

Part Two

**Administrative Organization,
Balance Sheet
and
Profit and Loss Account
of
Central Bank of the Islamic
Republic of Iran**

**As at the end of 1394
(March 19, 2016)**

EXECUTIVE BOARD AND VICE-GOVERNORS

<i>Valiollah Seif</i>	<i>(as of 05.06.1392)</i>	<i>Governor of Central Bank</i>
<i>Akbar Komijani</i>	<i>(as of 30.10.1392)</i>	<i>Deputy Governor</i>
<i>Seyed Mahmoud Ahmadi</i>	<i>(as of 09.10.1388)</i>	<i>Secretary General</i>
<i>Gholamali Kamyab</i>	<i>(as of 18.06.1392)</i>	<i>Vice-Governor for Foreign Exchange Affairs</i>
<i>Bahman Mesgarha</i>	<i>(as of 09.10.1388)</i>	<i>Vice-Governor for Administrative and Training Affairs</i>
<i>Peyman Ghorbani</i>	<i>(as of 07.11.1392)</i>	<i>Vice-Governor for Economic Affairs</i>
<i>Hossein Noghrekar Shirazi</i>	<i>(as of 30.02.1394)</i>	<i>Vice-Governor for Legal and Parliamentary Affairs</i>
<i>Hamid Tehranfar</i>	<i>(as of 23.06.1392)</i>	<i>Vice-Governor for Banking Supervision Affairs</i>
<i>Mehdi Goudarzi</i>	<i>(as of 08.03.1391)</i>	<i>Vice-Governor for International Affairs</i>
<i>Ali Kermanshah</i>	<i>(as of 28.07.1394)</i>	<i>Vice-Governor for IT Technology</i>



MONEY AND CREDIT COUNCIL

<i>Valiollah Seif</i>	<i>(as of 05.06.1392)</i>	<i>Governor of Central Bank</i>
<i>Ali Tayebnia</i>	<i>(as of 24.05.1392)</i>	<i>Minister of Economic Affairs and Finance</i>
<i>Mohammad Bagher Nobakht Haghighi</i>	<i>(as of 20.05.1392)</i>	<i>Vice-President and Head of Management and Planning Organization</i>
<i>Mohammad Reza Nematzadeh</i>	<i>(as of 24.05.1392)</i>	<i>Minister of Industry, Mine, and Trade</i>
<i>Mahmoud Hojjati</i>	<i>(as of 24.05.1392)</i>	<i>Minister of Jihad-e Agriculture</i>
<i>Ali Rabiei</i>	<i>(as of 24.05.1392)</i>	<i>Minister of Cooperatives, Labor, and Social Welfare</i>
<i>Seyed Ebrahim Raeesie</i>	<i>(as of 01.06.1393)</i>	<i>Attorney General</i>
<i>Mohsen Jalalpour</i>	<i>(as of 24.03.1394)</i>	<i>Head of Iran Chamber of Commerce, Industries, Mines, and Agriculture</i>
<i>Bahman Abdollahi</i>	<i>(as of 20.11.1393)</i>	<i>Head of Iran Central Chamber of Cooperatives</i>
<i>Mohammad Reza Poorebrahimi Davarani</i>	<i>(as of 19.05.1393)</i>	<i>Member of Parliament</i>
<i>Hadi Ghavami</i>	<i>(as of 19.05.1393)</i>	<i>Member of Parliament</i>
<i>Mohammad Nahavandian</i>	<i>(as of 15.08.1392)</i>	<i>Bank Expert Selected by President</i>
<i>Seyed Safdar Hosseini</i>	<i>(as of 15.08.1392)</i>	<i>Bank Expert Selected by President</i>
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<i>Gholamhossein Shafeie</i>	<i>(until 24.03.1394)</i>	<i>Head of Iran Chamber of Commerce, Industries, Mines, and Agriculture</i>

BOARD OF AUDITORS

<i>Hossein Kasiri</i>	<i>(as of 05.09.1393)</i>	<i>Chairman</i>
<i>Hassan Haddadi</i>	<i>(as of 21.04.1384)</i>	<i>Member</i>
<i>Seyed Mostafa Mousavi Ivanaki</i>	<i>(as of 01.10.1392)</i>	<i>Member</i>

