

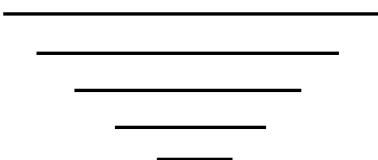
Part Two

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

**As at the end of 1396
(March 20, 2018)**

EXECUTIVE BOARD AND VICE-GOVERNORS

<i>Valiollah Seif</i>	<i>(as of 27.08.2013)</i>	<i>Governor of Central Bank</i>
<i>Akbar Komijani</i>	<i>(as of 20.01.2014)</i>	<i>Deputy Governor</i>
<i>Seyed Mahmoud Ahmadi</i>	<i>(as of 30.12.2009)</i>	<i>Secretary General</i>
<i>Seyed Ahmad Araghchi</i>	<i>(as of 07.08.2017)</i>	<i>Vice-Governor for Foreign Exchange Affairs</i>
<i>Peyman Ghorbani</i>	<i>(as of 27.01.2014)</i>	<i>Vice-Governor for Economic Affairs</i>
<i>Bahman Mesgarha</i>	<i>(as of 30.12.2009)</i>	<i>Vice-Governor for Administrative and Training Affairs</i>
<i>Hossein Noghrekar Shirazi</i>	<i>(as of 20.05.2015)</i>	<i>Vice-Governor for Parliamentary and Legal Affairs</i>
<i>Farshad Heidari</i>	<i>(as of 11.05.2016)</i>	<i>Vice-Governor for Banking Supervision Affairs</i>
<i>Gholamali Kamyab</i>	<i>(as of 06.08.2017 until 19.03.2018)</i>	<i>Vice-Governor for International Affairs</i>
<i>Naser Hakimi</i>	<i>(as of 06.09.2017)</i>	<i>Vice-Governor for IT Technology</i>



<i>Gholamali Kamyab</i>	<i>(until 06.08.2017)</i>	<i>Vice-Governor for Foreign Exchange Affairs</i>
<i>Ali Kermanshah</i>	<i>(until 15.07.2017)</i>	<i>Vice-Governor for IT Technology</i>

MONEY AND CREDIT COUNCIL

<i>Valiollah Seif</i>	<i>(as of 27.08.2013)</i>	<i>Governor of Central Bank</i>
<i>Masoud Karbasian</i>	<i>(as of 20.08.2017)</i>	<i>Minister of Economic Affairs and Finance</i>
<i>Mohammad Bagher Nobakht</i>	<i>(as of 11.08.2013)</i>	<i>Vice-President and Head of Plan and Budget Organization</i>
<i>Mohammad Shariatmadari</i>	<i>(as of 20.08.2017)</i>	<i>Minister of Industry, Mine, and Trade</i>
<i>Mahmoud Hojjati</i>	<i>(as of 15.08.2013)</i>	<i>Minister of Agriculture-Jahad</i>
<i>Abbas Akhouni</i>	<i>(as of 13.09.2017)</i>	<i>Minister of Roads and Urban Development</i>
<i>Mohammad Jafar Montazeri</i>	<i>(as of 05.04.2016)</i>	<i>Attorney General</i>
<i>Gholamhossein Shafeie</i>	<i>(as of 04.09.2016)</i>	<i>Head of Iran Chamber of Commerce, Industries, Mines, and Agriculture</i>
<i>Bahman Abdollahi</i>	<i>(as of 09.02.2015)</i>	<i>Head of Iran Central Chamber of Cooperatives</i>
<i>Mohammad Reza Tabesh</i>	<i>(as of 12.07.2016)</i>	<i>Member of Parliament</i>
<i>Elyas Hazrati</i>	<i>(as of 12.07.2016)</i>	<i>Member of Parliament</i>
<i>Mohammad Nahavandian</i>	<i>(as of 06.11.2013)</i>	<i>Bank Expert Selected by President</i>
<i>Masoud Nili</i>	<i>(as of 18.09.2017)</i>	<i>Bank Expert Selected by President</i>

<i>Ali Tayebnia</i>	<i>(until 19.08.2017)</i>	<i>Minister of Economic Affairs and Finance</i>
<i>Mohammad Reza Nematzadeh</i>	<i>(until 19.08.2017)</i>	<i>Minister of Industry, Mine, and Trade</i>
<i>Ali Rabiei</i>	<i>(until 12.09.2017)</i>	<i>Minister of Cooperatives, Labor, and Social Welfare</i>
<i>Seyed Safdar Hosseini</i>	<i>(until 17.09.2017)</i>	<i>Bank Expert Selected by President</i>

