

# **BMFG Group**

## **Annual Report**

### **2015-16**



Maskan Bank Financial Group



## BMFGroup Annual Report 2015

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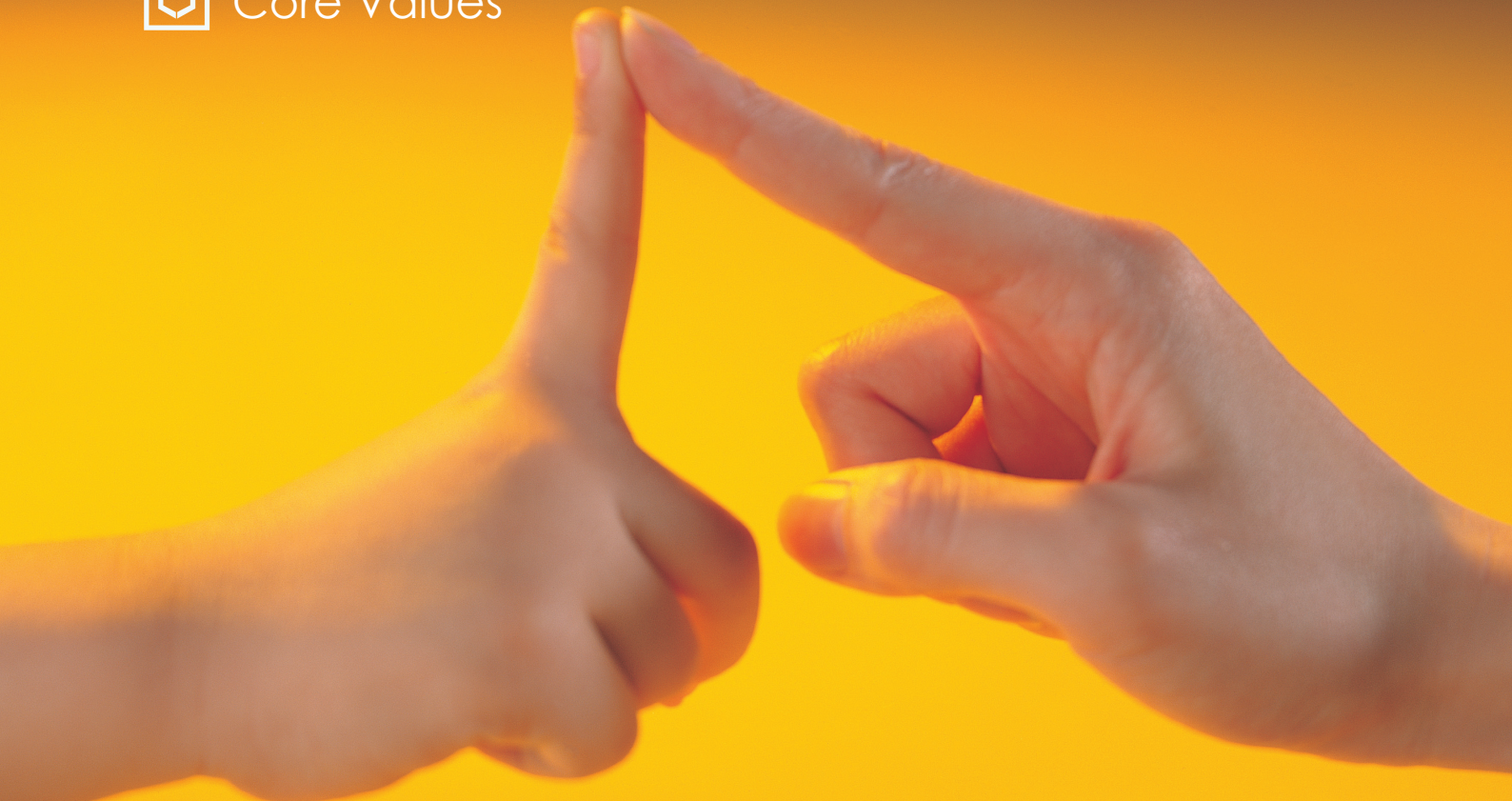
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## First Things First (Fundamentals)





## Core Values



We believe in transparency for our activities and our attempts are defined in line with being honest in our missions.