NOTE-RESERVE CONTROL BOARD

<i>Valiollah Seif</i>	<i>(as of 05.06.1392)</i>	<i>Governor of Central Bank</i>
<i>Seyed Rahmatollah Akrami</i>	<i>(as of 02.07.1387)</i>	<i>Deputy Minister for Financial Supervision and Treasury Affairs, Ministry of Economic Affairs and Finance</i>
<i>Seyed Ahmad Mortazavi Moghaddam</i>	<i>(as of 15.07.1385)</i>	<i>Deputy Attorney General</i>
<i>Hossein Kasiri</i>	<i>(as of 05.09.1393)</i>	<i>Chairman of the Board of Auditors in Central Bank</i>
<i>Amin Hossein Rahimi</i>	<i>(as of 13.06.1392)</i>	<i>President of the Supreme Audit Court</i>
<i>Seyed Saeed Zamanian</i>	<i>(as of 08.05.1391)</i>	<i>Member of Parliament</i>
<i>Seyed Mohammad Hossein Mirmohammadi</i>	<i>(as of 04.06.1393)</i>	<i>Member of Parliament</i>

BALANCE SHEET
AND
PROFIT AND LOSS ACCOUNT
OF
CENTRAL BANK OF THE
ISLAMIC REPUBLIC OF IRAN

As at the end of 1394

(March 19, 2016)

BALANCE SHEET
AS AT THE END OF 1394 (March 19, 2016)

ASSETS	Note	March 19, 2016	March 20, 2015
Notes, Iran-Checks, and coins held at the Central Bank	4	30,654	25,705
Free gold holdings		102,744	95,450
Foreign exchange assets		3,129,705	2,748,518
Loans and credits to:	5		
Government (less blocked debt in note cover)		74,156	101,174
Government institutions and corporations		276,188	242,082
Banks		836,261	858,195
		1,186,605	1,201,451
Banknotes and Iran-Checks coverage	6	455,000	364,500
Fixed assets (tangible and intangible)	7	10,869	10,057
Other assets	8	11,301	10,362
Total assets		4,926,878	4,456,043
Customers' undertakings regarding Letters of Credit (L/Cs) and Guarantees	36	12,721	16,416
Central Bank Employees' Pension, Savings, and Cooperative Funds	37	7,415	6,321

**VALUE IN
BILLION RIALS**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	March 19, 2016	March 20, 2015
Deposits:	9		
Government (sight)		1,564,178	1,586,613
Government institutions and corporations (sight)		50,780	46,470
Non-government public institutions and corporations (sight)		1,663	2,547
Banks and non-bank credit institutions:			
Legal		1,053,819	878,673
Sight and term deposits, advance payments on banks' L/Cs, and other deposits		296,638	295,634
		2,967,078	2,809,937
Banknotes issued	10	245,000	225,000
Iran-Checks issued	11	238,745	219,377
Coins issued	12	3,924	3,119
Income tax	13	7,273	646
Other accounts payable	14	263,951	145,407
		3,725,971	3,403,486
Retirement benefits	15	1,768	1,473
Total liabilities		3,727,739	3,404,959
Shareholders' equity:			
Capital	16	48,400	43,400
Legal reserve	17	34,059	27,727
Contingency reserve	18	119	5,021
Foreign exchange revaluation account	19	375,491	234,299
Excess funds resulted from revaluation of net foreign assets	20	741,070	740,637
Net profit carried forward		0	0
Total shareholders' equity		1,199,139	1,051,084
Total liabilities and shareholders' equity		4,926,878	4,456,043
Customers' undertakings regarding Letters of Credit (L/Cs) and Guarantees		12,721	16,416
Central Bank Employees' Pension, Savings, and Cooperative Funds		7,415	6,321

PROFIT AND LOSS ACCOUNT
AS AT THE END OF 1394 (March 19, 2016)
(Value in Billion Rials)

