = 30680 IRR]

Fix investment	2016	2017	2018	2019	2020	2021	2022	2023	2024
FCP & LTE	190,439,276	141,231,160	117,414,407	111,513,136	137,484,974	152,611,213	172,442,862	195,243,123	222,336,930
IPTV	40,907,595	10,524,641	12,814,831	4,775,261	8,030,932	7,274,902			
MVNO	14,273,207	23,305	2,083,670	13,005	10,007	7,888			

Fixed communication (FCP) face an on-going demand for more bandwidth from both home and business customers. This is complicated by the rise of multiple, powerful computing devices and increased use of data-intensive services such as Over-The-Top (OTT) video, online gaming and IPTV. Carrying ever-growing volumes of OTT Internet services, operators are being held accountable by customers for the Quality of Experience (QoE).

FINANCIAL INVESTMENTS



Pars Arian Investment

Pars Arian Investment Company ("PAIC") holds 9.99819% of Bank Pasargad's shares. PAIC is a private investment company whose shareholders are from different sectors of the economy and social classes such as: private individuals, investment funds, EPC companies, pension funds, construction and development companies, auto industry, and working professionals namely elite physicians, university professors and lawyers, whose presence as founders was an added value to the group. The initial capital of PAIC at the time of takeover was \$33 million, increased to \$573 million as of 22 July 2016.

“

The initial capital of PAIC at the time of takeover was \$33 million, increased to \$573 million as of 22 July 2015.

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گروه مالی پاسارگاد

Pars Aryan
Investment
Company
("PAIC") holds

9.99819
%

of Bank
Pasargad's
shares

FINANCIAL INVESTMENTS



Insurance & Reinsurance

- Arzesh Afarinan Pasargad Holding has an investment seat in one of the largest reinsurance companies in Iran,
- It is noteworthy that premiums issued in Iran during 2014-2015 amounted to 6.8 billion dollars with penetration of 2.2%
- Compensations paid by insurance companies during 2014-2015 was more than 4.1 billion dollars along with total loss ratio at about 59.1%

Pasargad Insurance Key Figures



- Pasargad Insurance Awarded the Best Insurance Company in the country in 2007 and 2009 by Central Insurance of Iran
- Ranked 1st in terms of the ability to meet the obligations by central insurance and The Minister of the Economy
- Ranked first in terms of growth rate by industrial management organisation

Prized national premier of insurance innovation, international customer trust, modern and qualified management in ECOIT Conference





Iranian Reinsurance Key Figures

Premiums



Loss Ratio



Asset



Equity



- Iranian Reinsurance Company (Iranian Re), has been formally established as the first Iranian private reinsurance company on 16th March 2010
- Iranian Re intends to assist local insurance market to manage their risks more effectively, utilizing all the existing potentials and making a constructive and long-term Cooperation with international reinsurance markets

FINANCIAL INVESTMENTS



Pasargad Bank Brokerage Co.

As one of the subsidiaries of Pasargad Financial Group is a leading Iranian brokerage house providing a wide range of financial services such as brokerage, asset management and financial advisory to a diversified client base that includes corporations, financial institutions, government entities and high net worth individuals. Founded in 2006, the firm is headquartered in Tehran and maintains offices in all major cities of Iran. With license to operate in TSE, Iran Fara Bourse, Iran Mercantile Exchange and Iran Energy Bourse, along with active branches in all of the major cities of Iran, PBB has remained amongst the TOP 5 brokerage houses in the past six years.

Ever since opening its doors in 2006, PBB has had one clear vision: minimizing the administrative burdens of managing money thus enabling clients to focus on maximizing profit, expanding business and attracting new sources of capital.



Pasargad Machinery & Equipment Leasing Company

Provides leasing services in the following fields:

- **Medical & Dentistry Equipment**
- **IT & ICT Equipment**
- **Construction Equipment and Machinery**
- **Oil, Gas and petrochemical Industry**
- **Industrial Equipment and Machinery**
- **Cars**
- **Road, Railway, Marine and Air Transportation**
- **Agricultural Equipment**
- **Services Industry Equipment**





Pasargad Exchange

At Pasargad Financial Services, we transfer money worldwide via our wire transfer services. We provide the best rate for all your transfers with the minimal fee. We buy and sell foreign currency in four forms: cash, check/draft, wire transfers and coin.

We accept various forms of payment, including cash, bank drafts, and wire transfers. Pasargad customers can choose from 4 major different foreign currencies.

