



AYANDEH BANK

**Ayandeh Bank
Sustainability
Performance
Report**

1396 (2017/18)



Together

We Build

a Bright Future

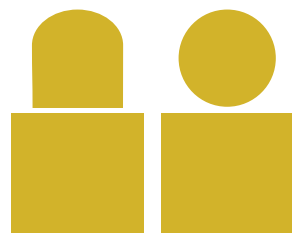


IN THE NAME
OF GOD

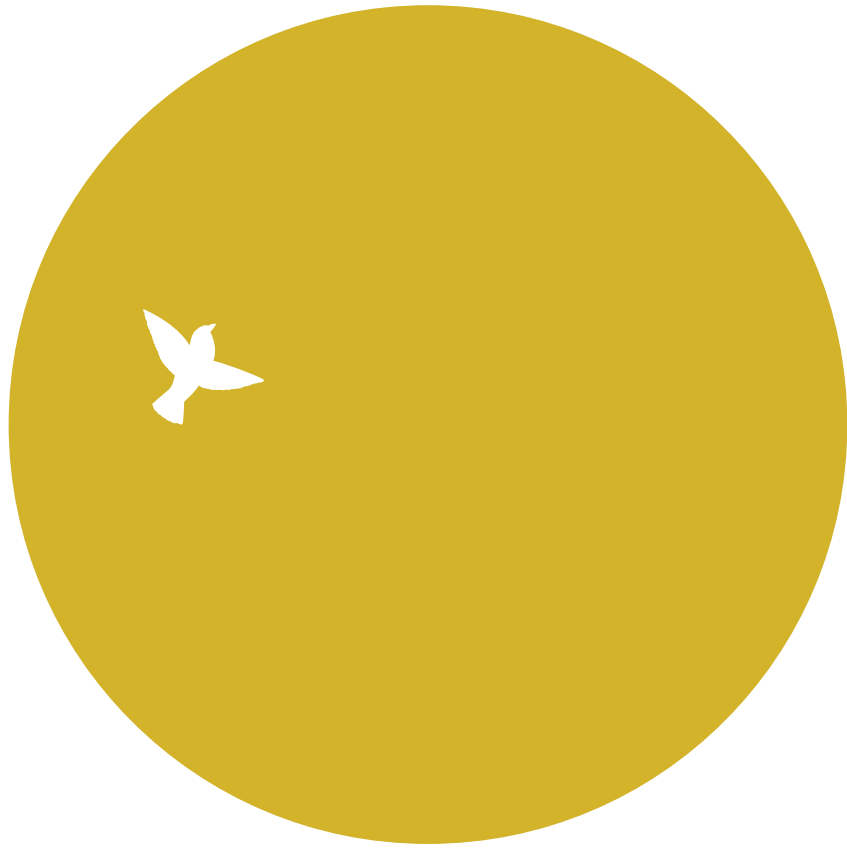
**We Create Sustainable Value
With Financial Resources**



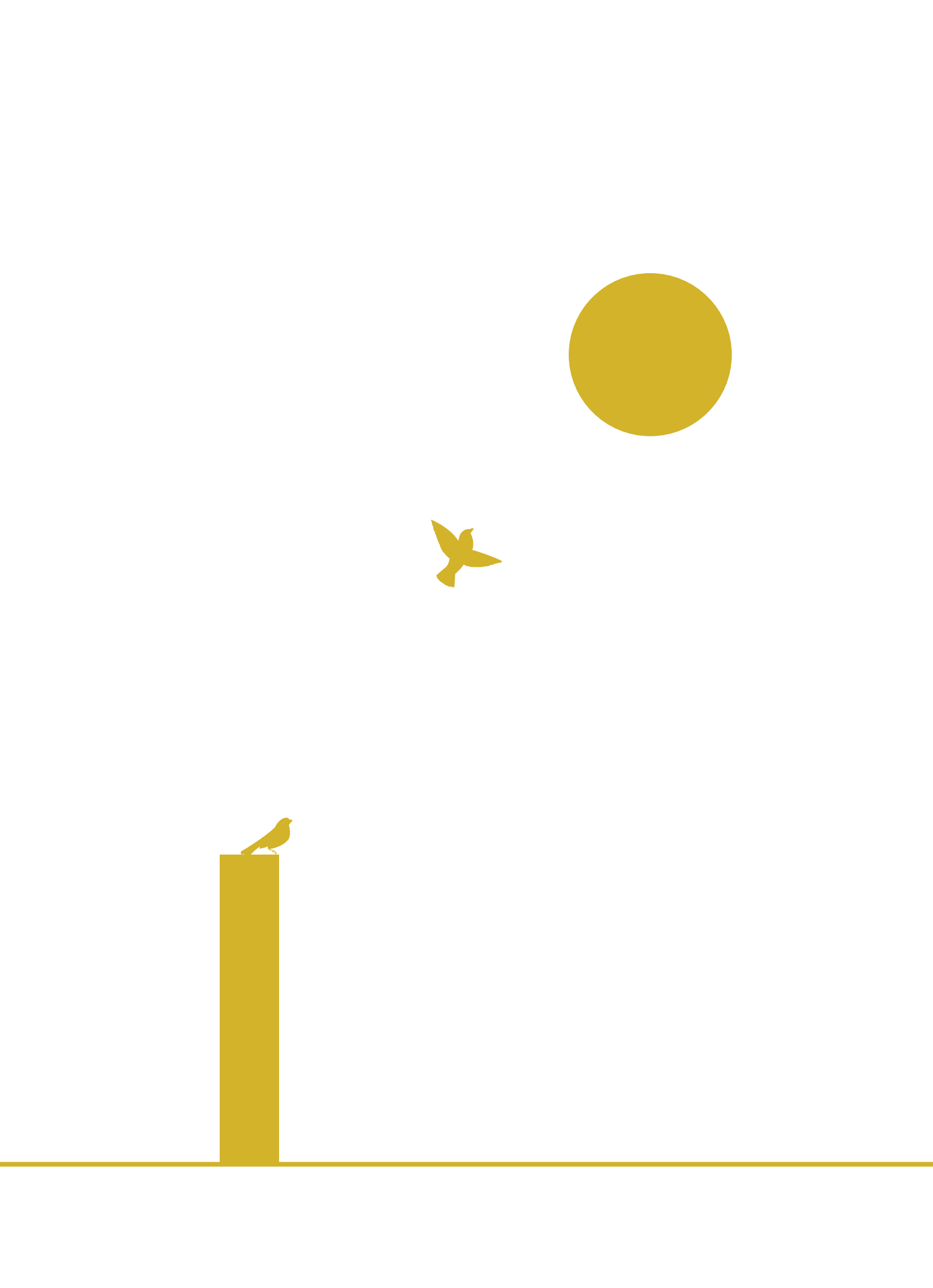
For the People ...



For the Enviroment ...



For the Future ...



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Chapter 2



Chapter 3



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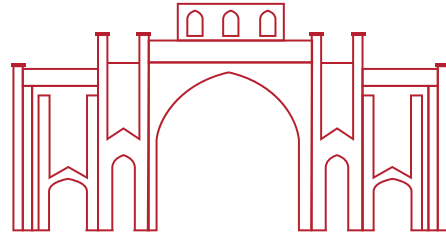
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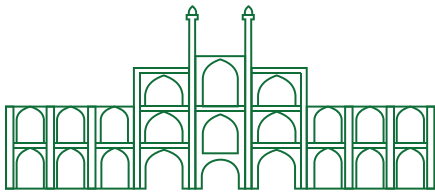
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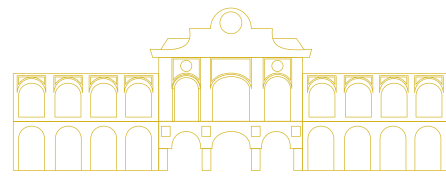
Tabriz ◻ Blue Mosque



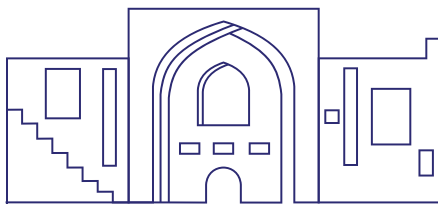
Shiraz ◻ Qur'an Gate



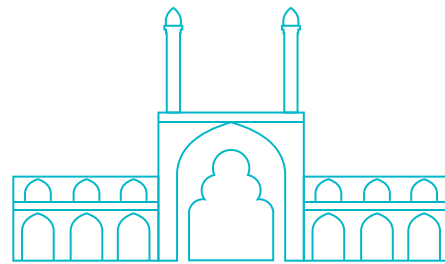
Yazd ◻ Amir Chakhmaq Complex



Tehran ◻ Masoudieh Palace



Sistan and Baluchestan Province ◻ Mochi Castle



Isfahan ◻ Imam Mosque



Photo by: Alireza Nazari
Shiraz, Nasir Al-Mulk Mosque

Responsible Management

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About the Report The Sustainability Report of Ayandeh Bank in 1396 SH (2017/18) outlines the Bank's strategies, plans and performances in integrated management of the economic, social and environmental dimensions associated with the organization's activities. This kind of report is being released for the second time by Ayandeh Bank, which largely focuses on the activities and achievements in the calendar year of 1396 SH (2017/18). The level of information coverage and performance data is specified in each section. This report is solely related to Ayandeh Bank and does not include any of its subsidiaries. In 1396 SH (2017/18), in terms of important changes in the Bank's business management, two issues can be mentioned. First, Ayandeh Bank succeeded in obtaining the agreement of the Central Bank of the Islamic Republic of Iran to increase its capital from IRR 16,000 billion to IRR 30,000 billion. Second, the number of branch offices across the country increased from 165 to 188.

In compiling this report, the GRI Sustainability Reporting Standards "GRI Standards" have been applied. The timeline for continuing the publication of this report will be the fiscal year which in Ayandeh Bank will be in accordance with the Solar Hijri calendar year.

The Sustainability Performance Report has been compiled through contribution of a team comprising representatives of various organizational units. The team members received the necessary training on sustainable and responsible management of the organization and the Sustainability Performance Report followed by holding group and private sessions to decide the scope and type of information related to the reporting. After integrating all the information, feedbacks and positive opinions were received from all the units the result of which is the present report as a united message from the organization to its key stakeholders. Also, by inviting Bank Ayandeh citizens to send photographs on issues related to the Bank's social accountability, selected photographs by citizens who responded to the call were used in the report.

In the design of the visual identity of Ayandeh Bank Performance Report in 1396 SH (2017/18), the main focus of developing the identity has been conformity and inspiration from the Iranian cultural identity. In different sections of the report, symbols and designs of Iranian historical monuments and the current urban fabric have been used. The important point is that this work is not limited to the modern symbols of the Capital City and has used the cultural and native symbols of Iranian architecture in different parts of the country. Also, the choice of the original colors of the report is inspired by the color combinations of traditional Iranian tiling.

Interested parties may contact Ayandeh Bank's Market Synergy Office to receive a hard copies of the report or submit their comments and suggestions regarding the report.



CEO Message

"Creating a sustainable future" is a great and worthwhile cause and we at Ayandeh Bank, have undoubtedly and fervently, taken the course towards its realization. Our focus has been on taking steps in this transformative path by benefiting from four elements: "heart", "knowledge", "hand" and "integrity". A leading organization looks for all-round development and growth. Hence, a success is valuable and admirable when it creates a platform for value creation for all key stakeholders while at the same time looking at the integrity of the positive economic, social and environmental impacts. Our institutional assumption is that the desired results of a firm's performance would affect the people's living conditions, including their conduct, success, health, hope and, most importantly, the ability and capacity created in individuals, and find objective manifestation. As a result, by making an effort to achieve a sustainable future, we will build a responsible and accountable organization on how to be and how to live our lives by linking together the elements of empathy, forum, cooperation and honest engagement. We thank God the Almighty and are proud that in the banking community and among the general public, they describe us with features such as "progressive", "innovative", "coherent", "accountable", "trusted", "honest" and "trustworthy".

In the year we left behind, we actively pursued our commitment to productive and healthy economic development in the country. With the expansion of professional and social banking services, Ayandeh Bank shifted its banking activity in line with supporting the national approach of "resistance economy; production-employment"

towards supporting the financing of production firms as well as small and medium enterprises on the one hand, and helping increase the purchasing power of the public on the other. Meantime, Ayandeh Bank was able, through development and cementing of the corporate governance system, the design and implementation of effective mechanisms of internal control and oversight and cooperation with the Central Bank of the Islamic Republic of Iran in regulating the unorganized monetary market, take important steps in improving the Bank's financial health and the harmonious economic growth. Our emphasis in this respect has been on safeguarding the people's deposits and assets and making productive and optimal use of the national wealth.

Ayandeh Bank citizens, with their empathy, cooperation and honest efforts, have undoubtedly played a key role in making the Bank's distinct achievements. In the calendar year that passed, Ayandeh Bank, with a view to preserving and enhancing its human capital status, focused on implementation of the plans and actions around the following scopes: implementation of the participatory management approach; staff empowerment; consolidation of meritocracy and creating a link between the life and work of colleagues.

On the other hand, Ayandeh Bank, in keeping with the social trust and legitimacy it has acquired from the general public, has increased its cooperation in raising the level of



"education", "health" and "cultural symmetry", in all parts of the homeland. We believe the realization of a bright and sustainable future (for all our stakeholders) is possible based on the principles of humanism and ethicism.

The "Sustainability Report" is the second attempt by Ayandeh Bank to compile and publish this kind of reports. Considering the fact that there are few organizations in the country which pay attention to this important issue this action of Ayandeh Bank has a special place in constructive and trustworthy communication with the various stakeholders and audiences. Based on a decision made by the Bank's Board of Directors, the publication of the Sustainability Report will take place every year, along with the annual performance report presented to the General Assembly Meeting of Shareholders. We are proud that this report reflects the empathic and committed efforts as well as

heartfelt belief of all the citizens of Ayandeh Bank to contribute to the creation of a "bright and sustainable present and future." In the end, on my own behalf and on behalf of Ayandeh Bank managers announce our readiness to receive constructive comments and suggestions to improve the next report. Our belief and hope is that through constructive interaction and cooperation, we can promote economic, social and environmental value creation.

Once again, we value the trust of our clients and the support of our shareholders, and hope this trend will continue and becomes further consolidated.



Forum of Bank Directors and Heads of Branches - Mehr 1396 SH (Sept. – Nov. 2017)



— Ayandeh on the Path of Success

Ayandeh Bank, with an aim of constant value creating for its key stakeholders and realizing a bright and sustainable present and future for them, is seriously after excellence and steady change in development of its programs and organizational actions. In this regard, in the Bank's calendar, April 18 has been designated as the "Day of Excellence" and December 22 as the "Symbolic Day of Change". In this way, Ayandeh Bank has already outlined and implemented three strategic roles since its inception:

- First rotation: 2012/03/19 to winter 2014; branch merger, aggregation and obtaining a license (2015/03/17).

- Second rotation: February 2015 until the end of 1395 SH (March 20, 2017); Strategic positioning in the market and winning the first place in the banking network.

- Third rotation: From 2018/04/18 up to now; moving towards comprehensive banking (new track laying). Accordingly, Ayandeh Bank citizens, on the way to attain excellence started the battle as of 2015/01/20 with the strategic transformation plan called the "beginning of the future" and with the aim of organizational recreation by applying operational changes in the dimensions of conduct, process and physical evidence. Then the Bank's new 10-month transformation plan titled "Towards a New Future," started as of 2015/05/20 with a more serious entry into the field of transformational operations with a balanced development approach and multidimensional change, and with the aim of acquiring the third place among the private banks network by the end of 1394 SH (March 20, 2016) and ended successfully.

In the next stage, by analyzing the results of the two previous plans, attention was drawn to the fact that strategic alignment, the establishment of a strategy-oriented organization and the ability to implement strategies were far more important than the formulation and quality of strategies in that juncture for the Bank. Therefore, by focusing on the

creation of organizational capabilities for implementing the strategies, the Bank's strategies in 1395 SH (2016/17) were formulated under the theme "constructive stabilization, creative flight" in consultation with all the relevant fields of expertise.

Given the dramatic changes and developments in months after the announcement of the 1395 SH (2016/17) strategies, and believing that past successful approaches could not be models for future successes, the Bank urged the need for these strategies to be quickly reviewed in line with maintaining flexibility and foresight. As a result, the fourth Transformation Plan, titled "Sustainability of Success", was designed and executed with cooperation and sympathy of all the citizens of the Bank; the success of this plan placed Ayandeh Bank in the first place in private banks network in terms of resource index.

In 1396 SH (2017/18), the third strategic swing of the Bank started under the title of "Comprehensive Banking." In this regard, according to the leaders of the organization, development of the Bank's strategies in 1396 SH (2017/18) was done under the theme "Creating a Sustainable Future". To this end, development of organizational capabilities, utilization of the talents and capabilities of employees, and ultimately value creation for the key stakeholders (especially customers), were among the main pillars of realization of the movement on the path to excellence. At the beginning of the fourth quarter of 1396 SH (2017/18), the Sixth Strategic Development Plan has been compiled and communicated with an approach based on thorough scientific and operational analysis of strategic planning globally, and with the participation and support of managers and colleagues of the Bank, under the title of "Smart Acceleration". The commitment to create the highest value for the Bank's interest groups lies at the heart of this strategic transformation program.

A look at the calendar year 1396 SH (2017/18), will tell us that Ayandeh Bank under the prevalent changing and challenging conditions has been able to pursue its mission of value creation in the banking system in a variety of ways, diligently and effectively. Here, there are two important issues that have drawn the attention: Explaining the 'resistance economy' as the upstream model of the country's economy; and the socio-economic turmoil in the banking system. In this regard, Ayandeh Bank by allocating the necessary credits to increase domestic production, develop exports, provide circulating capital for active production units and financing small and medium enterprises (SMEs) has been trying to contribute to development of endogenous economy and job creation. On the other hand, Ayandeh Bank, by holding the annual General

Assembly Meetings in due time, by cooperating with the supervisory authorities in organizing the uncompromising monetary market and by developing the mechanisms necessary for implementation of the principles and programs of corporate governance, has played a part in strengthening the health and transparency of the banking system. Among the most important achievements in this field are: Receiving Bank of the Year award from The Banker in 2017; receiving Middle East's Best Bank Transformation Award from Euromoney Institute in 2017; ranking 10th among the top 100 companies in Iran and ranking sixth in creating added value in the economy based on IMI100 rating, honored as leading company for two consecutive years 1395 SH (2016/17) and 1396 SH (2017/18) by the Industrial Management Institute (IMI) of Iran.

Constant value creation for customers through innovative and pioneering banking services, which besides desirable economic outcomes, has positive social and environmental impacts has been pursued. Here mention can be made of Hesse Zendegi and Omide Ayandeh as well as Behavar, Kimia and marriage loans (interest free) deposits; and Rata Crowdfunding system. Ayandeh Bank's relationship with its customers has always been based on trust, empathy, timely and effective consideration of customer claims and expectations.

Undoubtedly, empathy, sympathy, cooperation, and support of Ayandeh Bank citizens on the path to sustainable

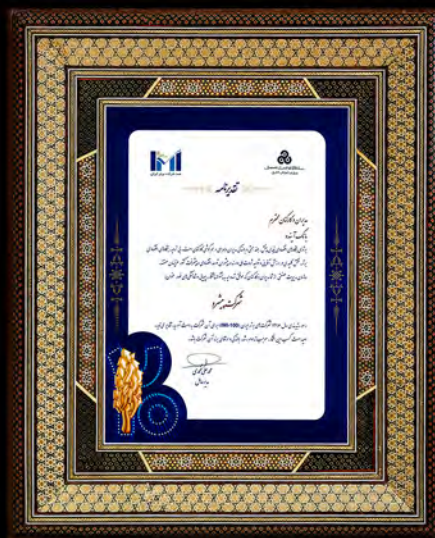
organizational development and value creation for key stakeholders have had great impacts. In 1396 SH (2017/18), special attention was paid to staff empowerment and their welfare needs. Also, the adoption of a participatory management approach by the leaders of the organization, especially the CEO, strengthened the learner-responsive and agile organizational culture in the form of high performance work teams. Finally, relying on the belief that our organization is a member of the community in 1396 SH (2017/18), Ayandeh Bank implemented various programs and measures to contribute to the promotion of education, health and culture of the general public. Support for holding an exhibition of Louvre Museum in Tehran, inauguration of 7 schools in deprived areas, and the construction and rehabilitation of 25 health houses in earthquake hit regions are examples of Ayandeh Bank's contribution to improving the quality of living condition of the general public.