	<u>Note</u>	<u>March 19, 2016</u>	<u>March 20, 2015</u>
Revenues:			
Returns on deposits and investment abroad	21	23,205	42,264
Profit received from extended facilities	22	54,450	7,466
Commission received for banking services	23	3,186	1,774
Result of foreign exchange transactions	24	6,867	8,722
Other revenues	25	1,334	2,472
Total revenues		89,042	62,698
Less (expenditures):			
Profit paid on CBI participation papers	26	(0)	(2,046)
Rewards paid on banks' legal deposit	27	(9,273)	(7,619)
Profit paid on banks' special deposits	28	(4)	(2)
Commission paid on banking services	29	(6,725)	(5,701)
Cost of receiving credit and overdraft from foreign banks	30	(31)	(39)
Profit paid on foreign exchange accounts	31	(55)	(46)
		(16,088)	(15,453)
Personnel, administrative, and retirement expenditures	32	(7,090)	(5,514)
Money issue and miscellaneous printing expenditures	33	(2,275)	(2,046)
Depreciation cost of fixed assets	34	(168)	(132)
Other expenditures	35	(92)	(1)
		(9,625)	(7,693)
Earnings before taxes		63,329	39,552
Income tax		(16,111)	(9,889)
Net profit		47,218	29,663
Accumulated Profit (Loss)			
Net profit		47,218	29,663
Balance at the beginning of the year		0	0
Appropriated profit		47,218	29,663
Appropriation account:			
Share of government in net profit		(40,464)	(25,100)
Legal reserve	17	(6,333)	(3,955)
Contingency reserve	18	(98)	(409)
0.5 percent of net profit allocated to low-income groups for housing provision		(322)	(198)
Balance of profit at year-end		1	1

Supplemental Notes on CBI Financial Statements as at the end of 1394 (March 19, 2016)

1. CBI Structure, History, and Activities

Central Bank of the Islamic Republic of Iran (CBI) was established on Mordad 18, 1339 (August 8, 1960), based on the Monetary and Banking Law of Iran approved in 1339 (1960). CBI main office is located in Tehran.

Article 10 of the Monetary and Banking Law of Iran states that the CBI has the mandate of designing and implementing the monetary and credit policies, in conformance with the general economic policies of the country (Paragraph A).

Paragraph (B), Article 10 of Monetary and Banking Law of Iran sets the aims of CBI as to preserve the value of national currency and equilibrium in the external balance of payments, to facilitate trade transactions, and to assist the economic growth of the country.

The CBI is a legal entity and on issues not specifically addressed in Monetary and Banking Law, is subject to the regulations pertaining to joint-stock companies (Paragraph (C), Article 10).

As the body responsible for the design and implementation of the monetary and credit system of the country, the CBI is obligated to perform the following functions (Article 11, Monetary and Banking Law of Iran):

- Issuance of notes and coins constituting the currency of the country;
- Supervision of banks and credit institutions;
- Regulation and management of foreign exchange transactions, guarantees on foreign currency payments as authorized by the monetary policy authority (Money and Credit Council (MCC)), and supervision and oversight on foreign exchange transactions;

- Oversight on gold transactions, regulation and management of gold transactions with the approval of the Cabinet;

- Management of the outflow and the repatriation of national currency after approval of relevant policy measures by the monetary policy authority (MCC).

CBI, as banker to the government, is obligated to perform the following functions (Article 12, Monetary and Banking Law of Iran):

- Account keeping for ministries, public companies, government institutions, municipalities and other entities affiliated to the government, and the management of the banking operations for such entities inside and outside the country;

- Conservation and management of foreign exchange and gold reserves of the country;

- Safekeeping of IMF rial accounts, as well as the accounts of the International Bank for Reconstruction and Development, the International Development Association, the International Finance Corporation, and other institutions affiliated to the mentioned institutions;

- Concluding payments agreements in execution of monetary, financial, trade, and transit agreements between the Iranian government and foreign countries.

In fulfilling its responsibilities, the CBI is vested with the following powers (Article 13 of the Monetary and Banking Law of Iran):

- Granting of loans and credits to ministries and governmental organizations, subject to legal authorization;

- Guarantee on government commitments or other commitments made by ministries or other governmental organizations, subject to legal authorization;

- Granting and guaranteeing of loans and credits to public enterprises, municipalities, and other relevant organizations, subject to adequate collateral;

- Purchase and sale of government participation papers as well as bonds issued by foreign governments or accredited international financial organizations;

- Purchase and sale of gold and silver;

- Opening and maintaining of current accounts with foreign banks, maintaining accounts for domestic and foreign banks, carrying out all other authorized banking operations, and securing credits inside and outside the country on its own account or on behalf of domestic banks.

According to Article 14 of the Monetary and Banking Law of Iran, for the proper implementation of the monetary system, CBI shall have the authority to intervene in and supervise monetary and banking affairs (upon approval by the MCC) as follows:

- Determining the official rediscount and lending rates;

- Determining ratio of banks' liquid assets to their total assets;

- Determining the ratios of, and the rates of interest payable on, the legal deposits of banks at CBI;

- Determining the ratio of the sum-total of paid up capital and reserves of banks to their different types of assets;

- Formulating regulations governing the opening of current, savings, and other types of banking accounts.