Bailment is one of our core organizational values and respecting the interests of our beneficiaries is highly significant for us.

The organization efforts are not only based on the spirit of the cooperation, coordination and discipline to be strengthened internally but also the interaction with our subsidiaries.

Observing religious values and legal norms is an integral section of our activities.



## Vision

- Achieving the premium position in the ranking of real state and urbanism financial holdings
- Becoming as a competitive advantage for Maskan Bank



## Mission

Based on the upstream documents like constitution, organizing and supporting the production code and real state supply and other related laws, the mission of the Maskan Bank Financial Group is defined as follow:

- The government arm to finance the real state and housing sector for the middle class of the society
- Employing of public funds through capital market instruments and directing them to the target market
- Providing of modern banking instruments to finance housing and urbanism sector with a competitive price and with highest pace, focusing on the capital market
- Enter the market segments which are not interested by private sector





## CEO Message

Maskan Bank Financial Group has been formed with an approach to organize Maskan Bank subsidiaries and to complete the value chain in the form of a professional financial holding. The group attempts are to achieve Maskan Bank goals by the use of interconnection of both capital and money markets. At the moment, the board are seeking the movement of the group to be coincided in line with the mission of the Maskan Bank which is financing of real-estate, housing and urbanism and urban development, based on such fact, the main attempts of the group are to conduct all mega projects of this type and to provide appropriate financial instruments and financing solutions depending of the national economy of Iran and to settle the issues and barriers of financing in the housing, real estate, urban development and urbanism.



## Introduction (Briefing)





## History

Maskan Bank Financial Group (LLP) has established as a PVT company in 1975 with the first name of Basayek with registration number 23313 dated 11 Nov 1975 in the State Organization for Registration Deeds and Properties of Tehran. Upon the approval of extraordinary general assembly dated 19 Sep 2006 the name has changed from Basayek to Maskan Bank Investment Management Company and its ownership has changed from PVT to LLP. Furthermore, based on the approval of extraordinary general assembly dated 18 March 2015 the company name has changed from Maskan Bank Investment Management Company to Maskan Bank Financial Group.

**1975**

Establishment with the name of Basayek

**1980**

Changed the name to Maskan Bank Investment Management Company

**2011**

Changed the name to Maskan Bank Investment Group



**2014**

Changed the name to Maskan Bank Financial Group

**2011**

Listed in Tehran Stock Exchange





## Scope of activity

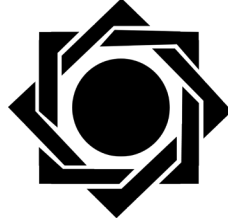
Investment in stock, the share of partnership, investment funds and other securities with the aim of gaining profit and voting control or considerable influence in the company's Institution or investment fund operations in a way that such an entity, whether Iranian or foreign is active in the following filed of activities

- 1.1. Land preparation and implementation of construction projects including residential. Commercial and administrative ranging from urban development (city building) and foundation of complexes
- 1.2. Implantation of utilities and infrastructure projects
- 1.3. Production of construction materials and equipments
- 1.4. Import, distribution and trading of all construction materials
- 1.5. Investment in securities as an investment company in compliance with the provisions related to the investment firms
- 1.6. Provide financial services including brokerage services, market making, and investment adviser, portfolios and financial data processing  
Services for investees targeted in article no.1

- 2.1. The provision of administrative services and procurement of raw materials and machinery for the investee entities
- 2.2. The provision of design and principle engineering services to guarantees investment projects for legal investee entities
- 2.3. Doing research and variety of investigation services in technical, technological, scientific, commercial and economic which is tailor made to be used legal investee entities
- 2.4 Financing of legal investee entities from the internal sources of the company or benefiting from other available resources like bank facilities with the name of applicant or the company with or without providing collaterals or guarantees
- 2.5. Codification policies, strategic and managerial investee entities
- 2.6. Identify opportunities for investment in paragraph 1 above in order to introduce the investee entities related to article 1 mentioned above
- 2.7. Provide other technical/ managerial, administrative and financial for investees