Joint Meeting of Ayandeh Bank Managers, Branch Heads and Leaders - Mordad 1396 SH (July – August 2017)



Statue of "Best Bank of Iran" by The Banker's Journal



Plaque of Honor as a leading company among top ranking companies in Iran



Statute of leading company among top companies of Iran



— Honors

Ranking first in resources growth rate in the banking network in 1396 SH (2017/18)

Receiving 'Euromoney's':
Best Bank Transformation Award for Middle East in 2017

Awarded by 'The Banker' as:
"The Bank of the Year 2017"

Ranking 10th among the top 500 companies in Iran by the Industrial Management Institute (IMI)

Hailed as a leading company for two consecutive years, 1395 SH (2016/17) and 1396 SH (2017/18) by the Industrial Management Institute

Chapter 1





Photo by: Ehsan Bagherzadeh
Tehran, Masoudieh Palace

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▣— Responsible Management Principles

Vision

Turn into:

- The best private multi-purpose financial institution in the country
- A symbol of innovation and value creation
- Customer orientation in the design of services and products and provision of solutions in a variety of business lines within the framework of interest free banking practice

Mission

Change business model in order:

- To implement a comprehensive banking system and new business grounds
- To maintain effective presence in international banking and gain international credit and image
- To improve agility and boost elements of competitive advantage
- To maintain a more effective presence in professional banking, relying on financial intermediation and using the knowledge and experience of customers

Fundamental Values

- Emphasis on learning, innovation and human capital working group
- Attention to social responsibilities in specific and unique areas
- Sticking to unity, attachment and organizational commitment in line with upgrading the name of Ayandeh Bank
- Application of modern knowledge and technology and improving organizational agility to provide the best and most up-to-date services and meet the explicit and implicit needs of customers
- Honesty, transparency, and fairness vis-à-vis stakeholders and trusteeship and safeguarding all customer information and continuously promoting the level of trust and confidence of our customers



Citizenship Code of Conduct

With the help of God Almighty and faith in the sublime human and moral values, and in line with value creation for the customers and stakeholders of our bank, and the sustainable economic, social and cultural development of Iran, we, citizens of Ayandeh Bank pledge to fulfill our duties with strong determination and integrity, based on self-knowledge, self-confidence, self-sacrifice, empathy, team spirit and synergy, and with patience and dynamism even in the most difficult conditions. We also commit with love and stamina to strive to reach our utopia and from the depth of our hearts we believe that:

- The philosophy of our existence is to respect human dignity, to create value continuously, and to meet satisfaction of the people and customers as our main assets
- Our main mission is to meet the demands and serve the interests of the stakeholders and to move dynamically to realize the strategic and annual plans
Our key competency is unity and solidarity to improve the accuracy, authenticity, speed and quality of services to the people and customers
- Our corporate citizenship is a voluntary and conscious conduct for serious adherence to and full participation in solving the daily problems of our bank.
- Our attitude and practice to be in coordination and coherent with the ongoing flow of universe is in line with truth and honesty, order and custom, trust and confidentiality, clean cut appearance and pure conscience, innovation and continuous learning, openness to criticism and accountability, and responsibility and loyalty.

With strong determination and integrity, based on self-knowledge, self-confidence, self-sacrifice, empathy, team spirit and synergy, and with patience and dynamism even in the most difficult conditions. We also commit with love and stamina to strive to reach our utopia

Hence, we all together and side by side make a journey towards a dramatic transformation which is the beginning of the future, and the future (Ayandeh in Persian means future) is bright.



Celebrating the fourth anniversary of establishment of Ayandeh Bank – Head Office



□ Stakeholders Management

Ayandeh Bank has always been working to manage the economic, social and environmental dimensions associated with its activities in an integrated fashion by creating and maintaining worthwhile relationships, along with respect and trust, with its key stakeholders. Among the key stakeholders in Ayandeh Bank are the stakeholders, clients, the Central Bank of IRI, employees, partners, suppliers and the society. As an example of interaction with the Central Bank of Iran, reference can be made to weekly and monthly reports on compliance with the principles and processes, rules and regulations, bank interest rates on deposits and facilities in compliance with the requirements. In Ayandeh Bank, key stakeholders are identified and prioritized, their wishes and expectations are addressed and steps are taken to meet them.

Title	Method of Receiving Comments
Stakeholders	<ul style="list-style-type: none"> • Periodic Polls
Clients	<ul style="list-style-type: none"> • Periodic Polls • Feedback from Communications Center Channel
Staff	<ul style="list-style-type: none"> • Periodic Polls • Get suggestions and ideas • Holding joint meetings
Partners & Suppliers	<ul style="list-style-type: none"> • Get suggestions and ideas • Holding joint meetings
Society	<ul style="list-style-type: none"> • Periodic Polls





— Corporate Governance

Board of Directors

- Dr. Ghasem Bakhtiari, Chairman
- Mohammad Ali Behzadan, Vice-Chairman
- Naser Karimi, Board Member
- Dr. Morteza Shakeri, Board Member

- Based on the principles stipulated in Ayandeh Bank's Code of Professional Conduct, the behavior expected of board members is outlined below:
- Board of Directors must do their best in performing their duties and pursue a healthy competition with the competitors.
- Board members must comply with the Bank's laws, regulations and policies.
- Board members must have a fair and just judgment and make use of counseling.
- No Board member must receive any gifts and benefits from any group of clients, suppliers, or other stakeholders in return for providing facilities and approving loans.
- Board members must not use the Bank's facilities for personal gains and must not make use of the Bank's assets in their own favor.
- Board of Directors must ensure that the Bank is transparent about the roles and responsibilities, and that the duties and responsibilities are clearly defined.
- Board of Directors must compile promotion, enticement and punishment policies.
- Board of Directors must comply with the principle of confidentiality of information with respect to the clients, even in the event of resignation from office.



Corporate Governance Structure

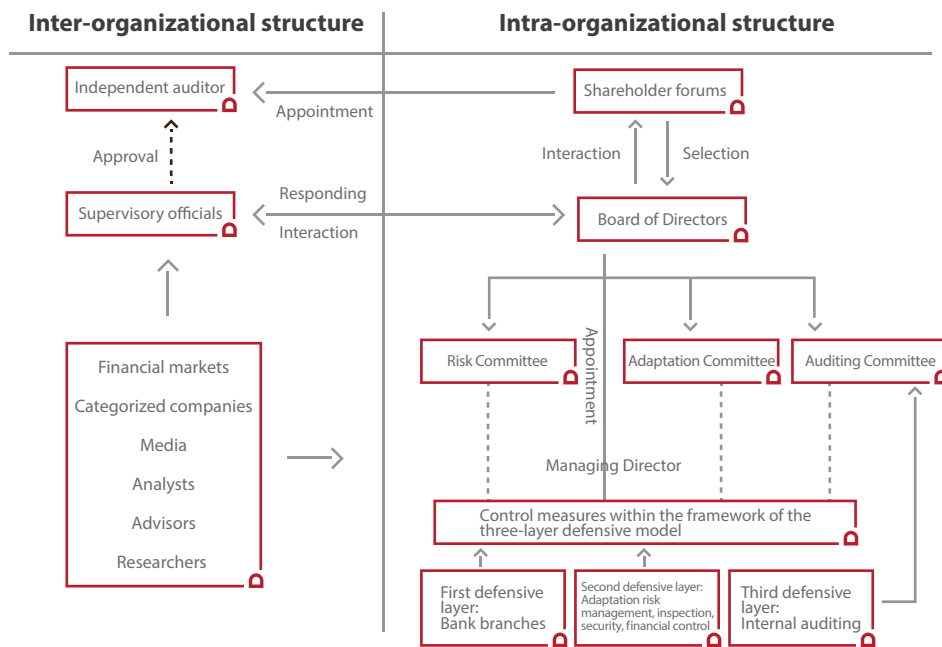
The proper functioning of the financial system is the main factor behind the development of any country. Banking network is one of the effective members of this system and the effectiveness and efficacy of its operation can directly and indirectly affect the life of any society. For example, financial crises reduce the volume of private and public sector investments, which in turn leads to an increase in unemployment and the resulting complications in the society. High risk appetite of banks can be one of the reasons for the outbreak of crises; but this problem can be fixed through corporate governance mechanisms.

Accordingly, Ayandeh Bank has been trying to outline its corporate governance process in the area of sustainability and its commitment to the core principles of corporate governance, including strategic oversight, risk monitoring,

accountability and transparency, culture of trust, care and responsible practice, continuous improvement and social responsibility.

Ayandeh Bank Board believes that real development occurs when it comes to economic growth with social, cultural and environmental considerations, because the experience of recent financial crises shows that the banks' socially responsible behaviors will be responded by the community's supply of its resources to the banks at times of crisis instead of increasing stakeholders' equity.

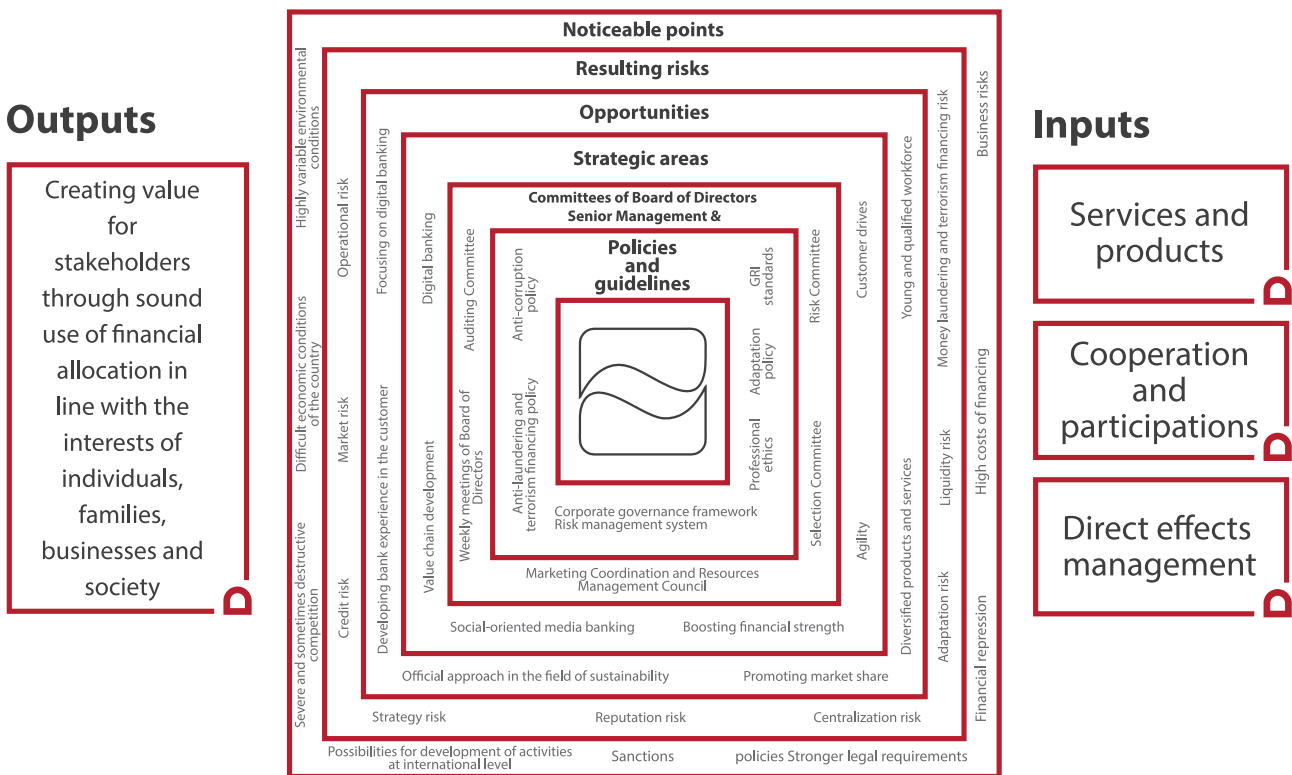
In this regard, the Central Bank of Iran in 1396 SH (2017/18), with an aim to strengthen the governance of the credit and health institutions of the banking system in an official approach, introduced the "Directive on Corporate Governance Requirements in Non-Governmental Credit Institutions." As a result, the senior management of Ayandeh Bank, as in the past, by understanding the importance of corporate governance and in pursuit of the main mission of the Bank, which is to maintain profitability for the stakeholders and minimize unexpected events, revised the corporate governance framework of Ayandeh Bank in accordance with the CBI directive.





The Corporate Governance Framework is a specific roadmap for the Bank which outlines the main principles of corporate governance of Ayandeh Bank, and carefully drafts the following tasks: Governance structure; roles and responsibilities of Board of Directors; mechanism of selecting the Board members; Competence and qualification of the Board members; annual self-assessment process of the Board; the committees under the Board; composition and features of the committee members; mechanism of selecting committee members; role of the Board Chairman (compliance with the principle of separation of CEO from the Board Chairman), procedures of delegation of authority; duties of the CEO, senior management and staff (especially in economic, social and environmental fields); service compensation process (Board, senior management and staff); effective risk management; effective financial monitoring and the responsibility for monitoring and reviewing this process. Accordingly, the process of sustainable corporate governance of Ayandeh Bank is as follows:

— The Process of Sustainable Corporate Governance





Risk Management

Outlining Risk Management System

In line with the official approach of the Central Bank of Iran in the area of risk assessment and supervision, Ayandeh Bank in 1396 SH (2017/18), outlined its risk management system including risk management policies, integrated risk management, directive on financial risk management (credit, liquidity, market), directive on operational risk management and directive on strategic risk management which was endorsed by the Board of Directors.

Outlining Risk Appetite Framework

Determining the risk framework is one of the most important steps in implementing Ayandeh Bank's integrated risk management program. Also, in line with the instructions of the Central Bank of Iran, the risk appetite framework, including Ayandeh Bank risk appetite statement was drafted and approved by the Board of Directors.

Compliance with CBI New Directives

In 2017/18, the Central Bank of Iran notified the banking network of two important directives related to the question of risk, namely "Calculating Regulatory Capital and Capital Adequacy of Credit Institutions" and the "Minimum Requirements for Liquidity Risk Management of Credit Institutions." Complete compliance with the above guidelines including formulation of required policies, provision of information infrastructures, systematizing the calculations in the integrated risk management software, the design of reporting lines, etc., are among actions taken by Ayandeh Bank in the area of risk in 1396 SH (2017/18) which still continue.

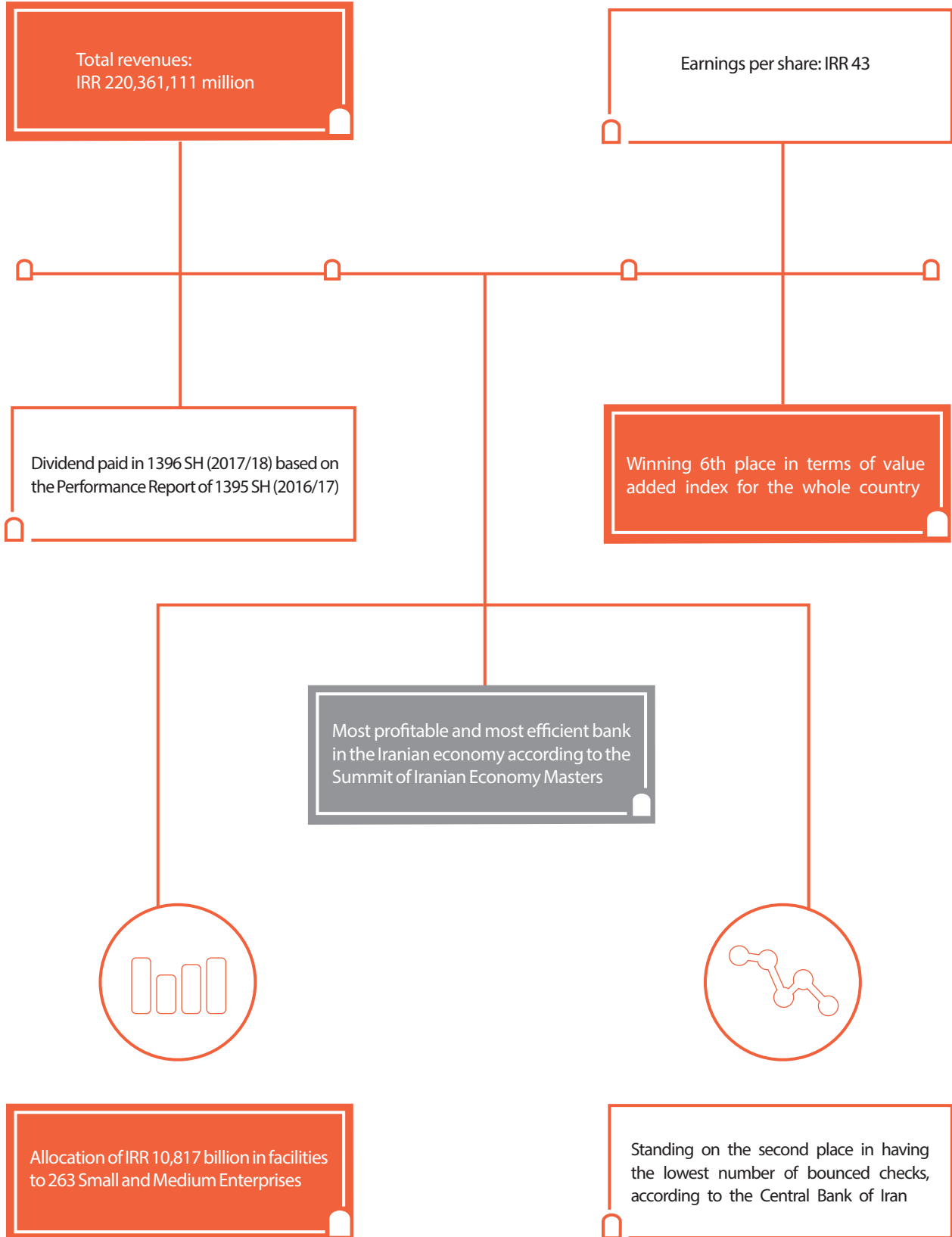
Preparation of the risk section of the Bank's financial statements based on the International Financial Reporting Standards (IFRS) of the Central Bank

In 1396 SH (2017/18), preparation of the financial statements according to the International Financial Reporting Standard was pursued more seriously by the Central Bank of Iran. Ayandeh Bank was able to prepare and disclose its financial statements in due time and with the least deviation from the stated standards, especially in the area of risk.

Chapter 2



Our Role in Bright Future of Banking in Iran





— Contributing to a Dynamic & Productive Economy

One of the main missions of any business is to create a sustainable financial value and contribute to national economic development. This important task cannot be achieved except through efficient and effective management of an organization and providing value-added services. Ayandeh Bank too has been able to achieve positive results in the financial and economic spheres in the turbulent path of organizational and market development.

Ayandeh is a leading bank in the industry with an acceptable record during its years of operation. The performance indicators at Ayandeh Bank have been constantly improving and in many of these indexes Ayandeh has had the best performance among the private banks of the country. Among these indicators mention can be made of the following:

- Number of customers increased by 22% in 1396 SH (2017/18).
- Number of accounts increased by 26% in 1396 SH (2017/18).
- Volume of bank deposits increased by 30.91% in 1396 SH (2017/18).
- Dividends paid in 1396 SH (2017/18) based on the performance report of 1395 SH (2016/17).
- Best performance in the growth and absorption of bank deposits among private banks in the country.
- New products and designs offered for deposits and facilities.
- Total number of users of digital banking channels increased by 98% in 1396 SH (2017/18).



Financial Performance

Loss & Profit Statement

Details/ Description	1396 SH (IRR Million)	1395 SH (IRR Million)
Revenues from granted facilities and deposits	119,671,616	102,994,273
(Received) Commission	7,552,750	822,320
Other incomes	16,645,786	4,499,302
Net profit (loss) from Investments	76,490,959	52,813,589
Total income	220,361,111	161,129,484
Deducted: Cost of deposit profits	(118,183,238)	(100,799,063)
Cost of commission	(589,981)	(411,502)
Doubtful accounts expense	(10,471,629)	(7,053,598)
General and administrative expenses	(10,670,063)	(6,502,020)
Financial expense	(79,441,176)	(43,571,887)
Depreciation expense	(323,250)	(279,332)
Total expense	(219,679,337)	(158,617,402)
Profit before tax reduction	681,774	2,512,082
Deducted: Tax	-	-
Net profit	681,774	2,512,082
Shares Number	16,000,000,000	16,000,000,000
Earnings per share (EPS) in IRR	43	157



— Status of Bank Deposit (Billion Rials)

Description	Number of Deposits at 2018/3/20	Number of Deposits at 2017/3/19	Growth (%)
Sight Deposit & Similar	14,038,059	7,148,575	96%
Saving Deposit & Similar	2,708,073	1,588,759	70%
Short-Term Deposit (Rials)	259,075,908	363,681,771	-29%
Long-Term Deposit (Rials)	639,981,140	326,689,722	96%
Other	907,000	1,166,248	-22%
Total Bank Resources	916,710,180	700,275,075	31%
Total Inter Bank Resources	3,494,624	13,423,722	-74%
Total Resources	920,204,804	713,698,797	29%

— Number of Deposits

2018/3/20	2017/3/19	Change	Growth (%)
4,465,781	3,532,704	933,077	26%

— Number of Customers

2018/3/20	2017/3/19	Change	Growth (%)
3,095,939	2,546,854	549,085	22%



Acquiring Distinguished Positions in National and International Level

The Banker: Ayandeh Bank Iran's Top Lender in 2017

The Banker, the globally-recognized source of financial intelligence, selected Ayandeh Bank as its top Iranian lender for the Bank of the Year Awards 2017. The London-based publication in its annual report announced Ayandeh as the Bank of the Year for Iran in 2017.

The Banker provides economic and financial intelligence for the world's financial sector and has built a reputation for objective and incisive reporting.

The Banker has been the trusted source of banking information since 1926. The Banker has navigated its way through 91 years of banking coverage from the Wall Street Crash of 1929 to the current financial crisis with the same reputation for accuracy, authority and integrity.

The Banker strives to stimulate and inform, offering an unparalleled outlook with a wide range of news, features, analysis and interviews, and in-depth coverage of all the key issues facing the financial sector. The indicators that have been taken into account in the valuation are: Net profit, constant capital, returns on assets, and returns on shareholders' equity, cost-income ratio and non-current facility ratio, strategic advantages, response to market needs, the power to counter economic changes during the target financial period and compare it with two consecutive financial periods before.

During a ceremony attended by more than 350 top bank executives from 140 countries on Nov. 29, 2017 in London, a statue and related certificate were received along with other top regional, global and national banks.

Euromoney: Ayandeh Bank, Middle East's Best Transformation Bank for

In today's competitive world, firms are not evaluated solely through the customers and other stakeholders; rather there are credible institutions in various specialized fields doing this job. While presenting a transparent picture on the status of a firm in the relevant industrial group, they somehow evaluate the role of managers and the entire human force of the firm in its evolution, and disclose the results independently.

In this regard, the credible Euromoney magazine selected Ayandeh Bank as "the top Middle East Transformation Bank for 2017." Positive business-to-business developments in the short term, strategies and development plans, and positive actions in the field of electronic banking, banking knowledge management, the up-dating of banking services and the provision of optimal customer services are among the reasons why Ayandeh Bank has received the award.