According to Article 16, Monetary and Banking Law of Iran, CBI is composed of the following bodies:

- 1- The General Meeting;

- 2- The Money and Credit Council (MCC);

- 3- The Executive Board;

- 4- The Note Reserve Control Board;

- 5- The Supervisory Board (Board of Auditors).

The capital of CBI is Rls. 48,400 billion, of which Rls. 6,600 billion has been covered by revaluation of CBI assets in the year 1385.

The number of CBI employees remained unchanged in 1394 compared with the year before. However, the composition of CBI staff improved relatively in regard to the education levels.

2. Financial Statements Standard

Except for the revaluation of fixed assets in the year 1385, as per Article 7, 4th FYDP Law, CBI financial statements are prepared and submitted in conformance with historical cost accounting principle.

3. Accounting Principles

3.1. Investments

3.1.1. Valuation

Investments are valued at cost price and provisions are applied for capital depreciation.

3.1.2. Revenue Recognition Principle

Investment income recognition is applied in accordance with investment profit approved by the General Meeting of the investee (investment receiving) company at the date of balance sheet.

3.2. Fixed Tangible Assets

Fixed tangible assets are recorded in accounts based on cost price. Repair and maintenance expenditures that lead to a remarkable rise in the useful economic life or service capacity of fixed assets or a substantial improvement in the quality of output, are recognized as capital expenditures and are amortized over the individual useful economic life of related assets. Minor repair and maintenance expenditures on enhancing the economic benefits of the assets to the business for the previously assessed standard performance for the initial measurement and routine maintenance expenditures are recognized as current expenses and included in the profit and loss account as they are incurred.

As per the 1077th Approval of the MCC Meeting on 28.11.1385, depreciation of fixed assets is estimated based on Article 151, Direct Tax Law approved on 27.11.1380.

Depreciation of Fixed Assets

Assets	Depreciation Rate and Method
Building	7, 8, and 10 percent (declining balance)
Equipment	12 percent (declining balance)
Machinery	8 years (straight-line)
Vehicles	15, 25, and 35 percent (declining balance)
Computer hardware	3 and 10 years (straight-line)
Furniture and fixtures	10 years (straight-line)

For those fixed assets earned and used during the month, depreciation allowances are estimated as of the beginning of next month to be included in accounts. In case of depreciable assets that are not utilized after preparation phase, due to various reasons for a period of time, a depreciation rate of 30 percent of the rate stipulated in the previous table is applied.

3.3. Intangible Assets

Intangible assets are included on the company's balance sheet based on cost price. Operational and administrative software are amortized following the straight-line method over the course of four years.

3.4. Revaluation of Foreign Reserves

Foreign exchange assets and liabilities are revaluated at year-end based on the official exchange rate and the balance is deposited into foreign exchange revaluation account. In case the revaluation account has a negative balance at the end of the year, the outstanding debit balance is transferred to the profit and loss account of the related year. The positive balance of the revaluation account is registered under the same heading on the balance sheet.

3.5. International bonds, treasury bills, and gold holdings are accounted for at the end of the fiscal year, considering the lower of cost or market price (value). Amounts lower than the principal are transferred to the profit and loss account.

3.6. Recognition of Revenue Received from Extended Loans, Commissions, and Penalties

Revenue	Recognition Method
Profit on extended loans	Time-based, with due consideration of outstanding principal and determined rate as per 590 th MCC Meeting Minutes on 22.05.1365
Penalties on late payments	Time-based, with due consideration of arrears and determined rate as per 590 th MCC Meeting Minutes on 22.05.1365
Penalties on overdraft	Based on outstanding debt and determined rate as per 590 th MCC Meeting Minutes on 22.05.1365
Commission received	In proportion with rendered services, on accrual basis

4. Notes, Iran-Checks, and Coins Held at the Central Bank

Notes, Iran-Checks, and coins held at the CBI at end-1394 were as follows:

Notes, Iran-Checks, and Coins Held at the CBI (billion rials)		
	end-1394	end-1393
Notes	23,613.6	18,041.5
Iran-Checks	7,038.5	7,661.9
Sub-total	30,652.1	25,703.4
Coins	2.3	1.4
Total	30,654.4	25,704.8

5. Loans and Credits

Total loans and credits extended to the government, its affiliated institutions and corporations, as well as banks amounted to Rls. 1,186,605.0 billion at end-1394. This was after deducting Rls. 18,983.9 billion as blocked debt in note cover (considering other adjustments) as in the respective table.