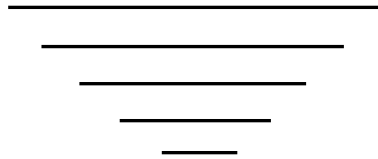
BOARD OF AUDITORS

<i>Hossein Kasiri</i>	<i>(as of 26.11.2014)</i>	<i>Chairman</i>
<i>Mohammad Pirhadi</i>	<i>(as of 21.06.2016)</i>	<i>Member</i>
<i>Seyed Mostafa Mousavi</i>	<i>(as of 22.12.2013)</i>	<i>Member</i>



NOTE-RESERVE CONTROL BOARD

<i>Valiollah Seif</i>	<i>(as of 27.08.2013)</i>	<i>Governor of Central Bank</i>
<i>Seyed Rahmatollah Akrami</i>	<i>(as of 23.09.2008)</i>	<i>Deputy Minister for Financial Supervision and Treasury Affairs, Ministry of Economic Affairs and Finance</i>
<i>Mohammad Mosaddegh</i>	<i>(as of 23.01.2017)</i>	<i>Deputy Attorney General</i>
<i>Hossein Kasiri</i>	<i>(as of 26.11.2014)</i>	<i>Chairman of the Board of Auditors in Central Bank</i>
<i>Adel Azar</i>	<i>(as of 20.07.2016)</i>	<i>President of the Supreme Audit Court</i>
<i>Masoumeh Aghapour</i>	<i>(as of 10.08.2016)</i>	<i>Member of Parliament</i>
<i>Zahra Saeedi</i>	<i>(as of 10.08.2016)</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 1396

(March 20, 2018)

BALANCE SHEET
AS AT THE END OF 1396 (March 20, 2018)

ASSETS	Note	March 20, 2018 (end-1396)	March 20, 2017 (end-1395)
Notes, Iran-Checks, and coins held at the Central Bank	4	28,370	50,134
Free gold holdings		96,863	109,658
Foreign exchange assets		3,580,573	2,923,223
Loans and credits to:	5		
Government (less blocked debt in note cover)		85,905	105,064
Government institutions and corporations		259,005	302,329
Banks		1,490,598	1,000,657
		1,835,508	1,408,050
Banknotes and Iran-Checks coverage	6	557,000	530,000
Government securities		18,704	0
Fixed assets (tangible and intangible)	7	12,613	11,097
Other assets	8	20,522	14,760
Total assets		6,150,153	5,046,922
Customers' undertakings regarding Letters of Credit (L/Cs) and Guarantees	35	26,140	10,293
Employees' Pension, Savings, and Cooperative Funds	36	13,520	9,338

**VALUE IN
BILLION RIALS**

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	March 20, 2018 (end-1396)	March 20, 2017 (end-1395)
Liabilities:			
Deposits:			
	9		
Government (sight)		1,761,370	1,419,197
Government institutions and corporations (sight)		69,611	61,533
Non-government public institutions and corporations (sight)		3,542	3,498
Banks and non-bank credit institutions:			
Legal deposit		1,575,169	1,300,969
Sight and term deposits, advance payments on banks' L/Cs, and other deposits		526,192	351,034
		3,935,884	3,136,231
Banknotes issued	10	262,000	255,000
Iran-Checks issued	11	295,000	275,000
Coins issued	12	5,846	5,115
Income tax	13	0	0
Other accounts payable	14	575,034	282,739
		5,073,764	3,954,085
Retirement benefits	15	2,080	2,073
Total liabilities		5,075,844	3,956,158
Shareholders' equity:			
Capital	16	52,395	48,400
Legal reserve	17	40,380	37,062
Contingency reserve	18	3,001	3,996
Foreign exchange revaluation account	19	615,297	436,097
Excess funds resulted from revaluation of net foreign assets	20	363,236	565,209
Net profit carried forward		0	0
Total shareholders' equity		1,074,309	1,090,764
Total liabilities and shareholders' equity		6,150,153	5,046,922
Customers' undertakings regarding Letters of Credit (L/Cs) and Guarantees	35	26,140	10,293
Employees' Pension, Savings, and Cooperative Funds	36	13,520	9,338