This is the first time an Iranian bank has succeeded in winning the award on the regional level, and particularly in the Middle East where the world's most prominent banks are operating.

Receiving the statue and certificate from The Banker in 2017



The Banker Awards 2017



Receiving the statute of Euromoney in 2017

IMI100: Ayandeh Bank: The Leading Iranian Firm in 1396 SH (2017/18)

Since 2001, the Industrial Management Institute (IMI) has been rating the top companies in Iran every year. This rating, by providing transparent statistics and information and auditing financial statements of companies, while drawing a clearer picture of the economy provides a more accurate understanding of the scale, structure and financial and economic health of the firm.

In the 20th year of the IMI rating in 1396 SH (2017/18), Ayandeh Bank succeeded, just like the year before, in receiving the award of a leading company in Iran based on the recent four-year growth trend. In addition, Ayandeh Bank climbed 8 ranks from 18 in 1395 SH (2016/17) to the 10th this calendar year in terms of sales and revenue indexes. Also, in terms of value added index (the Bank's share from national production and its impact on the economy), Ayandeh Bank won the sixth rank among the top 100 companies in Iran. Ayandeh Bank has also had significant performance in other indicators of 1396 SH (2017/18). The Bank ranked third in owning the highest assets, ranked fifth in sales in the industry, and ranked second among private banks.

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Receiving the statute of leading company in Iran – ranked by the Industrial Management Institute (IMI) of Iran

Ayandeh Bank: Most Profitable and Most Efficient Bank in Iranian Economy

At the 16th Summit of Iranian Economy Masters, held on Monday 17 July 2017, Ayandeh Bank received four top awards. The statue of the "National Award of the Most Profitable and Most Efficient Bank in Iranian Economy" was given to Ayandeh Bank. Other awards and badges received at this summit are:

- National Award of Masters of Iranian Economy in banking industry.
- Most trusted and most successful bank in Iran.
- Receiving Germany's ICS Certificate.
- Top badge of trust, honesty and trustworthiness in the banking industry.



Supporting Business Development

Financing Economic Enterprises

Creating mechanisms for financing firms is one of the essential functions of the capital market. The capital market along with the money market, as one of the main sectors of the economy, plays an important role in financing projects and growth and development of the economy.

Activities related to financing that have been carried out in Ayandeh Bank in 1396 SH (2017/18) are as follows:

- Obtaining the license for issuance of IRR 30,000 billion in investment deposit (Public).
- Obtaining permission to accept transactions in secondary certificates of deposit in OTC.
- Adoption of the Guaranty of Sukuk Murabahah Publication of Kerman Motor Company.
- Acceptance of Sukuk rental guarantee issued by Ray Saar Kowsar Company.
- Obtaining a license from the Central Bank of Iran for participation in Municipality bonds.

Opening ceremony of the production line of Amirabad paper plant in Mazandaran



Financing Small & Medium Enterprises (SMEs)

Given the important role of small and medium-sized enterprises in employment generation, in the year of "Resistance Economy, Production and Employment," Ayandeh Bank has undertaken a high degree of responsibility for financing small and medium-sized enterprises. In this regard, in addition to paying facilities to applicants introduced through the Behnyab System (Working Group to Facilitate and Remove Barriers to Provincial Production), through direct marketing, eligible customers capable of launching and expanding SMEs were identified and received loans under special conditions.

The result of this action in 1396 SH (2017/18), was optimal allocation of facilities to 263 small and medium enterprises amounting to IRR 10,817 billion with an interest rate approved by the Money & Credit Council. The firms that have received facilities from Ayandeh Bank are engaged in production activity in 19 provinces as follows: East Azarbaijan, Isfahan, Alborz, Chaharmahal & Bakhtiari, Khorasan Razavi, Khuzestan, Semnan, Fars, Tehran, Qazvin, Kermanshah, Golestan, Gilan, Mazandaran, Markazi (Central), Kurdistan, Kohgiluyeh & Boyer Ahmad and Yazd "are engaged in productive activities.

The direct consequence of financing these firms was to increase / stabilize the employment of production units, to activate the inactive units, and to develop semi-finished production projects. Ayandeh Bank is proud that by financing these firms, 1,203 people have been added to the number of the employed in manufacturing units.



Finnova

Farda (Tomorrow) Innovation Center (Finnova) has been launched since Winter 2014 under the theme "Empowering the Stars" focusing on three areas of accelerator, co-working and venture capital. Of course, since February 2016, the center has been transferred to the Technology Park of Amir Kabir University of Technology and is working in partnership with the university.

The first issue facing the founders of many startups is providing space and facilities for getting started. This is more difficult when the startup still has no income or capital and it becomes a barrier to business formation. Finnova (Fintech Innovation Nova) teamwork is working to solve the problem by providing the basic facilities needed to start a business (such as the office space, tables and chairs, access to the Internet, access to office tools such as telephone and fax and copy machines, meeting rooms and workgroups). It provides a space where the startup is ready to enter the next stage of growth. Currently, this collaborative workspace is active in Finnova, with more than 20 startups deployed there in six month terms, providing a range of support activities such as training and counseling. In sum, the benefits of Finnova are as follows:

- Finnova is a place for identifying financial startups and investing in them. By doing so, while investing at the right time through the use of products and services of these emerging companies, our product portfolio and services will also be developed.
- Finnova is a place to attract future transactions. If payment services in the form of Open API, land on the heart of the startup systems from the very start and in case they succeed and develop they will become loyal customers and carry out numerous transactions.
- Finnova is a place for identification of elite forces. Most founders and startup partners are elite and motivated youth who can potentially become our good future experts and managers. At the end of unsuccessful startups, there are usually one or more young elites who have not succeeded in the first experiment; they are usually good choices for

attracting and developing human capital.

In 1396 SH (2017/18), the center moved towards becoming an accelerator and became an innovation center to identify and attract startups, especially in the field of financial technology.

As a result of these activities, Ayandeh Bank and Ertebat Farda Company are known as active players in the country's eco-system, especially in the field of financial and payment startups. Some of the actions taken in Finnova in recent years are as follows:

- The activities of 14 startup teams benefiting from support activities such as training and counseling.

- Investing on four financial startups.
- Holding the Finnocamp event.
- Holding 10 events for Fintech fans, entrepreneurs, and working teams.
- Holding 14 training courses for Fintech startups.



Farda Innovation Center (Finnova)



Finnotech

Moving from traditional banking to modern banking has witnessed a variety of developments that affect both the lifestyle of the general public and business management. Today, the use of Internet banking and mobile banking software is very popular in utilizing banking services. But with the advent of an era of open banking, that is also on the verge of elimination. Open banking has been made possible by providing new software standards that are called open APIs. These standards allow the software to exchange data with one another, without access to confidential and protected parts. The O-Auth protocol is designed for this purpose. This protocol allows third-party applications to securely access and control users' resources to the primary server. The protocol, the first version of which was released in 2010, is currently being used by a majority of online businesses.

Ertebat Farda Company through creation of a set of systems has for the first time in Iran successfully launched Open API financial and banking services on banking information platform. Ayandeh Bank has provided a set of open-source banking services which have diverse audiences, such as:

- Startup businesses that have specific banking needs and prefer to link their software directly to banking software.
- Startup businesses and Fintech startups.
- Online businesses requiring special financial and banking services for their customers.

- Anyone who thinks having access to banking systems can solve the problem or be beneficial for others.

All Finnotech services are in accordance with the rules and regulations of the Central Bank of Iran. Also, all technical standards that guarantee the confidentiality and security of information are strictly followed by Finnotech.

The services provided by Finnotech include: User information services such as authentication and a set of basic user identification information, account information service such as a list of deposits and customer cards, information services and transactions such as the detailed list of registered customer transactions, transfer services inside the bank, Paya, Satana, blocking and unblocking the money in the account and instant access to account balance. It should be noted that all of the services mentioned above will be provided to the business only with the permission of the customer. Of course, Ertebat Farda Company will review and approve the eligibility of the business

in advance in accordance with the outlined terms and conditions.

Finnotech started activity in December 2016. The service was unveiled at a ceremony held on the sideline of E-Banking & Payment Systems Conference attended by Deputy Governor of Central Bank of Iran, Managing Director of Informatics Services Company, Ayandeh Bank board members and senior executives and experts in e-banking. In the calendar year 1396 SH (2017/18), the Finnotech Sandbox was also launched. Sandbox is a virtual space in which new or untested software or coding can be run securely.

Through free registration on Sandbox anyone can download Finnotech's various services and create an experimental product. The number of services provided by Finnotech has increased from 12 in 1395 SH (2016/17) to 41 by the end of 1396 SH (2017/18). In addition to developing various services, in 1396 SH (2017/18), the number of businesses connected to Finnotech reached 37 with more than five million successful transactions made on this platform.

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Contribution to National Development Fund

In line with its support for the private sector to increase domestic production, export development and in particular sustainable employment, Ayandeh Bank has played an active and participatory role with the optimal allocation of funds from the resources of the National Development Fund. As a result, in 1396 SH (2017/18), the amount of IRR 3,300,000 million was paid by the Bank to provide the circulating capital of active production units in the industry and mining sector and export of industrial and mineral goods with technical and expert justification.





Contributing to a Healthy & Transparent Economy

Annual Ordinary General Assembly Meeting

The need for sustained and responsible business management is to share its organization in the country's sustainable development. Such a comprehensive and long-term vision makes the important components of healthy and transparent economic development reflected in responsive business management, and causes the strategies and practices of the organization support this issue. Ayandeh Bank is also proud to have played its role as a responsible member of the community for sound and sustainable economic development through the formulation of appropriate strategies and programs.

On Saturday, July 22, 2017, the Annual General Assembly Meeting of the Bank was held to review its performance and financial statements in 1395 SH (2016/17) and some other issues cited on the agenda. The meeting was of more importance because out of the 34 banks and authorized credit institutions, only eight banks were able to obtain approval from the Central Bank of Iran for holding of the assembly. Of those approved, only a few could obtain permission to share dividend among shareholders. During this meeting, the Bank's performance and financial statements for 1395 SH (2016/17) were approved by the General Assembly. In other words, the General Assembly, as the highest pillar of the Bank, endorsed its one-year work record according to the Commercial Code. Meanwhile, the Central Bank of Iran, which has placed great emphasis on preparing financial statements based on the International Financial Reporting Standards (IFRS) issued a letter of confirmation and authorized the Bank to hold its General Assembly meeting. This was practically a reaffirmation of accuracy, transparency and health of the Bank's activities by the CBI.

Annual General Assembly Meeting - July 2017





Internal Monitoring & Control

Ensuring the operational health of the organization is an important and effective step for sharing health and for economic transparency at a macro level. Ayandeh Bank has developed various and complementary mechanisms for realizing this task. In this regard, full compliance with the laws and a deterrent approach are two main pillars of advancement of affairs. Also, the responsible units in the organization are in charge of managing communications with legal and supervisory bodies in their timely, transparent and accurate responses to their applications and reports.

The following organizational units are responsible for the tasks and roles involved in following the objectives of internal monitoring and control:

- Deputy for Executive Affairs and Supervision.
- Risk management and anti-money laundering campaign.
- Compliance affairs management.
- Office of Internal Control and Inspection.

In Ayandeh Bank's Strategic Plan, the purpose of supervision is to apply a set of prescriptive actions and decisions in order to make things as efficient as possible and to ensure that the results of operations are consistent with the goals and corrective actions to prevent repetition of possible deviations and achieving desirable results. In this regard, five main regulatory areas are defined and related actions are pursued in each sphere:

- Supervising credit processes (such as modifying and developing credit processes and reviewing guidelines and credit directives).
- Monitoring system operations (such as investigating and monitoring the performance of branches on exemption of penalties for delayed payments scheme; monitoring Gharzol Hassaneh (interest free) loans; developing customer rating systems and exchanging customs warranty information).
- Supervision over credit health (for example, referral to branches for checking field studies of the files and examining how the facility is cleared in the form of partnership contracts).
- Monitoring the adequacy of validation (such as monitoring the branch performance in relation to utilizing the capabilities of the Sanjeshe Omide Ayandeh).
- Internal audit (such as the development of internal control structures and branch auditing).

In order to ensure maximum compliance with the laws, requirements and standards, and considering the size, volume and complexity of the Bank's activities, in 1396 SH (2017/18), an independent

"compliance affairs" management was established in direct communication with the Bank CEO. Also, in response to Article 30 of CBI Regulation No. 51935/96 dated May 14, 2017, on the subject of corporate governance requirements in non-governmental credit institutions in which the board of directors of the credit institution was required to create the required specialized committees in compliance with the provisions of this instruction, senior executives of Ayandeh Bank decided to set up a Committee to monitor observation of the rules and regulations (compliance) in the presence of Deputy CEO for Executive and Supervisory Affairs, Board member in charge of supervision on the credit sphere, Head of the Center for Market Research and Studies, and director of Compliance and Risk Management and Anti-Money Laundering Campaign. These two important changes can help Bank management to identify the impact of changes, changes in laws, regulations and standards on Bank activities, effective implementation of corporate governance, and identifying and reducing the risk of processes, products and services.

Moving from regulatory monitoring to risk-based monitoring is one of the most distinct implications in the financial sector. This monitoring was developed with a forward-looking approach aimed at ensuring the financial health and efficiency of the financial institution. Ayandeh Bank's risk-based sphere also is aimed at controlling, monitoring and supervising all cash, non-cash, and credit transactions carried out offsite in the Bank to identify areas of high risk, and to target onsite inspections. In 1396 SH (2017/18), this sphere on offsite status analyzed more than 36,000 transactions and reported problematic cases to senior management of the Bank and executive supervisory bodies.

Also, in 1396 SH (2017/18), with the aim of protecting the interests of customers and



minimizing user mistakes at the branch level, a project was launched in the form of checking transactions in high amounts as the control code project. In this case, the permission for big cash withdrawals from customer account was centralized and made possible upon a request to risk-based supervisory sphere of Ayandeh Bank. In the second half of 1396 SH (2017/18), the sphere issued over 6,000 control codes after transaction analysis.

Based on the Bank's strategies, the field of statistics and queries of the risk management and anti-money laundering campaign of Ayandeh Bank is responsible for reporting and being accountable to all oversight, regulatory, judicial and lawmaking bodies outside the organization. In 1396 SH (2017/18), only the sphere for responding to the judicial authority's query examined more than 55,000 letters. On this basis, among the achievements of this area in 1396 SH (2017/18) mention can be made of the responses provided to the queries of the judicial authorities from Ayandeh Bank in the shortest possible time. In accordance with Principle 16 of the 25 core principles for effective banking supervision, the activities of the Internal Audit and Inspection Office at the Bank, including both onsite and direct surveillance and offsite or remote or indirect supervision. In this office, several software is used complementarily to monitor and prevent fraud, including:

- FMS software (reporting after a nightly batch).
- SAMAB Monitoring System (Online Reporting).
- Comprehensive FARANAM System.
- Ayandeh Bank Exclusive Risk Management System (SWART).

Fight against Money Laundering & Financing Terrorism

The fight against money laundering and financing terrorism is one of the areas that are now on the agenda of all prestigious domestic and international banks. Due to the special position of banks in combating these two destructive phenomena that have many economic and social consequences, they are expected to be concerned with the establishment of relevant standards and procedures and formal organization in dealing with this topic in their management mechanisms. Considering the importance of this issue, Ayandeh Bank has been pursuing a consistent definition, deployment and monitoring of all legal requirements, internal circulars and organizational improvement plans. The most important steps taken by the Bank are:

- An internal audit of the Bank by a formal audit firm in accordance with the rules of anti-money laundering and terrorism financing.
- Systematizing processes and reporting intake and feedback among branches and units to combat money laundering and financing terrorism.
- Outlining and updating policies to combat money laundering and financing terrorism.
- Considering mechanisms for identifying customers (KYC, CDD, and EDD).
- Entry into customer risk assessment methods in terms of the channels used and the risk associated with the entire bank through the provision of services.
- Inspecting the branches and considering the system's regulatory mechanisms in terms of examining the proper conduct of the affairs in accordance with the guidelines and standards of the supervisory bodies in the field of combating money laundering and financing terrorism.
- Ranking of branches in terms of compliance with anti-money laundering and terrorism financing rules.
- Outlining brokerage relationship questionnaire.
- Launching an international sanctions list system.
- Process the reporting of suspected money



laundering and terrorism financing transactions.

- Offline communication with NAHAB system.

The Anti-Money Laundering and Terrorism Financing Department of Ayandeh Bank has been designing a system called "High Risk Customer Care System" to optimize the processes of examining and extracting reports of suspected money laundering and terrorism financing transactions. The system, with the following capabilities, has a centralized platform to optimize the customer review process, complete the case, continuous monitoring of its performance, and ultimately rating and reporting suspicious transaction on money laundering and terrorism financing.

1. Collecting customer reports and creating customer profiles with the capability to view all required records.
 2. Following up the process of completing the case, in cooperation with other banking units and classifying the status of customers under review.
 3. Outlining related customer network.
 4. Classifying the customers into three low risk, medium risk and high risk plus one watch list for constant monitoring.
- Regarding sending customer information files to obtain SHAHAB number, under NAHAB system, Ayandeh Bank prepared the files containing customer information in different classes, real and legal, both Iranian and foreign, within the standards outlined by the Central Bank of the Islamic Republic of Iran and forwarded them under NAHAB offline route. In this regard, the Bank customers of all sorts were inquired about during 1396 SH (2017/18). Responses received about the customers lacking SHAHAB numbers were used as the criterion for controlling and correcting customer identity information.

Also, Ayandeh Bank has been actively involved in working with anti-money laundering supervisory institutions. The partnership includes reporting to the Financial Intelligence and Money Laundering Department of the Ministry of Economic Affairs and Finance, the Central Bank of Iran, and the judicial authorities.

As in previous years, the training and qualitative improvement of the knowledge and performance of the Bank's partners in this area was also pursued in 1396 SH (2017/18). Among the intra organizational trainings for the Bank's partners are:

- A training course on "Combating Money Laundering and Terrorism

Financing and Related Guidelines", for 88 provincial branch offices.

- A web conference training course on "Reviewing Circulars and Systems for Combating Money Laundering and Terrorism Financing" for group chairmen and bankers in local currency branches in Tehran and provincial branches as well as resource management.

Also, with the aim of updating the knowledge and expertise of the responsible colleagues in the Bank, they attended the following educational programs in 1396 SH (2017/18):

- Seminar on "Management Solutions to Combat Money Laundering".
- Training course on "Compliance with International Standards & Combating Financial Crimes" for senior executives of the banking system".
- CBT / AML anti-money laundering training course.
- Training course on "Compliance with International Financial Standards".
- International workshop on "Actual Beneficiary, Full Identification and Recognition".

The distinct efforts and achievements of Ayandeh Bank in the field of combating money laundering are considered by observers. In this regard, banks are assessed annually by the supervisory authorities in terms of anti-money laundering campaign, and Ayandeh Bank has been among the first-class banks in the fight against money laundering and financing terrorism in recent years.

In 1395 SH (2016/17), Ayandeh Bank ranked second among 34 banks and credit institutes as rated by the Central Bank of Iran, as one of the institutions supervising banks and credit institutions in the field of combating money laundering and financing terrorism. Also, during the last session in the calendar year 1395 SH (2016/17) of the Financial Intelligence and Anti-Money Laundering Center of the Ministry of Economic Affairs and Finance, as another supervisory authority in the field of combating money laundering and financing terrorism, Ayandeh Bank with 73.28 percent of progress in line with the goals set in the field of money laundering, ranked first in the second phase of the project management system among 35 banks and credit institutes.

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Collaboration in Organizing Unregulated Monetary Market

The Central Bank of the Islamic Republic of Iran, in accordance with the Law on Regulating the Unregulated Monetary Market approved in 1383 (2004/5) and the executive bylaw adopted in 2007 and the approval of May 17, 2011 by the Money & Credit Council, has placed the measures necessary for organizing the unregulated monetary market, including credit cooperatives on its agenda since several years ago. Also, in recent laws, including the Permanent Provisions Act and the Sixth Development Plan Law, emphasis has been placed on the cooperation of other relevant institutions with the CBI to fulfill this task effectively.

In 1396 SH (2017/18), following negotiations between the Central Bank of Iran and the Islamic Consultative Assembly, it was stipulated that the fate of all unlawful institutions would be determined and the problems of the unregulated monetary market would come to an end. As a result of the negotiations, it was decided to determine the fate of the unauthorized institutions and their commitments be assigned to authorized banks with sufficient conditions to handle the issue. It must be noted that among the main factors for responding to depositors of unauthorized credit cooperatives is the completion of the identification process, accurate evaluation and transfer of assets of these cooperatives to authorized banks with the aim of administering the rights of the depositors under the supervision of the judicial authorities and the CBI.

In this regard, according to the Money and Credit Council approval dated 2017/08/08 and notification of the Central Bank of Iran, the management of assets and debts of Afzal Toos Credit Cooperative (in process of settlement), from the abovementioned date, was assigned to Ayandeh Bank. Having

realized its social responsibility and the time factor, Ayandeh bank immediately implemented the necessary plans and actions to fulfill its responsibilities in this respect.

From the date of notification of the approval until the end of Bahman 1396 SH (Jan. – Feb. 2018), despite the lack of liquidity in the cooperative's assets, 98.81% of the depositors have received their money back from the CBI. The steps taken to achieve this important task are as follows:

Initially, Ayandeh Bank through formation of specialized committees, holding of training classes and coordination of its executive bodies, assigned 200 Bank staff as leaders of this process for all the branches of Afzal Toos Credit Cooperative throughout the country.