6. Banknotes and Iran-Checks Coverage

On the basis of the currency needs of the country and according to the monetary and

banking regulations, a sum of Rls. 20,000 billion of banknotes were issued after the currency coverage; hence, total banknotes in circulation reached Rls. 245,000 billion by the end of 1394. Moreover, Rls. 70,500 billion worth of Iran-Checks were issued after the currency coverage in 1394, bringing the total amount of issued Iran-Checks after the currency coverage to Rls. 210,000 billion by end-1394.

Loans and Credits (billion rials)		
	end-1394	end-1393
Government	126,553.8	127,925.7
Less: blocked debt in note cover and other adjustments	(52,397.6)	(26,751.7)
Sub-total	74,156.2	101,174.0
Government institutions and corporations	276,188.2	242,082.5
Banks	836,260.6	858,194.7
Total	1,186,605.0	1,201,451.2

7. Fixed Assets¹ (Tangible and Intangible)

Fixed tangible and intangible assets at the end of 1394 were as follows:

Fixed Assets (billion rials)					
	Immovable assets ¹	Movable assets	Total tangible assets	Intangible assets	Grand Total
Total price					
Balance on 01.01.1394	11,183.1	475.0	11,658.1	92.7	11,750.8
Increase during 1394	750.5	53.7	804.2	9.9	814.1
Decrease during 1394	(5.5)	(4.1)	(9.6)	(0.0)	(9.6)
Transfers and others	245.7	(9.7)	236.0	(0.9)	235.1
Total on 29.12.1394	12,173.8	514.9	12,688.7	101.7	12,790.4
Accumulated depreciation					
Balance on 01.01.1394	1,383.5	238.7	1,622.2	71.7	1,693.9
Depreciation in 1394 ²	170.2	52.0	222.2	19.5	241.7
Depreciation of sold assets	(1.6)	(4.0)	(5.6)	(0.0)	(5.6)
Transfers and others	0.1	(8.5)	(8.4)	(0.1)	(8.5)
Total on 29.12.1394	1,552.2	278.2	1,830.4	91.1	1,921.5
Net book value					
Balance on 01.01.1394	9,799.6	236.3	10,035.9	21.0	10,056.9
Balance on 29.12.1394	10,621.6	236.7	10,858.3	10.6	10,868.9

¹Includes CBI immovable assets, capital goods in stock, and advance payments on projects in progress.

²Includes depreciation costs of CBI policymaking and support divisions by Rls. 168.3 billion, executive office of construction projects by Rls. 0.9 billion, Print and Mint Organization by Rls. 29.2 billion, and Takab Securities Paper Mill by Rls. 43.3 billion, totaling Rls. 241.7 billion.

¹CBI's fixed assets enjoyed sufficient insurance coverage during 1394.

8. Other Assets

Investments by the CBI and other assets of the CBI at end-1394 were as follows:

	Investments and Other Assets (billion rials)	
	end-1394	end-1393
Investments in other institutions	290.5	134.2
Facilities allocated to employees	7,791.3	7,686.4
Silver holdings	75.4	75.4
Stamp holdings	0.4	0.4
Coin holdings	224.8	33.8
Miscellaneous assets	1,045.2	1,052.1
Revolving funds	2.1	1.1
Prepaid expenses	193.1	126.6
Debtors' suspense account	1,167.9	843.6
Provisional accounts	48.3	24.4
Assets related to projects to be completed	461.7	384.3
Total	11,300.7	10,362.3

9. Deposits

Total sight deposits of the government, government institutions and corporations, non-government public institutions and corporations, and banks and non-bank credit institutions, as well as other deposits amounted to Rls. 2,967,078.1 billion at the end of 1394.

10. Banknotes Issued

New banknotes issued in 1394 amounted to Rls. 20,000 billion, bringing the total amount of issued banknotes to Rls. 245,000 billion at the end of the year.

11. Iran-Checks Issued

According to the Cabinet Approval dated 21.12.1386, Central Bank of the Islamic Republic of Iran issued Iran-Checks in 1394. Circulation of issued Iran-Checks is shown in the respective table.