PROFIT AND LOSS ACCOUNT
AS AT THE END OF 1396 (March 20, 2018)
(Value in Billion Rials)

	<u>Note</u>	<u>March 20, 2018</u> <u>(end-1396)</u>	<u>March 20, 2017</u> <u>(end-1395)</u>
Revenues:			
Returns on deposits and investment abroad	21	23,869	22,321
Profit received from extended facilities	22	38,235	22,762
Commission received for banking services	23	9,529	6,341
Other revenues	24	9,565	1,832
Total revenues		81,198	53,256
Less (expenditures):			
Rewards paid on banks' legal deposit	25	(14,278)	(11,529)
Profit paid on banks' special deposits	26	(3)	(4)
Commission paid on banking services	27	(13,371)	(10,709)
Cost of receiving credit and overdraft from foreign banks	28	(452)	(90)
Profit paid on foreign exchange accounts	29	(79)	(78)
Result of foreign exchange transactions	30	(7,050)	11,622
		(35,233)	(10,788)
Personnel, administrative, and retirement expenditures	31	(8,814)	(8,110)
Money issue and miscellaneous printing expenditures	32	(3,078)	(3,467)
Depreciation cost	33	(236)	(746)
Other expenditures	34	(659)	(119)
		(12,787)	(12,442)
Earnings before taxes		33,178	30,026
Income tax		(7,467)	(7,975)
Net profit		25,711	22,051
Accumulated Profit (Loss)			
Net profit		25,711	22,051
Balance at the beginning of the year		0	0
Appropriated profit		25,711	22,051
Appropriation account:			
Share of government in net profit		(19,244)	(15,013)
Legal reserve during the year	17	(3,318)	(3,003)
Contingency reserve during the year	18	(3,000)	(3,876)
0.5 percent of net profit allocated to low-income groups for housing provision		(149)	(159)
Balance of profit at year-end		0	0

Supplemental Notes on CBI Financial Statements as at the end of 1396 (March 20, 2018)

1. CBI Structure, History, and Activities

The Central Bank of the Islamic Republic of Iran (CBI) was established on August 9, 1960, based on the Monetary and Banking Law of Iran approved in the same year. The CBI headquarters is located in Tehran.

Article 10 of 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 the Law sets the objectives of the 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;
- 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), and oversight of 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).

The 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;

- 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 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 Monetary and Banking Law of Iran, in proper implementation of the monetary system, the 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 the ratio of banks' liquid assets to their total assets;

- Determining the ratios and rates of interest payable on the legal deposits of banks at the 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, the 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 Board of Auditors.

The capital of CBI is Rls. 52,395 billion, Rls. 6,600 billion of which has been covered by revaluation of CBI assets in 2006.

The number of CBI employees remained unchanged in 2017/18 compared with the year before. However, the staff composition improved relatively with regard to education levels.

2. Financial Statements Standard

Except for the revaluation of fixed assets in 2006, as per Article 7, 4th FYDP Law, CBI financial statements are prepared and submitted in conformance with the 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 the depreciation of capital.

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 until the date of the approval of financial statements.

3.2. Fixed Tangible Assets

3.2.1. 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 expected economic benefits to the business unit for conformance with the standards of the initial measurement of the asset performance are recognized as current expenses and included in the profit and loss account as they are incurred.

3.2.2. The depreciation of fixed assets is calculated based on Circular No. 200/95/78 by the Ministry of Economic Affairs and Finance, dated January 23, 2017.

Depreciation of Fixed Assets

Asset	Depreciation Rate and Method
Building	25 years (straight-line)
Equipment	10 years (straight-line)
Machinery	5, 8, 10, and 15 years (straight-line)
Vehicles	6 years (straight-line)
Computer hardware	3 years (straight-line)
Furniture and fixtures	5 years (straight-line)

3.2.3. For those fixed assets earned and used during the month, depreciation allowances

are estimated and included in accounts as of the beginning of the next month. In case of depreciable assets which, for various reasons, are not utilized after the preparation phase for more than six consecutive months, a depreciation rate of 30 percent of the rate stipulated in the previous table is applied.

3.3. Intangible Assets

Intangible assets are recorded in accounts based on cost price. Operational and administrative software are amortized following the straight-line method over the course of three years.