The group was assigned to implement the process of managing the assets and liabilities of the Cooperative in accordance with the guidelines and regulations issued by competent authorities and CBI. Ayandeh Bank, along with the CBI statements issued a number of announcements on several occasions, inviting the depositors to be patient and let the Bank prepare the ground for rendering services as much as possible. Obviously, the responsibility of Ayandeh Bank in being answerable to the depositors of these cooperatives was limited to the amount of assets identified, evaluated

and transferred to Ayandeh Bank; and, in accordance with the Sixth Development Plan Law, the responsibility for the obligations and payment of the debts of the said institutions is borne by the shareholders, managers and relevant authorities. However, despite non-completion of the process of identification, evaluation and transfer of assets of these cooperatives to Ayandeh Bank and the lack of legal responsibility of the Bank towards the depositors of the dissolved Afzal Toos credit cooperative, Ayandeh Bank, merely with the approach of assisting its fellow countrymen and micro depositors, started settling deposits of up to IRR 30 million from its own resources. As a result of this effective and prudent measure, by October 2017, Ayandeh Bank succeeded in settling with 85% of Afzal Toos depositors. Meantime, following a decision taken by the Heads of the Three Powers to determine the fate of depositors of unauthorized financial institutes, and on the basis of the credit line allocated by the Central Bank of Iran, and in accordance with the notifications communicated by CBI, by the end of Dey 1396 SH (January 20, 2018) all depositors with up to IRR 1 billion in deposit received their money back. Those

Settling account with 98.81% of Afzal Toos Credit Cooperative clients by the end of Bahman 1396 SH (Feb. 19, 2018), with the support of the Central Bank of Iran



who had deposited more than IRR 1 billion only received 1 billion for the time being.

Finally, in March 2018, according to the CBI mandate, and approval of the Board replacing the settlement board of the above-mentioned cooperative, at a session held March 12, 2018 it was decided that the depositors send a representative to attend weekly sessions for the cause of transparency and to transfer the views of the depositors.

To this end, Ayandeh Bank paved the way for the selection of a representative by the depositors of Afzal Toos Cooperative based on such factors as the date of opening the account, account balance, residence (most of the depositors are from Khorasan Razavi and Tehran provinces), and the level of academic education. The elected representative will attend the relevant meetings, along with the elected board replacing Afzal Toos settlement board after going through some formalities.

Some 361,275 of the total 365,600 depositors accounting for 98.81% were cleared; and 4,325 of the remaining depositors received up to IRR 1 billion in partial payment. Obviously, further action depends on the CBI.

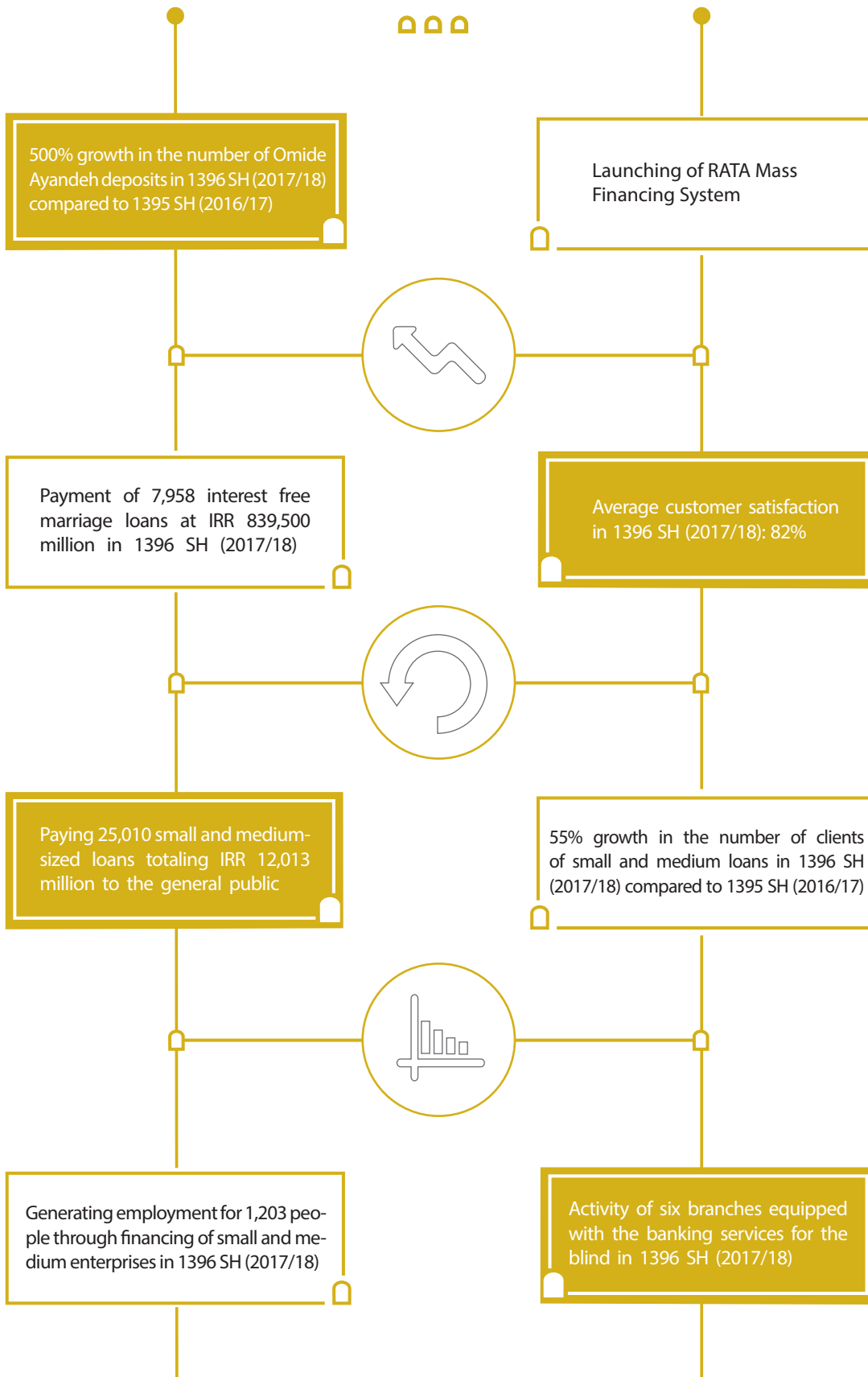
In addition to the presence of the Bank's co-workers in each cooperative branch of Afzal Toos, Bank Ayandeh communication center as well as a relief desk dedicated to this purpose respond to queries by depositors 24/7. Meantime, the prudent, timely and ethical measures taken by Ayandeh Bank in this regard have been repeatedly praised by the officials of the Central Bank of Iran.



Chapter 3



Our Role in Bright Future of Customers





— Banking Services with Positive Social Impacts

Relying on the fact that Ayandeh Bank considers itself a responsible member of the local community and, on the other hand, regards economic and social value-creation an integral and consistent component; it has always been striving by providing responsible services, in addition to economic components, to contribute to the strengthening of social components as well.



Citizens of Ayandeh Bank together with a group of clients, Apadana branch, Tehran





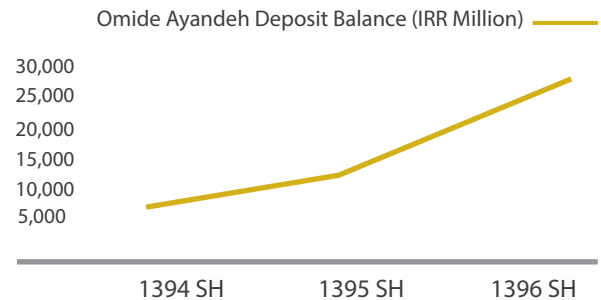
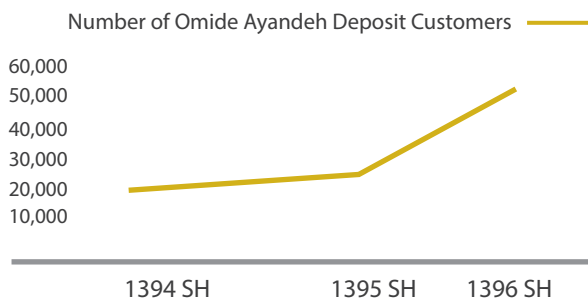
Deposits

Hesseh Zendegi

In line with its social responsibility, Ayandeh Bank has outlined its Hesse Zendegi (Sense of Life) deposit, which is a short-term deposit (with interest counted on daily basis), in support of the campaign against cancer. In this plan, which was launched in autumn 2014, in addition to paying 10% of the proceeds to the depositor, another 10% is allocated by Ayandeh Bank to support research activities and the fight against cancer.

'Omideh Ayandeh' Interest Free Deposit

Omide Ayandeh interest free (Gharzol Hassaneh) student account is designed for students with the aim of expanding and teaching student saving conduct. By considering some privileges, the Bank is trying to turn them into loyal customers and invest on them as end-user customers in Ayandeh Bank. These privileges include an initial cash gift for opening an account; participation in two special drawing competitions for students; participation in annual festivals, and priority in receiving interest free scholarship loans. The special benefits and the nature of the account, such as the revival of the good tradition of Gharzol Hassaneh and maintenance of high human dignity, can draw the support of an effective group of the society for the spiritual goals of the plan. The performance trend of this deposit is explained below.





In 1396 SH (2017/18), coinciding with the 'Nature Week' and the day of tree-planting, in line with promoting the culture of tree plantation and protecting the environment, Ayandeh Bank distributed 500,000 plantable pencils and pots under "Rooyeshe Ayandeh" project for children of the homeland, in all Ayandeh Bank branches across the country. The project has been implemented as part of Omide Ayandeh plan in which Iranian children will receive the pencils and the pot and have until May 31 2018 to plant the capsule at the end of the pencil containing sunflower seeds and after its growth take the flower to a Bank branch to open an account. After opening a Gharzol Hassaneh account by depositing IRR 100,000 the students will receive a gift in the same amount from Ayandeh Bank and they will be able to participate in Omide Ayandeh lottery.

Ayandeh Bank Pot of Hope
Photographer:
Hassan Imentalab

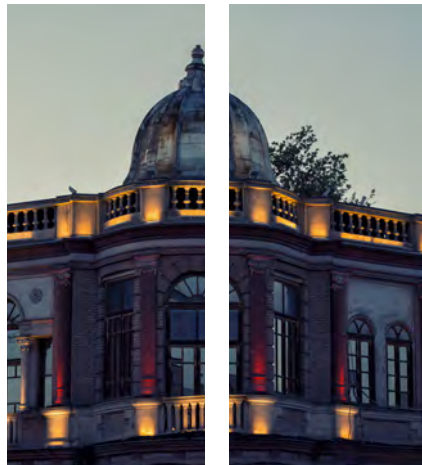


Photo by: Bahram Rokni
Tehran, Hasan Abad Square

Pot distribution in schools
Photographer:
Hassan Imentalab





Facilities

Behavar

Ayandeh Bank, with the goal of financing customer's middle term plans and demands, has implemented Behavar Plan in an easy, fast and tailor-made manner. Depending on your needs, you can use this facility to buy home appliances, pay for dowry, cars, and complete or rebuild homes and offices. Also, company owners or managers by making deposits can introduce their staff to the Bank for using the facility. Meanwhile, business units can use these facilities in various economic sectors (services, agriculture, trade, industry and mining). Upon opening a current account without a checkbook in one of the branches of Ayandeh Bank and based on the average of two or three months deposit, loans double the average deposit up to IRR 2 billion will be granted to applicants. One of the advantages of this plan is that after receiving the facility, the deposit can be withdrawn from the account.

The performance of this facility in 1396 SH (2017/18) is presented here

Year	Number of Customers	Amount (IRR Billion)
1396 SH (2017/18)	3,976	1,912

Kariz

Customers who open a long-term deposit account can receive up to 40% of their deposited funds in facilities at affordable interest rates. The interest rates of the facilities are varied at 4, 5, 7 and 10 percent depending on the size of the loan. The function of this facility in 1396 SH (2017/18) is presented below.

Year	Number of Customers	Amount (IRR Billion)
1396 SH (2017/18)	840	118

Arzesh

Under Arzesh plan, customers who have a current Gharzol Hassaneh account with the Bank are placed in the priority of obtaining small loans of exchange contracts at interest rates set by the CBI. The facility is offered in three areas:

- To purchase durable Iranian goods.
- To repair housing.
- To purchase home made cars.



Zendegi

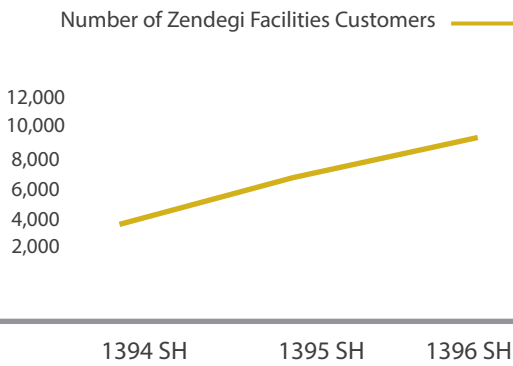
In order to respond to the needs of its customers, Ayandeh Bank is trying to provide easier conditions for customers by designing Zendegi credit package services, providing small loans with installment repayment. This facility is available in three areas:

- To reconstruct and complete construction of home or office.
- To purchase domestically manufactured vehicles.
- To purchase durable homemade consumer goods.

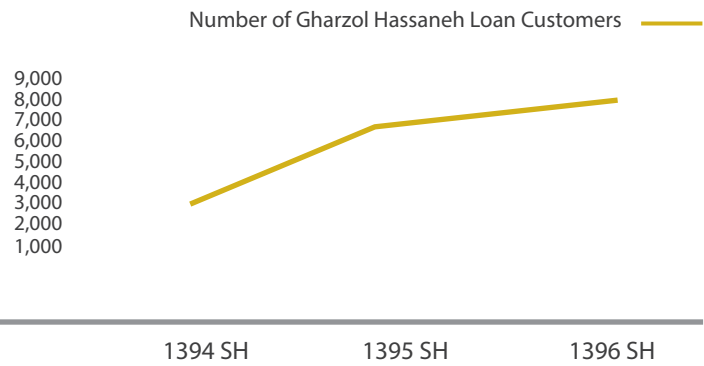
Marriage Loan (Gharzol Hassaneh)

The good tradition of marriage is considered as one of the pillars of a healthy and booming community. In all societies, attempts are made to facilitate the formation of a healthy family so that the youth will be able to go through this crucial stage in their personal and family life. Ayandeh Bank has also tried to play a part in promoting this positive social culture and tradition by paying interest free loans. Between 1394 SH (2015/16) and 1396 SH (2017/18), a total of 17,213 Gharzol Hassaneh loans were paid for a total of IRR 1,515,270 million.

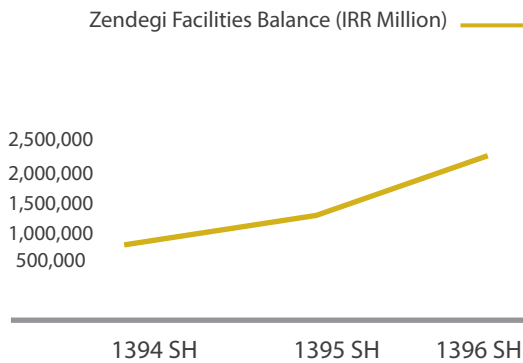
Number of Zendegi Facilities Customers



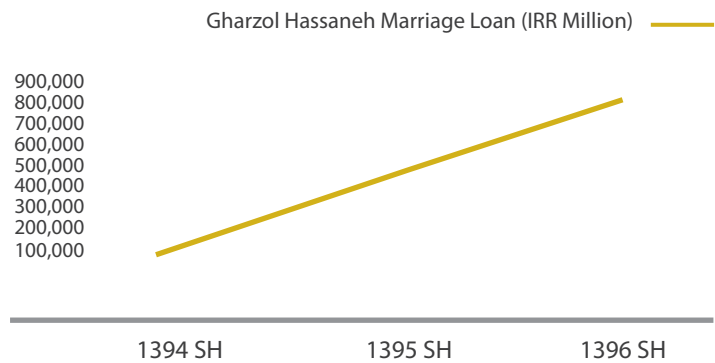
Number of Gharzol Hassaneh Loan Customers



Zendegi Facilities Balance (IRR Million)



Gharzol Hassaneh Marriage Loan (IRR Million)





Tavana

In the framework of Tavana Plan, the staff and manpower of organizations, companies and departments with a current Gharzol Hassaneh account under the special conditions of the project can receive up to IRR 500 million in low interest loans (7 to 10 percent) with installments of 36 to 60 months

Kimia

This account is designed with the goal of greater satisfaction and value for the female community. After opening an account, women will receive a Kimia Card for banking services, e-banking and special facilities under this project. Among the most important special facilities for women in this project are:

- Receiving Gharzol Hassaneh loans to meet their needs and requirements such as educational allowance, student loans and sickness benefits.
- Receiving Gharzol Hassaneh loans to empower women especially working and entrepreneur women.
- Having priority in using point of sale (POS) terminals in case of having store businesses.
- Enjoying bank charge exemption in receiving banking services commensurate with the level of operations and financial and banking activities of the project participant.

Loan Facilities to Relief Committee Assistants

In September 2017, upon the agreement of Board of Directors of Ayandeh Bank, a memorandum of understanding was inked with Velayat Relief Fund affiliated to Imam Khomeini Relief Committee for paying more than 28,000 Million Rials Loans to the assistants of the Relief Committee in the Provinces of Ardebil and Sistan & Baluchestan. The table below shows the number and ceiling of the loans:

Province	Facilities Number	Payment Title	Facilities (IRR Million)	Facilities (IRR Million)
Sistan and Baluchestan	150	Building and Completion of Housing	100	15,000
	50	Providing the necessary needs	50	2,500
Ardebil	72	Building and Completion of Housing	100	7,200
	72	Providing the necessary needs	50	3,600
Total	344 Items	–	–	28,300

By the end of 1396 (2017/18), 19 Gharzol Hassaneh loans in the total amount of IRR 1,700 million were paid to Ardebil relief committee assistants to buy homes, complete home construction and overcome essential requirements.

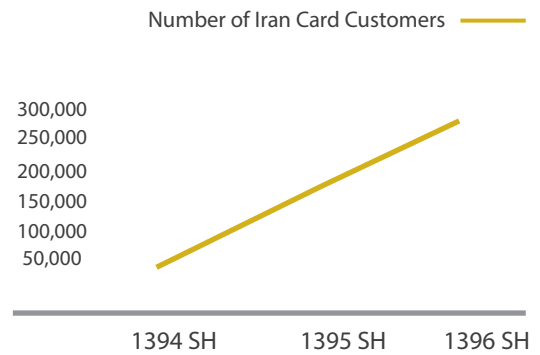
Cards

Iran Card

The general public can receive Iran Card free of charge and without a need to open an account and use it at any of the terminals connected to SHETAB (electronic money exchange) system or online shopping. Similarly, holders of Iran Card receive a "Cashback Score" and "Incentive Score" that Ayandeh Bank pays as a token of appreciation for their goodwill in choosing Ayandeh Bank.

In 1396 SH (2017/18), in a distinct and influential measure, Ayandeh Bank's Iran Card was introduced as a card for help in school building. In partnership between Ayandeh Bank and Yavari Cultural Association, "Iran Card Yavari", which is a SHETAB network card, is available to supporters of the community of helpers. Afterwards, equivalent to a percentage of all purchases by fans throughout the country is allocated to supporting the actions of the Association. In this way, any purchase by Iran Card Yavari will aid building schools and helping schools as well as cultural development of deprived regions.

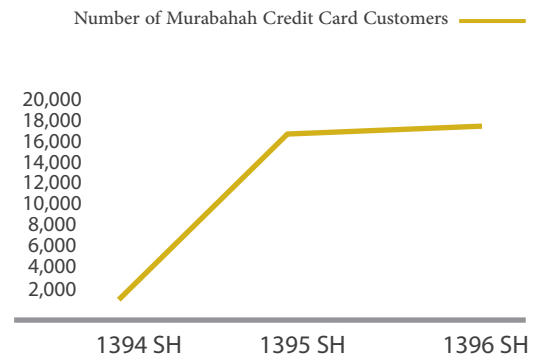
Yavari Cultural Association is a charitable organization that aims to address educational deficiencies in deprived and remote areas. The process of changing the number of subscribers of Iran card for the last three years is presented below.



Murabahah Credit Card

We believe that the provision of banking services should be tailored to the needs of the customers and supported by different economic conditions. Providing Murabahah bank cards is based on the current trust between the Bank and its customers and allows managing the income and living expenses more flexibly and with more comfort for customers.

The performance trend of the facility for three years is shown below:





Family Card

Ayandeh Bank has always tried to be beside its customers by adopting innovative approaches. In this regard, a product called "family card" was prepared in order to manage the family's liquidity by customers and familiarize family members with banking and electronic payment tools. The family card is referred to as a collection of cash cards issued to the family members upon the request of head of the family. The cards are attached to the family administrator's account.

Omide Ayandeh award giving ceremony - 1396 SH (2017)





Community-Based Banking Services



Rata Crowdfunding Platform

In line with the social responsibility policies of Ayandeh Bank, a public finance platform called Rata has been developed based on two business models of Donation and Reward. The Donation model hosts a variety of online charity campaigns brought into life by individuals to collect people's often small capitals and support charities. As one of the most important issues in the field of fundraising for charitable affairs is trust, Rata platform can rely on a bank as a trusted institution to attract popular donations for charity safely. In the Reward model, innovative ideas and strategies on Rata platform can be outlined and flourish on the basis of popular monetary support. Considering the fact that financing is one of the challenges that startups and new ideas face, Rata platform plays a great role to facilitate such challenges. Access to this platform is available at www.ratacf.ir.

Facilitating Services to the Disabled

Ayandeh Bank has always been committed to improving customer service quality. In this regard, in order to improve its social role, the Bank has implemented several measures to facilitate the provision of banking services to the disabled and mentally retarded people.

On the occasion of the International White Cane Day, in October 2016, Ayandeh Bank unveiled its Special Services System for the blind at its Yousefabad branch in Tehran. This system is provided in partnership with the Association of the Blind. The blind clients, using the Braille display hardware and its specialist software, can independently carry out their banking business, such as opening an account, transferring funds, depositing money, etc.