12. Coins Issued

Total coins in circulation amounted to Rls. 3,923.9 billion at the end of 1394, up by Rls. 804.8 billion compared with 1393.

13. Income Tax

Income tax of the CBI was paid and settled by end-1393. On the basis of the Amended Direct Tax Law approved in 1380, CBI income tax reserve was Rls. 16,111.1 billion for 1394. Moreover, Rls. 8,838.0 billion was paid in implementation of Section 1, Paragraph C, Article 224 of 5th FYDP Law.

	Income Tax (billion rials)	
	1394	1393
Balance on 01.01.1394	645.9	764.6
Income tax reserve	16,111.1	9,889.3
Sub-total	16,757.0	10,653.9
Prepaid income tax and the amount remaining from previous years	(9,483.9)	(10,008.0)
Total at year-end	7,273.1	645.9

Iran-Checks Issued

	500,000-rial Iran-Checks		1,000,000-rial Iran-Checks		Total
	Number (million)	Value (billion rials)	Number (million)	Value (billion rials)	Value (billion rials)
Opening balance on 01.01.1394	388.0	194,017.8	25.4	25,359.4	219,377.2
Check cancellation and destruction in 1394	(102.1)	(51,033.2)	(0.1)	(98.7)	(51,131.9)
Issuance during 1394	118.0	59,000.0	11.5	11,500.0	70,500.0
Total	403.9	201,984.6	36.8	36,760.7	238,745.3

14. Other Accounts Payable

CBI other accounts payable (liabilities) at end-1394 amounted to Rls. 263,950.5 billion as follows:

Other Accounts Payable (Liabilities)		
	(billion rials)	
	end-1394	end-1393
Documents payable	121,704.6	59,718.8
SDR allocations	59,831.8	54,645.2
Sight deposits of CBI departments	12,671.3	10,450.6
Creditors' suspense account in foreign exchange	15,120.4	7,286.8
Creditors' suspense account in rials	31,286.1	7,796.3
Share of government in net profit	22,811.3	5,100.0
CBI's receipts in connection with the Algerian Decree	13.1	13.1
Liabilities related to projects to be completed	91.6	111.0
Revenue received in advance	98.1	87.6
Sub-total	263,628.3	145,209.4
0.5% allocated to low-income groups for provision of housing	322.2	197.8
Total	263,950.5	145,407.2

Based on Article 25 of the Monetary and Banking Law, the net profit of the CBI after appropriation as per Paragraph A, belongs to the government. The share of the government in the net profit of the CBI amounted to Rls. 40,464.3 billion in 1394, compared with Rls. 25,100 billion in 1393. Meanwhile, a sum of Rls. 17,653.0 billion was paid in implementation of Section 2, Paragraph C, Article 224 of 5th FYDP Law in 1394.

15. Retirement Benefits

Retirement benefits at the end of 1394 amounted to Rls. 1,768.2 billion, as follows:

Retirement Benefits		
	(billion rials)	
	1394	1393
Balance at the beginning of the year	1,472.6	1,186.6
Payment during the year	(269.5)	(134.7)
Reserve during the year	565.1	420.7
Balance at year-end	1,768.2	1,472.6

16. Capital

The CBI's capital amounted to Rls. 48,400 billion at end-1394, indicating an increase of Rls. 5,000 billion as compared with 1393 (financed out of the contingency reserve of 1393, based on the proposal of the General Meeting on 24.11.1394 and the Cabinet Approval on 13.12.1394, subject of Paragraph E, Article 10, Monetary and Banking Law of Iran). A sum of Rls. 6,600 billion of the mentioned amount was financed out of the revaluation reserve of CBI's fixed assets in the year 1385.

17. Legal Reserve

Based on Paragraph A, Article 25 of the Monetary and Banking Law, 10 percent of the net profit of the CBI is required to be appropriated to the legal reserve account until the said reserve equals the CBI's capital. The balance of the legal reserve at end-1394 was Rls. 34,059.4 billion as follows:

Legal Reserve		(billion rials)
Legal reserve at the beginning of 1394		27,726.5
Legal reserve during 1394		6,332.9
Total		34,059.4

18. Contingency Reserve

Based on Paragraph A, Article 25 of the Monetary and Banking Law, a certain amount is to be appropriated to the contingency reserve account each year, based on the proposal of the CBI and the approval of the General Meeting. The contingency reserve for 1394 was as follows:

Contingency Reserve		
	(billion rials)	
	1394	1393
Contingency reserve at the beginning of the year	5,021.4	11,012.4
Transfer to capital increase	(5,000.0)	(6,400.0)
Reserve during the year	98.1	409.0
Balance at year-end	119.5	5,021.4

19. Foreign Exchange Revaluation Account

Balance of revaluation of foreign assets and liabilities account at the end of 1394, after deduction of paid tax, amounted to Rls. 375,490.6 billion based on year-end rates (29.12.1394).