# Regulatory Environment



Central Bank of Iran



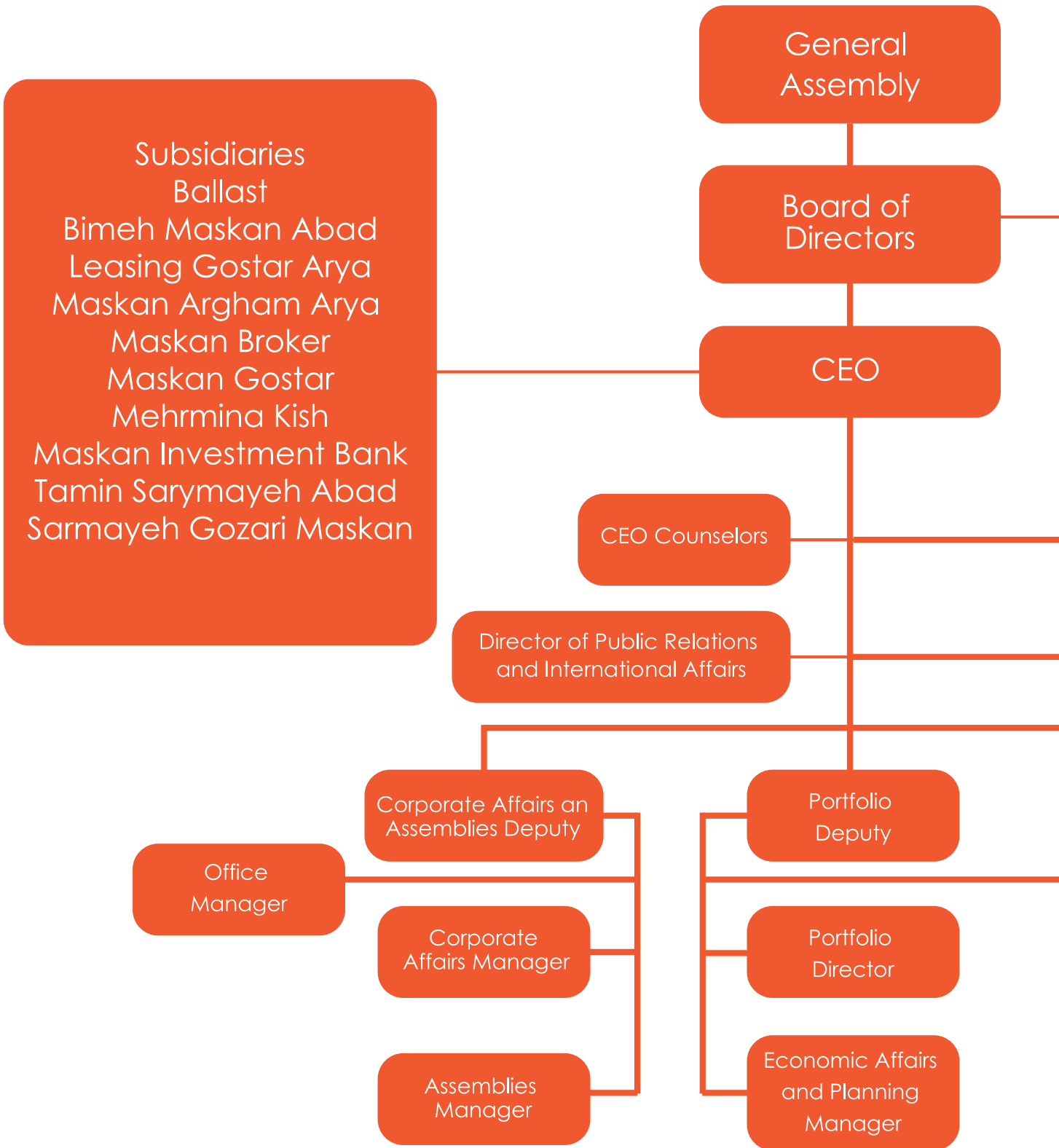
**بانک مسکن**  
BANK MASKAN