In 1396 SH (2017/18), five more branches were equipped with the Banking Services for the Blind, including two branches in the city of Tehran, Dowlat Street (Code 220) and Shahrak Gharb (Code 257), and three branches in Isfahan (Code 1103), Shiraz (Code 5218) and Mashhad (Code 1004).

Also, some branches of Ayandeh Bank are equipped in terms of physical facilities in a way that facilitates the mobility of disabled persons and the possibility of using banking services.



Inauguration of banking services for the Blind, Branch of Dorahi Yousefabad, Tehran



□— Banking Services with Positive Environmental Impacts

All organizations are required to focus on managing and reducing the environmental impact of their operations and products / services. In recent years, in the banking industry, relying on the advancements in information and communication technology, the provision of responsive services that have less negative environmental impacts has been facilitated. The e-banking area is a new service provider and a new platform in this field, which can significantly reduce air pollution by cutting the customers flow to the branches, as well as reducing paper consumption. In the table below examples of responsible Ayandeh Bank services that have positive environmental impacts are introduced.

— Green Products



1	Mobile Card
2	Mobile Bank
3	Internet Bank
4	Virtual Counter
5	Kilid System
6	Customer Help
7	SATA System (Internet Granting System)
8	Offsite Payment System for Installments
9	Billing System via Email and Account Balance via SMS
10	Shareholders Bank Portal
11	Nobank



Virtual and Mobile Counter

Today, many citizens familiar with computers, especially citizens of large cities who are struggling with traffic and air pollution, use electronic banking services instead of personally attending bank branches.

But given that using some banking services requires exchange of documents and cash receipts and wants the clients to be present at Bank branches; thus, electronic banking and Internet bank cannot answer this part of the customers' needs. Consequently, Ayandeh Bank, by designing the virtual countertops, has made it possible for the clients not to go to the branches in person. In this case, besides saving on customers' time, the environmental impacts of providing banking services by going to bank branches and using paper forms are also completely eliminated. In 1396 SH (2017/18), the virtual counter of Ayandeh Bank with a threefold growth of transactions compared to 1395 SH (2016/17) has been able to help reduce the customers' presence in the bank branches.

Considering the need to expand and deepen mobile-based e-banking services, in 1396 SH (2017/18), the mobile counter (mobile version of virtual counter), which is the fastest and safest mobile banking system in the country was unveiled by Ayandeh Bank. The virtual counter and the mobile counter work together in an integrated form. Also, with a pro-customer approach in a variety of social and economic conditions, the counter can be accessed with any quality of the Internet.

Kilid System

Kilid is an online and mobile banking system designed to meet the needs of small and medium-sized enterprises. Using the Kilid system you can do the paper workflow and issue and sign checks on your company electronically and securely. Kilid management section allows the company director to have access to the specified account for all the organizational roles defined within the company (accounting officer, senior accountant, authorized signatories, executives, etc.) and create specific access to the company bank accounts as required. For example, by using Kilid, the accounting officer will record the payment order and, if necessary, specify the order of the signatories. The authorized signatories, wherever they are, immediately see the order for payment on their mobile phone and simply sign it in a few seconds by scanning their fingerprints.

This distinctive service from Ayandeh Bank will reduce the company's costs and also significantly cut the required paperwork for banking and enable them to increase agility and organizational productivity. In 1396 SH (2017/18), the system has been able to increase the number of users five folds compared to 1395 SH (2016/17), exempting customers from attending bank branches for more than three million transactions.





Hadaf System

Today, with the growing application of modern tools, customer account statement management is a significant part of their lifestyle. By focusing more closely on analytical reports, Hadaf (Target) system helps users manage their earnings and expenses.

Hadaf system continuously and daily receives financial transaction data from the core banking system, the data is refined and arranged and by using the knowledge of the savings in the system, classifies financial transactions and provides complete graphs of the financial situation of the user. The client by entering his budget on this system can see deviation reports; he will also receive complete and unified financial statements by manually registering his non-bank transactions (by receiving Excel files in other banks). The system is flexible in terms of receiving and categorizing transactions and applying user-generated patterns, categorizing data, budgeting, providing analytical charts, advanced invoicing, and tagging transactions, a great opportunity to manage your expenses and income.

Ayandeh Bank clients can become members of the Bank's virtual counter by visiting www.abplus.ir. They can enter the virtual counter system by entering their username and password and use Hadaf system. Also, if you have a membership in the virtual counter system, log in to <https://pfm.abplus.ir>



Hamrah Card

A mobile payment solution of Hamrah Card is one of the appropriate ways to reduce the traffic of Ayandeh Bank customers and owners of other banks to branches and even ATMs. Hamrah Card with the possibility of transferring funds and providing other card services from the origin of Ayandeh Bank cards has been able to process more than 38 million transactions for the owners of 17 other bank cards by preventing customers from going directly to the bank branches and ATMs to receive banking services.



Hamrah Card



Customer Relationship Management

Ayandeh Bank has tried to create a client-centered organization with emphasis on Islamic values as well as respect for the principles of honesty, trust, commitment to professional ethics and customer reverence; Through timely responses to customers' expectations and complaints, which are considered to be the main asset of the Bank, Ayandeh has tried to draw their satisfaction and promote a value creating culture for customers and prioritize other stakeholders of the Bank among the citizens. Hence, to receive any positive and negative feedbacks reflecting the customer expectations from the Bank is tantamount to a valuable opportunity for the citizens of the Bank which they will benefit to improve the quality of services and products within the regulations. This occurs in customer interaction, through communication channels, and all employees are eagerly awaiting feedbacks and transfer of customer experience.



SANA (New Year Deposit) lottery winners along with CEO and vice presidents



Covenant on Attracting Customer Trust

In line with honoring the status of customers in Ayandeh Bank and in order to establish a unified procedural framework for communication between the Bank citizens and external stakeholders, especially customers, the Covenant on Attracting Customer Trust in Ayandeh Bank has been outlined and promoted. The Covenant addresses the citizens of the Bank as follows:

"Trust in any period of business history has been one of the underlying concepts for trading and exchanges. At the current juncture, drawing the confidence of customers in the business sector is one of the key factors for the success of these firms in the field of competition. Not surprisingly, many successful businesses have put emphasis on trust in their advertising activities.

The customer needs a sense of trust in transactions and exchanges; it is based on this belief that many interactions take shape and continue. The service nature of banking activities is one of the issues that confront trust with its particular complexities.



Therefore, it is necessary to apply the following in the effective marketing actions and its daily communication with customers in order to win their trust:

1. Providing accurate and transparent information, and honest advice concurrently in presenting customer service enables the customer to receive correct information or make decisions by means of expert and honest advice. The customer can find out about the data and advice after the experience of receiving services; then he can increase trust in the Bank.

2. The provision of complementary services (service packages) can help a sense of customer confidence. When additional services are offered to customers beyond the level of current services, they create a sense of attraction for the client and lead to an increase in his trust in the bank. This can even be achieved with flexible service delivery. Therefore, be diligent in introducing bank products to customers.

3. Effective and efficient public relations can help banks create and maintain a positive attitude towards them and maintain their reputation and credibility. Trusting a well-liked and reliable bank is very relaxing which capital owners pay great attention to. Hence, branch officials are advised to strengthen their public relations and be sensitive to the events and current trends in the society to protect the name and reputation of the bank.

4. Maintaining the order is another factor mentioned here. A


A customer who deals with a clean, stylish and orderly branch would feel his capital too will be protected in the same way.


customer who deals with a clean, stylish and orderly branch would feel his capital too will be protected in the same way.

5. From the customer's point of view, complex and vague procedures would show the bank's inaccuracy and inefficiency and would certainly create a sense of distrust. On the other hand, simple, efficient and fluid technologies can play a significant role in creating a sense of trust among customers. When customers are not lost in business processes, they can understand the processes and rely on the set of procedures that make up the bank system.

6. The application of effective marketing to create, maintain, and strengthen communication with customers is a very important issue. There is a lot of evidence that bank employees have been able to create a relationship of trust with customers. Today's customers are demanding a unique and sincere behavior. Sincerity creates trustworthiness.

7. Listening to the customer's voice and responding to it (especially to complaints and criticisms) can strengthen the sense of trust. When a bank customer speaks of inefficiency and makes a point, if he feels that his voice has been heard and he has been given an appropriate response, he can interact with the bank with more confidence. Creating trust is the basis for building a long-term relationship with customers. This is a necessity, not a choice! The process of confidence building is time-consuming, arduous and investment-oriented, and requires special care and intelligence on behalf of the colleagues.

8. By taking advantage of new concepts such as trust marketing and the use of scientific and efficient public relations potentials and staff training we can draw the trust of customers in the bank. Fukuyama believes: "Trust affects the performance of all organizations and businesses."

In conclusion, trust is a positive and somewhat emotional expectation and takes shape with the passage of time, but can disappear within a short period of time; rational reasons too cannot



always keep it safe. So a moment of neglect of this issue can impose irreparable damages on the bank. Therefore, the staff has a very important role in building trust. There is an inextricable link between providing service and the service provider. The sense of trust employees can instill in the customers with their behavior and expertise is one of the issues that should receive special attention. By using the above-mentioned indicators we hope to play an effective and dynamic role as a reliable and famous bank in the domestic economic scene and international arenas.



Winners of the third round of Ayandeh Bank Gharzol Hassaneh accounts lottery



Customer Care

In order to create more value for customers and increase the satisfaction of the various strata of the people and clients, it is important to address clients' complaints and expectations in a timely manner. In this regard, Ayandeh Bank has developed various channels to facilitate customer contact with the Bank. Customers can submit their comments, suggestions and complaints to the colleagues of different units in the Bank in the following ways.

- Electronic Complaints and Suggestions Fund, through Ayandeh Bank website www.ba24.ir
- Direct contact with the Customer Complaints and Claims Management Group: 021 85936
- Call 021 89313145
- Fax 021 89313012
- SMS 300000724
- Ayandeh Bank Call Center, 24/7 Answering via Phone Numbers:
 - 021 27663200 Customer Help Desk
 - 021 27663300 Card Help Desk
 - 021 27663400 Branch Help Desk
 - 021 27663500 POS Users Help Desk
 - 021 27663600 Ayandeh Virtual Counter
 - 021 27663030 Investment Funds
- Send an e-mail to compliant@ba24.ir
- PO Box 1185383115 Ayandeh Bank.

In Ayandeh Bank in a unique action among all the active banks in the country, the Complaints and Claims Management Group is formed under the direct supervision of the CEO. Senior executives of Ayandeh Bank welcome claims and complaints from customers as they find it imperative for improvement and progress of the Bank. Explaining the interest-based approach, contributing to increasing the efficiency and effectiveness of various bank activities, improving the integrity and quality of providing banking services, and contributing to improving the responsibility and accountability morale are among the most important goals of this unit.

In line with the systematic and targeted management of complaints handling, in 1396 SH (2017/18), Ayandeh Bank Claims and Complaints Management Division succeeded in establishing the standard ISO 10002: 2014 system of complaints handling. Endorsing the Bank's commitment to this standard was due to the following reasons: Attaining strengths and features such as: appropriate allocation of resources and infrastructure to the complaints system, appropriate mechanism for analyzing the process of handling customer complaints, developing and deploying the standard system at branch levels as the first bank in Iran, as well as identifying effective communication channels and optimizing them.

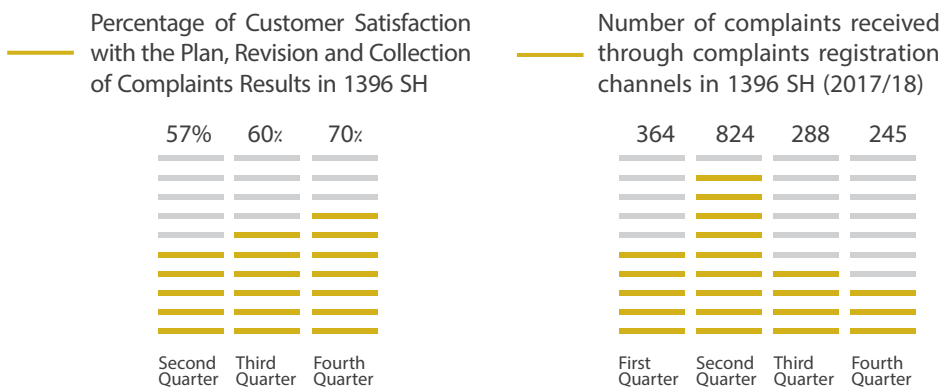
The importance of customers is not hidden to any organization, because the identity of an organization and its growth and survival depend on the existence and continuity of customers. As a result, organizations are constantly striving to increase their market share



by improving their customer satisfaction. So, among the most trusted ways to attract customers and turn them to loyal clients is timely investigation into their complaints.

In order for the Customer Complaints system to successfully handle customer complaints, organizations must look at complaints as opportunities, and even encourage customers to discuss their complaints with them, because an organization can improve an undesirable situation when it has knowledge about it. On the other hand, organizations must also introduce diverse courses to customers on how to raise their complaints and simplify the process for them. However, it must be kept in mind that the first priority for organizations must always be to avoid problems and take necessary measures even before the complaints are raised.

With this introduction, what follows is a summary of the performance of the Complaints and Claims Management Department of Ayandeh Bank regarding receiving, tracking and responding to customer complaints in 1396 (2017/18).



Given the importance of speeding the process of handling customer complaints and providing feedbacks, the response time of the complaints units is announced, evaluated and monitored, which can be considered as one of the factors influencing the declining trend of the response presentation process in 1396 (2017/18). Also, increasing the number of communication channels and the organization's attention to addressing customers' needs on time, with emphasis on maximizing customer satisfaction, is one of the effective factors in reducing the response time. In order to forge organizational training and culture building in this field, the following actions have been implemented in 1396 (2017/18):

- Holding training courses for colleagues in Tehran and other provincial branches, focusing on the development of desirable performance and paying attention to fine citizenship conduct.
- Documentation of topics in the form of "light & shade" tutorials and their publication in the internal journal of Payame Ayandeh.
- Publication of educational content through inspiring and informative messages in the Bank's communicative channels and Payame Ayandeh journal with emphasis on respecting customer rights.

Eventually, in order to honor the customer trust and relationship those who have voiced criticisms and suggestions have received gifts from the Bank.



Customer Club

In 1396 SH (2017/18), two customer club designs were implemented. The first plan, entitled "Many journeys one has to take" was held from May to September 2017. In this plan, 513,669 customers scored points, of which 382,841 attended the final draw with the minimum required score. In the second plan, entitled "All your wishes will come true in future (Ayandeh)", from November (2017) to February 2018, some 1,277,679 customers scored points. Eventually, 869,429 customers received the final draw at the minimum score required.

Various incentive schemes have been launched to increase customer awareness and participation. These incentive schemes were provided through the provision of slider in the online system of customer clubs, the Bank's virtual networks and Instagram, citizen communication channels and Bank branch offices.

In addition to special privileges considered for citizens in incentive schemes, individual incentive schemes were considered for citizens, and 2,361 citizens of Ayandeh Bank (Bank colleagues, Ertebat Farda Company, and TABA Company) have become members of the customer club so far.

Among the incentive scheme festivals, the following can be cited:

- "Prophet Mohammad (S) Birthday" scheme was launched on Jan. 4, 2018 for one week for all customers. In the festival, customers increased their deposits and received double scores.
- Yalda incentive plan for Yalda Night; Customers by conducting at least 40 electronic transactions could participate in the lottery of 20 gift cards containing IRR 2 million each.
- "Clean Air" incentive scheme was held for two weeks from January 6, 2018 for all customers. In this plan, customers received 20 points of gift per transaction on virtual counter, Kilid and Hamrah Card systems with a ceiling of 20 transactions per instrument.

Announcement of winners of "Many Journeys One Has to Take" Scheme of Clients Club of Ayandeh Bank





Customer Satisfaction

In order to create value added for customers as one of the key stakeholders of the Bank, it is necessary that their satisfaction with the services they receive and connection with Ayandeh Bank is measured and improved in a committed, innovative and responsive manner. In this regard, customer satisfaction has been taken up in the Bank's annual plan.

In a research conducted in 1396 SH (2017/18), attempts were made to investigate the satisfaction level of Ayandeh Bank customers through SERVQUAL model (of service quality) and determine the gaps between the expectations and perceptions of the Bank clients under five components of physical and tangible evidence, credibility, accountability, assurance and empathy. Based on the results, the average total satisfaction of customers with Ayandeh Bank is 82%. Separate analytical reports on the results of the study were forwarded to related organizational units in order to accommodate customers, their satisfaction with the status quo and its difference from their expected level and work toward the development and improvement of banking services.





Photo by: Hamideh Emami
Yazd, Jame Mosque



Chapter 4



Chapter 4

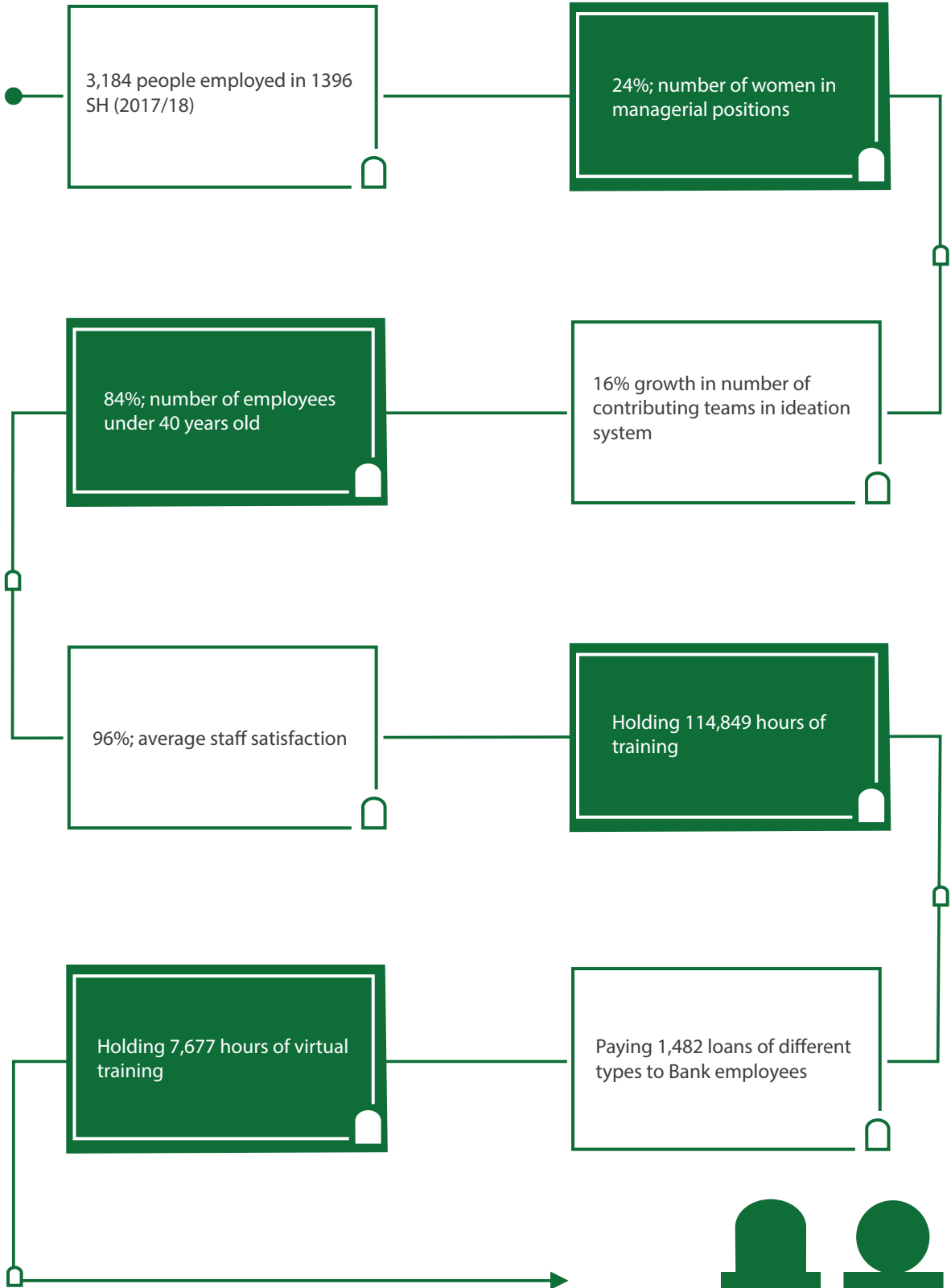


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Our Role in Bright Future of Staff



— Main Pillars of Human Capital Management

Strategy

- Organization and empowerment of human capital.
- Business culture engineering.

Goals

Promoting organizational capacities, especially in the areas of structural agility, human capital empowerment, re-engineering business processes, empowerment generation and transformation within the mental framework of management, and thus, challenging the status quo and preparing for another turnaround in the Bank



Ayandeh Bank Vice President for Human Resources and Management Development visits Bank citizens at Molla Sadra Branch of Tehran



Citizenship Code of Conduct

With faith in the sublime human and moral values, in line with value creation for the customers and stakeholders of our Bank, and the sustainable economic, social and cultural development of Iran, we, citizens of Ayandeh Bank are committed to: With determination and integrity, based on self-knowledge, self-confidence, self-sacrifice, empathy, team spirit and synergy, and with patience and dynamism even in the most difficult conditions perform our duties, and also with love and stamina strive to reach our utopia and from the depth of our hearts we believe that: The philosophy of our existence is to respect human dignity, to create value continuously, and to gain satisfaction of the people and customers as our main capital.

Our main mission is to meet the satisfaction and serve the interests of the stakeholders and to move dynamically to realize strategic and annual plans.

Our key competence is our unity and solidarity to improve the precision, accuracy, speed and quality of services to the people and customers.

Our corporate citizenship is a voluntary and informed conduct for serious adherence to and full participation in solving the daily problems of our bank. To be coordinate and coherent with the ongoing flow of universe, our attitude and practice is in line with truth and honesty, order and custom, trust and confidentiality, clean cut appearance and pure conscience, innovation and continuous learning, openness to criticism and accountability, and responsibility and loyalty. Hence, we all together and side by side make a journey towards a dramatic transformation which is the beginning of the future, and the future (Ayandeh) is bright.