	Foreign Exchange Revaluation Account (billion rials)		
	1394	Tax	Net
Balance at the beginning of the year	292,965.0	(58,665.7)	234,299.3
Tax payment during the year	0.0	(0.0)	0.0
Sub-total	292,965.0	(58,665.7)	234,299.3
Increase during the year	141,191.3	(0.0)	141,191.3
Balance at year-end	434,156.3	(58,665.7)	375,490.6

20. Excess Funds Resulted from Revaluation of Net Foreign Assets

Balance of excess funds resulted from revaluation of CBI net foreign assets account, subject of Approval No. 333/26542 by the Parliament dated 01.05.1392, amounted to Rls. 741,069.5 billion at end-1394.

21. Returns on Deposits and Investment Abroad

Returns on deposits and investment abroad amounted to Rls. 23,205.3 billion, as follows:

	Returns on Deposits and Investment Abroad (billion rials)	
	end-1394	end-1393
Term investment deposits in foreign exchange	34,748.4	57,331.9
Sight deposits in foreign exchange, special and clearing accounts	396.8	495.4
International bonds	785.5	1,181.8
Algerian Decree	44.4	27.1
Special Drawing Right (SDR)	32.1	42.4
Profit of NDF	(12,405.6)	(15,874.4)
Profit of OSF	(396.3)	(939.9)
Total	23,205.3	42,264.3

22. Profit Received from Extended Facilities

The profit received from extended facilities in 1394 increased to Rls. 54,449.7 billion, mainly attributable to the profit received from extended facilities, the credit in current account, and depositing in banks.

	Profit Received from Extended Facilities (billion rials)	
	1394	1393
Government	0.0	83.1
Government institutions and corporations	1,541.0	951.8
Banks	52,824.6	6,360.6
Employees	84.1	70.5
Total	54,449.7	7,466.0

23. Commission Received for Banking Services

Commission received for banking services totaled Rls. 3,185.6 billion in 1394.

24. Result of Foreign Exchange Transactions

In 1394, the result of foreign exchange transactions was as follows:

	Result of Foreign Exchange Transactions (billion rials)	
	end-1394	end-1393
Foreign exchange differential income	7,095.7	9,137.4
Profit received from transaction of international bonds	(14.8)	(92.4)
Profit received from transaction of treasury documents	10.9	46.1
Total	7,091.8	9,091.1
Loss incurred on revaluation of international bonds	(224.9)	(368.9)
Grand total	6,866.9	8,722.2

According to the Note under Article 5 of the Monetary and Banking Law, international bonds are valued at purchase price and net book value of such bonds in international markets.

25. Other Revenues

CBI other revenues totaled Rls. 1,334.3 billion in 1394, as is shown in the following table:

Other Revenues (billion rials)		
	end-1394	end-1393
Profit from investment in other institutions ¹	815.6	1,581.5
Miscellaneous revenues of the Print & Mint Organization, & Takab Securities Paper Mill	137.9	107.3
Revenue received from sale of gold coins	255.0	361.1
Miscellaneous	125.8	421.7
Total	1,334.3	2,471.6

¹ A sum of Rls. 191.4 billion of this profit is related to CBI dividend in National Investment Company of Iran and Rls. 624.2 billion is related to CBI dividend in National Informatics Corporation.

26. Profit Paid on CBI Participation Papers

Profit paid on participation papers issued by the CBI was Rls. 2,046.0 billion in 1393.

27. Rewards Paid on Banks' Legal Deposit

As approved at the 788th Meeting of MCC on 15.12.1371, a sum of Rls. 9,272.9 billion was paid as rewards on legal deposit in 1394.

28. Profit Paid on Banks' Special Deposits

In 1394, a total of Rls. 4.0 billion was paid as profit on banks' special deposits.

29. Commission Paid on Banking Services

The commission paid on banking services amounted to Rls. 6,724.9 billion in 1394.