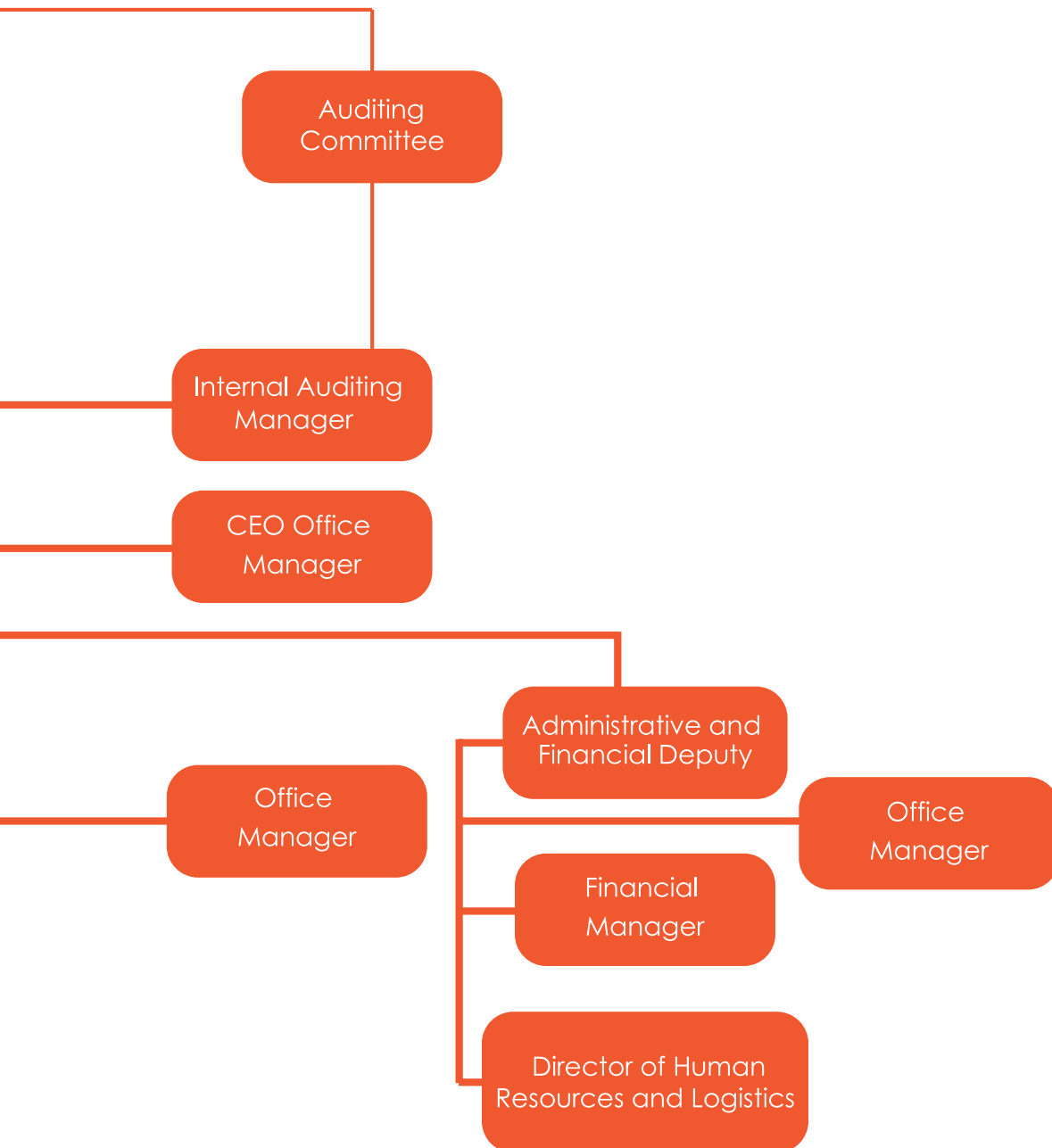
**گروه مالی بانک مسکن**  
Maskan Bank Financial Group