Fine Citizenship Conduct Policies

In compliance with customer orientation and in order to strengthen the brand position of the Bank in public mind and safeguard sublime moral and human values, with the aim of unifying the conduct and exposure of the Bank citizens with customers, while defining the codes of conduct and ethics as "fine citizenship conduct" action was taken towards training and development of negotiation skills and application of codes in relations with customers.

Among the most promising codes of conduct, mention can be made of the following: respectful behavior with customers, trust, fairness to the stakeholders and competitors, accurate and prompt response to customer needs, respect for the elderly, commitment to clients and the Bank, punctuality and respect for customers' time, and maintaining a neat appearance.



Citizens of Resource and Banking Services Management of East Azerbaijan Province



Organizational Justice Policies

Organizational justice is one of the key values in Ayandeh Bank, and our focus is on staff perception of the level of equality and fairness at the organization, based on a suitable foundation and three factors of equality, non-discrimination and impartiality.





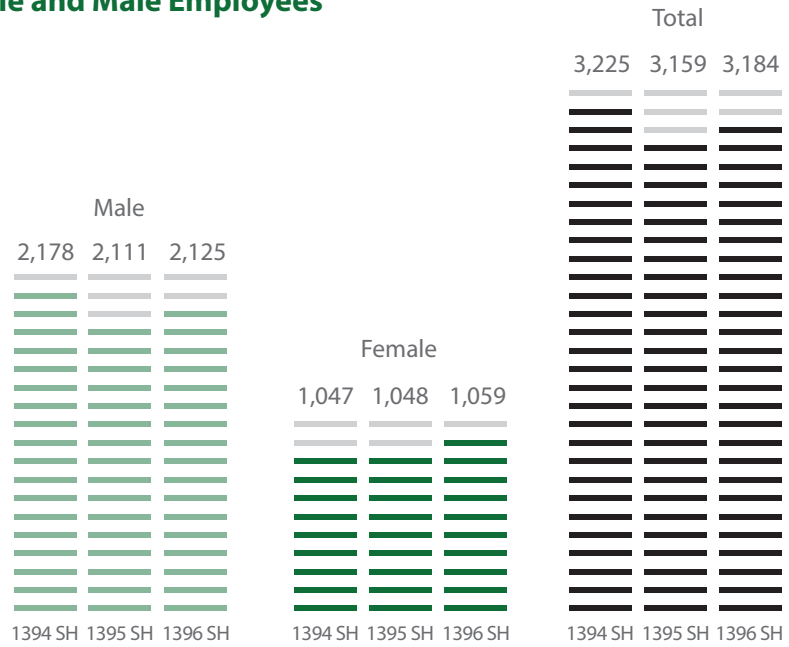
Human Resource Structure



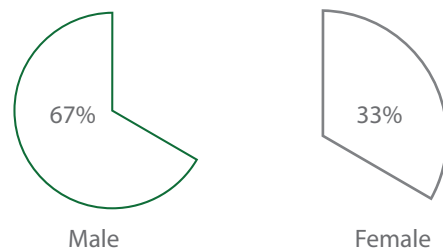
Number of Manpower

Year	Number
1394 SH (2015/16)	3,225
1395 SH (2016/17)	3,159
1396 SH (2017/18)	3,184

Number of Female and Male Employees



Female and Male Employees Ratio to Total Employees, 1396 SH

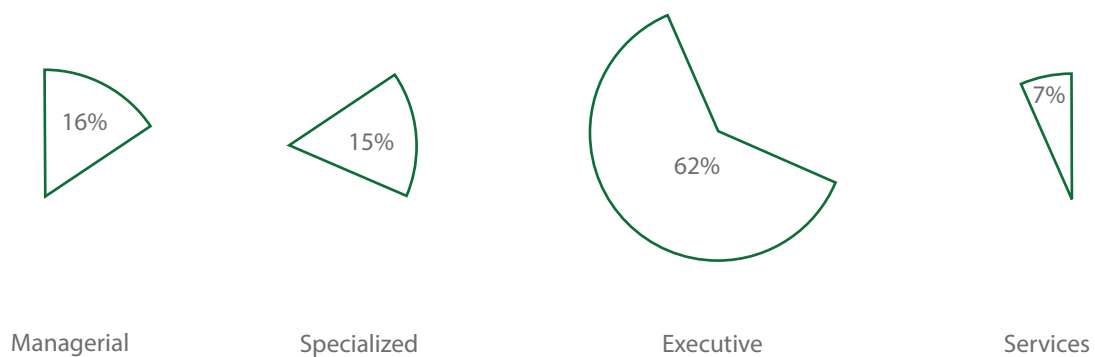




— Employees Categorization at Orgazizational Levels

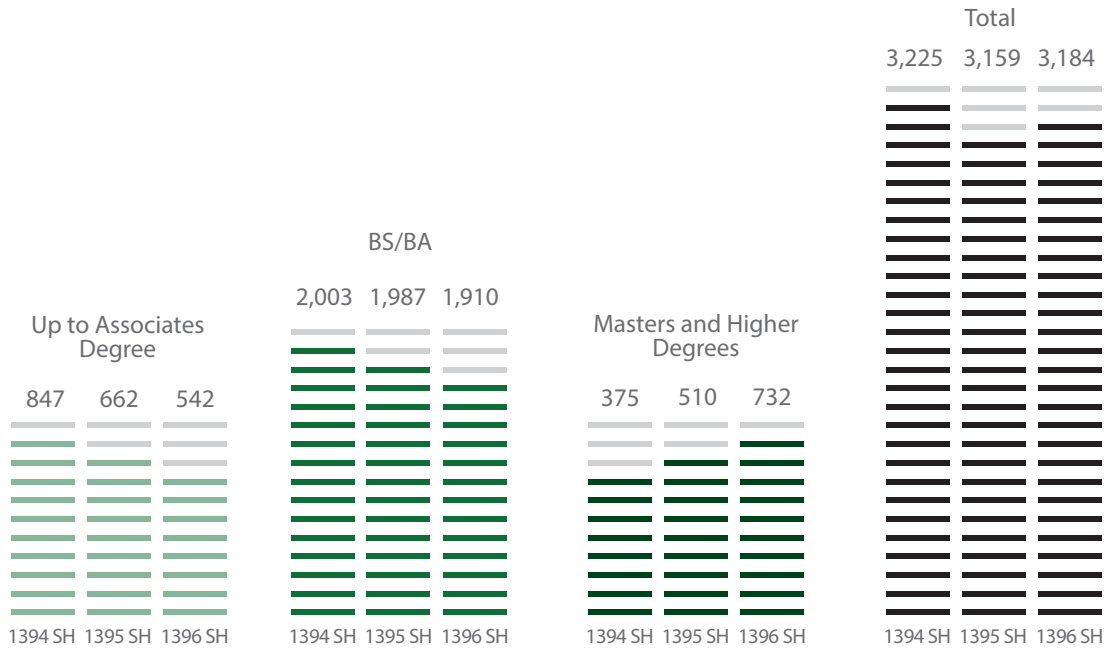


— Ratio of Employees Assignment to Organizational Levels, 1396 SH

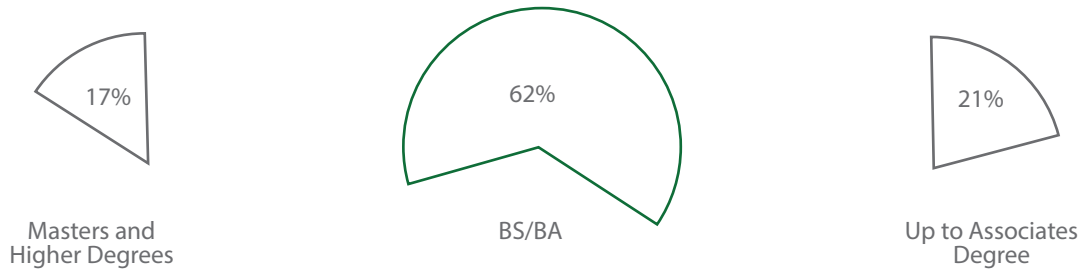




Statistics on Employees Education

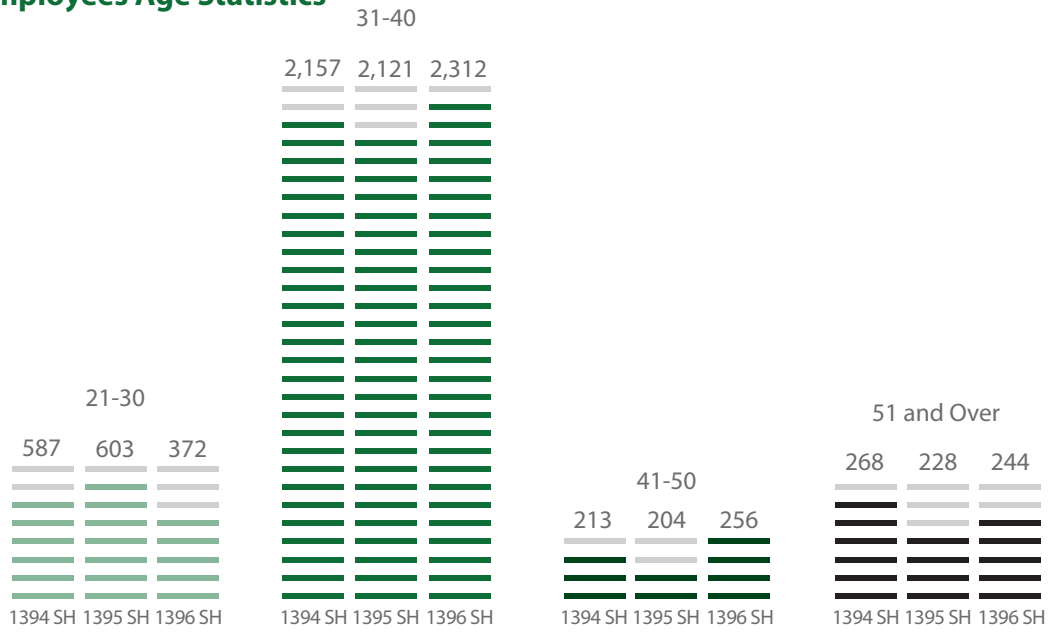


Employees Education Ratio, 1396 SH

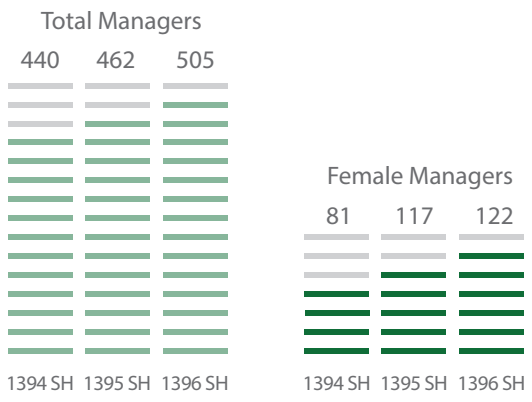




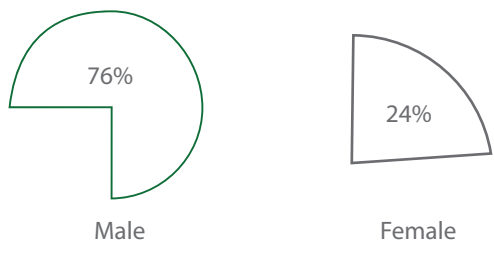
Employees Age Statistics



Number of Female Staff in Managerial Levels



Female and Male Managers Ratio, 1396 SH





High Quality and Balanced Work Experience

Considering that the human work experience quality in the workplace is one of the important issues in the organization's responsible management, Ayandeh Bank has always used its human resources as the driving force behind the development of activities and the spirit of the organization. Consequently, the belief and diligence of this work has been to praise the valuable presence of employees in the organization by creating the proper mechanisms for personal and organizational development, and creating a vibrant, responsive and dynamic organizational environment.

Transparent and Fair Employment Policy & Procedure

The main strategic partner of the Bank is the efficient and committed human capital. Ayandeh Bank is committed to providing human capital based on the principles of meritocracy and justice orientation through different channels to receive and collect demands for cooperation. The focus of the recruitment process in the Bank is the manpower selection and appointment committee. All steps and stages of the staff recruiting process in Ayandeh Bank are transparent and based on well-defined criteria and guidelines. Consequently, respect for justice and avoidance of discrimination have been institutionalized in the context of this process.

A Simple Diagram of Bank's Manpower Recruitment Process





Performance Management System

Today, performance management is an indispensable necessity for the achievement of banks' objectives and missions, since performance management is about identifying, measuring, developing and continuously improving the performance of individuals and groups, and thus aligning them with the strategic goals of the Bank.

To this end, Ayandeh Bank needs to study the market and economic conditions in order to maintain its success and leading position in the banking industry in domestic and international arenas and coordinate organizational and individual goals and strategies. Therefore, to achieve its business goals and improve its human capital performance, with a strategic turnaround, it has changed its approach from performance appraisal to performance management.

Consequently, by adopting a new outlook, Ayandeh Bank, while strategically targeting each of its business units and human capitals, fulfill its development plans and monitors them at different time intervals.

The main reasons for performance managing of the employees in Ayandeh Bank are:

- Identify the competitive environment and capabilities of each organizational unit of the Bank and the employees in order to maintain its success and gain competitive advantage.
- Transparency of organizational goals and expectations from each employee in order to realize these goals.
- Integration of individual and organizational goals.
- Continuous monitoring of goals and expectations through individual and collective performance and feedback.
- Empowerment and development of staff knowledge, skills and capabilities.
- Persuading and encouraging superior performance.
- Identifying the staff's educational and expertise needs and gaps.
- Fair distribution of rewards and bonuses.
- Development of meritocracy and competence in the organization.

Information and statistics of different levels of HR performance evaluation

Year	Assessment Period	Number of People
1392 SH	Yearly	3,465
1393 SH	First half	3,374
	Second half	2,692
1394 SH	Yearly	2,831
1395 SH	First half	2,853
	Second half	3,269
1396 SH	Yearly	3,180



Performance Management Process at Bank Ayandeh





Participatory Management

Collaborative Transformation

Ayandeh Bank executives believe that constructive transformation will not be realized except through alignment and empathy of every single citizen of the Bank with the goals and programs that are institutionalized for the key stakeholders at the core of the Bank. As a result, in order to comply with this important issue, various measures have been taken to attract participation of the staff in the organization.

Participatory formulation and streamlining the organization's strategies has been one of the most important steps taken in this direction. In 1396 SH (2017/18), meetings were arranged in which senior and middle managers of the Bank explained the organization's strategic approaches. Then, action was taken through joint programs by forming teams consisting of the main and backup colleagues from different units for streamlining task-oriented strategies. In these meetings, mid-level executives actively participated in the successful implementation of the transformation programs as the main arm of the Bank, and even managed some meetings and cooperated in reporting the related programs and activities.

Another effective measure in advancing organizational change is the relationship between the CEO and all Ayandeh Bank citizens by asking questions about how to implement the desired developments and achieve organizational goals. In 1396 SH (2017/18), at each time interval, a question was asked by the CEO. All staff members across the country could send their responses directly to the CEO, either individually or in group. In order to monitor and analyze the responses, a committee consisting of 21 middle managers was formed from different units of the organization. In each time interval that questions were asked by the CEO, a report was submitted by the "21-member committee" on the analysis of the received responses and related



Senior and Middle Directors Meeting to identify future strategic approaches of Ayandeh Bank - Winter 2017



Senior and Middle Directors Meeting to identify future strategic approaches of Ayandeh Bank - Winter 2017



Ayandeh Bank senior directors meet with Heads of Branches – Winter 2017



Ayandeh Bank senior directors meet with Heads of Branches – Winter 2017

results, for presentation at the Bank's transformation council and review of the CEO. This innovative and participatory action has been very effective in attracting the attention of colleagues at different levels of the Bank to its goals and strategies, on the one hand, and to track the search for solutions on the other. At the end of each course, the top responses are selected and the senders are rewarded.

In 1396 SH (2017/18), continuous interactions and communications between senior executives of the Bank and the organization were pursued in the form of holding periodic meetings with branch managers and mid-level managers.

In these meetings, in addition to providing an opportunity for direct communication between branch managers and head office directors with the leaders of the organization, especially the CEO, organizational participation practically took place to deepen the culture of transformation, innovative service and healthy competition through various Q & A sessions and preparing and presenting team reports concerning the exclusive questions posed by the CEO.

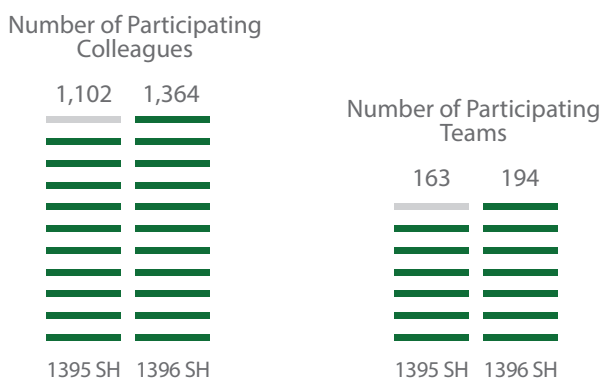
In order to streamline the participatory management approach, the 21-member committee of intermediate executives is responsible for monitoring and analyzing the responses sent to the CEO's questions from all citizens of the Bank.

Team Participation System

More than a year after the start of the teamwork system, the system continues to focus on partnerships with central departments and branches and continuously improve the three elements of creativity, quality, and productivity in the Bank through the sympathy, consultation and development of collaborative partnership and cooperative relationships and is active and available to other colleagues through the Bank's internal portal.

In this system, experts from the Office for Improvement of Organization and Trade Procedures and specialist representatives from other agencies are used to evaluate the team members' opinions from expertise point of view. In 1396 SH (2017/18), the mechanism of evaluating the responses presented by colleagues was revised. In this way, the responses received are scored and ranked in four 25-point indicators under the theme of "creativity and innovation", "core strategy", "applicability" and "productivity" and top teams with gold, silver and bronze medals are introduced to other colleagues by issuing announcements on the Bank's internal portal and through Payame Ayandeh Journal. Similarly, corresponding bonus is allocated to the top three teams.

— System's Performance Comparison to Previous Year



In 1396 SH (2017/18) questions were raised about various issues in areas of organizational excellence, business development, customer satisfaction and innovative banking services, and colleagues in the Bank responded individually and collectively. In 1396 SH (2017/18), the number of participating teams increased by 16 percent and the number of contributing colleagues participating in the teamwork participation system increased by 20 percent compared to 1395 SH (2016/17).

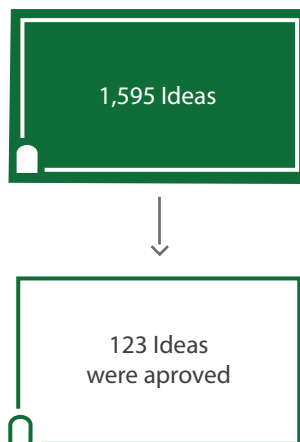
At the end of 1396 SH (2017/18), the citizens who during the past two years (1395 SH and 1396 SH) had the highest number of contributions to the teamwork system on different subjects and teams, were identified out of whom 10 people received letters of commendation and statues.



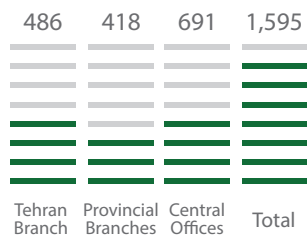
Ideation System

Ideation system has been exploited as one of the most effective means of developing citizen participation, and with the aim of creating new ideas and as one of the requirements for converting a bank into an innovative bank.

Some of the Bank citizens, by sticking to the principle that "there is always a better way of doing things," sent and registered their ideas and suggestions through the "Ideation System" on the internal portal of the Bank. In 1396 SH (2017/18), the number registered was 1,595, with the largest share of participation in the system of ideation going to the head office colleagues with 43.32% (691 proposals). After initial review of all the ideas received by experts from the secretariat of the system, 123 ideas were approved.



Number of Suggestions in Ideation System in 1396 SH





Employees Satisfaction

To rely on a sound and well-grounded basis for developing human resource management plans and actions for creating a quality and balanced work experience for employees, it is necessary that their views and their level of satisfaction are measured against the current situation. As a result, measuring employees' job satisfaction has been included in the Bank's annual plan.

In 1396 SH (2017/18), along with organizational excellence programs, staff satisfaction was assessed by using a questionnaire consisting of nine components of job satisfaction assessment, namely: Competency management; leadership; equal opportunity; education; facilities and services; appreciation and encouragement; cooperation and participation; sense of pride; salary and benefits. These indicators were designed based on job satisfaction criteria in the EFQM organizational excellence model and Iran's standard job satisfaction questionnaire, and some adjustments were made to adapt it to the Bank's structure.

The results suggest that among the nine components, 85% complete satisfaction belongs to "honors and organizational pride," and then to "payroll" and "education". Overall, 73.2 percent of employees with "fairly satisfactory" job satisfaction; 96% of the employees with a satisfactory level of satisfaction are "fairly satisfied" and "fully satisfied". The thorough analysis and differentiation of this research has been provided to relevant managers in order to develop and plan effective HRM.



Appreciation of Human Resources and Management Development from Bank citizen – Molla Sadra Branch, Tehran



— Employees Empowerment

Training is part of the organization's transformation and development. Ayandeh Bank considers training and empowerment of employees a long-term investment, and it is regarded to be a factor in increasing the sense of organizational commitment and productivity. Having a learning and development experience is a natural right for all employees and empowers them to participate constructively in achieving organizational goals.

Development of Training in Consistent with Bank Development

Managers and employees of Ayandeh Bank have an inner culture and belief about the role and importance of education in advancing goals and achieving breakthroughs. In the same vein, approaches, platforms and educational facilities have led the process of quantitative and qualitative growth in the Bank over the past years.