3.4. Revaluation of Foreign Currency

Foreign exchange assets and liabilities are revaluated at year-end based on the official exchange rate and the balance is deposited into the foreign exchange revaluation account. In case the revaluation account has a negative balance at the end of the fiscal year, the outstanding debit balance is transferred to the profit and loss account of the related year (in case of no outstanding credit balance). 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 the 590 th MCC Meeting Minutes on August 13, 1986
Penalties on late payments	Time-based, with due consideration of arrears and determined rate as per the 590 th MCC Meeting Minutes on August 13, 1986
Penalties on overdraft	Based on outstanding debt and determined rate as per the 590 th MCC Meeting Minutes on August 13, 1986
Commission received	In proportion with rendered services, on an accrual basis

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

Notes, Iran-Checks, and coins held at the CBI on March 20, 2018 were as follows:

Notes, Iran-Checks, and Coins Held at the CBI (billion rials)		
	March 20, 2018	March 20, 2017
Notes	22,005.7	32,285.7
Iran-Checks	6,268.7	17,750.7
Subtotal	28,274.4	50,036.4
Coins	95.6	97.6
Total	28,370.0	50,134.0

5. Loans and Credits

Total loans and credits extended to the government, its affiliated institutions and corporations, as well as banks amounted to Rls. 1,835,508.0 billion in March 2018. This was after deducting Rls. 6,464.8 billion as blocked debt in note cover as in the respective table.

regulations, a sum of Rls. 7,000 billion of banknotes were issued after the currency coverage; therefore, total issued banknotes reached Rls. 262,000 billion by March 2018. Moreover, Rls. 20,000 billion worth of Iran-Checks was issued after the currency coverage, bringing the total amount of issued Iran-Checks after the currency coverage to Rls. 295,000 billion.

Loans and Credits (billion rials)		
	March 20, 2018	March 20, 2017
Government	136,329.7	146,580.6
Less: blocked debt in note cover and other adjustments	(50,424.8)	(41,516.3)
Subtotal	85,904.9	105,064.3
Government institutions and corporations	259,005.5	302,328.7
Banks	1,490,597.6	1,000,657.0
Total	1,835,508.0	1,408,050.0

6. Banknotes and Iran-Checks Coverage

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

7. Fixed Assets¹ (Tangible and Intangible)

Fixed tangible and intangible assets in March 2018 were as follows:

Fixed Assets (tangible and intangible) (billion rials)					
	Immovable assets ¹	Movable assets	Total tangible assets	Intangible assets	Grand Total
Total price					
Balance on 21.03.2017	13,627.6	561.5	14,189.1	102.8	14,291.9
Increase during the year	1,964.0	119.7	2,083.7	8.2	2,091.9
Decrease during the year	(3.0)	(1.2)	(4.2)	(0.0)	(4.2)
Transfers and others	(269.9)	(10.3)	(280.2)	(0.0)	(280.2)
Total on 20.03.2018	15,318.7	669.7	15,988.4	111.0	16,099.4
Accumulated depreciation					
Balance on 21.03.2017	2,691.6	407.1	3,098.7	96.0	3,194.7
Depreciation in 2017/18 ²	216.2	83.0	299.2	4.8	304.0
Depreciation of sold assets	(1.1)	(1.2)	(2.3)	(0.0)	(2.3)
Transfers and others	(1.9)	(8.1)	(10.0)	(0.0)	(10.0)
Total on 20.03.2018	2,904.8	480.8	3,385.6	100.8	3,486.4
Net book value					
Balance on 21.03.2017	10,936.0	154.4	11,090.4	6.8	11,097.2
Balance on 20.03.2018	12,413.9	188.9	12,602.8	10.2	12,613.0

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

²Includes depreciation costs of CBI policymaking and support divisions by Rls. 236.3 billion, executive office of construction projects by Rls. 0.6 billion, Print and Mint Organization by Rls. 26.9 billion, and Takab Securities Paper Mill by Rls. 40.2 billion, totaling Rls. 304.0 billion.

¹ CBI's fixed assets enjoyed sufficient insurance coverage during 2017/18.

8. Other Assets

The CBI's investments and other assets, including investments in other institutions, facilities allocated to employees, debtors' suspense account, and provisional accounts totaled Rls. 20,522 billion in 2017/18, indicating Rls. 5,762 billion increase compared with Rls. 14,760 billion in 2016/17.

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. 3,935,884.0 billion in March 2018.