# Organizational Structure



# Organizational Chart





## Leadership

- Chairman of the board: Mohammad Hashem Botshekan
- Vice chairman of the board: Alireza Bolgouri
- Member of the board: Mohammad Ali Sahmani Asl
- Member of the board: Hamid Rahmatian
- Member of the board: Asghar Arefi



## Key People

CEO: Mostafa Ozgoli

- Administrative and Financial Deputy: Mohammadreza Alinoori
- Corporate Affairs and Assemblies deputy: Gholam Hossein Ahmadi
- Director of Logistics and Human Resources: Reza Khaki
- Financial Manager: Nader Davtalab Sabet
- Investment Manager: Mehdi Shahriari
- Director of Public Relations and International Affairs: Seyed Amin Afsahi



## Subsidiaries



Tamin Sarymayeh Abad  
Financing



Maskan Argham Arya  
Debt Collecting



Leasing Gostar Arya  
Leasing



Maskan Gostar  
Branch Building



Maskan Investment Bank  
Financing



Bimeh Mehr Arman  
Insurance



Maskan Broker  
Brokergare Services for Clients



Sarmayeh Gozari Maskan  
Construction services



Mehrmina Kish  
Construction and Genral Traiding



Ballast  
Infrastructure Development

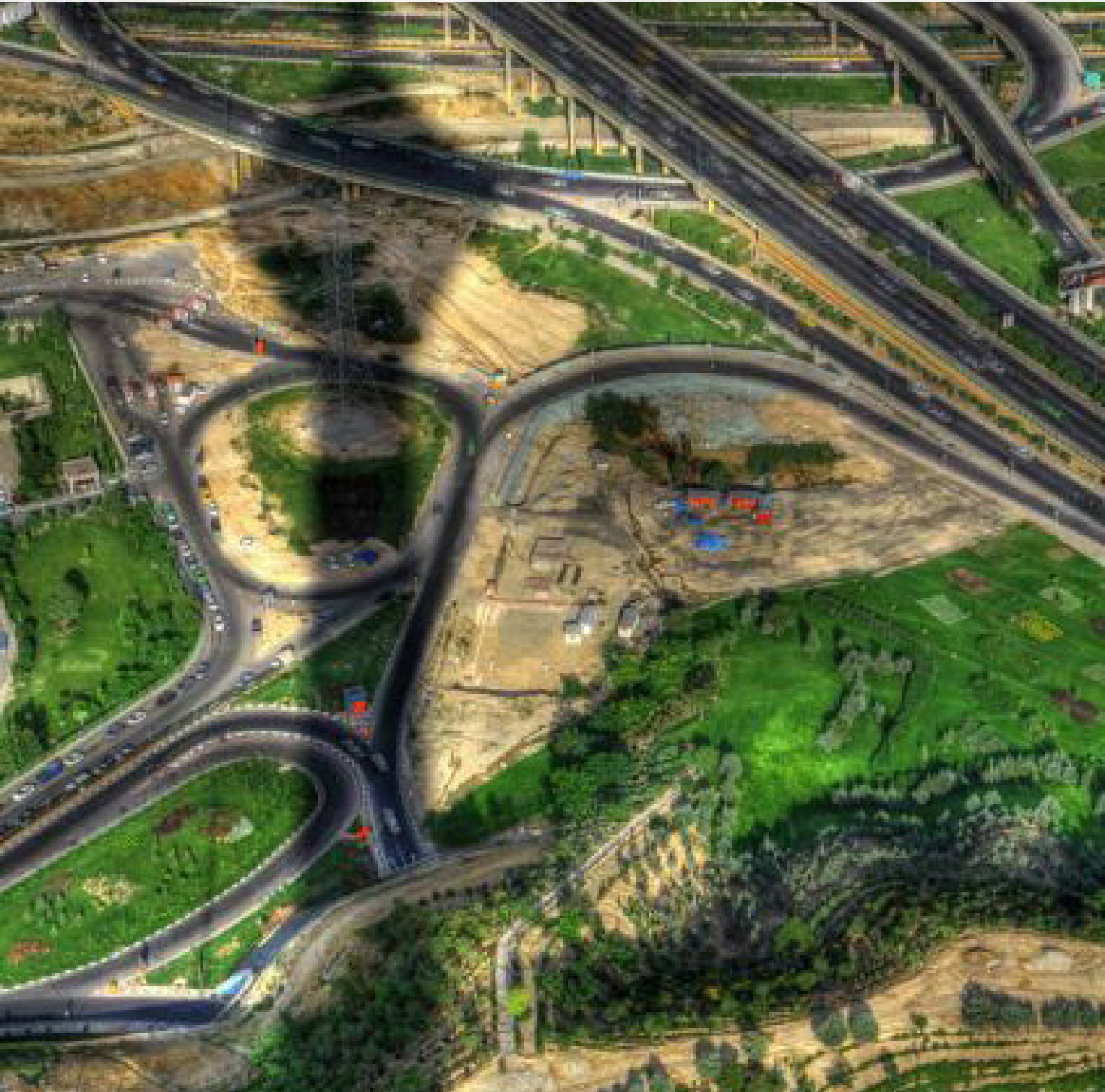


Bimeh Maskan Abad  
Insurance





## Steps (What has done and whats on the way)





# Financial Reports and statements

## Maskan Bank Financial Group (LLP) Consolidated Balance December 2015 ,21

| Assets                              | December 21,<br>2015 | December 21,<br>2014<br>(Restated) | Liabilities and equity                | December 21,<br>2015 | December 21,<br>2014<br>(Restated) |
|-------------------------------------|----------------------|------------------------------------|---------------------------------------|----------------------|------------------------------------|
| <b>Current assets:</b>              | <b>Million IRR</b>   | <b>Million IRR</b>                 | <b>Current liabilities:</b>           | <b>Million IRR</b>   | <b>Million IRR</b>                 |
| Cash                                | 924,515              | 852,267                            | Trade accounts and notes payable      | 2,040,486            | 1,364,975                          |
| Short-term investment               | 4,236,948            | 3,049,242                          | Other accounts and notes payable      | 1,489,211            | 1,366,162                          |
| Trade accounts and notes receivable | 6,437,917            | 5,108,098                          | Advances                              | 1,210,075            | 983,474                            |
| Other accounts receivable           | 474,970              | 497,051                            | Tax reserves                          | 158,953              | 159,395                            |
| Inventories                         | 405,118              | 682,968                            | Dividend payable                      | 455,113              | 361,290                            |
| Projects in progress                | 8,827,019            | 6,696,391                          | Financial facilities receivable       | 5,568,357            | 3,787,516                          |
| Projects completed                  | 1,200,365            | 1,429,787                          | <b>Total current liabilities</b>      | <b>10,922,195</b>    | <b>8,022,812</b>                   |