Regarding the necessity of standardization of educational processes including needs assessment, planning, implementation and evaluation of effectiveness of training courses on the one hand and outlining the improvement project under the organizational excellence project in 1395 SH (2016/17), on the other hand, the project on implementation of educational management standard ISO10015, consisting of representatives from the Market Research and Studies Center, Personnel Affairs and Management Development and Education Department began in 1395 SH (2016/17) and reached the final result in 1396 SH (2017/18). After the preliminary planning and final audit, in September 2017, Ayandeh Bank was able to obtain ISO10015 certification. Among the achievements and outcomes of implementation of ISO10015 Education Management Standards, we can mention the following:

- Standardization of educational processes, including needs assessment, planning, implementation and evaluation of effectiveness of training courses.
- Preparing integrated forms, directives and executive practices through outlining and coding.
- Formulation of an educational manual and compilation of the specific and general competencies of occupations.
- Revising and compiling educational indicators.

Improvement in Ayandeh Bank Education Management System

1392 (2013/14) to 1395 (2016/17)

- Formulating educational IDs
- Needs assessment according to the viewpoint of individual and manager
- Holding group training courses
- Entry of educational and training information into the integrated management system of education
- Formation of educational-specialized committees
- Using internal instructors
- Revision of educational IDs
- Developing a comprehensive education system based on competency
- Compiling training at work

1395 (2016/17) to 1396 (2017/18)

- Establishment of ISO10015 standard
- Measure the effectiveness of courses with Kirkpatrick model
- Educational orientation for continuing studies and providing the matrix for sustained education
- Redefining the training needs assessment system



Efforts to develop educational management system in line with the development of Bank activities has led to the creation of effective improvements in educational processes (including needs assessment, planning, implementation and evaluation of effectiveness of training courses) in 1396 SH (2017/18).

Considering the importance of proper and targeted implementation of the educational needs assessment process in implementing ISO 10015 educational management standards, as well as the necessity of empowering branch colleagues and eliminating the gap in bankers' knowledge and skill; consultation sessions on educational needs assessment were held attended by young deputies of Tehran branches and experts of staff units to discuss the process of educational needs and extracting current and future training needs of the staff.

According to the conducted survey, and in compliance with the internal conditions of the Bank, a comprehensive model of needs assessment has been designed and developed in accordance with the following diagram and is being implemented.





In order to comply with the principle of cost management, eliminating manual correspondence and maximizing the use of the Learning Management System (LMS), as a first step, implementing the process of systematic educational needs assessment, from the stage of registration of individual / group application in the system to the approval by the top authority and then reviewed and approved by the experts of the department was outlined. In the next step, after the analysis and feasibility of the implementation of this process as a system, necessary technical tests were carried out and eventually its implementation was verified as a system.

In order to design and plan training courses that have been identified from the process of educational needs assessment, specialized committees of experts have been formed composed of representatives of the specialized staff units and expert instructors of the banking system. In addition to the correct identification of the contact group (based on the level of knowledge, career paths and educational background), the appropriateness of the training sessions with the goals of the organization and personal development of the staff is maintained.

Training courses and forums were held in 1396 SH (2017/18), with emphasis on the use of a wider range of Bank employees of inclusive educational services. As a result, 607 training courses were conducted with 14,201 colleagues participating in 1396 SH (2017/18).

With regard to the statistics on educational courses in 1396 SH (2017/18) and comparing them with the statistics of 1394 SH (2015/16) and 1395 SH (2016/17), it was found that the holding of educational courses (compared with 1395 SH) in terms of number, increased by 28.6% and based on the same comparison the number of contributors to jobs and various posts in training courses has increased by 57.1%.

Also, based on the comparison, there has been a significant increase in the number of participants of the training courses in the period of virtual training from 1394 SH (2015/16) to 1396 SH (2017/18) which provides detailed statistics according to the following table.

Information on virtual training courses held from 1394 SH to 1396 SH (2015 – 2017)

No	Title	Programs Number	Participants Number	Total Training Hours	Person Per Training Hour
1	Online / Virtual Programs Held in 1394 Statistics	12	276	13	285
2	Online/Virtual Programs Held in 1395 Statistics	21	650	35	1,119
3	Online/Virtual Programs Held in 1396 Statistics	192	6,259	233	7,677
4	Growth Percentage of 1395 compared to 1394	175%	235%	269%	-
5	Growth Percentage of 1396 compared to 1395	914.1%	962.9%	665.7%	-



Information on courses held from 1392 SH to 1396 SH (2013 – 2017)

Year	Number of Programs / Forums	Number of Participants	Total Training Hours	Training Person Per Hour	Training Per Capita	Gender	Target Group	Total Budget (IRR)
1392 SH	313	4,863	4,703	86,068	32	On the average percent of the 50 participants in the training programs were 50 women and percent were men	30% of the programs for headquarters and 70% for branches	13,216,000,000
1393 SH	314	4,435	4,951.5	98,428	37		48% of the programs for headquarters and 52% for branches	17,784,000,000
1394 SH	443	8,588	6,359	124,411	45		36% of the programs for headquarters and 64% for branches	35,992,000,000
1395 SH	472	9,038	6,966.5	113,782	46		33% of the programs for headquarters and 67% for branches	30,129,000,000
1396 SH	607	14,201	5,794	114,849	47		30% of the programs for headquarters and 70% for branches	37,600,000,000
Total	2,149	41,125	28,774	537,538	-	-	-	134,721,000,000

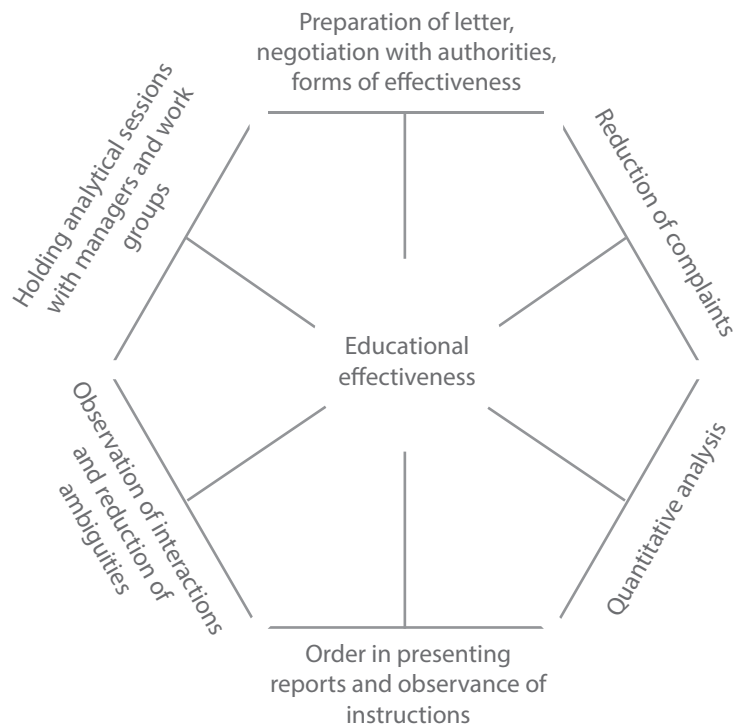




In the final step, the process of evaluating effectiveness of the training program is run accurately and timely. The objectives of evaluation of effectiveness of the training program are:

- Determine the efficiency of training
- Improve the quality of education
- Develop collective confidence

In order to achieve these goals, the integrated model of evaluation of effectiveness of training courses in 1396 SH (2017/18) was developed.



The process of evaluating the effectiveness of training courses at the Education Office is run at four levels: response; learning; conduct; and outcome.

1) Response Level: The learner's response to the course is carried out by submitting a survey form and analyzing the items contained therein. If there is a significant difference between the ideal situation and the status quo action is taken to discover the root cause and eliminate the defects. Previously, evaluation at this level was conducted through telephone interviews and distribution of survey forms. In order to implement the ISO10015 standard, the survey forms are systematically sent to the personal portal of the learners and they are asked to complete and submit the form upon completion of the course relaxed and focused.

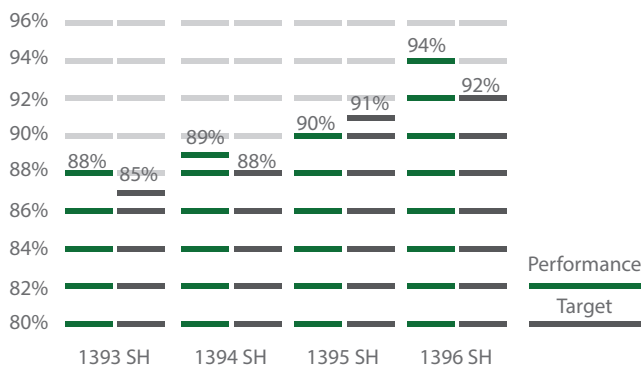
2) Learning Level: This kind of assessment is usually done through a pre-test (before the start of the course) and a post-test (after the end of the course) and then a comparison of scores. The degree of academic or professional development of learners in the course is determined at this stage.

3) Conduct Level: To understand whether training has actually occurred or conduct has been learned, this training should be generalized to the field of work and be applied within

a time frame. This is done by sending a form to branch directors and conducting telephone interviews with them as direct supervisors of learners so that the change in conduct after the course is measured.

4) Result Level: At this level, the impact of the training course on organizational indicators is evaluated. These organizational indexes are different for different periods and are evaluated through quantitative and qualitative measures. According to the type of index, its increase or decrease can be considered a positive or negative result. In addition, many of these indicators are effective in the needs assessment of educational courses and one can conclude that one of the reasons for the change was the organization of training courses.

Percentage of Effectiveness of Educational Courses from 1393 SH (2014/15) to 1396 SH (2017/18)



Since the beginning of 1394 SH (March 21, 2016), the deployment and development of an integrated learning management system (LMS) has been implemented by Ayandeh Bank Education Office. A system for managing admission training is a tool that connects the trainer and the trainee and manages, records and tracks the activities of e-learning courses. In this way, the learning process is automatically managed. In 1396 SH (2017/18), corrective actions and development of new features in this system were carried out; these changes were in line with and backed by development of training processes in Ayandeh Bank.



Developing New Training Platforms

The Education Office has been working on developing and applying various platforms for providing educational services, improving the quality and level of staff access to the required education. For this purpose, various systems have been utilized over the past years.

Development of Web-Based Banking Education System

In 1396 SH (2017/18), the virtual education system of the Bank, in the platform of domestic network at the level of branches of Tehran and other provinces, was provided through the portal of branch services, available to all colleagues. This move was also accompanied by a change in the educational approach to attending some face-to-face courses in a virtual way (web conferencing and other tools) and to promote distance learning culture. On the other hand, saving on the costs of organizing training courses, expediting the process of providing educational services, and the importance of availability of an appropriate infrastructure for the use of higher quality of the virtual training facilities at the premises of the branches, are among other reasons to develop the system.

Considering that Ayandeh Bank CEO has emphasized on culture building for development of virtual education at the level of the Bank colleagues; numerous sessions were held with specialized units to determine the required training courses under the Web conferencing platform. This system allows you to download recorded sessions, receive files presented at the class, send and receive audio, picture and text messages under the Web platform, record sessions and reuse and share the teacher's computer monitor screen while teaching. Among other advantages of this system, it should be noted that by utilizing the knowledge of associates of the electronic banking department and using internal capacities, it is exclusively designed to meet the needs of the Bank's partners for the strong infrastructure of virtual education. As a result, the original version of this system is provided to the organization at no cost, and its technical support is carried out by affiliated colleagues in infrastructure and security affairs.

In 1396 SH (2017/18), 192 virtual education courses were held with 6,259 colleagues participating.

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Information on Virtual Education Courses in 1396 SH (2017/18)



Total Programs Number	Total Number of Trainees	Total Training Hours Statistics	Trained Man Hour
192	6,259	233	7,677



Education Department Portal

Another tool used to transfer knowledge and engage with colleagues is the Education Department Portal. In this environment, in addition to publishing news and events at the Bank's level, educational resources, registering the data on the best books of the week, information on tests, information on scientific articles and information for training courses are also available to the colleagues.

Every week, an informative book on specialized banking and management areas, which contains a summary and all of its publication information, is uploaded on the Education Department Portal. Currently, 125 titles of books are available to colleagues in various areas of banking, finance, management, marketing, strategy, economics, and so on.

Also, through the Education Department portal, a "Future Development Training" plan is being implemented. In this project, on Mondays and Wednesdays of each week, short educational packages focusing on partners, in particular associates of the branches, are presented in three main sections: Quotes from the Grandee, Specialized Banking and Non-Banking Terms (related to the text of instruction), and "Short Educational Texts in Specialized and Managerial Fields". At present, 661 training packages have been uploaded for the colleagues to study and utilize in various specialized fields. Also, every month tests are given on the content of the electronic packages loaded to all bankers of the branches. Finally, in order to share knowledge among colleagues, 54 different educational pamphlets and 146 cooperation achievement reports that participated in conferences and seminars outside the organization have been made available through the Education Department portal to Ayandeh Bank citizens.



Training course at Ayandeh Bank



Hamamuz Mobile Phone App

Development and operation of a mobile education application (Hamamuz) is another step in moving towards a learning and agile organization and changing approaches from in-service training to distance education and non-formal learning. The program began in the second quarter of 1394 SH (2015/16), after technical and experimental development. In this way, educational content is developed and made available to colleagues for the purpose of providing key education in various banking and management areas. As a result, they can use the Bank's educational support at different times and locations appropriate to their circumstances. In 1396 SH (2017/18), 272 new audio files were produced and compiled in specialized banking and management fields. In total, 335 audio files are available to the Bank citizens through Ayandeh Bank Hamamuz application.



Training course at Ayandeh Bank



Knowledge Management

Ayandeh Bank experts consider the development of knowledge management in line with the Bank's long-term goals and strategies. As a result, the assessment and analysis of the existing knowledge management in Ayandeh Bank was conducted in 1395 SH (2016/17) by the Center for Market Research and Studies. The results of this research show that, in terms of work experience, the human resources in Ayandeh Bank can be classified in two categories: One is young people group (with high spirits and motivation for advancement) and another group is banking experts (with abundant experience and knowledge). This issue can be considered the strengths of Ayandeh Bank because, since Ayandeh is a young and newly-established bank, it does not neglect to recruit experts in the banking industry and pays much attention to succession planning in management of human resources.

Therefore, it can be said that the presence of a manpower full of explicit knowledge and experience acts like a cornerstone in implementation of knowledge management, which is imperative in moving towards knowledge management. Also, about 75% of Ayandeh Bank staff members have undergraduate and postgraduate degrees. This is one of the main factors behind the establishment of a knowledge management system.

In 1396 SH (2017/18), following a review of various knowledge management models, the Asian Productivity Organization (APO¹) model was selected for deployment in Ayandeh Bank. Also, training and promoting the staff's knowledge in this field was placed on the agenda. As a result, in addition to attending external educational programs and seminars, training courses were also held on the KM system and the principles of registration of knowledge in the Bank.

One of the effective measures taken in 1396 SH (2017/18) in order to attract partners' participation in knowledge sharing was the recording and dissemination in Payame Ayandeh journal (Bank's Internal Journal) of empirical knowledge of various partners such as bank experts (chairmen of branches and experienced colleagues). Through these topics, published with titles such as «Box of Memories», «Book of Maxims» and «Interview with a Bank Citizen»; Valuable materials that contain the experiences and lessons learned from colleagues about efforts, successes, errors and failures shared with other citizens of the Bank. It is a pleasure to see that these materials were provided with the participation of citizens from all over the country.

¹Asian Productivity Organization



Health and Welfare of Employees

Nowadays, organizations are putting in place various plans in the field of health and welfare of employees in order to strengthen the conditions of staff maintenance, increased productivity and creating a motivating and vital atmosphere.

Staff Health and Happiness

The health and exhilaration of employees is one of the main components of having a dynamic and energy-efficient workplace in Ayandeh Bank. Key programs and actions in this area can be examined in three categories: "Implementing sports affairs", "Periodic checkup of citizens" and "Useful nutrition".

In line with serious attention paid to sports, health and also to further promote cheerfulness and vitality, raising the spirit of teamwork and develop sports culture among citizens of Ayandeh Bank, the Sports Committee of Ayandeh Bank was formed. The mission of the sports committee is to: provide sports facilities; engage employees; develop sports culture; and promote the health and well-being of the Bank citizens.

The goals of the sports committee are:

- Increasing participation of Ayandeh Bank citizens in sports activities.
- Development of sports facilities and activities.
- Promoting mental health and increasing the efficiency of the Bank citizens.
- Identify talented citizens and expand the sports teams of the Bank to participate in various competitions.

Among the measures taken in the sports committee in 1396 SH (2017/18), one can mention the following:

- Group walking of the Bank citizens to encourage family members at 31 points across the country (1,100 people).
- Climbing of mountaineering team in 10 stages (totaling 350 people) in northern Tehran.
- Chess and Tennis Championships throughout the country (22 elected from 17 provinces).
- Ramadan Cup paintball tournament in presence of over 1,000 people in Tehran under the title of Ramadan Cup.
- Holding the national men's futsal tournament in presence of 1,000 people (Boland Hematan Cup).
- Formation of the Combat Team (Kyokushin) and Volleyball Team of Ayandeh Bank.
- Participation of the Ayandeh Bank's Futsal team in three different stages of private banks and credit institutes.



Managers and citizens of Ayandeh Bank in the second round of group walking - July 2017



Citizens of Ayandeh Bank in various sports programs



Due to the importance and necessity of preventing staff illnesses, the scheme on periodic checkups and examinations of the Bank citizens, has been outlined and implemented for 1,500 colleagues. In this project, examinations related to periodic checkups, visualization and auditory assessment, dental examinations and ergonomics are offered to coworkers.

In 1396 SH (2017/18), about 185,300 food portions, that is 850 portions daily on average were served to the staff and affiliated personnel at seven dining outlets. The variety included 30 types of foods with changes were made during the year. Presenting this amount of food was done along with full attention to the quality of the raw materials, compliance with health issues, and quality of cooking and constant monitoring of the quality of the served food. Permanent inspections by the Health Department representative of the kitchen, controlling the ingredients, and holding regular meetings with the food contractors and the staff of the Office of Executive Services and Management and personnel surveys are among the steps taken to maintain the food quality. In fact, due to the importance of health and hygiene foods for staff members, frequent recurrent visits according to the health standard are carried out under the supervision of a health professional along with procurement and service experts. Meanwhile, in the meetings held at the Logistics Office to determine the daily menu, the disadvantages of the restaurants and dining halls are re-examined, in order to improve the health of the staff and the quality of food consumption.



Periodic examination and checkups of Ayandeh Bank citizens



Welfare Affairs

In line with the decisions taken and implementation of the macro policies of the Bank, the Staff Welfare Department has been engaged in various activities by providing the appropriate platform. One of the most important of these programs is the provision of facilities to the employees. These facilities are mainly provided in four categories: housing purchase, housing repairs, car purchase and essential loans. In order to let the employees share the successes of the Bank and its profits, the provision of facilities is based on individual and team performance indicators. In this way, there is a dual incentive to increase the productivity of work. In total, in 1396 SH (2017/18), 1,482 loans of different types were paid to the employees.



1	Housing Purchase Facilities	574
2	Urgent Facilities	799
3	Car Purchase Facilities	87
4	Housing Repair Facilities	22
	Total	1,482 Items

Omide Shahrbandan Ayandeh-saz Cooperative (TASHA), founded with the aim of promoting and consolidating public cooperation, meeting the common economic and cultural needs of the members and contributing to the realization of social justice, has been active since June 2017 in partnership with the Welfare Organization. The most important activities of the TASHA in 1396 SH (2017/18) are as follows:

- Benefiting by employees from services in sports complexes, travel and tourism, interior decoration and housing repairs, Internet, etc. as well as purchase of household goods, mobile phones, carpets and furniture, and so on.
- Participation in social responsibilities, including helping earthquake victims.