10. Banknotes Issued

New banknotes issued during 2017/18 amounted to Rls. 7,000 billion, bringing the total amount of issued banknotes at year-end to Rls. 262,000 billion.

11. Iran-Checks Issued

Following the Cabinet Approval of 2008, the CBI continued to issue Iran-Checks in 2017/18. Circulation of issued Iran-Checks is shown in the respective table.

12. Coins Issued

Total coins in circulation amounted to Rls. 5,846.0 billion in March 2018, showing Rls. 731.0 billion increase compared with the year before.

13. Income Tax

Income tax of the CBI was paid and settled by March 2017. Based on the Amended Direct Tax Law approved in 2002, CBI income tax reserve was Rls. 7,466.8 billion for 2017/18. Moreover, Rls. 6,237.8 billion was paid in implementation of Article 4, Law on Annexing Articles to the Law on Regulation of Government Fiscal Rules (2), in 2017/18.

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 21.03.2017	477	238,500	36.5	36,500	275,000
Issuance during 2017/18	40	20,000	0.0	0.0	20,000
Total	517	258,500	36.5	36,500	295,000

Income Tax

(billion rials)

	2017/18	2016/17
Balance at the beginning of the year	0.0	7,273.1
Income tax reserve	7,466.8	7,974.5
Subtotal	7,466.8	15,247.6
Prepaid income tax and the amount remaining from previous years	(10,261.7)	(19,161.5)
Balance at year-end (excess amount paid)	(2,794.9)	(3,913.9)
Excess amount received by Iranian National Tax Administration	2,794.9	3,913.9
Total	0.0	0.0

14. Other Accounts Payable

The CBI's other accounts payable amounted to Rls. 572,379.0 billion in March 2018, as follows:

Other Accounts Payable		
	(billion rials)	
	March 20, 2018	March 20, 2017
Documents payable	138,126.3	131,558.2
SDR allocations	77,380.8	62,196.2
Sight deposits of CBI departments	35,709.0	21,208.5
Creditors' suspense account in foreign exchange	12,767.1	13,090.4
Creditors' suspense account in rials	303,677.6	54,278.6
Share of government in net profit	4,113.9	0.0
CBI's receipts in connection with the Algerian Decree	13.1	13.1
Liabilities related to projects to be completed	202.8	179.7
Revenue received in advance	239.1	54.8
Subtotal	572,229.7	282,579.5
0.5% allocated to low-income groups for provision of housing	149.3	159.5
Total	572,379.0	282,739.0

15. Retirement Benefits

Retirement benefits of the CBI's employees amounted to Rls. 2,080.0 billion in March 2018, as follows:

Retirement Benefits		
	(billion rials)	
	2017/18	2016/17
Balance at the beginning of the year	2,073.0	1,768.1
Payment during the year	(446.0)	(441.5)
Reserve during the year	453.0	746.4
Balance at year-end	2,080.0	2,073.0

16. Capital

The CBI's capital, which belongs to the government, amounted to Rls. 52,395 billion in March 2018, indicating Rls. 3,995 billion rise compared with Rls. 48,400 billion in 2016/17 (financed out of the contingency reserve of 2016/17 based on the General Meeting's recommendation and the Cabinet's approval, subject to Article 10 of Monetary and Banking Law). Of the mentioned amount, Rls. 6,600 billion was financed out of the revaluation reserve of the CBI's fixed assets in 2006.

17. Legal Reserve

According to Paragraph (A), Article 25 of Monetary and Banking Law, 10 percent of the CBI's net profit is required to be appropriated to the legal reserve account until the said reserve equals the capital. The balance of legal reserve in March 2018 was Rls. 40,380.0 billion, as follows:

Legal Reserve		
	(billion rials)	
	2017/18	2016/17
Legal reserve at the beginning of the year	37,062.0	34,059.4
Legal reserve during the year	3,318.0	3,002.6
Balance at year-end	40,380.0	37,062.0

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 CBI's proposal and the General Meeting's approval, as in the following table:

Contingency Reserve		
	(billion rials)	
	2017/18	2016/17
Contingency reserve at the beginning of the year	3,996.0	119.5
Transfer to capital increase	(3,995.0)	(0.0)
Reserve during the year	3,000.0	3,876.5
Balance at year-end	3,001.0	3,996.0

19. Foreign Exchange Revaluation Account

The balance of the revaluation of foreign assets and liabilities account in March 2018, after deduction of paid tax, amounted to Rls. 615,297.0 billion based on year-end rates (March 19, 2018).