| Orders and pre-payments             | 810,593              | 604,459                            |                                       |                      |                                    |
| <b>Total current assets</b>         | <b>23,317,445</b>    | <b>18,920,263</b>                  |                                       |                      |                                    |
| <b>Non-current assets:</b>          |                      |                                    | <b>Non-current liabilities:</b>       |                      |                                    |
| Fixed tangible assets               | 1,692,891            | 1,358,044                          | Long-term accounts and notes payable  | 791,340              | 4,405,133                          |
| Intangible assets                   | 8,831                | 10,465                             | Long-term facilities payable          | 372,886              | 861,780                            |
| Good-will                           | 130,686              | 125,773                            | employee termination benefits reserve | 170,941              | 153,030                            |
| Long-term investments               | 2,482,133            | 2,211,076                          | <b>Total non-cash liabilities</b>     | <b>1,335,167</b>     | <b>5,419,943</b>                   |
| Land maintained for construction    | 1,020,413            | 890,137                            | <b>Equity:</b>                        | <b>12,257,362</b>    | <b>13,442,755</b>                  |
| Other assets                        | 558,405              | 316,127                            | Capital                               | 1,200,000            | 1,200,000                          |
| <b>Total non-current assets</b>     | <b>5,893,359</b>     | <b>4,911,622</b>                   | Capital expansion on account          | 3,800,000            | 0                                  |
|                                     |                      |                                    | Legal reserves                        | 411,875              | 385,163                            |
|                                     |                      |                                    | Accumulated profit                    | 6,742,059            | 5,488,856                          |
|                                     |                      |                                    | <b>Total corporate equity</b>         | <b>12,153,934</b>    | <b>7,074,019</b>                   |
|                                     |                      |                                    | <b>Minority share</b>                 | <b>4,799,508</b>     | <b>3,315,111</b>                   |
|                                     |                      |                                    | <b>Total equity</b>                   | <b>16,953,442</b>    | <b>10,389,130</b>                  |
| <b>Total assets</b>                 | <b>29,210,804</b>    | <b>23,831,885</b>                  | <b>Total liabilities and equity</b>   | <b>29,210,804</b>    | <b>23,831,885</b>                  |