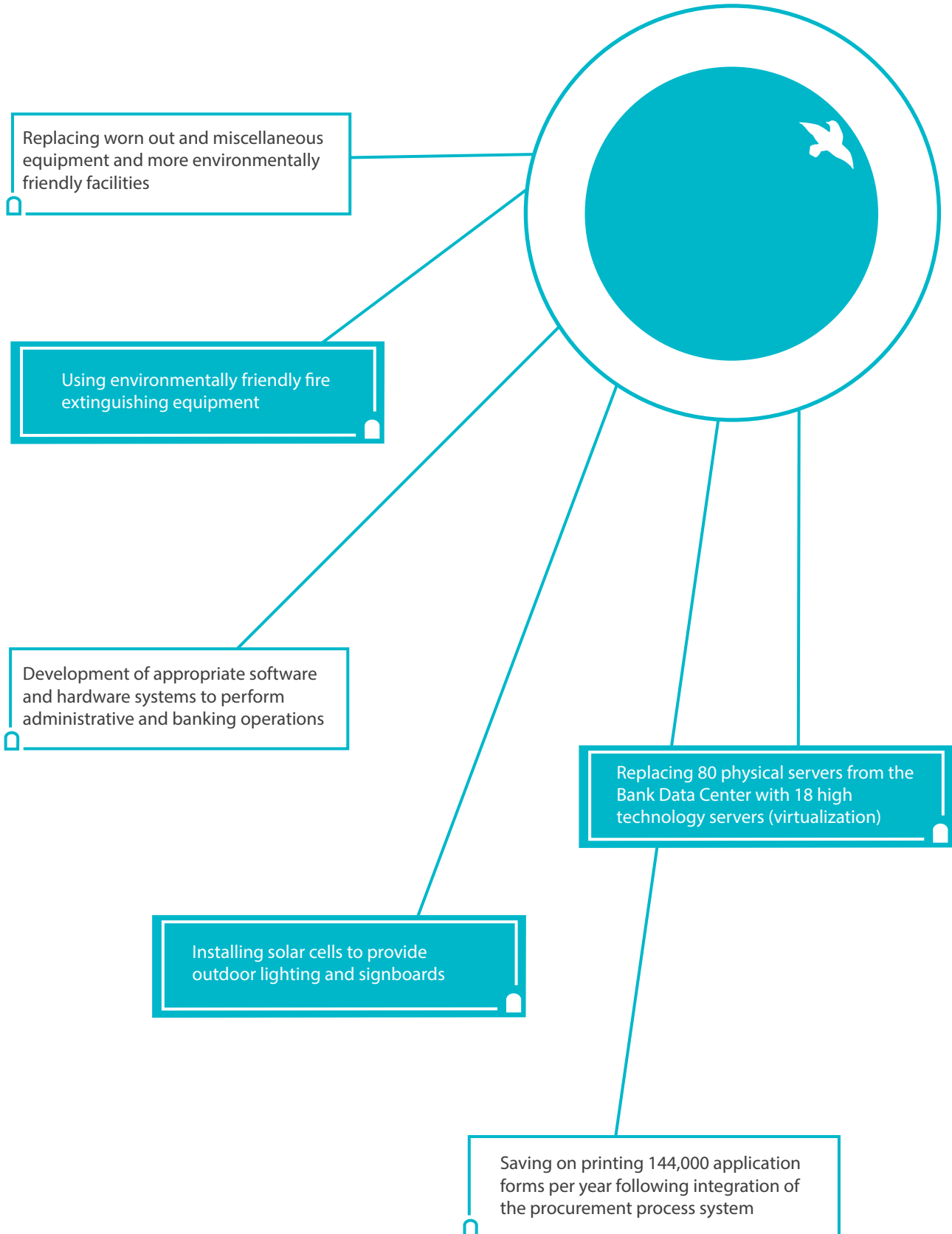
Providing a diverse range of insurance services to the employees is facilitated through the Staff Welfare Office. In this regard, a variety of insurance contracts are provided as follows:

- Fire Insurance: A total of 2,277 employees are covered by fire insurance and associated risks. In this regard, 13 cases were filed for damages caused by earthquakes, fire and tube burst, and were compensated.
- Complementary Group Health Insurance: A total of 7,400 employees and their families have been covered by supplementary health insurance from June 22, 2017 to June 21, 2018.
- Lifetime and Group Accidents Insurance: A total of 3,033 employees are covered by risks associated with life insurance and group accidents.
- Civil Liability Insurance: Employers' civil liability insurance has been fixed for 2,500 people.
- Car Insurance for employees and their families: The issuance of a motor insurance policy (third party and collision) of the Bank's partners with the necessary discounts and installments is provided at the central building of the Bank.

Chapter 5



Our Role in Bright Future of Environment





Environmental Impact Management

Organizations and companies that provide services or create an experience for their customers, in turn, have direct and indirect effects on the environment. These works can vary depending on the processes and work procedures, the equipment and facilities available at the workplace, the physical conditions of the buildings, and, finally, the habits and conducts of the work environment with different degrees.

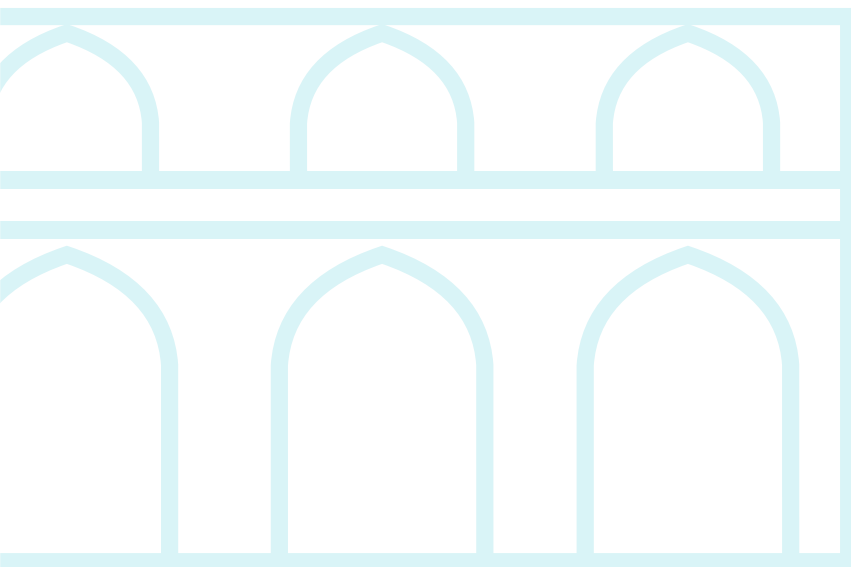
From a general outlook, the most important environmental impacts can be found in the activities of service-oriented organizations in these areas: the amount of energy consumed (including electricity, gas and gasoil), water consumption, paper consumption, amount of waste produced, the level of noise pollution in the workplace, the level of air pollution in the workplace, the environmental impacts of staff displacement in the city or work assignments, and mechanisms and programs related to the purchase and procurement of environmentally friendly products.

Improvement Measures in Staff Areas & Branches

In order to manage the environmental impacts of staff activities in Ayandeh Bank, several programs and actions have been outlined and implemented. One of the most influential measures in this area has been to reduce water, electricity and gas expenses. This is also due to the replacement of worn out equipment with new ones that have more environmentally friendly features (e.g., high energy efficiency labels), and through promotion of environmental conducts among colleagues (such as inter-organizational saving campaign) has been tracked. Monitoring the results shows that the efforts made in the main staff buildings have been accompanied by positive effects in reducing the consumption of water, electricity and gas.

**Saving on printing
144,000 application forms
per year following integra-
tion of the procurement
process system**

One of the most important projects carried out in 1396 SH (2017/18) was integration of procurement and logistics processes system. Following the measures taken in 1395 SH (2016/17) to install software to mechanize all processes in the area of purchase; in 1396 SH (2017/18), the entire operation in the Bank's warehouses from demand for goods to their purchase was integrated in the software system. By taking this action, while the speed of processing requests and delivering the requested goods has increased dramatically; printing 144,000 letterheads asking for goods per year was eliminated thanks to the use of software. Also, with the goal of reducing the amount of paper consumption, the Bank's public relations office has been struggling to adopt an electronic approach. In this regard, by launching and exploiting the portal, electronic and Internet channels, it is following information dissemination and communication with the internal and external stakeholders in a greener way.





By outlining and deployment of repair and maintenance system, Ayandeh Bank has tried to properly manage its assets and focus on the right consumption of the resources in all its activities.

In this regard, in order to optimize water consumption, two important measures have been taken: the use of standard valves, pipes and equipment, replacement of worn out items with new ones, and continuous control of water supply equipment and installations to prevent their leakage.

Also, the most important steps taken to optimize electricity consumption are as follows:

- Use of standard power boards in all branches.
- Use of light bulbs at the level of staff and branches.
- Installation of solar cells to provide outdoor lighting (board letters of all branches).
- Correct installation of office equipment for maximum use of natural light throughout the day.
- Use of automatic doors at the entrance of some units and installation of air curtains at the entrance of some branches, in order to prevent the loss of energy.
- Full thermal insulation and refrigeration systems and their timely replacement.
- Culture building to turn off office equipment and bulbs at the time of leaving the workplace.
- Putting aside high consumption electric equipment.

In recent years, suitable software and hardware systems have been developed and deployed to carry out administrative and banking operations. Also, the organizational culture governing the conduct of employees in Ayandeh Bank is a supporter of actions that lead to the conservation of nature in various forms. These two approaches have led to a reduction in energy and paper consumption in the entire Bank. Among the most important systems that have been developed and contributed to the Bank are:



1	Outlook (Correspondence, goods request from warehouse, etc.)
2	Staff Affairs Department's documents electronic archive
3	Inspection/inquiry documents electronic archive
4	Treasury reports
5	Assessment
6	Access request
7	Liquidity reports
8	Checkbook request
9	Human resources internal call
10	Branch accounting reports
11	Branch social security insurance file



Also, all ATMs paper journals have been converted into electronic journals and are available to the branches. Among other measures, SMS OTP and USSD OTP can be used as alternatives to physical tokens and the use of 'Chakavak' system in order to remove paper checks and making them electronic.

Green Information Technology

Ayandeh Bank's Deputy for Electronic Banking has outlined and implemented the Energy Consumption Optimization Approach within the precinct of Pardis Building and the Bank's data centers to reduce the environmental impacts of the Bank's activities and management of energy costs (including electricity, cooling and heating). Therefore, in line with playing the role of social responsibility of the Bank and ISO 14001 standard, the environmental conditions and the improvement strategies are identified and presented as an energy efficiency optimization plan. One of the improvements made in this area is the switching of lights to the LED lamps, replacing the case and monitor, virtualization of servers, and launching the free cooling system at the Bank's data center.

Accordingly, based on the roadmap, up to 90% of the energy resources are to be used by virtualization technology, and physical server is used only under special conditions for service providers. So far, about 80 physical servers have been removed from the Bank's data center and replaced with 18 new servers (virtualization). This has led to a reduction in energy consumption and, high service efficiency and service stability. Also, in order to maintain maximum banking services in the Bank branches, surplus physical servers are used. The provision of virtual servers in terms of providing green services in order to reduce electricity consumption and heat generation, reducing side costs and maintenance costs, has been designed and implemented up to 50%.

Chapter 6



Our Role in Bright Future of Society



Support for holding a Louvre exhibition in Tehran



Blood donation by the Bank staff all over the country on 'blood donation day'



Participation in construction and equipping of Mehraeen and Sina hospitals



Construction of 25 'health houses' in the earthquake-prone areas



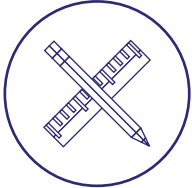
Opening seven schools in deprived areas



Receiving a statue of top school builders charity



Shahabieh Martyrs Sports Complex

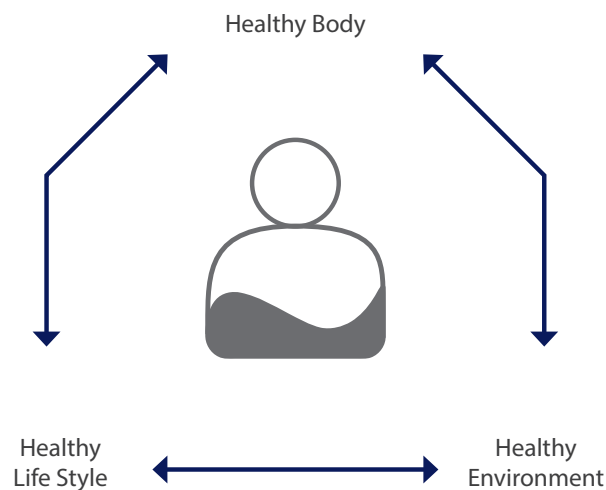


Distribution of 1,800,000 packages of stationery for students in less-developed regions



— Axes of Participation in Social Programs

Behavioral values and performance Ayandeh Bank relies on as its own organizational life fabric are rooted in our belief in a vibrant, promising and growing community. In 1396 SH (2017/18), in order to fulfill this belief, Ayandeh Bank has promoted active participation and active presence in the society in three areas: "education", "health" and "culture and art".





Participation in Development of Educational Justice

Building Schools in Deprived Areas

To build a bright future, you have to start from somewhere and where is better than school? The school is the place where a student spends the most important period of his life. With the help of Allah Almighty, the people's cooperation, the influential presence of the Bank staff and the foresight of Ayandeh Bank managers to contribute to the progress of the country's future as well as to make Iran better and stronger; construction of a number of schools in deprived areas in 1396 SH (2017/18) was realized.

In 1395 SH (2016/17), the birthday of Imam Reza (AS), coincided with the third anniversary of Ayandeh Bank; In that year, the Bank managers decided to build seven schools with 6, 9, or 11 classes in less privileged regions. This important task was achieved in 1396 SH (2017/18).

The areas where schools were opened include:

- Bushehr: Baghak Jonoubi Village, Tangestan; Opening Date 2017/09/06
- Birjand: Mehrshahr, Ganji Square; Opening Date 2017/09/03
- Sanandaj: Asavaleh Village; Opening Date 2017/09/04
- Kerman: Rigan; Opening Date 2017/09/02
- Yasuj: Madoan Village; Opening Date 2017/09/11
- Zahedan: Malekashtar Street; Opening Date 2017/09/04
- Bandar Abbas: Khoon Sorkh Village; Opening Date 2017/09/05



Omide Ayandeh School in Sanandaj - 2017



Omide Ayandeh School in Kerman - 2017



Omide Ayandeh School in Yasuj - 2017



Omide Ayandeh School in Bushehr - 2017



Omide Ayandeh School in Birjand - 2017



Omide Ayandeh School in Zahedan - 2017



Omide Ayandeh School in Bandar Abbas - 2017



Distribution of Stationery Packages

Among the events that occur with regard to illiteracy is lack of stationery in less-privileged areas. Ayandeh Bank has been paying attention to this issue and has placed filling part of this vacuum on its agenda. In the past years, Ayandeh Bank sent annually about 800,000 stationery packages for students in less privileged areas. In 1396 SH (2017/18), thanks to greater efforts on behalf of the Bank the number increased to 1.8 million packages that were sent to 16 provinces. With regard to distribution, Ayandeh Bank, in partnership with an NGO called "Cultural Assistance Association" carried out the distribution of supply packages

Distribution of stationery packages in schools in low-income areas - 2017







— Healthy Life

Construction of Health Houses

In the aftermath of the tragic earthquake in the western regions of the country in 1396 SH (2017/18), Ayandeh Bank, while expressing its condolences and sympathy with the survivors of this human catastrophe, announced its readiness to support and help the victims. Ayandeh Bank in compliance with fulfilling its social responsibilities and sympathizing with fellow citizens announced that it will build 25 health houses in the quake-hit regions.

By the end of 1396 SH (March 20, 2018) construction of 18 health houses was completed and the rest would be built by the end of July 2018.

Contributing to Construction of Mehraeen Specialized Hospital

Ayandeh Bank contributed to the construction of the hospital by extending facilities in two stages and by stretching the participation period. Accelerating the stage of obtaining the facilities and cooperation of Ayandeh Bank on loan repayment procedures all played an important role in the construction progress.

Mehraeen Hospital in Lavasanat is the most specialized hospital in Lavasanat and Rudbar-Qasran. Construction began in 2010 but faced difficulty; however, the hospital was eventually inaugurated with the support of Ayandeh Bank on December 6, 2017. Currently, there are about 46 doctors and 130 nurses and technical and administrative staff working at the hospital. The complex has room to hire up to 160 people.

Participation in Equipping Sina State Hospital

Angiography section of Sina Hospital was commissioned with the participation of Ayandeh Bank. The Bank, in line with its social responsibility in the health and hygiene sector, has been involved with the allocation of financial facilities to Sina State Hospital to set up the hospital's angiographic section. In this regard, the head of the Sina Hospital's Educational, Research and Therapeutic Center, thanked Ayandeh Bank for the allocation of funds and for the presence of Bank CEO at the opening ceremony of the angiography section.

Blood Donation by Bank Staff

In order to promote the culture of blood donation and on the occasion of 'blood donor day' (July 31), a large number of managers, employees of the central areas and branches of Ayandeh Bank all over the country donated blood. As an example, following coordination between Ayandeh Bank with the Blood Transfusion Organization, a team from the Organization was dispatched to the Bank where 83 volunteers donated blood (other than provinces). According to the Blood Transfusion Organization the figure was more than the average of about 70 donations per day. Blood donation is an important indicator of empathy, humanism, friendship and sense of responsibility in the society. This action by Ayandeh Bank staff shows the spirit of commitment and helping fellow citizens when they are in need.



Blood donation by citizens of Ayandeh Bank - 2017



Shahid Shahabieh Sports Complex

In 1396 SH (2017/18), a multipurpose sports complex was inaugurated at Shahabieh Village in Khomein City with the support of Ayandeh Bank to honor the martyrs of the village. In 1395 SH (2016/17), Ayandeh Bank, in line with its social responsibilities and with the aim of expanding the sports infrastructure, especially in the less privileged areas of the country, supported the completion of the sports complex.

The sports complex of Shahabieh, as the only gym in this village, has multi-purpose halls including football, futsal, basketball, volleyball, badminton and table tennis, and facilities such as dressing rooms. This sports complex, covering an area of 1,400 square meters, was commissioned in 1396 SH (2017/18) on the eve of Eid ul-Adha (Feast of Sacrifice).



Opening of sports complex of Shahabiyeh-Khomein



— Culture and Arts

Supporting Louvre Exhibition in Tehran

Respect for global culture and civilization is the guarantor of freedom and peace in the future. In line with its social responsibility and adhering to the theme “Ayandeh Bank: Advocate of Global Culture and Civilization”, the Bank supported the holding of a Louvre Exhibition in Tehran.

Comprising some 50 masterpieces from the Louvre’s various departments and the Musée Delacroix, the exhibition will illustrate the rich diversity of the Louvre’s collection, a priceless national and world heritage whose works from different civilizations and eras testify to the universality of the creative spirit.

This exhibition is sponsored by the Total Foundation, the Ayandeh Bank and the Groupe Renault in partnership with the Iran Heritage Foundation.

The Louvre in Tehran retraces the creation of the Louvre’s various collections, from the museum’s founding in 1793 to its most recent acquisitions.

The works of the exhibition have been selected from eight sections of the Louvre Museum and include works from the ancient civilizations of Western Asia, Europe and North Africa, as well as a collection of paintings and lithographs from the works of great European artists such as Eugène Delacroix and Jean-Baptiste-Camille Corot. The four-month exhibition will display a sphinx statue and other artifacts linked to Greek, Egyptian and Mesopotamian culture, as well as objects from ancient Iran.

The Louvre exhibition opened on March 5, 2018, with the support of Ayandeh Bank, in the presence of French Foreign Minister Jean-Yves Le Drian, and Jean Luc Martinez, President of the Louvre Museum at the National Museum of Iran.

Ahmad Merat-nia, a senior advisor to Ayandeh Bank CEO at the ceremony, read out the Bank’s statement. The statement stressed in part: “Displaying valuable works of Louvre Museum at Iran National Museum will shine as a golden international event and memory in the list of honors of Ayandeh Bank.”

It added: “The Iranian civilization from ancient times, has lived in peace and friendship with other world civilizations and the genuine Iranian culture is based on respect for rich and rooted cultures in the world.”

“Noble and culture loving Iranians, like their ancestors, value all civilizations in the world, and consider the possibility of dialogue between different cultures the foundation for peace and development in the world.

“The display of works of ancient Iranian culture and civilization and world cultures and civilizations, in collaboration with the Louvre Museum of France and the National Museum of Iran, reflects the deep and friendly relationship of civilizations that has existed and will continue to exist.”

The statement also emphasized: “Ayandeh Bank, as an Iranian private bank, in fulfilling its role of social responsibility, always focuses on future building activities, and by providing the opportunity for education for Iranian children thinks of building a future that human dignity will be appreciated anywhere in the world.”

It added: “The future building thought” believes that the “future” path goes through the “past”, and respect for global culture and civilization is the guarantor of freedom and peace in the future. Ayandeh Bank, with this idea and goal, supports the Louvre exhibition in Tehran and hopes that this cultural and international event will create a solid bridge between the past and the present throughout the world, with the motto “Ayandeh Bank, a supporter of world culture and civilization”.



Holding Louvre Museum exhibition in Tehran



Supporting Celebration of Theater House

The 15th anniversary of the Theater House was celebrated to mark the International Theater Day and the National Theater Day in Iran, with the support of Ayandeh Bank in May 2017. In the course of the celebration, various parts of the performing arts are also represented in the following formats: environmental performances, specialized symposiums of costume designers, photo exhibition of designers from theaters and theatrical photographers and, finally, stage performances (including two sections for children and adults). Honoring five theater pioneers was another event in the celebration.

Ayandeh Bank, concurrent with its dynamic presence in the economic arena, has always been a pioneer organization since its founding in the field of social responsibility, especially in the area of culture, because it believes that attention to and investment in the cultural and artistic infrastructures of the country, will contribute greatly to prosperity of Iran's rich culture .



Photo by: Maryam Hasani
Isfahan, Imam Mosque

Supporting Social Events

Supporting the Championship

Ayandeh Bank, in line with its social responsibility and with the goal of dynamic and interactive engagement with various segments of the society, praised the blind medalists of the Rio de Janeiro Paralympics in Brazil in 2017, by participating in the "Eyes of the Champion" conference. The conference was held by the Federation of the Blind and Visually Impaired of the Islamic Republic of Iran on December 4, 2017, to mark the White Cane Day and International Day of the Disabled, Ayandeh Bank praised their efforts by donating IRR 10,000,000 to the Rio Paralympic champions and medalists.



Ayandeh Bank honors blind sports medalists

Support for Religious Events

Ayandeh Bank, on the days of Arbaeen (ceremonies marking the 40th day of Imam Hossein's martyrdom), and due to the presence of the Iranian people in this important religious event in the city of Karbala in Iraq, offered special services to its clients and fellow countrymen in the branches of Ahwaz, Kermanshah and Ilam (the main routes of the pilgrims to Karbala). Ayandeh Bank distributed packages of stationery, breakfast, lunch, dinner, and handpicked bags among the pilgrims.

Support for Students Robotics Team

Tehran University student robotics team, sponsored by Ayandeh Bank, participated in the World Robotic Olympiad (WRO) in 2017. This competition was held in Costa Rica in December 2017 with the participation of 60 countries. The Global Robotic Olympiad is held annually with the participation of teams from around the world, aimed at interacting, co-opting and meeting the challenges of student advancement in an international event. This financial support is in line with another social responsibility mission of the Bank, in the amount of IRR 400,000,000.



Student Robotic team attend 2017 World Robotic Championships with Ayandeh Bank's Support



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the sustainable performance report of Ayandeh Bank, reflects the bank's role in the country's sustainable progress and development. Consequently, the explanation and description of the approach towards the integrated management of the economic, social and environmental impacts of the bank's activities, as well as the bank's method of companionship with the society for creating "a bright and promising present and future" are covered in this report.

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