Foreign Exchange Revaluation Account (billion rials)		
	2017/18	2016/17
Balance at the beginning of the year	436,097.0	375,490.6
Payments on tax during the year	(49,013.0)	(0.0)
Increase during the year	228,213.0	60,606.4
Balance at year-end ¹	615,297.0	436,097.0

¹ Foreign exchange assets and liabilities were revaluated in March 2018 (at year-end official rate of Rls. 37,350 per US dollar). Given the determination of official parity rate of 2018 at Rls. 42,000, this rate has been considered as non-adjustable based on Paragraph 19 of accounting principle No. 5.

20. Excess Funds Resulted from Revaluation of Net Foreign Assets

The balance of the excess funds resulted from the revaluation of the CBI's net foreign assets account, subject of the Parliament's Approval in 2013, amounted to Rls. 363,236.0 billion in March 2018.

21. Returns on Deposits and Investment Abroad

Returns on deposits and investment abroad amounted to Rls. 23,869.0 billion, as follows:

Returns on Deposits and Investment Abroad (billion rials)		
	March 20, 2018	March 20, 2017
Term investment deposits in foreign exchange	43,645.2	34,742.4
Sight deposits in foreign exchange, clearing and special accounts	285.4	108.2
International bonds	566.4	623.1
Algerian Decree	257.0	126.6
SDR	1,131.4	123.1
Profit of NDFI	(21,448.8)	(13,029.4)
Profit of OSF	(567.6)	(372.7)
Total	23,869.0	22,321.0

22. Profit Received from Extended Facilities

The profit received from extended facilities amounted to Rls. 38,235.0 billion in 2017/18.

Profit Received from Extended Facilities (billion rials)		
	2017/18	2016/17
Government institutions and corporations	255.9	366.5
Banks	37,821.4	22,270.4
Employees	157.7	124.9
Total	38,235.0	22,762.0

23. Commission Received for Banking Services

Commission received for banking services totaled Rls. 9,529.0 billion in 2017/18.

24. Other Revenues

The CBI's other revenues amounted to Rls. 9,565.0 billion in 2017/18, as is shown in the following table:

Other Revenues (billion rials)		
	March 20, 2018	March 20, 2017
Profit from investment in other institutions	6,115.8	578.1
Miscellaneous revenues of the Print & Mint Organization & Takab Securities Paper Mill	113.3	191.6
Revenue received from sale of gold coins	3,222.0	446.6
Miscellaneous	113.9	615.7
Total	9,565.0	1,832.0

25. Rewards Paid on Banks' Legal Deposit

As approved at the 788th MCC Meeting in March 1993, a sum of Rls. 14,278.0 billion was paid as rewards on legal deposit in 2017/18.

26. Profit Paid on Banks' Special Deposits

In 2017/18, a total of Rls. 3.0 billion was paid as profit on banks' special deposits as against an approximate Rls. 4 billion in the year before.

27. Commission Paid on Banking Services

The commission paid on banking services totaled Rls. 13,371 billion in 2017/18.

28. Cost of Receiving Credit and Overdraft from Foreign Banks

The cost of receiving credit and overdraft from foreign banks amounted to Rls. 452.0 billion in 2017/18. The corresponding figure for the year before was Rls. 90 billion.

29. Profit Paid on Foreign Exchange Accounts

In 2017/18, the profit paid on foreign exchange accounts, including banks' foreign exchange sight deposits with the CBI, amounted to Rls. 79.0 billion, as compared with Rls. 78.0 billion in 2016/17.

30. Result of Foreign Exchange Transactions

Result of foreign exchange transactions was as in the respective table in 2017/18.

31. Personnel, Administrative, and Retirement Expenditures

Personnel, administrative, and retirement expenditures in 2017/18 and their comparison with the approved budget figures are shown in the respective table.

32. Money Issue and Miscellaneous Printing Expenditures

Money issue and miscellaneous printing expenditures totaled Rls. 3,078.0 billion in 2017/18, mainly due to the issuance costs of banknotes, Iran-Checks, and coins.