**Maskan Bank Financial Group (LLP)**  
**Consolidated Income Statement**  
**December 2015 ,21**

|   | Fiscal year ending on<br>December 21, 2015<br>(Million IRR) | Fiscal year ending on December<br>2014 ,21 (Restated)<br>(Million IRR) |
|---|---|--|
| Net sale and service delivery income                        | 7,309,482   | 7,193,723  |
| Cost of products/services                                   | (4,851,182)   | (4,634,894)  |
|   | 2,458,300   | 2,558,829  |
| Return on investments – operating                           | 1,133,769   | 1,402,180  |
|   | 3,592,069   | 3,961,009  |
| General and administrative costs                            | (703,255)   | (612,711)  |
| Other net incomes and operating costs                       | (28,276)  | (40,397)   |
|   | (731,531)   | (653,108)  |
| <b>Operating profit</b>                                     | <b>2,860,538</b>  | <b>3,307,901</b>   |
| Financial costs   | (861,028)   | (732,587)  |
| Other net income and non-operating costs                    | 73,522  | 92,777   |
|   | (787,506)   | (639,810)  |
| Profit before tax deduction                                 | 2,073,032   | 2,668,091  |
| Tax   | (56,065)  | (76,303)   |
| <b>Net profit</b>   | <b>2,016,967</b>  | <b>2,591,788</b>   |
| <b>Minority share of net profit</b>                         | <b>897,021</b>  | <b>780,209</b>   |
| <b>Operating dividend – IRR</b>                             | 1,212   | 1,694  |
| <b>Non-operating dividend – IRR</b>                         | (467)   | (473)  |
| <b>Base dividend - IRR</b>                                  | 746   | 1,220  |
|   | <b>Accumulated<br/>profit<br/>turnover</b>                  |  |
| Net profit  | 2,016,967   | 2,591,788  |
| Accumulated profit at beginning of year                     |   |  |
| Annual adjustments  | 6,457,101   | 4,655,023  |
| Accumulated profit at beginning of year -<br>adjusted       | (193,729)   | 141,203  |
| Profit attributable   | 6,263,372   | 4,796,226  |
| Division:   | 8,280,339   | 7,388,014  |
| Approved dividend   | (806,381)   | (916,822)  |
| Legal reserve   | (110,234)   | (165,825)  |
| Capital expansion on account                                | 0   | (41,995)   |
|   | (916,615)   | (1,124,642)  |
| Accumulated profit at end of year                           | 7,363,724   | 6,263,372  |
| Minority share of accumulated profit                        | 621,665   | 774,516  |
| <b>Accumulated profit attributed to majority<br/>equity</b> | <b>6,742,059</b>  | <b>5,488,856</b>   |