30. Cost of Receiving Credit and Overdraft from Foreign Banks

The cost of receiving credit and overdraft from foreign banks totaled Rls. 30.7 billion in 1394.

31. Profit Paid on Foreign Exchange Accounts

In 1394, the profit paid on foreign exchange accounts, including banks' foreign exchange sight deposits with the CBI, amounted to Rls. 55.4 billion.

32. Personnel, Administrative, and Retirement Expenditures

Personnel, administrative, and retirement expenditures in 1394 and their comparison with the approved budget figures are shown in the following table:

Personnel, Administrative, and Retirement Expenditures (billion rials)				
	1394		1393	
	Approved budget	Performance	Approved budget	Performance
Personnel	4,312.9	3,982.0	3,309.2	3,052.3
Administrative	2,082.7	1,828.1	1,887.8	1,524.3
Retirement	1,350.0	1,280.2	1,025.0	937.6
Total	7,745.6	7,090.3	6,222.0	5,514.2

33. Money Issue and Miscellaneous Printing Expenditures

The total money issue and miscellaneous printing expenditures reached Rls. 2,275.1 billion in 1394, mainly due to the issuance costs of banknotes, Iran-Checks, and coins.

34. Depreciation Cost

In 1394, a sum of Rls. 168.3 billion was allocated as depreciation cost of movable and immovable assets, as follows:

Depreciation Cost (billion rials)		
	1394	1393
Movable assets	62.2	53.8
Immovable assets	106.1	78.4
Total	168.3	132.2

Moreover, a sum of Rls. 29.2 billion related to depreciation cost of movable and immovable assets and the machinery of the Print and Mint Organization and Rls. 40.0 billion of Takab Securities Paper Mill costs (in total Rls. 69.2 billion) were accounted as depreciation costs. Of the mentioned Rls. 40.0 billion related to the depreciation cost of assets as well as the machinery of Takab Securities Paper Mill, Rls. 36.1 billion was related to current expenditures and Rls. 3.9 billion was related to the drawdown inventory levels of the beginning of the year.

35. Other Expenditures

Other expenditures in 1394 amounted to Rls. 91.5 billion as follows:

	Other Expenditures (billion rials)	
	1394	1393
Gold transportation, insurance, other	0.6	1.2
Contingent expenses (remaining from tax of the year 1392)	90.9	0.0
Total	91.5	1.2

36. Customers' Undertakings regarding Letters of Credit and Guarantees

Contra accounts related to Letters of Credit (L/Cs), guarantees, and customers' undertakings in this regard at the end of 1394 were as follows:

	Customers' Undertakings regarding Letters of Credit and Guarantees (billion rials)	
	end-1394	end-1393
Customers' undertakings regarding letters of credit in rials	5,267.0	6,340.3
Customers' undertakings regarding letters of credit opened in foreign currency	2,118.1	5,157.2
Sub-total	7,385.1	11,497.5
Brokers' Letters of Guarantee	5,299.5	4,918.1
Issued Letters of Guarantee	36.7	0.0
Total	12,721.3	16,415.6

37. Central Bank Employees' Pension, Savings, and Cooperative Funds

The accounts of pension, savings, and cooperative funds of CBI employees at end-1394 were as follows:

	Pension, Savings, and Cooperative Funds (billion rials)	
	end-1394	end-1393
Pension Fund	5,721.8	5,009.1
Savings Fund	644.2	459.7
Cooperative Fund	1,048.8	852.2
Total	7,414.8	6,321.0

Based on the 1137th and 1216th MCC Meeting Approvals in 1390 and 1394, the actuarial and retirement plan services of CBI employees are calculated and reviewed every three years.

38. Appropriation Account

The net profit of the CBI in 1394 amounted to Rls. 63,328,554,335 thousand. The balance of net profit of Rls. 659 thousand was carried forward and added to the above figure, bringing the total amount to Rls. 63,328,554,994 thousand which was proposed to be appropriated as in the following table:

	Appropriation Account (thousand rials)	
	1394	1393
Income tax	16,111,148,506	9,889,328,654
Transfer to legal reserve	6,332,855,434	3,955,130,238
Transfer to contingency reserve	98,051,000	409,057,000
Share of government in net profit	40,464,277,000	25,100,000,000
0.5 percent allocated to low-income groups for housing provision	322,222,970	197,786,573
Balance of net profit carried forward	84	659
Total	63,328,554,994	39,551,303,124