Pasargad Leasing

Pasargad Leasing founded in 2014, offering various types of long- & short term leasing of Construction equipment & machinery, Medical & dentistry equipment, Manufacturing industry's equipment & machinery, Road, railway, marine and air transportation vehicles, Cars - Agricultural equipment and Service industry equipment.

Our comprehensive knowledge and finance industry experience of the lending criteria will ensure you receive the most suitable financial solutions. At Leasing Services, we will utilize our extensive resources to find you the most suitable product type available from our panel of lenders that best meets your needs.

Pasargad Electronic Payment

Pasargad Electronic Payment Company is Payment System Provider (PSP) in Iran, and provides payment solutions such as POS terminals, Internet Payment and ATM machines.

Being one of the first banks that were founded after the Islamic Revolution, today Pasargad Bank is one of the fastest developing private banks in Iran. It offers a wide range of services to its customer.



INTERNAL AUDIT

The work of the audit committee in 2016 remained focused on the appropriateness of Arzesh Afarinan Pasargad (AAP)'s financial reporting and accounting judgments, the review of key group-level risks and the rigor of AAP's audit processes, system of internal control and risk management.

A number of key topics have remained core to the committee's agenda, including regular assessment of the group's financial responsibilities; the committee undertook detailed reviews of key areas of AAP's business. I believe the background and experience of the committee's members, together with the ability to discuss issues directly with management, has led to an effective performance from the committee over the year.

Key responsibilities

- **Monitoring and obtaining assurance that the management or mitigation of financial risks are appropriately addressed by the group chief executive and that the system of internal control is designed and implemented effectively in support of the limits imposed by the board ('executive limitations') as set out in the AAP's board governance principles.**
- **Reviewing financial statements and other financial disclosures and monitoring compliance with relevant legal and listing requirements.**
- **Reviewing the effectiveness of the group audit function and AAP's internal financial controls and systems of internal control and risk management.**

Mohammad Ali Vatani

Chairman of the Audit Committee

Ali Akbar Amin Tafreshi

Member of the Audit Committee

Masoud Saleh Abadi

Member of the Audit Committee

Mehdi Dehghan

Member of the Audit Committee

Arman Basir Auditing Co.

Member of the Audit Committee



RISK MANAGEMENT

Risk management strategy

Arzesh Afarinan Pasargad Group has clear risk management objectives and a well-established strategy to deliver them, through core risk management processes.

At a strategic level, the risk management objectives are to:

- Identify the Group's significant risks
- Formulate the Group's risk appetite and ensure that the business profile and plans are consistent with it
- Optimize risk/return decisions by taking them as closely as possible to the business, while establishing strong and independent reviews and challenging the structures
- Ensure that business growth plans are properly supported by effective risk infrastructure
- Help executives improve the control and co-ordination of risk taking, across the business

Arzesh Afarinan Pasargad manages; monitors and reports on the principal risks and uncertainties that can impact our ability to deliver our strategy while creating long-term shareholder value; Arzesh Afarinan's risk management system is designed to be a consistent and clear framework for managing and reporting risks from the group's operations to the board. The system seeks to avoid incidents and maximize business

Risk management processes

As part of Arzesh Afarinan Pasargad's annual planning process, we review the group's principal risks and uncertainties. These may be updated throughout the year in response to changes in internal and external circumstances.



RISK MANAGEMENT

Our risk profile

The oversight and management of other risks is undertaken in the normal course of business throughout the business and in executive and board committees. For example market pricing and liquidity reviews are conducted on a regular basis by the board and executive committees, including the group financial risk committee, to consider how we respond to market conditions and when making or reviewing investment decisions.

[Our risk management activities]





RISK MANAGEMENT STRATEGY

Funding risk

The ability of the Group to achieve its business plans may be adversely impacted if it does not effectively manage its capital (including leverage) and liquidity ratios.

Capital planning

Capital forecasts are managed on both short term (one year) and medium-term (three years) financial planning cycles. Arzesh Afarinan Pasargad's capital plans are developed with the objective of maintaining capital that is adequate in quantity and quality to support the Group's risk profile, regulatory and business needs. As a result, the Group holds a diversified capital base that provides strong loss absorbing capacity and optimized returns.

Credit risk

The risk of suffering financial loss, in case that any of the Group's customers, clients or market counterparties fail to fulfill their contractual obligations to the Group.

- **Setting of policies and controls**
- **Monitors the Group's liquidity and interest rate maturity mismatch**
- **Monitors usage of regulatory and economic capital; and has oversight of the management of the Group's capital plan**