**Maskan Bank Financial Group (LLP)**  
**December 2015 ,21**

|  | Fiscal year ending on<br>December 2015 ,21<br>(Million IRR) | Fiscal year ending on December<br>2014 ,21 (Restated)<br>(Million IRR) |
|--|---|--|
| <b>Operating activities:</b>   |   |  |
| Input net cash flow arising from operating activities                                | 172,266   | 878,892  |
| <b>Return on investment and profit paid per financing:</b>                           |   |  |
| Fees paid per financial facilities   | (1,016,500)   | (523,008)  |
| Dividend paid to minority shareholders   | (162,306)   | (37,327)   |
| Dividend paid to majority shareholders   | (112,978)   | (67,239)   |
| Output net cash flow arising from return on investment and profit paid per financing | (1,291,784)   | (627,574)  |
| <b>Income tax:</b>   |   |  |
| Paid income tax  | (50,949)  | (74,938)   |
| <b>Investment activities:</b>  |   |  |
| Cash paid per purchase of tangible fixed assets                                      | (630,458)   | (230,249)  |
| Cash paid per purchase of tangible assets  | (1,748)   | (1,273)  |
| Cash from the sale of tangible fixed assets  | 67,083  | 96,020   |
| Increase/decrease in long-term investment  | (452,636)   | (400,192)  |
| Increase/decrease in other assets  | (257,420)   | (217,122)  |
| Output net cash flow arising from investment activities                              | (1,275,179)   | (752,816)  |
| Output net cash flow prior to financing activities                                   | (2,445,646)   | (576,436)  |
| <b>Financing activities:</b>   |   |  |
| Cash from capital expansion in subsidiary companies (minority share)                 | 1,060,387   | -  |
| Financial facilities received  | 8,930,247   | 2,728,479  |
| Repayment of financial facilities received   | (7,482,828)   | (2,262,160)  |
| Input net cash flow arising from financing activities                                | 2,507,806   | 466,319  |
| Increase/decrease in cash fund   | 62,160  | (110,117)  |
| Impact of foreign currency variations  | 10,088  | 0  |
| Cash balance at beginning of fiscal year   | 852,267   | 962,384  |
| <b>Cash balance at end of fiscal year</b>  | <b>924,515</b>  | <b>852,267</b>   |
| <b>Non-cash transactions</b>   | <b>4,199,918</b>  | <b>-</b>   |



## Taken STEPS (Actions)



1. Establish and set up Maskan Investment Bank
2. Establish of Abad Capital Management and developing of operational models for asset management
2. Launching of Nasim Real Estate fund
3. Launching of Rahavard Abad Maskan Real Estate Fund
4. Launching of Shomalgharb Real Estate fund
5. Paving the ground for marketing of capital market products to be sold(funds and other securities)
6. Establishment of internal auditing system
7. Consolidation of premium ranking in the mass construction industry through Housing Investment Company(Sarmayehgozari Maskan)
8. Implementation of modernization, rehabilitation, reconstruction and infrastructure at Balast Company for the projects like: Kerman, Bandar Imam Khomeini, Tehran-Karaj, Khaf-Harat
9. Taking the first steps in order to issue Mortgage Backed Securities





## Steps to Take (Future Plans)

- Corporation in financing of developing new cities in Makran beaches through establishment of saving funds, regional facilities and real estate funds
- Grant facilities for fulfilment of the remaining housing units
- Providing escrow account services and guarantee service for mass construction and facilitation of launching real estate funds
- Asset management to finance development of Pardis new city
- Authorized agent for issuing government bonds to relinquish its participation to the Ministry of Roads and Urban Development contractors
- Authorized agent for Issuing of Sukuk and providing of international financing services for companies and subsidiaries of Ministry of Roads and Urban Development
- Correction of financial structure of the bank through capital raise, collection of receivables from government and government guarantee for repayment of Mehr housing loans by Management and Planning Organization
- Bank resource mobilization through the issue of bonds, Sukuk mortgages and deposits
- Charter reform and bank restructuring commensurate with professional-developmental capacity of the Maskan Bank
- Launching of first Iranian fund on real state and properties under the title of Iran Real Estate Fund for the deployment of international or foreign capitals
- Corporation and financing and exploiting the Pardis Freeway