Result of Foreign Exchange Transactions

(billion rials)

	March 20, 2018	March 20, 2017
Foreign exchange differential income	13,638.3	11,791.4
Profit received from transaction of international bonds	(18.2)	(10.4)
Total	13,620.1	11,781.0
Loss incurred due to depreciation of international bonds	(0.0)	(159.0)
Adjustment of foreign exchange accounts	(20,670.1)	(0.0)
Grand total	(7,050.0)	11,622.0

Personnel, Administrative, and Retirement Expenditures

(billion rials)

	2017/18		2016/17	
	Approved budget	Performance	Approved budget	Performance
Personnel	4,798.0	4,693.5	5,412.0	4,502.6
Administrative	2,770.0	2,548.5	2,852.9	2,433.6
Retirement	1,572.0	1,572.0	1,600.0	1,173.8
Total	9,140.0	8,814.0	9,864.9	8,110.0

33. Depreciation Cost

In 2017/18, a sum of Rls. 236.0 billion was allocated as depreciation cost of movable and immovable assets, as follows:

	Depreciation Cost (billion rials)	
	2017/18	2016/17
Movable assets	68.0	115.0
Immovable assets	168.0	631.0
Total	236.0	746.0

Moreover, a sum of Rls. 26.9 billion related to depreciation cost of movable and immovable assets and the machinery of the Print and Mint Organization and Rls. 54.5 billion of the costs of Takab Securities Paper Mill (in total Rls. 81.4 billion) were accounted as depreciation costs.

Of the mentioned Rls. 54.5 billion related to the depreciation cost of assets as well as the machinery of Takab Securities Paper Mill, Rls. 33.7 billion was related to current expenditures and Rls. 20.8 billion was related to the drawdown of inventory levels at the beginning of the year.

34. Other Expenditures

Other expenditures in 2017/18 amounted to Rls. 659.0 billion as is shown in the following table:

	Other Expenditures (billion rials)	
	2017/18	2016/17
Gold transportation, insurance, and other	144.0	0.0
One percent subject to Note 19, Single Article of Budget Law for 2017/18 (for savings with the aim of depositing into Treasury account)	347.0	0.0
Contingent expenses (remaining from tax of the year 2013 and costs of electronic services submitted by National Organization for Civil Registration)	168.0	119.0
Total	659.0	119.0

35. Customers' Undertakings regarding Letters of Credit and Guarantees

The contra accounts related to Letters of Credit (L/Cs), guarantees, and customers' undertakings in this regard at the end of 2017/18 were as follows:

	Customers' Undertakings regarding Letters of Credit and Guarantees (billion rials)	
	March 20, 2018	March 20, 2017
Customers' undertakings regarding letters of credit in rials	12,369.6	2,629.0
Customers' undertakings regarding letters of credit opened in foreign currency	7,082.9	2,348.0
Subtotal	19,452.5	4,977.0
Brokers' Letters of Guarantee	6,687.5	5,316.0
Total	26,140.0	10,293.0

36. Employees' Pension, Savings, and Cooperative Funds

The accounts of pension, savings, and cooperative funds of the CBI's employees in March 2018 were as follows:

	Pension, Savings, and Cooperative Funds (billion rials)	
	March 20, 2018	March 20, 2017
Pension Fund	8,267.5	7,000.7
Savings Fund	999.5	809.3
Cooperative Fund	4,253.0	1,528.0
Total	13,520.0	9,338.0

Based on the 1137th and 1216th MCC Meeting Approvals in 2012 and 2016, the actuarial calculations of the pension fund are performed every three years.

37. Appropriation Account

The net profit of the Central Bank of the Islamic Republic of Iran (CBI) amounted to

Rls. 33,178,832,225 thousand on March 20, 2018. The balance of the net profit of the year before (Rls. 812 thousand) was carried forward and added to the mentioned figure. Therefore, the total amount of the net profit of the CBI amounted to Rls. 33,178,833,037 thousand at the end of the year, which was proposed to be appropriated as is shown in the following table:

Appropriation Account		(thousand rials)
	2017/18	2016/17
Income tax	7,466,790,647	7,974,513,103
Transfer to legal reserve	3,317,883,223	3,002,552,010
Transfer to contingency reserve	3,000,000,000	3,876,204,000
Share of government in net profit	19,244,823,000	15,012,760,000
0.5 percent allocated to low-income groups for housing provision	149,335,813	159,490,262
Balance of net profit carried forward	354	812
Total	33,178,833,037	30,025,520,187